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Jacob Tovy

ISRAEL AND THE QUESTION OF REPARATIONS FROM GERMANY

POST-HOLOCAUST RECKONINGS (1949-1953)



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Preface

On September 10, 1952, the “Agreement between the State of Israel and the Federal Republic of Germany” was signed in Luxembourg. In this agreement, which would come to be known as the “Reparations Agreement,”¹ West Germany committed to paying Israel close to three-quarters of a billion USD (in goods and services) over a period of 12 years for the rehabilitation of the half a million survivors of Nazi persecution who had settled in the Jewish state.

The present book looks at the issue of reparations from an Israeli-Jewish perspective. There are a number of reasons for this approach. The first and most important is that the Reparations Agreement is considered an event of paramount significance in the history of the State of Israel due to its dramatic and far-reaching implications across multiple spheres. From an economic standpoint, the enormous material compensation helped rescue the local economy, which was on the verge of total collapse. From a diplomatic angle, the agreement paved the way for a normalization of relations between Israel and Germany. On the internal Jewish front, the agreement (as well as the political events that preceded it) assisted in establishing the State of Israel as the dominant center of the Jewish world. The issue is also remembered due to the political-public facet that accompanied it. Israel witnessed an internal struggle between those who supported Israeli-German negotiations and those who repudiated them – a level of turmoil unprecedented in magnitude, the likes of which Israeli society had not experienced until then. In fact, viewed comprehensively, the public-political campaign regarding the issue of reparations remains to this day one of the fiercest ever seen in the State of Israel. From this emerges a second reason for the present book’s approach: the Israeli-Jewish side of the reparations affair abounded with different points of view – political, social, economic and diplomatic. Israeli archives, libraries, newspapers and websites contain an astounding variety of historical materials, enabling researchers to examine these diverse perspectives. Given the immense challenge of examining the Israeli-Jewish side of this issue, and in light of the broad scope of the present work’s contents, it is necessary to define and confine the study of reparations here. Finally, a careful review of the relevant research literature will reveal that there is not one study – in English, the international academic language, or in any other² – that both examines in depth the various aspects of the Israeli-Jewish party and is based on the extensive range of extant primary sources. In comparison to Israel, the effects of the reparations affair

1 Sometimes called the “Luxembourg Agreement.”

2 Studies in Hebrew, German, and French are also included in this statement.

on West Germany were quite minor; the West Germans did not experience a tremendous storm in the public sphere and/or in the political realm, the local economy did not deteriorate or soar as a result of the agreement, and Bonn's relations with nations in the international arena did not undergo a fundamental change in the aftermath of the agreement with Jerusalem. In direct connection to this, the German side of the equation is neither rich in point-of-view nor loaded with primary sources like the Israeli-Jewish side. Considering this state of affairs, one can understand the logic behind an approach that seeks to focus on the Israeli-Jewish side of the reparations issue in the present work.

The Israeli historical perspective is here examined in three distinct contexts: the internal-domestic Israeli context; the overall Jewish context, pertaining to the relations between Israel and Diaspora Jewry; and the international context, which contain Israel's actions vis-à-vis the FRG, the Western powers, and the Arab League states. Within this framework, I describe the first, hesitant steps taken by the Israeli leadership on the question of compensation from Germany; address the crystallization of the reparations claim and the decision of the government to adopt it as Israel's only claim; examine the negotiations between Israel and West Germany on the subject of reparations that took place in Wassenaar (March–September 1952) and the subsequent efforts to ratify the Agreement in Bonn in the face of the vigorous Arab campaign to prevent it from materializing (September 1952–March 1953); delve into the fierce public-political melee that ensued in Israel over the question of Israeli-German talks; and discuss the complex relationship that evolved between Israel and world Jewry (primarily the American Jewish community) regarding this issue.

The departure point of this book is chronologically situated in the summer of 1949. The first Arab-Israeli war³ had ended several months earlier and armistice agreements had been signed between the belligerent parties. Under conditions of relative calm in the political-security arena, the Israeli leadership could, for the first time, turn its attention to the question of compensation from Germany. This work ends in the spring of 1953, following the ratification of the Reparations Agreement by the two sides – Israel and West Germany – and the beginnings of its implementation.

The research rests on a broad spectrum of archival sources, chief among them the Israel State Archives in Jerusalem. In the closing decade of the twentieth century, the State Archives began to declassify and make public a host of documents, namely protocols from meetings of the cabinet and the Knesset's Foreign Affairs and Defense Committee, as well as classified government resolutions. The

3 Israel's War of Independence, 1947–1949.

importance of these materials for a full comprehension of historical issues is indisputable. The book at hand makes extensive use of these documents (as well as other documents in the State Archives, in particular the Ministry of Foreign Affairs papers), and is the only work to do so with respect to the reparations issue. Special attention is also given to the Israeli press in both Hebrew and European languages, including party organs and unaffiliated independent newspapers. Essentially, this is the first research on the subject of reparations that utilizes this media source from the period under study in a close, systematic manner. Journalistic sources are particularly critical to our subject of inquiry since they assist us in observing the positions of the political system and public opinion in Israel on the question of reparations first-hand. In certain cases, it is the only tool by which we can extract this information.⁴

As noted above, there is no single study that appropriately examines the Israeli-Jewish aspect of the reparations case. However, it also transpires that there is generally an absence of thorough in-depth research into the issue of reparations, especially examinations relying on the wealth of existing primary resources. Much of the literature dealing with the issue of reparations was written between the early 1950s and the early 1980s,⁵ and therefore contains no references to archival sources (which were still classified at the time).⁶ As a result, its findings are lacking, and far worse, misleading at many junctures. From the mid-1980s, a number of studies were published on the reparations affair that utilized archival sources, among others. While some of these works sought to offer an overall perspective, they actually devote only several dozens of pages to the issue, and the archival material employed is relatively scant.⁷ Other treatises published at the time deal only with specific aspects of the issue and fails to provide a sufficiently broad outlook.⁸

4 For example, in the cases of the ultra-orthodox parties – Poalei Agudat Israel and Agudat Israel – and the center-right General Zionists party.

5 See for example: Brecher, “Images”; Balabkins, *West German Reparations*; Deutschkron, *Bonn and Jerusalem*; Feldman, *Special Relationship*; Grossmann, *Germany’s Moral Debt*; Honig, “The Reparations Agreement.”

6 An exception is Nana Sagi’s book, *German Reparations*, which uses an abundance of archival documents from the Claims Conference. However, it too falls short of providing a full and accurate historical account. The most significant documents for doing so – from the archives in Israel and other countries – were inaccessible at the time.

7 See for example: De Vita, *Israelpolitik*; Goschler, *Wiedergutmachung*; Jena, “Versöhnung Mit Israel?”; Lavy, *Germany and Israel*; Segev, *The Seventh Million*; Teitelbaum, *The Biological Solution*; Trimbur, *De la Shoah à la Réconciliation?*; Wolffsohn, “Das Deutsch-Israelische Wiedergutmachungsabkommen.”

8 See for example: Auerbach, “Ben-Gurion”; Barzel, “Dignity”; Litvak and Webman, *From Empathy to Denial*; Weitz, “The Herut Movement”; Weitz, “Moshe Sharett”; Zweig, *German Reparations and the Jewish World*.

By the outset of the first decade of the twenty-first century, two books had been published on Israeli-German relations from the end of World War II up to the mid-1960s that paid significant attention to the question of reparations: Niels Hansen, *Aus dem Schatten der Katastrophe: Die Deutsch-Israelischen Beziehungen in der Ära Konrad Adenauer und David Ben Gurion* (2002) and Yeshayahu A. Jelinek's *Deutschland und Israel, 1945–1965: Ein Neurotisches Verhältnis* (2004). The most comprehensive of the two is Jelinek's, which discusses the reparations question at length and is based on an impressive array of documents. Nevertheless, the picture it draws is incomplete in many respects: the materials from the Israeli archives do not include sources vital for understanding the issue;⁹ there is no substantial deliberation of a central ingredient in the reparations affair – Israeli public opinion; the examination of the economic situation in Israel and its close connection to the reparations issue is superficial at best; and the essay does not discuss in-depth Israel's relationship with Diaspora Jewry – particularly Israel's relationship with the Claims Conference regarding the issue of compensation from Germany. With such significant drawbacks, it is impossible to claim that Jelinek explores the reparations issue fully, in all its complexity. The book by Hansen, former ambassador of the FRG to Israel,¹⁰ while also based on abundant archival sources, contains all the same shortcomings cited in regard to Jelinek's work, in addition to a number of even more problematic ones. The most glaring of these is that Hansen's primary sources comprise mostly German documents. There are no sources in Hebrew, which, of course, prevents the author from presenting an accurate and complete account of the Israeli side of the issue.

Thus, it is quite evident that the present book fills a conspicuous lacuna in the existing research literature. It is the first study ever to delve comprehensively into the question of reparations from its core aspect, the Israeli-Jewish one, making meticulous and exhaustive usage of primary materials. In doing so, it sheds light on one of the most significant and fascinating episodes in the history of the State of Israel and the Jewish people, while also contributing to the research on the post-Holocaust era by investigating an important byproduct of this cataclysmic historical event.

⁹ For example, protocols from meetings of the cabinet and the Knesset's Foreign Affairs and Defense Committee.

¹⁰ Between the years 1981–1985.

Abbreviations

DM	Deutsche Mark
EDC	European Defense Community
FRG	Federal Republic of Germany (West Germany)
GDR	German Democratic Republic (East Germany)
HICOG	High Commission for Occupied Germany
IMFA	Israel Ministry of Foreign Affairs
SPD	the Social Democratic Party of Germany
USD	United States Dollar

Note on the English Edition

In 2015, the Bar-Ilan and Tel Aviv University Presses co-published my book about Israel's pursuit of reparations for the Holocaust from West Germany. Five years later, I decided to publish a new version of the book in English. This decision was motivated by three main considerations. First, during the years that elapsed since the book was published in Hebrew, I was exposed to a wide range of primary sources – archives, press, documentary evidence and autobiographies – that had not been utilized in the original essay. I gradually realized that these sources would make a significant contribution to my research on reparations: they add new perspectives, reinforce certain insights, and even give a slightly different interpretation to a number, albeit a limited one, of events I touched on in the Hebrew book. Second, there is no research in the English language that deals comprehensively and thoroughly with the subject of reparations based on a similar abundance of primary materials. Given the international status of English as the standard language of communication in academia and the media at large, it was clear to me that there was room to publish my research in English. Finally, the core subject of the book, namely, material compensation for damages resulting from war or war crimes, would be of great interest among societies, communities, and nations who have experienced or are currently experiencing human and material loss due to national, ethnic, or religious conflict. It can be assumed that within these potential audiences, special attention will be shown by legal scholars, public activists, and civil society organizations who are involved in such issues.

With these three reasons in mind, I have produced an updated English version of my Hebrew book. This project took over two years and, naturally, required a lot of hard work and a great deal of thought. Funding for the translation of the Hebrew manuscript into English came mostly from two sources: the Claims Conference and the Menachem Begin Heritage Center. I would hereby like to thank these two institutions from the bottom of my heart for their generous support. The task of translating the text was entrusted to the Academic Language Experts (ALE) organization. I am pleased to express my gratitude to the head of ALE, Avi Staiman, and the translator of the book, Avital Tsybe, for their professionalism throughout this joint endeavor.

Introduction

The issue of material compensation from Germany was raised on the Jewish agenda immediately after the outbreak of World War II and became a focal point of deliberations in the following years.¹ During the first three and a half years of the war, discourse focused on the right of Jews who lived under Nazi rule to claim the restitution of their usurped property or receive compensation for property destroyed or badly damaged as a result of German actions. Beginning in the spring of 1943, as reports of the scope of the Nazi assault against the Jews began to accumulate, two additional kinds of claims emerged. The first was for indemnification to be paid to individuals for one or more of the following types of damages incurred at the hands of the Nazi regime: injury to health, loss of freedom, economic damage, or death of an immediate family member. The second was for collective (or war) reparations (for the most part referred to henceforth as “reparations”) to be given to a representative Jewish body for the “criminal act” committed against the Jewish people.

The call for material compensation from Germany was first brought to the public’s attention by the German-Jewish functionary Shalom Adler-Rudel. For many years Adler-Rudel had assisted Jewish refugees from Eastern Europe who came to Germany in the first third of the twentieth century. In 1939, he was the director of the Central British Fund for World Jewish Relief, established to aid Jewish refugees who had fled Nazi Germany. On October 10, 1939, Adler-Rudel wrote a memorandum formulating proposals for the restitution of usurped Jewish property or payment of compensation to Jews whose property had been ravaged. The memorandum was sent to key individuals in Britain and the USA, some of them influential Jews. Most of the recipients rejected the idea contained in the memorandum, but the president of the World Zionist Organization Chaim Weizmann agreed with the principle of material compensation and invited Adler-Rudel to meet with him. Weizmann promised Adler-Rudel that he would raise the issue in his upcoming conversations with leaders of American Jewish organizations. However, Weizmann’s attempts to rally interest in the issue failed. Adler-Rudel’s efforts to advance the idea in talks he conducted with various Jewish figures were equally unsuccessful.²

In mid-1940, there was a shift in attitude among Jewish organizations in the West, primarily in the USA, regarding the issue of restitution. It is hard to ascertain

1 The term “compensation” encompassed three categories: restitution of property, indemnification, and reparations.

2 Sagi, *German Reparations*, 14–15.

whether this was the product of Adler-Rudel's lobbying efforts. Nevertheless, in late spring, the American Jewish Committee appointed a committee to examine the situation of the Jews in Europe and to consider ways of protecting their rights, including property rights, among others.³ At the same time, the Jewish Labor Committee was establishing a similar body with parallel objectives.⁴ At the outset of 1941, the World Jewish Congress also began to look into the issue, resulting in the foundation of the Institute of Jewish Affairs in March of that year. This organization was charged with, among other things, ensuring that after Germany's defeat, Jewish property looted by the Nazis would be returned to its rightful owners or their successors.⁵ In November 1941, at the Inter-American Jewish Conference held in Baltimore, the head of the World Jewish Congress's executive committee, Nachum Goldmann, declared that European Jewry had a right to the restitution of their pillaged property.⁶ A similar call was published in the Hebrew press in Mandatory Palestine.⁷

The claim for the restitution of property looted during armed conflict was clear-cut and founded both on international and domestic law. It rested on a long series of historical precedents, from the Peloponnesian War of the fifth century BCE, through the peace treaties of Westphalia, Nijmegen, and Ryswick in the seventeenth century, to the agreements signed at the end of World War I.⁸ Thus, the claim was by no means a political or legal innovation, and consequently its architects in the Jewish camp believed that the prospect of its fulfillment with the defeat of Nazi Germany was reasonably high. Reparations was another matter entirely. According to international legal conventions that dealt with war compensation,⁹ only a sovereign nation that had been victorious in a war was entitled to claim reparations from the vanquished side for war damages incurred. The fact that the Jewish people in Europe lacked statehood during World War II meant they were not entitled to this kind of compensation. As for indemnification, these legal conventions indeed permitted submission of individual claims, but many difficulties were raised along the way for a person who would seek to sue a country for damages inflicted on them by its forces in wartime.¹⁰

3 Balabkins, *West German Reparations*, 81.

4 Roth, "The Problems of Reparations," 210.

5 Pease, "After the Holocaust," 12.

6 Gilead, "The Reparations Agreement," 80.

7 Sagi, *German Reparations*, 16.

8 Roth, "The Problems of Reparations," 208–209.

9 The Hague Convention of 1907 and the Treaty of Versailles of 1919.

10 Robinson, *Indemnification and Reparations*, 98–112.

And yet, the legal obstacle did not deter various Jewish circles from considering these two types of compensation.

The Association of Central European Immigrants was among the first to take up the gauntlet. This organization was established in 1932 in Mandatory Palestine with the main purpose of assisting Jewish immigrants who came to Palestine from the German-speaking countries of Central Europe. Its interest in the compensation issue was natural: it represented the wealthiest Jewish communities on the European continent, German-speaking Jews, the majority of whom had resided in the first countries to fall to the Nazis: Germany, Austria and Czechoslovakia.¹¹ Moreover, German-Jewish émigrés had been influenced by the treaties signed after the end of World War I that obliged Germany to pay compensation to the Entente countries,¹² and the Association of Central European Immigrants officials had gained extensive experience saving Jewish property in Europe due to their intensive involvement in the Haavara (“Transfer” in Hebrew) Agreement in the 1930s.¹³ The Haavara Agreement, signed in August 1933, had been hammered out between Nazi Germany’s economic authorities, the Zionist Federation of Germany and the Anglo-Palestine Bank over a period of three months. This Agreement enabled the transfer of Jewish capital from Germany to Mandatory Palestine by émigrés or investors in the form of German goods.¹⁴

On September 24, 1943, Georg Landauer, the head of the Jewish Agency’s¹⁵ Central Bureau for the Settlement of German and Austrian Jews, and board member of the Association of Central European Immigrants, submitted a memorandum to the Jewish Agency regarding the question of compensation. Landauer underscored the need to file a reparations claim against Germany, despite the political difficulties involved. He raised the possibility of receiving compensation in a form similar to the one stipulated in the Haavara Agreement. In his opinion, the Jewish Agency – as the body representing the Zionist interest of state-building – was best suited to be the claimant.¹⁶

A call in the same vein was voiced by Siegfried Moses, a Jewish economist and jurist from Mandatory Palestine.¹⁷ In September 1944, a pamphlet written by Moses

11 Robinson, *Indemnification and Reparations*, 83.

12 Hacothen, *From Fantasy to Reality*, 181.

13 Gelber, *New Homeland*, 23–40, 81–85.

14 For an exhaustive examination of this topic, see: Bauer, *Jews for Sale?*, 5–29; Black, *The Transfer Agreement*; Yisraeli, “The Third Reich.”

15 The supreme leadership institution of the Jewish community in Mandatory Palestine. It was established in 1929.

16 Barzel, “The Attitude,” 294.

17 In time, the first state comptroller of the State of Israel.

entitled “Jewish Claims after the War” was published by the Association of Central European Immigrants.¹⁸ The document stated that in light of the unprecedented nature of the criminal act committed by the Nazis against the Jews, the international community was morally obligated to support Jewish claims to compensation, both individual and collective. Namely, the nations of the world had to agree to amend existing international law on the matter of compensation so as to grant the Jewish people the opportunity to claim damages from Germany, just as the sovereign nations that participated in the war against Nazi Germany could. The crux of Moses’s treatise lay in its discussion of the collective claim.¹⁹ In his estimation, the Jewish community of Mandatory Palestine, represented by the Jewish Agency, needed to lead a reparations claim against Germany.

In late October 1944, the Association of Central European Immigrants passed a resolution in the spirit of Landauer’s and Moses’s recommendations, stating that the reparations the Jewish people would claim from Germany must go “first and foremost toward building the Land of Israel [Mandatory Palestine] for the Jewish people.”²⁰

The position of the Association of Central European Immigrants on the question of compensation from Germany was in essence thoroughly nationalist. Thus, the matter of reparations was to be handled by the Zionist movement, as opposed to a non-Zionist Jewish organization, with the objective of promoting particular Zionist interests. In other words, reparations funds were to be channeled primarily toward the realization of the supreme Zionist goal – the establishment of a Jewish national home in Mandatory Palestine – not toward the restoration of the Jewish communities laid waste in Europe or rehabilitation of victims of Nazism who resettled in countries in the Diaspora. The same was to apply vis-à-vis restitution claims; this question was viewed as a natural continuation of the Haavara Agreement – that is, the salvage of German-Jewish property and its utilization to ensure an optimal absorption in Mandatory Palestine of the Jewish owner – and, as a byproduct of that, the strengthening of the Zionist enterprise in Palestine.²¹

This nationalist outlook was particularly enunciated in discussions held by Jewish Agency leadership on material compensation from Germany beginning in the Spring of 1943. Deliberations focused on reparations, and the primary demand was that the money be devoted to advancing the national end objective.²² Here

¹⁸ Moses, *Jewish Post-War Claims*.

¹⁹ OHD, 2(81), Interview with Siegfried Moses, January 31, 1971.

²⁰ Barzel, “The Attitude,” 294.

²¹ Gelber, *New Homeland*, 568.

²² CZA, S53/1777, Meeting of the Planning Committee, October 29, 1944; Sagi, *German Reparations*, 26–27; Jelinek, “Vaadat Tichon,” 278–285.

one can observe the beginnings of an institutionalized “Palestinocentric approach” regarding the material compensation, one that placed the Jewish national objective at the top of the agenda, far above any other goal, making it the sole goal de facto. In the assessment of Jewish Agency leadership, the Zionist vision would profit in a number of ways from appropriating reparations claims into Zionist movement hands. First of all, as the heads of German-Jewish immigration underscored, huge sums would flow into the project of building the Jewish national homeland. Secondly, standing as a claimant in the name of the Jewish people as a whole would bolster the political perception of Zionism that emphasized the centrality of Mandatory Palestine and the Zionist movement in the Jewish world. Lastly, if the Allies were willing to recognize this claim, presented to them by the Jewish Agency, they would, in practice, be granting legitimacy to the idea of Jewish statehood, since only polities can claim war reparations.²³ An official seal of approval of this nature would come at a propitious point in time from a Zionist perspective: After passage of the Biltmore Program (in May 1942), where Zionist leadership officially and publicly declared – for the first time since the British occupied the Holy Land – that the Zionist movement’s aim was establishment of a Jewish state in Mandatory Palestine without delay.²⁴

On September 20, 1945, Chaim Weizmann sent a memorandum on behalf of the Jewish Agency to the governments of the four occupying powers in Germany – the USA, the USSR, Britain, and France – about the question of material compensation for the Jewish people. This was the first formal and public appeal of the Zionist movement to an international entity of any kind on the matter of compensation from Germany. Moses’s pamphlet was an influential component in Weizmann’s decision to take this step.²⁵ The memorandum anchored the nationalist outlook on compensation solidified by the heads of the Zionist movement over the previous two and a half years. At the beginning of the document, Weizmann raised the issue of Jewish property, the value of which was estimated at eight billion USD, and hinted that most of the heirless property should be turned over to the Jewish Agency. As for reparations, Germany, he argued, should be made to pay such collective compensation due to the horrific criminal act it perpetrated against European Jewry. In this case as well, the majority of the sum was to be handed over to the Jewish Agency.

Weizmann knew that there was no basis in international law for these claims. Therefore he sought to establish them on a moral foundation. His argument implied

²³ Zweig, “German Reparations and Israel-Diaspora Relations,” 232.

²⁴ Gutman, *Encyclopedia of the Holocaust*, “Biltmore Resolution,” 216–217.

²⁵ OHD, 8(81), Interview with Gershon Avner, September 30, 1971.

that the unique, shocking and unprecedented nature of the Holocaust of European Jewry constituted a moral imperative for the Allies to fundamentally change international law so as to enable the Jewish people to claim material compensation from Germany, in the form of collective reparations first and foremost.²⁶

Moses, as noted, had broached the moral grounds argument in the booklet he had penned. Policy-makers in the Zionist movement followed suit. Thus, Dov Yosef (Bernard Joseph), legal counsel to the Jewish Agency Executive, stated in a memorandum he composed in the spring of 1945 that the basis for claiming Jewish compensation was that what had happened to European Jewry was “something unique.”²⁷ David Ben-Gurion, chair of the Executive, declared in late 1944 that “the whole world will know after this war that the gravest losses were suffered by the Jewish people,” and therefore “justice [in regard to compensation] is on our side,” even if “the [international] law is against us.”²⁸

The decision of the Jewish Agency’s leadership to focus on reparations above all else was unacceptable to leading Jewish organizations around the world. They recognized the importance of reparations for building the Jewish homeland, and therefore even supported allocating most of the reparations to the Zionist goal. Yet, from their perspective, the personal indemnification of survivors and the restitution of their property, as a vehicle for their rehabilitation, both financially and in terms of their well-being, were no less important.

In November 1944, Institute of Jewish Affairs official Nehemiah Robinson published a large, in-depth study of the compensation issue. A significant portion of the treatise was devoted to the question of indemnification.²⁹ Within this framework, he categorized the types of damages suffered by Jews and examined the amendments to international law necessary to allow survivors of Nazi persecution to claim indemnification. Robinson also devoted considerable attention to the question of restitution. He estimated that the value of the assets of Jews residing in Nazi Germany and the seventeen European countries that had been subjected to Nazi rule or which were allied with the Nazis (with the exception of the

26 AIG, Document 1, Letter of 20 September, 1945 From Dr. Chaim Weizmann on behalf of the Jewish Agency for Palestine to the Governments of the United Kingdom, United States, U.S.S.R. and France Concerning Restitution, Indemnification and Reparation.

27 Sagi, *German Reparations*, 27.

28 CZA, S53/1777, Meeting of the Planning Committee, October 29, 1944.

29 Siegfried Moses argued that “there are many interesting things in Robinson’s book, but not in regard to this question [of collective compensation].” OHD, 2(81), Interview with Siegfried Moses, January 31, 1971.

Soviet Union and Luxembourg)³⁰ on the eve of the Nazi campaign against the Jews stood somewhere between 6 billion and 8.2–8.6 billion USD.³¹ One can assume that the estimate in Chaim Weizmann’s memorandum was based on Robinson’s data.

Toward the end of November, the World Jewish Congress held a conference in Atlantic City, attended by Jewish organizations from across the globe, including representatives of European Jewry, to discuss how the Jewish people should prepare for the post-war era. Among the topics examined was compensation from Germany. By the end of the gathering, several resolutions had been passed, two of them on the compensation issue: the first, to seek indemnification for survivors and restitution of property for the remnants of Jewish communities; the second, to seek recognition of the right of the Jewish people to collective reparations.³² The presence of the issues of indemnification and restitution on the conference’s agenda did not prevent Siegfried Moses from echoing the Jewish Agency’s stance that reparations should be given precedence and most of the funds earmarked for building the Jewish national homeland.³³

While Weizmann’s memorandum, as well as other opinions and deliberations over compensation, placed the burden of compensation on the shoulders of Germany, the “address” to which Jewish claims were to be directed was the four powers occupying Germany. The Jewish organizations hoped the major powers could coerce the Germans to acquiesce to the Jewish demands for compensation. The Jews refrained from presenting the issue to the Germans themselves for a number of reasons. First of all, the Jewish leadership, and certainly the Jewish public, were not emotionally prepared to enter into negotiation with Germans, not to mention negotiations with a price tag attached, so soon after the Holocaust. Secondly, prevailing opinion among Jewish leadership was that the Germans were not willing to pay compensation for their transgressions. Thirdly, at this point of time, at the end of the war and in the immediate post-war period, there was no centralized political entity in Germany with whom one could negotiate an agreement.

30 The countries were: Poland, Romania, Hungary, France, Czechoslovakia, Austria, Lithuania, Latvia, Estonia, the Netherlands, Belgium, Yugoslavia, Greece, Bulgaria, Italy, Denmark and Norway.

31 Robinson, *Indemnification and Reparations*, 83.

32 Goldmann, *The Autobiography*, 250–251.

33 Balabkins, *West German Reparations*, 83. See also: Teitelbaum, *The Biological Solution*, 61–62.

The first significant move regarding compensation that the Allies made after the end of the war took place in December 1945.³⁴ On the initiative of the three Western powers (the US, Britain and France), foreign ministers of 18 Allied countries (except for those of the USSR and Poland) convened in Paris to discuss the material compensation that Germany would have to pay to the countries that had suffered at the hands of the Nazi regime during the war. At the end of the meeting, it was decided, under American pressure, to allot a sum of 25 million USD – to be taken from German assets held in neutral countries (Switzerland, Sweden, Spain and Portugal), and another five million USD from Germany proper – for the rehabilitation of non-repatriable victims of Nazism, the overwhelming majority of whom (as it was assessed) were Jews. In June 1946, a subsequent convention was held in Paris with the participation of the three Western powers, as well as Czechoslovakia and Yugoslavia. It was decided there that the financial aid destined for the Jewish survivors would be placed in the hands of two Jewish organizations – the American Jewish Joint Distribution Committee (“the Joint”) and the Jewish Agency, and they would underwrite rehabilitation projects with this money.³⁵ Their operations would be conducted under the supervision of the International Refugee Organization – IRO.³⁶

As one can see, the Jewish-Zionist hope of driving the four occupying powers to take action on the issue of compensation was partially fulfilled: the three Western powers, and primarily the US, did just that. The USSR, for its part, ignored the issue almost completely. This negative attitude displayed by the Soviets would become prominent in the years to come.

From the Jews’ perspective, the Paris convention in the summer of 1946 set two important precedents. The first was the recognition of organizations, as opposed to just polities, as legitimate recipients of war compensation from the aggressor party. Secondly, it allowed for an agent acting on behalf of the Jewish people (in this case, the Joint and the Jewish Agency) to represent the interests of the Jewish collective decimated at the hands of the Nazis.³⁷ At the same time, the amounts allocated by the Allies were laughable at best in light of the colossal size

34 The Allies had addressed the question of compensation already during the war. On January 5, 1943 they issued a declaration that negated the actions taken by the Axis powers to seize the property of oppressed populations. Pease, “After the Holocaust,” 17.

35 Zweig, *German Reparations and the Jewish World*, 3–4; Sagi, *German Reparations*, 33–36.

36 The International Refugee Organization was founded by the United Nations in late 1946 with the aim of assisting the rehabilitation of millions of people in Europe who had become refugees in the wake of World War II.

37 ISA, MFA 2417/1, Restitution of Jewish Property and Reparations for the Jewish People, January 16, 1950. See in this connection: Buxbaum, “A Legal History.”

of the Jewish survivor population – some two million European Jews had survived the Nazi persecution campaign between 1933–1945.³⁸ Many of them were left destitute and broken, both physically and emotionally. Massive sums would be needed to put their lives back on track. Within this enormous population of Nazi victims, the most conspicuous plight was that of some 200,000 Jewish displaced persons who had survived the forced labor camps, the concentration and extermination camps, and the death marches. Their health and economic situations were particularly precarious and required immediate attention.³⁹

The large Jewish organizations in the West (as well as the Jewish Agency) believed it was possible to obtain the huge sums needed to rehabilitate the masses of survivors if Germany were forced to respond positively to one or more of the three claims: personal indemnification, collective reparations, and restitution of property. At the same time it was clear to them that in regard to indemnification or reparations, there was a need to overcome the high and imminent legal-political obstacle each of them faced (particularly the last). This was liable to take a very long time, and time, in light of the wretched state of countless survivors, was in short supply. Therefore, it was decided to focus on the restitution claim. The organizations requested that Jewish property in Germany, which, according to Robinson's data, was mammoth in scope (an estimated two billion USD worth),⁴⁰ be returned to the Jewish people via two parallel channels: property whose owners or whose owners' kin had survived would be restored to their possession; property without successors would be transferred to a Jewish "successor organization" that would be established to handle this matter. This organization would sell the Jewish-German property transferred into its possession and use the proceeds to finance rehabilitation programs for survivors. The second channel, however, was a precedent in international law. The notion of a "successor organization" was not recognized by international jurisprudence in the context of war compensation.⁴¹ Nevertheless, the Jewish organizations decided to proceed in this channel. It appears that they did so estimating that the legal-political hurdle standing in the way of setting up and operating a "successor organization" was not insurmountable and was certainly smaller compared to the impediments blocking individual and collective compensation claims. Consequently, there was a chance the Western powers

38 About half of them were directly under the heel of Nazi Germany at one time or another. Dawidowicz, *The War against the Jews*, 357–403; Gilbert, *The Routledge Atlas of the Holocaust*; Gutman, *Encyclopedia of the Holocaust*, multiple entries on countries occupied by the Nazis, Vols. 1–4.

39 Gutman, *Encyclopedia of the Holocaust*, "Displaced Persons, Jewish," 377.

40 Robinson, *Indemnification and Reparations*, 63–65, 83.

41 Henry, *The Restitution*, 11.

would agree to sanction the concept. In their view, the precedent-setting resolution the Paris conference adopted concerning the involvement of non-governmental bodies also paved the way for the recognition of a “successor organization.”

In October 1945, five leading Jewish organizations in the world (the Joint, the World Jewish Congress, the Jewish Agency, the American Jewish Committee and the American Jewish Conference) established a joint committee whose role was to look into the various aspects of the restitution of Jewish property and propose to the three Western powers legislation on this matter within their respective occupation zones.

The committee found a receptive audience, primarily on the American side.⁴² Washington had begun addressing the issue prior to the end of the war, and in the fall of 1946 experts were already at work in the State and War Departments, preparing legislation for the restitution of property to be put in place in the American occupation zone. At the same time, the joint committee of the Jewish organizations transmitted its own conclusions on the matter to the State Department. The conclusions were examined and some of them, including the unprecedented motion to establish a “successor organization,” were adopted into the Americans’ legislative proposal.⁴³ One of the key factors that prompted Washington to examine and subsequently legislate this law was the understanding that it would significantly reduce the American taxpayer’s part in underwriting rehabilitation plans for tens of thousands of Jewish DPs who had found themselves in the American occupation zone in Germany.⁴⁴ Britain and France, which also had in their occupied areas in Germany large concentrations of Jewish DPs, also took action to legislate a restitution law, but did so with some apprehensions. Considering that both, in contrast to America, emerged from the war badly wounded, economically and physically, it was important to Britain and France to exact maximum compensation from Germany, and they feared the issue of restitution could interfere with the swift and full satisfaction of their own particular claims. Beyond this, Britain worried about the possibility that proceeds from Jewish-German property would strengthen the Zionist endeavor in Mandatory Palestine, undermining Britain’s own status in the region, which was already rather shaky.⁴⁵

On the eve of the enactment of the restitution law in the American zone, in May 1947, the five leading Jewish organizations established the Jewish Restitution Commission. It defined itself as the successor to Jewish individuals and communities

⁴² Smith, “A View,” 250.

⁴³ Sagi, *German Reparations*, 32–33, 39; Goldmann, *Community of Fate*, 72.

⁴⁴ Takei, “The ‘Gemeinde Problem,’” 271.

⁴⁵ Goschler, “German Compensation,” 379; Ludi, *Reparations*, 87; Hockerts, “Wiedergutmachung,” 327.

who had perished in the Holocaust. Six months later, on November 10, 1947, Military Government Law #59 was passed in the American occupation zone. According to the new law, Jewish survivors whose property in Germany had been plundered during the Third Reich, or their kin, were entitled to submit a claim for restitution or demand compensation if the property had been badly damaged. The law also enabled a Jewish successor organization to claim recognized Jewish property of individuals and communities whose owners (or their relatives, in the case of individuals) could not be found.⁴⁶ With the promulgation of Military Government Law #59, the Jewish Restitution Commission decided to expand the scope of its membership to include additional Jewish organizations. Within a short time, another seven organizations from Britain, France, and Germany joined in. Now encompassing a dozen Jewish entities, the Commission changed its name to the Jewish Restitution Successor Organization – JRSO. The American military government appointed JRSO to be the sole beneficiary for Jewish heirless property in the American occupation zone. In the summer of 1948, after a number of months of preparations, the new organization set to work.⁴⁷

In the British occupation zone, a law for restitution of property was passed in May 1949, and a year later, a Jewish successor organization in this sector – the Jewish Trust Corporation for Germany (JTC) – began its operations.⁴⁸ The French legislated a restitution law in their occupation zone (Decree #120) on the same day that the American law was enacted. However, it was only in March 1952 that a Jewish successor organization – the so-called Branche Française, the French branch of the Jewish Trust Corporation – was authorized to start claiming and receiving restitution.⁴⁹

The two most important organizations in the JRSO were the Jewish Agency and the Joint, a status derived from the role they were granted in the Paris convention in summer 1946 regarding the distribution of financial aid to Jewish Holocaust survivors.⁵⁰ In keeping with its “Palestinocentric approach,” the Jewish Agency demanded that as much as possible from the funds made from the sale of Jewish-German property be funneled toward the realization of the Zionist objective:

⁴⁶ The new law did not refer exclusively to Jewish victims of the Nazi regime, but Jews were its primary beneficiaries. Hockerts, “Wiedergutmachung,” 326.

⁴⁷ Takei, “The ‘Gemeinde Problem’,” 269–271. The JRSO operated at an impressive pace, and by the end of 1948 it had already logged some 163,000 claims for the restitution of Jewish property. Ludi, *Reparations*, 90.

⁴⁸ Schreiber, “New Jewish Communities,” 169; Kapralik, *Reclaiming the Nazi Loot*.

⁴⁹ Blumenthal, *Right of Reparations*, 30.

⁵⁰ The Jewish Agency was the most active and influential organization in the field of restitution of Jewish property in Germany. Katz, “The Role,” 21, 27, 70.

the establishment of a Jewish state. The tiny Jewish community that remained in Germany after the war (some 15,000 people, a third of whom were in the American zone) held a completely different view. It asserted that it was the *de facto* successor to the large Jewish community in Germany that had been destroyed in the Holocaust, and was therefore entitled to receive most of the property left without owners. This property, the community's spokespersons argued, was needed to maintain and rehabilitate the German Jewish community, many of whose members were old, sick, and poor.⁵¹ The JRSO took issue with this claim. As far as its leadership was concerned, there was no justification for turning over such large sums to such a small community, one that was most likely destined to disappear either way as a result of assimilation, emigration, and the age factor. For representatives of the Jewish Agency in the JRSO, the Zionist argument alone provided sufficient reason to reject the position of the Jewish community in Germany hands down.⁵² This stance triumphed, and under pressure from the Jewish Agency, in the coming years, the JRSO allocated the lion's share of proceeds from the sale of heirless Jewish-German property to the State of Israel.⁵³ In a similar fashion, the other two successor organizations operating in the British and French zones allocated a substantial cut of the proceeds they received to the benefit of the Jewish state.⁵⁴ This Palestinocentric outlook on the issue of restitution found itself neatly represented in the Israeli leadership's position on the matter of collective reparations from Germany toward the close of 1950.

51 The Jewish community in Germany's western occupation zones did not rest at verbal opposition. It submitted claims in local courts against the takeover of heirless Jewish property by the successor organizations. Brenner, "After the Holocaust," 63–65.

52 Takei, "The 'Gemeinde Problem'," 271–281; Lustig, "Who are to be," 529–545. On Israel's attitude toward renewal of Jewish life in Germany after the war, see: Gottwald, "Jews in Germany"; Barzel, "Jews in Postwar Germany?."

53 Schreiber, "New Jewish Communities," 170.

54 OHD, 8(2), Interview with Nahum Goldmann, November 14, 1961.

Chapter 1

Starting Out, June 1949–February 1950

The issue of material compensation from Germany was not on the agenda of the Israeli leadership in the state's first year of independence.¹ Up until March 1949, the fledgling state was embroiled in an existential war for its survival and its leaders were far too preoccupied to deal with other matters. At the end of the hostilities, national efforts focused on attempts to reach armistice agreements with Israel's Arab neighbors.² These agreements (signed in the months of February–July 1949) brought relative calm to the region and enabled the Israeli government to turn its attention to outstanding issues, including the issue of compensation from Germany.

This question was inextricably linked to the fundamental position that prevailed among the Jewish public in the young State of Israel³ regarding relations with Germany. This position demanded a complete and uncompromising boycott of Germany in all realms – political, economic, military, social, cultural, scientific and athletic – for generations to come.⁴ The boycott was the operative manifestation of the enormous anti-German sentiment harbored by the Jewish-Israeli public once the sheer scope of the catastrophe inflicted on European Jewry came to light. It was an expression of the rage, the loathing and the desire for vengeance against Germany that engulfed the Israelis. The boycott was perceived as a sacred commandment from the slaughtered millions and an essential vehicle for protecting the feelings of hundreds of thousands of survivors. In that sense, it served as an indispensable shield guarding Jewish national honor. There were those who feared that Nazi Germany was liable to reemerge, and the boycott was perceived

1 The State of Israel was established on May 14, 1948.

2 OHD, 1(81), Interview with Eliezer Shinnar, November 18, 1970.

3 And prior to that, among the Jewish community in Mandatory Palestine in the years 1945–1948.

4 The idea of imposing a boycott on Germany had already permeated the Jewish world from the beginning of 1933, after the new Nazi regime embarked on a brutal campaign to boycott, marginalize, and disenfranchise Germany's half a million Jews. Dawidowicz, *The War against the Jews*, 48–69. In response, a global anti-German Jewish boycott movement began. Gelber, *New Homeland*, 4–6; Weiss, "The Transfer Agreement"; Braatz, "German Commercial Interests." The boycott theme runs like a historical thread from the 1930s to the period following the Second World War. However, in light of the horrific extermination campaign the Third Reich carried out against the Jews between 1939–1945, its intensity was greater now than ever.

as Israel's contribution to preventing this menace.⁵ In essence, the Israeli-Jewish boycott of Germany rested on a moral foundation and was an act of conscience anchored in the personal and collective-historical memory of the Holocaust.

On the formal governmental plane, ostracism of Germany by Israel was not possible until the fall of 1949, since before this point there was no sovereign German polity. The boycott, therefore, initially targeted the German people. Prohibitions included, among other things, visits by German citizens to Israel, import of German goods (with an emphasis on books, periodicals and movies made in Germany or published in German language), and the use of the German language in cultural performances.⁶ Various elements in the media and political circles issued vociferous warnings every time they thought the boycott wall was cracking. Thus, for example, one of the biggest Israeli newspapers once raised an alarm about harmonicas from a German factory being sold in a shop in Tel Aviv,⁷ and on another occasion was outraged to report that German pencils were available for purchase in Israel.⁸ A different paper cried that a number of stores were selling Purim costumes made in Germany.⁹ The press was equally incensed when, as an exception, German citizens were allowed to enter the country, although this related to a handful of people, most of whom were recognized as being staunchly anti-Nazi.¹⁰ Beyond the media sphere, members of opposition factions in the Israeli parliament (the Knesset) habitually raised parliamentary questions on different matters that, in their opinion, were indicative of damage to the boycott policy.¹¹

In the absence of a sovereign German polity, the Israeli government allowed itself to establish a diplomatic mission on German soil without feeling it was breaching the boycott principle. At the beginning of June 1948, the head of the Jewish Agency's delegation in Germany, Chaim Yahil,¹² proposed to the Israeli Minister of Foreign Affairs, Moshe Sharett, that an Israeli consulate be established in Germany. Sharett agreed, and on October 10 a consulate in Munich (in the American occupation zone) was inaugurated, with Yahil serving as consul. This

5 Barzel, "The Yishuv's Call"; Gilead, "Public Opinion," 28–36; Alperovitch, "The Influence," 48–52; Segev, *The Seventh Million*, 190–193.

6 ISA, MFA 1809/4, Jewry and Germany: A Survey of Developments, 1949–1952, March 1952.

7 *Ma'ariv*, August 18, 1949.

8 *Ma'ariv*, April 28, 1950.

9 *Yedioth Ahronoth*, March 5, 1950.

10 *Ma'ariv*, September 18, 1949; *Herut*, September 7 and October 17, 1949.

11 Tovy, "Don't Buy Volkswagen!," 5.

12 This delegation began to operate in December 1945. The primary objective was to assist in the welfare of tens of thousands of Jewish DPs in the American occupation zone and organize their immigration to Israel. Yahil, "The Activities (I and II)."

Israeli mission, which was also recognized in the British and French zones, worked solely with the three Western occupying powers. Its two main roles were, on the one hand, to facilitate the immigration of tens of thousands of Jewish DPs concentrated in the western part of Germany (under control of the Western powers) to Israel, and on the other hand to render assistance to Jewish organizations from around the world and to Holocaust survivors living in Israel on various matters of compensation.¹³

On September 21, 1949, the political status of Germany changed significantly. The military government imposed by the Western powers at the end of the war was abolished, and the occupying powers' authority in the country was transferred to a civilian body – the High Commission for Occupied Germany (HICOG). The same day, the establishment of the Federal Republic of Germany (West Germany, or the FRG) was declared. The FRG's territory encompassed all three western occupation zones. Konrad Adenauer was chosen as West Germany's first chancellor. In a parallel move, on October 7 the USSR established the German Democratic Republic (East Germany, or the GDR) in the Russian occupation zone.¹⁴

The Israeli leadership had to address these dramatic developments, first and foremost as they pertained to the boycott. The most burning issue on the agenda was the Israeli consulate in Munich. It was clear to the Israelis that representation under the auspices of the Western occupying powers was not the same as a diplomatic mission endorsed by a German government. On November 1, the government discussed the new situation in Germany and decided that the Minister of Foreign Affairs would “inform the envoys of the State [of Israel] to have no contact with representatives of the [two] German Republics.”¹⁵ In the wake of this decision, the director of the West European Division of the IMFA, Gershon Avner, told the new consul in Munich, Eliahu Livneh,¹⁶ that the government had resolved to continue its policy of forbidding any contact with the Germans.¹⁷ A similar notification was sent to Mordechai Namir, Israel's minister to Moscow,¹⁸ who had requested instructions on how to conduct himself in regard to his East German counterpart who had just arrived in the Russian capital.¹⁹

¹³ Jelinek, “Like an Oasis in the Desert”; Chen, “‘Contact but no Established Relation’,” 19–22.

¹⁴ Balabkins, *West German Reparations*, 53.

¹⁵ ISA, Meeting of the Cabinet, November 1, 1949, 3–7.

¹⁶ Replaced Yahil on March 1949.

¹⁷ ISA, MFA 2519/4, Gershon Avner to Eliahu Livneh, November 1, 1949.

¹⁸ DEPI, Vol. 4, Document 399, M. Sharett to M. Namir, November 7, 1949.

¹⁹ DEPI, Vol. 4, Document 399, Note 1.

In mid-December 1949, in light of the developments in Germany, a consultation was held at the IMFA on the subject of the boycott. It was agreed not to close the consulate in Munich for the time being, but to instruct the Israeli envoys not to engage in any contact with German institutions and to conduct their business through the Western High Commissioners only. It was also decided that Israel would operate in the diplomatic arena to prevent the two Germanies from joining international organizations. Lastly, the attendees resolved that every Israeli passport would be marked with a stamp stating in English “This document is not valid for Germany.”²⁰ This decision was a response to increasing travel to West Germany by Israelis – most of them Holocaust survivors born in Germany, their representatives or profiteers, seeking restitution of property. In the same spirit, the Government Press Office announced that Israelis who traveled to Germany with the objective of settling there permanently²¹ would not be allowed to return.²² Such measures clearly attested how deeply the principle of boycotting Germany had become entrenched in the Israeli worldview. The only issue that seriously challenged this principle, leading to its gradual erosion and ultimately to its breaching, was the issue of compensation.

The initiative of raising this topic on the national agenda can be attributed to the Jewish Agency. It began with two comprehensive memorandums (dating from December 1948 and April 1949) written by Meinhold Nussbaum, a Jewish Agency official and its representative in the JRSO (where Nussbaum served as deputy-director of the organization). In his memorandums, Nussbaum sought to sound an alarm about one of the more, if not the most serious problem undermining the effectiveness of efforts to restitute Jewish property: the inability to take capital out of Germany. Whenever the JRSO located Jewish property without successors in the American occupation zone, it would open proceedings, in German courts or elsewhere, for the requisition of the property from the party holding it. If the claim was accepted, the organization would sell the property on the German market and would receive the proceeds in Deutsche Marks. The money received was, in principle, earmarked for the rehabilitation of hundreds of thousands of survivors of Nazi persecution who had settled outside of Germany. In practice, however, the JRSO found itself unable use of these funds outside of the German state as the Americans had imposed strict limitations on taking local currency out of the country. In all fairness, even if the restrictions had been eased,

²⁰ ISA, MFA 2539/1, A Memorandum from the Director-General of the Ministry of Foreign Affairs, December 15, 1949.

²¹ According to estimates, between 1945–1956 several thousand Israelis, almost all German-born, left Israel seeking to start new lives in Germany. Boord, “The Issue of Reparation,” 14.

²² ISA, MFA 2413/2, Government Press Office Release, December 28, 1949.

this would have done little to help the JRSO's predicament, since the Deutsche Mark was considered a weak currency on the international money markets. The alternative – exchanging DMs for American dollars and transferring these outside of Germany – was absolutely prohibited by the Americans. Any movement of a strong currency such as the USD out of the country was liable to undermine Washington's vigorous efforts to revive West Germany's shaky local economy. Individual survivors who had succeeded in getting their hands on their looted property and who sold it on the local market encountered the same problem.

It seemed that the only possible way to overcome this monetary roadblock was to adopt the Haavara (transfer) principle the Zionist movement had employed in the 1930s. In other words, money received by the JRSO and by survivors from the sale of Jewish property in Germany would be used to purchase German goods. The goods would be sold on markets outside of Germany and the proceeds from the liquidation of these assets could then be used by the JRSO and the survivors. As early as the summer of 1946, Nussbaum and other senior officials in the Jewish Agency had contacted the American occupation authorities regarding the possibility of a new transfer agreement, this time under the supervision of the Western powers. However, the Americans rejected the idea on economic grounds. The Agency consequently decided to wait for property restitution laws to be legislated in the western occupation zones, particularly in the American zone, and only then to broach the subject with the Americans again, in the hopes that the changed circumstances would help them acquiesce to such an agreement. Once the laws were indeed legislated Nussbaum sensed that it was the time to act.

But before appealing to the Western powers, it was essential, in his eyes, to ascertain whether the Israeli leadership was prepared to adopt the Haavara principle. The importance of its position on the matter stemmed from the fact that a sizable portion from the proceeds of the Jewish-German heirless property was supposed to go to Israel.²³ Given the huge sums involved, this meant that Israel would be flooded with German goods. Put otherwise, a Haavara-style agreement would establish direct, overt, ramified, and prolonged commercial ties between the Jewish state and the German people, ties that were, of course, completely out of line with Israel's boycott policy. Nevertheless, Nussbaum saw no alternative for the Israeli leadership other than to accept the idea of Haavara, as it would provide enormous financial assistance to the fledgling Jewish state. In his opinion, the government would have to take an active part in the Haavara initiative either

²³ As noted in the Introduction, various Zionist elements had demanded from 1943 onward that the lion's share of monies from restitution (and collective reparations) go to the Zionist enterprise.

via direct participation or even by managing a Jewish-Israeli institution that would handle all aspects of the transfer. The government of Israel, he stressed, could not simply stand back and allow the transport of German goods to Israel by the Jewish Agency and/or private survivors. He based this stance on the fact that the government exercised strict control over the state's economic activity, and therefore the authority to make decisions on various financial aspects concerning the Haavara enterprise was solely in its hands – for example, the scope and types of German goods that could enter the country. Another important issue in this respect related to the question of releasing foreign currency. The western occupation authorities demanded that payment for German goods designated for export would be conducted primarily in strong, convertible currencies, such as the USD. Consequently, the Jewish Agency, as part of its work within the JRSO, and Israeli Holocaust survivors with property in Germany, would be required to take foreign currency (USD) out of Israel to import German goods. The Israeli government, however, had imposed strict restrictions on the transfer of foreign currency out of the country, due to Israel's economic straits. Hence, this matter also required governmental intervention.²⁴

On May 22, 1949, Nussbaum presented his thoughts on compensation to the Jewish Agency Executive, and it decided to raise the issue with the government.²⁵ Contrary to Nussbaum's intention, however, the Executive had no intention of asking the government to take an active role in the Haavara initiative, let alone stand at the forefront of this enterprise. It surmised that the government would reject such a proposal outright due to the sensitivity of the boycott issue. The aim of the Jewish Agency leadership was to secure governmental approval and support for the establishment of a Haavara enterprise by granting import licenses for goods coming in from Germany and allocating foreign currency for this purpose, which would be exclusively at the Agency's disposal.

In coming days, the Agency's Executive formulated a memorandum to this effect and sent it to the Israeli Minister of Finance, Eliezer Kaplan, with the intention that he bring this issue up before the government. Kaplan indeed broached the subject in a June 7 cabinet meeting. "The Jewish Agency," he told his colleagues, "has approached us with the question of whether [the Jewish Agency] would be permitted to use funds [from restitution of property] to buy German goods and transfer them [to Israel]." According to Kaplan, the value of the claims submitted by the JRSO and individual survivors was already astronomical, some

24 ISA, MFA 1782/3, Restitution and Compensation from Germany, December 15, 1948; CZA, S6/6762, Transfer of Jewish Capital from Germany, April 1, 1949.

25 CZA, S100/56, Meeting of the Jewish Agency Executive, May 22, 1949, 14–19.

140 million USD. A portion of the sum, he clarified, was supposed to go to the State of Israel. The Minister of Justice, Pinhas Rosen, informed those present that the Jewish Agency also requested to know whether the government would permit the transfer of American dollars out of Israel to purchase the German goods. The ministers considered the issue and decided, in a nine-to-one vote, to respond favorably to the Jewish Agency's requests regarding the import of German goods to Israel and allocation of foreign currency, albeit with some conditions.²⁶

With this decision, the Israeli government gave the Jewish Agency a green light to go ahead with the Haavara enterprise, and thereby, in essence, opened a hatch in the wall of the total boycott of Germany.²⁷ One can surmise that the government nevertheless perceived this as a very small hatch; after all, the boycott was lifted only in one specific and isolated area – that of material compensation. All the other aspects of the boycott were preserved in full. The hatch was also small, because the government refrained from taking upon itself any significant role in the Haavara venture, settling for a secondary, passive function. The Jewish Agency, on the other hand, as the entity chosen to spearhead the Haavara venture, did not formally represent the State of Israel, and thus its deviation from the boycott policy did not herald the same for the whole country. The same was true of survivors who contacted German agents in the field of compensation; although they broke the boycott, their private infringement of the principle did not sully the State. However, it quickly became evident to the Israeli government that getting Jewish capital out of Germany would require substantial involvement on its part, including direct contact with the German authorities.

Meanwhile, another possibility for compensation had presented itself. In the course of the month of August 1949, the local German authorities in each of the four *Länder* that comprised the American occupation zone legislated a law that afforded indemnification to certain categories of Holocaust survivors.²⁸ This was done under vigorous American encouragement, not to say pressure.²⁹ According to the estimate of an Israeli expert on the subject, some 50,000 survivors living in Israel were entitled to claim personal compensation under the new law.³⁰ Their representatives met with the Minister of Finance, Kaplan, and requested that the government assist the tens of thousands of survivors in the claim process, as it entailed bureaucratic difficulties and no small financial expenses on the part of

²⁶ ISA, Meeting of the Cabinet, June 7, 1949, 32–40.

²⁷ Weitz, "Moshe Sharett," 164.

²⁸ Pross, *Paying for the Past*, 20.

²⁹ ILPA, 2-11-1951-33, A. kossoi to M. Argov, Without Date.

³⁰ CZA, S43/242, Immigration Department to the Executive of the Jewish Agency, December 3, 1948.

the claimants. Kaplan raised the matter in a November 8, 1949 cabinet meeting, and the cabinet decided to authorize Kaplan to aid the survivors.³¹

Within days of this decision, the Ministry of Finance established MILTAM – a Hebrew acronym for the “Israeli Office for Registration of Compensation Claims from Germany,” and on December 1, 1949, the new entity commenced operation.³² Its role was to help survivors interested in claiming personal compensation from Germany in filling out the required documents and submitting them to the German authorities. Registration with MILTAM advanced at an impressive pace: within four months, close to 14,000 persons had requested assistance.³³

Parallel to this, on November 29, the government authorized the Minister of Justice, Rozen, to bring the “Verification of Documents Act” before the Knesset.³⁴ A week later, a discussion of the proposed legislation was held in the Knesset plenum. Rozen explained that, according to estimates, any Holocaust survivor seeking to claim personal compensation from Germany would need, on average, three notarized affidavits. In light of the number of potential claims, this would amount to tens of thousands of affidavits. To make matters worse, the deadline by which compensation claims had to be submitted to the German authorities was March 31, 1950, leaving a mere four-month window to accomplish the mammoth task. In light of this shortage of time, coupled with Israel’s shortage of notaries, there was a need to appoint “a number of verification clerks, who would be authorized to execute the notary functions required to carry out the enterprise.” Once Rozen finished speaking, lengthy deliberations followed – not only over aspects of the bill itself, but also (perhaps mostly) the compensation issue as a whole. This was the first time the Israeli parliament debated this issue at length. Several members of the Knesset favored attempting to obtain the material compensation funds. At the same time, the house was united in resolving that the boycott policy against Germany had to be maintained in full.³⁵ A couple days later, the “Verification of Documents Act” was passed in the Knesset.

These two decisions in November testified that the government remained devoted to the principle that had crystallized *de facto* at the beginning of June: that it was its duty to assist entities operating in the realm of material compensation – i.e., the Jewish Agency and the survivors – while at the same time refraining from initiating any moves involving German parties, whether governmental, juridical,

31 ISA, Meeting of the Cabinet, November 8, 1949, 2–3.

32 ISA, MFA 2543/1, A.Y. David to E. Livneh, November 30, 1949.

33 CZA, J118/225, First Report on MILTAM’s Operation, February 21, 1950; ISA, 5725/8 G, Second Report on MILTAM’s Operation, April 13, 1950.

34 ISA, Meeting of the Cabinet, November 29, 1949, 47.

35 KM, Vol. 3, December 5, 1949, 228–237.

economic, public, or private, particularly in the Haavara realm. As far as the government was concerned, the assistance it was rendering was fitting and respectable. Within the span of several months it had adopted three decisions concerning compensation. In addition, at the beginning of July 1949, the IMFA instructed the Israel consul in Munich, Livneh, to assist the Jewish Agency's people in their work regarding the restitution of property.³⁶

While the government's involvement in the compensation matter was by all means in line with the boycott restrictions, among certain elements in the IMFA it engendered apprehensions that Jerusalem would unwittingly get carried away into outright contact with the Germans. In a letter written in late December 1949 to the cabinet secretary, the director-general of the IMFA, Walter Eytan, expressed anxiety to the effect that "it feels as if there has been a voltage drop when it comes to the practical position Israel is honor-bound to take vis-à-vis Germany."³⁷

Other officials in the IMFA thought exactly the opposite, namely, that rather than merely providing assistance, it was right and proper that the government should begin to initiate and lead moves, even ones that involved approaching the Germans. Michael Amir, Israel's minister to the Benelux countries, proposed that Israel submit a formal claim for compensation from Germany. Yaacov Robinson, legal-advisor to the Israeli Delegation at the UN,³⁸ replied in the negative.³⁹ Still, Amir did not give up and wrote to the legal-advisor of the IMFA, Shabtai Rosenne, that he felt it would be "a great sin, a great neglect and a great mistake not to claim [compensation]."⁴⁰ Livneh, the consul in Munich, also began to ponder the possibility of deeper governmental involvement in the issue. In his view, if Israel wanted to receive a portion of the enormous Jewish capital that could be claimed from Germany, "we'll have to deviate a bit from our principled position [the boycott policy], [since] this matter will go a lot easier via actual ties with the German [government] machinery [sic. Establishment]."⁴¹

While Israel and the Jewish organizations were dealing with the issues of restitution and indemnification, Chancellor Adenauer dropped a political bombshell when he raised the question of reparations on the agenda. This took place in an

³⁶ ISA, MFA 1783/6, The Israel Consulate in Munich to the Ministry of Foreign Affairs in Tel Aviv, July 3, 1949.

³⁷ DEPI, Vol. 4, Document 455, Note 6.

³⁸ Yaakov was the brother of Nehemiah Robinson, an official in the Institute of Jewish Affairs and an expert on the issue of compensation from Germany. See Introduction.

³⁹ ISA, MFA 2417/4, S. Rosenne to M. Amir, June 20, 1949.

⁴⁰ ISA, MFA 2417/4, M. Amir to S. Rosenne, July 11, 1949.

⁴¹ ISA, MFA 1783/6, The Israel Consulate in Munich to the Economic Division, October 23, 1949.

interview Adenauer gave on November 11, 1949, to Karl Marx, editor-in-chief of the Jewish community gazette in the FRG. The Chancellor declared that the German people had a moral obligation to repair the injustice perpetrated against the Jewish people during the Nazi regime. He expressed his sorrow that so little had been done in this area since the close of the war, but clarified that his government was determined to take appropriate measures to rectify the situation. Accordingly, Adenauer declared that Bonn intended to put German goods valued at ten million DM at the disposal of the State of Israel, as representative of the Jewish people as a whole. This grant, the German leader clarified, is an initial expression of the German people's obligation to compensate the Jewish people.⁴²

The proposal was revolutionary since, according to international law, West Germany was not obliged to compensate the State of Israel for the Holocaust of the European Jews. Adenauer was clearly willing to set a precedent on the compensation issue, but if he hoped to receive a favorable reaction, he could not have been more misled. Policy-makers in Israel made no official response to the offer; however, in closed conversations they rejected it outright because they felt the proposed amount was ridiculously low. In a meeting held in Prime Minister David Ben-Gurion's home, one of those present raised the idea of initiating a discussion in the Knesset on the subject, where Ben-Gurion would present the government's position, rejecting the German overture as worthless considering the sheer magnitude of the calamity inflicted upon European Jewry.⁴³ A month later, in December, the World Jewish Congress published an indirect response to the Chancellor's declaration (most probably with encouragement or a nod of consent from the Israeli government) in which it demanded, among other things, that the FRG commit to paying "fitting" reparations.⁴⁴ The response of Alexander Easterman, the political secretary of the World Jewish Congress in the UK, was far more pointed: "Dr. Adenauer's offer of ten million marks, or about two marks per murdered Jew, was regarded by the Jewish people as an insult."⁴⁵

Incidentally, about the same time as Adenauer's public declaration, Finance Minister Kaplan was appointing a special committee to examine various aspects of the Haavara initiative. Peretz Naftali, a member of the Knesset and economic advisor to Prime Minister Ben-Gurion, was chosen to head the committee. Sitting on the Naftali committee were representatives from the Ministries of Foreign Affairs, Commerce and Industry, and Finance, as well as representatives of the Jewish Agency and the Jewish National Fund. On November 27, the committee addressed

42 Gilead, "The Reparations Agreement," 84–85.

43 Auerbach, "Foreign Policy," 275.

44 Pross, *Paying for the Past*, 22.

45 Henry, *Confronting the Perpetrators*, 5.

Adenauer's declaration and reached a conclusion diametrically opposed to the prevailing opinion in government circles: "The committee thinks it may be desirable to publish an announcement in the press [stating] that the government of Israel is prepared to receive goods from Germany in payment of the indemnities to which [Jewish Israeli] inhabitants of the state are entitled according to the laws issued in the American occupation zone to date."⁴⁶ In the weeks that followed, the committee continued to deal with the Chancellor's declaration concurrent to examining the Haavara issue.

On January 6, 1950, the Naftali committee held a summary session that addressed the two issues.⁴⁷ At the end of the discussion, a number of decisions were adopted, designed for perusal by the government. On the subject of Adenauer's offer to grant Israel German goods, the committee declared (in the spirit of its November decision) that it was a "serious" proposal that merited further investigation. As for the Haavara initiative, the committee asserted emphatically that it would be impossible to implement it "without official talks between representatives of the State of Israel and representatives of the [West] German state." There were two reasons for this. Practically speaking, only the government had the clout to overcome the legal, economic and political challenges standing in the way of realizing this colossal initiative. And as a matter of dignity, or as the committee put it, "from the perspective of Jewish honor and the honor of the State of Israel," it was preferable to have "direct contact [between Israel and the FRG] rather than all sorts of alternatives in the form of unofficial talks between government officials or various intermediaries."⁴⁸ A memorandum much in this same vein (*vis-à-vis* Israeli-German relations) was submitted to the country's decision-makers by the committee at the close of January.⁴⁹ This was the first time that a formal entity within the Israeli establishment had recommended, in a clear and unambiguous manner, that direct and official contact be established between Jerusalem and Bonn on the compensation issue in a blunt violation of the boycott policy.

A similar call was issued at the time by the Jewish Agency. At a January 8, 1950 meeting of the Jewish Agency Executive, devoted to the issue of compensation, Georg Landauer presented an exhaustive overview of this issue. He estimated the value of Jewish property that could be claimed in West Germany at

⁴⁶ ISA, MFA 2543/1, A. Y. David to G. Avner, November 30, 1949.

⁴⁷ ISA, MFA 2417/1, On the Meeting of the Committee on Haavara Matters from Germany that took place on January 6, 1950.

⁴⁸ ISA, MFA 2417/1, Decisions of the Committee on Haavara Matters from Germany in its Meeting on January 6, 1950.

⁴⁹ ISA, MFA 2543/1, P. Naftali to M. Sharett, January 27, 1950.

three billion DM (approximately 715 million USD) and surmised that a third of this sum could go to Israel. Nevertheless, there were three major problems that threatened to disrupt operations. The Jewish Agency had no permission from Bonn or the High Commissioners of the Western powers to be engaged in the compensation business as an independent entity. It was required to operate solely through the auspices of the JRSO. But its ability to focus on the Israeli interests in this context was limited, since JRSO was committed to taking care of all Jewish survivors worldwide. Another problem was the gradual transfer of governmental authority from the Western powers to the Bonn government. This handover proceeded unhindered, albeit at a slow pace, and it was safe to assume that the day when the Western powers would turn the judicial authority in the country over to Bonn was fast approaching. The danger was that this would take place before legislation on compensation could be completed. Landauer feared that the Germans might drag their feet on the compensation question once judicial responsibility for this issue was in their hands. The last problem was tied to the Haavara initiative. There had been no progress on this matter whatsoever, according to Landauer. The failure to implement it, he emphasized, was significantly impeding action in the compensation domain. These three problems, especially the last two, could only be handled effectively by a government, rather than a private or public entity regardless of how big or important the latter might be. Thus, Landauer concluded that the Jewish Agency and the government of Israel must cooperate very closely in order to push the compensation issue forward. In other words, it was imperative that Jerusalem undertake a much deeper involvement in the issue, even if this meant direct and official contact with the Germans. After this presentation, discussion ensued, and it became evident that the majority of the Jewish Agency's leadership supported Landauer's position.⁵⁰ Deliberations continued on January 18⁵¹ and came to a close on January 30.⁵² At these meetings as well, the various speakers expressed support for Landauer's viewpoint. The resolutions passed by the Jewish Agency Executive reflected this clearly: the Israeli government was called upon to cooperate with the Jewish Agency in all affairs concerning restitution and indemnification. This cooperation, it was clarified, would deal in essence with hammering out a possible line of action that would allow for Israeli/Jewish-German negotiations on the question of compensation.⁵³

50 CZA, S100/61, Meeting of the Jewish Agency Executive, January 8, 1950, 1–24.

51 CZA, S100/62, Meeting of the Jewish Agency Executive, January 18, 1950, 1–45.

52 CZA, S100/64, Meeting of the Jewish Agency Executive, January 30, 1950, 5–6 (Morning Meeting), 14–25 (Afternoon Meeting).

53 ISA, MFA 1783/15, Decisions of the Jewish Agency Executive Regarding Jewish Property in Germany, January 12–30, 1950.

Thus, less than eight months after it had petitioned the Israeli government in May 1949 to permit it to manage the Haavara initiative single-handedly, the Jewish Agency came to the conclusion that close cooperation with the government on the compensation issue was essential. Further evidence that the Agency realized it could not go it alone can be found in a letter sent by Finance Minister Kaplan at the beginning of March 1950 to a member of the Jewish Agency Executive: “Based on all the information I have received of late from Germany, among other by the Jewish Agency, without official intervention of the government [in Germany], it is doubtful whether the compensation issue will move forward.”⁵⁴

This view was also widespread among the senior ministers. Prime Minister David Ben-Gurion was the first to embrace it. As early as November 1, he stated in a cabinet meeting that Israel would need to engage with Bonn in order to settle the matter of compensation.⁵⁵ Minister of Finance Kaplan followed suit,⁵⁶ and the Minister of Foreign Affairs, Moshe Sharett, hastened to join him.⁵⁷ It seems that the support of such influential parties for Israel to initiate a diplomatic move vis-à-vis the Germans on the issue of compensation – senior ministers, the Jewish Agency Executive, the Naftali committee – as well as Chancellor Adenauer’s dramatic proposal, convinced the other members of the government to endorse such a move.

The decision on this matter was made in a cabinet meeting that took place on February 15, 1950. Finance Minister Kaplan reminded his colleagues of the resolution made in their June 7 meeting in favor of the Haavara initiative, clarifying that without an Israeli/Jewish-German agreement on the issue of compensation, one that addressed the Haavara initiative first and foremost, it would not be possible to extract any significant funds stemming from the sale of Jewish property or personal indemnification from the Germans. Considering the Jewish Agency’s failure to broker such an agreement on its own, the government would have to take the dramatic measure of stepping in. He proposed that “we agree for a representative of the government to enter negotiations in this domain [compensation]” with the Germans.

The response of those present to the radical proposal was positive, and at the close of discussion the government moved by an overwhelming majority to instruct the Ministries of Finance and Foreign Affairs to take action in order to “release indemnification and [property restitution] funds from the Germans by way of direct contact with the German governments” (i.e. the governments of the FRG

54 BGA, GCD, E. Kaplan to S. Eisenberg, March 3, 1950.

55 ISA, Meeting of the Cabinet, November 1, 1949, 4–5.

56 CZA, S100/62, Meeting of the Jewish Agency Executive, January 18, 1950, 12.

57 ISA, MFA 2417/1, G. Landauer to M. Sharett, March 17, 1950.

and the GDR). This move was to be orchestrated together with the Jewish Agency. The public, it was noted in the margins of the decision, “need to receive appropriate explanations on the subject.”⁵⁸

The government’s decision thus broadened the hatch in the boycott wall even further. This time, direct and official contact with the Germans would be made by a representative of the State rather than the Jewish Agency or an individual survivor. Moreover, the contact wasn’t even supposed to be secret.⁵⁹

The decision made on February 15, 1950 was a complete deviation from the official government line that ruled out any direct and formal contact between Jerusalem and Bonn and/or Berlin, including on the question of compensation. This principled position was in effect for nearly four years, between mid-May 1948 – the date on which the State of Israel was founded – and the end of December 1951 – when Jerusalem decided to hold direct negotiations with Bonn on the issue of reparations. The February 15 decision was an exception in this sequence of time. There is no piece of information in the entire body of primary sources that explains this deviation. However, as it was mentioned, it appears that the support of important parties in Israel for Israeli-German contact on the question of compensation and the chancellor’s statement of November 11 caused the ministers who opposed such contact to abandon their previous position. Besides, it may be guessed with caution that those ministers (similarly to Ben-Gurion, Sharett and Kaplan) did not perceive the decision made by the government as a far-reaching violation of the boycott policy. After all, the contact with the Germans was basically intended to extract compensation for the survivors living in Israel (through restitution of property and/or the obtaining indemnification funds). Probably this action was seen as a sort of continuation of the government’s decisions from November 1949 that were intended to assist the private survivors. It must be remembered that attempts to obtain the restoration of property and personal indemnifications had already been undertaken by the survivors and the successors’ organizations. That is, there was no sensational innovation here. It would be completely different if the Israeli contact with the Germans had been aimed to achieve collective reparations – i.e. a claim filed by the State of Israel, on behalf of the Jewish people (including the victims of the Holocaust). Such a move could have indicated reconciliation and normalization between the two peoples and hence a complete shattering of the boycott

⁵⁸ ISA, Meeting of the Cabinet, February 15, 1950, 29–40.

⁵⁹ Following the government’s decision, an Israeli representative went to both Germanys to discuss the matter of compensation (see chapter two). Many Israeli newspapers reported on his mission. See: *Ma’ariv*, April 12, 1950; *Herut*, July 10, 1950; *Ha-Tzofeh*, July 6, 1950.

principle. Moreover, as we will see in the next chapter, the “contact with the Germans” was made by a single Israeli official who stayed in Germany for several weeks. It is possible that the ministers were aware of this or assumed that this would be the case, and that to them it was a contact very limited in scope and which therefore did not dramatically contradict the boycott principle. It seems that they believed, or hoped, that such a limited contact would escape the public eye and therefore not cause any uproar.

Chapter 2

Shall We Become a Central Factor in the Compensation Issue?

Following the government's decision on February 15, 1950, Ministers Kaplan and Sharett asked the director of the Customs and Excise Division in the Ministry of Finance, Kurt Mendelsohn, to pay a work visit to the two Germanies¹ in order "to investigate the possibilities of receiving [compensation] money for Israel's inhabitants."² He was instructed to offer the Germans a "global [sic. overall] settlement" for the compensation claims.

This idea, likely the brainchild of Georg Landauer,³ had been in the air for months. It was first brought up by Landauer during the January 8, 1950 meeting of the Jewish Agency Executive⁴ and later in two memoranda he composed in the summer of that same year.⁵ It likewise appeared in a special report on compensation submitted to Israeli decision makers at the close of January by the Naftali committee, prepared by Landauer together with two other committee members.⁶

Landauer opined that the path to the restitution of Jewish property had revealed itself to be strewn with serious obstacles. The first was a legal problem. The tens of thousands of claims submitted by the JRSO and private heirs against citizens and bodies in the FRG with Jewish property in their possession since the summer of 1948 had gone through a long and exhausting process of litigation in and outside the courts.⁷ "If we are to go on following existing methods," Landauer concluded, the restitution project is liable "to occupy us for a generation." However, the JRSO and the private successors "don't have the time, the patience, nor the means necessary to keep fighting for their rights over the course of many years." Another obstacle was public-political in nature. According to various assessments, some 100,000

1 ISA, MFA 2417/1, Protocol of a Meeting Headed by Peretz Naftali, May 10, 1950.

2 ISA, MFA 2417/1, Protocol of a Meeting that took place between Members of the Jewish Agency and Members of the Government on May 2, 1950.

3 In any case, he was one the first to side with this idea. Katz, "The Role," 37.

4 CZA, S100/61, Meeting of the Jewish Agency Executive, January 8, 1950, 8–9.

5 CZA, S43/239, A Global Settlement of the Jewish Claims, June 1950; CZA, S6/6762, Memorandum on Restitution, August 5, 1950.

6 ISA, MFA 2543/1, P. Naftali to M. Sharett, January 27, 1950.

7 Finance Minister Kaplan explained to the Knesset's Finance Committee that "the courts over there [in the FRG] are not particularly quick to act [and] private individuals controlling [Jewish] property are trying to hide it as much as possible." KA, Meeting of the Finance Committee, February 20, 1950, 12–13. See in this context: Thalmann, "La Normalisation du Passé?," 56.

German citizens possessed property that originally belonged to Jewish owners, along with commercial and communal bodies that also held such property. The property restitution regulations made it difficult for them to engage in any commercial activity involving this Jewish property (for example, its sale or lease) because its future was shrouded in uncertainty. Those who had bought such assets during the period of the Nazi regime were entitled to monetary compensation from the German authorities if forced to give Jewish property back (to their owners, or hand it over to a successor organization), but due to monetary reforms enacted in 1948,⁸ they would receive a sum below what they had originally paid. Rumors circulated among the German public about huge sums that stood to be transferred to Jewish successor organizations and private heirs, and apprehensions were voiced that, as a result, the country's economy would fail to recover from the damage of the war. Under these circumstances, many Germans were adamantly opposed to the restitution of property.⁹ Worse, it sparked feelings of outright hostility toward Jews. Newly-founded organizations representing Germans holding Jewish property began to apply anti-restitution pressure on political circles in Bonn. They won much sympathy in the parliament, and among the public-at-large. In a poll conducted in the FRG in August 1949, only 39 percent of the public supported returning Jewish property to its rightful owners or to successor organizations.¹⁰

In light of that, Landauer proposed to the Jewish Agency Executive that the JRSO offer the Länder and the central government in Bonn the option of a global settlement. The German authorities would hand over a lump sum of money to a representative Jewish body within a short span of two to three years. The sum would cover all the claims being litigated by the JRSO and the private heirs against German citizens and bodies. In Landauer's estimation, the overall sum had to amount to at least 1.5 billion DM. The authorities in Bonn and in the Länder would subsequently work out a settlement with their own citizens (and local bodies) regarding the property. The Jewish Agency Executive weighed the idea and found it deserving. In late January 1950, it decided, among other things, that a global settlement of property claims should be sought with the German authorities.¹¹ Consequently, in March

⁸ In an attempt to bolster the local economy, in the summer of 1948 a monetary reform was instituted in West Germany replacing the Reichsmark, which had been the legal tender in Germany since 1924, with a new currency – the Deutsche Mark.

⁹ Among all the compensation categories, restitution of property encountered the fiercest criticism on the part of the West German public. Goschler, "Jewish Property," 120.

¹⁰ ISA, MFA 2417/1, G. Landauer to M. Sharett, March 17, 1950; Ferencz, "Restitution to Nazi Victims," 302; Goschler, "German Compensation," 381–382.

¹¹ ISA, MFA 1783/15, Jewish Agency Executive Decision Regarding Jewish Property in Germany, January 12–30, 1950.

of that year, the JRSO dispatched two representatives to West Germany with the aim of bringing the Americans on board. They met with John McCloy, the US High Commissioner in the FRG, and his economic assistant to petition the two to support a global compensation settlement and use their influence to get Bonn to accept such an arrangement.¹² In the months that followed, the JRSO engaged in discussions of the issue with senior officials in Bonn and in the Länder within the American High Commission's jurisdiction.¹³

The global settlement idea was placed at the feet of the Israeli government, which was quick to adopt it, and Mendelsohn was charged with taking it forward. His first stop was Berlin, the capital of the GDR, where, in early May, he met with Willy Rumpf, State Secretary for Financial Affairs, and two officials from the Economic Division of the East German Ministry of Foreign Affairs. He presented the concept of a global settlement and, as an incentive to his interlocutors, said that the move could open the door to far-reaching commercial ties between the two countries. The East Germans asked their guest to prepare a memorandum on the subject, which Mendelsohn promptly did, but when he sought to submit it, he discovered, much to his surprise, that Berlin had decided not to continue the discussion.¹⁴

From Berlin, Mendelsohn departed for the FRG, where he met with senior officials in the Länder in the American jurisdiction zone as well as ministers and other government officials in Bonn regarding the compensation issue. Topping this list of notable personages was the FRG's Finance Minister, Fritz Schäffer, with whom Mendelsohn conducted two lengthy discussions in early June.¹⁵ He offered his hosts a global settlement that would cover both restitution and indemnification claims. In his assessment, the sum total of the claims submitted by Israeli residents was valued in the vicinity of 300 million DM. He requested that Bonn pay an advance of 100 million DM toward settling this debt.¹⁶ In response, the West Germans told Mendelsohn they would establish an interministerial committee, headed by the Finance Minister of Land Hessen, that would examine the idea of a global settlement, including the Israelis' request for an advance. Mendelsohn felt that the West Germans had responded in a spirit of good faith. He surmised

¹² CZA, S100/70, Meeting of the Jewish Agency Executive, August 13, 1950, 6.

¹³ CZA, S6/6762, Memorandum on Restitution, August 5, 1950.

¹⁴ Timm, *Jewish Claims against East Germany*, 82.

¹⁵ CZA, S35/70, Summary of the Meetings with the Minister of Finance Herr Dr. Schaffer.

¹⁶ According to one report, he demanded an advance of 150 million DM. CZA, S35/70, A. Gerling to N. Goldmann, August 1, 1950.

that they were interested in reaching a settlement with the State of Israel on the compensation issue in order to normalize Jewish-German relations.¹⁷

Mendelsohn returned to Israel at the beginning of July and submitted a report of the outcome of his mission to the government. He suggested that Israel institutionalize formal ties with the two Germanies on the compensation issue (with the question of global settlement at the top of the agenda) and even that it do so openly. Short-term missions by unofficial envoys or third-party mediation, he argued, were not enough to drive the issue forward. These conclusions were presented in mid-July at a meeting of the Naftali committee. The participants were in agreement with Mendelsohn and stated unanimously that the government must “continue negotiations in [West] Germany on a global settlement of compensation for Israeli residents.”¹⁸ A memorandum to this effect was submitted to the government by the committee on September 1.¹⁹

However, the best-laid plans of mice and men often go awry. The global settlement issue, including the question of an advance, was dropped when the inter-ministerial committee established in Bonn concluded, after a short investigation, that due to economic factors and technicalities it was impossible to pay an advance to the Israeli-Jewish side out of a yet-to-be-determined global sum. For reasons unclear, perhaps motivated by political considerations, the Germans did not inform Mendelsohn or any other Israeli party about their decision, and only weeks later did knowledge of the decision reach the Israelis, indirectly.²⁰

Parallel to the actions taken on the subjects of restitution and indemnification (from mid-1949 onward), Israeli and Jewish parties had begun to contemplate a reparations claim. As noted in the introduction, the possibility of submitting a claim of this category had already been examined in the first half of the 1940s by Jewish and Zionist figures. The grounds for claiming reparations was the “criminal act” that Nazi Germany had committed against European Jewry, as the president of the World Zionist Organization Chaim Weizmann had defined it so eloquently in his September 1945 memorandum. The parties who were now starting to mull over the question of reparations embraced this notion and ran with it. Accordingly, Ben-Gurion stated in a cabinet meeting on June 7, 1949, that “at some point there needs to be a discussion of whether the State of Israel will submit a [collective] compensation claim against Germany through international means – not for the [pillaged] property of this or that person, but in order to take Germany to court for the

17 CZA, S35/70, Summary on Talks carried out with the Authorities in West Germany on Wiedergutmachung for Israel’s Residents, and the Haavara, Without Date.

18 CZA, S35/70, A. Gerling to L. Eshkol, July 14, 1950.

19 DEPI, Vol. 5, Document 366, P. Naftali to M. Sharett and E. Kaplan, September 1, 1950.

20 CZA, S35/70, A. Gerling to G. Landauer, July 28, 1950.

murder of six million Jews.”²¹ At a meeting of the Jewish Agency Executive on January 18, 1950, the chair, Berl Locker, made a similar call. Reparations should be demanded, he said, “because a great wrong has been done” to the Jewish people.²² Hendrik van Dam, the general secretary of the Central Council of Jews in Germany, followed suit. In a memorandum on the topic of compensation he prepared at the request of Finance Minister Kaplan, and submitted on July 1, 1950, van Dam stated that the claim of reparations rested on the grounds of “the mass crime” that was “directed at the Jewish people in its entirety [. . . and which] caused it immeasurable and irreparable harm.”²³

However, the chances that the international legal and political system would recognize a reparations claim on the grounds of a “criminal act” were slim. The claim was far too abstract. It did not clarify what exactly the material (or other) damages for which the Germans were asked to pay were, and therefore the whole concept was without precedent. In international law it was not standard practice for a state to be sued for committing “a crime” in the generalized sense.

In a long and well-reasoned memorandum submitted to the Jewish Agency Executive on January 16, 1950,²⁴ Agency official Shalom Adler-Rudel suggested a new footing upon which a claim for reparations could be founded. His argument was based on two figures. The first was the maximum estimate that appeared in Nehemiah Robinson’s November 1944 study, which valued Jewish property in Nazi Germany and the seventeen European countries that were under its rule or were allied with it (except for the USSR and Luxembourg) on the eve of the outbreak of the Nazi onslaught against the Jews at 8.2 to 8.6 billion USD.²⁵ The second figure was based on the survivor ratio: On the eve of World War II there had been six million Jews in these European countries, and only 1.2 million survived, a number equivalent to twenty percent of the original Jewish population. Assuming that all eighteen countries would decide to restore the property to the survivors (most of whom were deprived of their assets during the period of Nazi rule), one could discount twenty percent of the sum total arrived at by Robinson – or some 1.7 billion USD. Thus, the scope of Jewish property without heirs remaining in the eighteen countries was valued at 6.5 billion USD. If one deducted from this sum the value of

21 ISA, Meeting of the Cabinet, June 7, 1949, 34.

22 CZA, S100/62, Meeting of the Jewish Agency Executive, January 18, 1950, 39–40.

23 Vogel, *The German Path to Israel*, 21–22.

24 Adler-Rudel presented his memorandum during the meeting of the Executive on January 18. CZA, S100/62, Meeting of the Jewish Agency Executive, January 18, 1950, 19–22.

25 The data Robinson managed to obtain from the eighteen countries referred to different years. Overall, it spanned the period between 1933 and 1939, that is, before the Jews in those countries lost their property as a result of the Nazi campaign.

heirless property in the FRG that was in restitution proceedings (through the JRSO), then in the remaining countries (including the GDR) there was heirless Jewish property worth six billion USD. However, if the Jewish people expected to recover this looted property, they were destined to be sorely disappointed. Although the countries in question recognized the principle of restitution of property, in practice, most of them, particularly the Eastern European countries, did not trouble themselves with its implementation in cases of heirless property. Thus, there was no viable alternative other than making a direct claim against Germany (the FRG and the GDR) for collective reparations to the Jewish people for the value of heirless Jewish property that remained in these eighteen European countries.²⁶ Germany's obligation to pay rested on the fact that the German people had conducted a campaign against the Jewish people that led to the massive loss of said property. Adler-Rudel's line of thought, in contrast to the abstract one, based the claim to compensation on a solid [economic] foundation that pointed clearly to the [material] damage caused to the Jewish people in Europe.

Adler-Rudel's approach was scrutinized at a meeting devoted to Israeli-German relations held on August 1, 1950, in the office of the IMFA's legal advisor Shabtai Rosenne. Participating were senior officials of the Ministry, Adler-Rudel himself, and Mendelsohn. The question of compensation was the focal point of the discussion. In the summary, it was decided to broaden the foundation upon which Adler-Rudel sought to base the collective claim and not settle for the value of heirless property alone. Two additional categories of damages were to be included as grounds for the collective claim: property of survivors and indemnification.²⁷ IMFA officials surmised that other than the FRG, most of the countries that found themselves under the Nazi umbrella would refuse to restore property to the survivors in full. This assumption was well-founded. To the extent that survivors in these countries managed to reclaim their property at all, it was primarily limited to their homes, and in many cases, these homes had been completely emptied of their contents. Very few businesses (factories, workshops, stores), buildings or plots of land were returned. In addition, survivors who had immigrated to other countries were unable to recover their property.²⁸ As far as indemnification was concerned, under the stipulations of laws already legislated or that stood to be passed in the various

²⁶ ISA, MFA 2417/1, Restitution of Jewish Property and Reparations for the Jewish People, January 16, 1950.

²⁷ ISA, MFA 2417/1, Summary of News and Conclusions Heard Regarding Israel-Germany Relations and the Action Necessary, August 1, 1950.

²⁸ The tendency to withhold rightfully Jewish-owned property from survivors of Nazi persecution (not to mention Jewish successor organizations) was mostly prevalent in Eastern European countries. Hilberg, *The Destruction*, 1156–1157.

Länder of the FRG, the overwhelming majority of the two million survivors of Nazi persecution were not entitled to individual compensation at all.

The Jewish claim for collective reparations from Germany – whether based on abstract grounds as a “criminal act” or on real economic foundation, as presented by Adler-Rudel – raised a fundamental legal-political problem. Underlying the very idea of the claim was the assumption that the Jewish people, while scattered throughout the world, belonged, in practice, to one national-political trans-territorial entity, whose citizenship was held by, among others, the two million Holocaust survivors, and by the six million Jews who had perished. It was from this premise that the conclusion was derived that this sovereign political “entity” had – through a representative body – the juridical and political authority to speak in the name of Jewish victims of Nazi Germany and to submit a reparations claim. However, legal-political reality was completely different. Jewish victims of the Nazis were in practice the legal and recognized citizens of a dozen and a half states.

At the meeting held in Shabtai Rosenne’s office on August 1, 1950, participants in fact admitted that there was no legal-political foundation for a Jewish claim to reparations. However, the claim had a strong *moral* foundation.²⁹ Hendrik van Dam set forth the moral dimension in his memorandum, and Israeli spokespeople used this line of reasoning frequently when queried about the reparations issue.

According to the moral argument, Jews had not been targeted by Nazi Germany because they were Austrian, or Polish, or French, or Hungarian citizens. They had been singled out, persecuted, incarcerated, robbed, tortured, subjected to forced labor, and exterminated only due to their being an integral part of the Jewish people. From this perspective, if the victims’ calamity was a byproduct of their collective affiliation to the Jewish nation, there was therefore a moral foundation to compensate this nation collectively. One could put it this way: the Nazi campaign against the Jews, in its unique form and scope, both of which were unprecedented in the history of humankind, imbued the Jewish people with a national-political significance in the highest ethical sense and, consequently, gave them the right to claim reparations. This compensation, according to Adler-Rudel and the IMFA’s economic approach, was based on the loss of Jewish property, as well as personal damages incurred by the survivors. In other words, the Jewish “political entity” that was crystallized following and due to the Holocaust, seized property rights from the eighteen European states in which said property’s Jewish owners had resided and transferred these rights to the Jewish nation-state. Since these countries (excluding the FRG) had refused to transfer heirless property to the Jewish entity and to restore to the survivors

²⁹ ISA, MFA 2417/1, Summary of News and Conclusions Heard Regarding Israel-Germany Relations and the Action Necessary, August 1, 1950.

their property (or offer the monetary value of the Jewish property), the German people were being sued to compensate this Jewish entity for property lost at the hands of the Nazis. The same argument applied to personal damages. The individual compensation that was denied to the overwhelming majority of the two million Holocaust survivors (now considered “citizens” of the Jewish polity) under current West German laws was to be incorporated into the collective reparations.

The concept of introducing the matter of trans-territorial Jewish representation into the compensation issue was not entirely theoretical. It had been recognized at the Paris convention in June 1946, and in the American Military Law No. 59, adopted in November 1947. Konrad Adenauer’s November 1949 declaration admitting Germany’s debt to the Jewish people had also granted important political legitimacy to this line of reasoning. These three moves, however, only applied to a limited region in regard to the compensation question – primarily Germany (and only its western part at that). The claim for reparations, on the other hand, with its enormous scope encompassing Jewish communities and their property in eighteen different countries, sought to implement this concept in a much more far-reaching fashion that challenged international legal and political norms in this domain.

Among those dealing with the compensation issue in the Jewish camp, there were differences of opinion as to the identity of the body that should speak in the name of the Jewish people and its victims (as well as how the reparations funds should be allocated). The proxy-representative could be the State of Israel or a corporation of leading Jewish organizations in the world (similar to that incorporated under the JRSO) or even a combination of the two.

Van Dam’s memorandum expressed the opinion that the State of Israel needed to take the initiative on the reparations issue, and the same sentiment was also voiced at the consultation held in Rosenne’s office. The participants in the latter validated this approach saying that the Jewish state – conceptually and by its very essence – represented the entire Jewish people.³⁰ One of the participants, director of the Political Division of the IMFA, Boris Guriel, raised an additional argument supporting this outlook in a memorandum he submitted to the Minister of Foreign Affairs. According to Guriel, the State of Israel had, in practice, taken part in the Allies’ military campaign against Nazi Germany, by way of the Jewish Brigade’s participation in the war.³¹ Therefore, it was entirely justified to view the State of Israel as one

30 ISA, MFA 2417/1, Summary of News and Conclusions Heard Regarding Israel-Germany Relations and the Action Necessary, August 1, 1950.

31 The “Jewish Brigade” was established in the fall of 1944 by the British Army. Approximately 5,000 Jews from Mandatory Palestine fought in this unit under the Zionist flag. The force took part in the first stages of the last Allied offensive in Italy. Gutman, *Encyclopedia of the Holocaust*, “Jewish Brigade Group,” 745–747.

of the victorious political entities entitled to claim reparations from the vanquished side.³² A third argument was raised by van Dam in his memorandum: “Israel made a substantial contribution [. . . by taking in] the Jews persecuted and expelled by Germany; it accepted this particular group without practical restrictions and without regard to the difficulties involved.”³³ In saying this Van Dam was referring to the fact that Israel had absorbed close to two-thirds of the “surviving remnant” – Jewish survivors who refused to begin life anew in Holocaust-devastated Europe and who gathered in transit camps in Germany, Austria, and Italy demanding to leave Europe, primarily to go to the Jewish homeland in Mandatory Palestine. This group encompassed some 200,000 survivors of the concentration, extermination, and labor camps, as well as the death marches. They were joined, in the years immediately following the end of the war, by Jewish refugees, primarily from Eastern Europe, who were not necessarily direct survivors of Nazi rule.³⁴ The fiscal burden of their economic and physical rehabilitation, especially of those Jews who had been liberated from the camps and the death marches, considering the horrific abuse they had experienced, was enormous. According to van Dam, Israel’s readiness to open its gates to such a huge number of survivors, despite the country’s economic straits, entitled it to take the lead in the collective Jewish claim. He also implied that Israel had the right to demand the lion’s share of the reparations funds in light of the heavy financial yoke it had assumed.

In an August 6, 1950 letter to the Minister of Foreign Affairs, Sharett, Rosenne wrote that should the government decide to accept the role that, according to the outlook expressed by his office, the State of Israel ought to play with regard to the reparations claim, it must approach the Jewish Agency and leading Jewish organizations in the world without delay. The aim would be “to bring them to acknowledge the [. . .] position of the Government of Israel in relation to this subject and relinquish the position they have held thus far.”³⁵

Indeed, the leading Jewish organizations had different views on the matter. They recognized the centrality of the State of Israel to Jewish life and appreciated the scope of Israel’s contribution to the rehabilitation of the hundreds of thousands of Holocaust survivors. But at the same time, they found it hard to get on board with the notion that Israel should represent the Jewish people as a whole, including all Holocaust victims. After all, out of the roughly eleven million Jews living in the world at the outset of the 1950s, only ten percent resided in the State of Israel, and out of the two million survivors of Nazi persecution, only about

32 DEPI, Vol. 5, Document 276, Memorandum by B. Guriel, June 12, 1950.

33 Vogel, *The German Path to Israel*, 23.

34 Gutman, *Encyclopedia of the Holocaust*, “Displaced Persons, Jewish,” 377–389.

35 ISA, MFA 2417/1, The Legal Advisor to the Minister of Foreign Affairs, August 6, 1950.

twenty percent had been absorbed by the Jewish state. In memoranda submitted by World Jewish Congress official, Alexander Easterman,³⁶ and the World Jewish Congress Executive³⁷ to Western parties in the summer of 1950 on the subject of reparations (in the spirit of the stance formulated by Adler-Rudel and the IMFA), it was not clarified who should submit the Jewish claim for collective reparations. It was, however, clearly stated that payment was to be given to “Jewish organizations” in the world. These would use the received funds to rehabilitate survivors in their countries of origin or in the new countries where they had chosen to settle. One can assume that the Congress intended the claim to be submitted by these “Jewish organizations,” but in close cooperation with the Government of Israel.³⁸

Over the next two years, it would become apparent that the Jewish organizations in the Diaspora tended to accord Israel a leadership role when it came to the matter of reparations, albeit not exclusive control. Their willingness to stand in Israel’s shadow on this issue most likely stemmed from the fact that they already had their hands full dealing with the other two categories of compensation – restitution and indemnification. It is also possible that the complex political and legal tangle tied to reparations deterred them from getting overinvolved. Of course, it could also be that, internally, the Jewish organizations accepted the Israeli argument regarding the right of the State of Israel to spearhead the struggle for reparations.

In the eyes of IMFA officials who examined the compensation issue, advancement of the reparations claim, as well as other aspects of material compensation (first and foremost, the Haavara question), required direct, formal, and open Israeli contact with the German authorities. In practice, the intention was to establish contact with the FRG government. From this point in time (1950), it became more and more evident that the USSR and its East German satellite would refuse to make progress on the compensation issue in any way, shape, or form.³⁹ To clarify, Israel had no intention of giving Berlin a “pass” on paying reparations, but, recognizing reality for what it was, it chose to focus its practical efforts on the FRG.

In the consultation that took place in Rosenne’s office, the participants emphasized that “all those keeping a sharp eye on the [prevailing] state of affairs have come [. . . to the conclusion] that the nature of the problem [the reparations

³⁶ Balabkins, *West German Reparations*, 280–281.

³⁷ ISA, MFA 1783/9, Memorandum on Jewish Demands, September 11, 1950.

³⁸ The idea of cooperation with the State of Israel on the issue of compensation from Germany was firmly embedded in the thinking of leading Jewish organizations in the world. AJJDC, AR NY 45/54 File 1398, J.J.Jacobson to E. Rock, July 4, 1950.

³⁹ On the topic of compensation from East Germany, see the closing section of Chapter 4.

claim] is one that precludes any solution, save on a government-to-government level.”⁴⁰ Echoing this same sentiment, Adler-Rudel stated in his memorandum from January 1950 that “It seems not feasible to negotiate with the German Government on reparations to the Jewish people and maintaining at the same time that no relations exist between the two governments.”⁴¹ Moshe Bartur, deputy director of the Economic Division of the IMFA, suggested that a legation representing the Government of Israel should be established in the FRG, or one of the bordering countries, in order to negotiate with the HICOG and the Bonn government on material compensation.⁴²

Ministers Sharett and Kaplan, who from early 1950 had been resolute proponents of direct Israeli-German negotiations, sided with this proposal.⁴³ In keeping with their position, on August 8 they directed the Naftali committee to prepare a proposal for adoption by the government to dispatch an Israeli diplomatic mission to the FRG that would operate in accordance with Bartur’s suggested plan.⁴⁴ The committee did so, and as a result, the Israeli consul in Zurich was requested by the director of the Economic Division of the IMFA, Gershon Meron, to send a letter to Konrad Adenauer’s personal secretary and inform him that “it is the intention of the Government of Israel, after receipt of the proposals of the German Federal Government [regarding the issue of global settlement] to take up matters by way of direct contact with the Chancellor of your Government.”⁴⁵ However, the idea of a global settlement had been taken off the German agenda completely, and no direct and official Israeli-German contact was established in the months that followed, much to the chagrin of Sharett and Kaplan.

Mendelsohn’s mission and the talks that consul Livneh conducted in the spring of 1950 with Jakob Altmaier, a Jewish member of the Lower House of the FRG parliament (the Bundestag) from the Social Democratic party,⁴⁶ were the only genuine points of contact between the two countries.⁴⁷ More frequent and substantial

40 ISA, MFA 2417/1, Summary of News and Conclusions Heard Regarding Israel-Germany Relations and the Action Necessary, August 1, 1950.

41 ISA, MFA 2417/1, Restitution of Jewish Property and Reparations for the Jewish People, January 16, 1950.

42 ISA, MFA 2417/1, Claims to Jewish Property in the Western Zone of Germany, July 31, 1950.

43 Sharett did everything in his power to promote contact between Israeli diplomats and Jewish functionaries and German officials. He also endeavored to convince his colleagues at the helm of the necessity of direct contact between Jerusalem and Bonn. Sheffer, *Moshe Sharett*, 525.

44 DEPI, Vol. 5, Document 328, Note 4.

45 ISA, MFA 2417/1, G. Meron to S. Tolkowsky, October 2, 1950.

46 Altmaier had been appointed by his party to be responsible for the issue of Holocaust compensation to the Jewish people. Albrecht, “Ein Wegbereiter,” 206.

47 Gilead, “The Reparations Agreement,” 89.

contacts were created that same year between the Chair of the European Executive of the World Jewish Congress, Noah Barou, and senior German officials,⁴⁸ particularly with Herbert Blankenhorn, Chancellor Adenauer's political adviser and director of the Political Department in the German Ministry of Foreign Affairs in Bonn.⁴⁹ Another Jewish-German communications channel operated through Robert Kempner, an American of Jewish extraction who had served as assistant chief counsel of the United States in the Nuremberg Trials.⁵⁰ Both Barou and Kempner discussed the subject of compensation at length with their German interlocutors, but no concrete results emerged.

Among officials at the IMFA it was widely assumed that the main – perhaps the only – thing that could move the FRG leadership to take a positive approach to the reparations claim, as well as other facets of the compensation issue, was a cold calculation of expediency. “What interest does Germany have to make such a gesture [in the compensation realm]?” was the rhetorical question raised in Shabtai Rosenne's office. The answer was: “Based on the reports we have heard and several other sources, we know the following three things: a) Germany's intense desire to reenter the Family of Nations; b) profound recognition in the hearts of a good number of German leaders that the Hitlerite stain will be a hindrance [to this objective]; c) awareness among several German leaders of the [existence of] Jewish influence in a number of countries that could also hold up this process.”⁵¹

Indeed, when one examines Bonn's foreign policy from September 1949, as outlined by Chancellor Adenauer, one can see that it rested on three prime objectives: attaining full independence for the FRG (i.e. ending HICOG's oversight), transforming the FRG into an integral factor in the Western camp, and integrating Germany as an equal rights partner into the international community.⁵² In Israel and in the Jewish world it was believed that in order to attain these ambitious objectives *rapidly and fully*, Bonn would need to regain the trust of the world's nations, particularly those on the European continent. It would have to prove that a “new Germany” had arisen from the ruins of the Third Reich, one that had abandoned a *modus operandi* based on extreme racism, unrestrained aggression, and murderous cruelty. In this specific context, Bonn's attitude toward the Jewish

⁴⁸ Barou made about forty trips to the FRG in the course of 1950. Most if not all dealt with the compensation issue. Gilead, “The Reparations Agreement,” 88.

⁴⁹ Shafir, “Goldmann and Adenauer,” 67; Schwarz, *Konrad Adenauer*, 645.

⁵⁰ Vogel, *The German Path to Israel*, 26–27.

⁵¹ ISA, MFA 2417/1, Summary of News and Conclusions Heard Regarding Israel-Germany Relations and the Action Necessary, August 1, 1950.

⁵² Feldman, *The Special Relationship*, 50–51; Banchoff, *The German Problem Transformed*, 23–36.

people, who were in many senses the ultimate victims of Nazi evil, would serve as an important touchstone for judging the degree of change that had taken place in the German national psyche. As far back as July 6, 1949, the US High Commissioner in West Germany, John McCloy, had already made it clear that the world would keep a watchful eye on the new Western German state, and one of the standards by which it was to be judged was “its attitude toward the Jews and how it treats them.”⁵³

However, a dramatic development in the international arena – the Korean War, which broke out in June 1950 – created an opportunity for Bonn to achieve its national objectives, particularly the first two, rapidly and fully without much need for a “Jewish litmus test.” The war in the Korean Peninsula was a product of the “Cold War.” This term came to refer to the ideological struggle between the totalitarian Communist bloc (“the East”), led by the Soviet Union, and the democratic Capitalist bloc (“the West”), led by the United States. Many locate the roots of the Cold War in the rise to power of the Bolsheviks in Russia in 1917, which made the democratic-capitalist West fear a global ideological communist takeover. Toward the close of the Second World War, and all the more so in the period that followed, the struggle between East and West intensified and the Cold War, so called because it was waged primarily on the political-economic-cultural plane, became more salient than ever.

Germany was transformed, unwillingly, into a central battlefield in this ideological struggle. Its division into two polities in the fall of 1949 was a byproduct of the polarized international arena, but at the same time a catalyst of the Cold War. From the perspective of the Western powers, the FRG held immense importance for a number of reasons: its strategic location in the heart of Europe on the seam between east and west; its expansive territory and huge population; its abundance in natural resources; its tremendous economic capacities, particularly in the industrial-technological realm; and its far-reaching military potential. It is therefore not surprising that immediately after the establishment of the FRG, the Western powers embarked on a political maneuver designed ultimately to integrate West Germany into the Western camp as an independent polity.

Thus, in late October 1949, the FRG became a member of the Organization for European Economic Co-operation. A month later, the three Western powers signed the Petersberg Agreement with Bonn, which laid the foundation for granting the FRG full independence.⁵⁴ Among other things, Bonn was allowed to conduct consular ties

⁵³ Schwartz, *America's Germany*, 176–177; Dochartaigh, *Germans and Jews*, 39.

⁵⁴ Bark and Gress, *A History of West Germany*, 258–260.

with foreign countries and join international organizations.⁵⁵ On December 15, 1949 the FRG was included in the Marshall Plan – the US economic assistance plan in Western Europe – and on April 1, 1950, Bonn was invited to join the Council of Europe, a supra-continental political construct; it did so on July 1 of the same year.⁵⁶

The Korean War considerably accelerated the processes of restoring independence to the Germans and integrating the FRG into the Western camp. This war made it clear to Western leaders that the Communists were willing to take military action to achieve their strategic goals. They believed that under certain circumstances Moscow and its satellites would try to replicate the Southeast Asian model and apply it to the European arena,⁵⁷ most likely on German turf first and foremost, as the epicenter of the East-West conflict on the continent. The conclusion the Western powers came to was that the Federal Republic of Germany needed to be strengthened politically, economically, and militarily by granting it full sovereignty and maximizing its integration into the Western camp so that the FRG could defend itself and contribute to the defense of the West as a whole.⁵⁸ This realization was accompanied by a long string of political steps taken by the US, Britain and France starting in the fall of 1950. One of the most important of these related to the greatest taboo of all regarding Germany – the question of its demilitarization. A central takeaway from the two world wars was that the formation of a large and armed German military force must not, under any circumstances, be allowed. Now, however, voices were beginning to emerge in the Western capitals in favor of a reexamination of the military issue (in the American military establishment this was already true in late 1949, marked by calls for a change in attitude).⁵⁹ There were those who proposed that a small German force be allowed to form; others recommended integrating German units within the framework of a Western European army. For the time being, the Western powers authorized Bonn to create a 12,000-strong force in uniform and allowed Chancellor Adenauer to establish a Ministry of Military Affairs.⁶⁰

These developments with regard to Germany did not go unnoticed in the halls of the IMFA. Due to the outbreak of the Korean War and escalation in the Cold War, Israeli observers feared that the FRG would soon be deemed fully rehabilitated by

55 The three Western powers rushed to propose to Bonn that it open German consulates in their capitals. Grosser, *Germany in Our Time*, 293.

56 Schumacher, “From Occupation to Alliance,” 91.

57 Large, “Grand Illusions,” 376.

58 Bark and Gress, *A History of West Germany*, 268; Banchoff, *The German Problem Transformed*, 28.

59 Jonas, *The United States and Germany*, 289.

60 Bark and Gress, *A History of West Germany*, 278–286.

the Western powers, without having had to make any gesture of compensation to the Jews.⁶¹ IMFA officials believed the government in Jerusalem needed to act at once and open a dialogue on compensation with the authorities in Bonn and the HICOG before the FRG was completely absolved and reintegrated into the Family of Nations. In their estimation, Bonn would seek to take “the Jewish factor” into account, that is, it would take a favorable stance on the compensation issue in order to ensure its rapid rehabilitation process could go on uninterrupted, if not accelerate.⁶²

As part of rehabilitation measures, in a meeting that took place in London in May 1950 the foreign ministers of the three Western powers decided to establish a committee that would prepare a proposal for revision of the occupation statute. The committee was asked to determine what powers in terms of managing internal and foreign affairs would be transferred from the HICOG to the government in Bonn; in other words, to what extent the independence of the FRG would be expanded.⁶³ The committee formulated its recommendations, and they were meant to be discussed in the next meeting of the three foreign ministers, scheduled to take place in New York in mid-September.

In the midst of deliberations on changes in the occupation statute, and in direct continuation of the rapid rehabilitation process, the three Western powers issued a dramatic announcement indicative of their intention to nullify the state of war existing between them and the Federal Republic of Germany. On October 24, 1950 they turned to Israel in a letter requesting that it join the initiative.⁶⁴

Sharett brought the issue before the cabinet a week later, on October 30. He was worried about the ramifications that such a step would have on the compensation issue, and felt frustrated by the Israeli government’s lack of action on the matter.⁶⁵ “There is much resentment among the public,” he argued, “[who think] that we are missing the last hour [sic. opportunity . . .] to present Germany with

61 This fear existed prior to the outbreak of the Korean War as well, but much less intensely. DEPI, Vol. 5, Document 245, M. Sharett to E. Elath, May 21, 1950; CZA, S43/239, M. Rosenthal to L. Eshkol, June 21, 1950.

62 ISA, MFA 2417/1, The Minister of Foreign Affairs to the Minister of Finance, July 2, 1950; ISA, MFA 1783/9, E. Livneh to the Ministry of Foreign Affairs, August 29, 1950; ISA, MFA 2413/2, W. Eytan to R. Dafni, September 18, 1950; DEPI, Vol. 5, Document 376, A. Eban to M. Sharett, September 8, 1950.

63 ISA, MFA 1782/16, E. Livneh to the Ministry of Foreign Affairs, July 14, 1950.

64 DEPI, Vol. 5, Document 423, Note by the British Legation, October 23, 1950.

65 Officials in the Joint who conducted discussion in Israel on the compensation issue were witness to that inaction exhibited by the government. It was made clear to them that the Jewish Agency should deal with indemnification and restitution, while the government in Jerusalem “would refrain for the time being from any participation” in the issue of compensation. AJJDC, AR NY 45/54 Fie 1398, J. J. Jacobson to J. Schwartz, May 31, 1950.

a claim for compensation.” In the face of these developments, Prime Minister Ben-Gurion asked Sharett whether “a claim on the part of the Government of Israel regarding compensation from Germany had ever been submitted.” Sharett replied in the negative and when Ben-Gurion expressed his disappointment, he responded by saying that indeed the time had come to take a clear position on the issue at hand. In the same spirit, Minister of Justice Pinhas Rosen asserted that “unless the State of Israel enters the arena as a polity there will be no progress.” In saying this, Rosen expressed the position of his party – the Progressive Movement, which had begun to vigorously demand that the government openly and formally take the issue of material compensation into its own hands. This approach was understandable, considering that the Progressive Party had many members who were German and Austrian Jews.⁶⁶ The Prime Minister summed things up, saying that “it needs to be defined what our claims from Germany are and what our conditionals to Germany are,” stressing that this should be done “in the near future.” It seems that the Allied powers’ October 24 request made it plain to Ben-Gurion, Sharett and their colleagues just how fast the rehabilitation process was moving along. From the Israeli perspective, this meant ever-decreasing chances of filing a successful reparations claim, which emphasized the need for the government to take the bull by the horns, immediately and substantively.⁶⁷ As for the matter of terminating the “state of war,” the government decided “to authorize the Minister of Foreign Affairs to reply in the negative to the three powers’ request.”⁶⁸ This decision was foreseeable. An affirmative reply was liable to be interpreted as Israel’s reconciliation with West Germany’s rehabilitation before this polity had showed any readiness to fully satisfy the claims of Israel and the Jewish people in the compensation realm (including the new reparations claim). Besides, such a step would have aroused opposition and tremendous indignation among the public and in the political system.

Parallel to deliberations in the cabinet, the West European Division of the IMFA turned to certain Israeli diplomats who had experience dealing with German affairs to request their opinion on the recent developments, most crucially, the intention to terminate the state of war with the FRG.⁶⁹ Their responses reinforced the opinion

⁶⁶ Bondy, *Felix*, 463–464.

⁶⁷ See in this context: Ben-Asher, *Israel – Foreign Relations*, 238.

⁶⁸ ISA, Meeting of the Cabinet, October 30, 1950, 17–24.

⁶⁹ DEPI, Vol. 5, Editorial Note, Consultations on the Matter of Germany, 609.

echoing in the halls of the IMFA from the beginning of the summer: that the road was paved for the FRG to gain full rehabilitation from the West.⁷⁰

In light of this, all but one respondent reached the same conclusion: the developments in the German arena required Israel to immediately open contacts with the Bonn Government regarding compensation. Michael Amir, Israel's minister to the Benelux countries, asserted that continuing to boycott Germany was paramount to "continuing fighting a Don Quixote battle" that had no utility and could only lead to further losses.⁷¹ The most assertive approach to direct contact with the FRG was presented by the consul Livneh.⁷² This was, in fact, the first time since he had taken office that Livneh spoke out so unequivocally on the matter. In two letters to the IMFA from November 2⁷³ and November 9, 1950,⁷⁴ Livneh expressed his support for "taking serious [Israeli] diplomatic steps [toward the FRG]" in order to advance the compensation issue. In a subsequent letter from November 22, he asserted emphatically that "there are still opportunities [. . .] to receive [collective] compensation and [to get back] a substantial part of the property." Similar to the sentiments expressed by his colleagues in the IMFA, he must have meant that, fast as it was, the rehabilitation process was not yet complete and Bonn would still have to reckon with the "Jewish factor." In addition to that, there was a "stratum of Germans who genuinely recognize that it is Germany's duty to compensate the Jewish people." Such a state of affairs required Israel to arrive at "partial conciliation" with the FRG in order to promote the compensation agenda.⁷⁵ This was the most far-reaching proposal to be voiced up to this point by an Israeli official on the subject of breaking Israel's boycott of Germany.

In late November, Shabtai Rosenne submitted an extensive memorandum to the Minister of Foreign Affairs that set forth his outlook on the German question. In the first part of the memorandum, he dealt with the issue of compensation. With regard to indemnification, Rosenne recommended the government press for improvements to existing legislation in West Germany. As for reparations, he proposed that the government take it under its wing and, among other things, ensure that there would be a "thorough investigation of the positions of the Western

70 DEPI, Vol. 5, Document 440, S. Ginossar to G. Avner, November 2, 1950; ISA, MFA 2539/1, E. Ben-Horin to G. Avner, November 6, 1950; ISA, MFA 2539/1, M. Amir to the Ministry of Foreign Affairs, November 13, 1950.

71 ISA, MFA 2539/1, M. Amir to the Ministry of Foreign Affairs, November 13, 1950.

72 In keeping with this orientation, from late 1950 onward, Livneh and his staff at the consulate in Munich had carried out a host of unofficial contacts with German political figures. Chen, "Contact but no Established Relation," 42.

73 ISA, MFA 1783/9, E. Livneh to G. Meron, November 2, 1950.

74 ISA, MFA 1783/9, E. Livneh to the Ministry of Foreign Affairs, November 9, 1950.

75 ISA, MFA 2539/1, E. Livneh to the Ministry of Foreign Affairs, November 22, 1950.

powers toward this claim.” Finally, Rosenne touched on the Haavarah question. He argued that the government must take this matter into its own hands and warned that without a smoothly operating Haavarah system in place, transfer of compensation monies from Germany would be a lost cause. All of these suggestions, Rosenne clarified, required the Israeli government to make a decision in favor of direct contact with the Bonn Government, “even if this will require sending a delegation [. . .] to this government.”

In the second part of the memorandum, Rosenne dealt with the issue of ending the “state of war” with West Germany. Making any kind of decision on this matter, in his mind, required first answering a fundamental question: had Israel been in a state of war with the Third Reich and was it, as a result, currently in a state of war with the FRG? Rosenne argued that it had not, and was not. The State of Israel did not exist at the time of the Second World War, and therefore it certainly could not have been in a state of war with Nazi Germany. Furthermore, Mandatory Palestine had not been in a state of war with Germany from a legal standpoint (even though Britain, the mandatory power, had), and even if it had been, the Government of Israel was not the legal heir of the mandatory government. Despite this clear conclusion, Rosenne recommended not making any public declaration on the matter, since it ran “counter to Israel’s interests.”⁷⁶

Rosenne, and other IMFA officials who held the same view, did not clarify why such a declaration ran counter to Israeli interests; however, we can logically surmise two possible arguments underlying it. First, Israel could have employed its ostensible “state of war” with the FRG as a political bargaining chip. It could have made cancelation of the state of war hinge on progress the Bonn government made with regard to the compensation issue. Secondly, as already noted, Boris Gurriel, the director of the IMFA’s Political Division, proposed basing Israel’s status as the representative of the Jewish people in the reparations claim on the premise that an *Israeli* entity had taken part in the military campaign waged by the Allies against Nazi Germany by virtue of the participation of the Jewish Brigade in the war. This position won support within the IMFA, and found its way into the letter Jerusalem submitted to the four major powers in March 1951 claiming reparations.⁷⁷ Consequently, if Israel were to announce that it had not been in a state of war with the Third Reich, it would cancel out this argument.

In early December, Rosenne held a discussion with director-general of the IMFA, Walter Eytan, and other senior officials in the Ministry about a fitting Israeli

⁷⁶ ISA, MFA 1808/12, S. Rosenne to the Minister of Foreign Affairs, November 30, 1950.

⁷⁷ AIG, Document 5, Israel note of 12 March 1951 to the Four Occupying Powers Concerning Reparations.

response to the three powers' proposal to terminate the state of war with the FRG. On the face of it, it is unclear why this meeting took place, since the government had already decided to give the powers a negative response. It would seem that the IMFA wanted the government to convene for an additional deliberation where it would present other possible responses. These consisted of the following four options raised during the IMFA meeting: 1. to refrain from answering; 2. an official answer in which Israel would respond in the negative; 3. an official answer in which a host of topics relevant to the compensation issue – restitution, indemnification, reparations, an Haavara agreement, and amendments in the occupation statute regarding compensation – would be raised; 4. an answer combining options 2 and 3.⁷⁸ The proposals were sent to Sharett and he replied that he thought the second option most appropriate, adding that it should also contain a statement about Israel's intention to present a detailed memorandum on the issue of material compensation in the very near future.⁷⁹

The topic was reopened for discussion at a meeting of IMFA division heads, where the general opinion was that it would be best to send a letter on the compensation issue and call it a day. With regard to the Western powers' query, there was broad consensus that Israel should avoid giving a clear answer, or even any answer at all.⁸⁰ One can understand why a positive answer was out of the question: it had already been rejected by the government during its October 30 meeting. As reasoned above, it was likewise advisable to refrain from publically declaring that Israel was not in a state of war with West Germany. However, it is not entirely clear why Israel could not reply to the powers' letter in the negative (as approved by the government on October 30). The documents offer no definitive explanation on the matter, and one can only conjecture two main possible reasons. For one, giving a negative response was liable to arouse antagonism toward Israel among the Western powers, and certainly in West Germany, making it all the more difficult in the future to convince them to accept the merits of Israel's compensation claim. Secondly, an official negative response was sure to echo down the halls of government in the Western capitals. It was not inconceivable that, as a result, officials, particularly jurists, would seek to examine more closely whether the Jewish polity had indeed been in a state of war with Nazi Germany (and as a consequence, was now in a state of war with the FRG). Should they come to a negative conclusion, it could place the government in Jerusalem in an

78 DEPI, Vol. 5, Document 497, W. Eytan and S. Rosenne to M. Sharett, December 8, 1950.

79 ISA, MFA 2203/2, M. Sharett to W. Eytan, December 11, 1950.

80 ISA, MFA 344/15, S. Rosenne to Y. Robinson, December 13, 1950.

awkward diplomatic situation since an Israeli negative response would imply otherwise.⁸¹

On December 17, Walter Eytan turned in to the cabinet secretary a letter asking that the “problem of relations with Germany” be raised on the agenda of the next meeting of the cabinet. The IMFA requested to present in this meeting its position regarding the Western powers’ query. It included five options for a response:

1. Not to answer at all.
2. To reply that we have taken note of missive’s content.
3. To reply that in essence we were in a state of war with Germany, and we cannot align ourselves with the position submitted in the three powers’ letter.
4. To bundle in one letter our reply according to 2 or 3, and also reiteration of our claims against Germany in the field of restitution, reparations, indemnification, and the Haavara.
5. Two separate letters; one [containing] an answer according to 2 or 3, [and] the second presenting our claims [in the material compensation realm].

Eytan updated the cabinet secretary that Sharett recommended option 5, where the answer to the Western powers would follow option 2. Thus, Sharett ended up siding with those who felt Israel should avoid giving a concrete answer on the “state of war.” As for compensation, the IMFA sought to bring to the attention of the government that “all parties handling the issue agree that real progress on this matter can only be achieved if the Government of Israel enters into direct negotiations not only with the occupying powers in Germany but also with the German authorities.” The Ministry proposed to dispatch “a special permanent delegation to Germany” for this purpose.⁸²

One should keep in mind that although the IMFA talked about sending a delegation to “Germany,” in practice, they meant West Germany only. As already noted, Berlin and its patron in Moscow rejected any move that would amount to granting compensation to the Jewish people, be it personal, collective, or restitution of property.

The German issue was raised on the government’s agenda on December 27. The timing for the IMFA to present its proposal for direct Israeli-German negotiations on the matter of compensation could hardly have been less convenient. The

⁸¹ Gershon Meron, director of the Economic Division in the Ministry of Foreign Affairs, was in the minority. He believed that the Jewish community of Mandatory Palestine had been in a state of war with Nazi Germany and had passed this legal status on to the State of Israel. In his opinion, Israel could not make progress on the issue of compensation from the FRG, especially not reparations, without declaring that it was a belligerent side in the Allied camp. ISA, MFA 1782/16, G. Meron to the Minister of Foreign Affairs and the Director-General, December 10, 1950.

⁸² ISA, MFA 2417/1, Director-General of the Ministry of Foreign Affairs to the Cabinet Secretary, December 17, 1950.

staunchest advocates of the move – Ministers Sharett, Kaplan and Rosen – were not present at the meeting (the first was in the United States and the others were absent due to health issues). Director-general Eytan presented the Ministry's position, focusing on the compensation issue and refraining from addressing the question about the state of war with Germany. Eytan informed his audience that, beyond sending a letter of response to the Western powers, the IMFA was proposing "the bold step of dispatching an official Israeli delegation to [West] Germany in order to conduct negotiations on compensation." From his remarks, it could clearly be discerned that the intention was, among others, to open a direct dialog with the Bonn government. Any other way – that is, though intermediaries – would not take the issue forward, he asserted. Eytan warned the ministers that the ever-accelerating rehabilitation of the Federal Republic required immediate action. He was aware of the political difficulty entailed in direct Israeli-German contact: "I understand that one of the factors, perhaps the primary factor, holding us back, is apprehension of public opinion inside the country in particular, and among the Jewish people in general." It seemed to him that this obstacle could be overcome if it were made clear "that there is an opportunity here to get what is coming to us, what all of Hitler's victims deserve," and that "there is no question here of ostensibly recognizing the German government or anything of that kind."

Eytan's overview was followed by a discussion among the cabinet members. The ministers were unconvinced by the arguments presented to them and remained fervently attached to the boycott concept that negated any contact with the Germans. Minister of Welfare Yitzhak Meir Levin (the only member of the Israeli cabinet who was an Holocaust survivor) presented the most vehement opposition. He insisted that option 3 in Eytan's letter to the cabinet secretary be adopted, and that Israel announce before the whole world "that we are in a state of war with Germany" and then demand "to receive compensation as a belligerent side." The suggestion, it would appear, made quite the impression on Prime Minister Ben-Gurion. "I propose," he said "to assert [here and now] politically, officially and juridically, that a state of war exists between us and the two Germanies. Let the matter be settled from a legal perspective." Based on the new legal-political reality that would thus be created, continued Ben-Gurion, it would be possible to enforce the boycott more effectively. Henceforth, for instance, Israeli citizens who travelled to either part of Germany would be punished by law. As for compensation, Israel would approach a third party – one of the European nations – to procure it from Germany.

It is unclear why Ben-Gurion would take Levin's outlandish idea to heart. He had to have known that such a dramatic declaration six years after the close of the war, with the Western powers proposing to *end* the state of war with the FRG, would badly complicate things for Israel in the international arena, particularly in terms of its relations with the Western powers, and seal the fate of the compensation issue.

One can only surmise that the Prime Minister wanted to shock his audience – his colleagues at the helm who were unwilling to yield on the boycott question and, in doing so, were narrowing the chances of extracting material compensation from the Germans. Perhaps Ben-Gurion hoped that by ramping up the antagonistic atmosphere to the extreme he could bring his ministers to their senses and thereby make them susceptible to adopt a more conciliatory, flexible, and creative way of thinking with regard to Germany and the compensation issue.

Their response was, indeed, one of bewilderment. One of the ministers said the world would not understand why “we’ve suddenly woken up and are declaring war in such a manner.” In his opinion, the Prime Minister could simply say no to the Western powers’ proposal. Ben-Gurion decided at this stage to moderate his approach and announced that he endorsed his colleague’s suggestion. Eytan, taken aback by the Prime Minister’s “war initiative,” quickly gave blessings to the compromise suggestion, thus abandoning the IMFA’s position that Israel should avoid giving a concrete answer to the powers’ letter. Compared with Ben-Gurion’s initial “proposition,” this was the lesser of two evils. As for the dispatch of a delegation to Bonn, as result of the sweeping opposition in the cabinet to direct contact with the Germans, Eytan was forced to voice his acceptance of the terms stipulated by two of the ministers that such a delegation would negotiate matters of compensation with the Western powers only. At the close of Eytan’s remarks, the government moved to continue the discussion and make a decision in the next cabinet meeting.⁸³

Eytan left the meeting disappointed and worried, particularly in the face of Ben-Gurion’s preposterous “war initiative.” He feared that the Prime Minister might pull an ambush by deciding to raise this suggestion again in the next cabinet meeting. Troubled by this apprehension, he rushed to wire telegrams to Yaacov Robinson and Shabtai Rosenne, who were abroad at the time, in order to share his feelings with them and ask for their advice. “I consider such a declaration pointless and harmful, both politically and practically speaking,” he wrote.⁸⁴ He asked for their opinions on the “war initiative” from a legal and diplomatic perspective, as well as on its possible impact on the various compensation claims, including reparations.⁸⁵ The replies of the two officials did not take long to arrive. They were also joined by a response from Abba Eban, Israel’s permanent representative at the United Nations and ambassador to the United States, who had gotten wind of the matter from Robinson. As could be expected, the three rejected Ben-Gurion’s initiative hands down. Eban pointed out the destructive ramifications for Israel’s relations with the two

⁸³ ISA, Meeting of the Cabinet, December 27, 1950, 2–23.

⁸⁴ DEPI, Vol. 5, Document 522, W. Eytan to S. Rosenne and Y. Robinson, December 28, 1950.

⁸⁵ ISA, MFA 2377/1, W. Eytan to S. Rosenne and Y. Robinson, December 28, 1950.

Germanies (in all likelihood, he meant vis-à-vis the compensation issue).⁸⁶ Robinson argued that declaring war at this time was anachronistic, and would not benefit Israel; rather, it only stood to complicate the young state's relations with the major powers and the United Nations.⁸⁷ A highly detailed reply arrived from Shabtai Rosenne's office. His assistant Eli Nathan wrote a memorandum in which he clearly stated that declaration of war on Germany would have devastating results in every possible respect, first and foremost with regard to the compensation issue, including the question of reparations.⁸⁸

On January 3, 1951 the government renewed its discussion. Foreign Minister Sharett was still abroad and the Ministry's position was once again presented by the director-general Eytan. It was proposed to dispatch a delegation to the FRG that would only be in contact with the Western High Commissioners. As for Ben-Gurion's proposal to declare war on Germany, Eytan clarified that in the expert opinion of various jurists, such an act would cause severe damage to Israel. The Prime Minister rushed to intervene, saying that the Attorney General also expressed objection to the proposal. Thus, the only option left on the table was to give the three Western powers a negative response.

Once Eytan had come to the end of his remarks, deliberations ensued on the question of the delegation. At this point, ministers Kaplan and Rosen, who were taking part in the meeting, sought to "steamroll" their colleagues into adopting the IMFA'S position. They warned that huge sums of money would be lost if no action was taken on the issue of compensation. In Kaplan's opinion, it would be preferable to adopt the IMFA's original proposal to open direct contacts with the Germans. The pressure applied by the two was to no avail. The majority of the cabinet members had serious reservations regarding the idea of sending an Israeli delegation to West Germany, even if its mandate were limited to negotiations with the High Commissioners. Some of the ministers raised alternative ideas for possible action. Minister of Labor Golda Meir suggested (in the spirit of the IMFA's proposal) submitting a letter to each of the three Western powers, as well as to the USSR, laying out the claim to compensation from the two Germanies.⁸⁹ After lengthy discussions, the cabinet decided to support this proposal.⁹⁰

The IMFA felt deeply frustrated by the government's choice. The two courses of action they had proposed – sending a delegation to the FRG to establish contacts

⁸⁶ DEPI, Vol. 5, Document 522, Note 3.

⁸⁷ ISA, MFA 2329/10, A. Lourie to W. Eytan, December 31, 1950.

⁸⁸ ISA, MFA 1808/11, E. Nathan to W. Eytan, December 31, 1950.

⁸⁹ She had spoken of this idea in general terms in the previous meeting of the cabinet. ISA, Meeting of the Cabinet, December 27, 1950, 17–18.

⁹⁰ ISA, Meeting of the Cabinet, January 3, 1951, 2–15.

with the Bonn government or at least with the High Commissioners and refraining from giving a concrete answer to the powers' "state of war" letter – had been rejected. Most of the ministers supported maintaining a firm stance on the boycott principle, some on solidly ideological grounds, others due to political considerations. The latter were mainly members of Ben-Gurion's Mapai Party.⁹¹ The coalition government led by Mapai had encountered a host of political crises in recent months.⁹² Under such circumstances, Mapai's ministers were not interested in another uproar – this time regarding the German question – that was liable to shake the already rickety foundations of the coalition and jeopardize its chances of survival. It is worth noting the fact that even Ben-Gurion – a firm supporter of direct contact with the Germans on the compensation issue – refrained from imposing his position on the government in such a complex political situation.

Among senior officials in the IMFA there was much skepticism as to whether Israel had the ability to extract compensation from Bonn based on the line of action approved by the government. In the context of an escalating Cold War, it was hard to image that the Western powers would press West Germany, their potential ally, to make such a gesture to the Jews. "If indeed we are interested in ensuring that our claims [in the compensation realm] are satisfied," asserted one of the Ministry's officials, there is no alternative but "to dispatch a delegation that will have the power to establish direct contacts with the German government from the outset."⁹³

The sense of frustration and disappointment within the halls of the IMFA was understandable, but a broader and deeper look demonstrates that, objectively speaking, the Israeli government had come a long way since the summer of 1949 on the issue of compensation from Germany. From a situation wherein the government was at best a secondary – almost a marginal – actor assisting other entities (the Jewish Agency, the JRSO, survivor organizations and private survivors) in their efforts to obtain material compensation, the two resolutions adopted at the beginning of 1950 and at the outset of 1951 transformed it into a party seeking to be at the center of the process. The markers of this transformation – taking initiatives, readiness to lead the campaign to extract compensation, and even establishing direct contact with the Germans (the Mendelsohn mission) – may have been hesitant, sporadic and restrained in the course of 1950; however, they were destined to emerge in full force the following year.

91 Hebrew acronym for "Land of Israel Worker's Party." A left-wing Labor Zionist party which was founded in 1930.

92 Korn and Shapira, *Coalition Politics in Israel*, 241–243.

93 DEPI, Vol. 6, Document 3, Y. Tekoah to W. Eytan, January 4, 1951.

Jerusalem, 16th January, 1950

To : Executive of the Jewish Agency for Palestine

From: S. Adler-Rudel

RE: Restitution of Jewish Property and
Reparations for the Jewish People.

The following notes are intended to initiate and facilitate discussions in respect of reconsideration of the two problems:

Restitution of individual and communal property to the surviving Jews in the countries of residence;

Reparation for the Jewish people.

1. The 18 countries (excluding the Soviet Union) occupied before and during the War by Germany, had in the year 1939 a Jewish population of over 6,000,000. In 1949 the number of Jews in these countries was about 1,200,000 which indicates that an average of only 20% of the Jews survived the War.
2. The value of Jewish property in the 18 countries amounted, according to a study of Dr. Nehemia Robinson, to between 8,230 and 8,620 million dollars. This figure was also accepted by Dr. Bernard Joseph in his memorandum on Reparations submitted to the Jewish Agency on the 27th April, 1945. A similar amount - 2 billion pounds - was mentioned by Prof. Weizman in his letter regarding reparations due to the Jewish people to the Foreign Office in London and other Governments, on the 20th September 1945.
3. All countries in question recognized the principle of restitution of confiscated and robbed Jewish property to the surviving owners. Legal proceedings by the surviving Jews claiming restitution have been concluded for a number of years now, and considerable amounts - especially in Western Europe but also in the Eastern countries - have been restituted. For the sake of argument it is assumed here that the value of restituted property may be equal to the percentage of Jews who survived in the countries in question. This would indicate that about 20% of the value of Jewish property has been returned to the previous owners.
4. If we accept a round figure of only 8,000 million dollars as the value of the Jewish property in 1939 and deduct from it 20% as being restituted, there remains an open balance of 6,400 million dollars.
5. Of the 18 countries in question, 9 have no provision in respect of the restitution of "heirless property" which means that the Governments of these countries became the heirs of the murdered Jews. 5 countries have some vague provisions that unclaimed Jewish property should be used for the rehabilitation of the surviving Jews in their countries. Only one country - Germany - has enacted laws in respect of unclaimed property for the benefit of Nazi victims living outside Germany.

Figure 2.1: Shalom Adler-Rudel's memorandum. January 16, 1950 (first page). (ISA, MFA 2417/1).

Chapter 3

The State of Israel Opts for Reparations, January–March 1951

On January 5, 1951, senior officials in the IMFA convened for a meeting led by director-general Walter Eytan to discuss the implementation of the decisions approved in the cabinet meeting two days prior regarding the question of Germany. It was concluded that Eytan would compose a letter in reply to the Western powers' query about the "state of war" between Israel and the FRG, and that the reply would be handed over to the powers' representatives in Tel Aviv.¹ The letter was delivered on January 9. Israel wrote in the communiqué that "the exceptional circumstances of this country do not warrant action on the lines suggested." Eytan made a genuine effort to "square the circle": to answer in the negative while at the same time leaving the cardinal question – whether the two countries were in a state of war – without a clear answer.² At the close of the letter it was implied that Israel intended to issue a second diplomatic missive, this time on the subject of compensation.³

Three IMFA officials were assigned the task of preparing this letter, which was scheduled to be delivered a week after the first, on January 16.⁴ The trio went to work and produced a long and detailed document. Two versions were prepared: one was to be submitted to the capitals of the three Western powers, the second, with some alterations, to the USSR's legation in Tel Aviv.⁵ Eytan gave instructions to Israel's envoys in the Western capitals to inform their interlocutors that "the government of Israel views this matter [the compensation issue] as urgent, particularly considering the pending changes to the status of the occupation authorities and of the German federal government."⁶

The missive delivered to the Western powers focused on two categories of compensation: restitution of property and indemnification, and included five demands: 1. to keep the juridical authority on the compensation issue in the hands of the High Commissioners; 2. to accelerate the handling of claims for restitution

1 ISA, MFA 1782/16, Decisions Adopted in a Meeting that took place on January 5, 1951.

2 ISA, MFA 2539/1II, G. Avner to E. Livneh, January 9, 1951.

3 DEPI, Vol. 6, Document 10, Ministry of Foreign Affairs to the U.S. Embassy in Tel Aviv, January 9, 1951.

4 ISA, MFA 2417/1, W. Eytan to A. Eban, E. Elath and M. Fischer, January 7, 1951.

5 AIG, Document 4, Israel Note of 16 January 1951 to the U.S.S.R. Concerning Restitution and Indemnification.

6 ISA, MFA 2417/1, W. Eytan to A. Eban, E. Elath and M. Fischer, January 7, 1951.

of property; 3. to put in place an indemnification law applicable throughout West Germany based on the existing model in the American Commission's zone (with some improvements); 4. for the central government in Bonn to provide monetary assistance to the local Länder so they could afford payment of indemnification; 5. to establish a Haavara arrangement for transferring compensation funds outside the German borders. In the last clause of the letter (clause 10), it was written that the Israeli government would welcome proposals from the governments of the United States, the United Kingdom, and France "concerning the steps which might most effectively be taken toward securing the ends outlined in this note."⁷ The director of the West European Division of the IMFA, Gershon Avner, explained to consul Livneh that the ulterior motive of this clause was to prod the Western powers into proposing that Israel send a delegation to conduct talks with the Bonn government on the compensation issue.⁸ The IMFA believed that the government in Jerusalem "would not oppose re-discussing the matter of a delegation if it were proposed by the occupying powers."⁹ Clearly, ministry officials refused to reconcile with the government's position regarding the delegation, and sought to change it at all costs.¹⁰

Among the gamut of steps taken by the government of Israel on the compensation issue, the diplomatic note of January 16, 1951 is considered unique. It constituted the most significant attempt made by Israel to assist individual survivors and the successor organizations. For one brief moment, the Palestinocentric outlook that placed collective reparations at the top of the agenda, far above the other two categories, was dropped. But this pluralistic approach that assigned importance to the individual survivor (as well as the successors organizations), rather than the national collective exclusively, was no more than a passing episode. From this point forward, the Israeli government was fixated on one category of compensation only – reparations, with the aim of harnessing it for the good of the Jewish state; to accelerate its development and bolster its strength.

The collective reparations category was mentioned briefly in clause 8 of the letter to the Western powers.¹¹ It delineated the reasons why the Jewish people

7 AIG, Document 3, Israel Note of 16 January 1951 to the United States, United Kingdom and France Concerning Restitution and Indemnification.

8 Things in a similar spirit appeared in clause 11 in the letter to the USSR.

9 ISA, MFA 2539/III, G. Avner to E. Livneh, January 9, 1951.

10 In this context, it was decided in the IMFA to ask Sharett to raise again before the cabinet the matter of sending a delegation to Germany. ISA, MFA 344/15, S. Bendor to the Israel Embassy in Washington and the Israeli Consulate in New York, January 7, 1951.

11 This point was illuminated in clause 9 of the diplomatic note to the USSR, although in a slightly different fashion from the one to the Western powers.

was entitled to such compensation. Reflecting the spirit of the perception that had taken shape in Rosenne’s office (in August 1950), it stated that restitution and indemnification “form only one small segment of the total of Jewish claims against Germany.” Restitution of property was limited to the borders of the FRG and could not make up for “the great mass of property” the Jews had lost in all the countries that had fallen to the Third Reich. As for indemnification, it was only relevant for a limited number of survivors. Therefore, full monetary compensation of the Jewish people in these two categories could only be carried out on a collective basis. At the end of the communiqué, Israel announced its intention to submit an additional letter that would focus on the question of reparations.

Apparently, the idea of sending a separate diplomatic note on reparations was the initiative of David Horowitz, director-general of the Ministry of Finance and special economic advisor to the government.¹² Out of recognition of his professional capabilities and international connections, he became a member of the inner circle of decision-makers. This, in parallel with Finance Minister Kaplan’s deteriorating health,¹³ put Horowitz in the position of *de facto* acting Minister of Finance.

Horowitz sensed that “there are great opportunities to attain compensation [sic. reparations] from [West] Germany” by applying “pressure” on the Western powers,¹⁴ and thought Jerusalem should submit this claim to the powers as soon as possible. In the second half of December 1950, while Horowitz was in London on a mission for the Ministry of Finance, he alluded to such a possibility in a telephone conversation with Sharett, who was in New York for the annual meeting of the UN General Assembly. Sharett asked for additional details, and Horowitz promised to provide them when the two met face-to-face. Such a meeting did indeed take place in Paris, at the end of December. Horowitz delved into the details of his proposal, and Sharett told him on the spot that he supported the idea of sending a separate diplomatic missive on the subject of reparations.¹⁵

It seems that it was at this point in time, early January 1951, that Sharett instructed the IMFA to prepare one compensation letter (which would deal with indemnification and restitution) and to include in this letter a passage informing the recipients of Israel’s intention to submit a second diplomatic communiqué on compensation (this time on reparations). To confirm he was making the right decision,

¹² In 1954, Horowitz was appointed the first governor of the Bank of Israel (and would serve in this post until 1971).

¹³ Kaplan died in the summer of 1952.

¹⁴ BGA, BGD, February 5, 1951.

¹⁵ Horowitz, *In the Heart of Events*, 79–80.

in a telegram sent on January 9 to Israeli envoys in Washington and New York Sharett requested the diplomats' opinion of David Horowitz's proposal.¹⁶ He received an unequivocal answer from Washington on January 13 saying that they "agree entirely" with the move, and recommended that it be executed immediately.¹⁷

The government learned about the IMFA's move regarding the second compensation note in its weekly meeting on February 8. Sharett updated the ministers about the development, using the term *shilumim* to refer to reparations. This was the first time the word *shilumim* was employed in the context of the Jewish-Israeli reparations claim from Germany. It appears that Sharett had "borrowed" the term from the Book of Isaiah (34:8): "For the Lord hath a day of vengeance / A year of recompense [shilumim] for the plea of Zion."¹⁸ In the spirit of the biblical terminology, the concept of *shilumim* embodied recompense for a calamity caused to the Jews, but one that would not rectify or "undo" the wrongdoing, nor lead to reconciliation or "making one's peace" with the enemy.¹⁹

Sharett clarified to his audience that the road to getting reparations would be long and arduous, but he believed that "we owe it [the pursuit of the reparations claim] to Jewish history, to our conscience, to the Jewish people, to the victims." His words were received by sympathetic ears. At the close of brief consultation, the cabinet resolved unanimously in favor of submitting a second diplomatic note addressing the subject of reparations. The Minister of Foreign Affairs was requested to consult with the large Jewish organizations in the world on this issue.²⁰

The decision to discuss the matter with the Jewish organizations was motivated by two considerations. Firstly, there was the need to make it clear to them that the State of Israel was the "custodian" of the reparations issue, and garner their support.²¹ Secondly, the government wanted to demonstrate to the Jewish organizations that Israel had no intention of letting things stagnate after the January 16 letter, as was the case following Mendelsohn's mission in the spring of 1950. This clarification was necessary since the organizations had been ceaselessly demanding

16 DEPI, Vol. 6, Document 16, Note 1.

17 DEPI, Vol. 6, Document 16, M. Keren to M. Sharett, January 13, 1951.

18 Shinnar, *Out of Necessity and Feelings*, 56.

19 In his weekly newspaper column in the Hebrew daily *Davar*, Nathan Alterman, one of the most influential modern Hebrew poets in Israel's formative years, argued that the word *shilumim* was liable to create the impression that the Israeli claim was a kind of absolution for exterminating millions of Jews. Weitz, "Between the Poet and the Diplomat," 104.

20 ISA, Meeting of the Cabinet, February 8, 1951, 29–38.

21 ISA, Meeting of the Cabinet, February 8, 1951, 34.

that Israel ramp up its activity on the compensation issue, particularly through direct negotiation with the Germans.²² They had warned that if Israel continued to sit on its hands, they would “try to enter this arena” in Israel’s place.²³

The differentiation Horowitz initiated between the reparations claim and the other two claims (restitution and indemnification) was a key move in the way the reparations story would play out. His explicit goal was to highlight the reparations claim in order to boost its importance and indispensability, and in essence give this collective claim precedence over the other claims. Back in December 1950 the IMFA had proposed to the government that all three claims be submitted in one diplomatic communiqué. Such a format, however, was liable to present the reparations claim as if it were one among many claims of equal importance, and its uniqueness would have been lost. From a technical standpoint, as well, its presentation in a separate missive was more suitable. The reparations issue required broad discussion from a host of perspectives (such as the reasons for submitting such a claim and the place of the State of Israel in this regard). It was impossible to lay out a comprehensive discussion of collective reparations while also presenting claims for restitution and indemnification in the same diplomatic note.

We may ask what drove Horowitz to assign such tremendous importance to the reparations claim. The answer resides in plain economics: the State of Israel was in desperate need of a significant influx of capital to extricate itself from the dire economic straits it encountered in the first years following independence. To better understand this link, it is important at this juncture to draw as clear and broad a picture as possible of the state of the Israeli economy at the time.

Even prior to its transformation into a sovereign entity, the Jewish community in Mandatory Palestine was sunk deep in an economic quagmire as a direct result of its struggle for independence. The military campaign waged for almost 15 months, between November 1947 and March 1949, commencing with a civil war between Jews and Palestinians in Mandatory Palestine, and spilling over into a conventional war between Israel and its Arab neighbors. It was the longest and most arduous war in Israel’s history. Its monetary cost (direct and indirect) was equally enormous; it stood at almost 84 percent of the Jewish population’s GNP for 1948.²⁴

Immediately after the declaration of independence on May 14, 1948, at the height of the war, Israel had opened its gates to a wave of mass Jewish immigration that continued unabated for the next three and a half years. The local economy struggled

²² BGA, GCD, M. L. Perlzweig to A. Easterman, January 23, 1951; CZA, Z6/529, Notes on Meeting of the Four Organizations, February 7, 1951.

²³ ISA, MFA 2417/1, S. Rosenne to M. Sharett, February 23, 1951.

²⁴ Barkai, “The Real Cost,” 759–779.

under a double load few countries have ever faced: a war of survival coupled with massive immigration. Four objective problems made the incoming flood of immigrants an unbearable economic burden on the young state: 1. The rate and scope of immigration relative to the size of the existing Jewish population in the country was immense, unprecedented in the history of the nations.²⁵ Close to 700,000 Jewish immigrants were absorbed by a population of 650,000 Jews residing in the State of Israel on the day of its founding;²⁶ 2. The overwhelming majority of the immigrants were destitute or came with few belongings;²⁷ 3. Many of the immigrants had no formal education or suitable job skills that would allow them to integrate into the country's developing economy, to both support themselves and contribute to the needs of the economy;²⁸ 4. The percentage of children and elderly among the immigrants – that is, the dependent population who could not integrate into the workforce – was high.²⁹ This population also included a very high number of welfare cases – sick and disabled immigrants, who were unable to work either temporarily or permanently.³⁰ All in all, within a very short time, the country was forced to allocate gigantic sums of money to address the basic necessities of many of those who entered its gates.

The leadership labored tirelessly during the war to find domestic and external sources of capital, with the aim, first and foremost, of underwriting the war (and, if possible, the initial absorption of the immigrants). Domestically, capital was obtained in two ways: imposition of high taxes on the citizens and seizure of private foreign currency deposits. However, these steps alone could not cover the enormous cost of the war, and the government embarked on printing money (through the auspices of the Anglo-Palestine Bank).³¹ The result was rapidly rising inflation – close to 30 percent – over the course of 1948.³² Sources of external capital were likewise two-pronged: Jewish organizations in the world, mostly in the United States, collected approximately 75 million USD on behalf of the Israeli war effort;³³ and in January 1949, the American government approved a 100 million USD loan from the US Export-Import Bank. The money was officially earmarked for economic development, but was used primarily to finance the war.³⁴

25 Horowitz, *The Economy of Israel*, 132.

26 Hacoheh, *Immigrants in Turmoil*, 271.

27 Hacoheh, *Immigrants in Turmoil*, 253.

28 Patinkin, *The Israeli Economy*, 25–29.

29 Hacoheh, *Immigrants in Turmoil*, 136–137.

30 Hacoheh, *Immigrants in Turmoil*, 109–110, 137–138.

31 Horowitz, *The Economy of Israel*, 140–142.

32 Barkai, “The Real Cost,” 782–784.

33 Barkai, “The Real Cost,” 773–775.

34 Shaham, *Israel – 40 Years*, 72.

The war ended in the spring of 1949 – a positive turn of events for the economic system, but over the following years, the Israeli economy continued to be stretched to its outermost limits. The wave of immigration was a giant load to bear, matched only by the drain imposed by the war. The full and permanent integration of hundreds of thousands of Jewish immigrants required massive import of input factors (raw materials and machinery) for industry and agriculture in order to lay down a firm economic infrastructure. There was likewise a need to import essential commodities for the immigrants: food, clothing and footwear, and basic home furnishings. In different times it would have been possible to produce and manufacture a portion of these items, but the war had badly disrupted local production, making it impossible for agriculture and industry to operate at full potential.

Importing required hard currency, however, the country's foreign currency reserves, which were meager to begin with, had dwindled to a critical level due to the prolonged war. To make matters worse, the significantly hobbled local production did not allow for any significant export of goods and receipt of sufficient foreign currency. Even if production were to operate at full capacity, the tiny size of the local economy meant that production and export were too limited to offset imports. Thus, Israel could afford a very limited amount of imports, which consisted of only the most essential items: security equipment and input factors (for economic development) and, to a much lesser extent, consumer goods.

Within a short time, a substantial gap between the (scant) supply and (growing) demand of basic consumer goods was created. Three ominous processes began to materialize as a result: 1. Growing inflationary pressures; 2. emerging social tensions between the haves and the have-nots (those with the means to purchase limited, high-priced consumer goods in the market, and those who could not afford them); 3. ongoing deterioration in the quality of locally manufactured goods due to the limits on imports that forced manufacturers to import sparingly or make do with shoddy raw materials.

To address these problems, the government decided to restrain public consumption through a “belt-tightening” economic program optimistically painted in ideological colors as a *tzena* – or austerity, whose most concrete expression was the institution of a rationing system for even the most basic consumer goods.³⁵ Prime Minister Ben-Gurion announced the plan in late April 1949,³⁶ and a new ministry – the Ministry of Supply and Rationing– was established to oversee its

³⁵ The austerity policy had been initiated in part from mid-1948. Gross, “Israeli Economic Policies, 1948–1951,” 75. The Israeli government was inspired by the success of wartime Britain’s planned and tightly controlled economy. Rivlin, *The Israeli Economy*, 35.

³⁶ Ben-Gurion, *The Restored State of Israel*, 386.

implementation. The austerity plan included the rationing of food commodities, and later clothing and footwear, parallel to the imposition of price controls. The government took various steps to ensure the success of the move: it carried out an extensive publicity campaign to garner public support, mobilized a huge task-force of inspectors on the ground to enforce rationing ordinances, and meted out severe punishments to those who broke the law.³⁷

The primary significance of the austerity plan was direct governmental intervention in market distribution processes, and, as a byproduct, in production processes and imports as well. Other means of intervention included targeted investments and credit lines (low-interest loans given by the government to branches of the economy, businesses and institutions whose operations were in line with government priorities), tightly regulated foreign currency allowances, and government control over the exchange rate of the Israeli pound.³⁸

The success of the austerity plan hinged on the cooperation of the public and the business sector. In the first months of its operation, the move was received with resigned understanding as a necessity, and it seemed to be reaping success: raging inflation was brought to a halt, and the weaker segments of the population were ensured a certain level of subsistence, even if the standard of living was low.³⁹ However, by the beginning of 1950, the consensus surrounding the austerity regime had begun to wane. The public at large, and especially those who had settled in Israel prior to independence, found it hard to keep up the very inconvenient way of life imposed by the austerity regime.⁴⁰ The tight control it exerted over most aspects of the economy created an acute sense among Israelis of living in a “police state;” the rationing of commodities was based on a complicated point system, and many found it hard to follow the directives; people had to queue for hours for food, only to discover stocks had run out; and when they did manage to get their hands on the rationed goods, they were of poor quality.

At the same time, a black market for consumer goods and means of production had begun to spring up. The government’s expansionary fiscal policy increased the means of payment, which meant that the public now had more money in their hands. In the absence of a free market, and in the face of the suffocating effect of the austerity policy, that money was channeled through the black market.⁴¹ The scope of

37 Joseph, *In Quest of Peace*, 233–261.

38 Giladi, *From Austerity to Economic Growth*, 25; Gross, “The Israel Economy,” 139.

39 Barkai, *The Early Days of the Israeli Economy*, 41–42; Halevi and Klinov-Malul, *The Economic Development of Israel*, 118–120.

40 Shaham, *Israel – 40 Years*, 78–80.

41 Giladi, *From Austerity to Economic Growth*, 27.

black market operations expanded to the point where it threatened to collapse the rationing system.⁴² The government addressed the matter in cabinet meetings, and moved to fight the phenomenon with every means at its disposal.⁴³ Yet this was to no avail; the black market flourished, undeterred.⁴⁴ Cheating the system became part of normal, everyday reality: people traded the products they were rationed, farmers smuggled vegetables and fruit into the cities, and grocers hid rationed goods and sold them at higher-than-regulated prices.

The bitter discontent and disenchantment felt by the public in the face of the government's austerity regime was reflected in the political arena. The opposition parties rushed to level harsh criticism at the government. The center General Zionists party⁴⁵ and the right-wing Herut Movement⁴⁶ accused the ruling Mapai party of imposing an ideologically-motivated economic policy that was nothing short of a forced form of socialism and an attempt to suppress private initiative and a free market. From the left side of the political map, Mapam⁴⁷ too joined the attacks on the government for what they perceived as an acute erosion of workers' salaries.⁴⁸ The public voiced its agreement with the opposition's criticism at the polls. The fiercest and most unyielding opponent to the government's economic policy line – the General Zionists – increased their representation dramatically in the municipal elections that took place in late 1950, and again in the general parliamentary elections in July 1951.⁴⁹

The government could see “which way the wind was blowing” and decided to loosen the reins in terms of austerity.⁵⁰ The first and most prominent change was the dissolution of the Ministry of Supply and Rationing in November 1950. While most of its authority was transferred to the Ministry of Agriculture, in practice, an accelerated process was put in motion to ease rationing and supervision.

Parallel to domestic constraints, a powerful external force was also contributing to the erosion of the austerity policy. The Korean War had led to significant

42 The black market became a wide-spread phenomenon in the course of 1951. Halevi and Klinov-Malul, *The Economic Development of Israel*, 7.

43 The black market issue was raised in many meetings of the cabinet. See for example: ISA, Meeting of the Cabinet, September 24, 1950; ISA, Meeting of the Cabinet, October 5, 1950.

44 Shaham, *Israel – 40 Years*, 80.

45 Was founded in 1948. It espoused a free market and private enterprise.

46 Was founded in 1948. On socio-economic issues, Herut defined itself as a liberal party and called for promoting private enterprise and blocking any attempt to establish socialism.

47 Hebrew acronym for “The United Workers Party.” A left-wing socialist-Zionist party, was founded in 1948.

48 Shaham, *Israel – 40 Years*, 79.

49 Ben-Uzi, “The General Zionist Party,” 155–160.

50 Weitz, “The Road to ‘An Other Germany’,” 254–256.

price increases in the international markets for basic foodstuffs and industrial raw materials. The price of imports to Israel rose rapidly and sharply, and this fact – coupled with the easing of restrictions on consumption – eventually led to the collapse of price stability that had been achieved at such great effort over the course of 1949–1950. As a result, in 1951 the Israeli price index rose by 14 percent.⁵¹

The spiraling import prices had an additional impact: they increased the deficit of Israel's goods account (import and export of commodities), which was high to begin with, and dealt a blow to the country's balance of payments (the sum total of receipts against all payments in foreign currency). The policy of freezing the exchange rate as well as the uninterrupted mass immigration (which in 1951 was entering its third straight year, with all the pressures this implied for mass-scale imports) also contributed to the deficit crisis.

The country's current account data (including import and export of goods and services) indicated that the economy was teetering on the edge of a precipice: The year 1949 closed with an import surplus of goods and services over exports of 220 million USD, in 1950 this had spiraled to 288 million USD, and in 1951 it climbed to 362 million USD.⁵² The government tried to finance the huge deficit through external sources of capital. These sources (often termed "capital inflow") come in two forms: unilateral transfer and capital transfer.⁵³ The first referred to the transfer of capital from one party to another without receiving anything in return (goods or services). Unilateral transfers can include donations and gifts from institutions and individuals, as well the influx of private capital accompanying immigration, and foreign government grants. All in all, unilateral transfers to Israel amounted to rather impressive sums: 118 million USD in 1949, 90 million USD in 1950, and 137 million USD in 1951. Approximately 96 percent of the money came from Jews around the world, mostly those residing in the US.⁵⁴ These sums, however, only covered 40% of the import surplus, and Israel needed additional sources of capital to make up the difference. One of the ways it did so was through capital transfer: governmental and institutional loans and investments. All the capital transfers were in the form of loans. These too supplied Israel with significant incoming funds: 67 million USD in loans in 1949, 119 million USD in 1950, and a whopping 165 million USD in 1951.⁵⁵ Overall, the data shows a dramatic increase in imported capital between 1949 and 1951: 185 million USD in

51 Barkai, *The Early Days of the Israeli Economy*, 43.

52 Barkai, *The Early Days of the Israeli Economy*, 138.

53 Ronen, *Chapters in Israel Economy*, 17.

54 An economist who studied the Israeli economy said that Israel's dependence on unrequited imports at that time was "unparalleled in modern history." Rubner, *The Economy of Israel*, XVIII.

55 Halevi and Klinov-Malul, *The Economic Development of Israel*, 294–298.

1949, 209 million USD in 1950, and 302 million USD in 1951. This import of capital covered approximately two-thirds of the import of goods and services to Israel during these years, and underwrote about 80 percent of the country's import surplus. At the time, Israel ranked first in the world in terms of these parameters.⁵⁶

Nevertheless, as one can see, this influx of capital was insufficient to cover completely the huge import surplus. Thus, in 1949, Israel's balance of payments deficit stood at 35 million USD, in 1950 at 79 million USD, and in 1951 at 60 million USD. The government was forced to dip into the meager foreign currency reserves left in its coffers from previous years. It also turned to the British government requesting it unfreeze several tens of millions of British pounds that had served to secure the Palestine pound during the Mandate years and had been frozen by London in 1948. After exhausting negotiations, the British agreed to release the balance at a measured rate – over a period of two years, from 1949 to 1951.⁵⁷

The upshot of these steps was a gradual draining of Israel's foreign currency reserves: If in June of 1950 they had stood at 65 million USD, in December they had dropped to 30 million USD, and in June 1951 only 8 million USD remained. By the close of 1951, the treasury's foreign currency reserves had been depleted.⁵⁸ Under such circumstances, it was difficult to envision how the government could continue to import essential consumer goods (food, clothing and footwear, furniture) as well as input factors at the required rate.⁵⁹ Imports of the latter were especially crucial, since the only way Israel could extricate itself from the ongoing economic crisis was to expand production in both agriculture and industry, thereby cutting unemployment (which stood at 11.5 percent in 1950, and 8.4 percent the following year);⁶⁰ curtailing inflation, and increasing exports and foreign currency revenues.

The threat of an economic meltdown hovered over the young Jewish state.⁶¹ Considering the security-political reality Israel faced – a tiny country in terms of its geographical size and population surrounded by an enormous Arab-Islamic world

56 Ronen, *Chapters in Israel Economy*, 20–21.

57 Horowitz, *In the Heart of Events*, 32–40; Bialer, “Top Hat, Tuxedo and Cannons,” 41–44.

58 Feldman, *The Special Relationship*, 67.

59 The Israeli ambassador in Washington Abba Eban was “bombarded” with telegrams from Israel requesting he make every possible effort to obtain American aid for buying basic consumer products. See for example: DEPI, Vol. 6, Document 1, D. Ben-Gurion to A. Eban, January 2, 1951.

60 The actual unemployment rate was apparently much higher. Many of the unemployed were not included in the statistical data. Patinkin, *The Israeli Economy*, 31–32.

61 In a 1973 article political scientist Michael Brecher argued that the economic status of Israel in the last months of 1950 was probably the most dire it faced in the first 25 years of its existence. Brecher, “Images,” 77.

ten times larger than it and seeking its destruction – the nation’s very existence hung in the balance. The leadership discussed the dire economic situation with a genuine sense of existential angst.⁶² This was particularly true of Ben-Gurion. He agonized over it ceaselessly, as reflected in his private diary.⁶³ In September 1950, Ben-Gurion summoned the heads of American Jewry to Jerusalem and, against the advice of his skeptical economic advisors, proposed organizing a loan campaign among American Jews and Jewish communities in other Western countries. The campaign would promote the purchase of long-term bonds issued by the State of Israel to fund investments in the Israeli economy. A decision was taken in favor, and in May 1951 Ben-Gurion flew to the States to inaugurate the Israeli Bonds enterprise.⁶⁴ However, this initiative was not enough to salvage the Israeli economy, even if it was crowned with success. The State of Israel needed additional sources of capital.

It is at this point in time, toward the beginning of 1951, that the director-general of the Ministry of Finance, David Horowitz, made the link between Israel’s desperate economic straits and the claim for reparations. He, of course, accepted and respected the historical-economic basis for the claim, as formulated by Adler-Rudel and the IMFA officials (loss of Jewish property in the GDR and the seventeen countries that were under the control of Nazi Germany or in an alliance with it, and damage sustained by survivors), but due to his position at the epicenter of the Israeli economic system, Horowitz preferred to emphasize the current pressing economic reason for claiming reparations. Horowitz began to ponder the matter when he was in London in November 1950, trying to convince members of the British government to continue releasing the balance of frozen British pounds from Mandate times. He knew that even if his mission was successful, once “the balance [of Sterling] ran out, the last source of foreign currency to cover our deficit will be drained.” A new and significant source of currency was needed, and reparations money seemed an appropriate solution. Like any economist, Horowitz saw the intrinsic correlation between the dismal state of the Israeli economy and the country’s absorption of mass Jewish immigrations, half of whom were Holocaust survivors, with crystal clarity. He felt it “an outrageous wrong that at a time when we [the State of Israel] stand destitute in the face of the mission of rehabilitating the survivors of the Holocaust [. . .] the Germans are enjoying the fruits of the looting of enormous Jewish property that would be enough to rehabilitate tens

⁶² Economics stood at the core of countless meetings of the government. Often entire cabinet meetings were devoted solely to this subject. See for example: ISA, Meeting of the Cabinet, August 31, 1950; ISA, Meeting of the Cabinet, September 4, 1950.

⁶³ Weitz, “The Road to ‘An Other Germany,’” 253.

⁶⁴ Bar-Zohar, *Ben-Gurion*, 918.

of thousands of immigrants, victims of the Nazis.” The more he pondered the matter, the stronger his conviction grew that, from both an economic and a moral perspective, “here [in the claim of reparations] lies our only chance to end our circle of economic distress and at the same time to set in motion a move toward historical justice and a recompense unique in kind.”⁶⁵

Horowitz sought to underscore his underlying working premise – that the reparations money was the last lifeline available to the deteriorating Israeli economy – at every opportunity. He did so in a cabinet meeting, which discussed the reparations issue, at the outset of May 1951,⁶⁶ and reiterated the same message in a meeting of the Knesset’s Finance Committee two weeks later.⁶⁷

The Israeli leadership was willing to adopt Horowitz’s logic of conditioning the salvation of the country’s economy on the obtainment of reparations. It can be assumed that Sharett accepted this correlation in the course of his meeting with Horowitz in Paris at the end of December. This was probably the main thing that convinced him to support the idea of sending a separate diplomatic note regarding reparations. The Minister of Justice, Pinhas Rosen, asserted in mid-July 1951 that “the general impression” emerging from Horowitz’s remarks in the May cabinet meeting was that “without a radical change [i.e. receipt of reparations] there is no way forward [to save the economy].”⁶⁸ Ben-Gurion underscored in his diary, already at the beginning of February, the possibilities that reparations would open up for the Israeli economy.⁶⁹ Several days later, at the February 8 cabinet meeting, he argued before the participants that the reparations money could solve “half of our imports problem.”⁷⁰ Similarly, during a conversation with a senior American official, Ben-Gurion stated that if the reparations issue was settled “it would solve almost all our [economic] problems.”⁷¹ The leadership continued to increasingly emphasize this link during the period that preceded the signing of the Reparations Agreement in the fall of 1952, as the Israeli economy continued to encounter one obstacle after another. In the great debate that took place in the public and political spheres in the winter of 1951–1952 on the question of reparations, more than anything else, the country’s leaders underscored over and over again the importance of reparations money for fortifying – and in fact saving – the Israeli economy.⁷²

65 Horowitz, *In the Heart of Events*, 79.

66 ISA, Meeting of the Cabinet, May 2, 1951, 7.

67 KA, Meeting of the Finance Committee, May 14, 1951, 12.

68 ISA, Meeting of the Cabinet, July 18, 1951, 12.

69 BGA, BGD, February 5, 1951.

70 ISA, Meeting of the Cabinet, February 8, 1951, 36.

71 ISA, Meeting of the Cabinet, June 13, 1951, 5.

72 See Chapter 8.

From statements made by Israeli officials dealing with the issue, it is unmistakably apparent that the economic factor was a highly important component in the decision-making process on the reparations question.⁷³

The government's February 8 decision to demand reparations granted legitimacy to the separation Horowitz created between this claim and the two other categories of compensation (restitution of property and indemnification). While Horowitz clearly sought to give precedence to the former, it is unclear whether he wanted the State of Israel to abandon or largely neglect the latter. Whatever the case, in practice, due to the deterioration in Israel's economic circumstances, the government devoted its attentions to the reparations claim alone. This is not surprising. On the contrary, it was in keeping with the Zionist movement's ideological position that sought to focus all efforts on advancing the national Zionist enterprise.

The intent to harness compensation from Germany for the purpose of solving the economic crisis begs the question: why did Israel choose to pin its hopes on reparations alone and not enlist the two other categories – restitution and indemnification – in the effort. On the face of it, pursuit of the other two should have been preferred. Restitution of property and indemnification claims had already developed into concrete action (restitution since the summer of 1948 and indemnification beginning in the summer of 1949), while reparations was still only a general concept. Also, the scope of capital involved in these categories was “real” and very substantial. According to a government document from December 1950, a total of 155 million USD in claims had been submitted by Israeli-Jewish citizens for restitution and indemnification.⁷⁴ This sum could have been even higher if the Western powers agreed to take a number of actions: 1. to allow Jewish successor organizations to operate in the two places where they had been prevented from doing so to date – the French High Commissioner's zone and the city of Berlin (in the part under Western control);⁷⁵ 2. to include additional categories of damages in the indemnification law, and also to increase the scope of monetary compensation given for each kind of damage; 3. to expand the eligibility for compensation under the indemnification law to include additional groups of survivors; 4. to legislate an indemnification law in the British High Commissioner's zone.

Israel was faced with two choices: either to put pressure on the Western powers to take the above four steps, or to pursue a new category of compensation – reparations. Parallel to this, it had to obtain the Western powers' consent to operate

73 Brecher, “Images,” 83; Feldman, *The Special Relationship*, 70.

74 ISA, MFA 1808/12, A.Y. David to the Minister of Finance, December 26, 1950.

75 Of particular importance was the issue of restitution in Berlin, since about a third of the Jewish property in Germany was situated in this city. CZA, S6/6762, Transfer of Jewish Capital from Germany, April 1, 1949.

the Haavarah initiative in order to transfer the compensation funds, whatever they may turn out to be, to Israel. The first course of action would seem to have been the easier path of the two. The steps noted above rested on legislation and modes of action that were already in place and operational in the FRG, and therefore the prospects that the Western powers would accept them were realistic. The concept of collective reparations for the Jewish people, on the other hand, constituted a political and legal precedent, and it was unclear whether the powers and the FRG would agree to espouse it.

Despite all this, Jerusalem opted for the reparations route. The Israeli economy needed to attain an external source of capital that met the following three conditions: it needed to be very large in scope, to be able to arrive within a short time, and be available to the government. Collective reparations was designed to meet all three. The other categories of compensation, on the other hand, as Israel surmised, fell short on the following counts: 1. Scope. While the sum total of claims submitted by Israeli-Jewish citizens was substantial, it still fell far short of addressing the fiscal needs of the state. Moreover, “no small number” of survivors in Israel were inclined to leave their capital in Europe rather than transfer it to Israel, based on calculations of profit and loss.⁷⁶ At the same time, expansion of the actions of successor organizations to the French zone and the city of Berlin did not ensure a significant increase in the scope of capital destined to flow into Israel. The reason was that some two thirds of the Jewish property in Germany belonged to survivors, and the overwhelming majority of the wealthy among them had immigrated to Western countries;⁷⁷ 2. Timing. The two existing categories of compensation would not yield considerable capital in the short term. Authorities in West Germany operated at a very slow pace in dealing with restitution of property and awarding personal compensation. There were two main reasons for that. First, the FRG was grappling with hundreds of thousands of claims for indemnification and restitution from Jews and non-Jews,⁷⁸ and the administrative staff handling these claims was relatively small.⁷⁹ Secondly, as already noted, the very question of

76 ISA, MFA 1808/12, A.Y. David to the Minister of Finance, December 26, 1950.

77 It can be estimated that two thirds of the Jewish property in Germany belonged to survivors, based on the fact that approximately two thirds of German Jews (some 330,000 out of 530,000) had survived the Nazi campaign. Gutman, *Encyclopedia of the Holocaust*, “Germany,” 574.

78 In the first two and a half years after the law for restitution of property came into effect in the American zone, about 120,000 claims were submitted by Jews and non-Jews for restitution of property. ISA, MFA 1783/6, L. Weber to G. Meron, November 10, 1950. In the first year after the law for indemnification was enacted in the American zone, close to a quarter of a million claims were made, approximately ten percent of them by Jews. ISA, MFA 344/16, Information on Restitution and Related Subjects, December 1950.

79 CZA, Z6/529, Transfer of Jewish Funds from Germany to Israel, January 30, 1951.

compensation engendered feelings of animosity for many Germans, a mood that certainly did not encourage expedition among civil servants in the governmental machinery or among those in possession of Jewish property when it came to settling claims. Israeli observers judged that it would be many years before the process of restitution of property was completed and all eligible indemnification claims were approved and awarded.⁸⁰ Furthermore, a portion of the indemnification claims were awarded in the form of monthly pensions, i.e., payments that would be spread out over the survivor's lifetime; 3. Availability. From a purely economic perspective, it is preferable for a country in deep economic crisis to receive economic aid in a form similar to a grant (collective reparations) than as imports of private capital (personal compensation and restitution of property). In the first case, the "grant" is handed over directly to the government and used in accordance with purely national considerations. Conversely, the economic needs of the country do not always coincide with the interests or desires of the private capital holder.

On February 21, just prior to the submission of the reparations letter to the major powers, senior officials in the IMFA held a meeting with the director-general of the Ministry of Finance Horowitz in attendance, in which all aspects of the venture were addressed. The participants reached the decision that the letter needed to be submitted without delay,⁸¹ but they were not entirely pleased with the move. They were still frustrated and disappointed with the government's position that rejected direct contact with the Germans. Yaacov Robinson viewed submitting this second diplomatic note, in lieu of direct diplomatic interaction with Bonn, as "an attempt at lobbying" – an act not fitting for a sovereign country. Moreover, he feared the major powers would demand some form of political quid pro quo in exchange for their willingness to intervene on the reparations issue.⁸² Gershon Meron, director of the Economic Division, complained that "the position prohibiting us from direct contact with the Germans seems to me more and more illogical."⁸³ His colleague in the Ministry, Gershon Avner, asserted that "only by contact with the Germans is it possible today to gain anything concrete in this entire domain [compensation]."⁸⁴ Fueled by the prevailing mood, legal advisor Rosenne requested that Sharett examine whether it was possible to once more approach the cabinet with the proposal "to send an official delegation on behalf of the Israeli government to the German Government." This proposal, it was added in longhand in the margins, "was supported by almost all the department heads in the Ministry

⁸⁰ ISA, MFA 2417/1, M. Arnon to Y.H. Levin, February 14, 1951.

⁸¹ DEPI, Vol. 6, Document 75, Note 1.

⁸² ISA, MFA 2417/1, S. Rosenne to M. Sharett, February 23, 1951.

⁸³ ISA, MFA 2417/1, G. Meron to W. Eytan, February 25, 1951.

⁸⁴ ISA, MFA 2417/1, G. Avner to M. Sharett, February 26, 1951.

[of Foreign Affairs].”⁸⁵ But the odds that Sharett would act on the request in the prevailing political climate in Israel at the time were slim. Mapai’s coalition had encountered a crisis in the course of February, and its seceding factions had decided to hold elections.⁸⁶ It was hard to imagine the government taking such a sensitive step – contact with the Germans – with elections looming.⁸⁷

The position of those pushing for direct negotiations was bolstered significantly by a step taken at that time by the Social Democratic Party of Germany (Sozialdemokratische Partei Deutschlands) – the SPD. In late February 1951, the SPD put on the Bundestag’s agenda a proposal for legislation that would considerably expand the circle of those eligible for compensation due to Nazi persecution. It also moved to recognize Israel as the sole legal successor for all Jewish heirless property claims (in the FRG).⁸⁸ According to various reports, members of the Jewish Agency in West Germany and envoys in the Israeli consulate in Munich were consulted during the making of the proposed law.⁸⁹ This move by the SPD was an authentic expression of the party’s firm and long-standing support for the idea of making amends to the Jewish people. There was no political movement in the FRG so deeply committed to the idea of compensation as the SPD.⁹⁰ In the end, the Socialists’ proposal was not adopted by the Bundestag. Nonetheless, it left a deep impression on IMFA officials for two reasons. First of all, although the SPD was not at the helm, it was a significant political force in the FRG, having won a full third of the votes in the first elections for the Bundestag. Thus, the SPD’s position regarding compensation to Israel had serious weight among the public and in the political circles in Bonn.⁹¹ Secondly, the proposal was driven by ethical considerations, i.e. genuine recognition of the moral responsibility of Germany to compensate the Jewish people for the murderous campaign waged against them

⁸⁵ ISA, MFA 2417/1, S. Rosenne to M. Sharett, February 23, 1951.

⁸⁶ Korn and Shapira, *Coalition Politics in Israel*, 243–244.

⁸⁷ There were senior officials in the IMFA who believed such a move vis-à-vis Germany would not necessarily shake the public and deal a blow to the Mapai government. ISA, MFA 2417/1, G. Avner to M. Sharett, February 26, 1951.

⁸⁸ Shafir, *An Outstretched Hand*, 74–75; Albrecht, “Ein Wegbereiter,” 207.

⁸⁹ Jelinek, *Deutschland und Israel*, 94.

⁹⁰ Already in June 1947, one of the senior members of the party proposed granting compensation to Jews due to the horrors of the Holocaust and, in doing such, became the first political leader in Germany to make such a call. Herf, *Divided Memory*, 253. According to Erich Ollenhauer, who led the SPD in the years 1952–1963, one of the core objectives of the movement since its founding was “to secure just reparations for the Jews and to seek a reconciliation between Germany and Israel.” Ollenhauer, “German Social Democracy and Reparations,” 91.

⁹¹ Bark and Gress, *A History of West Germany*, 243.

by the Third Reich.⁹² This moral outlook was likewise manifest in other places in West Germany: in certain church groups, sections of the press, and in the labor unions.⁹³ From Israel's perspective, this was a significant development. It meant that, alongside Germany's utilitarian motive for rehabilitation (which Jerusalem saw as the decisive factor), there was perhaps another consideration, an ethical one, that might convince Bonn to reach an accommodation with Israel on the compensation issue.⁹⁴

In the meeting of the heads of the IMFA with Horowitz, it was decided to assign the latter, along with the political advisor of the IMFA, Leo Cohen, to the task of preparing the missive to the major powers on the subject of reparations.⁹⁵ Cohen was to write the historical part of the diplomatic communiqué and Horowitz was requested to take care of presenting the calculational aspects of the claim.⁹⁶ The two put the document together within a short time. It opened with a condensed but chilling overview of the unique nature of the Holocaust:

There is no record in history of such gigantic slaughter and rapine as that perpetrated by the German people against the Jews of Europe. In the course of a few years, entire communities, whose history went back over a millennium, were wiped out by a process of systematic extermination. Over six million Jews were done[sic. put] to death by torture, starvation, mass execution and asphyxiation; many of them were burnt and buried alive. Neither old nor young were spared. Children were torn from the arms of their mothers and flung into the furnaces. Old men and women were hunted down and sent to the death camps.⁹⁷

Following this passage came a lengthy excerpt from the verdict handed down against the heads of the Third Reich at the Nuremberg Trials, which contained a comprehensive description of the horrific war against the Jews.

It is thus the unique and unprecedented nature of the Holocaust that gave rise to Israel's claim for reparations. In direct connection to that, Israel stated in unequivocal terms that "a crime of such vast and fearful dimensions cannot be expiated by any measure of material reparation." After all, "no indemnity, however large, can make good the loss of human life and cultural values or atone for

⁹² The moral motive was not at all foreign to the SPD. Its leader (during the years 1946–1952), Kurt Schumacher, had presented this motive at length in a speech he gave in 1948. Grossmann, *Germany and Israel*, 5.

⁹³ Jelinek, "Political Acumen," 90.

⁹⁴ ISA, MFA 2417/1, S. Rosenne to M. Sharett, February 26, 1951; ISA, MFA 2417/1, G. Avner to M. Sharett, February 26, 1951.

⁹⁵ Horowitz, *In the Heart of Events*, 81.

⁹⁶ Shinnar, *Out of Necessity and Feelings*, 16–17.

⁹⁷ AIG, Document 5, Israel Note of 12 March 1951 to the Four Occupying Powers Concerning Reparations.

the suffering and agonies of the men, women and children put to death by every inhuman device.” For this reason, the payment of reparations would not in any way constitute moral rectification that would cleanse the German people of their appalling sins. It would be a purely economic and practical transaction with the goal of restituting looted Jewish property and assisting in the rehabilitation of hundreds of thousands of survivors.

In the second part of the document Israel sought to explain why it was entitled to claim reparations from Germany in the name of the Jewish people and Holocaust victims. It suggested three reasons for this, the same reasons that were raised in the summer of 1950 in the opinions penned by van Dam and the IMFA: 1. “Israel is the only state which can speak on behalf of the Jewish people [since it . . .] has been built up for the specific purposes of providing a refuge for all persecuted and homeless Jews”; 2. “In the war against Nazi Germany Israel’s sons and daughters fought in national formations among the allied forces”; 3. “In the absorption and rehabilitation of these [Holocaust] survivors Israel has from the start played a major part.”

The claim amount was discussed in the closing section of the missive.⁹⁸ The compensation, it argued, “must be related, on the one hand, to the losses suffered by the Jewish people at the hands of the Germans.” For the purpose of the claim, these losses were expressed in the form of Jewish property “seized by the Nazis in Germany and other European countries that fell under their sway,” whose sum value was estimated at six billion USD. It was clarified in a footnote to the communiqué that the figure was taken from the 1944 study conducted by Nechemiah Robinson,⁹⁹ noting that this was the “conservative estimate.”

If so, the State of Israel sought to rest its claim to reparations on, among other, the sum total of Jewish assets in Germany (both the FRG and the GDR) and the seventeen European countries overrun by the Nazis in the course of the war or were allied with Nazi Germany, including both heirless property and the property of survivors. In essence, this approach was based on the concept of collective reparations conceived by Adler-Rudel in his January 1950 memorandum, which was then modified by IMFA officials in the consultation that took place in Rosenne’s office at the outset of August 1950. However, the reparations letter introduced two new elements

⁹⁸ The scope of reparations was a subject that occupied Jewish personalities and Israeli officials very much at the time. BGA, GCD, Report of Conversation between Lord Henderson and Alexander Easterman, January 11, 1951; ISA, MFA 2417/1, G. Meron to W. Eytan, February 25, 1951; CZA, S61/321, Claims against the Former Reich, March 9, 1951.

⁹⁹ Sharett and Leo Cohen confirmed this matter on various occasions. ISA, 7562/8 A, Meeting of the Foreign Affairs and Defense Committee, March 13, 1951, 4; ISA, MFA 1782/6, Re: The Problem of Shilumim from Germany, August 6, 1951.

that ran contrary to the internal position paper formulated in Rosenne's office and, more importantly, were out of line with the formal diplomatic note of January 16, 1951 to the four powers.

The latter two documents stated that the claim for reparations would be based on all Jewish assets in the seventeen European countries (as well as the GDR) – assets of both those who had perished and those who had survived, but it would not include the Jewish property in West Germany. After all, in the summer of 1948, the FRG had begun a comprehensive process of restituting Jewish property to survivors and successor organizations. In other words, it was irrational to claim reparations on property that was already under litigation for restitution. Furthermore, the two documents explicitly specified that the collective reparations would also be founded on indemnification. By relying on the figure in Robinson's data, which related solely to Jewish property, Israel was now saying in the new diplomatic note that it did not intend to include the indemnification category in its reparations claim. Moreover, reliance on Robinson's data contained a significant drawback: Robinson had not included the property of Jews in the USSR in his study. There was no logic to this omission, considering that on the eve of the war the USSR had a huge Jewish population of three million. Over a third were exterminated, leaving their property without successors, and the hundreds of thousands who survived became refugees, many of them losing their property as well.¹⁰⁰

It is unclear why Horowitz and Cohen did not base the reparations claim on the foundations set down by the IMFA and reflected in the January 1951 missive, and why their version of the claim failed to include the vast assets of victims of Nazi persecution in the USSR. One can only assume that this was an oversight: the two had not been intimately involved in the compensation issue and perhaps were unaware of the shortcomings of the data they employed. In the relatively rushed effort to pen the diplomatic note, the two either had insufficient time, or they simply had not done a thorough enough job of filling in the gaps.

Another matter that engenders puzzlement is the statement that Nazi Germany had looted its Jewish citizens, as well as Jewish property in the seventeen other European countries under its control. Israel cautioned that it was out of the question that the Germans should continue "to enjoy the fruits of the carnage and plunder perpetrated by their erstwhile leaders," a modern version of the biblical reproach "hast thou killed, and also taken possession?"¹⁰¹ This expression surfaced often in public discourse, employed by Israeli figures who sided with opening direct negotiations

¹⁰⁰ Dawidowicz, *The War against the Jews*, 397–401.

¹⁰¹ 1 Kings 21:19.

with the Federal Republic on the subject of reparations. However, the argument is not entirely accurate, and therefore the use of the biblical admonishment is misplaced. Nazi Germany indeed plundered its Jewish citizens, but as already noted, the FRG had begun to return the taken “possessions” (within its borders). As for the Jewish property in the seventeen other European countries, German forces had looted a considerable amount of it (mostly movable assets: furniture, clothes, textiles, art works and other cultural objects, jewelry, and liquid capital). Some property items were stolen by highly-placed Germans, some exploited to fund German occupying forces, others sold to the local population or turned over to collaborators, and a portion was sent to Germany proper.¹⁰² However, the overwhelming majority of Jewish property in these countries was seized in the course of the war and its aftermath by local governments (and at times by local populations themselves) – not by the Germans. Therefore, factually speaking, it was inaccurate to view Germany as having “taken possession” of *all* Jewish property on the European continent.

As noted, the amount of the claim related “on the one hand” to the sum total of looted Jewish property – six billion USD. “On the other [hand]” this claim related, so the Israeli missive clarified, to “the financial cost involved in the rehabilitation in Israel of those who [had] escaped or survived the Nazi regime,” who numbered about half a million persons. Apparently, Israel estimated that the cost of rehabilitating a single survivor is about 3000 USD and accordingly its claim for reparations from the two Germanies was set at a sum of 1.5 billion USD.

Hence, the sum of the reparations that the State of Israel claimed from the German people was based on a combination of historical-economic factor (as molded by Adler-Rudel and the IMFA) – the property lost by the Jewish people in Europe during the Holocaust, and the current-economic factor (the fruit of Horowitz’s conception) – the rehabilitation of hundreds of thousands of Holocaust survivors in Israel. In accordance with Horowitz’s view, the actual amount of the claim corresponded directly to the second factor, the economic-contemporary, while the first factor, the historical-economic, served as a background or a secondary element.

¹⁰² Two of the most notorious manifestations of the pillage of Jewish property outside of Germany by the Nazis were the Rosenberg Taskforce, established specifically to loot Jewish art collections, and Operation Reinhard, a codename for the Nazi plan to murder the approximately two million Jews residing in the so-called Generalgouvernement, where gold and other valuables of the victims were systematically seized by the Germans. Gutman, *Encyclopedia of the Holocaust*, “Einsatzstab Rosenberg,” 439–441; Gutman, *Encyclopedia of the Holocaust*, “Aktion Reinhard,” 14–18; Arad, “Rosenberg Taskforce.” In late 1951, Jewish organizations estimated that the value of Jewish property looted outside of Germany and shipped to the Reich was in the vicinity of 400 million USD. ISA, MFA 2543/7, S. Kagan to B. Ferencz, December 14, 1951; CZA, Z6/1022, Estimate of Expenditures Required to Meet the Conference Demands, January 14, 1952.

It is worth emphasizing that even if Israel were to decide to base its reparations claim solely on the stolen Jewish property, amounting to six billion USD, it would not demand reparations of that scope from Germany. There were two reasons for this: first of all, the major powers themselves would have rejected such a huge compensation sum, which would have been a blow to the economies of both Germanies. Secondly, any attempt by Israel to claim the sole right to the property of all Jewish victims of the Nazis would have caused a clash with the Jews in the Diaspora, particularly American Jewry. The large Jewish organizations certainly would not have accepted the notion that Israel – a country where barely one tenth of the Jewish population in the world resided and where less than a quarter of the survivors had chosen to make their homes – would take all the Jewish property that had been looted during the Holocaust for itself.¹⁰³

In the following months, IMFA officials clarified in internal correspondence that the sum of the claim was divided so that the FRG would pay two thirds – a billion USD, while the GDR would pay the remaining third – half a billion USD.¹⁰⁴ This apportionment reflected the demographic-territorial ratio between the two Germanies: the FRG comprised 69.5 percent of the territory of the divided Germany and contained 73.2 percent of the population.¹⁰⁵

Jerusalem expected the four occupying powers to accept the relatively modest claim. They were charged with the duty of clarifying to the Bonn and Berlin governments that there would not be any progress “to the rehabilitation of Germany among the community of nations” until the issue of reparations was settled. Furthermore, “no [international] settlement [on the matter] of German reparations,” Israel claimed, “can be regarded as equitable on moral or legal grounds which would not meet this minimum claim on behalf of the major sufferers of the Nazi regime.”¹⁰⁶

The wording of the letter was shared with parties connected with the issue; however, it turned out that not everyone was happy with its contents. Adler-Rudel, for instance, claimed that legal aspects of the compensation claim “do not appear strong or convincing enough.”¹⁰⁷ Similar criticism was voiced by legal advisor Rosenne. He also argued that Israel would need to accompany the presentation of the diplomatic missive to the powers with a concurrent international publicity

103 ISA, 7562/8 A, Meeting of the Foreign Affairs and Defense Committee, March 13, 1951, 15–16; KA, Meeting of the Finance Committee, May 14, 1951, 12.

104 ISA, MFA 2417/3, F. Shinnar to E. Livneh, December 25, 1951.

105 Timm, *Jewish Claims against East Germany*, 84.

106 AIG, Document 5, Israel Note of 12 March 1951 to the Four Occupying Powers Concerning Reparations.

107 BGA, GCD, S. Adler-Rudel to D. Horowitz and L. Cohen, March 4, 1951.

campaign to garner support for its claim.¹⁰⁸ Adler-Rudel and Rosenne's position regarding the legal facet was quite odd. They themselves had been the most vocal champions of the IMFA's assessment that there was no legal foundation for a claim for reparations and that the claim must rest primarily on moral-political grounds.

Among the heads of the IMFA, the proposal to embark on a publicity campaign was agreed upon. They had arrived at the conclusion that Israel must take immediate and vigorous action to mobilize Jewish public opinion in the West, "so that it can assist in the success of the [reparations] letter through [public] declarations, open letters and so forth."¹⁰⁹ Such a campaign, it was agreed, would eschew the USSR (and its satellites) since "Jewish public opinion cannot manifest itself there, [and] there is no possibility of influencing the press."¹¹⁰ Accordingly, Israeli envoys turned to leaders of Jewish organizations in the Western countries, informing them of the reparations letter and asking them to publically demonstrate their support for the move.¹¹¹ Naturally, most of the effort was invested in American Jewish organizations.¹¹²

On March 12, 1951, Israel's diplomatic note on the subject of reparations was submitted to the representatives of the four powers.¹¹³ The Israeli envoys were told to underscore to the recipients the "status of the State of Israel as the faithful representative of the Jewish people in the matter of reparations."¹¹⁴ This message was also transmitted to leading Jewish organizations in the world. Israel, they were told, is the only appropriate agent for claiming reparations. At the same time, and in direct connection to the abovementioned steps, representatives of the Israeli government convened a meeting with the heads of the Jewish Agency on the compensation issue. The discussants agreed to divide up the work henceforth in a way that would entrench this perspective: Israel would deal with the reparations category of compensation, while the Jewish organizations around the world would handle restitution and indemnification.¹¹⁵

108 ISA, MFA 2417/1, S. Rosenne to Y. Robinson, March 6, 1951.

109 ISA, MFA 344/15, Information for Israeli Missions Abroad, March 7, 1951.

110 ISA, 7562/8 A, Meeting of the Foreign Affairs and Defense Committee, March 13, 1951, 4.

111 See for example: ISA, MFA 2417/2, Our Claim for Reparations from Germany, March 22, 1951.

112 ISA, MFA 344/17, List of the Jewish Organizations to whom Note and Letter was sent Last Week, Without Date; ISA, MFA 344/17, A. Eban to I. Goldstein, March 9, 1951.

113 The letters were forwarded to Washington, London and Paris, and the Soviet legation in Tel Aviv. DEPI, Vol. 6, Editorial Note, Israel Note to the Major Powers Regarding Reparations from Germany, 162.

114 ISA, MFA 2417/1, W. Eytan to A. Eban, E. Elath, M. Fischer and Z. Argaman, March 5, 1951.

115 CZA, S43/240, Summary of the Meeting on Restitution of Jewish Property from Germany that took place on Monday, March 12, 1951; BGA, GCD, Memorandum, March 28, 1951.

The demand that the State of Israel be the only entity representing the Jewish people in a claim for reparations was not new. It had already been raised by van Dam and IMFA officials in the summer of 1950 when they first discussed reparations. However, they had not clarified the final destination of the funds resulting from the claim: would they be directed for the benefit of the Jewish people as a whole, wherever they resided, or channeled to the State of Israel alone? One can surmise, in light of the prevailing Zionist outlook, that the IMFA hoped the reparations money would flow primarily or even solely into the Jewish state. At Horowitz's initiative, this deep-seated but unvoiced hope became the formal Israeli position at the outset of 1951, fueled by his view that the reparations funds were the last hope, the only lifeline left for the collapsing Israeli economy. Thus, in the diplomatic note, it was stated that the 1.5 billion USD in compensation was earmarked for the rehabilitation of the half a million survivors living in the State of Israel.

This selfish approach had an internal logic from an Israeli viewpoint. Had the Israeli reparations claim included Diaspora Jews as well, an additional sum would have been demanded for the rehabilitation of survivors living outside of Israel and the two Germanies would have faced a Jewish-Israeli claim of enormous magnitude. It is most probable that the FRG and the GDR, as well as the four powers, would have rejected it out of hand. At best, they would have been prepared to give a much smaller sum than the one demanded, and Israel would then have been forced to share it with the Jewish organizations. Either way, Israel would come out of this scenario badly bruised from an economic standpoint.

The message transmitted to the Jewish organizations and the agreement reached with the Jewish Agency, in parallel with the delivery of the diplomatic letter, had one objective: to prevent the Jewish organizations from submitting a second reparations claim. The possibility of such a development existed after it became clear to Jews in the Diaspora that the Israeli claim only applied to Israel. Israel knew that two concurrent claims would generate the same exact problem as one gigantic Jewish-Israeli claim. In addition, this turn of events was liable to set in motion intense and devastating competition between Israel and the Jewish organizations, with each side seeking to advance its own claim, thus undermining the chances of the "rival" side to realize its claim. The upshot would be a deterioration of Israel-Diaspora relations, the last thing Israel needed considering it was receiving tremendous amounts of help from Western Jewry, particularly in the economic domain.

From this point forward, the prevention of a second reparations claim became the official position of the State of Israel, voiced emphatically and repeatedly up until March 1952, when negotiations opened on the compensation question. As far as Israel was concerned, only after the Zionist state's claim was satisfied and

compensation was forthcoming could world Jewry submit a second reparations claim (for the benefit of Jewish survivors in the Diaspora).

On March 13, 1951, Foreign Minister Sharett made a special announcement before the Knesset, in which he read the contents of the diplomatic note on the subject of reparations to the plenum.¹¹⁶ The dramatic step taken by the government was received both with understanding and favor by the political system. The Knesset gave its consent for an attempt to obtain compensation from Germany while preserving the principle of the boycott. Nevertheless, certain circles – political and other – expressed some reservations. There were those who argued that the government’s handling of the compensation question from Germany was too slow and that Israel might have “missed the boat.”¹¹⁷ Another reservation expressed by critics concerned the decision to claim only a quarter of the looted Jewish property. In the Knesset Defense and Foreign Affairs Committee, no less than five committee members – from the coalition and the opposition – raised the issue for discussion.¹¹⁸ The press as well addressed this matter while presenting harsh criticism.¹¹⁹ The center-right opposition parties pounced on the government’s seeming readiness to accept the return of the two Germanies to the family of nations. From the rostrum, speaking before the Knesset plenum, Herut Movement leader Menachem Begin cried out: “how can we [hope to] educate the gentile world and [our] Hebrew youth to ‘never forget – never forgive?’”¹²⁰ Comparable things were heard from General Zionists quarters.¹²¹ In the same context, although with different emphases, representatives of the opposition left-wing parties – Socialist-oriented Mapam and Israel’s Communist party, Maki – warned the government not to be seduced into direct contact with the Bonn government on the reparations question. Their Socialist/Marxist outlook and allegiance to Moscow guided them not to raise a similar alarm vis-à-vis the Communist government in Berlin.¹²²

However, these warnings were to no avail. It would become more and more apparent over the following weeks that the March 12 missive was but a prologue to the far more dramatic development of establishing direct high-echelon ties between Jerusalem and Bonn on the reparations issue.

116 KM, Vol. 8, March 13, 1951, 1320–1323.

117 KM, Vol. 8, March 26, 1951, 1439; *Ha-Modia*, March 14, 1951; *Ha-Tzofeh*, March 14, 1951; *Ha’aretz*, March 14, 1951; *Ma’ariv*, March 13, 1951.

118 ISA, 7562/8 A, Meeting of the Foreign Affairs and Defense Committee, March 13, 1951, 6–16.

119 *Ha’aretz*, March 14, 1951; *Davar*, March 14, 1951; *Herut*, March 14, 1951.

120 KM, Vol. 8, April 2, 1951, 1547–1549.

121 KM, Vol. 8, April 2, 1951, 1559–1560.

122 ISA, 7562/8 A, Meeting of the Foreign Affairs and Defense Committee, March 13, 1951, 10; KM, Vol. 8, April 2, 1951, 1554–1555, 1558–1559; *Al Ha-Mishmar*, March 15, 1951.

Israel Note of 12 March, 1951, to the four Occupying Powers
concerning reparations¹

THE MINISTER OF ISRAEL in London presents his compliments to..... and, under instructions from the Government of Israel, has the honour to submit the following communication on the question of Israel's claim against Germany.

2. In the Note which the Minister of Israel had the honour to address to..... on January 16th² he stated that the Government of Israel reserved to itself the right to deal in a separate Note with such claims in respect of Jewish losses for which Germany must be held accountable as did not fall within the scope of the existing laws providing for individual restitution and indemnification. It is proposed in the present Note to state the basis and nature of these claims and submit proposals for their satisfaction.

3. The case of the Jewish people against Germany is without precedent. There is no record in history of such gigantic slaughter and rapine as that perpetrated by the German people against the Jews of Europe. In the course of a few years entire communities, whose history went back over a millenium, were wiped out by a process of systematic extermination. Over six million Jews were done to death by torture, starvation, mass execution and asphyxiation; many of them were burnt and buried alive. Neither old nor young were spared. Children were torn from the arms of their mothers and flung into the furnaces. Old men and women were hunted down and sent to the death camps. In Poland and the occupied zone of Russia alone, over four million Jews perished. From Germany itself and from every part of Europe which fell under German domination — from Norway, Denmark, Belgium, France, Italy, Greece, Bulgaria, Yugoslavia, Rumania, Hungary, Poland, Czechoslovakia and Austria — trainloads of Jews were sent month after month to the extermination centres. Their destruction forms one of the most harrowing stories in the annals of the human race.

4. Murder was accompanied by robbery on a vast scale. According to conservative estimates,* Jewish property to the value of over six billion dollars was seized by the Nazis in Germany and the other European countries that fell under their sway. This includes a collective fine of one million marks imposed on the Jews of Germany in the wake of the Government-organized program of November, 1938.

5. This colossal campaign of genocide and spoliation represented the climax of a process of persecution which began on the day when the National-Socialist Government came into power. The Judgment in the Nuremberg Trial of German Major War Criminals described it as "a record of consistent and systematic inhumanity on the greatest scale". The following extracts from the Judgment may serve to illustrate the progress of Jewish persecution from the establishment of the Nazi régime until the end of World War II.

Figure 3.1: Israel's reparations letter. March 12, 1952 (first page). (AIG, Document 5).

Chapter 4

From Bonn to Jerusalem and Back, March–July 1951

The Israeli diplomatic missive on the subject of reparations dramatically propelled this issue forward, yet not in the destinations of the communiqué – Washington, London, Paris and Moscow – but in Bonn, of all places. On March 12, the day the note was sent to the four powers, the Associated Press published a synopsis of its content. The FRG's Minister of Justice, Thomas Dehler, immediately contacted Karl Marx, the editor-in-chief of the bulletin of the Jewish community in West Germany, who had good connections in high places in Jerusalem and in Bonn, to ask for his opinion on the Israeli maneuver. Dehler surmised that the Bonn government would address the momentous news in its weekly cabinet meeting, scheduled to take place two days later. A few hours later, Marx sent Dehler a written message with a recommendation that the West German government respond positively to the Israeli claim.

On the eve of March 14, Dehler contacted Marx and informed him that the cabinet had discussed the diplomatic note and decided to accept the claim of reparations as a basis for Israeli-German negotiations. The Israeli demand that the Jewish state be viewed as the only representative of the Jewish people when it came to reparations was acceptable to the German government. Bonn had feared the possibility of arriving at a compensation settlement with Jerusalem only to face additional reparations claims from Jewish organizations around the world. This concern was not unfounded. The IMFA had received various reports that representatives of Jewish organizations had begun approaching officials in the West German administration requesting to discuss the question of reparations.¹ Bonn proposed, in this context, that some sort of Jewish claims conference, similar to the JRSO, be established, with Israel at the helm.² At the end of the conversation, Dehler reported to Marx that Chancellor Adenauer was prepared to meet with a formal Israeli envoy, from the end of March forward, with the objective of discussing all aspects of the negotiations.³

Marx immediately updated the IMFA of this unexpected development.⁴ Confirmation of the German initiative also arrived from Consul Livneh. In a conversation

1 ISA, MFA 1812/12, L. Cohen to M. Fischer, April 6, 1951.

2 ISA, MFA 2417/2, Note on a Conversation with Mr. Karl Marx, March 20, 1951.

3 ISA, MFA 2543/4, [Without Title], April 4, 1951.

4 CZA, S43/240, Re: Our Claim for Shilumim toward Germany, March 18, 1951.

that took place on March 14, Jakob Altmaier, a Jewish member of the Bundestag, told Livneh that Chancellor Adenauer had approached him earlier that day and requested that he arrange a meeting with a senior representative of the Israeli government for a preliminary inquiry into the Israeli reparations claim.⁵

On April 6, the IMFA's West European Division director, Gershon Avner, sent a confidential message to Israel's minister to Paris, Maurice Fischer, saying that "the government [in Jerusalem] has decided to accept the secret initiative of the Bonn government."⁶ The use of the word "government" here was erroneous. Protocols of the Israeli cabinet meetings that took place between March 14 and April 6 reveal that the German initiative was not even discussed. It appears that the two men in charge – Prime Minister Ben-Gurion and Minister of Foreign Affairs Sharett – made the decision to respond positively to the Chancellor's invitation on their own; the other ministers were not party to this dramatic decision.⁷

It is understandable, from the perspective of the two leaders, why they should choose to keep the rest of the cabinet in the dark. Only three months earlier, the cabinet, by a majority vote, had thwarted the IMFA's proposal to send an Israeli delegation to Bonn with the aim of discussing the compensation issue with the German government. One can safely assume that the same majority would have opposed the Chancellor's invitation as well. Moreover, such a drastic step – an official meeting between a senior representative of the Israeli government and a German head of state – required utmost confidentiality.⁸ Sharing this information with a wider circle, even with those who supported such a meeting, was liable to lead to its leaking out, which would undoubtedly generate a full-blown storm in the political system and among the public. In this scenario, the diplomatic initiative would be nipped in the bud, before there was even a chance to determine whether it held any substance. Besides, with elections looming on the horizon, a scandal of this magnitude was hardly in the interest of the ruling Mapai party.

As already noted, the majority of the cabinet was of the opinion that material compensation, including reparations, should be obtained solely through a written appeal to the major powers. This position had been imposed on Ben-Gurion and Sharett, leading to the diplomatic letters of January 16 and March 12. This time, however, the two leaders decided to ignore the cabinet's position and pursue the course of action they favored from the start – direct contact between Jerusalem and Bonn.

⁵ ISA, MFA 2543/2, E. Livneh to West European Division, March 14, 1951.

⁶ DEPI, Vol. 6, Document 109, G. Avner to M. Fischer, April 6, 1951.

⁷ Fischer claimed that Minister of Finance Kaplan was also party to the secret. Horowitz, *In the Heart of Events*, 86.

⁸ In his April 6 letter to Fischer, Avner underscored repeatedly that the move taking form must be kept absolutely "confidential."

What motivated them to do so? The answer resides in the unique diplomatic conjuncture that emerged in the context of the material compensation question. In keeping with the assessment already established by the IMFA, Ben-Gurion and Sharett found it hard to believe that the Western powers would take steps to promote the compensation issue, certainly not with the full clout at their disposal. Between January and April 1951, a series of indications emerged that corroborated this estimate. To Ben-Gurion and Sharett, therefore, the position of their cabinet colleagues in favor of relying on the major powers seemed, more than ever, entirely at odds with reality. At the same time, the two statesmen would not have dared to pursue the German route without receiving a genuine and clear signal from the Chancellor attesting to his intention of advancing the compensation issue. Such a signal came in mid-March. These two developments closed the diplomatic circuit and enticed the Prime Minister and the Minister of Foreign Affairs to reply to Chancellor Adenauer's invitation in the affirmative.

The refusal of the Western powers to intervene in the compensation issue and shepherd it forward was apparent in their response to the Israeli diplomatic note of January 16. Already in the course of a conversation following the submission of the note by the Israeli ambassador, the director of the Bureau of German Affairs in the State Department, Henry Byroade, signaled that most of the Israeli demands in the note just hand-delivered by Eban were in for a cold reception. The Western powers, he told the Israeli envoy, would find it difficult to continue to hold juridical authority over the compensation issue in their hands; the idea of the Haavarah was not feasible; and restitution of property was proceeding well in the American zone and thus there was absolutely no need to accelerate it.⁹ Other American officials reiterated the last argument in talks they had with Eban during the month of February.¹⁰ To further clarify his message, in his discussion with the Israeli Ambassador, Byroade had said that "it would appear that only direct [Israeli] contact in Germany can help." In other words, Israel should not anticipate assistance from the major Western powers on the matter of compensation.¹¹ Considering this attitude, it is not surprising that the British Embassy in Washington reported to the Foreign Office in London that the Americans would reply positively only to a small portion of the Israeli demands listed in the compensation note.¹²

9 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/1-1651, Israel's Claims against Germany, January 16, 1951.

10 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/2-2851, Restitution and Reparations Claims of Israel, February 28, 1951.

11 DEPI, Vol. 6, Editorial Note, Transmission of Reparations Note to the Four Powers, 35.

12 UKNA, FO 371/93514, J. H. Penson to A. H. Lincoln, February 1, 1951.

The official replies of the three Western powers arrived at the end of March: Britain submitted its response letter on March 20,¹³ the United States on March 21,¹⁴ and France on March 24.¹⁵ The three missives presented an identical stance, and one can assume the answers were pre-coordinated. All five claims were rejected, one after the other. The replies caused much frustration in Jerusalem. One IMFA official lamented over the huge disparity between the positions of Jerusalem and Washington on the subject of restitution.¹⁶ Another said the attitude of the Western powers regarding compensation was “particularly disappointing.”¹⁷ It should be noted parenthetically, for the record, that the reply of the major powers set in motion a short diplomatic exchange between them and Israel on the issues of restitution and indemnification, which ended up going nowhere.¹⁸

From late March, signs began to emerge indicating that the negative attitude the powers had displayed with regard to the first compensation note of January 16 also applied to the second diplomatic note of March 12 on the reparations issue. Three weeks after submission of this note, when Israeli envoys in Washington attempted to query State Department officials on whether Washington had begun to formulate its position on the matter, they encountered evasive answers. The Israelis, who had hoped to glean hints of encouragement, were sorely disappointed.¹⁹ At the same time, Jerusalem received a report that one of Secretary of State Dean

13 AIG, Document 7, United Kingdom Note of 20 March 1951 in Reply to Israel Note of 16 January 1951 Concerning Restitution and Indemnification.

14 AIG, Document 8, United States Note of 21 March 1951 in Reply to Israel Note of 16 January 1951 Concerning Restitution and Indemnification.

15 AIG, Document 9, Note from France of 24 March 1951 in Reply to Israel Note of 16 January 1951 Concerning Restitution and Indemnification.

16 ISA, MFA 2417/2, M. Comay to E. Elath, April 3, 1951.

17 ISA, MFA 1850/3, Guidelines for a Reply Note to the Notes of the Three Western Powers Regarding Israeli Inhabitants' Claims against Germany, Without Date.

18 See: AIG, Document 26, Israel Note in Reply to United Kingdom Note of 20 March 1951, and Notes from the United States and France of 21 March 1951, Concerning Restitution and Indemnification, in view of the Replacement of the Occupation Statute by Contractual Arrangements; AIG, Document 33, United Kingdom Note of 9 April 1952 in Reply to Israel Note of 5 March 1951, Concerning Restitution and Indemnification, in view of the Replacement of the Occupation Statute by Contractual Arrangements; AIG, Document 34, United States Note of 10 April 1952 in Reply to Israel Note of 25 March 1951, Concerning Restitution and Indemnification, in view of the Replacement of the Occupation Statute by Contractual Arrangements; AIG, Document 35, France Note of 10 April 1952 in Reply to Israel Note of 17 March 1951, Concerning Restitution and Indemnification, in view of the Replacement of the Occupation Statute by Contractual Arrangements; ISA, MFA 358/18, E. Livneh to J. McCloy, May 7, 1952.

19 ISA, MFA 2417/2, E. Herlitz to the Ministry of Foreign Affairs, March 30, 1951; FRUS, Vol. V, 627, Memorandum of Conversation, by the Assistant Secretary of State for Near Eastern, South Asian and African Affairs, April 6, 1951.

Acheson's advisors had declared that "there is no desire on the part of anyone in Washington to reopen the whole reparations issue," in reference to war reparations from Germany.²⁰ Other reports indicated that the three Western powers planned to coordinate their answers to the Israeli diplomatic note. "That would be very bad, for the lowest common denominator of the three is obviously a big NO," said Leo Cohen. The attitude of the British and the Americans toward the reparations claim, added Cohen, with noticeable discouragement, "is not particularly helpful."²¹ Gershon Avner expressed a similar opinion when he wrote to Livneh that the three powers believed the implementation of the Israeli reparations claim was most likely unfeasible.²²

This Israeli premonition, taking shape during March–April, that the Western powers were negatively disposed to the reparations claim was anchored in reality. Prevailing opinion in Washington and in London at the time was that they should refrain from intervening on behalf of Israel when it came to the matter of reparations. The Jewish state, stated a British official in conversation with the British Under-Secretary of State for Foreign Affairs, Lord William Henderson, could not claim reparations from the FRG, since Israel was not yet in existence during World War II. And it certainly could not speak on behalf of all the Jews in the world, who were citizens of various different countries.²³ Another British official claimed the West German economy was not in a position that would allow it to satisfy a large compensation claim, now or in the foreseeable future.²⁴ In Washington, a senior official in the State Department dealing with German affairs stated that, in his opinion, the chances that the three major powers would support an Israeli reparations claim were slim.²⁵ Byroade's deputy, Jeffrey Lewis, said in a March 24 meeting with diplomats from the British Embassy in Washington that the United States' reply to the Israeli reparations letter would be "sympathetic but negative."²⁶ This meeting took place a week before Lewis would tell an Israeli diplomat that Washington had not yet contacted London or Paris regarding the reparations claim.²⁷

²⁰ ISA, MFA 2417/2, The Israel Consulate in Munich to the Ministry of Foreign Affairs, April 18, 1951.

²¹ ISA, MFA 1812/12, L. Cohen to M. Fischer, April 6, 1951 (emphasis in the original).

²² ISA, MFA 2543/4, G. Avner to E. Livneh, April 15, 1951.

²³ UKNA, FO 371/93515, W. D. Allen to Lord Henderson, March 10, 1951.

²⁴ UKNA, FO 371/93515, R. S. Crawford to J. L. Simpson, April 9, 1951.

²⁵ USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/3-1951, Israeli Note Concerning Reparations Claims against Germany, March 19, 1951.

²⁶ UKNA, FO 371/93515, I. F. Porter to W. D. Allen, March 26, 1951.

²⁷ ISA, MFA 2417/2, E. Herlitz to the Ministry of Foreign Affairs, March 30, 1951.

Meanwhile, Israel was looking to promote the various compensation claims at a summit meeting of the four major powers, where they were scheduled to discuss the future of Germany. Eban wrote to Byroade in early March that Israel hoped the issues of restitution, indemnification, and reparations would be included in the summit's agenda.²⁸ Byroade replied only in late March, saying this would not be possible, among other reasons, because the major powers planned to discuss only general matters concerning Germany's future.²⁹ As far as Israel was concerned, this response constituted yet another stinging indication of the Western powers' lack of desire to acquiesce to Israel's requests regarding the compensation issue.

This state of affairs led Sharett to conclude that "in light of the lack of any assurance of a positive response by the major powers [to the reparations claim], we thought it inadvisable to reject Bonn should it approach us."³⁰ And it was thus that the diplomatic circumstances – the Western powers' negative stance coupled with Adenauer's overture – led Israel's two leading statesmen to respond positively to the German initiative.

At the same time, there were two background factors that contributed to this decision. The first and most important of the two was the catastrophic state of the Israeli economy, which urgently required a substantial influx of capital (in the form of reparations). The second factor was the rehabilitation process. Reports of the rapid pace of West Germany's rehabilitation were virtually pouring into Jerusalem. In a discussion held by World Jewish Congress official Alexander Easterman with Lord Henderson on January 11, 1951, the latter surmised that the Western powers were "at the penultimate stage" of fully recognizing West Germany as an independent and sovereign state.³¹ Gideon Rafael, the Israeli delegation's advisor at the United Nations, warned Eban of Washington's overly positive attitude toward "the revival of [West] Germany," concluding that "on the subject of [West] Germany, Israel's political position is diametrically opposed to the United States' inclinations."³²

The German rehabilitation campaign reached a significant milestone on March 6, 1951, when the HICOG announced changes in the occupation statute. This was a genuine revolution in the status of West Germany: the FRG was granted almost complete

28 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/3-651, H. Byroade to the Secretary, March 16, 1951.

29 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/3-651, H. Byroade to A. Eban, March 26, 1951.

30 DEPI, Vol. 6, Document 114, M. Sharett to the Israel Embassy in Washington, April 8, 1951.

31 BGA, GCD, Report of Conversation between Lord Henderson and Alexander Easterman, January 11, 1951.

32 ISA, MFA 344/17, G. Rafael to A. Eban, February 19, 1951.

independence when it came to internal affairs and, in terms of foreign affairs, the change likewise signaled the lifting of multiple limitations – among other things, West Germany was permitted to establish a foreign ministry headed by Chancellor Adenauer (which it did on March 15).³³ Parallel to these steps, and in direct correlation with them, the FRG was invited to join five other Western European countries to form a new and highly influential economic-political organization – the European Coal and Steel Community.³⁴ The only bright spot from an Israeli-Jewish perspective was the powers’ decision to continue to hold, for the time being, supreme judicial authority over the issue of restitution.³⁵

The “rehabilitation train” continued to barrel down the tracks at full throttle even after modification of the occupation statute. Back in December 1950, the three Western powers had decided to start searching for an alternative footing on which to base relations between themselves and the FRG, one that would replace the occupation statute. In essence, they were seeking to complete the process of restoring West Germany’s independence. An intergovernmental study group, made up of representatives from the three Western powers, was formed in London with the aim of drawing up proposals for a Contractual Agreement between the Western powers and the FRG. In May 1951 the study group submitted its conclusions to the three governments,³⁶ conclusions that would then serve as the foundation for discussions between them and the Bonn government. The Jewish world followed these developments with trepidation, and in April senior officials in the JRSO rushed to Washington to learn about the recommendations of the study group.³⁷

In the meantime, the campaign to rehabilitate the FRG transgressed the confines of the western arena. In the spring-summer of 1951, West Germany was accepted as a member of a string of international institutions, including the World Health Organization, the International Labor Organization, and UNESCO.³⁸

It appeared that there was no longer any place for “Germany’s rehabilitation” to be a factor within the framework of Israel’s considerations. The process of the FRG’s full return to the family of nations, first and foremost as a legitimate member of the Western bloc, seemed literally on the cusp of consummation. Bonn did not have to make any gestures to the Jews (in terms of material compensation) to pave its way toward political independence. Despite this, Foreign Minister Sharett believed that Bonn would still be interested in placating the Jews, particularly at

³³ Grosser, *Germany in Our Time*, 294.

³⁴ Schumacher, “From Occupation to Alliance,” 91.

³⁵ ISA, MFA 43/10, Re: Germany – Compensation, November 28, 1951.

³⁶ ISA, MFA 181/1, E. Nathan to Israel Legation in Paris, November 25, 1951.

³⁷ ISA, MFA 2543/4, E. Livneh to the Ministry of Foreign Affairs, May 9, 1951.

³⁸ ISA, MFA 1809/4, Jewry and Germany: A Survey of Developments, 1949–1952, March 1952.

this juncture, with its rehabilitation almost complete, in order to remove any possible impediment that might stand in its path.³⁹ Sharett's theory, however, seemed somewhat out of touch with reality. It was plain there was nothing stopping or even slowing down the rehabilitation process. Nevertheless, Jerusalem continued to take the rehabilitation factor into account, even though its weight in the sum total of factors influencing Israel's position on the question of compensation had narrowed to the point of disappearing almost entirely over the following months.

The refusal of the Western powers to intervene on Israel's behalf on the matter of reparations stemmed from a number of factors, some of which came to light in the course of March–July in talks Israel's representatives conducted with their Western counterparts. During these discussions, it was the American emissaries who demonstrated the most negative attitude to the issue. For Israel this was a cardinal stumbling block, since Washington's position was of pivotal importance. The US was the leading power in the world – certainly in the Western camp – and the magnitude of the economic, military, and political support it supplied to Bonn was unrivaled among the nations.

The main factor in the Western powers' decision not to get engaged in the reparations issue was political and inextricably linked with the Cold War. In their view, the West German economy was not strong enough to pay the sum stipulated in the Israeli reparations missive.⁴⁰ Imposing such a fiscal drain on the FRG would be a blow to its economy and weaken the German state. Such a development was absolutely contrary to the strategic interests of the West, since an economically-weakened West Germany would be in no position to meaningfully contribute to the Western bloc's military-economic efforts to counter the growing Soviet threat.⁴¹

The second factor, emanating from the first, was economic in essence. The major powers argued that if they were to impose a reparations agreement on West Germany, they themselves would be forced to bear the burden of payment – either directly or indirectly, in part or entirely, since they did not want the German economy undermined. The United States, the primary source of any such future aid, was quick to clarify to Israel that it should not expect the American taxpayer to foot the bill for compensation funds.⁴²

³⁹ ISA, MFA 2417/6, Israel's Claim for Reparations from Germany, April 17, 1951.

⁴⁰ KA, Meeting of the Finance Committee, May 14, 1951, 12–13.

⁴¹ FRUS, Vol. V, 631, Memorandum of Conversation, by Alexander F. Kiefer of the office of German Economic Affairs, April 10, 1951; BGA, GCD, A. L. Easterman to E. Elath, April 12, 1951; ISA, Meeting of the Cabinet, May 2, 1951, 7–9.

⁴² ISA, MFA 344/15, M. Keren to B. Browdy, June 12, 1951; ISA, Meeting of the Cabinet, May 2, 1951, 7; FRUS, Vol. V, 667–669, Memorandum of Conversation, by the Secretary of State, May 8, 1951; FRUS, Vol. V, 725, The Secretary of State to the U.S. Representatives on the P.C.C., June 19, 1951.

The third factor, also an economic one, regarded the matter of the FRG's external debts.⁴³ The Western powers promoted a move designed to reach an agreement regarding [West] Germany's external debts accumulated prior to and after the war. These debts stood at billions of American dollars, and the primary creditors were countries in the West, above all the three major Western powers. Simple math showed that if Bonn accepted the Israeli claim for reparations, there was a risk that the FRG would not be able to financially guarantee its debt payments to the Western powers and their allies.⁴⁴

The fourth factor related to public opinion in West Germany. The major powers feared that imposing a large compensation claim on Bonn was liable to alienate the German public from the Western camp. The powers were not eager to allow this to happen at a time when they were laboring strenuously to integrate the FRG into the Western bloc.

Finally, the fifth and last factor concerned the Middle Eastern arena. In their efforts to prevent Soviet penetration into the region, Washington and London were investigating the possibility of establishing an anti-Soviet defense alliance with countries in the Middle East. Naturally, Arab countries – and primarily Egypt, the most powerful among them – occupied a key place in such a military alliance.⁴⁵ Consequently, the Western powers felt they could not intercede on behalf of Israel in such a weighty economic issue as reparations from Germany. Any intervention of this kind was liable to provoke the ire of Israel's neighboring foes, and it was unlikely that the Arab states would respond affirmatively to a call to join a regional defense pact following such a move.⁴⁶

As noted, Adenauer's initiative to arrange an Israeli-German meeting with the aim of discussing the reparations claim was received positively in Jerusalem. All that remained was to pen the official Israeli reply to the invitation and, no less importantly, to decide what position would be presented by Israel's envoys. Due to the secrecy shrouding this diplomatic move, only about half a dozen people, most of them from the IMFA, were involved in preparing the response to Adenauer's invitation and the meeting itself. A key figure among them was Consul Livneh. He

⁴³ See Chapter 9.

⁴⁴ BGA, GCD, M. Perlzweig to A. L. Easterman, June 26, 1951; ISA, MFA 2417/2, Germany's Response to the Claim of Compensation by Israel, June 5, 1951; Lavy, *Germany and Israel*, 10.

⁴⁵ Onozawa, "Formation."

⁴⁶ Walichnowski, *Israel*, 32; Lavy, *Germany and Israel*, 10.

prepared position papers prior to the meeting, and the recommendations they contained regarding the line Israel should adopt were, for the most part, endorsed by Sharett.⁴⁷

The Israeli plan of action was laid out in the letter sent by Avner to Maurice Fischer on April 6. He was informed that it had been decided to send a missive to Adenauer (through Altmaier) proposing a meeting between the Chancellor and minister Fischer in Paris “to conduct a secret and preliminary discussion” on the reparations issue. Fischer was instructed to use this meeting to try and achieve a number of objectives regarding the reparations question. The most cardinal of them was “to convince the Chancellor that before it was possible to conduct official negotiations, we [the Israeli government] must receive from the government in Bonn a general [public] declaration” that would include: 1. the acknowledgement that a horrific crime had been committed by the German people against the Jewish people during the period of the Third Reich, as well as an expression of horror and revulsion with regard to this crime; 2. a vow that it was “the everlasting duty of the German people to ensure that no German government could ever again perpetrate similar crimes against humanity”; 3. the recognition of the duty of the German people and their government to rectify the terrible injustice done to the Jewish people, as much as possible, by giving them reparations, as well as speeding up processes in the areas of restitution of property and indemnification.

The German declaration was designed to pave the way for direct, official and public negotiations between the State of Israel and the Federal Republic. In other words, it was meant to legitimize, in the eyes of Israeli-Jewish public opinion, a step that stood in blatant contradiction to the sacred principle of boycotting Germany and its people for eternity. “To conduct negotiations with the Germans without prior receipt of a declaration from them of a profoundly moral nature,” Avner clarified to Fischer, “is paramount to placing a red-hot iron on this wound and provoking terrible emotional turmoil among the Jewish people throughout the world.”

It is unclear to what an extent Ben-Gurion, Sharett and the IMFA officials put their faith in the power of one German declaration, even if penned appropriately, to cause a genuine metamorphosis in the Israeli-Jewish outlook vis-à-vis Germany so as to allow for open negotiations. It would seem that they were merely cautiously hopeful in this regard for, at the end of the day, as Avner wrote, “the murder of 6 million Jews [. . .] is an element etched deeply into the Jewish consciousness.”⁴⁸

⁴⁷ ISA, MFA 2543/3, E. Livneh to G. Avner, March 23, 1951; ISA, MFA 2543/4, [Without Title], April 4, 1951.

⁴⁸ DEPI, Vol. 6, Document 109, G. Avner to M. Fischer, April 6, 1951.

At any rate, the importance of the declaration was so great in the eyes of those at the helm that Leo Cohen rushed to send Fischer an additional letter that same day (April 6), where he underscored just how essential it was to obtain in his meeting with Adenauer “an impressive declaration” that could sway Israeli public opinion.⁴⁹

The notion of a “German declaration” was not one hatched on the eve of the historic meeting. It had been raised repeatedly over the preceding six months by IMFA officials favoring direct Israeli-German contact,⁵⁰ and by Jewish functionaries, such as Noach Barou, who were involved in the compensation issue.⁵¹ Egged on by officials in his office, Foreign Minister Sharett asserted in the cabinet meeting of February 8, 1951 that “it is clear that the German government must issue [. . .] a declaration of conciliation.” Only then could Jerusalem begin to speak to Bonn on the matter of reparations.⁵²

Livneh, who was requested to word Israel’s reply to the Chancellor’s invitation, did so and submitted the letter to Altmaier, who then passed it on to Adenauer. The Chancellor expressed satisfaction with the missive’s content.⁵³ In the course of the following days, Fischer made contact with the West German minister in Paris, and they agreed to conduct the meeting on the afternoon of April 19 in the Hôtel de Crillon in Paris, where Chancellor Adenauer would be staying.⁵⁴ In Jerusalem in the meantime it had been decided that the director-general of the Ministry of Finance, David Horowitz, would speak on Israel’s behalf, with Fischer there to accompany him. This choice was almost a given, considering that it was Horowitz, together with Leo Cohen, who had written the Israeli diplomatic note on reparations.

On the appointed day, the two Israeli envoys arrived at Adenauer’s hotel suite. Present in the room was also Herbert Blankenhorn, the Chancellor’s political advisor and director of the Political Department in the German Ministry of Foreign Affairs in Bonn. In the conversation, which was conducted in German, Horowitz spoke at length about the matter of Germany’s declaration. “What is required,” he asserted, “is a public statement of guilt as a formal ceremonial act.” As for the claim itself, he clarified that the sum demanded by Israel in its March 12 missive

49 ISA, MFA 1812/12, L. Cohen to M. Fischer, April 6, 1951.

50 ISA, MFA 2539/1, M. Amir to the Ministry of Foreign Affairs, November 13, 1950; ISA, MFA 2417/1, G. Avner to M. Sharett, February 26, 1951.

51 Gilead, “The Reparations Agreement,” 104; Sagi, *German Reparations*, 69.

52 ISA, Meeting of the Cabinet, February 8, 1951, 31.

53 ISA, MFA 2543/4, E. Doron to G. Avner, April 8, 1951; ISA, MFA 2543/4, E. Livneh to the Ministry of Foreign Affairs, April 10, 1951.

54 The German leader had come to Paris to carry out diplomatic talks with the French leadership.

represented but a small portion of the huge scope of assets lost to the Jews of Europe, and that it would be designated for the rehabilitation (in Israel) of survivors of Nazi persecution.⁵⁵

According to a report that reached the IMFA, the Chancellor had refrained from responding when the declaration issue was raised. On the other hand, he “did not see any problem” in accepting the Israeli claim for reparations as a basis for negotiations.⁵⁶ Horowitz claimed in his memoirs that the Chancellor was attentive to both issues and responded to them positively.⁵⁷ Similarly, Horowitz told the Israeli cabinet in its meeting at the beginning of May that “we are receiving information from very reliable sources in [West] Germany through unofficial channels,” indicating “that they [the West Germans] are taking our claim seriously.” It never occurred to the ministers that the aforementioned “sources” were the German Chancellor himself.⁵⁸

Israel’s activity via the German channel did not mean that they had given up on the Western channel. On the contrary, despite the cold shoulder with which the US, Great Britain and France met Israel’s claims, Jerusalem was determined to continue its attempts to move them to take action on the question of reparations. Their involvement was important even if the German channel continued to operate (that is, the continuation of behind-the-scenes contact between representatives of Bonn and Jerusalem), and all the more so if it turned out to be a dead end. In the first case, the powers’ role would be to convince the Germans to open formal negotiations with the Israelis and to spur Bonn into adopting an obliging and positive attitude in these future negotiations. As Ambassador Eban told Byroade a number of days before the Israeli-German meeting in Paris, there was “evidence” that Bonn was willing to go forward on the reparations question and that western pressure on Germany would transform German “willingness” into “concrete action.”⁵⁹ About a month after the meeting in Paris, Sharett instructed Eban to inform Secretary of State Acheson of the unfolding events and to point out that Washington could “solidify” the emerging German track by telling the Germans that they must pay and that settlement of the reparations matter was a vital conditional for any progress in the rehabilitation of West Germany.⁶⁰

55 Horowitz, *In the Heart of Events*, 87–88.

56 DEPI, Vol. 6, Document 171, M. Sharett to A. Eban, May 13, 1951.

57 Horowitz, *In the Heart of Events*, 87–88.

58 ISA, Meeting of the Cabinet, May 2, 1951, 11.

59 FRUS, Vol. V, 630, Memorandum of Conversation, by Alexander F. Kiefer of the office of German Economic Affairs, April 10, 1951.

60 DEPI, Vol. 6, Document 171, M. Sharett to A. Eban, May 13, 1951.

The powers' involvement would be all the more critical in the event that the German route failed to deliver. Israel knew such a possibility existed. At this stage it was impossible to know whether Bonn was serious in its intention to proceed on the long and rocky road toward the payment of reparations. Chancellor Adenauer's initiative was merely a harbinger, but it did not necessarily herald the arrival of spring. And even if the FRG demonstrated genuine willingness to move forward on the issue, the German channel could still prove fruitless due to internal Jewish discord: namely, the Israeli-Jewish public's opposition to any contact between Jerusalem and Bonn.

The main maneuver that Israel employed to convince the Western powers, first and foremost the US, to take action on the reparations question was linked to the economic domain. In essence, Jerusalem sought to thoroughly refute the central argument of the powers – that the West German economy did not have the fiscal means to bear the burden of reparations payments. In the estimation of Israeli officials, voiced since mid-1950, the FRG's economy was recovering rapidly.⁶¹ These assessments became more and more frequent in the course of 1951.⁶²

In early May, the IMFA approached Livneh to update him about the upcoming campaign to convince the Western powers to come on board and to request that, as Israel's envoy in Munich, he provide statistical data on the West German economy.⁶³ Livneh fulfilled the request,⁶⁴ and, at the end of the month, the data he provided was sent by the IMFA to the Israeli embassy in Washington. The IMFA hoped the materials provided would aid embassy staff in their endeavors to demonstrate to the American administration the robustness of the West German economy and its capability "to take on this burden [of reparations]."⁶⁵ The embassy found the data insufficient, and in consultation with the IMFA, raised the suggestion that Livneh spend several weeks in Washington in order to assist embassy staff in the campaign to convince the Americans. The IMFA updated Livneh

61 ISA, MFA 1783/9, E. Livneh to the Ministry of Foreign Affairs, August 29, 1951; BGA, BGD, February 5, 1951.

62 The roots of West Germany's 'economic miracle', as it was oft labeled around the world, lay in the monetary reform introduced in June 1948. In the years 1950–1951 its first harbingers had appeared. Plumpe, "Opting for the Structural Break."

63 Already in the course of April, Israeli officials had been telling the Americans that West Germany was capable of paying reparations; however, this assertion was not backed by economic research at that point. FRUS, Vol. V, 630, Memorandum of Conversation, by Alexander F. Kiefer of the office of German Economic Affairs, April 10, 1951.

64 ISA, MFA 534/1, E. Livneh to the Ministry of Foreign Affairs, May 17, 1951.

65 ISA, MFA 2417/2, G. Avner to the Israel Embassy in Washington, May 30, 1951.

of the plan, and requested that he “begin immediately [. . .] to collect reports, statistical material and so forth” on the West German economy.⁶⁶

At the same time, Horowitz was busy preparing a brief memorandum on “The economic Conditions in Germany and the Payment of Reparations to Israel.”⁶⁷ The five page memorandum, based on an abundance of data, demonstrated that the West German economy was in the midst of a tremendous growth spurt: exports had spiraled and the deficit in balance of payments had fallen. The conclusion drawn from the data was clear: the reparations claim was not such a burden as “to affect the economic future of that country [the FRG] to a fundamental degree.”⁶⁸ The memorandum was disseminated amongst Israeli diplomatic missions in the West, first and foremost in the capitals of the Western powers, in order to allow them “to use the arguments, figures and facts for [the purpose of] diplomatic propaganda regarding reparations.”⁶⁹ Israel’s representatives abroad did indeed make use of this economic survey. The envoys in Washington went so far as to employ the data in every meeting they had with American officials concerning the reparations issue.

Nevertheless, the memorandum prepared by Horowitz was found lacking by the Minister of Foreign Affairs and his staff. They wanted a far more comprehensive survey. Sharett and his people were eager to prove to the Western powers that the German economy was indeed capable of bearing the yoke of reparations, and therefore they sought to produce a broad study proving this fact. This time, the IMFA’s Economic Research Department was recruited for the task.⁷⁰ After weeks of intense research, the Department produced a booklet over eighty pages long titled “Israel’s Claims against Germany: The German Economic Background,” which addressed a broad spectrum of topics relating to the FRG’s economy, including the state of agriculture and industry, the state of the foreign currency, as well as the balance of payments and foreign trade. This survey too showed that the economic status of West Germany was improving at an astonishing rate and therefore that it had the capability to satisfy the Israeli claim.⁷¹ Similar to Horowitz’s memorandum, widespread use of the booklet was made for the purposes of Israel’s publicity blitz.

66 ISA, MFA 2543/5, The Ministry of Foreign Affairs to E. Livneh, June 7, 1951.

67 ISA, MFA 2417/2, Information for Israeli Missions Abroad: Reparations from Germany, June 17, 1951.

68 DEPI, Vol. 6, Document 243, Aide-Memoire from the Government of Israel to the Government of the United States, June 29, 1951.

70 ISA, MFA 2417/2, D. Horowitz to M. Sharett, May 14, 1951.

71 ISA, MFA 2543/5, The Ministry of Foreign Affairs to E. Livneh, June 7, 1951.

71 ISA, MFA 344/21, Israel’s Claims against Germany: The German Economic Background, July 1951.

However, there were those in the IMFA who thought even this would not suffice. Fischer and Livneh felt there was still uncharted territory to cover and proposed that a private economist be hired to fill in the blanks. Livneh surmised that the completion of such a task would cost a thousand USD, and he turned to Horowitz to request that the Ministry of Finance allocate the sum.⁷² Finance Minister Kaplan was inclined to approve the expenditure,⁷³ and an Israeli economist named Zvi Weizmann, who had business ties in West Germany, was charged with executing the study.⁷⁴ Gershon Avner rushed to instruct Weizmann to go over Horowitz's memorandum and the Economic Research Department's booklet so that his work would not deal with matters that had already been covered. In Avner's opinion, Weizmann would be best advised to limit his research to the possible means of transferring reparations funds to Israel.⁷⁵

Certain officials at the IMFA thought that it was a mistake to hire Weizmann. They feared that the findings of an Israeli or Jewish economist, however competent he might be, would not be acceptable to the Western powers. They doubted the research objectivity of such an economist. In the opinion of these officials, it would have been appropriate to hire a "non-Jewish [and] independent economist,"⁷⁶ a "world renowned" person and above all an American who would be acceptable to the State Department. Its cost, one of the officials estimated, would be about 20,000 USD.⁷⁷ The offer was accepted and the search for an economist with these qualities began. However, the searchers failed to achieve their goal. "It turned out to our surprise," wrote Moshe Keren, a counselor at the Israeli embassy in Washington, to Horowitz, "that it is not at all easy to find here a person of a high caliber who is willing to take on such a task."⁷⁸ It is interesting to note that Israel's representatives in the American capital made sure to inform the State Department that they intended to hire a "reputable" economist to examine the state of the West German economy. There was a clear attempt here to signal to Washington, and through it to its two allies, that Israel was determined to prove to them that their economic argument was without any basis.⁷⁹

72 ISA, MFA 2543/5, G. Avner to D. Horowitz, July 11, 1951.

73 ISA, MFA 2543/6, E. Livneh to G. Avner, August 21, 1951.

74 ISA, MFA 181/1, An Inquiry Program to Establish our Claims from Germany, July 19, 1951.

75 ISA, MFA 2543/6, Re: The German Economic Inquiry, August 12, 1951.

76 ISA, MFA 344/15, Reparations, September 13, 1951.

77 ISA, MFA 2417/3, S. Rosenne to W. Eytan, August 20, 1951.

78 ISA, MFA 344/15, M. Keren to D. Horowitz, August 10, 1951; ISA, MFA 2543/6, M. Keren to G. Avner, September 7, 1951.

79 ISA, MFA 344/15, M. Keren to the Ministry of Foreign Affairs, July 3, 1951.

Efforts to convince the Western powers that the FRG's economy was strengthening remarkably slowly died down after July 5, when the powers had issued their response to the Israeli diplomatic note on reparations.⁸⁰ The replies testified, as could have been expected, that Washington, London, and Paris were adamant in their refusal to intervene on Israel's behalf when it came to the reparations issue. This negative response took the wind out of the sails of the lobbying campaign. The prevailing feeling was that no economic rationale, even if backed up with compelling evidence, could move the major powers from their recalcitrant position. Moreover, the entire effort suddenly seemed pointless. "It is entirely bizarre," stated one official in the IMFA, "that we have to prepare such [economic] material for the Americans."⁸¹ His colleague joined him in adding that "it is obvious that the Americans have much more [economic] information than we do."⁸² In a similar vein, Horowitz wrote to Sharett succinctly that "the fiscal state of [West] Germany is well known to the occupying authorities."⁸³

The problem was, certainly, not a lack of information (the major power had an abundance of data) but rather a failure to conclude from it that the German economy was strong enough to handle compensation. As far as Horowitz was concerned, the fact that the German economy was stronger than its Israeli counterpart was reason enough for Bonn to pay reparations. After all, it was out of the question, he stated, that the country that had perpetrated the Holocaust be in better shape economically than the country that had absorbed so many Holocaust victims.⁸⁴

The responses of the three Western powers were identical, having been coordinated in advance.⁸⁵ The diplomatic notes opened with an expression of abhorrence at "the monstrous crime" committed by the Third Reich against the Jewish people, a

⁸⁰ AIG, Document 10, United States Note of 5 July 1951 in Reply to Israel Note of 12 March 1951 Concerning Reparations; AIG, Document 11, United Kingdom Note of 5 July 1951 in Reply to Israel Note of 12 March 1951 Concerning Reparations; AIG, Document 12, Note from France of 5 July 1951 in Reply to Israel Note of 11 March 1951 Concerning Reparations.

⁸¹ ISA, MFA 344/15, Reparations, September 13, 1951.

⁸² ISA, MFA 2417/3, S. Rosenne to W. Eytan, August 20, 1951.

⁸³ ISA, MFA 2417/2, D. Horowitz to M. Sharett, July 27, 1951.

⁸⁴ ISA, MFA 344/15, M. Keren to the Ministry of Foreign Affairs, July 3, 1951.

⁸⁵ A British official admitted that "it was agreed that the three governments [of the three Western powers] should reply on broadly similar lines." UKNA, FO 371/93516, R. B. Stevens to Lord Henderson, June 25, 1951. Coordination of the answers is evidenced in a host of documents in Department of State files. See, for example: USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/5-1551, Israeli Reparation Claim against Germany, May 15, 1951; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/5-1751, Israeli Reparation Claim against Germany, May 17, 1951; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/6-2951, Transmitting Revised British Draft of Reply to Israeli Note, June 29, 1951; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/7-551, Israeli Note of March 12 1951 Regarding Reparations, July 5, 1951.

crime unparalleled in centuries of human history. However, the singular horror of the Nazis' crime did not move them to assist the Jewish state in its struggle for reparations. Just the opposite: the powers announced explicitly that they had no intention of intervening in the issue. When it came to justifying this position, the three powers refrained from using the economic argument, a line of reasoning their representatives had often employed in talks with Israeli diplomats carried out over the preceding four months. Rather, they decided to base their position on a specific judicial-political rationale. This argument was tied to the reparations agreements signed immediately after the close of World War II. At the Potsdam Conference in July–August 1945, it was agreed that the three Western powers, along with additional Allied countries,⁸⁶ would extract war reparations from the Western occupation zone in Germany.⁸⁷ In December of that same year, at the initiative of the three Western powers, eighteen Allied countries who were entitled to war reparations from the western part of Germany convened in Paris.⁸⁸ The participants decided that, due to Germany's economic state at the time, the sum of reparations that would actually be paid would be limited in scope and that the eighteen nations would not present additional claims for war reparations until a final peace treaty between Germany and the Allies was signed.⁸⁹ Thus, the Paris Conference "tied the hands" of the Western powers from a legal-political standpoint. It prevented them from presenting any new claims for war reparations in the foreseeable future, in their names or in the names of any other country. This state of affairs was clarified to Israel in all three diplomatic notes. The major powers expressed their deep sorrow for their inability to take action on the issue.⁹⁰

86 Not including the USSR and Poland.

87 Edmonds, "Yalta and Potsdam," 212.

88 See the Introduction.

89 Fisch, "From Weakening an Enemy," 273.

90 In the following months, Israel formulated its reply to the diplomatic notes of July 5, and on November 30, 1951, the Israeli reply was submitted to the three Western powers. Israel argued that the reparations claim was not a regular claim seeking compensation for damages caused as a result of a war. The Israeli claim was unique since it rested on the unprecedented onslaught the Third Reich had carried out against the Jewish people, a campaign that exceeded in its scope, its intensity and its duration those the Third Reich had conducted against any of the other Peoples in Europe, and therefore it was right that it should be satisfied. AIG, Document 16, Israel Note of 30 November 1951 in Reply to United States Note of 5 July 1951 Concerning Reparations; AIG, Document 17, Israel Note of 30 November 1951 in Reply to United Kingdom Note of 5 July 1951 Concerning Reparations; AIG, Document 18, Israel Note of 30 November 1951 in Reply to the Note from France of 5 July 1951 Concerning Reparations. The reply from the Western powers arrived in January 1952 when Israel and the FRG were already on the brink of opening reparation negotiations between them. The powers felt their intervention was no longer required and notified Israel that they would await the outcome of the talks with "sympathetic interest."

The powers' decision to base their rejection of Israel's request to intervene in the reparations issue on legal-political rather than economic grounds remains unexplained in the documents at our disposal. One can surmise that there were two main reasons for this decision. First of all, it is possible that the Israeli publicity blitz regarding the FRG's recovering economy forced the Western powers to admit among themselves that the economic argument did not hold water. That is, one could not argue that the FRG was unable to bear *any* reparations claim, whatever the scope, when all the economic parameters attested to a dramatic and sustained improvement in its economy. Secondly, it could be that the three powers understood that from the perspective of public opinion at home it was preferable to reject the Israeli claim, one that they had already recognized as a morally just claim,⁹¹ on a pretext in the realm of international law, rather than clothing it as an economic-utilitarian issue.

The major powers' negative reply was accompanied by a piece of diplomatic advice of great significance: to create a direct communication channel between Jerusalem and Bonn on the reparations question. Lord Henderson had raised this option in a discussion he conducted with Alexander Easterman from the World Jewish Congress, two weeks prior to the arrival of the powers' diplomatic notes.⁹² A week later, on June 29, Ambassador Eban met with Byroade to discuss the reparations issue. The State Department official clarified to his guest that the replies of the three Western powers were almost ready, but that they would not be to Israel's liking. Nevertheless, he suggested that the contents of the diplomatic notes remain confidential, so as not to create the mistaken impression in Bonn that the Western powers rejected the idea of reparations hands down. In other words, the reparations question could still be solved via direct Israeli-German contact.⁹³ Secretary of State Acheson lent his support to the idea of keeping the notes' content under wraps,⁹⁴

AIG, Document 23, United Kingdom Note of 10 January 1952 in Reply to Israel Note of 30 November 1951 Concerning Reparations; AIG, Document 24, United States Note of 24 January 1952 in Reply to Israel Note of 30 November 1951 Concerning Reparations. The reply of the three powers was coordinated among them, as had been the case with their other replies. USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/12-2851, British Reply to Israeli Note on Claims against Germany, December 28, 1951.

⁹¹ ISA, Meeting of the Cabinet, May 2, 1951, 9; ISA, MFA 355/15, S. Bendor to the Embassy in Washington, May 24, 1951; ISA, MFA 344/15, M. Keren to B. Browdy, June 12, 1951; BGA, GCD, A. L. Easterman to E. Elath, April 12, 1951.

⁹² BGA, GCD, A. L. Easterman to M. L. Perlzweig, June 21, 1951.

⁹³ ISA, MFA 344/15, M. Keren to the Ministry of Foreign Affairs, July 3, 1951; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/6-2951, Israeli Claims against Germany, June 29, 1951.

⁹⁴ FRUS, Vol. V, 741–742, The Secretary of State to the Embassy in the United Kingdom, July 3, 1951.

and George McGhee from the State Department confirmed as much in a discussion he held with Teddy Kollek, Israel's minister to Washington, where the American response letter was officially presented. In order not to jeopardize the possibility of direct negotiation between Jerusalem and Bonn, he informed his guest, the three powers had decided not to make the contents of the diplomatic notes public.⁹⁵ In the days that followed, officials in the State Department continued to emphasize their support for direct Israeli-German negotiations on the reparations question in addressing the Israeli diplomats.⁹⁶

This was brought to the attention of the government in Jerusalem in a July 18 cabinet meeting. Minister of Foreign Affairs Sharett told his colleagues about the negative content of the powers' diplomatic notes and the "oral messages" to the Israeli envoys in London and Washington suggesting "we communicate with [West] Germany directly." In light of this stance, Sharett felt that "it is possible we shall have to discuss making direct contact with [West] Germany." He proposed, however, to examine this matter after the Knesset elections (being held on July 30), with a new government in place. The Minister of Foreign Affairs' dramatic suggestion did not evoke even the slightest protest among those present, a striking change from the stormy reaction the idea of sending an Israeli delegation to the FRG had received in the cabinet meeting of December 27, 1950, when it was raised by IMFA officials. It would seem that opponents of direct negotiations had begun to recognize that their previously staunch position was no longer practical. Two factors contributed to this realization. First, there was the adamant refusal of the Western powers to get involved, as expressed in their diplomatic notes, which closed the door on channels other than direct contact. And secondly, the state of the Israeli economy continued to deteriorate and was in dire need of a significant source of incoming capital.⁹⁷

The powers' recommendation to create a direct communication channel with Bonn carried their implicit accord that the FRG should pay reparations to Israel. This was a sensational change considering that in the months preceding the submission of the reply missives one could deduce that the Western powers opposed the very idea of reparations for the Jewish state in any shape or form. What had led to this sudden change of heart? It is possible that Israel's intensive campaign to demonstrate the robust state of the West German economy had persuaded them to reexamine their appraisal of the negative impact of the reparations claim

95 FRUS, Vol. V, 751, Memorandum of Conversation by the Assistant Secretary of State for Near Eastern, South Asian and African Affairs, July 5, 1951.

96 ISA, MFA 2543/5, G. Avner to E. Livneh, July 9, 1951; DEPI, Vol. 6, Document 265, M. Keren to the United States Division, July 12, 1951.

97 ISA, Meeting of the Cabinet, July 18, 1951, 8–12.

on the FRG. While they certainly did not share Israel's outlook vis-à-vis the strength of the German economy, policy-makers in Washington, London and Paris knew this economy was on an upward trajectory, which enabled the FRG to pay reparations. In addition, their willingness to accept the possibility of Bonn paying reparations did not amount to a green light for the West German polity to pay any sum demanded of it. They were prepared (as would be confirmed later during the Israeli-German negotiations) for the Germans to pay a significantly smaller sum than that demanded by Israel. The sum was also supposed to be spread out over a relatively lengthy period of time. Both the scope of the payment and its disbursement over time were designed to minimize the blow to the FRG's economy. Finally, Chancellor Adenauer's initiative, backed by several German cabinet ministers, to promote Israeli-German negotiations forced the Western powers to consent to the possibility that the treasury in Bonn would be paying material compensation to the State of Israel out of its coffers.⁹⁸

Yet, in light of the powers' acceptance of Germany's payment of reparations to Israel, even if limited in scope, we might ask why they refused to assume the role of a mediator-facilitator, as Israel had requested from the beginning of March. There were several reasons for that. First of all, as the powers had clarified in their official response letters, this was impossible from a legal and political perspective. Secondly, their involvement was liable to alienate public opinion in two camps: in West Germany and in the Arab world. But it seems that the *core* reason for their decision was the desire to bring Jews and Germans together for all the world to witness. Leadership in the three Western capitals was keen to see this dramatic and unprecedented spectacle – a Jewish-German gathering – take place before the eyes of their astonished citizenry. Such a display would transmit to public opinion in the US, Britain and France, as well as other western countries, a message of rapprochement between the most bitter of enemies – victim and victimizer. This would go a long way toward improving the problematic image of the Germans and it would ease the task of the Western powers' leadership in moving the FRG's rehabilitation process forward (in essence to complete it).⁹⁹

⁹⁸ From late June 1951, the Americans began to hint to Israeli diplomats that they were willing to accept the possibility of Bonn paying reparations. ISA, MFA 2543/5, G. Avner to E. Livneh, July 7, 1951; DEPI, Vol. 6, Document 292, Meeting: E. Herlitz, M. Keren – G. Lewis, July 26, 1951; FRUS, Vol. V, 751, Memorandum of Conversation by the Assistant Secretary of State for Near Eastern, South Asian and African Affairs, July 5, 1951.

⁹⁹ In light of this, one can understand the American call to Israel to establish diplomatic ties with Bonn and thus ease the solution of the reparations question. USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/11-151, Compensation from Germany, November 1, 1951.

And what was the fate of the Israeli reparations note to the Soviet Union?¹⁰⁰ Israeli officials did not hang much hope on the success of the reparations claim in the USSR and its East German satellite. This was chiefly due to the fact that Moscow and Berlin had already demonstrated a hostile attitude to the two other categories of compensation: restitution of property and indemnification. In the course of 1947–1949 the Russians and the East Germans exhibited a certain degree of willingness to make progress on compensation to survivors of Nazi persecution, including Jews. East German personalities made declarations sympathetic to the right of survivors to compensation and a number of laws in the realm of restitution of property were enacted in the GDR. However, such declarations were sporadic and lacking any genuine foundation and accordingly, the legislation ensured that, in practice, the majority of property looted during the Nazi period (including Jewish property) would remain in the hands of the regime.¹⁰¹ From the second half of 1949, and all the more so in the following year, it became increasingly evident that the seeming willingness of Moscow and Berlin to make progress on the compensation issue had vanished into thin air. As already noted, Mendelsohn's mission in the spring of 1950 to Berlin had achieved nothing.¹⁰² The diplomatic note to Moscow on restitution and indemnification, sent on January 16, 1951,¹⁰³ met a similar fate; that is to say, the Kremlin ignored it entirely. And as if that were not enough, the East German parliament passed an outrageous piece of legislation in the fall of 1951 stipulating that the property of survivors of Nazi persecution living outside the country would be passed on to the government.¹⁰⁴

This same categorical hostility applied to reparations as well. Moscow's reply to the Israeli diplomatic note on reparations arrived only in late March 1952, more than a year after it had been sent, and was essentially negative.¹⁰⁵

Moscow's position toward the issue of compensation was based, among other things, on cold, hard economic considerations. The Russians feared that if Berlin paid any substantial compensation sum – whether in restitution, indemnification, or reparations – to the Jews and to Israel (as well as to other parties, persons and polities injured by the Nazis), the treasury in Berlin would be emptied and

100 On the issue of reparations from the GDR, see: Jelinek, "East Germany"; Pinkus, *Special Relations*, 377–380; Timm, *Jewish Claims against East Germany*, 81–86; Tov, "All Quiet on the Eastern Front"; Trimbur, "L'attitude de la RDA."

101 Lorenzini, "Reparations Measures," 98–113; Maser, "Juden und Jüdische," 407–409; Timm, *Jewish Claims against East Germany*, 27–29, 68–72.

102 See Chapter 2.

103 See Chapter 3.

104 Tov, "All Quiet on the Eastern Front," 81. See in this context: Goschler, *Schuld und Schulden*, 369.

105 Pinkus, *Special Relations*, 379.

Moscow would be unable to extract compensation from the GDR for itself. The USSR believed that, more than any other entity, it was entitled to material compensation considering that it had suffered the most severe losses among all the Allied nations in the course of the Second World War. Beyond this, Moscow's attitude to reparations was also motivated by political factors. After a short honeymoon between the Soviet Union and Israel in the years 1948–1949, relations between the two cooled considerably, driven first and foremost by Israel's steadily increasing closeness with the Western bloc, led by the United States. Moscow began to exhibit a negative stance toward the Jewish state, which manifested itself in a variety of forms, one of them its position on the matter of reparations. Publicly, Moscow and Berlin argued vehemently and vociferously that the GDR was not heir to the Third Reich, since politically and ideologically the anti-fascist Communist regime was the diametric opposite of the Nazi regime. Berlin, therefore, had no obligation to take upon itself the moral or financial responsibility for the criminal acts of the Third Reich.¹⁰⁶

Thus, the negative response from Moscow to Israel's reparations note came as no surprise. At the same time, a consensus formed in the IMFA that it would be best for Israel to tread lightly on the reparations question with the USSR-GDR while the West German channel was taking shape. Their main apprehension was that Moscow and Berlin's negativity could rub off on Bonn.¹⁰⁷ Consequently, up until the fall of 1952, when the Reparations Agreement was signed between Israel and the FRG, Jerusalem allowed the reparations issue to stagnate in Moscow and Berlin. Afterwards, political activity renewed with vigor, however, to no avail.¹⁰⁸ The GDR never paid reparations to Israel.¹⁰⁹

106 Tovy, "All Quiet on the Eastern Front," 78–79.

107 Tovy, "All Quiet on the Eastern Front," 83.

108 Tovy, "All Quiet on the Eastern Front," 87–96.

109 Trimbur, "L'attitude de la RDA," 605–607.

Chapter 5

The German Declaration, September 1951

Senior officials at the IMFA believed that the Western powers, the US chief among them, could aid in the advancement and success of the German-Israeli channel. They could do so in two key ways. First, they could apply pressure to the Bonn government to acquiesce to the Israeli demand regarding the issuance of a formal declaration on the subjects of the Holocaust and material compensation to the Jews. As noted, this was the Israeli precondition for the opening of negotiations between the two states. At the end of June 1951, Eban presented the request to the US High Commissioner in the FRG, John McCloy,¹ and about a month later Israeli diplomats had the chance to discuss the issue with Jeffrey Lewis.² The Americans' response was positive: they promised to press Bonn to deliver the declaration.³ And indeed, McCloy broached this matter with Chancellor Adenauer on several occasions.⁴ The second line of action the IMFA officials wanted the powers to undertake was to express public support for the principle of reparations. Such an announcement on behalf of the West, these officials believed, would very much strengthen the Israeli cause in future negotiations with the Germans.⁵ Nevertheless, some voices in the foreign service opposed this idea. The Israeli embassy in Washington argued that the powers would refuse to show their support for the Israeli claim, mainly to avoid ruffling feathers in the Arab world, and to keep public opinion in Germany on their side. Israel's efforts in this regard would be in vain and would result in the postponement of progress via the German channel.⁶ A similar caution was sounded from Rosenne's office.⁷ These warnings must have convinced enough people at the IMFA, since the matter was quickly dropped from Israel's agenda.

While this diplomatic activity was taking place, the IMFA also took internal-organizational step aimed at optimizing its efficacy in managing the reparations

1 ISA, MFA 2543/5, G. Avner to E. Livneh, July 7, 1951.

2 DEPI, Vol. 6, Document 292, Meeting: E. Herlitz, M. Keren – G. Lewis, July 26, 1951; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/7-2051, Israeli Note on Reparations and our Reply, July 20, 1951.

3 ISA, MFA 2417/3, G. Avner to E. Herlitz, August 15, 1951.

4 UKNA, FO 371/93455, British Legation in Tel Aviv to Foreign Office, September 17, 1951.

5 ISA, MFA 344/15, G. Avner to D. Horowitz, August 9, 1951.

6 ISA, MFA 344/15, M. Keren to F. Shinnar, August 14, 1951.

7 ISA, MFA 344/15, Y. Tekoah to S. Rosenne, July 31, 1951.

issue. On August 1, 1951, Felix Eliezer Shinnar was appointed to the position of “Foreign Ministry Counsel on Israeli Claims”.⁸ His role was to “coordinate all matters relating to Israel’s reparations claim from Germany and handle them.”⁹ The necessity of creating such a position was pointed out by IMFA officials, who bemoaned the lack of a central body that would oversee activity pertaining to the reparations issue.¹⁰

The main piece of business on Shinnar’s desk over his first weeks in office, as well as the desks of all the other Israeli officials involved in the reparations matter, was the question of the German declaration. A dramatic development in this respect took place in the second half of July. Noah Barou, chairman of the European Executive of the World Jewish Congress, met with Herbert Blankenhorn and asked him directly about West Germany’s plans concerning the said declaration. The inquiry is likely to have been linked with Israel’s own maneuvers in this regard. Blankenhorn surprised his interlocutor by announcing that Bonn would be making such a public declaration in the near future.¹¹ It is possible that the Americans’ involvement made an impact on the Germans’ decision. At the end of the discussion the two agreed to hold a second meeting wherein Barou would receive a written draft of the declaration. This meeting took place a few days later, and the draft was given to Barou as promised.¹² He immediately sent it to Nahum Goldmann, acting president of the World Jewish Congress and chairman of the American wing of the Jewish Agency’s Executive.¹³ He, in turn, directed the document to the desk of Foreign Minister Sharett, whence it was distributed among senior IMFA staff. It would seem that the draft left a less-than-favorable impression on its readers.¹⁴ Goldmann, for one, was disappointed by the fact that the declaration did not explicitly touch on the matter of reparations. He added a paragraph on the subject to the

8 From fall 1949 to early 1951 Shinnar had served as financial advisor at the Israeli Legation in London.

9 ISA, MFA 181/1, W. Eytan to M. Sharett, July 8, 1951.

10 ISA, MFA 344/15, Re: Shilumim, June 22, 1951; ISA, MFA 344/21, G. Rafael to W. Eytan, July 10, 1951.

11 Behind the scenes in Bonn, at the time, the leadership was intensely focused on the subject of the declaration. President Theodor Heuss made a public statement at the end of July, saying that Chancellor Adenauer was seriously considering issuing an official declaration on the subject of compensation. Jelinek, *Deutschland und Israel*, 109; Geller, *Jews in Post-Holocaust Germany*, 223. See also: De Vita, *Israelpolitik*, 22.

12 See in this context: Lustick, “Negotiating Truth,” 58.

13 ISA, MFA 344/15, Abridged Summary from the Meeting on the Subject of *Shilumim*, August 12, 1951; Rosensaft, “The Early History,” 24–25.

14 ISA, MFA 2417/3, G. Avner to W. Eytan, August 4, 1951.

document and asked Barou to deliver the amended draft to Blankenhorn.¹⁵ Barou complied and Blankenhorn presented the correction to Chancellor Adenauer, who agreed to the inclusion of Goldmann's paragraph. It is important to note that Goldmann's actions – his revision of the declaration draft and the recruitment of Barou as a go-between – were carried out with the knowledge and approval of Foreign Minister Sharett.¹⁶

The IMFA wished to make sure that Bonn was indeed working to change the wording of the declaration. Avner instructed the embassy in Washington to petition the Americans to make sure that the text of the German declaration reached Israel's eyes before its publication, so that Jerusalem could “negotiate any slight changes [with Bonn] in order to render the declaration satisfactory.” To be found satisfactory, the declaration had to contain the following three items, as detailed in Avner's April 6 letter to Fischer: an acknowledgement of the horrific criminal act perpetrated against the Jewish people by the German people during the Third Reich period and its denunciation; a vow that such appalling events would never reproduce themselves on German soil; and an agreement to issue material compensation to the Jewish people, including reparations. Anything less, warned Avner, would be “in jeopardy of missing the target” – i.e. legitimizing Israeli-German negotiations in the eyes of the Jewish public – and “arousing vociferous criticism in the Jewish Diaspora and in Israel.” In such a scenario, “the Government of Israel could not enter into negotiations even if it wanted to.”¹⁷

The embassy in Washington, however, had reservations about Avner's proposal. In their view, there was danger inherent in “any attempt to influence the formulation of Adenauer's declaration in advance.” “Imagine,” wrote the counselor at the embassy Moshe Keren to Avner, “if the declaration should be received with particularly scathing criticism by the Israeli and international press and Israel's government should have to admit it was aware of its contents in advance and gave it its seal of approval.” It would cause a veritable public and parliamentary uproar in Israel, the scope and outcome of which was unforeseeable.¹⁸ Avner, however, dismissed the warning. Israel, he maintained, would admit that it gave its seal of approval “only to those changes that we [. . .] manage to insert into the declaration.”¹⁹ Shinnar, as part of his new function, followed the above

15 ISA, MFA 344/15, Abridged Summary from the Meeting on the Subject of *Shilumim*, August 12, 1951.

16 ISA, MFA 2539/2, E. Livneh to G. Avner, August 26, 1951.

17 ISA, MFA 2417/3, G. Avner to E. Herlitz, August 15, 1951.

18 ISA, MFA 2543/6, M. Keren to G. Avner, September 7, 1951.

19 ISA, MFA 2543/6, G. Avner to M. Keren, September 21, 1951.

exchange and endorsed Avner's position.²⁰ He suggested that it would be unwise to rely on Washington alone, and that it would be best to contact Adenauer directly, through Israel's consul in Munich, Livneh, in order to influence the content of the declaration.²¹ Avner, on his part, proposed recruiting two Jewish figures to this end: Bundestag member Jakob Altmaier and High Commissioner McCloy's deputy, Benjamin Buttenwieser.²² At the same time, he contacted the Foreign Ministry in London and asked for its assistance in Israel's efforts to obtain a declaration that was "as forthcoming as possible" from the West Germans.²³

While Israel toiled to obtain the text of the declaration, it came to light that Blankenhorn had transferred an amended draft to Goldmann through Barou toward mid-September.²⁴ Goldmann hastened to make additional changes to the draft and sent it off to Bonn.²⁵ The Israelis were satisfied with this turn of events, even while reiterating their request to view the final version and to retain the right of final approval before the public announcement.²⁶ Over the next fortnight, the declaration draft went back and forth between German and Jewish hands. Goldmann, Barou, and Altmaier, as well as the IMFA staff who set eyes on the draft mainly through the mediation of the aforementioned threesome, made sure to amend it so as to make it compliant with Israel's demands. The Germans examined the proposed changes with great attention, accepting some and rejecting others.²⁷ On September 24, upon the arrival of yet another draft from Bonn, Jerusalem came to the conclusion, not without some minor disappointment, that this version was "the best of what is possible to get."²⁸

On September 26, the Israeli government held a special deliberation on the subject of the upcoming German declaration. In the absence of Foreign Minister Sharett, who was sojourning abroad, Prime Minister Ben-Gurion stepped up to lead the discussion. The shroud of secrecy cast over the West German-Israeli talks from mid-March remained in effect and, therefore, the ministers knew nothing of the diplomatic game of tag that had taken place around the declaration draft.

20 ISA, MFA 2539/2, F. Shinnar to E. Herlitz, September 12, 1951.

21 ISA, MFA 344/15, Shilumim, September 13, 1951.

22 ISA, MFA 2539/2, G. Avner to E. Livneh, September 10, 1951.

23 UKNA, FO 371/93455, British Legation in Tel Aviv to Foreign Office, September 17, 1951.

24 According to Blankenhorn, he met with Barou "at least a dozen times" while working on the declaration draft. Deutschkron, *Bonn and Jerusalem*, 31.

25 ISA, MFA 344/20, N. Goldmann to M. Sharett, September 14, 1951.

26 ISA, MFA 2539/2, F. Shinnar to E. Livneh, September 12, 1951.

27 ISA, MFA 2539/2, E. Livneh to G. Avner and F. Shinnar, September 20, 1951; ISA, MFA 2543/6, M. Fischer to W. Eytan, September 21, 1951; Hansen, *Aus dem Schatten der Katastrophe*, 123–125; Avihar, "Awakening," 73.

28 ISA, MFA 2539/2, G. Avner to E. Livneh, September 24, 1951.

“We have news,” Ben-Gurion informed those present, “that the head of the West German government, Dr. Adenauer, is about to make a declaration about the relations between the [. . .] German people and the Jewish people.” The Ministry of Foreign Affairs, he added laconically, has received the text of the planned declaration. The full content of the draft was then read out loud to the ministers, in a Hebrew translation. The IMFA, Ben-Gurion continued after the reading, has already prepared a proposed response to the German declaration, which has been sent to Israel’s diplomatic missions around the world. The response was also communicated to the ministers.

We shall discuss the two documents presented by Ben-Gurion in detail further on, however, for the purposes of assessing the government’s stance on the German channel, it is worthwhile for now to pause on one specific element contained in both. The Chancellor’s declaration made a proposal to Israel and world Jewry to open direct and official negotiations on the subject of compensation. The IMFA’s response, while refraining from addressing this invitation directly, did not reject it out of hand. In other words, Israel was about to publicly announce to the international community that the possibility of direct and official negotiations between itself and West Germany on the question of reparations was not off the table, as far as the Jewish state was concerned. This would, by all accounts, be a momentous historic event. The German channel, embarked upon only six months earlier, was beginning to show the first glimmers of a light at the end of the tunnel. The majority of the cabinet ministers found no objection with the proposed response, and therein gave their de facto approbation to the prospect of pursuing direct German-Israeli negotiations (an attitude already on display at the July 18 cabinet meeting).²⁹ The only members to voice any kind of reservations were two ministers from the religious-Orthodox camp. Their concerns were heard but not heeded, and the cabinet approved the IMFA’s proposed response.³⁰

On September 27, 1951, Chancellor Adenauer went before the Bundestag plenum and made his declaration.³¹ Its first half was dedicated to the Bonn government’s efforts, both legal and educational, to prevent the recurrence of the Holocaust. Immediately after it followed the paragraph that was supposed to contain Bonn’s recognition of the heinous crime perpetrated by the German people

²⁹ See Chapter 4.

³⁰ ISA, Meeting of the Cabinet, September 26, 1951, 2–8.

³¹ Before its public proclamation, the Chancellor showed the declaration to representatives of the leading factions of the parliament. He likewise made sure to get president Heuss’s approval. Zweig, *German Reparations and the Jewish World*, 14. On September 26, one day before the historic speech, the Bonn government unanimously approved the final text of the declaration. Hansen, *Aus dem Schatten der Katastrophe*, 125; Geller, *Jews in Post-Holocaust Germany*, 226.

against the Jewish people and its denunciation. Those listening in Jerusalem expected to hear harsh and explicit words to this effect, yet their anticipation proved to be in vain. “The overwhelming majority of the German people,” determined the Chancellor, “detested the crimes perpetrated against the Jews and had no part in them.” Not only that, but “many” Germans had risked their lives to come to the aid of their Jewish fellow citizens. From this narrative, one could surmise that two separate, if not conflicting, entities had existed during the Third Reich period: the Nazi regime (which persecuted the Jews) and the German nation (which did not participate in the atrocities).³²

Nevertheless, “unspeakable crimes were committed in the name of the German nation” and they “necessitate the moral and material compensation” of the Jewish people. In this regard, the Chancellor mentioned the two existing categories of compensation: indemnification and restitution of property. On both these counts, he reminded his listeners, “first steps have been taken,” though “very much remains to be done.” The government, he clarified, will work toward improving the existing legislation in the field of indemnification and forge ahead with its activities in the field of restitution. When it came to the third category, that of reparations, the Chancellor employed rather vague language: “The Federal Government is prepared, jointly with representatives of the Jewish people and of the State of Israel, which has absorbed so many homeless Jewish refugees, to bring about a solution of the problem of material compensation.” One can see this sentence as knowingly hinting at the subject of reparations due to the Chancellor’s

³² Having perused the final text of the declaration on the eve of its public pronouncement, Prime Minister Ben-Gurion wrote in his diary that Adenauer “will speak neither of guilt nor of responsibility.” BGA, BGD, September 25, 1951. Foreign Minister Sharett voiced similar words in the Israeli Parliament. KM, Vol. 10, November 4, 1951, 278. The German scholar Frank Stern determined in this context that the declaration carried no “sense of guilt” and did not constitute a taking of responsibility. Stern, *Im Anfang war Auschwitz*, 325. Likewise, Ian Lustick argues that the declaration “seem to offer very little in the way of acknowledged [historical] truth.” Lustick, “Negotiating Truth,” 58. A similar insight is expressed by Markus A. Weingardt, who qualifies the declaration as “very weak” in terms of its historical content. Weingardt, *Deutsche Israel und Nahostpolitik*, 80. See also: Ferdinand and Wild, “. . . Not by the German People.” Some scholars, on the other hand, chose to emphasize the positive sides of the declaration. Thus, for example, Nava Lowenheim argues that the Chancellor’s pronouncement was the first time West Germany expressed apology (for its war crimes) and was therefore groundbreaking. Lowenheim, “A Hunted Past,” 533. According to Anson Rabinbach the declaration was an important milestone in terms of recognizing that the Holocaust of European Jewry was unique among the other atrocities perpetrated by the Third Reich. Rabinbach, “The Jewish Question,” 168. Ruth Amir claimed that, from the historical perspective, Adenauer’s declaration marked the beginning of progress toward conciliation in Israeli/Jewish-German relations. Amir, *Who is afraid of Historical Redress?*, 74.

use of the same expression – “the absorption of Jewish refugees” – that had been employed in Israel’s March 12, 1951 diplomatic missive to the powers to justify its reparations claim and rationalize its scope. One could also argue that, in light of the fact that Israel had raised only one claim for compensation – the reparations claim – the mention of “problem of material compensation” in reference to Israel could really only have referred to this claim. Still, it was impossible to view the Chancellor’s words as a clear-cut announcement or admission of Israel’s right to reparations. In fact, all Adenauer did was invite Israel and the Jews of the Diaspora to come to the negotiating table in order to discuss the various categories of compensation, which may or may not include the question of reparations. At the end of his speech, the Chancellor signaled to the Jewish-Israeli parties that they must not expect too large an amount, since Bonn’s payment capacity was limited due to “the bitter necessity of having to care for the innumerable [German] victims of the war and having to maintain the [German] refugees and expellees.”³³

A representative of the Jewish Agency present at the Bundestag at the moment of the declaration reported that the parliamentary plenum had been packed wall-to-wall. Adenauer pronounced his words in a voice filled with emotion and the audience stopped him multiple times with thunderous applause.³⁴ All factions, including those on the right side of the German political spectrum, approved the Chancellor’s announcement and the meeting came to a close with all those present standing for a solemn moment of silence to honor the memory of the victims of the Holocaust.³⁵

The declaration got a positive reception outside of Germany as well. The *Washington Post* proclaimed the Chancellor’s speech to be “the best thing to come out of Germany since 1933,” while the *Manchester Guardian* claimed this signaled a change of direction for the German people.³⁶ Similarly-minded reactions were printed in several press outlets around the world.³⁷

Israel, however, found it difficult to applaud Adenauer. Having analyzed it thoroughly, IMFA staff came to an obvious conclusion: the declaration fully met only one out of Israel’s three fundamental demands – the vow to do everything in Germany’s power to prevent a second Holocaust. The admission and denunciation of the German people’s crime against the Jews were lacking at best, while the pledge to pay reparations was stated too vaguely to be considered as such.

³³ AIG, Document 13, Declaration by the West German Chancellor before the Parliament in Bonn on 27 September 1951 Concerning Restitution, Indemnification and Reparations.

³⁴ ISA, MFA 2539/2, E. Livneh to F. Shinnar, September 27, 1951.

³⁵ For the reactions of the different factions see: Vogel, *The German Path to Israel*, 33–35.

³⁶ Buettner, “Germany’s Middle East Policy,” 121.

³⁷ Balabkins, *West German Reparations*, 91.

Shabtai Rosenne was the first to maintain that the declaration was “rather nebulous,” especially when it came to reparations.³⁸ His colleague, Yaacov Robinson, turned Rosenne’s attention to the fact that the declaration was not categorically addressed to Israel (and therefore was not unequivocally addressing its reparations claim).³⁹ In the West European Division of the IMFA, officials similarly determined that “the declaration contains no explicit commitment to the payment of reparations.”⁴⁰ Among the few who opposed this viewpoint was Consul Livneh.⁴¹ He was, first and foremost, content to hear West Germany declare itself “ready to accept the responsibility for the actions of the Reich and to reach a positive [compensation] settlement.”⁴² He also gave considerable thought to the German word *Wiedergutmachung*, which translates literally to “make good again” or, more applicably in our context, amend – by way of material compensation, among other things – a wrong done unto others.⁴³ The Chancellor employed this word every time he touched upon the issue of material compensation in his declaration. Some among the IMFA staff claimed that Adenauer had in fact limited the literal meaning of the word to refer only to the existing two categories of compensation: indemnification and restitution. Livneh, on the other hand, argued that this word “must be interpreted in its broadest sense,” as “encompassing all the fields of compensation of the victims of the Nazi regime,” including reparations.⁴⁴

A few hours after Adenauer had made his declaration, the Israeli government published its response. Jerusalem expressed its satisfaction regarding Bonn’s initiatives to uproot Nazi trends and attitudes from among the German nation. According to its impression, the West German government “unreservedly acknowledges that unspeakable crimes were committed in the name of the German people,” and recognizes that the nature of these crimes “implies an obligation to make moral and material reparations, both individually and collectively.” The response ended with a statement that “the government of Israel will study the German Chancellor’s declaration and will in due course make its attitude known.” The implication was that Israel would announce its official position vis-à-vis the Chancellor’s invitation

38 ISA, MFA 1809/1, S. Rosenne to Y. Robinson, October 1, 1951.

39 ISA, MFA 1809/1, S. Rosenne to F. Shinnar and E. Livneh, October 29, 1951.

40 ISA, MFA 1809/1, West European Division to a Series of Addressees, October 12, 1951.

41 His opinion was apparently shared by several Israeli diplomats abroad. Trimbur, *De la Shoah à la Réconciliation?*, 42–43.

42 ISA, MFA 1809/1, E. Livneh to G. Avner and F. Shinnar, November 21, 1951.

43 See in this context: Frohn, “Introduction,” 2.

44 ISA, MFA 1809/1, E. Livneh to West European Division, October 19, 1951. Adler-Rudel held a similar position. CZA, S43/240, S. Adler-Rudel to B. Locker and L. Eshkol, September 28, 1951.

to inaugurate Israeli-Jewish-German negotiations on the matter of compensation. One may rightfully ask why this position was not included in the present announcement. It would appear that the two co-captains, Ben-Gurion and Sharett, wished to see how the German declaration would be received by Israeli public opinion and political circles before they ruled in favor of direct negotiations.⁴⁵

When we compare the government response prepared by the IMFA on the eve of the Chancellor's speech and the reactions of IMFA officials once the declaration was made public, we notice a significant disparity in content. According to the official response, Bonn had fully acquiesced to all three of Israel's demands, the one pertaining to reparations chief among them. Yet, as we have seen, this was far from the actual opinion that prevailed at the Ministry once Adenauer had made his announcement. Based on the sources at our disposal, this discrepancy was the result of last minute changes to the declaration text. The IMFA had prepared Israel's official response based on the draft received from Bonn on the 24th of the month, or thereabouts. The Israelis had found this version of the declaration acceptable, albeit not fully satisfactory. The Germans had even gone so far as to promise an additional amendment of the paragraph on the subject of reparations, one that would adhere more closely to Israel's specifications. However, two days before the Chancellor spoke before the Bundestag a new version – "much worse than its predecessor" – had arrived. Avner, who had received the text from the minister in Paris, Fischer, suggested that Livneh contact Adenauer immediately and ask him to revert to the previous draft. Yet the new version remained unchanged and became the final text of the public declaration.⁴⁶ For some reason, the IMFA neglected to alter the Israeli response accordingly and it too remained unchanged, irrelevant as it was to two out of the three points raised by Jerusalem.⁴⁷

Nonetheless, the leadership in Jerusalem could let out a satisfied sigh of relief. Israel's demand for a public and official German declaration that would address the horrors of the Holocaust, as well as the issue of material compensation had been achieved. It was a significant achievement for Ben-Gurion and Sharett, as well as for the IMFA, the latter having pushed for the settlement of the

45 AIG, Document 14, Statement by Israel Government Spokesman of 27 September 1951 Following Upon the Declaration of the West German Chancellor.

46 ISA, MFA 2417/3, G. Avner to G., September 25, 1951.

47 Director-general of the IMFA, Walter Eytan, tried to excuse Israel's irrelevant response to Sharett, who was sojourning in New York at the time. "The latest draft revisions," he wrote, "were unknown to me. We were therefore unpleasantly surprised when we got the text from Paris." ISA, MFA 2330/2, W. Eytan to M. Sharett, September 28, 1951.

compensation question via direct negotiations for some time. However, as stated previously, the declaration failed to satisfy all of Israel's demands in full, most notably with regard to the matter of reparations. The circumstances, therefore, were still not ripe for the Israeli leadership to approach the negotiations table. For that to happen, it would require a tangible German guarantee to pay reparations, which is what the IMFA would strive to obtain over the following weeks.

Chapter 6

Mobilizing the Nation: The Making of a Conference

Around the time the reparations letter had been dispatched to the Western powers (March 12, 1951), Israel also launched a campaign to mobilize public opinion among the Jewish communities in the West in support of its claim.¹ These publicity efforts yielded substantial results. A long string of mostly American Jewish organizations contacted their respective governments to express unequivocal support for Israel's reparations claim.²

In late May 1951, IMFA officials suggested that world Jewry should once again be mobilized to show their support, and thereby hopefully give the claim yet another push in the right direction.³ The subject was discussed in detail at a meeting dealing with various aspects of the reparations claim held at Foreign Minister Sharett's home on June 19, with the participation of senior IMFA officials and the director-general of the Ministry of Finance, David Horowitz. The latter proposed organizing a conference of the world's prominent Jewish organizations in late fall, with the aim of "demonstrating the support of the entire Jewish world for Israel's demand to receive reparations from Germany." Those present embraced the notion wholeheartedly, with Sharett proclaiming it "an important idea, the possibilities of which must certainly be investigated."⁴

The topic of the conference came up again during a senior IMFA officials' meeting on July 26. Most of the attendees reiterated their favorable opinion on the matter. However, during the weeks that had passed since the idea was first brought up, a small but adamant resistance – made up of Gershon Avner and Gershon Meron – had formed against it. The two argued that the proposed conference would not only fail to provide Israel with the kind of positive publicity it sought, but possibly even prove detrimental to its ambitions. The reparations issue, they explained, is a bone of "rather bitter" contention between Israel and the leading Jewish organizations in the West. How then could Israel hope to "achieve general consensus in [this] demonstrative conference" on the subject of

1 See Chapter 3.

2 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/7-651, Israeli Reparation Claim, July 6, 1951; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/5-1851, J. Pool to the Department of State, May 15, 1951; ISA, MFA 2417/2, Our Claim for Reparation from Germany, March 22, 1951; JTA, April 18, 1951.

3 ISA, MFA 344/15, S. Bendor to the Embassy in Washington, May 24, 1951.

4 ISA, MFA 2417/2, Meeting summary, Without Date; ISA, MFA 344/15, Shilumim, June 22, 1951.

the reparations claim? Should the conference come to a close without a statement in support of Israel or with one that was perhaps hollow or vague, it would reveal the various disagreements between Israel and the world's Jewry, causing tremendous harm to Israel's chances of winning its claim in the process.⁵ Israel would be better off, in their opinion, setting the whole conference idea aside and preparing, instead, a written declaration in support of its reparations claim. Jerusalem could then take the necessary steps behind the scenes in order to try and convince the Jewish organizations to sign it.⁶

The "contention" mentioned by Meron and Avner had been hanging over Jewish-Israeli relations since the summer of 1950, when the question of reparations first started making its way onto the IMFA agenda. It became more palpable shortly after Jerusalem had submitted its claim to the powers in the spring of 1951. The organizations supported the move in public, of course, but under the surface they raised "difficult questions about the right of Israel to speak for the entire nation" on the matter of reparations and, consequently, about its right to file the claim in the first place.⁷ A particularly obdurate stance on the matter was held by the American Jewish Committee.⁸ When asked for his opinion on the conference idea by Ambassador Eban, the president of the Committee, Jacob Blaustein, responded that he was inclined to view it positively, provided that Israel recognize it was not the sole representative of the Jewish people on the matter of collective reparations (and therefore cannot be the sole claimant of reparations).⁹ The American Jewish Committee's position was of the utmost importance since it was considered one of the leading Jewish organizations in the world and, therefore, wielded substantial influence over the other organizations.¹⁰ Starting in March, their rejection of the idea that Israel alone could speak for the Jewish people as a whole on the subject of reparations led representatives of several Jewish organizations to call, albeit sporadically, for the filing of a second reparations claim, this time by Diaspora Jewry.

Although the problem of representation was the main point of dispute between Israel and the Jewish organizations in the context of reparations, it was not the only one. A second issue had in fact emerged around the same time. Washington had made it clear to senior officials at the JTC and the JRSO that the Israeli

5 ISA, MFA 2417/3, G. Avner to E. Herlitz, August 15, 1951.

6 ISA, MFA 344/15, S. Bendor to the Embassy in Washington, July 27, 1951.

7 ISA, MFA 2417/3, G. Avner to E. Herlitz, August 15, 1951.

8 ISA, MFA 2543/7, E. Herlitz to F. Shinnar, November 23, 1951.

9 DEPI, Vol. 6, Document 306, A. Eban to the United States Division, August 3, 1951; Shafir, *Ambiguous Relations*, 165.

10 Zweig, *German Reparations and the Jewish World*, 51.

reparations claim could hurt badly the restitution and indemnification claims. The overall capital West Germany had allotted for the payment of all the various compensation claims, the Americans explained, was limited, and Bonn's acceptance of the Israeli claim would hamper the ability of its treasury to settle claims of the other two kinds.¹¹ The FRG would therefore have no choice but to postpone the transfer of property restitution and indemnification funds until a final settlement was reached in the reparations claim – in other words, until the amount Bonn must give to Jerusalem was decided.¹²

The Jewish organizations in the West were incensed: they were deeply involved in the domain of restitution claims for heirless property, mainly due to their participation in the JTC and the JRSO. On July 11, they arranged for their representatives to meet with Eban and Keren in order to hammer out the issue.¹³ To properly elucidate the scope of the problem, the JRSO had prepared a memo which showed that the total sum of current and future property restitution and indemnification claims might be as high as five billion DM (roughly 1.2 billion USD).¹⁴ This was an enormous figure and Keren warned of the possibility that the three kinds of compensation claims may be “headed for a straight-on and very damaging collision.”¹⁵ Avner hastened to support his colleague's assertion.¹⁶ Israel, now comprehending the problem, tried to convince the American government that there was “no connection whatsoever” between the Israeli claim and the other two types of claims.¹⁷ Yet, if the Jewish organizations expected Israel to take any drastic steps to amend the situation – retract its reparations claim, postpone it to a later date, minimize the claim amount or declare to the powers that the reparations claim did not take precedence over the other two kinds of claims – their hopes were in vain. At a September 5 meeting of the higher-ups in Jerusalem on the subject of reparations, a meeting attended by Foreign Minister Sharett, Finance Minister Kaplan, and the heads of the Jewish Agency, among others, it was stated unequivocally that “our reparations claim must be viewed as the foremost claim, one that trumps all other claims in scope and importance.”¹⁸

11 ISA, MFA 344/21, S. Rosenne to A. Eban, July 26, 1951.

12 ISA, MFA 1782/6, G. Landauer to G. Meron, June 27, 1951; ISA, MFA 1782/6, E. Livneh to the Economic Division in the Ministry of Foreign Affairs, July 4, 1951.

13 CZA, Z6/529, N. Robinson to N. Goldmann, July 13, 1951.

14 ISA, MFA 2417/3, Memorandum, without Date.

15 ISA, MFA 2417/3, M. Keren to F. Shinnar, August 3, 1951.

16 ISA, MFA 534/1, G. Avner to E. Livneh, September 12, 1951.

17 ISA, MFA 344/15, M. Keren to the Ministry of Foreign Affairs, July 3, 1951.

18 ISA, MFA 2543/6, F. Shinnar to E. Livneh, September 10, 1951; CZA, A376/204, Memorandum, October 14, 1951.

These were, thus, the main two points of contention between Israel and the Jewish organizations on the matter of reparations, and the reasons why it would be impossible to hold a pan-Jewish conference that would be of any publicity value to Israel, according to Avner and Meron. The IMFA was sympathetic to this view, even if they did not fully accept it. Subsequently, at the meeting of the IMFA's top brass on July 26, it was decided that political advisor Leo Cohen would prepare a statement draft expressing support for the Israeli claim to be sent out for the approval of the Jewish organizations prior to the conference. This preliminary maneuver would guarantee that when the conference did take place, "an appropriate statement supporting our claim for reparations" would be "unanimously accepted in a show of absolute unity by the entirety of world Jewry."¹⁹

On August 5, a meeting was held at the IMFA with the participation of Sharett, Eytan, Horowitz, Leo Cohen, Shinnar, and Goldmann, where it was decided to hold the conference on October 17. The task of inviting the organizations was delegated to the Jewish Agency, rather than the government, for "understandable reasons" – the Israeli government would have looked rather ridiculous summoning a Jewish display of support for its own cause.²⁰ The meeting attendees concluded that "the goal of the conference is to create a united Jewish front supporting Israel's claim," and that "the conference has to be directed at the powers – mainly the United States government, as well as the Bonn government."²¹ In other words, the conference was aimed at urging these countries' leaderships to start taking concrete actions toward the establishment of the Israeli-German negotiations channel and ensuring that this route would quickly yield a favorable outcome for Israel.

Cohen set to work writing the text of the statement, completing the task in early September. It was then dispatched to Goldmann by Shinnar, together with the conference plan the latter had drafted. The event was to last "no longer than one and a half to two hours" and by the end of it produce a favorable statement.²² Goldmann was taken aback. He found it hard to fathom how Shinnar could have thought it possible to "arrange a conference as streamlined as you indicate,

¹⁹ ISA, MFA 2417/3, Re: Discussion on the Problem of Shilumim from Germany, August 1, 1951; ISA, MFA 2417/3, Shilumim: Protocol of the Discussion held on July 26, August 5, 1951; ISA, MFA 2417/3, Protocol from August 1, 1951 on the Discussion of the Problem of Shilumim from Germany held on July 26, 1951, August 13, 1951.

²⁰ ISA, MFA 533/5, W. Eytan to Israel's Representatives in a number of Western Capitals, September 14, 1951.

²¹ ISA, MFA 344/15, Abridged Summary from a Meeting on the Subject of *Shilumim*, August 12, 1951.

²² ISA, MFA 2417/3, F. Shinnar to N. Goldmann, September 12, 1951.

which will last two hours, adopt a resolution prepared by you and then the people who came from Australia, South-Africa, etc. will just fly home.” Such a procedure, Goldmann asserted, was unacceptable, especially if over fifteen different organizations were to take part in the conference. To his mind, the event had to take place over at least two days. He also doubted the likelihood of getting the organizations to sign off on the statement prepared by Cohen, which expressed absolute and unquestioning support for the Israeli reparations claim. Their representatives, he warned, would insist on discussing the controversial issues, such as who would lead the negotiations with the Germans on the question of reparations and what the attainment of reparations would mean for the fate of the two other categories of compensation.²³

Director-general of the IMFA, Walter Eytan, was also critical of the proposed statement draft. He felt it failed to reflect the full extent of the horror inflicted upon the Jewish people by the Nazi regime. At a meeting he held with IMFA officials involved in the reparations issue, it was decided to ask Cohen to add a paragraph that would elucidate the subject at length.²⁴ Cohen, however, had fallen ill in the meantime, and it was Fischel, Shinnar’s assistant, who ended up making the requested adjustment.²⁵ Once Cohen had regained his health, he perused the amended statement and rejected it in its entirety. Some of the Jewish organizations, he clarified to Eytan, had already reached their own agreements with Bonn over various aspects of the compensation question. These organizations might be unwilling to sign any document that used excessively harsh wording against the German people due to its Nazi past. He therefore advised going back to the original text he had prepared.²⁶

Cohen’s suggestion was indeed implemented, to a certain extent at least, but not because of his own vociferous objections; rather it was Chancellor Adenauer’s declaration on September 27 that swung the pendulum his way. This historic speech provoked doubts among several IMFA officials regarding the necessity of holding a Jewish conference. If the purpose of this public display was, among other things, to bring about the establishment of a channel for Israeli-German talks, the Chancellor’s declaration already included a proposal to this effect. Shinnar was among the first to express this view. “We must take into account,” he opined, “that the publication of the German declaration [. . .] is a factor that somewhat diminishes the importance of the conference.”²⁷ The financial advisor at the Israel legation in London

23 ISA, MFA 2417/3, N. Goldmann to F. Shinnar, September 14, 1951.

24 ISA, MFA 533/5, F. Shinnar to L. Cohen, September 16, 1951.

25 ISA, MFA 533/5, W. Fischel to W. Eytan, September 19, 1951.

26 ISA, MFA 533/5, L. Cohen to W. Eytan, September 25, 1951.

27 ISA, MFA 2417/3, F. Shinnar to N. Goldmann, September 26, 1951.

raised a similar point.²⁸ Avner made his position known rather bluntly when he recommended to Shinnar to call off the conference immediately.²⁹ And yet, the policy makers refused to give up the idea. The Chancellor's pronouncement did indeed increase the chances of opening direct Israeli-German negotiations. However, it was far from being a *fait accompli*. Nor did the speech make any guarantees that Israel would obtain its financial recompense through these talks. Nevertheless, it was felt in Jerusalem that the criticism of the German nation over its actions under the Nazi regime needed to be toned down. Bonn was liable to be offended by such a verbal attack and might reconsider its willingness to establish direct talks with Jerusalem. It was therefore decided to take out the majority of the language emphasizing the heavy burden of guilt weighing on the German people from Fischel's draft. In addition to that, it was decided to add a paragraph addressing Adenauer's declaration.³⁰

Shinnar and Fischel set to work and, on October 8, presented a new amended draft.³¹ However, the new version of the statement would not do either. The legal advisor of the IMFA, Shabtai Rosenne, turned the authors' attention to the presence of what he saw as problematic turns of phrase, from the political and legal standpoints.³² A far more scathing criticism of the new draft was expressed by the Jewish organizations. This reaction was fueled, in part, by the Chancellor's speech, which, as Sharett put it, "had whet [their] appetite."³³ As mentioned previously, Adenauer's declaration had increased the likelihood of a direct talks channel opening up between Israel and West Germany, and with it, the probability of reaching some kind of settlement on the matter of reparations. The dispute over representation was thus rendered tangible and pressing. One must also recall that the Chancellor himself had expressed Bonn's interest in resolving the compensation question "jointly with representatives of [World] Jewry." The organizations became more vocal and explicit than ever about their intention to submit

28 ISA, MFA 533/5, The Economic Counselor at the Legation in London to F. Shinnar, September 28, 1951.

29 ISA, MFA 533/5, G. Avner to F. Shinnar, October 5, 1951.

30 ISA, MFA 533/5, G. Avner to F. Shinnar, October 5, 1951.

31 ISA, MFA 2543/7, Draft Resolution to be adopted by the Conference of Jewish Organizations to be held in Washington in October 1951, October 8, 1951.

32 ISA, MFA 1809/1, Alterations Suggested in Draft Resolution to be adopted by the Conference of Jewish Organizations to be held in Washington in October 1951, October 19, 1951.

33 ISA, Meeting of the Cabinet, October 25, 1951, 35. See also: ILPA, 2-932-1950-56A, Meeting of Mapai Members with Moshe Sharett, April 17, 1952.

a second collective reparations claim as soon as Israel commenced its direct and official negotiations on the subject of reparations with the FRG.³⁴

This position was made abundantly clear in a meeting held on October 11 between Sharett and senior officials of the Israeli embassy in Washington, on the one hand, and representatives of the major American Jewish organizations, on the other, at the Jewish Agency's offices in New York City. Sharett did everything in his power to convince his American-Jewish interlocutors of the misguidedness of their stance. "I argued," he told the ministers in their weekly cabinet meeting, "that showing up before the Germans with two monetary claims is, first and foremost, a disgrace, and also not a wise or worthwhile move financially speaking." He recommended that, in the future negotiations with the West Germans, Israel focus on reparations while the Jewish organizations deal with the various legislative issues related to the other two kinds of claims. His words, however, fell on deaf ears.³⁵

The Jewish organizations demanded that the concluding statement of the conference express their view on the reparations issue, which Shinnar and Fischel's latest draft, like all others preceding it, did not. The reparations claim, according to all the versions composed thus far, was an exclusively Israeli territory. Furthermore, they made only passing mention of the other two types of claims. It is therefore not surprising that the organizations protested Israel's proposed statement.

The Israeli-Jewish conflict over the question of reparations was discussed during three additional consultations held in the second half of October. All attempts to reach a compromise proved futile, despite a promise made by the organizations' representatives to their Israeli counterparts that if the FRG should acquiesce to a second reparations claim (that of Diaspora Jewry), most of the compensation amount would be handed over to Israel. Left with no other choice, the two sides decided to continue hashing out the issue during the conference. Nonetheless, in the interest of keeping their disagreements out of the public eye, it was agreed to hold the discussions behind closed doors.³⁶ During these three consultations, the parties did finalize the administrative details: the conference program, the exact place and time it would be held, and the list of participating organizations. The latter consisted of twenty-two major Jewish organizations representing

34 Blaustein, president of the American Jewish Committee, made it clear to Goldmann in mid October that Adenauer's declaration had fundamentally changed the rules of the game and it now required a compensations settlement with West Germany "on the part of the Israeli government and Jews in other parts of the world as well." AJCA, Online, AJC – Minutes of the Administrative Committee, December 12, 1951.

35 ISA, Meeting of the Cabinet, October 25, 1951, 34–39.

36 ISA, MFA 2543/7, E. Herlitz to the Ministry of Foreign Affairs, November 1, 1951.

the Jewish communities in the West.³⁷ Goldmann sent out the invitations to these organizations on behalf of the Jewish Agency.³⁸ No Jewish organizations from Eastern Europe or the USSR took part in the conference due to the respective authorities' refusal to allow their representatives to leave the country in order to attend it.³⁹

The morning of October 25, 1951, saw the inauguration of the Jewish conference at the Waldorf Astoria hotel in New York City. Goldmann, who had been chosen to lead the conference plenum meetings, made the opening remarks, followed by Ambassador Eban, speaking for the Israeli government, and Israel Goldstein, speaking for the World Jewish Congress, each taking their turn to address the assembly. The ensuing meetings included speeches made by representatives of the various organizations as well as experts on the subject of compensation. The following day, October 26, the conference closed with a ceremonial assembly attended by members of the Jewish and foreign press, where the concluding statement of the conference was made public.

The divergences between Israel and the organizations on the matter of reparations were reflected in the speeches. Jacob Blaustein underscored that Israel's claim was not the only one on the table and that it was imperative to promote all other claims on behalf of the Jewish people.⁴⁰ Goldmann presented the reparations category as a "pan-Jewish" issue and avoided mentioning the fact that Israel was claiming sole responsibility over it. Eban, on the other hand, implored his listeners to accept Israel's exclusive custody of the reparations claim and expressed concern over a second claim that would compete with Israel's efforts and most likely hamper them.⁴¹

The contention between the two sides was likewise manifest in the final statement that closed the conference. A decisions committee, composed of one representative from each organization, assembled at the end of the day on October 25 to discuss the statement draft concocted by Shinnar and Fischel "the length of an entire evening." In Israel, the hope was that the organizations would eventually concede and

37 Among the organizations that took part in the conference were: The American Jewish Committee, American Jewish Congress, Board of Deputies of British Jews, Conseil représentatif des institutions juives de France (CRIF), Delegación de Asociaciones Israelitas Argentinas, Canadian Jewish Congress, Executive Council of Australian Jewry, South African Jewish Board of Deputies, World Jewish Congress, The Jewish Agency.

38 Blumenthal, *Right of Reparations*, 53.

39 CZA, Protocol of the Zionist General Council Session in Jerusalem (May 7–15, 1952), 9th Meeting, May 12, 1952, 152.

40 Rosensaft, "The Early History," 28.

41 CAHJP, CC 16600, Minutes Foundation of the Conference on Jewish Claims against Germany, October 25–26, 1951.

accept this draft as it was, with slight corrections at most, but this hope was destined to be dashed. The committee made critical alterations to the Israeli draft. And, as if that were not enough, upon presentation of the altered text to the conference plenum, this larger forum decided to subject it to a few more “minor changes.”⁴²

The concluding statement opened by stating that “this conference was called together for the sole purpose of considering Jewish material claims against Germany.” In other words, Jewish leaders in Israel and the world were clarifying that they had no intention of reconciling with Germany if and when the compensations claims should be settled. In direct accordance with this, the statement went on to specify that the material compensation being claimed from the Germans could in any way make amends for “crimes of the nature and magnitude perpetrated by Nazi Germany against Jews.” These two paragraphs were overtly aimed at neutralizing elements within the Jewish public who opposed any contact with the Germans. Further on, the statement described the Holocaust of European Jewry briefly and in restrained terms, so as to avoid rattling the Bonn government. For the same reason, the statement did not include an appeal to the Western powers to apply pressure to Germany on the issue of compensation, nor the demand that the rehabilitation process be halted until this issue was settled. The resolution did mention the Chancellor’s historic September 27 declaration, highlighting the fact that it had been approved by the Bundestag.⁴³

The statement ended with three resolutions. The first expressed unreserved support for the Israeli reparations claim. The second determined that the conference likewise demanded the satisfaction of all other Jewish compensation claims. These, of course, included property restitution and indemnification claims, but also a claim for the “rehabilitation of the Jewish victims of Nazi persecution,” which referred in fact to the second reparations claim the Jewish organizations were planning to submit. The third resolution consisted of an emphatic reiteration of the importance accorded to the satisfaction of restitution and indemnification claims, as well as an expansion of the legal frameworks to accommodate them.⁴⁴

Hence, the concluding statement faithfully reflected the Jewish organizations’ positions on their two points of contention with Israel: it was made clear that there was room for a second reparations claim, and ample emphasis was placed

⁴² ISA, MFA 2543/7, E. Herlitz to the Ministry of Foreign Affairs, November 1, 1951.

⁴³ An Israeli diplomat who was covering the conference wrote that the mention of the Bundestag was meant to “hold any [West German] government that might come after Adenauer” to the contents of the declaration. ISA, MFA 2543/7, E. Herlitz to the Ministry of Foreign Affairs, November 1, 1951.

⁴⁴ AIG, Document 15, Resolutions of the Conference on Jewish Material Claims against Germany on the Subject of Material Claims from Germany, New York, 26 October, 1951.

on the importance of the other two types of compensation claims. Israel had no choice but to swallow the bitter pill. The organizations were, for the time being, unbending in their position, and any attempt to impose a different stance upon them could have resulted in a resounding collapse of the conference. Were this to occur, the damage inflicted to the public image of Israel and its reparations claim in the international arena would have been unimaginable.

Emotions at the IMFA were understandably mixed. On the one hand, they were extremely content to have the world's prominent Jewish organizations give the State of Israel "full support of our claim." On the other hand, apprehensions of their plans to launch a second reparations claim were growing.⁴⁵

And rightly so. The Jewish organizations came away from the New York conference with one fundamental intention: to institutionalize their relations by establishing a pan-Jewish organization to handle all property restitution and indemnifications claims, as well as the second reparations claim.⁴⁶ The vision of the pan-Jewish organization became reality as soon as the conference had come to an end, with the establishment of "The Conference on Jewish Material Claims against Germany," or the "Claims Conference" for short.⁴⁷ This body initially consisted of two committees: a Policy Committee, whose membership consisted of representatives of all the organizations who had taken part in the New York conference, and an Executive Committee where only the most prominent of the organizations at the conference were represented. Nahum Goldmann was elected chairman of the Claims Conference.⁴⁸ The important role the Claims Conference was destined to play in the German compensation saga would come to light over the following months, and with it, the challenge that it would pose to Israel's ambition of obtaining reparations.

45 ISA, MFA 2543/7, E. Herlitz to the Ministry of Foreign Affairs, November 1, 1951.

46 The idea of establishing wide-reaching cooperation on the matter of material compensation had been in the air for almost six months. The Jewish Agency had already initiated a conference in Paris in May 1951, with the participation of the major Jewish organizations in the West, with the aim of consolidating inter-organizational relationships with regard to the various compensation claims. CZA, A376/204, Follow-up Proceedings on the Complex of Jewish Property Restitution in Germany, March 28, 1951; ISA, MFA 534/1, AJDC-JAFP-Successor Organizations Conference on Restitution and Related Matters held on May 8 and 9, 1951 at Paris, June 12, 1951; AJJDC, AR NY 45/54 File 374, Summary of Meeting on Specific Transfer Questions, May 10, 1951; AJJDC, AR NY 45/54 File 1397, Coordination of Restitution and Related Problems among Interested Jewish Organizations in Various Countries, August 25, 1951.

47 The name of the organization was intended to emphasize its focus on material compensation claims alone, rather than the horrific crime that was the murder of six million Jews – an act for which there could be no recompense. Yaakov, "Fifty Years," 22.

48 ISA, MFA 2543/7, E. Herlitz to the Ministry of Foreign Affairs, November 1, 1951.

Chapter 7

Chancellor, We Need a Clarification

Israel's leaders, Ben-Gurion and Sharett, hoped that Chancellor Adenauer's declaration to the Bundestag would legitimize, in the Jewish public's opinion, the dramatic turn toward direct, official and public negotiations between Israel and West Germany on the subject of reparations. In other words, it would legitimize a significant violation of the principle of the sanctified boycott of Germany. However, the reaction of the Israeli public and political system to the Chancellor's speech was decidedly negative. Needless to say, the same sentiment applied to the idea of opening talks between the two countries.

An accurate reflection of this can be found in the Israeli press from the time. The papers were finding it hard to believe that the Chancellor's words were based on any deep moral feeling or demonstrated a sincere desire to atone for past sins and with it a true willingness to pay reparations. "It is questionable," speculated the unaffiliated *Ha'aretz*, "whether or to what extent one can see the declaration as an expression of the spirit of 'repentance.'" The article went on to determine that the Chancellor's speech was inspired by cold utilitarian considerations, namely, the German desire for rehabilitation.¹ Similarly, *Ha-Olam Hazeh*, a weekly paper with strong anti-establishment leanings, wrote that "there is no doubt that the Chancellor's gesture was not spontaneous, but a thoroughly calculated political move [. . .] intended to pave the way for Germany's return to the Western family of nations."² Another unaffiliated newspaper, *Ma'ariv*, shared this view, drawing from it a very clear conclusion: "the chances of obtaining real reparations, of significant sums, are very slim."³ The organs of the opposition parties presented analogous outlooks. The mouthpiece of the left-wing Mapam party, *Al Ha-Mishmar*, maintained that the Chancellor's declaration was "far from been an expression of fundamental change in the attitudes of the ruling elements in West Germany."⁴ The paper reiterated this claim even many days after the declaration.⁵ *Kol Ha-Am*, the paper of the Israeli communist party, Maki, did not mince words when it came to attacking the West German leader's "purity of intentions." As one of its journalists pondered, "is there a single soul in Israel who seriously

1 *Ha'aretz*, October 3, 1951.

2 *Ha-Olam Hazeh*, October 18, 1951.

3 *Ma'ariv*, October 4, 1951.

4 *Al Ha-Mishmar*, October 4, 1951.

5 *Al Ha-Mishmar*, October 14, 1951.

accepts and believes in the sincerity of the owners of this extended [German] hand?”⁶ The communist party organ continued to emphasize this point in subsequent issues.⁷ The leftist factions found an unlikely ally in *Herut*, the paper affiliated with the right-wing party by the same name, which likewise cast doubt over the genuineness of the Chancellor’s words.⁸

Newspapers affiliated with the coalition parties had their own, albeit less adamant, reservations about the declaration. The mouthpiece of the ruling party, Mapai, the daily *Ha-Dor*, pointed out in an editorial that one would be hard pressed to find any novelties in Adenauer’s speech, since much of its content had been heard from other German sources previously.⁹ Mapai’s long-standing weekly, *Ha-Poel Ha-Tzair*, mused: “many among us are wondering whether this announcement stems out of sincere remorse” or rather calculations based on self-interest.¹⁰ *Davar*, the paper of the Histadrut,¹¹ which was also associated with Mapai, wasted no time on deliberations and was quick to assert that Adenauer’s declaration was a product of utilitarian motives. Nonetheless, it was willing to wait and see if this turn of events would yield any “practical value.”¹² According to the newspaper of the Religious Zionists, *Ha-Tzofeh*, *Davar* will have to wait quite a long time: “Adenauer’s announcement is still a substantial distance away from any actions of value.”¹³ The *Shearim* paper of the Orthodox Poalei Agudat Israel faction ran an opinion piece on the subject with the unambiguous headline: “The Adenauer Declaration – No Signs of Regret.”¹⁴

Two newspapers – one partisan, the other unaffiliated – chose to take a slightly more balanced approach to the German statement. *Ha-Modia*, the paper of the Orthodox Agudat Israel party, questioned Adenauer’s moral conviction but felt that, nonetheless, “this declaration is of great political importance for the Jewish people.”¹⁵ Adopting a similar tone, the unaffiliated Hungarian-language newspaper *Új Kelet* opined that Adenauer’s announcement was the first step toward settling the matter of compensation between Israel and Germany.¹⁶

6 *Kol Ha-Am*, October 19, 1951.

7 *Kol Ha-Am*, September 28 and October 5, 1951.

8 *Herut*, October 4, 1951.

9 *Ha-Dor*, September 28, 1951.

10 *Ha-Poel Ha-tzair*, October 9, 1951.

11 The General Federation of labour in Israel.

12 *Davar*, September 28, 1951.

13 *Ha-Tzofeh*, October 3, 1951.

14 *Shearim*, October 3, 1951.

15 *Ha-Modia*, October 5, 1951.

16 *Új Kelet*, October 4, 1951.

The only press outlets to view the Chancellor's historic speech in a positive light were two unaffiliated, widely-circulated German-language newspapers: the daily *Neueste Nachrichten* and the weekly *MitteilungsBlatt*. Their readership consisted of German-speaking Jewish immigrants who had settled in the State of Israel.¹⁷ This segment of the Israeli population had an obvious vested interest in obtaining indemnity and recovering Jewish property throughout the territories of the former Reich. Likewise, their memories of their past in the German homeland were still vivid in their minds. There was therefore powerful motivation among a large percentage of this German-speaking community to see direct contact made between Israel and Germany, at the very least on matters of compensation. Accordingly, the *MitteilungsBlatt* published a long opinion piece, headlined "Bonn and Israel," in which it asserted that Adenauer's declaration was "an important moral step," one that constituted significant progress, from the Jewish perspective, and should serve as the foundation for future negotiations between the two sides.¹⁸

Alas, the German-language newspapers were vastly outnumbered. As already stated, the overall sentiment toward the Chancellor's proclamation was distinctly negative, sealing the fate of Israeli-German negotiations for the time being. Not only was there no positive change in the Israeli public's aversion to contact with Germany, on the contrary, following the statement, resistance to the idea dramatically intensified in certain circles.¹⁹

Leading the charge were the three opposition parties in the Knesset: the left-wing Mapam and Maki and the right-wing Herut party. They were joined, in the course of the winter of 1951–1952, by various extra-parliamentary bodies, the most notable among which included Poalei Agudat Israel in Jerusalem (Pagi), the Sulam group, a circle of intellectuals and public figures, organizations of Holocaust survivors, and a students' union, as well as the unaffiliated newspapers *Ma'ariv*, *Yedioth Ahronoth*, and *Letzte Naves*. The latter was a Yiddish-language paper circulated among the hundreds of thousands of Jewish immigrants who had come to Israel from Eastern and Central Europe, most of them Holocaust survivors.

These political, extra-parliamentary and media elements believed that Jerusalem was about to embark on direct talks with Bonn on the issue of reparations. As

17 Most of them had immigrated to Israel from Germany, Austria and Czechoslovakia following these countries' surrender to the Nazis.

18 *MitteilungsBlatt*, October 9, 1951.

19 IMFA official Chaim Yahil wrote on the subject to his colleague: "Immediately following Adenauer's declaration, a resistance movement arose in Israel opposing any contact with Germany [. . .] There was a feeling that the great majority of the country was hostile to the very idea of negotiations." ISA, MFA 43/10, Information Division to Israel's Minister to London, January 7, 1952.

evidence, they referred first and foremost to the government's official response to Adenauer's declaration, which did not reject out of hand the Chancellor's invitation to commence negotiations. "The Israeli government," warned *Kol Ha-Am* on September 28, "is laying the groundwork for the recognition of and negotiations with the Nazi Bonn government [. . .] That much is implied by the response of the Ben-Gurion government's spokesperson to the Chancellor's declaration."²⁰ *Herut* voiced a similar sentiment in writing that "the Israeli government's spokespeople's response to Adenauer's announcement contains explicit approval of the content, and what is worse, the spirit of the announcement."²¹ *Yedioth Ahronoth* mused that "the Chancellor had barely finished his speech" before Israel replied in the positive.²² The *Letzte Naves* cried out, using rather stark language, that "there are signs of negotiations brewing over the blood of the Jewish people."²³ Even *Ha-Modia* admitted that "Israel's initial response does not push the [Germans] away empty-handed."²⁴ Suspicions regarding Jerusalem's intention to open talks with Bonn were elicited not only by the content of the response, but also by the speed with which it had been issued. The government published its reaction within a few hours of the Chancellor's speech at the Bundestag. The anti-negotiations camp saw this as an indication that the two governments must have been in prior contact regarding the declaration text, contact that was bound to develop into future negotiations.²⁵ Details leaked over the course of the following weeks, both in Israel and in West Germany, regarding the exchanges preceding the declaration bolstered these misgivings.²⁶ Even the New York conference of the twenty-two Jewish organizations, held nearly a month after the Chancellor's speech, was seen as corroboration of the conjecture that secret moves were being made toward the establishment of an Israeli-Jewish-German diplomatic channel. *Herut* was quick to sound the alarm that "there is a humiliation being prepared for us this very moment in New York – a sit-down at the table with the murderers of our People."²⁷

The Israeli leadership's plans regarding the question of negotiations with Bonn were made clear in a government announcement on October 27, addressing the Chancellor's September 27 invitation to inaugurate Israeli-Jewish-German negotiations on the matter of compensation:

20 *Kol Ha-Am*, September 28, 1951.

21 *Herut*, October 4, 1951.

22 *Yedioth Ahronoth*, October 3, 1951.

23 *Letzte Naves*, October 5, 1951.

24 *Ha-Modia*, September 28, 1951.

25 *Ma'ariv*, October 5, 1951; *Ha-Olam Hazeh*, November 1, 1951.

26 *Ma'ariv*, October 31, 1951.

27 *Herut*, October 28, 1951.

It would seem that we must examine carefully whether the German government is willing to make good on Adenauer's declaration by way of a quick and effective settlement of our claim. Only if it should turn out, beyond the shadow of a doubt, that the Germans intend to reach such a settlement, can we consider the question of our participation in direct negotiations, which will be limited to a discussion of our demands alone [. . .] We must remain calm and act with determination to collect what is coming to us. If direct negotiations are required in order to attain it, we shall have to accept this burdensome role.²⁸

If anyone needed further evidence of the direction in which the Israeli government was proceeding, Foreign Minister Sharett²⁹ and, a short while later, Prime Minister Ben-Gurion,³⁰ issued a series of statements attesting to their fundamental willingness to enter negotiations with the FRG over the question of reparations. The various elements – political parties, extra-parliamentary bodies, and the unaffiliated newspapers – that had been ringing the alarm bells about this very possibility, thereby received a clear and official green light to continue and intensify their campaign to win over public opinion.

The right-wing Herut party played a central – in many ways leading – role in the developing offensive.³¹ At the end of September 1951, its affiliate youth movement, Betar, made a resolution at its fifth world congress to oppose all Jewish (-Israeli)-German contact. Betar, the resolution stipulated, “rejects any attempt by Jews to forgive the German people in exchange for ‘reparations’³² and considers this as national crime.” The movement would fight “relentlessly” against the possibility of such a scenario.³³ It should be noted, parenthetically, that Betar's anti-German line was consistent and firm over the years. Betar was the first of all Jewish-Zionist youth movements to liquidate its branches in Germany, and it forbade its members to travel to or to live in Germany.³⁴ This right youth movement also took to the streets: its activists held demonstrations in front of the Prime Minister's house, the Foreign Ministry building and the Jewish Agency headquarter,³⁵ held protest vigil

²⁸ ISA, MFA 2417/3, Our Claims from Germany: For Broadcast via Kol Israel Radio on October 27, 1951.

²⁹ *Ha'aretz*, October 28, 1951; ISA, 7562/11 A, Meeting of the Foreign Affairs and Defense Committee, October 29, 1951, 14; KM, Vol. 10, November 4, 1951, 278, 281.

³⁰ ISA, 7562/12 A, Meeting of the Foreign Affairs and Defense Committee, November 20, 1951, 10.

³¹ A senior figure in the movement reported to a colleague in the first half of October that Herut already has a “broad action plan” for “the war against negotiations with Germany.” JIA, H1 – 1/2/3, Yaakov Rubin to Jeremiah Halpern, October 14, 1951. Despite the general mobilization, there were those who felt that the movement could have done more in the campaign over reparations. Ozacky, “An Oppositional Voice,” 22, 25–26.

³² Apostrophes in the original.

³³ JIA, B3 – 2/2/19, Resolutions of the Fifth World Congress, September, 1951.

³⁴ JIA, B3 – 1/2/19, General Actions: Boycott on Germany, September, 1951.

³⁵ *Herut*, October 19, 1951.

against the idea of Israeli-German contact,³⁶ and even demonstrated in front of the Waldorf Astoria hotel in New York City during the conference of the 22 Jewish organizations.³⁷ On the 19th of October, the *Herut* newspaper inaugurated a new section entitled “Remember what Amalek did unto thee.”³⁸ The section printed articles dedicated to detailed and graphic descriptions of the horrors of the Holocaust. Other items tried to demonstrate that Nazi ideology, along with anti-Semitism, were once again rearing their ugly heads in West Germany. The purpose of the section, according to its editor, was “to educate” the nation to hate the German “enemy” in order to prevent “the danger of the unprecedented disgrace the [Israeli] government is about to foist upon us,” meaning “the opening of direct negotiations with the German slaughterers.”³⁹ The *Herut* newspaper also printed an abundance of articles and opinion pieces arguing firmly against the idea of negotiations.⁴⁰ The efforts of the right-wing party were not limited to its affiliated press outlet; in fact, it enlisted every possible means in order to spread the message. Its spokespeople passionately condemned the idea of negotiations at political rallies held in Jerusalem⁴¹ and in Tel Aviv,⁴² and *Herut* representatives in various municipal councils worked to put the issue on the agenda.⁴³ Activists working under the cover of night plastered building walls with eye-opening placards⁴⁴ denouncing forgiveness for Germany and those “speculating on the blood of the six million.”⁴⁵ The party even considered taking legal action. A lawyer acting on its behalf was charged with finding out whether there was any likelihood of stopping future Israeli-German negotiations by appealing to the High Court of Justice.⁴⁶ Having examined the issue, the lawyer informed the *Herut* leadership that there was no possibility of legal recourse on this matter.⁴⁷ In late November, after two action-packed months, one of the senior movement members proudly reported to a colleague that “we are undergoing a serious awakening” and that “our ranks are eager for action and ready to join in

36 *Ha-Tzofeh*, November 12, 1951.

37 *Herut*, November 11, 1951.

38 In reference to Deuteronomy 25:7.

39 *Herut*, October 19, 1951.

40 *Herut*, October 23, 25 and 26 and November 2 and December 4 and 7, 1951.

41 *Herut*, October 28, 1951.

42 *Herut*, November 11, 1951.

43 *Herut*, November 5, 13 and 26, 1951.

44 During this period there was widespread use in Israel of Holocaust-themed posters. Tal, “The Holocaust,” 2.

45 ISA, MFA 43/10, Information Division to Israel’s Minister to London, January 7, 1952; *Herut*, October 24, 1951; *Ha-Olam Hazeq*, November 1, 1951; *Davar*, January 1, 1952.

46 JIA, H1 – 1/2/3, Yaaokv Rubin to Eliyahu Meridor, December 10, 1951.

47 JIA, H1 – 1/2/3, Eliyahu Meridor to Yaacov Rubin, December 24, 1951.

the effort.” In his estimate, if the movement was in possession of more significant funds, “there would probably be a lot more we could do.”⁴⁸ Two months later, the same party member complained again about the lack of resources and warned that the movement would not be able “to carry on at the same work pace.”⁴⁹ It is indeed possible that their financial straits had prevented the Herut movement from pursuing a few of the initiatives on its agenda. One of these consisted of launching a petition, to be signed by “hundreds of thousands of Israeli citizens,” demanding that the government refrain from entering into negotiations with the Germans.⁵⁰

As mentioned previously, Herut was not alone in leading the charge. On October 18, the Political Committee of Mapam decreed that the party’s fundamental position demanded that Israel obtain reparations but at the same time rejected negotiations with the Germans.⁵¹ A week later, its representatives at the World Jewish Congress sent a telegram to the acting president of the Congress, Nahum Goldmann, asking him that no future decision in favor of negotiations with the Bonn government be taken at the Jewish organizations’ conference in New York.⁵² The party’s Central Committee issued a statement of strong opposition against any such negotiations,⁵³ and its daily, *Al Ha-Mishmar*, published scathing articles denouncing the idea.⁵⁴ The communist Maki party also published a manifesto demanding that the government cease all contact with “the neo-Nazi Bonn government,”⁵⁵ while *Kol Ha-Am* attacked furiously the Israeli leadership for its willingness to conduct talks with Germany.⁵⁶

Support for this position was likewise expressed by the General Zionists, a center-right opposition party. On November 10, its activists held a convention in Tel Aviv, during which one of its Knesset members declared “we are willing to declare a hunger strike if direct negotiations between Israel and the German government should take place.”⁵⁷ Nevertheless, despite this dramatic pronouncement, the General Zionists did not play a significant role in the other three

48 JIA, H1 – 1/2/3, Yaakov Rubin to David Bukszpan, November 25, 1951.

49 JIA, H1 – 1/2/3, Yaakov Rubin to David Bukszpan, January 18, 1952.

50 JIA, H1 – 1/2/3, Yaakov Rubin to David Bukszpan, November 25, 1951.

51 HHA, (9)120.90, Meeting of Mapam’s Political Committee, October 18, 1951.

52 *Al Ha-Mishmar*, October 26, 1951.

53 *Al Ha-Mishmar*, November 1, 1951.

54 *Al Ha-Mishmar*, November 4 and 11, 1951.

55 *Kol Ha-Am*, October 21, 1951.

56 *Kol Ha-Am*, October 5, 1951.

57 *Ha-Tzofeh*, November 11, 1951.

opposition parties' offensive on the negotiations initiative. An all-out mobilization of this party for the benefit of the cause would have been very impactful since its parliamentary power was almost equivalent to that of Herut, Mapam and Maki combined.⁵⁸

The opposition waged their battle in the parliamentary arena as well. At the closing of a political debate held in the Knesset on November 4, the Mapam, Maki and Herut parties submitted summary proposals that called for the government to refrain from engaging in negotiations with Bonn under any circumstances. The General Zionists adopted a more moderate tone in a summary proposal stipulating that the government must not initiate any action on the matter of reparations before holding a special discussion of the topic in the Knesset plenum.⁵⁹

Staunch resistance to the idea of direct talks with the Germans was also expressed by extra-parliamentary political bodies. One such body was a group of right-wing thinkers and activists that had formed in the spring of 1949 around *Sulam* magazine. Its members held radical (often messianic) views on various contemporary issues,⁶⁰ the German question among them.⁶¹ Their position on this matter (and others) was reflected in the journalistic domain alone and there is no evidence of that they ran a full-fledged campaign to promote it. Nevertheless, it is important to shed light on the attitudes that were prevalent on the political margins so as to obtain a full picture of the situation. A distilled expression of the extreme stance held by the *Sulam* members toward Germany had been issued as early as the beginning of November 1949, roughly a month after the establishment of the FRG. "By all laws of justice and virtue and moral righteousness," the *Sulam* journal declared, "the Allies should have carried out a *total slaughter* of the German people immediately following occupation."⁶² This feeling of murderous hatred was, according to the *Sulam* people, the only appropriate sentiment to espouse with regard to Germany. The people in Israel, however, they felt, was slowly but surely "losing that hatin' feeling" due to, among other things, its preoccupation with the compensation issue. "If there is no expression of hatred for Germany," stated an article published in the journal three days after the reparations missive had been submitted to the four powers, "it is a sign that there is no feeling of

58 The General Zionists had 20 MPs and it was the second largest faction in the Knesset (after Mapai). In practice they included 3 more MPs from smaller factions. Mapam, Maki and Herut together had 28 members in parliament.

59 KM, Vol. 10, November 5, 1951, 332–333.

60 Gruweis-Kovalsky, "Reproof of Love"; Falach, "The 'Sulam' Journal."

61 The *Sulam* people claimed that Herut was too moderate in its approach to the German question. *Sulam*, September 14, 1952; Barzel, "Dignity," 275.

62 *Sulam*, November 1, 1951 (emphasis in the original).

hatred among the people.”⁶³ Similarly, following the government’s October 27 announcement, *Sulam* went on to reiterate that “hatred of the enemy is the spice of life and one that lasts across the ages.” If the government was so interested in reparations, the paper maintained, it must do what one does to a felled beast of prey – “skin it and scalp it.”⁶⁴

Another extra-parliamentary political body with radical anti-German attitudes, including on the subject of Israeli-German negotiations, was Pagi. Contrary to *Sulam*’s group, Pagi was an anti-Zionist ultra-Orthodox movement,⁶⁵ but it too voiced its positions exclusively in the journalistic sphere, specifically through its own mouthpiece – *Ha-Kol*. One of the sections of the newspaper, a day after the government’s announcement of October 27, printed an article stating that “there are no reparations for the blood of Israel spilled by the Aryan savages, and there is no ‘peace’ with the Nazis.”⁶⁶ An editorial that appeared the next day proclaimed in no uncertain terms that the government’s “lust for money” had “made them forget about the six million brothers and sisters put to all kinds of strange and unnatural deaths.”⁶⁷ A similarly spirited opinion piece discussed the reparations question under the inflammatory headline: “Buying Forgiveness.”⁶⁸

The major unaffiliated Hebrew newspapers *Ma’ariv* and *Yedioth Ahronoth* also exhibited a very clear attitude against the possibility of contact with Bonn, as championed by the two publications’ editors-in-chief – Ezriel Carlebach and Herzl Rosenblum, respectively.⁶⁹ Alongside editorials and opinion pieces vehemently condemning the very notion of direct talks with Germany,⁷⁰ the two papers made sure to print news items and articles that presented the idea in a negative light.⁷¹ Not to be outdone by the two major Hebrew publications, *Letzte Nayer* took on a harsher tone in addressing the issue. “Jews don’t want talks with the Germans,”

63 *Sulam*, March 15, 1951.

64 *Sulam*, November 18, 1951.

65 Pagi had split off from the Poalei Agudat Israel movement in 1940 in protest of the ties the latter had developed with various Zionist entities.

66 *Ha-Kol*, October 28, 1951.

67 *Ha-Kol*, October 29, 1951.

68 *Ha-Kol*, November 2, 1951.

69 Carlebach’s *Ma’ariv* was somewhat more combative on this issue. Mann, *The Leader and the Media*, 72, 120.

70 *Ma’ariv*, October 5 and November 19, 1951; *Yedioth Ahronoth*, October 3 and 29, 1951.

71 Thus, for example, *Yedioth Ahronoth* informed its readers in great detail about the negative disposition many American Jews expressed on the subject of German-Israeli negotiations. *Yedioth Ahronoth*, November 1, 1951. See also: *Ma’ariv*, October 14 and 25, 1951.

cried out the headline of an opinion article that abounded in choice epithets directed at the parties interested in this move,⁷² while another article appeared under the incendiary headline: “Trading Dead Jews.”⁷³ The newspaper even printed shocking images from the Holocaust era, including ones of Jews digging their own graves, in order to stoke the anti-negotiations fervor.⁷⁴ At the beginning of November, *Letzte Naves* went so far as to launch a campaign asking its readers to send them their signatures against future negotiations with Germany.⁷⁵

The anti-German sentiment expressed by the opposition parties and the major unaffiliated newspapers reached a fever pitch when it was revealed that a former minister in Hitler’s government, Hjalmar Schacht, had spent the morning of November 26 at the Israeli international airport due to a stopover of the passenger airplane on which he happened to have been traveling. The above mentioned actors were quick to remonstrate that the government’s policy in favor of direct contact with Bonn (on the matter of reparations) was to blame for allowing a former Nazi minister to pass through the Jewish state without getting arrested.⁷⁶

Protests against the idea of negotiations were also heard from Holocaust survivor organizations such as The Organization of Former Nazi Prisoners⁷⁷ and The Organization of the Disabled Veterans of the War against the Nazis.⁷⁸ In mid-October, an action committee of intellectuals and public figures had formed with the aim of “thwarting the plan to renew ties between the Jewish people and the German murderers.”⁷⁹ On the eve of the assembly of the twenty-two Jewish organizations in New York, the committee had sent them a telegram reading: “Spare Israel’s honor and avoid any decision regarding negotiations with Germany.”⁸⁰ A few days later, a delegation sent by the committee met with Prime Minister Ben-Gurion and demanded that his government desist from “any negotiations with the representatives of Germany [a country] bathed in the blood of millions of our brothers.”⁸¹

The two men at the helm, Ben-Gurion and Sharett, could have perhaps dismissed the offensive launched by their parliamentary rivals against the idea of

72 *Letzte Naves*, October 14, 1951.

73 *Letzte Naves*, November 2, 1951.

74 *Letzte Naves*, November 9, 1951.

75 *Letzte Naves*, November 4, 1951.

76 Weitz, “The Passenger.”

77 *Herut*, November 7, 1951; *Kol Ha-Am*, November 23, 1951.

78 *Kol Ha-Am*, November 11 and 18, 1951.

79 *Yedioth Ahronoth*, October 18, 1951.

80 *Herut*, October 26, 1951.

81 *Herut*, October 31, 1951.

negotiations with Bonn on the grounds that they were acting out of political interests, i.e. out of the opposition's desire to rattle the coalition. By the same logic, it was possible to ignore the positions expressed by *Yedioth Ahronoth* and *Ma'ariv*. After all, the editor-in-chief of the former, Herzl Rosenblum, was a dyed-in-the-wool member of the Zionist Revisionist movement,⁸² the parent and origin of the Herut movement,⁸³ as were many of the founders of *Ma'ariv*.⁸⁴ The co-captains could not, however, disregard the fact that, over the long weeks during which the anti-negotiations campaign had taken shape, not one entity in the Israeli public, certainly not a significant or influential one, had stepped up to challenge this campaign and to express clear and decisive support for the notion of negotiating with the Germans.⁸⁵ Even the coalition parties, as well as extra-parliamentary circles or unaffiliated newspapers that tended to side with the Mapai government, mostly abstained from voicing opinions in favor of the idea of negotiations or denouncing the propaganda campaign waged against it.⁸⁶

The Prime Minister's office and the IMFA came to the conclusion that an additional statement from Adenauer was necessary to accomplish what his September declaration had failed to do – sway Jewish-Israeli public opinion toward approving of direct and official negotiations between Jerusalem and Bonn. The new statement, it was decided, would focus on reparations. The reasons for this were clear: Israel was ready, as a result of Adenauer's initiative, to negotiate with the Germans on this issue, yet the Chancellor had made only vague references to this subject in his speech. The German leader would have to clarify that he meant to negotiate the settlement of Israel's official claim – the claim for reparations – on the basis of the sum stipulated in the diplomatic note sent to the powers on March 12, 1951.⁸⁷ Such a statement would prove to the Jewish-Israeli public, as well as to the political system, that there was a real foundation for talks with West Germany. In other words, it would show that Israel was not abandoning its sacred boycott, even if in a temporary and limited fashion, for nothing. Once that was out of the way, the public

⁸² A right-wing Zionist movement active between the years 1925–1949. Following its dissolution, most of its members had joined the Herut movement (established in 1948). Carmel, *It's all Politics*, "Brit Hatzohar," 179–180.

⁸³ Carmel, *It's all Politics*, "Rosenblum (Vardi), Herzl Naftali," 1022.

⁸⁴ Carmel, *It's all Politics*, "Ma'ariv," 716; Gilead, "Public Opinion," 57.

⁸⁵ An exception in this regard was the Association of Central European Immigrants, which expressed unequivocal support for the idea of negotiations. CZA, J118/201, H. Tremer to M. Nussbaum, October 28, 1951; Barzel, "The Attitude," 298.

⁸⁶ During October–December 1951, a very small number of articles appeared in the affiliated newspapers of the coalition parties which expressed some semblance of support for Israeli-German negotiations.

⁸⁷ ISA, 7563/1 A, Meeting of the Foreign Affairs and Defense Committee, January 7, 1952, 3.

would finally rush to embrace the idea of negotiations with Germany – or so hoped the Prime Minister’s office and the IMFA.

The question now was, what shape should Adenauer’s complementary statement take. Some IMFA officials proposed he make another public declaration,⁸⁸ but they were in the minority. The majority opined that it would be best to conduct a covert, “semi-official” clarification talk with Adenauer on the matter of reparations and in its course try to extract the necessary guarantees from the Chancellor, either orally or in writing.⁸⁹ Armed with these proofs of intention, the Prime Minister and the Minister of Foreign Affairs would then ask the government and the Knesset (and the Israeli public, indirectly) to sanction negotiations.

This proposed maneuver was made known to the cabinet on October 25. Foreign Minister Sharett informed the ministers that “we are currently making efforts to find out indirectly [. . .] what the Bonn government’s notions are regarding reparations;” in other words, whether they “understand that this is a matter of hundreds of millions of dollars.” If it should become apparent that “they are ready to talk ‘business,’” then the government must be prepared “to face the decision of [whether to] enter into negotiations with the Bonn government.”⁹⁰ Sharett repeated as much in the next cabinet meeting and this time also expressed his firm personal opinion in favor of such negotiations.⁹¹

The identity of the party that would conduct the clarification talk with Adenauer was discussed at a Jewish-Israeli consultation held at the end of the Jewish organizations’ conference in New York. Those present agreed that the person for the job would have to be a Jewish, rather than Israeli, representative. Their task would involve explaining that Israel’s claim was the “crux of [the] whole matter” and emphasizing before the Chancellor that an Israeli-German meeting would be possible to arrange if the Chancellor provided “satisfactory assurance on dimensions of proposed compensation.”⁹² Over the next few weeks, the Executive Committee of the newly established Claims Conference discussed the matter at length and finally decided that the chairman of the Conference, Nahum Goldmann, would meet with Adenauer, accompanied by one more person.⁹³

Goldmann and Noah Barou hastened to approach German government officials to inform them of Israel’s wish to hold a clarification discussion with the

88 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/10-1651, The Bundestag Resolution on Reparation and Restitution to Israel and the Jews, October 16, 1951.

89 ISA, MFA 533/5, F. Shinnar to D. Horowitz, October 16, 1951.

90 ISA, Meeting of the Cabinet, October 25, 1951, 34–35.

91 ISA, Meeting of the Cabinet, October 28, 1951, 30–39.

92 DEPI, Vol. 6, Document 457, A. Eban to M. Sharett, October 29, 1951.

93 ISA, MFA 2543/7, S. Bendor to F. Shinnar, November 20, 1951.

Chancellor. Bonn acquiesced, and the two sides commenced arrangements for the meeting. It was agreed that Goldmann would have an audience with the Chancellor on December 6 in London, where the Chancellor would be participating in diplomatic talks.⁹⁴

On the eve of his departure to London, Goldmann met with Ben-Gurion. During their conversation, the Prime Minister underscored that he could not ask the Knesset to give the green light to direct talks with Germany unless the Chancellor made it clear that he was willing to negotiate on the basis of the Israeli reparations claim.⁹⁵ Another meeting was held between Goldmann and Shinnar. The latter suggested that in the event that the Chancellor's clarification on the subject of reparations was given orally, it might be substantiated in one of two ways: 1. convincing Blankenhorn to send Goldmann a written confirmation of the talk as a kind of summary; 2. proposing the transfer of an advance payment in the very near future and in hard currency.⁹⁶

On December 6, Goldmann, accompanied by one other person, arrived at Claridge's hotel in London. The two men entered the building through a side entrance for the sake of ensuring the secrecy of the encounter about to take place.⁹⁷ Adenauer awaited them in a hotel room, together with Blankenhorn. The sources are unclear with regard to the identity of the fourth man in the room, Goldmann's companion. Goldmann would later recount that he had been accompanied by Barou.⁹⁸ Adenauer, on the other hand, claimed in his memoirs that it was Israel's minister to London, Eliahu Elath.⁹⁹

The tone of the conversation that ensued was very serious indeed. Goldmann began by evoking a "historical debt of honor," to which Adenauer replied, "as you spoke, I felt in that room the wingspan of the world's history." Encouraged by these words, Goldmann asked the Chancellor to provide an official letter of clarification, in which the Federal Republic would express its willingness to commence talks with the State of Israel on the subject of its reparations claim, based on the terms laid out in the March 12, 1951 missive to the four Powers. The Chancellor agreed to the request and, according to Goldmann, asked him to formulate the text of the letter, dictate it to his secretary (who was staying in the adjacent

94 ISA, MFA 43/10, F. Shinnar to M. Sharett, November 28, 1951; Goldmann, *The Autobiography*, 257.

95 Goldmann, *The Autobiography*, 257.

96 ISA, MFA 2543/7, F. Shinnar to M. Sharett, December 9, 1951.

97 Both sides had agreed beforehand that, should knowledge of the meeting be leaked, they would deny it. Teitelbaum, *The Biological Solution*, 72.

98 OHD, 8(2), Interview with Nahum Goldmann, November 14, 1961.

99 Patai, *Nahum Goldmann*, 170.

room), and submit it for his signature.¹⁰⁰ The letter was prepared and signed by the Chancellor.¹⁰¹ It stated:

Following the declaration of the Federal government in the Bundestag on September 27, 1951, which expressed the government's readiness to enter into negotiations with representatives of the Jewish people and the State of Israel regarding the payment of compensation for damages inflicted to the Jews under the Nazi regime, I hereby announce that, in the opinion of the Federal government, the time has come to commence said negotiations. Seeing as Sir [Nahum Goldmann] is the chairman of the conference of organizations representing Jewish material claims from Germany, I hereby solicit you to inform this conference and the Israeli government of this readiness.

Moreover, I wish to remark that the Federal government sees the compensation issue as a moral obligation, first and foremost, and considers it the duty of honor of the German people to do everything in their power to compensate the Jewish people for the injustice perpetrated against them. Accordingly, the Federal government will gladly promote the possibility to assist in providing goods for the sake of the development of the State of Israel. As a basis for these talks, the Federal government is willing to accept the claim presented by the government of Israel in its missive of March 12, 1951.¹⁰²

And there it was, the process that had begun in Paris, with the meeting between Adenauer and Horowitz, and moved on to Bonn, with the Chancellor's speech at the Bundestag, finally culminated in London, as the Chancellor delivered the signed clarification letter to Goldmann. In Paris, as we may recall, the Chancellor had agreed to discuss the matter of reparations; however, this nod of consent lacked any official or binding validity since it was given orally in covert circumstances. In Bonn, Adenauer's willingness to discuss compensation with Israel (and world Jewry) received an official seal of approval when it was announced publicly before the parliament, but it remained unclear whether this intention applied to negotiations over the reparations claim. Now, in London, the Chancellor's clarification letter filled in the missing pieces: it contained an official West German commitment to open negotiations with the State of Israel on its reparations claim. This was, therefore, a groundbreaking step that the German Chancellor

100 In doing so, Adenauer acted exclusively of his own accord. Jelinek, "Konrad Adenauer and the Shilumim," 86; Williams, *Adenauer*, 375.

101 OHD, 8(2), Interview with Nahum Goldmann, November 14, 1961; Patai, *Nahum Goldmann*, 175–176.

102 AIG, Document 19, Letter from the West German Chancellor of 6 December 1951 to the Chairman of the Conference on Jewish Material Claims against Germany, Concerning Germany's readiness to open Negotiations on Reparations.

had undertaken.¹⁰³ As such, it is worth examining the array of considerations that went into Adenauer's decision and trying to discern the motives that drove him to choose this path of action.

The first consideration we must take into account is the utilitarian benefit of the move, i.e. the rehabilitation factor. This perspective assumes that the willingness of the Bonn leadership to settle the compensation issue was closely linked to its desire to advance the process of the West German state's recovery. As mentioned in previous chapters, there was a widespread assumption among Israeli and Jewish elements that the utilitarian consideration was the main, perhaps even the exclusive, motivation that might have pushed Adenauer and his government into taking a positive approach to the compensation question (including reparations). Be that as it may, the ability of this factor to influence the Chancellor's actions regarding compensation was intrinsically limited. West Germany was being rehabilitated politically, militarily and economically by the Western powers at a constantly accelerating pace, unrelated to its progress with regard to its compensation of the Jewish people (and the State of Israel), but as a direct consequence of the Cold War.

The most significant stage in the FRG's return to the family of nations, and into the arms of the West in particular, began in the fall of 1951. In early October, official talks commenced between the Western powers and the Federal government in Bonn about the establishment of a German force that would become part of a Western European military array – the European Defense Community (EDC).¹⁰⁴ The parties envisioned an impressively powerful German army that would include, among other things, about half a million men in uniform. They also discussed the possibility of West German industry beginning to manufacture various items of weaponry.¹⁰⁵ The greatest taboo with regard to Germany – the notion of organizing and outfitting an armed German force – had thus been shattered to smithereens. At approximately the same time, and in direct correlation to the military discussions, negotiations were taking place in late September between the Western powers and the FRG on the question of replacing the occupation statute with a Contractual Agreement that was supposed to restore to the German state a great majority of the elements of independence that had been stripped from it.¹⁰⁶ Scholars of German

103 The renowned German historian, Hans-Peter Schwarz, stated that “the most important meeting of Adenauer's stay in London took place neither at 10 Downing Street nor in the Foreign Office, but in Adenauer's suite at Claridge's [i.e. with Goldmann].” Schwarz, *Konrad Adenauer*, 641.

104 Schwarz, *Konrad Adenauer*, 625.

105 Large, “Grand Illusions,” 387–388.

106 Bark and Gress, *A History of West Germany*, 289–290.

history argue that this agreement put a de facto end to the Allies' oversight of the FRG.¹⁰⁷ As far as Chancellor Adenauer was concerned, "developments were moving in the desirable direction."¹⁰⁸

Those same Western powers also refused to condition Germany's speedy rehabilitation on the compensation issue. Foreign Minister Sharett discovered as much when he met at that time with the American Secretary of State, Dean Acheson, and tried to enlist Washington's support for Israel's reparations claim.¹⁰⁹ To Sharett's disappointment, Acheson refused to make any promises.¹¹⁰ Israel's minister to London, Eliahu Elath, encountered the same reaction in a discussion he held with a senior official at the British Foreign Office. When Elath asked for London's support in advancing Israel's claim, his host replied that "for legal as well as political reasons" the three Western powers would be ill-positioned to apply pressure on Bonn in this matter.¹¹¹

All in all, in terms of "practical rehabilitation," which included the political-military-economic recovery of West Germany, the utilitarian consideration could not have been a weighty factor in Adenauer's decision to accommodate Israel on the issue of reparations. If the Chancellor took into account the utilitarian consideration in its practical context, and there is a reasonable probability he did, it was only for a secondary reason: to preserve the fast rolling pace of the rehabilitation locomotive and perhaps even accelerate it until it reached its final station.¹¹²

Nevertheless, from Adenauer's perspective, there were two sides to rehabilitation: the practical aspect, which was the core of the West German recovery process, and its complementary counterpart – "moral rehabilitation." This meant the restoration, from the moral standpoint, of the image of Germany in the eyes of the world's nations, and in particular the nations of Europe. The perception of Germany throughout the world was laden with markedly negative emotional baggage stemming, among other things, from the Reich's brutal, murderous assault against

107 Deutsch and Edinger, *Germany Rejoins the Powers*, 165.

108 Schwarz, *Konrad Adenauer*, 627.

109 FRUS, Vol. V, 939–940, Memorandum of Conversation, by Edwin A. Plitt of the United States Delegation at the United Nations General Assembly, November 19, 1951; DEPI, Vol. 6, Document 498, Meeting: M. Sharett – D. Acheson (Paris, November 19, 1951).

110 ISA, MFA 2417/3, The Minister of Foreign Affairs to D. Horowitz and F. Shinnar, November 21, 1951.

111 ISA, MFA 1809/1, E. Elath to M. Comay, December 10, 1951.

112 One of the Chancellor's main concern in this respect was the large Jewish community in the US. He believed that American Jews had a strong influence over Washington's policies, including on the subject of Germany, and therefore hoped that a gesture on behalf of Bonn toward Israel would convince this community to take no action within the American administration against the rehabilitation process. Schwartz, *America's Germany*, 179.

the Jews. What Adenauer hoped to achieve was a more balanced, perhaps even positive view of Germany. However, unlike “practical rehabilitation,” “moral rehabilitation” could not be obtained through agreements, regulations, or ordinances formulated by the administrations in Washington, London, or Paris. The restoration of Germany’s moral image necessitated finding the route to the hearts of the world’s nations, who were keeping a very close eye on the new Germany’s every move. The path to this destination, in the Chancellor’s estimate, lay very much through German-Jewish reconciliation, which entailed, first and foremost, material compensation to the Jewish people.¹¹³ Therefore, when it came to moral rehabilitation, here was a weighty utilitarian consideration that could have swayed the Chancellor to give Goldmann the clarification letter.¹¹⁴

Even though both aspects of the utilitarian benefit to be obtained from the move were important to Adenauer, we must not overestimate their significance. “Practical rehabilitation,” which was critical to West Germany’s recovery, was well underway and proceeding quickly, whereas “moral rehabilitation,” which was yet to be achieved, was only a complementary, albeit necessary component, as far as Adenauer was concerned.

Alongside the utilitarian consideration, even if in its shadow, a second consideration presented itself – that of “pure moral obligation.” This consideration was a manifestation of the West German leader’s eagerness to compensate the Jewish people without expecting any consequent gains in the international arena. Adenauer believed that monetary compensation was the least the German people could do to even partially atone for the horrendous atrocities perpetrated against the Jews under the rule of the Third Reich.¹¹⁵ This moral approach was an integral aspect of his personality. As a devout Catholic, Adenauer was deeply attached to the concepts of “sin,” “justice,” and “atonement,” and tried with all his might to act in strict accordance with the Christian ethical code.¹¹⁶ The “pure moral obligation” had a special significance to Adenauer. He himself had been persecuted by

113 Raul Teitelbaum, a noted Holocaust researcher, claims that Adenauer sought to obtain an “indulgentia” from the world’s nations. This term originates in the history of the Catholic church and designates a certificate of remission issued to the sinner by the Pope in exchange for monetary payment. Teitelbaum, *The Biological Solution*, 75. See also: Buettner, “Germany’s Middle East Policy,” 122; Rafael, *Destination Peace*, 108.

114 See in this context: Hall, *Emotional Diplomacy*, 122.

115 Schwarz, *Konrad Adenauer*, 643. Some claim that the pure moral consideration was no less central in Adenauer’s decision-making process than the utilitarian benefit, if not more so. Gillissen, *Konrad Adenauer*, 19.

116 Balabkins, *West German Reparations*, 141.

the Nazi regime for his anti-Nazi views,¹¹⁷ and had relied greatly on the help of Jewish friends in his darkest hours.¹¹⁸ Overall, it appears that he had maintained very close ties with the Jewish community in his local area.¹¹⁹

The German Chancellor had testified on multiple occasions that the pure moral factor was, to his mind, the main motive in all things related to the reparations affair.¹²⁰ For obvious reasons, he downplayed the utilitarian consideration, most of the time disregarding it altogether. Thus, for instance, about two months after the Reparations Agreement between Israel and West Germany had been signed, in mid-November 1952 Adenauer said in a newspaper interview: “The agreement with Israel is something different from a normal agreement between two states. It is based upon a compelling moral obligation. The Federal Republic is determined, within the limits of what is possible, to make good that which Hitler did to Jewry. Nothing has compelled us to do this but the demands of our own conscience.”¹²¹

These two considerations, the utilitarian and the purely moral, drove Chancellor Adenauer to take the dramatic step of delivering the clarification letter to Goldmann, and later to sign the Reparations Agreement with Israel. They were thus strong enough, in the Chancellor’s eyes, to overcome significant internal and external inhibiting forces that may have prevented him from moving forward on the issue of reparations.

The primary “inhibiting force” was to do with public opinion in the FRG. Large portions of the German nation, according to the Israeli historian Yeshayahu Jelinek, were opposed to giving reparations (or any other form of compensation) to the Jews.¹²² As his compatriot, the journalist Raul Teitelbaum, wrote: “the [German] street rejected the idea [of compensation] out of hand.”¹²³ The German researcher George Lavy expressed a similar view in stating that the majority of the West German public did not feel that the German people owed any kind of moral debt to the Jewish people.¹²⁴ And indeed, various West German papers had

117 In 1933, Adenauer had been forcefully removed from his position as mayor of the city of Cologne and over the following years was arrested several times by the Gestapo.

118 Kettenacker, *Germany since 1945*, 90; Williams, *Adenauer*, 215–217, 371–372.

119 Schwarz, *Konrad Adenauer*, 642.

120 BGA, BGD, April 22, 1958.

121 UKNA, FO 371/97857, Wahnerheide to Anthony Eden, November 19, 1952.

122 Jelinek, “Political Acumen,” 101.

123 Teitelbaum, *The Biological Solution*, 47.

124 Lavy, *Germany and Israel*, 2.

printed the responses of readers and commentators who did not understand why the FRG should pay compensation to the Jews.¹²⁵ This disapproving stance was likewise reflected in surveys conducted in the country during the latter half of the 1940s and the outset of the 1950s on the subject of personal indemnification.¹²⁶ As we have already seen in chapter two, the idea of restitution of property had similarly been rejected by West German public opinion and, as we shall see further on, the same applied to reparations.

The resistance among certain segments of the West German public to compensation of the Jews sprung from a number of sources. One of them was anti-Semitism. Its embers continued to smolder within German society even after the collapse of the Hitler regime, and even after the German people learned of the full measure of horrors wreaked by Nazi ideology. A series of polls carried out during the post-war years revealed the lingering and acute presence of the anti-Semitism problem among the German public.¹²⁷ This racist phenomenon was not confined to abstract polls, but manifested itself in deeds, including the mass desecration of Jewish cemeteries,¹²⁸ the smashing of display windows of Jewish-owned businesses, stones thrown at Jewish houses, anti-Semitic content published in newspapers and books, racist ferment against the Jews and even physical attacks on Jewish persons.¹²⁹ Hatred against Jews in post-war German society stemmed from a combination of traditional anti-Semitism and new factors that arose from the war and its aftermath. The latter included the remnants of Nazi brainwashing, frustration with the country's military defeat and the destruction it entailed, the pangs of the guilty national conscience in light of the scope of the calamity inflicted upon the Jews, and personal concerns (especially when it came to restoration of Jewish property). This brand of anti-Semitism, during the first years after the war, was fueled by the presence of about a quarter of a million Jewish survivors who had settled in displaced persons camps in the Western occupation zones in Germany.¹³⁰ Another reason for broad opposition to the idea of

125 A notable example of this practice could be found in the popular weekly *Der Spiegel*. The coverage it gave to the subject of compensation was decidedly negative. Heredia, "Der Spiegel," 92–93, 96.

126 AJCA, Online, German Public Opinion Survey on Restitution, April 22, 1952; Teitelbaum, *The Biological Solution*, 48.

127 AJJDC, AR NY 45/54 File 303, L. H. Sobel to the Members of Administration Committee, May 16, 1947; AJJDC, AR NY 45/54 File 303, Prejudice and Anti-Semitism – Report No. 122, May 22, 1948; Shafir, *Ambiguous Relations*, 143; Wolffsohn, "German Opinions on Israel," 84–85.

128 AJJDC, AR NY 45/54 File 303, Anti-Semitism: British Zone, August 24, 1948.

129 AJJDC, AR NY 45/54 File 303, Prejudice and Anti-Semitism – Report No. 122, May 22, 1948; Schroeder, *To Forget it all*, 135.

130 Benz, "Germans," 122–123.

compensation was the perception, which had gained a significant foothold among the public, that the Germans were not solely (or even at all) responsible for the war in Europe and its devastating consequences (including the decimation of the Jews).¹³¹ A senior correspondent of the Israeli newspaper *Ha'aretz* who was stationed in Europe asserted in his articles that the only ones in West Germany who are willing to address the issue of German guilt were the survivors of the Nazi persecution.¹³² In a comprehensive survey conducted in West Germany in the summer of 1950 which dealt with the question of the Nazi past, nearly two-thirds of the respondents expressed the opinion that Germans should not feel any guilt or responsibility for the crimes of the past.¹³³ In this context, the researcher Kathrin Bachleitner, who deals, among other things, with collective memory states that “at the beginning of the 1950s, the West German public was not ready to confront the Nazi legacy, neither its perpetrators nor its victims.”¹³⁴ A final reason for the negative attitude of the Germans to the compensation issue was an economic one. The West German “economic miracle” was only in its infancy and its fruits were not yet enjoyed by the public at large. It is no wonder that many Germans did not see the payment of compensation to the Jews as a priority. As far as they were concerned, it was reasonable to wait for the state to be economically well-established before considering taking on various financial obligations.

Taking action on the reparations issue against public opinion could have been a very problematic move on Adenauer’s part, especially in light of the conspicuous lack of popularity that afflicted both his government and his party at this point in time. Only about twenty-five percent of the public supported the policies of the Adenauer government and his party, the Christian Democratic Union of Germany (Christlich Demokratische Union Deutschlands) – the CDU, between the years 1950 and 1951.¹³⁵ This disfavor was manifested in local elections, in which the party had lost significant ground.¹³⁶

As powerful inhibiting force as public opinion was with regard to reparations, it was not the only one.¹³⁷ Another such force was the international conference that

131 Grossmann, *Germany’s Moral Debt*, 2; Teitelbaum, *The Biological Solution*, 48. See also: Nachum, “Coming to Terms with the Nazi Past?,” 18–21, 23.

132 *Ha'aretz*, June 2 and August 11, 1950.

133 Teitelbaum, *The Biological Solution*, 48.

134 Bachleitner, *Collective Memory*, 48.

135 Deutsch and Edinger, *Germany Rejoins the Powers*, 65.

136 Schwarz, *Konrad Adenauer*, 555.

137 There were certain circles in the FRG that believed their country bore the guilt for the loathsome actions of the Third Reich and that it needed to take responsibility for the consequences of those actions by, among other ways, compensating the Jewish people. Nevertheless, the power of these circles was rather limited. A testament to this fact was the “Peace with Israel” movement.

was scheduled to convene in London in late February 1952 to discuss West Germany's financial debts to various countries in the world, chief among them the Western powers.¹³⁸ It was clear to all that the settlement sum could amount to billions of American dollars. The Chancellor therefore had to bear in mind this impending financial burden while considering the possibility of taking on the additional onus of paying reparations to Israel and reaching a compensation arrangement with the Jewish people.

We must also keep in mind, beyond these two inhibiting elements, that as far as international law was concerned, the FRG had no obligation to enter into negotiations with the State of Israel over its reparations claim.¹³⁹

The balance of forces acting on the West German Chancellor when he signed the clarification letter, an equilibrium composed of two motivating factors and two inhibiting factors, on the surface did not bode good news for Israel. Jerusalem had no real, substantial leverage to use on the Chancellor, neither external pressure (in the shape of the Western powers), nor internal pressure (within West Germany). The decision on the matter of compensation, at the center of which lay the question of reparations, therefore depended in large part on Konrad Adenauer's sheer good will. If he wished it so, the matter would advance; if he wished otherwise, it would be scrapped.

Established in 1951 by Erich Lüth, press secretary of the Hamburg state government, its purpose was, among others, to ensure that Bonn gave adequate compensation to the Jewish people. The movement gained the support of notable personages in West Germany; however, in practice, it consisted of only a few thousand members. ISA, MFA 1809/4, *Jewry and Germany: A Survey of Developments, 1949–1952*, March 1952; Pease, "After the Holocaust," 357–365.

138 On "The Conference on German External Debts," see Chapter 9.

139 The principle of reparations, as justly stated by Nahum Goldmann, was a revolutionary one. Goldmann, *The Autobiography*, 251.

Chapter 8

Negotiations with Germany: Who is in Favor? Who is Against?

The day following his historic meeting with Adenauer, Nahum Goldmann sent a telegram to Ben-Gurion (through Israel's minister to London, Elath) informing him that the conversation with the German leader had gone very well. "I am convinced," he added, "that the Chancellor seriously intends to settle the matter in a satisfactory manner."¹ On December 10, Ben-Gurion had the occasion to witness the written outcome of this meeting with his own eyes, when Goldmann handed him the Chancellor's letter. The Prime Minister was very pleased with its contents.² As far as he was concerned, it was now possible to turn to the government and the Knesset – and indirectly, the people – and request their support for the idea of Israeli-German negotiations.³

The first and most important stop on the campaign to mobilize the political system in favor of negotiations was Mapai. Considering the parliamentary heft of this party, its support could very well tip the balance. Forty-five out of the one hundred and twenty Knesset members belonged to Mapai, and an additional five members belonged to Arab minority parties that were linked to Mapai and voted according to its wishes. It held an absolute majority within the coalition, fifty out of sixty-five Knesset members, as well as in the cabinet – nine ministers out of thirteen. On December 13, the Mapai Central Committee convened to deliberate on the issue. Ben-Gurion opened the discussion with a brief speech. Proceeding swiftly to the point, he asked the members to embrace the idea of negotiations because, among other reasons, "according to the information currently at our disposal [. . .] the [West] German government is ready to conduct talks with [. . .] Israeli representatives based on the claim presented by the State of Israel." At the end of Ben-Gurion's remarks, a long and thorough discussion ensued. The vast majority of those present sided with the Prime Minister's position and accordingly voted for "entering direct negotiations over reparations with Germany."⁴

1 DEPI, Vol. 6, Document 518, E. Elath to the Ministry of Foreign Affairs, December 7, 1951.

2 The IMFA too was pleased with the content of the letter. ISA, MFA 2417/3, E. Herlitz to F. Shinnar, December 19, 1951.

3 BGA, BGD, December 10, 1951.

4 ILPA, 2–23-1951-58, Meeting of the Central Committee of Mapai, December 13, 1951. For more about this meeting, see: Cohen, "Holocaust Survivors' Activism," 130–133.

With the backing of his party, on December 16 Ben-Gurion arrived at the second stop of the campaign – the government. He told the cabinet ministers about Goldmann’s meeting with Adenauer and the clarification letter. The Chancellor, Ben-Gurion continued, was scheduled to inform his ministers of this dramatic turn of events sometime in the coming week. Once this was done, the Israeli government would approach the Knesset’s Foreign Affairs and Defense Committee and notify it of the intention to open negotiations with the Germans. Due to the pressure applied by one of the religious ministers, it was decided to discuss this question at a special caucus of the coalition parties.⁵ Two weeks later, on December 30, the government held a second meeting dedicated to the subject of negotiations. Foreign Minister Sharett announced that Adenauer had indeed apprised his government with regard to the clarification letter, and thus it was fitting to inform the Knesset that “the [Israeli] government has decided to enter into negotiations” with West Germany. Minister Yitzhak Meir Levin, a member of the ultra-Orthodox Agudat Israel party and the only survivor of Nazi persecution within the government, demanded that the cabinet hold an official vote on the matter and his request was approved.⁶ With an absolute majority of eleven ministers for and one (Minister Levin) against,⁷ it was decided that “the government of Israel would enter into negotiations with the government of [west] Germany on the subject of reparations based on the claim presented to the occupying powers.”⁸

On January 1, 1952, the campaign arrived at its third stop – the meeting of the coalition parties. Besides Mapai and the Arab minority parties, the coalition included four other factions: Ha-Poel Ha-Mizrachi (eight Knesset members) and Ha-Mizrachi (two Knesset members) representing Religious-Zionism, and Agudat Israel (three Knesset Members) and Poalei Agudat Israel (two Knesset members) representing the ultra-Orthodox segment of Israeli society. In the course of the meeting, it became clear that a good portion of the religious and ultra-Orthodox Knesset members (the latter especially) shared Minister Levin’s negative view toward the idea of negotiations. These members demanded to have the freedom to vote their conscience when it came time to decide on the subject in the Knesset. Mapai was in no position to refuse since it was the religious/Orthodox parties that secured its coalition majority. Their demand was thus approved, given that there was no risk of losing the coalition majority during the Knesset vote. The discussion also addressed the question of the wording of the resolution the government would submit to the

5 ISA, Meeting of the Cabinet, December 16, 1951, 8–11.

6 ISA, Meeting of the Cabinet, December 30, 1951, 33–43.

7 There were other members of the Knesset who were Holocaust survivors, and they tended to oppose the idea of negotiations. Wreschner, “Parliamentary Survivors.”

8 ISA, 7484/11 A, Government’s Resolution from December 30, 1951.

Knesset. In another attempt to appease the religious-Orthodox side of the coalition, Mapai suggested that the phrasing of the resolution be vague so as not to constitute an explicit and direct authorization on behalf of the parliament for the government to commence talks with West Germany. From Mapai's perspective, this would allow their pious peers to vote "yea" on the resolution in the Knesset. The vague wording was presented to those present and was approved by a majority of votes.⁹

In the early afternoon hours of December 30, at the close of its meeting, the government notified the Knesset's House Committee (and simultaneously, the press) of its intention to put the question of Israeli-German negotiations up for deliberation and a vote in the plenum. They requested that the parliamentary discussion be held as early as January 2, 1952.¹⁰ Not surprisingly, at the House Committee meeting held the next morning, on December 31, representatives of the opposition parties vehemently protested the government's intention to hold the deliberation on such short notice and insisted that it be postponed. The government's aim, proclaimed *Herut*, was "transparent": it aimed to "disallow coalition party members the time to make up their minds."¹¹ Following a lively debate, the committee decided to postpone the discussion to Monday, January 7.¹²

The vote on the issue of negotiations was fast-approaching, and the various parties had to determine the manner in which their representatives would vote.

The Executive Committee of the second-largest faction in the parliament, the General Zionists, convened in the afternoon of January 2 and held a "poignant" debate on the subject, which ended in the decision to reject the idea of negotiations.¹³

The following day, the Political Committee of the Progressive Party discussed the question and chose to allow its representatives to vote their conscience.¹⁴ This decision was predictable. About two months earlier the party's executive had held an in-depth examination of the idea of negotiations with Germany. Opinions supporting both sides of the issue were heard;¹⁵ however, eventually it was determined that the party's Knesset members would vote as they saw fit.¹⁶ The decision was

9 Weitz, "The Road to Wassenaar," 330–332.

10 *Davar*, December 31, 1951.

11 *Herut*, January 4, 1952.

12 KA, Meeting of the House Committee, December 31, 1951, 5–9.

13 *Ha-Boker*, January 3, 1952.

14 *Ha-Tzofeh*, January 4, 1952.

15 MA, AR-M-030-005, Meeting of the Executive, November 1, 1951.

16 MA, AR-M-00007-002, The Deliberations on Foreign Policy – Executive Meeting from November 1, 1951.

ratified by the party's Political Committee, which convened a few days later.¹⁷ It was estimated in the halls of government that out of the party's four members, three would vote for negotiations, and one would vote against. Even though the Progressives were in the opposition, it was not surprising to see their party siding with the coalition on this issue. The Progressive party was the political home of many German and Austrian Jews, i.e., the segment of the population who had a vested interest in reaching a settlement regarding the various compensation claims.

On January 3, it was the turn of the two Religious-Zionist parties – Ha-Mizrachi and Ha-Poel Ha-Mizrachi – to assemble. The fact that some portion (albeit relatively small) of these parties' members adamantly opposed the idea of negotiations influenced to some degree the decisions made at their executives' meetings. After a long discussion, Ha-Mizrachi's executive decided that the party was in favor of negotiations with the West Germans on the matter of reparations. Nevertheless, in light of Knesset member Rabbi Mordechai Nurock's absolute refusal to fall in line with this decision, the executive decided to allow him to choose which way to vote independently.¹⁸ The executive of Ha-Poel Ha-Mizrachi likewise expressed its support for negotiations while allowing its dissenting members to abstain during the vote, provided that the coalition managed to secure the majority it required.¹⁹ All in all, it is possible to state that the Religious-Zionist camp was mostly leaning toward a moderate stance on the question of negotiations and probably on the German question as a whole.²⁰ This is evidenced, among other things, by the fact that the subject of "Germany," in all its various aspects, hardly came up on the agendas of Ha-Mizrachi and Ha-Poel Ha-Mizrachi during those years.²¹

Staunch opposition to the idea of negotiations with the Federal Republic was found among members of the ultra-Orthodox Poalei Agudat Israel party, an opposition that was prominently expressed in its organ *Shearim*, which abounded in articles criticizing the idea.²² On January 6, the party's Executive Committee

17 MA, AR-M-00013-008, Protocol from the Deliberations of the Political Committee, November 4, 1951.

18 Nurock had lost his wife and two sons in the Holocaust.

19 *Ha-Tzofeh*, January 4 and 7, 1952.

20 See in this context: Don-Yehiya, *Religious Zionism*, 215–216; Schwartz, "The Revealed and the Concealed," 139–140.

21 This, based on a thorough review of source materials in the Archive of the Institute for the Research of Religious Zionism from the years 1950–1953. Both these parties focused their attention mainly on "state and religion" matters. See also: Michlis, "The Religious Zionism's attitude to Germany," 59–60.

22 *Shearim*, October 31 and December 27, 1951 and January 1, 3, 4, 7, 8 and 20, 1952.

convened and unanimously decided to demand that the coalition directorate allow their parliamentary representatives to vote independently.²³ A more complex stance emerged from its sister ultra-Orthodox party, Agudat Israel. Although there too the general inclination was against reparations talks, more than a few elements in the party pushed for the move. The views of the latter were reflected in *Ha-Modia*, which, unlike *Shearim*, printed articles in unmitigated support of the negotiations idea. On January 6, the Central Committee of Agudat Israel gathered for deliberations. The discussants failed to reach an agreed decision and decided to reconvene on the morrow, the opening day of deliberations in the Knesset.²⁴ The final decision regarding which way to vote was made by the two ultra-Orthodox parties very close to the moment of truth: objectors were allowed to abstain, most likely with the coalition's consent.

The three parties that had been most active in the campaign against negotiations – Herut, Mapam, and Maki – had no need for exhausting discussions about the way their representatives should vote in the parliament. They were determined to say “nay” to the government's proposed resolution. Plenty of evidence indicated as much, but we shall mention two signs in particular. Shmuel Mikunis, a Knesset member on behalf of Maki who had been absent from parliamentary meetings for several weeks due to personal reasons, announced his intention to attend the momentous vote. Likewise, Herut representative Aryeh Ben-Eliezer, who was bedridden with a grave illness, asked his doctors' permission to go to the Knesset in order to cast his ballot.²⁵ After deliberating on the matter, the doctors decided to acquiesce to the request, and Ben-Eliezer became the first parliament member ever to arrive at the Knesset on a gurney.²⁶

On January 7, the issue of negotiations over reparations reached its final stop – the Israeli parliament. The subject first landed on the desk of the Foreign Affairs and Defense Committee, which conferred over it for close to four hours, starting at 11 am. The first to speak was Foreign Minister Sharett, who pointed out to those present Chancellor Adenauer's written agreement to accept “our claim as formulated in the missive of March 12, 1951, as the basis for negotiations.” Following his remarks, a mostly matter-of-factly discussion ensued, focusing on elucidating the economic and technical aspects of the negotiations and reparations issues.²⁷

23 *Davar*, January 7, 1952.

24 *Al Ha-Mishmar*, January 7, 1952.

25 *Ma'ariv*, January 4, 1952.

26 Carmel, *It's all Politics*, “Ben-Eliezer (Zabrowsky), Aryeh,” 148.

27 ISA, 7563/1 A, Meeting of the Foreign Affairs and Defense Committee, January 7, 1952, 1–28.

A few minutes past 4 pm, the deliberation in the Knesset commenced.²⁸ It was, some claim, the most dramatic debate in the history of the Israeli parliament.²⁹ Prime Minister Ben-Gurion opened the session with a twenty-minute speech.³⁰ He described in great detail the unfolding of the reparations saga from the submission of the missive to the powers in March 1951 to the reception of the clarification letter from the Chancellor in December. With regard to the latter, he revealed to the Knesset, and to the Israeli public, that a few weeks previous the West-German Chancellor “committed [. . .] in writing [. . . on behalf of his government] to discuss with the State of Israel and with representatives of Diaspora Jewry the reparations claim” on the basis of the Israeli missive from March 1951. This was a clear attempt by Ben-Gurion to sway Jewish-Israeli public opinion toward approving of direct and official negotiations between Jerusalem and Bonn. The Prime Minister refrained, however, from divulging even the slightest hint about the intensive contact that took place behind the scenes between the West German and the Jewish-Israeli camps.

Once Ben-Gurion had finished speaking, the discussion opened, and the clock began counting down the ten hours allotted to it. Twenty-eight members from across the spectrum of represented parties, with the exception of the ultra-Orthodox and Arab parties, addressed the assembly. On the part of the ultra-Orthodox Knesset members, refusal to speak was, to their minds, the only way out of the double bind in which they found themselves. Considering the widespread opposition among them to the idea of negotiations, they certainly could not speak in favor of the move. On the other hand, as members of the government and of the coalition, they also could not come out against the government’s own initiative. It was a case of the less said, the better.

The Arab parties were facing a no less tricky predicament. Elements in the camp who opposed negotiations with Germany argued that they had no business getting involved in a purely Jewish matter that was none of their concern. The head of the Herut party, Menahem Begin, made that much clear from the Knesset podium: “You [the Arab Knesset members] have the formal right to vote on this matter, but do make the distinction between a formal right and a moral right.

²⁸ On the deliberation and the vote in the Knesset, see: KM, Vol. 10, January 7, 1952, 895–911; KM, Vol. 10, January 8, 1952, 912–932; KM, Vol. 10, January 9, 1952, 933–964.

²⁹ Jelinek, *Deutschland und Israel*, 159.

³⁰ According to political science researcher Yehudit Auerbach, Ben-Gurion intended this speech to reach far beyond the walls of the Knesset in Jerusalem, to the entire Jewish nation around the globe. Auerbach, “Ben-Gurion,” 284.

This is our business.”³¹ *Yedioth Ahronoth* phrased this argument in a more aggressive manner: “The [Israeli] Arabs must not decide whether or not we should forgive [the Germans] for Treblinka [. . .] because it was not their children and parents and brothers who burned and suffocated there.”³² Even so, opponents of the negotiations had no delusions that the government would give up the votes of the minority lists.³³ Indeed, the coalition had no intention of doing so. And yet, out of awareness of the sensitivity of the argument raised by the opposition camp,³⁴ it appears that the coalition prevented its Arab members from speaking during the deliberation. At the same time, it attacked what it saw as the hypocrisy of its opponents; that is, their eagerness to accept the votes of the two Arab representatives of Maki and the Arab representative of Mapam.³⁵

The conspicuous absence of the ultra-Orthodox members of parliament from the oratory stage seemed to bolster the opinion among the opposition parties that the government’s majority was artificial, i.e., obtained only thanks to the coalitionary discipline imposed by Mapai on its religious/Orthodox allies.³⁶ “We repudiate, in advance,” exclaimed *Al Ha-Mishmar* on the eve of the Knesset deliberation, “the legality and morality of the meager and artificial majority,” which did not, according to the paper, constitute “a *true* majority.” And yet, the article stated, even if there were an “unforced and unpressured” majority, it too would have “no right or authority to decide on the matter.”³⁷ When it came to issues of such immense importance to the state and the nation, the Mapam mouthpiece explained (and other opposition organs repeated), the people must be given the right to decide. In a democratic country, the people communicate its decision on critical issues by way of elections. In Israel, however, during the last election held on July 30, 1951, the question of German-Israeli negotiations had not been on the public agenda and, therefore, the people had not had

31 KM, Vol. 10, January 7, 1952, 905. In a letter to a friend, Begin wrote that it was improper for the Arab members of the Knesset to vote on the subject of reparations just as it was improper for Jewish members of parliament in Christian country to vote on issues of controversy between the Catholic and the Protestant churches. JIA, H1 – 1/2/3, M. Begin to Mr. Siara, March 31, 1952.

32 *Yedioth Ahronoth*, January 4, 1952.

33 *Yedioth Ahronoth*, January 4, 1952; *Ha-Boker*, January 7, 1952; *Ha-Kol*, January 3, 1952.

34 A Knesset representative of Mapai admitted to party activists that “we would not feel very comfortable getting the Arabs involved in this campaign.” Weitz, “The Road to Wassenaar,” 333. Ben-Gurion took care to emphasize in his diary, on the eve of the Knesset deliberation, that “there will be fifty-four Jews for the reparations. Fifty Jews against.” BGA, BGD, January 6, 1952.

35 ISA, Meeting of the Cabinet, January 6, 1952, 16; *Ha-Modia*, January 7, 1952.

36 In the opinion of one analyst, “were the Knesset to vote according to the conscience of its members [. . .] the majority of delegates would have rejected the agreement [resolution], and even with a resounding majority.” Witzthum, *The Beginning*, 81.

37 *Al Ha-Mishmar*, January 6, 1952 (emphasis in the original).

the opportunity to have their say in the matter. In order to obtain the people's decision without going through another election, a referendum needed to be held in which the citizens of Israel would declare whether they were for or against negotiations between Israel and Germany.³⁸

The call for a referendum became a prominent battle cry among the opposition parties.³⁹ The idea also caught on among the major unaffiliated press outlets. *Yedioth Ahronot*, in a special editorial article, demanded a referendum,⁴⁰ while *Ma'ariv* decided to make it, in some small way, a reality by holding a survey among its readers on the question of negotiations.⁴¹ The objective was to amplify the pressure on the government to hold a popular referendum.⁴² The Friday, January 4, 1952 issue of the paper contained a form where readers were asked to mark whether they were for or against negotiations with West Germany. The form was to then be cut out and sent to *Ma'ariv's* editorial board. Before the survey closed, on the eve of the Knesset vote, *Ma'ariv's* editorial office received approximately 12,000 forms; the word "against" was ticked on roughly eighty percent of them.⁴³

The Knesset deliberation lasted three days and ended on January 9. Minister Sharett, the closing speaker of the session, responded at length to the arguments presented by those opposing negotiations. At the end of his remarks, Sharett asked the Knesset, in the name of the government, to entrust the final decision on the question of negotiations with West Germany to the Foreign Affairs and Defense Committee. There were a few underlying reasons for this request. First, as already established at the coalition parties' meeting, Mapai believed that the religious and ultra-Orthodox members of the coalition would find it easier to vote in favor of a vague resolution or, at the very least, abstain. Beyond that, transferring the decision into the hands of the Foreign Affairs and Defense Committee would

³⁸ *Al Ha-Mishmar*, January 3 and 6, 1952; *Kol Ha-Am*, October 26, 1951 and January 1 and 8, 1952; *Herut*, October 25 and November 11, 1951.

³⁹ KM, Vol. 10, January 7, 1952, 905; KM, Vol. 10, January 8, 1952, 925; KM, Vol. 10, January 9, 1952, 938; Peleg-Uziyahu, "Menachem Begin and the Holocaust," 176. In this context, the far-right organ *Sulam* determined that no government or parliament in Israel had the right to vote on the issue of negotiations with the Germans. *Sulam*, January 13, 1952.

⁴⁰ *Yedioth Ahronoth*, October 3, 1951.

⁴¹ This survey, according to David Witzthum, a notable Israeli journalist, "was an unprecedented and extraordinary initiative in the history of the Israeli press." Witzthum, *The Beginning*, 88. See in this context: Fuksman-sha'al, "This is how," 21–22.

⁴² Mann, *The Leader and the Media*, 120.

⁴³ *Ma'ariv*, January 2 and 9, 1952. A delegate of the American Jewish Committee in Israel estimated at the time that most Israelis would oppose negotiations with Germany if asked about it by way of a referendum. AJCA, Online, Report from Israel: Israel and the Question of Direct Negotiations with Germany, January 31, 1952.

guarantee a favorable result since Mapai held the majority among its ranks. Another reason was supplied by Sharett during the Foreign Affairs and Defense Committee's meeting on January 15. In his view, had the Knesset plenum adopted an official resolution in favor of negotiations, it would have served as a kind of "ceremonial declaration" on the part of Israel that could have been interpreted in the international arena, and in Germany in particular, as "a shift in the Jewish people's (negative) stance and sentiment" toward the German nation.⁴⁴

The coalition chair stated that the coalition parties and three members of the Progressive party propose the Knesset accept the government's request. Representatives of the General Zionists, the Herut party, Mapam, and Maki proposed rejecting the idea of negotiating with West Germany over reparations. The coalition's (and Progressive party's) resolution was cataloged as proposal A, the opposition's resolution – as proposal B. The vote went ahead following a roll-call procedure,⁴⁵ and at the end of it, the results showed that sixty-one Knesset members had raised their hands in favor of proposition A, fifty had voted for proposition B, and five abstained. Four Knesset members were absent from the session. Proposition A was supported by forty-five members of Mapai, five members of the Arab minority parties, six members of Ha-Poel Ha-Mizrachi, one member of Ha-Mizrachi, one member of Agudat Israel, and three members of the Progressive party. Proposition B was supported by twenty-one members of the General Zionists, fourteen members of Mapam, eight members of the Herut movement, five members of Maki, one member of Ha-Mizrachi, and one member of the Progressive party. The ultra-Orthodox members of the Knesset had chosen to "vote with their feet" – three of them had abstained, and one was absent.

The subject of negotiations was brought up for discussion at a meeting of the Foreign Affairs and Defense Committee on January 15. Foreign Minister Sharett informed the committee members that the government was asking of them to give it "full liberty to act on this matter as it sees fit," including entering into negotiations with Bonn. A final decision on the matter, were it to be made by a Knesset committee, he explained, would also be seen as a "ceremonial declaration." On the other hand, transferring the decision into the government's hands would seem like a "routine ordinary" procedure that did not point to any change in Israel's position vis-à-vis Germany. The opposition members of the committee protested that the government's request contradicted its statement in the Knesset. However, their objection was overruled and with a majority of eight to six, the Foreign Affairs and Defense Committee ruled to "bestow upon the government

⁴⁴ ISA, 7563/1 A, Meeting of the Foreign Affairs and Defense Committee, January 15, 1952, 3.

⁴⁵ It was the first roll-call vote in the history of the Israeli parliament.

the authority to act on the question of reparations from Germany, including the possibility of direct negotiations, as dictated by time and circumstance.⁴⁶ Negotiations with the Germans were given the green light. This was a major blow to the boycott policy (one that would, in time, prove fatal) for the sake of what the Israeli leadership considered an equally important good – the reparations claim.

The ten days that elapsed between December 30, 1951, the day the government announced its intention to put the question of Israeli-German negotiations up for a vote in the Knesset, and January 9, 1952, the day of the fateful vote, saw the public-political campaign launched by the anti-negotiations camp three months earlier reach its peak.

The press outlets of the opposition parties Mapam, Maki and Herut, as well as *Ha-Kol*, the organ of the extra-parliamentary ultra-Orthodox Pagi, printed more anti-negotiations articles and editorials during this brief period of time than they had over the previous three months combined. The same went for the unaffiliated newspapers *Yedioth Ahronoth*, *Ma'ariv*, and *Letzte Nayeres*. *Herut* went so far as to devote nearly the entirety of its January 7, 8, and 9 issues to the subject.⁴⁷ The tone of the writing in these papers during this critical period was far more belligerent, at times combative or even inciting, yet at the same time sentimental, verging on pathos.⁴⁸

The parties' Central Committees published another round of manifestos; Maki on January 4⁴⁹ and the Herut movement on January 2⁵⁰ and 4.⁵¹ Herut, in an attempt to put a spoke in the wheels of any future Israeli-German reparations agreement,

46 ISA, 7563/1 A, Meeting of the Foreign Affairs and Defense Committee, January 15, 1952, 1–28. The opposition members appealed to the Knesset's House Committee, questioning the legality of this decision which, according to them, contradicted the resolution adopted by the Knesset on January 9. The committee, however, rejected their appeal. KA, Meeting of the House Committee, January 22, 1952, 6–8; KA, Meeting of the House Committee, January 29, 1952, 3–6.

47 *Herut's* struggle was so relentless that “on its front page, in those days, all distinction was lost between headlines, news items, articles, and editorials, on the one hand, and party announcements and slogans [against the negotiations idea], on the other hand.” Mann, *The Leader and the Media*, 119–120; Witzthum, *The Beginning*, 82.

48 The most extreme attitude was adopted by *Kol Ha-Am* and *Herut*. Thus, for instance, their editors chose to print shock images from the Holocaust era on the front pages of their issues. *Kol Ha-Am*, December 31, 1951 and January 1 and 7, 1952; *Herut*, January 7, 1952. The Israeli jurist and researcher Leslie Sebba writes that, from an historical perspective, it is difficult to grasp the intensity of feeling that manifested itself in the public-political battle over the issue of reparations, almost as difficult as it is to grasp the Holocaust itself. Sebba, “The Reparations Agreements,” 208.

49 *Kol Ha-Am*, January 4, 1952.

50 *Herut*, January 2, 1952.

51 *Herut*, January 4, 1952.

went so far as to submit a bill on December 31 that would rule out any possibility of commerce with the Germans.⁵² The bill was predictably rejected.

There were developments in the extra-parliamentary arena as well. The action committee of intellectuals and public figures that had organized in mid-October 1951 with the purpose of torpedoing the negotiations initiative was joined by other bodies working toward the same goal. The most important among them was the committee, which was affiliated with Mapam, that united the partisans, the fighters of the ghettos and the underground resistance, concentration camp prisoners, and Jewish brigade soldiers.⁵³ Two other meaningful entities were the Israeli Peace Committee, a public body with close ties to Maki and Mapam,⁵⁴ and the Student Council against the Absolution of Nazi Crimes, which was established in early January 1952 and which consisted of representatives of nearly all parties, with the exception of Mapai.⁵⁵ These and other organizations⁵⁶ were prolifically active in the campaign against negotiations. Among other initiatives, they contacted the Knesset presidium and asked to have their representatives be accorded an audience so they could expound their position on the issue. Some of the organizations received positive response.⁵⁷

The struggle spilled over to the street. Party activists once again posted placards on building fronts denouncing the negotiations⁵⁸ and distributed propaganda literature to passers-by.⁵⁹ Herut associates even attempted to lay siege to Minister Sharett's house.⁶⁰ However, the stand-out feature of the street campaign, and in general during those tempestuous first ten days of January 1952, were the gatherings, the popular rallies, and the demonstrations, organized by extra and intra-parliamentary agents, which took place in many cities across Israel.⁶¹

52 *Herut*, December 31, 1951.

53 More specifically, there were links between the committee and the Ahdut Ha-Avoda – Poalei Zion movement, one of the two divisions of Mapam. Izhar, *Between Vision and Power*, 262.

54 This organization was a local branch of the World Peace Council – an international peace movement established in 1949 in protest to the development and proliferation of the nuclear weapon. In theory, this movement was neutral in the rivalry between the Eastern and Western blocs. However, in practice, it was pro-Soviet. Hermann, “The Rise.”

55 *Al Ha-Mishmar*, January 7, 1952.

56 For example: Tandi – Movement of Democratic Women in Israel. *Al Ha-Mishmar*, January 9, 1952.

57 *Al Ha-Mishmar*, January 7 and 9, 1952.

58 Some of the placards displayed horrifying images from the Holocaust era. YTA, 10–16/1/1, The Organization of the Anti-Nazi Fighters – Posters against ties with Bonn, 1951–1965.

59 Segev, *The Seventh Million*, 211.

60 Yablonka, “The Commander,” 216.

61 *Al Ha-Mishmar*, January 6, 8 and 9, 1952; *Kol Ha-Am*, January 6 and 8, 1952; *Yedioth Ahronoth*, January 6, 1952.

The pinnacle of these gatherings was the mass rally organized by the Herut movement at Zion Square in Jerusalem on January 7.⁶² The rally began at 4 pm,⁶³ the same time as the Knesset deliberation. The number of participants was estimated at 15,000 people – a sizeable crowd considering the cold and rainy weather.⁶⁴ Several speakers addressed the crowd and then Begin took the stage.⁶⁵ The speech he made was inciteful, bordering on encouraging outright rebellion. He claimed that the police were carrying German-made gas grenades – “the same gas that suffocated our fathers” – and that the government had “concentration camps” at its disposal. But, despite all this, Begin was undeterred: “There will be no negotiations with Germany,” he stated, “for this, we are all willing to lay down our lives.”⁶⁶

This speech laid out the radical position held by the leader of the right-wing party toward Germany and the German people in a clear and poignant manner. His stance on the matter stemmed first and foremost from personal experience. The Begin family had resided in Poland and when the Nazis invaded the country in September 1939, the 26-year-old Menahem Begin was forced to escape to Vilnius where he was arrested by the Soviets.⁶⁷ A far more gruesome fate awaited his loved ones: most of his family members, including his parents, sister, and many members of his wife’s family, were slaughtered by the Nazis. In light of this tragic biography, the Holocaust was thus an integral part of Begin’s emotional and, as a result, political worldview.⁶⁸ It was a manifest reality that accompanied him throughout his life and was a primary driving force, not only with regard to

62 Beyond this specific demonstration, the right-wing movement organized during those ten days rallies and demonstrations all over the country. *Yedioth Ahronoth*, January 6, 1952; *Herut*, January 6, 1952.

63 The account of the events that took place at the January 7 Herut rally is based on the following sources: Ozacky-Lazar, “The Herut Movement’s Struggle,” 150–152; Weitz, *The First Step to Power*, 105–111; Segev, *The Seventh Million*, 212–219; *Herut*, January 8, 1952.

64 *Herut* urged members of the party and its sympathizers to attend the rally en masse. *Herut*, January 6 and 7, 1952.

65 A thorough analysis of this speech and all its facets can be found in: Lavi, *The Begin Code*.

66 Arye Naor, a political science researcher who dealt extensively with Menachem Begin and his party, wrote in regard to these proclamations that “all who heard these words could not help but get the impression that Begin was talking about civil war.” Naor, “Ben-Gurion and Begin,” 113. The day after the rally, *Herut* published Begin’s speech. In response, the legal advisor to the government filed a lawsuit against the paper for “publishing remarks that can be construed as a conspiring to instigate rebellion.” This lawsuit was later dropped. JIA, L14 – 5/1, A lawsuit against *Herut*, 1952.

67 He was sentenced to eight years of hard labor but released in the summer of 1941.

68 For example, in his mind’s eye, Begin viewed the reparations affair in terms of Prime Minister David Ben-Gurion sitting in the company of the Nazi murderers of his family and haggling with them over money in exchange for conciliation. Grosbard, *Menachem Begin*, 123. Hanna Yablonska, an Israeli historian specializing in, among other things, the memory of the Holocaust in

Israeli-German relations but also other questions of state policy (on matters concerning the Israeli-Arab conflict, for example).⁶⁹

When he had finished his speech, Begin set off to the Knesset, a few minutes' walk away from the location of the rally, to speak there. The massive, fired-up crowd he left behind sought to translate his words into actions. A short time after Begin departed, the crowd began marching toward the parliament. The police had been prepared for such an event but, as it turned out later, not prepared enough. Hundreds of policemen from across Israel came to back up the capital's law enforcement units. The Knesset building had been surrounded with blockades and barbed-wire fences. The streets were closed to traffic, and only occupants of nearby houses and shop owners were allowed to pass. All this did little to stop the crowd. The demonstrators managed to overwhelm the police barricades and, within minutes, were at the gates of the Knesset building. Shouts of insults against the government and especially the Prime Minister were heard from all sides, and soon stones were hurled in the direction of the Israeli House of Representatives.⁷⁰ The police did not hesitate to use force: clubs were used to repel the rioters, tear-gas and smoke grenades were thrown into their midst. The place had become a battlefield. Soon, the turmoil penetrated the Knesset building. The windows of the plenum hall, situated on the ground floor, were shattered. Shards of glass began to litter the floor and the Knesset members' desks. Stones were now flying in, one of them hitting a Knesset member on the head, forcing him to leave the building covered in blood. The tear-gas the police had used on the protesters was also now seeping in through the shattered windows. The Knesset members found themselves continuing their discussion with watering eyes.⁷¹ Begin, the leader of the Herut demonstrators outside, was speaking at the plenum lectern just as the disturbances were taking place. The atmosphere inside was tense and hostile, and soon verbal altercations broke out among those in attendance. A female member of Mapai hurled insults at a Herut representative and even grabbed her by the throat.⁷² The Prime Minister shouted out something

Israel, maintains in this context that Begin "developed his own image as part of the Holocaust survivors' community and as their principal spokesman." Yablonka, "The Commander," 215.

69 Shilon, *Begin*, 171–172; Gordis, *Menachem Begin*, 50; Perlmutter, *The Life and Times of Menachem Begin*, 11–12, 99.

70 A certain number of protesters from a Maki rally held at the same time at a nearby location joined the Herut demonstrators storming the Knesset. *Ha'aretz*, January 8, 1952; *Shearim*, January 8, 1952.

71 Later, Ben-Gurion would write: "If I hadn't stopped the rabble from bursting into the Knesset, through the timely use of army force, parliament members would have been slaughtered." Naor, "Ben-Gurion and Begin," 115.

72 KA, Meeting of the House Committee, January 8, 1952, 2.

about the “hooligans” outside, to which Begin retorted: “You are the hooligan.” The chairman of the session demanded that Begin retract his offensive remark. The latter refused, and the chairman stopped the session. It recommenced three hours later. In the meantime the violent protest outside died down.⁷³ Roughly 350 people, approximately 150 policeman and 200 demonstrators, were injured during the events, most of the injuries minor. Close to 400 protesters, among them leading figures in the Herut movement, were arrested.⁷⁴ There were enormous property damages, including to Knesset members’ personal vehicles.⁷⁵

The day after the attack on the Knesset, Ben-Gurion delivered a special address to the nation, broadcast over Kol Israel radio, and published prominently, in full, in most of the daily newspapers. “The first step toward the destruction of democracy in Israel has been taken,” he warned. “It has been declared that not the nation’s elected representatives will decide Israel’s policy, but rather the people of the fist and of the political assassination.”⁷⁶ Ben-Gurion, as it appears, had no intention of biting his tongue in response to the hateful remarks Begin had directed at him and his government. According to political science researcher Arye Naor, this was the climax of the twin delegitimization campaigns these two movement leaders had waged against each other since their political conflict began in the mid-1940s.⁷⁷

73 Various Herut personalities tried to underplay the scope of the party’s responsibility for the violent incident. Thus, according to one of Herut’s founders, “a small group among the protesters, acting independently [. . .] hurled stones at the Knesset.” Tamir, *Son of this Land*, 216. A Herut Knesset Member claimed that “the shattering of [the Knesset] windows was a provocation and was not the doing of the Herut people.” Lavi, *The Begin Code*, 27.

74 However, none of them were prosecuted. Yochanan Bader, one of the movement’s higher-ups, hinted that this was the result of threatening the legal advisor to the government that Herut would turn the trials into local and international media events. Bader, *The Knesset and I*, 63–64.

75 These members appealed to the Knesset’s presidium and demanded compensation for the damages done to their cars. The presidium acquiesced to their demands. KA, Meeting of the House Committee, February 26, 1952, 4–5; KA, Meeting of the House Committee, March 4, 1952, 2.

76 Ben-Gurion, *Vision and Road*, 278–280. In this context, Tamar Brosh, an Israeli historian, argues that the disturbances around the parliament had been “the most serious attempt ever made to prevent the Knesset from making a decision in a free, sovereign, and democratic manner.” Brosh, *A Speech*, 227.

77 Naor, “Ben-Gurion and Begin,” 113. Other researchers have claimed that before the turmoil caused by the reparations saga, Mapai had not viewed Herut as a real threat to its rule and therefore tended to ignore its various challenges and provocations. However, the fierce offensive launched by Herut vis-à-vis the reparations issue managed to crack Mapai’s confidence and forced it to respond sharply to Herut in general and Begin in particular. Ben-Aharon, “An Analysis,” 72.

The political system in Israel, as well as the unaffiliated newspapers, experienced a rare moment of almost sweeping consensus in terms of their agreement with the harsh, unprecedented accusations made by Ben-Gurion toward Begin and his movement. Thus, for example, *Ha-Tzofeh* warned that the riot in front of the Knesset building could be the first step on the way to an all-out rebellion against the laws of the state,⁷⁸ and *Ma'ariv* stated that Begin had “lost his political mind.”⁷⁹ A similar attitude toward Begin and his movement was expressed by other newspapers.⁸⁰ International elements too supported this opinion. In the aftermath of the riot, *Der Spiegel*, West Germany’s popular newsweekly, described Begin as chairman of the “fascist” Herut movement.⁸¹ The British legation in Tel Aviv concluded that the Herut protesters “achieved nothing but giving their movement a bad name.”⁸²

On January 13, the cabinet held a lengthy discussion of the violent events that had occurred around the Knesset building the previous week. Most ministers thought it a bad idea to strip Begin of his immunity and take him to court for fear that the trial would be used to convert people to his side. It was agreed, therefore, that he must be removed from Knesset sessions for a relatively lengthy period of time.⁸³ The matter was passed on to the Knesset’s House Committee and it in turn accepted Mapai’s suggestion to recommend that Begin be removed from parliamentary sessions for three months as punishment for “threatening the Knesset with acts of violence.”⁸⁴ The resolution suggestion was submitted to a vote in the plenum and was accepted by a majority.⁸⁵ Thus, Begin had made history – he became the first Knesset member to be suspended from attending the meetings of the Israel parliament.⁸⁶

78 *Ha-Tzofeh*, January 8, 1952.

79 *Ma'ariv*, January 9, 1952.

80 *Ha-Dor*, January 8, 1952; *Davar*, January 8, 1952; *Ha-Poel Ha-tzair*, January 15, 1952; *Shearim*, January 9 and 11, 1952; *Al Ha-Mishmar*, January 9, 1952; *Ha-Boker*, January 8, 1952; *Ha'aretz*, January 8, 1952; *The Jerusalem Post*, January 8, 1952; *Neueste Nachrichten*, January 11, 1952; *Mitteilungsblatt*, January 11, 1952; *Yedioth Ahronoth*, January 8, 1952; *Ha-Kol*, January 8, 1952.

81 Margalit, “Israel,” 246.

82 UKNA, FO 371/98786, British Legation in Tel Aviv to Foreign Office, February 4, 1952.

83 ISA, Meeting of the Cabinet, January 13, 1952, 5–39.

84 KA, Meeting of the House Committee (first session), January 14, 1952, 1–12; KA, Meeting of the House Committee (second session), January 14, 1952, 1–9; KA, Meeting of the House Committee, January 15, 1952, 2–8.

85 KM, Vol. 10, January 21, 1952, 1030–1055.

86 The right-wing party refused to be shaken by the Knesset’s decision. One of its members wrote to his colleague that the eagerness of Herut supporters to act for the sake of preventing the negotiations with Germany from taking place was now “much greater.” JIA, H1 – 1/2/3, Yaakov Rubin to David Bukszpan, January 18, 1952. Colin Shindler, a prominent scholar of the Israeli

The violent protest outside the Knesset had undoubtedly put a stain on the campaign waged by the anti-negotiations camp.⁸⁷ Even so, their public-political battle thus far deserves our esteem. After all, they had put up a long, comprehensive, and mainly dogged fight for their cause.

The same could not be said of the pro-negotiations camp, which consisted of the coalition parties, first and foremost the ruling party, Mapai, and a few non-affiliated newspapers: *Ha'aretz*, *The Jerusalem Post*, *Neueste Nachrichten*, and *MitteilungsBlatt*.⁸⁸ Their campaign in support of the negotiations idea during those first fateful ten days of January 1952 was rather limp and limited in scope, not to mention the fact that their voices were barely heard at all in the three months preceding this period. It unfolded almost exclusively on the pages of newspapers. Compared to the organs of the anti-negotiations camp, the pro-negotiations press devoted little space to the subject and maintained a reserved tone for the most part.⁸⁹ Outside of the print media, the cause of the supporters of negotiations was championed mainly by IMFA officials Felix Shinnar and Chaim Yahil. In mid-October 1951, they had been appointed, in accordance with the Prime Minister's instruction, to handle "internal public relations regarding the

right, argues that Begin's removal from the Knesset only bolstered his status within the movement. Shindler, *The Rise of the Israeli Right*, 254.

87 The violent rally in Jerusalem became a tool in the hands of the Israeli left that would serve them for many years to come in their political battle against the right in general and the Herut movement in particular. Medad, "A Re-Examination," 108.

88 There were few other elements who tended to favor the negotiations initiative but were not in any way active in the conflict that had swept the nation. One of the most prominent of them was the Hungarian-language newspaper *Új Kelet*. The paper's editorial board decided to disregard the "contentious" issue and, accordingly, refused to publish articles supporting or rejecting the government's move in its "Readers Write" section. *Új Kelet*, January 2, 1952. Indeed, a thorough review of *Új Kelet* issues from September 1951 to September 1952 reveals that the paper actively pushed this issue to the margins and refrained almost entirely from publishing opinion pieces on the subject. Nevertheless, one could read between the lines that the paper had an overall positive view of the idea of Israeli-German negotiations. It had expressed (reserved) support toward Adenauer's September 1951 declaration, as well as the Reparations Agreement when it was signed. *Új Kelet*, September 10, 1952. This positive position was reflected in the Hungarian Immigrants' Association's decision to support Israeli-German negotiations on the matter of reparations. *Új Kelet*, January 18, 1952.

89 Here are two enlightening examples of the scant reference in these newspapers to the question of negotiations: In its issue of January 7, 1952, *Davar* devoted one small news item at the bottom of its front page to the debate on the issue of reparations, which was about to begin that day in the Knesset. The title of the page dealt with the wage policy of the Histadrut (the General Federation of labour in Israel). *Ha-Modia*, on its part, devoted the front-page headline of January 6 to the crisis on the Korean peninsula. The expected discussion in the Knesset was reported in a tiny news item in the middle of the page.

reparations issue with the aim of immunizing the Israeli public against the [negative] propaganda on this subject currently being spread around the country.”⁹⁰ Over the following months, the pair held a series of small gatherings with various circles in the Israeli public and tried to convince them to get on board with the idea of the negotiations.⁹¹ They were aided in their mission by Minister Sharett⁹² and Ambassador Eban,⁹³ who came to speak in favor of the idea on a number of occasions.

This was, in fact, the sum total of the efforts made by the pro-negotiations camp. They did not hold gatherings or rallies, and certainly not full-blown unruly protests. No manifesto was published in support of their cause and no political activists pasted placards on building façades or distributed information leaflets to passers-by. Two central reasons accounted for the cautious nature of their campaign. First of all, it was emotionally difficult to publicly promote a move that stood in such stark contradiction to the sacred principle of boycotting Germany and its people. Sometimes it seemed as if advocates of the negotiations idea were being forced to do so against their will, even though they certainly recognized its importance. Secondly, the power balance in the Knesset indicated that the coalition was likely to carry the majority, albeit a relatively small one. That fact appears to have rendered the pro-negotiations campaigners somewhat complacent, or at least less raring to charge into battle.⁹⁴ It is also possible, in the context of the emerging power dynamic, that they chose the strategy of a quiet campaign that refrained from stoking the fire between the two sides based on the assessment that a public-political conflagration would play into the hands of the anti-negotiations camp.

In the great debate over the issue of Israeli-German negotiations, both camps raised arguments to support their respective positions. We will first present the points raised by the anti-negotiations camp, since they were the ones to fire the opening shots and since some of their claims would elicit a response from the pro-negotiations side. The anti-negotiations camp’s contentions were as follows:

1) *Revoking of the boycott policy.* Direct and official negotiations between Jerusalem and Bonn would constitute a severe breach of the sanctified boycott the Jewish people had decreed against the Germans. The damage from such a breach

⁹⁰ ISA, MFA 2417/3, C. Yahil to M. Sharett, November 30, 1951.

⁹¹ ISA, MFA 43/10, Information Division to Israel’s Minister to London, January 7, 1952.

⁹² Sharett, *The Reparations Controversy*, 140–141.

⁹³ *The Jerusalem Post*, December 24, 1951.

⁹⁴ Confidence in the coalition’s impending win was reflected in statements made by Foreign Minister Sharett to an American diplomat. USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/12-3051, The Embassy in Tel Aviv to the Secretary of State, December 31, 1951.

could be irreparable if a reparations agreement should be reached as a result, since a large part if not all of the compensation sum would be transferred in the form of goods. This mode of payment would establish de facto close economic ties between the two countries: German and Israeli officials would have to be in constant contact to coordinate the implementation of the agreement; ships bearing German flags would transport goods into Israeli ports, and vice versa, Israeli vessels would have to dock in German ports to pick up shipments; German experts would have to be flown in to Israel in order to install the delivered machinery. Moreover, this economic relationship would have to be maintained in the foreseeable future since Israel would definitely require replacement parts for the purchased machinery, as well as technicians to repair inevitable wear and tear.⁹⁵ Economic ties would eventually grow into diplomatic ties, which would lead to contacts with West Germany in all areas of life, and, by this point, the complete dismantling of the boycott would be a *fait accompli*. Logically this would mean Jewish-German reconciliation and forgiveness for the horrors of the Holocaust, which would be a grave betrayal of the “never forget, never forgive” edict. The memory of millions of Holocaust victims would thus be disgraced, and hundreds of thousands of survivors would be mortally offended. And that was not all. This reconciliation meant the trampling of Israel’s honor, as the nations of the world would conclude that it was possible to buy the Jewish people’s forgiveness for such a heinous crime, which had been inflicted upon them not so long ago. As a result, nations would feel repulsion and contempt, perhaps even hatred, toward the Jews.⁹⁶

2) *Negotiations with a pro-Nazi government*. There were two aspects of Chancellor Adenauer’s government – its composition and its conduct in the intra-German arena – that could have merited its definition as pro-Nazi. With regard to the first, many persons in the Federal administration were indeed former Nazis.⁹⁷ This was an especially prominent phenomenon in the Foreign Ministry, the same office that would serve as the main interlocutor in future talks with Israel. About a third of its

95 According to one estimate, Israel would have to purchase approximately thirty million USD worth of goods not included in the reparations agreement annually, including spare parts, equipment and raw materials for the factories it planned to build with the reparation funds. Rubinstein, “German Reparations,” 37.

96 *Kol Ha-Am*, December 31, 1951 and January 1, 1952; *Al Ha-Mishmar*, October 26, 1951 and January 6, 1952; *Herut*, October 4, 26 and 31 and November 2 and December 15, 1951 and January 2, 7 and 8, 1952; *Ha-Boker*, January 6, 1952; *Yedioth Ahronoth*, January 7, 1952; KM, Vol. 10, January 7, 1952, 901; KM, Vol. 10, January 8, 1952, 917–918, 930.

97 According to several researchers, “in Adenauer’s Germany, an astounding number of officials formerly involved in the Hitler regime were reinstated in positions of powers across all sectors of the West German state and society.” De Vita, *Israelpolitik*, 33–34.

personnel had been members of the Nazi movement, and some had even held appointed positions within the Third Reich regime. Among them, the name Hans Globke, director-general of the governmental apparatus and one of Adenauer's confidants, stood out in particular.⁹⁸ A jurist by training, Globke had served as a senior official in the Reich's Ministry of the Interior (even though he had not joined the Nazi party), and as such was listed among the authors of the formal interpretation of the infamous Nuremberg Laws.⁹⁹ In terms of the second aspect, Adenauer's government was, directly and indirectly, contributing to the revival of Nazi ideology in West Germany. It was doing so by staunchly resisting the Denazification program,¹⁰⁰ turning a blind eye to the continued existence of neo-Nazi organizations within the FRG, allowing the publications of journals and books glorifying the Third Reich era, and consenting to the appointment of former Nazi movement members to city councils and Länder governments.¹⁰¹

3) *The rehabilitation of West Germany.* The FRG needed to negotiate with Israel in order to complete the rehabilitation process.¹⁰²

4) *Second Holocaust.* The US, with the support of Britain, was investing great effort into the foundation of a strong Western-European military force with the intention of initiating a third world war against the USSR and its communist allies. The FRG was designated to play a key role in this military array due to its strategic geographic position, its sizeable population, and its proven combat skills. However, the establishment of a large and heavily armed German force and its integration into a pan-European army was likely to provoke opposition from the Western-European nations, who feared that the Germans might go back to their old ways and use their mighty army to embark on more bloody and destructive campaigns. It was to overcome this obstacle that Washington was pressuring Jerusalem and Bonn to commence talks on the issue of reparations. Direct negotiations with the Jews, the

98 Bark and Gress, *A History of West Germany*, 247.

99 Globke's activity was not limited to the Nuremberg Laws. Among other things, he had contributed to the consolidation of the Nazi regime by assisting in the formulation of the emergency laws that gave Hitler unrestricted dictatorial authority. Gutman, *Encyclopedia of the Holocaust*, "Globke, Hans," 589.

100 Denazification, as it was formulated by the Americans at the end of World War II, was intended to root out Nazi ideology in Germany by removing former members of the Nazi movement from public service and trying some of them in court. Bark and Gress, *A History of West Germany*, 74–81.

101 *Al Ha-Mishmar*, November 4, 1951; *Kol Ha-Am*, October 19, 1951 and January 7 and 9, 1952; *Herut*, January 7 and 8, 1952; *Ma'ariv*, December 19, 1951; *Yedioth Ahronoth*, December 11, 1951; *KM*, Vol. 10, January 7, 1952, 904; *KM*, Vol. 10, January 9, 1952, 935.

102 *Herut*, November 2, 1951 and January 4, 1952; *Letzte Naves*, November 2, 1951 and January 4, 1952; *Ma'ariv*, November 2, 1951.

main victims of the Nazi beast, let alone an agreement with them, would prove that Germany had changed and become a remorseful and peace-seeking nation. The Western nations would thus be persuaded to rehabilitate the FRG, i.e., withdraw their opposition to the establishment of a West German army. Such a turn of events could cause a second Holocaust. The new German army would be ideologically similar to its predecessor – the Nazi Wehrmacht – just as the Adenauer government was markedly pro-Nazi. When the new world war broke out, the German army would assign part of its forces to the completion of the “final solution” to the “Jewish problem.” This would include the annihilation of the young Jewish state.¹⁰³

5) *Detriment to the Israeli economy.* In order for the Reparations Agreement to benefit the Israeli economy, the goods provided to Israel under this agreement had to be mainly high-quality input factors (raw materials and machinery) necessary for the country’s industry and agriculture sectors. However, the Germans would provide input factors needed for the country’s economy sparingly, and even these could be assumed to be of low-quality. A significant portion of the reparations was expected to be paid in consumer goods. Local consumer goods producers would be devastated as a result of the market being flooded with German imported goods, and the outcome would be catastrophic: industrial production would shrink while unemployment would rise. If Israel wished to avoid the expected economic damage, it would have to get rid of some of the German goods; i.e. sell them in foreign markets. The Jewish state would thus become the principal peddler of German products around the world. Not only that, the reparations agreement would lead to a significant reduction in the amount of financial assistance Israel received from Western Jewry and the United States government. Both of these respective parties would feel that the reparations money obviated the need for significant assistance on their part.¹⁰⁴

6) *The Germans would pay very little.* Adenauer’s government would refuse to give any significant amount in reparations with the excuse that the West German economy was still shaky and having to deal with a stack of other debts. Even if Israel were to accept this argument and sign an agreement with West Germany that only partially settled the original reparations claim, one could expect that the

103 *Al Ha-Mishmar*, November 4 and December 30, 1951 and January 4 and 8, 1952; *Kol Ha-Am*, October 19 and 26 and December 10, 1951 and January 1, 4, 7 and 8, 1952; KM, Vol. 10, January 7, 1952, 901; KM, Vol. 10, January 8, 1952, 916, 925; KM, Vol. 10, January 9, 1952, 935, 947; ISA, 7563/1 A, Meeting of the Foreign Affairs and Defense Committee, January 7, 1952, 18; HHA, (9)120.90, Meeting of Mapam’s Political Committee, October 18, 1951.

104 *Al Ha-Mishmar*, December 30, 1951 and January 8, 1952; *Herut*, November 11, 1951 and January 4, 1952; *Ha-Boker*, January 6, 1952; *Ma’ariv*, January 4 and 6, 1952; *Yedioth Ahronoth*, January 1, 1952; *Letzte Naves*, November 2, 1951; KM, Vol. 10, January 7, 1952, 899, 904; KM, Vol. 10, January 8, 1952, 930.

Germans would stop honoring this agreement sooner rather than later. After all, this was precisely what they had done in the aftermath of World War I: Germany had managed, with great cunning, to get out of paying the vast majority of the compensation with which it had been saddled. There was no reason why they should act any differently on this occasion.¹⁰⁵

On the other side of the barricade, in the pro-negotiations camp, the following arguments were put forth:

1) *Consolidation of the Jewish state.* The reparations funds would shore up the State of Israel:¹⁰⁶ the country's shaky economy would improve, the great wave of Jewish immigrants would be properly absorbed and integrated, and the state's security, with all its various aspects, would be fortified. A robust Jewish state would be the greatest victory the Jewish people could claim over Nazi ideology, the same ideology that wished to wipe out all signs of Jewish existence. At the same time, such a state would be the best guarantee that the Holocaust could never repeat itself.¹⁰⁷

2) *Historical precedent.* This was to be the first time in the history of the Jewish people that those who had wronged them were willing to negotiate monetary compensation for these wrongs. Such an historical precedent would make it manifest to all, especially those still plotting to harm the Jews, that spilled Jewish blood would not go unpunished.¹⁰⁸

3) *"Hast thou killed, and also taken possession?"*¹⁰⁹ The Germans could not be allowed, from moral and practical perspectives, to inherit and reap the benefits from the property of the Jews they themselves had slaughtered.¹¹⁰

105 *Al Ha-Mishmar*, November 4 and December 9, 1951; *Herut*, November 2, 1951 and January 1 and 7, 1952; *Ha-Boker*, January 6, 1952; *Ma'ariv*, December 31, 1951 and January 4, 1952; *Ha-Kol*, December 11 and 20, 1951 and January 3 and 7, 1952; *Letzte Naves*, November 9, 1951; KM, Vol. 10, January 7, 1952, 901; KM, Vol. 10, January 8, 1952, 918, 924, 931.

106 Just as the Haavara monies had strengthened the Jewish community in Mandatory Palestine in the 1930s, according to the pro-negotiations camp.

107 *Davar*, January 1, 1952; *Ha-Dor*, January 6 and 9, 1952; *Ha-Tzofeh*, January 4, 1952; *Ha'arets*, December 28, 1951 and January 6, 1952; *Mitteilungsblatt*, January 4, 1952; ISA, 7563/1 A, Meeting of the Foreign Affairs and Defense Committee, January 7, 1952, 23; KM, Vol. 10, January 7, 1952, 909, 911; KM, Vol. 10, January 8, 1952, 921, 931–932; KM, Vol. 10, January 9, 1952, 936–937, 945, 949, 959–961; ILPA, 2-23-1951-58, Meeting of the Central Committee of Mapai, December 13, 1951. Prime Minister Ben-Gurion emphasized this claim. Neuberger, "Moral," 284.

108 *Ha-Dor*, January 9, 1952; *Ha-Poel Ha-tzair*, January 8, 1952; KM, Vol. 10, January 7, 1952, 911; KM, Vol. 10, January 8, 1952, 914, 932; KM, Vol. 10, January 9, 1952, 945; ILPA, 2-23-1951-58, Meeting of the Central Committee of Mapai, December 13, 1951.

109 For more on this expression, see Chapter 3.

110 *Davar*, January 1, 1952; *Ha-Dor*, January 6, 1952; ILPA, 2-23-1951-58, Meeting of the Central Committee of Mapai, December 13, 1951; ISA, Meeting of the Cabinet, December 30, 1951, 37–38; KM, Vol. 10, January 7, 1952, 897.

The rest of this camp's arguments were direct or indirect responses to claims put forth by the anti-negotiations camp. These were as follows:

4) *Israelis were already talking to Germany.* For a number of years now, there had been direct, official, and public negotiations with Germany, in the context of which tens of thousands of Israeli Holocaust survivors and Jewish successor organizations (the JRSO and the JTC) had been in contact with West German institutions (the central administration in Bonn, the Länder governments, and the courts) with the aim of restituting Jewish property and/or receiving indemnification. Some of the claims submitted by the Jewish organizations and the survivors had been accepted and the compensation amounts paid in DM. Some of the funds had made their way into Israel in the form of German goods. These Israeli/Jewish-West German contacts had provoked no protest among the opposition parties in the Knesset. On the contrary, they wholeheartedly embraced this reality.¹¹¹ Moreover, Israel had contact with nations who, during the Holocaust, had aided the Nazis in their enterprise of destroying and looting the Jewish people – for instance, Ukraine, Poland, Lithuania, and Latvia. None of the opposition elements in Israel had ever expressed any objection to this state of affairs.¹¹²

5) *West Germany had already achieved rehabilitation.* Anyone familiar with the latest diplomatic developments in the international arena could see that West Germany had been almost fully integrated into the political-economic-military complex of the Western Bloc. Negotiations with Jerusalem would neither add to nor detract from Bonn's success in this respect.¹¹³

6) *The boycott would remain in place.* The negotiations between Israel and Germany would be strictly limited to the matter of reparations and were not to be viewed as a prelude to the creation of economic and diplomatic ties between the two countries. The principle of boycotting the German nation would hold, and there would be no conciliation or forgiveness for the horrific events of the Holocaust.¹¹⁴

¹¹¹ *Davar*, January 1, 1952; *Ha-Dor*, January 6 and 9, 1952; *Ha-Modia*, November 12, 1951; *Ha'aretz*, December 28, 1951; *The Jerusalem Post*, January 7, 1952; KM, Vol. 10, January 8, 1952, 922; KM, Vol. 10, January 9, 1952, 945, 955–956; ILPA, 2-23-1951-58, Meeting of the Central Committee of Mapai, December 13, 1951.

¹¹² *Ha-Poel Ha-tzair*, December 18, 1951; ISA, 7563/1 A, Meeting of the Foreign Affairs and Defense Committee, January 7, 1952, 23; ILPA, 2-23-1951-58, Meeting of the Central Committee of Mapai, December 13, 1951.

¹¹³ *Davar*, January 1, 1952; *Ha'aretz*, December 28, 1951; KM, Vol. 10, January 9, 1952, 943.

¹¹⁴ *Davar*, October 26, 1951 and January 1 and 7, 1952; *Ha-Dor*, November 2, 1951 and January 4, 1952; *Ha-Tzofeh*, October 29 and December 10, 1951; *MitteilungsBlatt*, January 4, 1952; KM, Vol. 10, January 8, 1952, 921.

As an aside, we should note that this last argument would quickly prove hollow. It did not take long after the Reparations Agreement had been ratified in March of 1953 for a slow, hesitant, but also steady process of the normalization of relations between the two countries to emerge. Looking back through history, we can conclude that the Reparations Agreement was the main catalyst of this process.¹¹⁵

All in all, the dispute between the two sides on the issue of Israeli-German negotiations was multi-layered and thoroughly argued, revealing a deep rift in terms of fundamental perceptions. Nevertheless, this did not mean that they were also split over the very idea of reparations. On the contrary, the overwhelming majority of the anti-negotiations entities demanded that the collective reparations claim be pursued, albeit through the mediation of a third party: the great powers or a UN body. For the most part, this camp suggested the International Court of Justice in The Hague for the job.¹¹⁶ This proposed course of action would bypass all the ills of direct negotiations: Israel would not have to be in contact with the “Nazis’ successors,” a move that would otherwise have spelled forgiveness and rehabilitation for Germany, and it could rest assured that the demanded sum would be paid in full since the third party would have the required clout to make Bonn comply with the terms of the claim. This call for the pursuit of the reparations claim by means of a third party was voiced loudly and insistently during the first weeks of the anti-negotiations camp’s publicity campaign, i.e. October–November 1951.¹¹⁷ However, the more heated the debate between the two sides became, the less attention was devoted to this particular proposal.¹¹⁸ It would seem that the anti-negotiations camp was not interested in overemphasizing the one common denominator it shared with the rival camp – the willingness to claim reparations – lest it overshadow the issue that divided them: the manner in which this claim was to be pursued. Doing otherwise may have taken some of the sting out of their offensive.

115 Stauber, “The Israel Ministry of Foreign Affairs”; Stauber, “Israel’s Quest for Diplomatic Relations.”

116 This institution had been founded by the League of Nations in 1921 with the aim of settling disputes between states through peaceful means, based on the principles of international law. The Second World War effectively put an end to the court; however, in 1945 it was reestablished by the UN. Shatz and Ariel, *The Lexicon of the State of Israel*, “International Court of Justice,” 175.

117 *Al Ha-Mishmar*, October 30 and November 1, 1951; *Herut*, October 25 and 28 and November 2, 1951; *Ma’ariv*, October 5, 1951; *Yedioth Ahronoth*, October 3 and 29, 1952; HHA, (9)120.90, Meeting of Mapam’s Political Committee, October 18, 1951.

118 Pagi’s *Ha-Kol* even determined that if no third party could be found, Israel would be better off giving up on reparations. *Ha-Kol*, December 27, 1951.

The pro-negotiations camp hastened to respond to the “third party” solution championed by their opponents. Chaim Yahil stated it was important for the public to recognize that “there is no third way, there is only the decision whether to get reparations through direct contact or to give up on them.”¹¹⁹ This camp pointed to the fact that the Western powers had already denied Israel’s requests to serve as “third parties,” while the USSR did not even bother to respond.¹²⁰ As for the international tribunal in The Hague, a *Davar* article made it clear that “there is yet to be an international legal institution [. . .] that has the power to *force* the sides to submit to its judgment, let alone carry out its sentence.”¹²¹

The anti-negotiations camp presented a variety of arguments, most of them in the moral-ethical domain, to justify their position on the question of negotiations with West Germany. The rival camp listened to their claims carefully and even responded to some; however, they suspected that the main, perhaps even the only thing driving the opposition in the Knesset to resist negotiations was a strictly political motive that had little if anything to do with the actual issue of reparations. “With regard to the opposition parties,” stated *Davar*, “it is not the reparations issue itself that determines [their actions], but rather considerations of a different kind.”¹²² *Ha-Dor* likewise decreed that “the motives of the extreme right and the extreme left and of the bourgeois center are not motives of pure conscience, but rather ones of politics, both external and internal.”¹²³ Similar things could be read in *Ha’aretz*.¹²⁴ Much harsher criticism, however, was voiced by the religious organs *Ha-Modia*¹²⁵ and *Ha-Tzofeh*.¹²⁶ These papers likely sought to return fire over the ignominious accusation made by representatives of the opposition claiming that the religious and ultra-Orthodox Knesset members’ vote on the negotiations issue was a product of coalitionary discipline.

One can indeed say with some certainty that the opposition movements were motivated, to one degree or another, by narrow political interests, among others. However, these interests varied from party to party.

Mapam and Maki had similar political motives in that they shared an ideological affinity with the USSR to the extent of complete and utter allegiance in the

119 ISA, MFA 43/10, Information Division to Israel’s Minister to London, January 7, 1952.

120 *Ha’aretz*, December 28, 1951; *Ha-Poel Ha-tzair*, December 18, 1951 and January 8, 1952; KM, Vol. 10, January 9, 1952, 943.

121 *Davar*, January 6, 1952 (emphasis in the original).

122 *Davar*, January 7, 1952.

123 *Ha-Dor*, January 6, 1952.

124 *Ha’aretz*, January 1, 1952.

125 *Ha-Modia*, January 4, 1952.

126 *Ha-Tzofeh*, January 4, 1952.

case of Maki.¹²⁷ In terms of foreign relations, this meant a hostile stance toward the Western block led by the US. It was therefore only natural that they should object to any contact, even if it were on the matter of reparations, between the State of Israel and the FRG, which by now was part and parcel of the Western side of the Cold War. Their pro-Soviet orientation also influenced Maki and Mapam's attitude toward the GDR. Unlike West Germany, it was perfectly allowable, in their eyes, to be in contact with this communist protectorate of the Soviet Union. Accordingly, a delegation of the Maki youth movement had been sent to an international communist youth festival held in August 1951 in Berlin, the East German capital.¹²⁸ Several months later, Mapam sent its representatives to the conference of the World Federation of Trade Unions, which also took place in Berlin.¹²⁹ The pro-negotiations camp jumped at the chance to attack Mapam and Maki's double standard when it came to their views of the two Germanies and accused their positions of being politically motivated. They were especially incensed at Mapam's lack of indignation at Moscow and Berlin's refusal to recognize the Jewish-Israeli compensation claims, which stood in stark contrast to Bonn.¹³⁰ The two left-wing movements stated, in response to their critics, that their willingness to establish contact with East Germany stemmed from the fact that, unlike its Western counterpart, this state was making efforts to purge all remnants of Nazi ideology from its midst via legal and educational means.¹³¹ Mapam also maintained that it would "not tire of demanding" that Berlin pay its share of the compensation claimed by the Jewish people.¹³²

The political considerations of the General Zionists had to do with the general parliamentary elections held at the end of July 1951.¹³³ The party had accomplished a massive electoral feat in tripling its representative power.¹³⁴ During coalition talks with Mapai, the General Zionists had presented a string of economic demands;

127 Attitudes within Mapam toward the Soviets were not uniform, and some were wary of blind fealty to the communist superpower. Izhar, *Between Vision and Power*, 95–98.

128 *Kol Ha-Am*, August 5 and 19, 1951.

129 Barzel, "Positions in Mapam," 161–162.

130 *Davar*, January 1, 1952; *Ha-Dor*, January 4, 1952; *Ha-Modia*, January 6, 1952; *Ha-Poel Ha-tzair*, December 11 and 18, 1951 and January 8 and 15, 1952; *The Jerusalem Post*, January 7, 1952; KM, Vol. 10, January 8, 1952, 922.

131 *Al Ha-Mishmar*, January 6, 1952; KM, Vol. 10, January 8, 1952, 924; KM, Vol. 10, January 9, 1952, 935, 938; YTA, 10–16/20/1, Why we took part in the Berlin youth festival.

132 KM, Vol. 10, January 9, 1952, 938; Barzel, "Positions in Mapam," 159.

133 Gilead, "Public Opinion," 69.

134 The party secured twenty Knesset seats and became the second largest party in the Israeli parliament.

however, Mapai had rejected most of them, and the negotiations amounted to nothing.¹³⁵ Fuming and frustrated at their inability to capitalize on their advantage, the General Zionists became a combative opposition to Mapai's government. The coalition claimed that the General Zionists' official stance against Israeli-German negotiations did not reflect the true attitudes of the party's members, many of whom were actually in favor of the idea.¹³⁶ This allegation is not unfounded in light of the modest campaign the movement ran in support of its position. There had been no General Zionist protests, no manifestos published, and the coverage of the subject in its mouthpiece, *Ha-Boker*, was "relatively restrained."¹³⁷ Mapam had discovered this attitude based on personal experience. In February 1952, the left-wing movement approached the General Zionists' leadership with an offer to cooperate in the campaign against negotiations, to which the General Zionists did not even bother to respond.¹³⁸ The pro-negotiations camp was quick to pummel the General Zionists over their "sordid" political calculations. "Were the General Zionists currently included in the government," *Ha-Tzofeh* pondered sarcastically, "what would have been their stance on the reparations issue: moral or utilitarian?"¹³⁹ A similar statement was made by a Mapai representative at a meeting of the Foreign Affairs and Defense Committee dealing with the reparations issue: "I am inclined to think that if the General Zionists were in this government, at least half of their representatives would have voted for negotiations."¹⁴⁰ Chaim Yahil concluded that the General Zionists considered the vote in the Knesset on the reparations issue "a convenient opportunity to overthrow the government."¹⁴¹

The Herut movement had two main political considerations motivating its opposition to Israeli-German negotiations. A Mapai member had described them both rather succinctly during the Knesset discussion in January 1952: "hatred of Mapai [. . .] and the hunger for power," as well as "the desire to once again become a

135 Shaham, *Israel – 40 Years*, 66.

136 *Davar*, January 7, 1952; *Ha-Poel Ha-tzair*, January 8, 1952; KM, Vol. 10, January 8, 1952, 923. During a conversation with Felix Shinnar, Nahum Goldmann stated that, to his knowledge, approximately sixty percent of the General Zionists supported the negotiations idea. ISA, MFA 43/10, F. Shinnar to M. Sharett, November 28, 1951. An emissary of the American Jewish Committee in Israel confirmed as much when he reported back to the organization's executive in the US that: "In resolving to do so [voting against the government] this party [The General Zionists] acted in disregard of the interests of its members." AJCA, Online, Report From Israel: Israel and the question of direct negotiations with Germany, January 31, 1952.

137 ISA, MFA 43/10, Information Division to Israel's Minister to London, January 7, 1952.

138 HHA, (2)64.90, Meeting of Mapam's Coordination Committee, February 25, 1952.

139 *Ha-Tzofeh*, January 4, 1952.

140 ISA, 7563/1 A, Meeting of the Foreign Affairs and Defense Committee, January 7, 1952, 22.

141 ISA, MFA 43/10, Information Division to Israel's Minister to London, January 7, 1952.

player on the Israeli public stage.”¹⁴² The first of these touched upon the fact that Herut’s struggle against negotiations was part of a general, long-standing war it had waged against Mapai rule, first in its previous incarnation as the Zionist Revisionist movement in the Jewish community in Mandatory Palestine¹⁴³ and then as the Herut party in the State of Israel. The German-Israeli negotiations provided a new pretext for the right-wing party to renew attacks on Mapai at a time when the traditional Herut issues, the question of Israel’s borders first among them,¹⁴⁴ had weakened or disappeared altogether due to changing realities.¹⁴⁵ The second consideration referred to the dire political crisis the Herut party had found itself in the years 1950–51, following a sharp decline in its representative power in municipal¹⁴⁶ and national¹⁴⁷ elections. There were elements within the movement that blamed Begin for this failure, and some even called for his resignation. Begin, on his part, had decided to take a break from politics and, in the summer of 1951, had picked up and left the Knesset and the party headquarters.¹⁴⁸ Herut was in all actuality left without a leader, and the common opinion in political circles in Israel was that the movement’s chances of survival were slim.¹⁴⁹ But when the question of negotiations with Germany was placed on the public agenda, this was a golden opportunity for Begin to exploit a uniquely volatile issue around which to build an intense campaign that would help him out of the crisis that had befallen him and his party.¹⁵⁰ Notwithstanding, based on thorough research we can state that, in the specific case of the

142 KM, Vol. 10, January 8, 1952, 923. The pro-negotiations camp mentioned these two motives relentlessly. *Davar*, January 1, 1952; *Ha-Dor*, November 20 and December 9, 1951 and January 4 and 7, 1952; *Ha-Poel Ha-tzair*, January 8 and 15, 1952; *Ha’aretz*, October 28, 1951; *The Jerusalem Post*, January 6, 1952.

143 On the Revisionist movement see note 82 in Chapter 7.

144 The Herut party’s platform in the political-defense realm spoke of the “integrity of the homeland” and its spokesmen made it clear that this referred to a Jewish state on both sides of the Jordan river. This position was outside of the general Israeli consensus.

145 Ozacky-Lazar, “The Herut Movement’s Struggle,” 154.

146 Municipal elections took place in Israel for the first time on November 14, 1950 (two and half years after the establishment of the state). Herut made great efforts to strengthen its power in the cities and local councils, but the results actually showed a decrease in its power. Weitz, “A Rival Banner,” 440.

147 In the general parliamentary elections held in July 1951, its power had been almost halved as it went from fourteen to eight seats. Carmel, *It’s all Politics*, “Knesset 1/ Knesset 2,” 548–549.

148 Weitz, “Where’s Menachem Begin?,” 117–127.

149 Weitz, “The Herut Movement,” 107.

150 One of the placards issued by Mapai during the reparations debate depicted a gravestone bearing the engraving “Tomb of the Holocaust” and the figure of Begin climbing up on it. At the bottom of the image, a tagline read: “The only way for Begin to ‘rise up’.” MA, AR-A-00057-014-21, Personal Archive – Yehiel Sidroni: Poster, Without Date.

Herut movement, political considerations were very much secondary to their moral-principled motivations.¹⁵¹

Once the Knesset had given the government the green light to go ahead with negotiations over reparations, the public-political campaign in Israel died down – for the time being.¹⁵² The Ben-Gurion government had emerged victorious. However, this did not mean that the road ahead would be smooth. On the contrary, it would be full of bumps and obstacles, the first of which was the “division of labor” in terms of negotiating the compensation claims between the State of Israel and the Claims Conference.

151 Tovy, “Don’t Buy Volkswagen!,” 16.

152 It would reignite with renewed vigor toward mid-March 1952. For more, see Chapter 10.

כינוס סופרים ועסקני ציבור מוחה נגד מז"א עם גרמניה

כינוס אנשי רוח ועט ועסקני ציבור, שנערך בתל אביב, זן בעמדת הציבור בישראל למשא ומתן עם גרמניה על שילומים לעם היהודי וקיבל החלטות: מעשי הזוועה אלא תכסיס טוליסי מבחזן. הכינוס מוחה בחוקף נגד כל נסיון לזהל מז"מ עם גרמניה בענין שילומים או סיצויים.

Figure 8.1: “A gathering of writers and public figures protesting against negotiations with Germany.” *Kol Ha-Am*, October 16, 1951. (Courtesy of the Communist Party of Israel – Maki).

כנס נכי המלחמה מכריז:

יפסק המז"א עם גרמניה אין שילומים בעד דם עמנו! תובע מז"א-4 המעצמות הפסקת מרוץ הזיון

תליאביב, ליל שבת — מאת סופרנו — בסימן הגברת המאבק למען זכויות נכי המלחמה ובקריאה למאבק פעיל למען השלום, נסד תחה אתמול, באולם בית החלוצות, הועידה הארצית הרביעית של נכי מלחמת העולם השנייה, המשתתפים כיכדו בעמידת דום את זכרם של הגבורים היהודים, שנפלו במלחמהנגד החיה הנאצית. הכנס החליט: לל את זכרם של 6 מיליון הקורבני מירב העם היהודי, בהחלטות הכנס מובעת התביעה ל בור הישראלי לתסוך כקרן מפעל ל המלחמה, שמתפקדה לארגן מפעלים ל או שיממם של עשרות נכים.

Figure 8.2: “A conference of disabled veterans [of World War II] declares: Negotiations with Germany must stop; there can be no reparations for our people’s blood!” *Kol Ha-Am*, November 18, 1951. (Courtesy of the Communist Party of Israel – Maki).



Figure 8.5: “Returning the plundered property – but not extending a hand!” In the caricature an image personifying the State of Israel is seen demanding reparations from Germany. German hands are extended towards it offering, among other things, “normal relations.” According to the caption (and as Ben Gurion’s government claimed the whole time), Israel will not agree to reconciliation. *Davar*, January 4, 1952. (Courtesy of the Pinhas Lavon Institute for Labor Movement Research).

אבן; הברירה היא – לוותר על הרכוש היהודי שנשדד או לבוא במגע עם הגרמנים

<p>עני וקהל ישנים בשלילה על השלילה מיכי</p> <p>מה אבן הצביע על חוסים הדול- כיס ונהדקים בין ישראל אחרים כי הוך היהם ההיובי שקיים כאמ"ב לס"</p>	<p>בואת סופרנו בירושלים</p> <p>מה אבא אבן ציר ישראל בראשית טון ונציג ישראל בארץ העמיד לי צאת בעוד ימיים לעצרת בפאריס ולעמוד בראש משלחת ישראל שם.</p>
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Figure 8.6: “Eban: The choice is – to relinquish the robbed Jewish property or to establish contacts with the Germans.” *Ha-Tzofeh*, January 6, 1952. (Courtesy of the *Makor Rishon* weekly).

הימים הללו



— תוכין עוד קצת אבנים ומיד נרד למחתרת!

Figure 8.7: “Order another few stones and we shall immediately go underground!” In the caricature the image of Menachem Begin, the leader of the right-wing Herut movement, appears alongside weapons and a pile of stones. This caricature signifies criticism of Begin for the violent mass rally, which his movement held opposite the Israeli parliament on January 7, 1952. *Ha’aretz*, January 11, 1952. (Courtesy of the *Ha’aretz* daily and the heirs of the caricaturist Joseph M. Bass: Yona Shpigelman, Yael Hean, and Rephael Bass).



Figure 8.8: "The crowds of people protesting against the criminal negotiations with the neo-Nazi Bonn government." *Kol Ha-Am*, January 6, 1952. (Courtesy of the Communist Party of Israel – Maki).

**פרטיזנים ולוחמי" מחתרת קוראים:
מו"מ עם בון - בגידה בקורבנות**

Figure 8.9: Main headline: "Partisans and underground fighters are calling out: Negotiations with Bonn – betrayal of the victims." *Al Ha-Mishmar*, January 6, 1952. (Courtesy of the Hashomer Hatzair Archives, Yad Yaari).

הותקמו יו
 שעות בנאום כוונותי...
 סמכות טרופים על מסג
 התקפות על יהודים שבאצו
 אחיזה בבנו אשר בשולח או
 תרכות במרת יחד המפוז
 האנטישטום למסעדה. הקפוז

מחכים למאז
בקשר למעני
 צטויים מסארים המלועים ו
 מספוס שני סקרוים בנאותים בני
 ירוש' ויושעות בקשר למעולו
 נפשות — נגמר המוקד מוסמם
 ברושלות.
 ענין הפולנות מנגלה בנק

בגליון הזה - משחתפים במשאל
על המו"מ בין ישראל לגרמניה

מעריב

יום ו' ר טבת 4152 חטי"ב ד' תש"ב

גניה רב

40 פר

המחיר: 100 א"ל. תשלום: 100 א"ל. תשלום: 100 א"ל. תשלום: 100 א"ל.

מהיום - מצביעים ב"מיבדק"
 מיום ו' זה ועד יום ראשון בערב יוכל כל קורא להביע את דעתו בעד
 או נגד מו"מ ישיר עם גרמניה. - התוצאות תפורסמנה החל מיום ב'

Figure 8.10: Main headline: "Starting from today – participating in the ‘referendum’." Subtitle: "From this Friday and until Sunday evening, every reader will be able to express his opinion in favor of or against direct negotiations with Germany. The results will be published starting from Monday." *Ma'ariv*, January 4, 1952. (Courtesy of the *Ma'ariv* daily).

באסייליקט זיד אין פראשענס אקציע קעגן פארהאנדלונגען מיט דייטשלאנד
שיקם אייערע אונטערשריפטן און דער רעדאקציע „לעצטע נייעס"

לעצטע נייעס

די באריכטונג
 אומפארטייליגע צייטונג
 פאר געוועזענע פאליטיק
 ווייטשאפט און קולטור
 (ישראל) א גאנץ

מחיר	צנען יום יום 100 א"ל	רעדאקציע און אדמיניסטראציע	רחוקים 100 א"ל
40 א"ל	ה שנת חריב	ירושלים	190

Figure 8.11: "Participate in the protest activities against negotiations with Germany – send your signatures to the newspaper’s editorial office." *Letzte Nayer*, November 4, 1951. (Courtesy of the Moshe Sharett Israel Labor Party Archive – Berl Katznelson Foundation).



היש להם שלואים?

Figure 8.12: “Are there reparations for them?” *Herut*, January 7, 1952. (Courtesy of the Jabotinsky Institute in Israel).

לא נשכח ולא ניתן להשכחו

רק לפני שנים מספר...



על התמונה — יהודים שהוצאו להורג בבלוצלבסק (סלובקיה)
היכן בממלכת היסטור לא נסבחו אחינו? — עתה זוסמת ממשלת כן
נוריון לשאת ולתת רשמית עם ממשלת בון הניארגאציה, יורשת היסטור
וממשיכה מסורת — חטרת החלחמה מסורת שחייטות הסוניות
הלא נסכל חמוימח?!

לעולם לא נהיה בזחנה אחד עם הנאציוס

Figure 8.13: Heading above the image: “We shall never forget nor allow it to be forgotten!” Caption underneath the image: “Jews executed at Wloclawek in Poland [during the Holocaust].” *Kol Ha-Am*, January 4, 1952. (Courtesy of the Communist Party of Israel – Maki).

The preparations of the Israel Police for the mass rally of the Herut movement in Jerusalem on January 7, 1952



Figure 8.14: (Courtesy of the Meitar Collection, Pritzker Family National Photography Collection, National Library of Israel).



Figure 8.15: (Courtesy of the Meitar Collection, Pritzker Family National Photography Collection, National Library of Israel).



Figure 8.16: (Courtesy of the Meitar Collection, Pritzker Family National Photography Collection, National Library of Israel).

The mass rally of the Herut movement in Jerusalem on January 7, 1952



Figure 8.17: (Courtesy of the Menachem Begin Heritage Center).



Figure 8.18: (Photographer: David Rubinger).



Figure 8.19: Protest placards, which were seized by the police during the January 7th demonstration. The caricature on the drawn placard depicts West Germany's Chancellor Adenauer, with Hitler's image in the background, handing over reparations' payments to Israel's Prime Minister Ben Gurion. The German money is dripping with the blood of the Jewish Holocaust victims. Beneath this placard another protest sign appears with the following sentence written on it: "The bankrupt Mapai government – seeks to be saved with the shameful reparations". The third protest sign is a cloth cutting in the shape of a yellow patch. Below the badge the following caption appears: "Remember what Amalek did unto thee". (Courtesy of the Israel Police Heritage Center).



Figure 8.20: Police officers who were injured during the January 7th demonstration resting at the district police headquarters in Jerusalem. (Courtesy of the Israel Police Heritage Center).

Chapter 9

En Route to Wassenaar

The pan-Jewish conference held in New York in late October 1951 concluded with no agreement reached between the Jewish organizations and the State of Israel regarding the second reparations claim. The new entity that emerged from it, the Claims Conference, explicitly supported the idea of submitting a reparations claim on behalf of Diaspora Jewry. Israel, on the other hand, staunchly opposed the move. “There cannot be,” ruled Shinnar, “a second competing claim” alongside the Israeli one.¹ Israel’s consul in Munich, Livneh, likewise stated that “the filing of a reparations claim parallel to Israel’s [reparations] claim on the part of the Jewish organizations must be prevented.”²

A second reparations claim, as Jerusalem had been arguing for some time, was likely to do damage on two fronts. First of all, it would necessarily engender a bitter contest between Israel and the Jewish organizations over the German pound of flesh. In the heat of competition, each of the sides was liable to harm the chances of the other of winning their claim. Moreover, the struggle over the compensation funds might escalate to the point of creating an unbridgeable rift between Israel and the rest of the Jewish world – a highly unfavorable outcome as far as Israel was concerned, since it desperately needed the (mainly financial) support of Diaspora Jewry, that of the United States above all. Secondly; and no less alarmingly, the two reparations claims together would amount to an enormous sum. If that were the case, Bonn might feel compelled to reject both claims out of anger, probably with the backing and perhaps even under pressure from the Western powers. Based on information reaching the leadership in Jerusalem, Bonn’s estimation of the reparations amount was rather modest in comparison to Israeli-Jewish demands.³ Even if Bonn did not reject the double Jewish-Israeli claim out of hand and agreed to reach a settlement, it was likely to offer a much smaller overall compensation sum than requested, which Israel and the Claims Conference would then have to split between them.

Thus, the second reparations claim had the potential to cause substantial harm; yet, the Claims Conference chose to ignore this possibility. Its experts studied the issue and came up with three propositions for the computational basis of the claim:

1 ISA, MFA 1809/1, F. Shinnar to S. Bendor, November 7, 1951.

2 ISA, MFA 1809/1, E. Livneh to the Ministry of Foreign Affairs, November 22, 1951.

3 ISA, MFA 2543/6, M. Fischer to W. Eytan, September 23, 1951; ISA, Meeting of the Cabinet, September 26, 1951, 4; ISA, MFA 2543/7, E. Livneh to F. Shinnar, December 11, 1951.

1) *The “third bloc” category.* Ostensibly, this category was supposed to be included in the property restitution claims; however, this was not the case. The laws that were enacted in the West German territory by the Western powers with regard to restitution of property only pertained to the restitution of Jewish (and non-Jewish) property that had come into the hands of citizens or private entities during the Third Reich period. These laws did not apply to Jewish-German property, or Jewish property from other countries, that came into direct possession of the authorities (or the Nazi party).⁴ Beginning in the spring of 1951, Jewish and Israeli parties had begun petitioning the Federal government to take responsibility for Jewish property that had come into the hands of its predecessor – the Reich government – and return it to the survivors or the successor organizations, as citizens and private entities were already required to do under the property restitution laws.⁵ Within a short time, thousands of survivors, including Israeli citizens, as well as successor organizations such as the JRSO and the JTC, submitted claims under the umbrella of this new compensation category.⁶ The legislative difference between this type of compensation claim and other property restitution claims earned it the nickname “the third bloc.” The term “first bloc” was used to refer to property restitution claims, while the personal indemnification category was referred to as the “second bloc.”⁷ The Israeli reparations claim was not considered a “bloc” because it was a “state-initiated” claim, as opposed to claims filed by private citizens or successor organizations. The property included in the “third bloc” category was estimated at 1.5 billion USD and consisted of, among other things, liquidities and valuables to the sum of roughly 240 million USD,⁸ discriminatory taxes and levies to the sum of roughly 830 million USD,⁹ and Jewish assets

4 ISA, MFA 533/5, E. Livneh to G. Avner, August 14, 1951; ISA, MFA 534/1, AJDC-JAFP Successor Organizations Conference on Restitution and Related Matters Held on May 8 and 9, 1951 in Paris.

5 ISA, MFA 1850/3, Outline for a Response Letter to the Three Western Powers’ Missives on the Matter of the Claims of Israel’s Residents against Germany, Without Date; CZA, S43/240, Memorandum on Restitution and Compensation in Western Germany, May 1951; ISA, MFA 2543/13, Categories of Claims against Germany, November 1951.

6 Lilltlicher, “West Germany,” 81.

7 ISA, MFA 2543/5, E. Livneh to G. Avner, June 13, 1951.

8 For instance, bank accounts, insurance policies, securities, foreign currency, gold, silver, jewelry, religious articles, and works of art.

9 For example, the Reich flight tax imposed on Jews who emigrated from the Reich territories (Reichsfluchtsteuer) or the levy imposed on German and Austrian Jews immediately following the Kristallnacht in November 1938 (Judenvermögensabgabe).

looted by German forces in occupied countries and brought back to Germany to the sum of roughly 400 million USD.¹⁰

2) *Welfare costs.* According to cautious estimates, Jewish organizations in the West had spent over 500 million USD between the years 1933 and 1951 on various kinds of aid to tens of thousands of Holocaust survivors who settled outside of Mandatory Palestine (and later the State of Israel).¹¹

3) *A global settlement.* The Claims Conference would present the Bonn government with a global sum that, when paid, would cover all property claims (of the survivors and successor organizations) pending against citizens and private entities in the FRG, as well as personal indemnification claims filed against the Länder.¹²

While the Conference's experts debated amongst themselves which proposition was the worthiest, Israel was trying to find a way to stop the Conference from filing a second reparations claim altogether. Shinnar suggested that Israel might try to offer the Conference a portion of its reparations funds on the condition that the organization give up its claim.¹³ A similar idea had been floated by Jewish elements in the West.¹⁴

The Israeli Consul in Munic and the heads of the Israeli embassy in Washington argued that the solution to the conundrum lay in the third bloc category. In future negotiations with West Germany, the Claims Conference would petition the Bonn government to enact a federal law imposing on it the responsibility to restitute Jewish property included in the third bloc. Once the law was enacted, the Conference would begin filing claims for restitution of heirless property within the third bloc category, just as the JRSO and the JTC had been doing for the restitution of Jewish property within the first bloc for the past four years. The claims submitted by the Conference and accepted by the German authorities would be satisfied by way of a "global settlement," meaning an overall sum to cover all of the Conference's third bloc claims. In other words, there would not be a second reparations claim during German-Jewish-Israeli negotiations, but there would eventually be a global payment.¹⁵ In this scenario, Israel would not face

10 ISA, MFA 2543/13, Highlights of Possible Jewish Claims against Germany, October 29, 1951; CAHJP, CC 16702, Outline of Jewish Material Claims against Germany, November 13, 1951.

11 CAHJP, CC 16702, Outline of Jewish Material Claims against Germany, November 13, 1951; ISA, MFA 2543/13, S. Bendor to F. Shinnar, November 19, 1951.

12 CZA, S43/240, A. Gerling to B. Locker and L. Eshkol, November 15, 1951.

13 ISA, MFA 1809/1, F. Shinnar to S. Bendor, November 7, 1951.

14 AJJDC, AR NY 45/54 File 1397, J. J. Jacobson to M. Beckelman, December 13, 1951.

15 ISA, MFA 2543/7, E. Herlitz to F. Shinnar, November 23, 1951.

the threat of a second reparations claim, and Bonn would not have to deal with two claims of massive scope at once. Shinnar examined the proposal and pronounced himself ready to embrace it,¹⁶ as did other officials at the IMFA.¹⁷

In December, it became clear, to the delight of the Israelis, that the chairman of the Claims Conference, Nahum Goldmann,¹⁸ and a number of other officials in the organization were ready to seriously consider the possibility of giving up the idea of a second reparations claim. They were probably swayed by Israel's adamant position and arguments on this matter. Goldmann's support for Israel's stance stemmed also from his deep and longstanding involvement in the Zionist enterprise and the State of Israel, through which he had established close ties with key figures in the Jewish community in Mandatory Palestine and later the State of Israel.¹⁹ Goldmann felt a commitment to the Jewish state and its leaders, and it would seem that this commitment made him prone to accept their position on various issues, including the second reparations claim.

As early as the end of November 1951, Goldmann was already signaling his willingness to set the second reparations claim aside. In a conversation with Shinnar, he raised the possibility that only one reparations claim (the Israeli one) should be filed, but demanded that some of the payment be allotted to Jewish organizations. It thus stands to reason that he had in fact adopted Shinnar's idea from earlier that month. The received sum would be distributed as follows: 65% to the State of Israel, 20–25% to the Jewish Agency, 5–10% to the Joint, and the rest – approximately 5% – to leading Jewish organizations around the world. The portion allotted to the Jewish Agency and the Joint, he clarified, would go toward funding their activity in Israel.²⁰ Shinnar immediately approved this distribution, which was rather generous to the State of Israel.²¹ Prime Minister Ben-Gurion and Finance Minister Kaplan did likewise at their December 10 meeting with Goldmann.²²

Having expressed to his Israeli hosts his readiness to back down from the idea of a second reparations claim, Goldmann now turned to do the same in the Jewish camp. The arena he had chosen for this was the meeting of the Claims Conference's

¹⁶ ISA, MFA 2543/7, F. Shinnar to E. Livneh, December 19, 1951.

¹⁷ ISA, MFA 2543/7, M. Hirsch to E. Livneh, November 28, 1951; ISA, MFA 2543/7, M. Hirsch to E. Livneh, December 5, 1951.

¹⁸ From January 1952 – the president of the Claims Conference.

¹⁹ His involvement had been so substantial that, upon the establishment of the State of Israel, Goldmann was offered the opportunity to take an active part in its political life. Patai, *Nahum Goldmann*, 3; Friesel and Reinharz, "Nahum Goldmann," 17.

²⁰ ISA, MFA 43/10, F. Shinnar to M. Sharett, November 28, 1951.

²¹ ISA, MFA 2417/3, F. Shinnar to W. Eytan, December 23, 1951.

²² ISA, MFA 2417/4, F. Shinnar to W. Eytan, February 3, 1952.

Executive Committee, which convened on December 26 to discuss, among other things, the question of future Israeli/Jewish-German negotiations.²³ Goldmann informed the attendees of the Israeli government's decision to ask for the Knesset's approval for Israeli-German negotiations on the subject of reparations, and recommended that following this move, the Claims Conference's leadership forums – its Executive and Policy Committees – should also green-light the idea of talks with the Germans. First, however, the Conference had to decide the kind of demands it wished to put on the negotiations table. Goldmann proposed to present the Bonn government with three central demands. The first two of these concerned “efficient implementation” and expansion of existing legislation in the fields of property restitution and personal indemnification in West Germany, and the provision of federal financial aid to the Länder so as to enable them to honor payments of personal indemnification claims. Over these two categories of compensation claims there was no dispute between the Jewish organizations and the State of Israel. On the contrary, Jerusalem wholeheartedly recommended entrusting the restitution and indemnification claims to the hands of the Jewish organizations in exchange for sole ownership over the reparations claim. And indeed, the Claims Conference had begun taking action in these two domains immediately upon its founding.²⁴ Experts on its behalf examined both categories, focusing on personal indemnification, where the existing legislation suffered from many shortcomings, unlike property restitution laws. The documents they prepared presented a variety of legislative steps that Bonn would have to undertake in order to expand the circle of Jewish survivors who could file personal indemnification claims and expand the types of claims that could be filed in this category.²⁵

The third demand that, according to Goldmann, should be presented to the Bonn government, was a commitment on its part to return sums collected from Jews by the Nazis through discriminatory taxes and levies. Goldmann refrained from equating this last demand with a second reparations claim. What he meant, in fact, was exactly what the consul in Munich and the Washington embassy officials had envisioned: that Bonn should be asked to put in place legislation that would allow the Conference to file for the restitution of heirless property that fell within the third bloc category (and then negotiate a global payment settlement). To his mind, these three demands would constitute “a significant and realistic plan of action, while avoiding a clash with Israel's reparations claim.” As part of

23 ISA, MFA 2543/7, Meeting of the Claims Conference's Executive Committee, December 28, 1951.

24 ISA, MFA 2543/7, S. Bendor to F. Shinnar, November 20, 1951.

25 ISA, MFA 2543/13, Highlights of Possible Jewish Claims against Germany, October 29, 1951; ISA, MFA 2543/13, Categories of Claims against Germany, November 1951; CAHJP, CC 16702, Outline of Jewish Material Claims against Germany, November 13, 1951.

his efforts to convince the committee members to follow him down this path, i.e. to refrain from submitting a second reparations claim, Goldmann reported the agreement he had reached with Jerusalem regarding the allocation of Israel's reparations funds.²⁶ The Executive Committee members listened to Goldmann's remarks attentively and decided to continue the discussion once the Israeli Knesset had voted on the matter of the negotiations.²⁷

Goldmann had occasion to present his position again at a convention of the Conference's Policy Committee, which began on January 18, 1952. This time, he also mentioned the techniques to be employed during future negotiations. In his estimate, there would be need for two delegations: one to represent Israel, and the other to represent the Claims Conference. Nevertheless, the two would clearly have to work in strict cooperation.²⁸ At the end of Goldmann's address, a lively debate took place among the twenty-two Jewish organization representatives.²⁹

On the morning of January 20, after a lengthy discussion, a resolution on the subject of negotiations was adopted by the Executive Committee and later that day submitted to the Policy Committee's approval. The resolution stated that the Policy Committee "reiterates its full support of the [reparations] claim advanced by the Government of Israel." This declaration was immediately followed by a general overview of the Conference's claims: efficient implementation of existing legislation regarding restitution of property and indemnification in West Germany; improvement of the legislation to include additional categories of Jewish victims; and recognition by the Bonn government of the validity of third bloc claims. In the spirit of Goldmann's position, no second reparations claim was proposed. The closing lines of the resolution declared that the Policy Committee "authorizes the Executive Committee to undertake all steps necessary to support the claim of the Government of Israel and to obtain satisfaction of all other Jewish material claims against Germany."³⁰ With this clause the Policy Committee in fact gave the Executive Committee the green light to commence negotiations with West Germany. The wording was vague, like that of the resolution proposal presented by the Israeli government to the Knesset, to make it easier for those undecided to raise their hands in favor. The vote that followed revealed that seventeen organizations supported negotiations with the Germans, one was opposed, and two abstained. Two organizations were

26 CAHJP, CC 14966, N. Goldmann to the Executive Committee of the Conference on Jewish Claims against Germany, December 27, 1951.

27 ISA, MFA 2543/7, Meeting of the Claims Conference's Executive Committee, December 28, 1951.

28 CZA, Z6/1022, An Address by N. Goldmann, January 18, 1952.

29 Patai, *Nahum Goldmann*, 177.

30 CZA, S43/240, Resolution – Adopted by the Policy Committee of the Conference on Jewish Claims against Germany at its Meeting on January 20, 1952.

absent from the vote.³¹ During the proceedings, a loud demonstration was held by several dozen Betar members outside the meeting room. It was Herut signaling to one and all that its anti-negotiations campaign was still ongoing.³²

On January 25, the Claims Conference's Executive Committee convened to discuss various matters relating to negotiations with Bonn. The discussants decided, among other things, to hold a special meeting of the Executive on the 31st of the month where they would determine conclusively the kinds of claims the Conference would submit. In preparation for this meeting, an expert committee made a list of specific demands to be presented to the Germans. The document opened with the statement that the Conference would work toward improving the existing legislation in the field of indemnification and then went on to enumerate a series of legislative steps that Bonn must undertake in this regard. Further on, the document addressed the matter of the third bloc. It demanded that Bonn take legal responsibility for restituting this kind of Jewish property confiscated by the Reich authorities and the Nazi party on German territory, as well as any Jewish property seized by German forces within occupied Europe. Once this was accomplished, the document went on, the Conference would claim any heirless property within the third bloc category with the expectation of reaching a "global settlement" with Bonn, i.e. a blanket compensation sum.³³ Similar to Goldmann, the Conference's experts refrained from suggesting a second reparations claim, including one that would be based on the third bloc category.

Even so, the issue was far from decided. At the January 31 meeting of the Executive Committee, several attendees, led by Jacob Blaustein, the head of the American Jewish Committee, argued in favor of a second reparations claim. Goldmann, on the other hand, was vehemently opposed. The disagreement between the two camps could not be settled and it was decided to postpone the final decision on the kinds of claims to be presented to the Germans.³⁴

Even though the Conference had not yet settled on a final list of claims, its leadership felt that a preliminary meeting with Chancellor Adenauer before the official talks began was vital, if only to make sure definitively that the German leader was willing, in principle, to accept the bulk of the claims coming from the Jewish side – the three blocs and the reparations claim. It would appear that the heads of the Conference mainly sought to receive some kind of guarantee with

31 ISA, MFA 1811/7, Report of the Jewish Organizations meeting held at the Biltmore hotel in New York on January 20, 1952, January 25, 1952.

32 CZA, S100/78, Meeting of the Jewish Agency Executive, March 6, 1952, 27.

33 CZA, S6/911, S. Kagan to the Executive Committee, January 25, 1952.

34 ISA, MFA 2543/8, S. Bendor to F. Shinnar, February 11, 1952.

regard to the three blocs since Adenauer had already provided assurances on the subject of reparations in his clarification letter to Goldmann.

On January 3, 1952, Goldmann spoke to Sharett about this meeting and suggested that he, Goldmann, meet with the German leader, possibly also in the presence of Horowitz.³⁵ The Minister's answer came back toward mid-January and was negative.³⁶ Goldmann reported Sharett's response to members of the Executive Committee on January 25, but they remained unimpressed. As far as they were concerned, a preliminary meeting with Adenauer was of the utmost necessity. In addition, it was decided to acquiesce to Sharett's suggestion that he meet with representatives of the Conference in order to coordinate the Israeli-Jewish position before facing the Germans.³⁷ The next day, Goldmann notified Sharett of the Executive's stance, and the latter decided to pass the information on to the government at its January 27 meeting. The Foreign Minister argued before his colleagues that there was no point in meeting with the Chancellor since he had already given Israel (by way of Goldmann) a satisfactory letter of clarification. "If we hold a [preliminary] meeting with Mr. Adenauer," maintained Sharett, "it would mean that we are not so sure about the [letter's] binding validity." Furthermore, the Minister expounded before the cabinet, time was of the essence, and Israel had to act immediately to convene an Israeli-Jewish-German compensation conference. The reason for this was the impending commencement of the London Debt Conference.³⁸

Before we move on to the next link in our chain of events, let us dedicate a few paragraphs to this important conference. In September 1950, the Foreign Ministers of the three Western powers convened in New York to consider the propositions for changing the occupation statute of West Germany, as prepared by the special committee they had established.³⁹ Their discussions touched on, among other things, the question of Germany's financial debts accumulated both before and after World War II. These included loans given by foreign governments or financial institutions to the government in Berlin, local authorities, and various German commercial entities before the war, as well as loans given to the West German polity after the end of the war.⁴⁰ Modest estimates evaluated the sum total of the West German debt at around thirty billion DM (roughly seven billion USD). The Western powers agreed that Bonn's acknowledgment of

35 DEPI, Vol. 7, Document 3, N. Goldmann to M. Sharett, January 3, 1952.

36 ISA, MFA 2543/8, S. Bendor to F. Shinnar, February 1, 1952.

37 DEPI, Vol. 7, Document 29, S. Bendor to the Ministry of Foreign Affairs, January 25, 1952.

38 Officially called: "The Conference on German External Debt."

39 See Chapter 2.

40 Chiefly as part of the American Marshall Plan, in the years 1948–1951.

its pre-and post-war debts was a preliminary condition for any change in the occupation statute.⁴¹

After a number of meetings dedicated to this issue, Adenauer's government decided to take responsibility for paying back the debt. There were three main factors behind this decision: fears that the powers might refuse to change the occupation statute;⁴² the powers' promise to deduct approximately 50% of the debt; and, perhaps most importantly, West Germany's desire to restore its credit standing in the eyes of the world, especially in the financial arena.⁴³ On March 6, 1951, in a letter to the HICOG, Adenauer declared that his government recognized the debts his country had accrued before and after the war and proposed to come up with a comprehensive plan to settle them as soon as possible.⁴⁴ The HICOG received the message with approbation and informed the Chancellor that it intended to proceed immediately with the development of such a plan.⁴⁵ Over the following weeks, the three Western powers formulated their position and, on May 25, published a press communiqué announcing the convention of an international conference in London with the participation of the FRG and the countries who had loaned it money before and after the war (including their financial institutions) where the question of West Germany's debt would finally be settled. The convention would not deal with claims related to the war; those would be settled only once an overall peace treaty between the Allies and the FRG was signed.⁴⁶

The IMFA followed these developments with mounting unease. The Ministry's officials wondered how West Germany would be able to take on the settlement of its huge commercial debts and, at the same time, keep paying compensation to Jewish survivors and the successor organizations (property restitution and personal indemnification), let alone, and most importantly, future reparations to Israel.⁴⁷ At consultations held by senior IMFA officials, the latter had decided to demand that the Western powers allow Israel to participate in the London Debt Conference despite the fact that neither the State of Israel nor any private Israeli elements were commercial creditors to the FRG. The reasoning they had agreed upon, and which Israel would present to the powers, was as follows: the overall scope of the property

41 ISA, MFA 2538/22, E. Livneh to the Ministry of Foreign Affairs, December 19, 1950.

42 This was a political step that was designed to eventually restore the FRG's independence.

43 Scharrer and Muller-Neuhof, "From Reconstruction Aid," 342; Fisch, "From Weakening an Enemy," 276.

44 ISA, MFA 1783/8, German affairs, April 13, 1951.

45 ISA, MFA 2543/3, E. Livneh to G. Avner, March 23, 1951.

46 ISA, MFA 344/21, Communiqué on German Debts, May 24, 1951. See also: Rombeck-Jaschinski, "From Confrontation to Cooperation," 504–520.

47 ISA, MFA 1783/8, German affairs, April 13, 1951; ISA, MFA 1782/6, Re: Debts of the German Reich, May 27, 1951.

restitution, personal indemnification, and reparations claims was so large as to significantly influence any future arrangement regarding the repayment of West Germany's commercial debts and to be significantly influenced by it in turn. Therefore, the powers had to allow Israel to participate in the London conference and present its compensation claims even though these were not commercial claims. A missive containing this request, accompanied by a statistical memo that included all the data regarding the scope of the Israeli claims in the three compensation blocs, was sent to the three Western powers at the end of September 1951.⁴⁸ This effort was crowned with success, as the powers soon informed Jerusalem that Israel would be allowed to participate in the London conference.⁴⁹ The IMFA decided that Israel's involvement would be minimal: its representative would only "deliver a message" at the beginning of the conference wherein he would ask the creditor countries to take Israel's compensation claims into consideration in light of their significant scope and even accord them priority because of the moral stakes involved. That would be the sum of Israel's contribution to the conference; it would not enter into any discussion or negotiations of its various compensation claims, chief among them the reparations claim.⁵⁰ The IMFA was worried that entering discussions might be interpreted as a de facto inclusion of the Israeli compensation claims within the global settlement of West Germany's commercial debts to be determined by the conference members. Such a turn of events was liable to have dangerous consequences for Israel, both politically and economically.⁵¹

The London Debt Conference opened on February 28, with twenty-three countries, Israel among them, taking part.⁵² Following the conference chairman's opening speech, the attendees were addressed by the head of the German delegation, the banker Hermann Abs.⁵³ The following day, the head of the Israeli delegation, Moshe Keren, read out Israel's statement regarding its claims. The statement listed all of the types of claims put forth by the Israeli government and the country's citizens: the reparations claim first and foremost, followed by the three blocs (including a brief mention of the claims pursued by world Jewry – both by Jewish organizations, and individual survivors). The State of Israel was asking the

48 ISA, MFA 43/12, A Note, September 28, 1951; DEPI, Vol. 6, Editorial Note, Transmission of a Note from Israel to the United States, 743; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/10-3051, Israeli Claims against Germany, October 30, 1951.

49 ISA, MFA 1809/1, M. Keren to the Ministry of Foreign Affairs, November 28, 1951; ISA, MFA 2543/7, F. Shinnar to M. Sharett, December 9, 1951.

50 ISA, MFA 43/10, F. Shinnar to M. Keren, January 1, 1952.

51 ISA, MFA 1809/4, Conference on German External Debts: Memorandum Prepared by E. Nathan and Approved by the Legal Adviser, Without Date.

52 Vogel, *The German Path to Israel*, 39.

53 UKNA, FO 371/100007, Reply by the Head of the German Delegation Herr Hermann J. Abs, February 28, 1952.

conference to keep in mind the existence of these claims “since no overall settlement of Germany’s external liability would be either equitable or realistic which failed to take due account of them.”⁵⁴ Having delivered his speech, in line with the IMFA’s instructions, Keren remained an observer for the rest of the conference and avoided participating in discussions.

Thus, when Sharett beseeched the cabinet at its January 27 meeting to act immediately in terms of opening talks with the Germans, what he meant was that Bonn should be made to commit to the Israeli claim before it could be saddled with the payment of its huge commercial debts. Failing this, Israel risked finding itself across the negotiating table from a Germany that had very little ability or desire to pay out any additional sums.⁵⁵ Accordingly, Sharett proposed that the government inform Bonn of Israel’s willingness to commence negotiations as soon as the third week of February, preferably in Brussels. At the end of Sharett’s remarks, the cabinet held a discussion wherein most of the ministers sided with Sharett’s opinion that a preliminary meeting with Adenauer was out of the question. The religious ministers, however, supported the idea. They thought it in Israel’s best interest to receive additional clarification from the Chancellor before the commencement of talks.⁵⁶ Due to the lack of consensus, the cabinet failed to reach an official resolution on the subject of the preliminary meeting. At the same time, it was decided to appoint a ministerial committee to select the members of the Israeli delegation to the negotiations.⁵⁷

On the 28th of the month, Sharett sent a telegram to Goldmann asking him to notify Chancellor Adenauer “as speedily as possible” that Jerusalem was ready to accept his invitation, as laid out in his letter from December 6, to negotiate on the matter of reparations. Israel, Sharett continued, proposed Brussels as a suitable place to hold the negotiations, and February 20 as its opening date. As for the preliminary meeting, Sharett informed Goldmann that there had been opposition to the idea in the cabinet; however, no decision had been reached. Finally, he proposed holding a Jewish-Israeli meeting on February 10 in London in order to finalize the “division of labor” with regard to the various compensation claims.⁵⁸

Goldmann reported Israel’s stance to his colleagues in the Claims Conference presidium⁵⁹ and asked for their reactions. The Conference leadership persisted in

54 ISA, MFA 1809/4, Statement by Mr. M. Keren, Head of the Israel Delegation at the London Conference on German External Debts, Without Date.

55 See in this context: ISA, MFA 344/23, E. Herlitz to F. Shinnar, January 25, 1952.

56 ISA, Meeting of the Cabinet, January 27, 1952, 17–25.

57 ISA, 7484/11 A, Government’s Resolution from January 27, 1952.

58 DEPI, Vol. 7, Document 34, M. Sharett to N. Goldmann, January 28, 1952.

59 On January 20, 1952, the claims conference decided to “authoriz its executive committee [. . .] to create a praesidium, of which Dr. Nahum Goldmann will be presiding officer.” JTA, January 21,

its demand to have a preliminary meeting with Adenauer and decided to ask Israel to postpone its announcement to the Chancellor about the opening of negotiations until such a meeting could occur.⁶⁰ Goldmann passed the message on to Sharett and noted that the preliminary meeting was expected to take place in mid-February, on the occasion of Adenauer's diplomatic visit to London. As for the Jewish-Israeli meeting, the Conference would send its delegates for the final deliberation in London on February 10. Sharett, in turn, notified the government of the Conference's position and suggested waiting to decide on Israel's next move until after his meeting with the Conference leadership in London. He intended to tell them that "if they insist on having a preliminary meeting [. . .] we will not participate, but we are also unwilling to postpone our announcement for long."⁶¹

The Jewish-Israeli consultation was finally held in Paris. "This meeting," wrote Shinnar, "is of great importance to the upcoming negotiations with the Germans."⁶² If it was significant, this was mainly due, of course, to the question of the second reparations claim. Both sides wished to put this matter to rest conclusively. In order to do so, they had dispatched their senior officials and top experts to Paris. The Israeli delegation was headed by Foreign Minister Sharett, who was accompanied by Shinnar, Yaacov Robinson – legal advisor to Israel's delegation to the UN, Giora Josephthal – member of the Jewish Agency's Executive, and Maurice Fischer – Israel's minister to Paris. The Conference's delegation was headed by Goldmann and consisted of members of the presidium, as well as Jewish experts on questions of material compensation. The consultation lasted three days from the 10th to the 13th of the month⁶³ – another testament to the great weight both sides accorded to resolving their outstanding issues, chief among them that of the second reparations claim.

"We had," Sharett later disclosed at a cabinet meeting, "preliminary meetings, official meetings, one-on-one conversations, meals, and so on. There was smoke going up from the place to the middle of the sky."⁶⁴ The bulk of the arguments revolved around the second reparations claim. Blaustein insisted on its submission, but Sharett opposed it adamantly.⁶⁵ Support for his position came, as anticipated, from Goldmann.⁶⁶ Faced with Goldmann and Sharett's immovable stances,

1952. On February 4, a five-member presidium was founded. Its role was to direct the day-to-day activities of the Conference. JTA, February 4, 1952.

⁶⁰ ISA, MFA 2543/8, S. Bendor to F. Shinnar, February 11, 1952.

⁶¹ ISA, Meeting of the Cabinet, February 3, 1952, 19–27.

⁶² ISA, MFA 2417/4, F. Shinnar to W. Eytan, February 3, 1952.

⁶³ ISA, MFA 1811/7, A Statement for Immediate Release, Without Date.

⁶⁴ ISA, Meeting of the Cabinet, February 17, 1952, 62.

⁶⁵ ISA, MFA 2417/4, F. Shinnar to W. Eytan, February 15, 1952.

⁶⁶ ISA, Meeting of the Cabinet, February 17, 1952, 63.

Blaustein and his like-minded colleagues were finally forced to abandon their demand for a second reparations claim. In the summary position paper, which the two sides issued toward the end of the consultation, it was stipulated that the Claims Conference would demand that the Germans implement a series of legislative corrections in the field of personal indemnification.⁶⁷ Sharett reported to the cabinet that the Conference would likewise demand from the FRG that it “establish legislation” regarding the restitution of property corresponding to the third bloc definition, which would enable it to claim heirless property in this category. The position paper specified that this claim would amount to half a billion USD. And yet, the parties had agreed that the Conference must “avoid mentioning this sum in the encounters with the Germans as long as the course of negotiations permits it.”⁶⁸ An explicit specification of the sum would, in fact, turn the third bloc claim into a second reparations claim, a possibility that had already been ruled out by the discussants.

Once this issue had been settled, the parties turned their attention to the question of how the funds from the Israeli reparations claim, as well as the heirless third bloc property claim, would be allocated. Sharett reiterated Jerusalem’s agreement with Goldmann regarding the distribution of the reparations funds between Israel, the Jewish Agency, the Joint, and the other Jewish organizations. He demanded, however, that the Conference reciprocate by transferring to Israel a considerable portion of the funds it would receive from its third bloc claim. The Conference representatives declared that most of this money would be transferred to Israel.⁶⁹ Another question pertained to the delegations that would meet with the Germans. The Foreign Minister suggested, and the Conference representatives agreed, that it would be wisest to send two separate delegations, one Israeli and one Jewish, “so as not to blur the special character of the state and of the state’s claim.” Finally, the subject of the preliminary meeting with Adenauer came up for discussion. Sharett once again asserted Israel’s opposition to this initiative. The Claims Conference’s leadership, on the other hand, persisted in arguing that such a meeting was necessary. Face with no alternative, Sharett was finally forced to accept the Conference’s position. Overall, Israel came out of the

67 The legislative steps Bonn would be required to take in this respect were specified in a special memo prepared by the Claims Conference’s experts. CAHJP, CC 8012, Outline of Jewish Material Claims against Germany, February 13, 1952.

68 ISA, Meeting of the Cabinet, February 17, 1952, 62–63; ISA, MFA 1811/7, Conclusions reached during Meeting (February 12, 1952) of Representatives of the Government of Israel and Representatives of the Conference of Jewish Material Claims against Germany.

69 The heads of leading Jewish organizations in the West expressed a similar stance back in October 1951. See Chapter 6.

Paris meeting satisfied. The critical problem from its perspective – i.e. the second reparations claim – had been taken off the table.⁷⁰

A few days after the Jewish-Israeli consultation, in the afternoon hours of February 17, the preliminary meeting between the Claims Conference's representatives and Chancellor Adenauer took place. It was preceded by an hour-long meeting between the Conference delegates – Nahum Goldmann and Noah Barou – and Herbert Blankenhorn, accompanied by his assistant at the German Ministry of Foreign Affairs. The Germans wished to know whether the Jewish organizations were about to present a second reparations claim. Goldmann and Barou responded that they had no intention of doing so; rather, the Conference wished to address matters of legislation pertaining to the three blocs. This answer, as Barou reported to Sharett, was “received with great contentment” by Blankenhorn and his aid.

Later in the day, Goldmann and Barou met with Adenauer, together with Blankenhorn and Walter Hallstein, the West German Secretary of State for foreign affairs. Goldmann officially informed the Chancellor of the Israeli government and the Claims Conference's decision to accept his December 6, 1951 invitation to open negotiations with the Bonn government on matters of material compensation. He presented to Adenauer the legislative amendments in the fields of indemnification and third bloc property restitution that the Claims Conference intended to request in the course of negotiations and stated that the Conference expected these to be implemented. The Chancellor thanked Goldmann wholeheartedly for sharing with him the Jewish claims agenda and promised to devote his utmost attention to the negotiations. “In my personal opinion,” wrote Barou to Sharett, Adenauer “has not only retained an interest in the subject [of material compensation] but most likely continues to see it as a matter of personal interest for which he would like to receive historical credit.”⁷¹

Encouraged by the Chancellor's reaction to the various Jewish claims, Goldmann and Barou proceeded to settle the technical-administrative aspects of the talks with the Germans. It was agreed that the talks would commence in the latter half of March and be held either in Belgium or the Netherlands. The government in Jerusalem certainly could not host the talks or send its representatives to West Germany in light of the disapproval this would evoke from the public. It was also decided that there

⁷⁰ ISA, MFA 2417/4, F. Shinnar to W. Eytan, February 15, 1952; ISA, MFA 2543/8, F. Shinnar to E. Herlitz, February 27, 1952; CZA, S41/457, Adler-Rudel to the Jewish Agency Executive in Jerusalem, February 13, 1952.

⁷¹ DEPI, Vol. 7, Document 52, N. Barou to M. Sharett, February 19, 1952.

would be two parallel channels of discussion: one between the Israeli and the German delegations and one between the Germans and the Claims Conference.⁷²

Over the following few days, the date for the opening of negotiations was set for March 21. As per the Israelis' request, the Dutch town of Wassenaar – a sleepy upscale suburb situated approximately five kilometers from The Hague – was chosen as the location of the talks.⁷³ Specifically, they would be held at the lavish Oudkasteel hotel. This old castle, converted at the beginning of the twentieth century into “one of the Netherlands' most renowned resorts,” was Wassenaar tourism's pride and joy.⁷⁴ The building, described by one of Israel's representatives to the negotiations in a letter to his wife, “stands in the middle of a large park with a river and a lake that can be seen from my window, with swans gliding on the surface of the lake surrounded by trees and meadows.” It was agreed that the Israeli and Claims Conference delegations would sojourn at this hotel while the Germans would stay in The Hague.⁷⁵

Israel's choice of Wassenaar as the site of the talks stemmed first and foremost from security considerations. The town was sufficiently small and secluded as to enable effective monitoring of those entering and exiting its perimeter, as well as any goings-on inside of it. This would ensure adequate protection for the Israeli and Jewish delegations from assassination attempts on the part of the Jewish far-right.⁷⁶ The city was likewise removed from any significant Jewish population⁷⁷ that could have, with the encouragement of anti-German Jewish elements, staged mass protests against the negotiations.⁷⁸

All in all, Israel was very much preoccupied with the possibility of any outside attempt to sabotage the talks, particularly in the form of Jewish terrorism. Accordingly, the Israeli and Jewish delegates received from the security officer of the Israeli delegation very strict instructions upon arrival in Wassenaar: they were to travel to and from the conference location only in their allocated armored cars; they were charged with reporting any suspicious activity in their vicinity and were forbidden to make contact with strangers or mention the negotiations to anyone

72 OHD, 8(2), Interview with Nahum Goldmann, November 20, 1961; ISA, MFA 1809/4, Jewry and Germany: A Survey of Developments, 1949–1952, March 1952; Patai, *Nahum Goldmann*, 178.

73 Patai, *Nahum Goldmann*, 178.

74 *Yedioth Ahronoth*, March 31, 1952.

75 Josephtal, *Giyora Josephtal*, 398.

76 Patai, *Nahum Goldmann*, 178–179.

77 By the end of World War II, there were approximately 1,500 Jews left in The Hague.

78 *Ma'ariv*, March 20, 1952.

outside the official delegations. The Dutch authorities, on their part, reinforced the local police presence in the town and posted heavy guard units at the hotel itself.⁷⁹ The Dutch military police was involved as well, especially as the negotiations progressed, by monitoring the borders of the country. It alerted the authorities to the passage of any possible suspects and worked in coordination with the domestic intelligence service, which left much of the operations to the local police forces but would keep a watchful eye on any potentially worrisome developments.⁸⁰

Israel's caution was not unfounded. In the course of the few weeks preceding the conference, representatives of the Claims Conference received threats from Jewish extremists.⁸¹ Some of the threats were directed at Goldmann. When he arrived in Israel at the beginning of March to attend a plenary session of the Jewish Agency executive, the local police took extraordinary precautions to protect him "in the face of rumors to the effect that extremists who oppose Jewish reparations negotiations with Germany have threatened his life, if he should set foot in Israel."⁸² It would seem that threats were not all that was coming. On March 27, a week after the opening of the Wassenaar talks, a failed attempt was made to send a mail bomb to the Chancellor's office in Bonn.⁸³ Four days later, French newspapers received identically formulated letters signed by the "Jewish Partisan Organization" that took responsibility for the terrorist action. "The German people have to know," the letter declared, "that there can be no forgiveness for their crimes. We will repay them in full for their offenses."⁸⁴ On April 1, another mail bomb was sent, this time to the German delegation in Wassenaar. When a member of the delegation removed the wrapping and saw the name "Jewish Partisan Organization," he hastened to put the package carefully to the side and call the Dutch police forces. A police sapper examined the package, found that it contained a bomb weighing approximately forty grams, and neutralized it.⁸⁵ The next day, Paris police forces arrested French Jewish activists from the Herut movement and a Herut Knesset member based on suspicion of their involvement in the mail bomb attacks. The arrestees were detained and questioned at length; however, no evidence against them was found.⁸⁶

79 Goldstein, *My World as a Jew*, 282.

80 De Vita, "Dutch Hospitality," 17–19.

81 Sagi, *German Reparations*, 103.

82 JTA, March 5, 1952.

83 A police sapper who tried to neutralize the package was killed.

84 *Al Ha-Mishmar*, April 1, 1952. Adenauer attributed the assassination attempt to his willingness to negotiate over compensation to the Jewish people. However, he refrained from determining the party responsible for the act. Vogel, *It began in Luxembourg*, 9.

85 *Ha-Boker*, April 2, 1952; De Vita, "Dutch Hospitality," 21.

86 *Yedioth Ahronoth*, April 3 and 4, 1952. Years later, a Herut member claimed that Menachem Begin had been in on the terrorist attacks. Sudit, *On a Conscientious Mission*, 10–15. However,

Nevertheless, the government in Jerusalem suspected that Begin's movement contained elements that wished to physically deter the conference. At the outset of May, the Israeli ministry in London contacted the British Foreign Office and asked for its assistance in "preventing possible attempts by Herut [. . .] terrorists on the lives of Israeli delegates negotiating with the Germans on compensation." The British Foreign Office responded positively and asked the British intelligence to help in this matter.⁸⁷

The suspicions concerning the terrorist intentions of Herut-affiliated elements were corroborated in October 1952, a few weeks after Bonn and Jerusalem had signed the Reparations Agreement. In the morning hours of October 5, police officers stationed near the Foreign Ministry building in Tel Aviv apprehended a young man carrying a leather case that contained three kilograms of explosives. The bomb, which was intended to go off within the Ministry's premises, was safely dismantled by a police sapper.⁸⁸ The young man, Dov Shilansky,⁸⁹ had long been affiliated with Herut circles. When the movement had begun campaigning against German-Israeli negotiations in the fall of 1951, he became one of its more prominent activists. His dedication to the cause stemmed very much from his background: here was yet another man who had lived through the horrors of the Holocaust in the ghetto, the concentration camps, and the death march. After the Reparations Agreement had been signed, Shilansky was determined to "get up and cry a great and bitter cry, sound the 'I accuse' at the behest of those [six million Jews] sentenced to die." The bomb at the Ministry of Foreign Affairs was meant to be that cry of desperation. In late December 1952, the court sentenced Shilansky to twenty-one months in prison.⁹⁰

Sabotage attempts from Herut activists continued even after the Reparations Agreement had come into effect. On September 6, 1953, police officers arrested a young Herut activist at Haifa port after the latter had aroused their suspicion. He was found to be carrying a three-kilogram bomb. Police estimated that the bomb was meant to go off aboard a ship anchored in the port carrying goods from the FRG that were transferred as part of the Reparations Agreement, or alternatively, in one of the port's warehouses where West German goods were being stored.⁹¹

various researchers who examined Begin's role in the reparations affair have ruled out this possibility. Peleg-Uziyahu, "Menachem Begin and the Holocaust," 196–197.

87 UKNA, FO 371/98795, A Letter from J. C. Wardeop, May 8, 1952.

88 *Ha'aretz*, October 6, 1952.

89 In later years, he would become a Knesset Member on behalf of the Likud party (Herut's successor), speaker of the Knesset, and Likud's candidate for the presidency. Carmel, *It's all Politics*, "Shilansky, Dov ('Beki')," 1085–1086.

90 Shilansky, *In a Jewish Jail*, 11–32.

91 *Ha-Tzofeh*, September 7, 1953; *Al Ha-Mishmar*, September 8, 1953.

The Herut party expressed no admonishment regarding these terrorist acts. To the right of it on the political map, voices in the radical Sulam group welcomed them with outright commendation. For instance, with regard to the actions claimed by the “Jewish Partisan Organization,” an article in *Sulam* rejoiced that “finally the vengeful hand has been raised” against the Germans. The journal urged the Partisan Organization to carry on with their terrorist activities “no matter what.”⁹² Shilansky’s attempt was dubbed an “act of patriotism.”⁹³

Besides the security considerations, Wassenaar was an advantageous location in terms of its proximity to The Hague, home to both the Israeli and the FRG embassies. This meant that both delegations could be in constant touch with their respective governments in Bonn and Jerusalem.⁹⁴

At the end of January, the ministerial committee established by the government began assembling the Israeli delegation. David Horowitz, director-general of the Ministry of Finance and one of the authors of the reparations letter, was a natural candidate to lead the team. And yet, the committee finally decided against his nomination. In his memoirs, Horowitz claims that some Ministers opposed his appointment in view of the dire condition of the country’s economy and in light of Finance Minister Kaplan’s failing health. It was important, to their mind, that a prominent economical figure like Horowitz stay at the country’s economic steering wheel.⁹⁵ Shinnar, on the other hand, argued that the public-political storm raised by the issue of negotiations had made such a profound impression on Horowitz that he felt he could not serve as head of the delegation.⁹⁶

Either way, the ministerial committee decided, after a brief consultation, to nominate Giora Josephthal for the role. Indeed, he was a worthy candidate: born and brought up in Germany, and therefore able to communicate easily with the German interlocutors; a juris doctor by education – an important qualification for someone about to embark on negotiations with a distinctly legal aspect; head of the department of immigration absorption at the Jewish Agency, and about to be appointed the Agency’s treasurer⁹⁷ – In other words, he was up to date on economic issues, chief among them the issue of immigration absorption, on which, among other things, Israel based its claim for reparations. Another important advantage was the fact that he was a Mapai man. “This party,”

92 *Sulam*, September 14, 1952.

93 *Sulam*, November 16, 1952.

94 OHD, 8(81), Interview with Gershon Avner, September 30, 1971.

95 Horowitz, *In the Heart of Events*, 91.

96 Shinnar, *Out of Necessity and Feelings*, 24–25.

97 He assumed this position in June 1952.

wrote Shinnar in his memoirs, “had an indisputable right to place one of its own at the head of the delegation.”

Following Josephthal’s appointment, the ministerial committee asked Shinnar to serve as his deputy; however, the latter refused. Clearly, he felt slighted that the top position in the delegation had not been offered to him, an IMFA man who had by then spent many months dealing with the reparations issue. The committee did not wish to relinquish his services and therefore decided that Shinnar and Josephthal would head the delegation together.⁹⁸ The two co-captains were joined by Gershon Avner – director of the West European Division in the IMFA – in the dual capacity of political advisor and spokesperson; Eli Nathan – assistant to the IMFA’s legal advisor – as legal advisor (later on in the talks he would be joined by Yaacov Robinson); Yitzhak Bazner – in charge of foreign currency at the Ministry of Finance – as financial advisor;⁹⁹ and Shalom Adler-Rudel, as an expert on matters of material compensation.¹⁰⁰ There was a last-minute addition to the delegation in the shape of Georg Landauer, a senior official of the Jewish Agency, who would serve as liason between the Israeli and the Conference’s delegations.¹⁰¹ Practically all of the members of the Israeli delegation were of German descent, and it would appear that this was no matter of chance. The IMFA most likely believed that similarities in terms of personal background and general mentality between the Israeli and German delegates would contribute to the advancement of the talks.

While the delegation was being assembled, the ministerial committee established an ad-hoc committee for the examination of the kinds of goods needed by the Israeli economy. This step was necessary in light of the fact that a significant portion of the reparations payment, perhaps even its entirety, would be given in the form of goods. The findings of the new found committee’s study would serve as “a basis for Israel’s representatives in the negotiations for the purpose of presenting specific requests for goods, materials, and devices we could obtain from Germany with the aim of building up our economy.”¹⁰² This ad-hoc committee, which began its work in late February, was composed of representatives of all the

98 Shinnar, *Out of Necessity and Feelings*, 25–26.

99 A tragic fate befell Bazner even before he could take part in the negotiations: the plane he boarded on the way to Wassenaar crashed, leaving no survivors.

100 In the course of the negotiations, Adler-Rudel also took part in several meetings of the Claims Conference’s delegation with the German representatives.

101 Gilead, “The Reparations Agreement,” 149.

102 ISA, MFA 2417/4, The Minister of Foreign Affairs to Several Cabinet Ministers, February 20, 1952.

economic ministries and headed by Shinnar.¹⁰³ By mid-March, the committee had begun assembling a list of goods to be requested from the Germans.¹⁰⁴

The Claims Conference picked its delegation's line-up on March 10. Moses Leavitt, deputy chairman of the Joint, was chosen to lead it. Its other members included: Alexander Easterman, the political secretary of the World Jewish Congress in the UK, Maurice Boukstein, the Jewish Agency's legal advisor in the US; Seymour Rubin, political advisor to the American Jewish Committee; and Jerome Jacobson, a senior official from the Joint, who would serve as the delegation's spokesperson. These figures were accompanied by other persons who had substantial experience dealing with questions of material compensation in recent years.¹⁰⁵ The Conference's presidium decided that Goldmann would remain in the background of the negotiations and would only intervene at the highest levels in Bonn and Jeruslaem should the talks reach an impasse.¹⁰⁶

The Germans, too, chose their representatives carefully. In late February, Chancellor Adenauer sent a letter to his Finance Minister, Fritz Schäffer, announcing that the Israeli-Jewish-German negotiations on material compensation would be held under the auspices of the Foreign Ministry, headed by Adenauer himself. This would allow him to have direct control over the talks.¹⁰⁷ The Finance Ministry was tasked with assisting Foreign Ministry personnel in the selection of the German delegation.¹⁰⁸

There were already several names being tossed around the corridors of the Foreign Ministry in Bonn as candidates for the delegation. These reached the Israeli consulate in Munich, which was quick to report them to the IMFA in Tel Aviv. One of the main names that came up was that of Franz Böhm, a lawyer by education and dean of the Goethe University in Frankfurt. During the Nazi era, he had repeatedly expressed his objections to the anti-Jewish measures taken by his country's authorities and, as a result, had been fired from his position as a lecturer at the university. After the war, he came out decisively, in articles and speeches, in favor of compensating the Jews for the horrors of the Holocaust.¹⁰⁹ Adenauer sought to appoint him as head of the delegation, probably due to his

103 ISA, MFA 2417/4, List of Members of the Inter-Ministerial Committee (on the Matter of Reparations), Without Date.

104 Experts from various economic domains were enlisted to the committee's aid. ISA, MFA 2417/4, Re: Shilumim from Germany, March 11, 1952.

105 Sagi, *German Reparations*, 93–94.

106 OHD, 8(2), Interview with Nahum Goldmann, November 20, 1961.

107 Jelinek, *Deutschland und Israel*, 166.

108 Vogel, *The German Path to Israel*, 37–38.

109 Sagi, *German Reparations*, 104–105.

pro-Jewish stance. The consulate in Munich informed the IMFA that Böhm had notified Adenauer of his willingness to accept the nomination on the condition that Bonn assured him of its intentions to take a positive approach to the Jewish claims. The IMFA saw this as an opportunity. “Find [. . .] a way,” wrote Avner to the consulate, “to let him [Böhm] know, unofficially and indirectly, as soon as possible, about the details of the [Israeli-Jewish] claims up for negotiation.” It is possible, Avner explained, that Böhm would then seek to obtain “the authority to satisfy them” from Adenauer.¹¹⁰

Another name that came up as a potential candidate for the delegation was that of the Jewish Bundestag member Jakob Altmaier. Israel, however, was opposed to this nomination, most likely because of his Jewish origins and the negative ramifications that this fact could have on German public opinion.¹¹¹ In early February, Consul Livneh received a telegram from the West European Division at the IMFA instructing him to undertake the following action: “Hint to the man [Altmaier]: for obvious reasons we cannot support his participation.”¹¹² Unfortunately, in the meantime, Altmaier had been contacted by Goldmann, who had asked him to do just the opposite – to take part in the German delegation. Sharett hastened to call Goldmann in order to try to reach a consensus on the matter, and together they decided to “advise him [Altmaier] to participate in the delegation exclusively as an observer,” if such a thing was possible.¹¹³

The government in Jerusalem was also displeased to learn that the leaders of the German SPD had expressed their readiness to send a representative on their behalf to the negotiations. Israel preferred that the SPD, who were in the opposition, not take part in a delegation formed by the Bonn government so that “they could oppose the government in case there were difficulties in the negotiations.” This message, the IMFA instructed Shinnar, “should be somehow passed on to the Socialists.”¹¹⁴

By early March, the task of assembling the German delegation had been completed. Böhm was appointed as its chairman. The role of his deputy would be filled by Otto Küster, a jurist specializing in tort law and head of the Compensation

110 ISA, MFA 2543/8, G. Avner to the Secretary of the Israeli Consulate in Munich, February 24, 1952.

111 Elements in the Jewish community in West Germany also expressed opposition to Altmaier joining the German delegation to the talks, probably for the same reason as the Israelis – fear of the German public’s reaction. It is interesting to note that while Altmaier was willing to accept the Israelis’ position, he was furious at the fact that his Jewish compatriots expressed a similar stance. Moss, “Jakob Altmaier,” 244.

112 ISA, MFA 43/12, M. Hirsch to F. Shinnar, February 12, 1952.

113 ISA, MFA 43/12, G. Avner to F. Shinnar, February 13, 1952.

114 ISA, MFA 43/12, G. Avner to F. Shinnar, February 12, 1952.

Department at the Ministry of the Interior in Baden-Württemberg. Like Böhm, Küster opposed the Nazi regime, a stance which, in 1933, had cost him his judgeship.¹¹⁵ The delegation's secretary and spokesperson was Abraham Frowein, a member of the Foreign Ministry.¹¹⁶ Apart from these, the rest of the delegation consisted principally of economists.¹¹⁷

IMFA officials spent the two weeks that preceded the opening of negotiations in Wassenaar hashing out the final details of the reparations claim. Representatives of the ministry made it clear to the heads of the Claims Conference that priority had to be given to the Israeli claim. The Conference agreed to this stipulation.¹¹⁸ Moreover, Jerusalem had decided to demand that the Germans pay out the agreed-upon reparations within a relatively short time – before five years were up. Time was of the essence for the quickly deteriorating Israeli economy, which was gasping for Germany's fiscal oxygen. For this same reason, it was necessary to “insist that the [Israeli] claim be fully satisfied to the sum of a billion dollars.”¹¹⁹ Goldmann shared Israel's position on the time issue, but for different reasons. The German partner of the negotiations, Adenauer, was expected to end his term as Chancellor in 1957.¹²⁰ There was no certainty, Goldmann argued, that his successor as head of government would embrace the Reparations Agreement. It would therefore be best to have the payments delivered without delay.¹²¹

On March 17, four days before the commencement of the talks in Wassenaar, the Jewish and the Israeli delegations, together with members of the Conference's presidium, met in London one final time to coordinate positions. It was decided that discussions would be conducted in English, that the Israeli-Jewish side would refrain from cordial relations with the German side, and that the two delegations would coordinate when it came to contact with members of the press. Likewise, it was decided to request that some of the reparations and the third bloc claim be paid in cash. This was imperative to Israel from an economic standpoint. The legal advisor, Shabtai Rosenne, expressed as much in a memo on the subject of

115 According to one source, Küster was appointed to the position based on Goldmann's recommendation. Jena, “Versöhnung Mit Israel?,” 466. See also: Armstrong and Colonos, “German Reparations,” 395.

116 For more about Frowein, see: Diner, *Rituelle Distanz*, 23–24.

117 Sagi, *German Reparations*, 105.

118 CZA, S100/78, Meeting of the Jewish Agency Executive, March 6, 1952, 31.

119 ISA, MFA 2417/4, Re: Briefing for the Negotiations over Reparations from Germany, March 10, 1952.

120 After he won, as was expected, in the upcoming fall 1953 election.

121 CZA, S100/78, Meeting of the Jewish Agency Executive, March 6, 1952, 32.

reparations prepared by his department.¹²² Horowitz suggested, in a letter to the ministerial committee, that a third of the reparations be given in cash.¹²³

An additional meeting was held the next day, this time in the presence of Foreign Minister Sharett. The parties reaffirmed the previously agreed-upon terms regarding the distribution of the reparations money: 65% would go to Israel, 30% to the Jewish Agency and the Joint (to finance their activities in Israel), and 5% to other Jewish organizations around the world (to support Holocaust survivors living outside Israel). If Bonn were to oblige the Claims Conference to stipulate the amount of compensation demanded within the third bloc category and decide to deal with this claim and the Israeli reparations claim as one, the division among the parties would be as follows: two-thirds of the overall amount would go to Israel and a third to the Claims Conference. Out of the latter sum, 18.33% would be allotted to finance various activities within Israel, and 15% would be given over to Jewish organizations abroad for assistance to Holocaust survivors.

Goldmann reported to attendees a conversation he had had on the 16th of the month with Hermann Abs, head of the German delegation to the London Debt Conference. Abs argued, following a statement he had made at the conference on February 28, that it would not be possible to reach an agreement in Wassenaar until a decision had been made in London regarding the final payment that West Germany would have to shoulder. Goldmann concluded from the conversation that Bonn would know the amount it would have to pay to its creditors in London no earlier than mid-April. In other words, only then would the Germans be willing to reach an agreement in Wassenaar. From this, Goldmann surmised that the German delegation was coming to the negotiations table “to hear from us the details of our stance and our demands,” after which it would immediately ask for “a break of two to three weeks [. . .] a trick that will enable them to postpone the matter until after mid-April; that is, until they have an approximate idea of the scope of the amount in London.” This projection dampened the mood among the Israelis and the Claims Conference members. The talks had not even started and already a serious crisis was looming on the horizon.¹²⁴

On March 19, the two delegations departed from London to Amsterdam, and from there continued on to Wassenaar, where they arrived in the early hours of March 20.¹²⁵ Later in the morning, the spokespersons of the three parties – Avner, Jacobson, and Frowein – met to coordinate various procedural issues. They

122 ISA, MFA 2417/5, The Problem of Shilumim: A Few Notes, March 16, 1952.

123 ISA, MFA 2417/4, Re: Briefing for the Negotiations over Reparations from Germany, March 10, 1952.

124 ISA, MFA 2417/5, Summary of the Meetings in London (March 17–19), March 20, 1952.

125 Shinnar, *Out of Necessity and Feelings*, 27.

agreed that the talks would be conducted in English and that the services of interpreters would be obtained should the Germans find it hard to communicate in this language.¹²⁶ It was also agreed that room ten on the second floor of the Oudkasteel hotel would serve as the meeting room. There would be two meetings held each day, with the exception of Saturdays and Sundays. The morning meeting would take place between the Israeli and the German delegations while, in the afternoon, the Germans would meet with the Claims Conference's representatives. The first meetings would be held, as planned, on March 21, during which the delegations would deliver their opening statements.¹²⁷

With all the preliminary arrangements out of the way, the reparations journey, which began exactly one year earlier, had now reached its most important stage – the negotiating table. And yet, as Goldmann had already warned, the obstacles that waited on the German side would be far from easy to overcome.

126 This decision would be reversed. Most of the Israeli delegates spoke German as their native tongue and soon enough their discussions with their German colleagues switched to this common language. Diner, *Rituelle Distanz*, 12–13.

127 Sagi, *German Reparations*, 105–106.

Chapter 10

Negotiations, March–September 1952

Stage one of the talks, March 21–April 9

On Friday, March 21, 1952, at ten o'clock in the morning, the Israeli delegation entered room number ten of the Oudkasteel Hotel in Wassenaar. The German delegation, which had arrived earlier, stood up to welcome them. After a brief and formal exchange of greetings, the members of both delegations were introduced to each other; however, “no man extended his hand to another” for a handshake. When presented, each member offered no more than a “silent nod.”¹ The attendees took their seats on both sides of the long table in the middle of the room. Gershon Avner, the spokesperson of the Israeli delegation, remained standing. In his hand, he held Israel’s opening statement, which he proceeded to read out loud. When he had finished, Franz Böhm, head of the German delegation, stood up and declaimed the German opening statement. Thereafter, the attendees rose to their feet. The German delegates bowed their heads in farewell and exited the room. The Israelis followed. Thus ended the first official meeting between the representatives of the two countries, seven years after the end of the Holocaust. “To describe what was taking place in the hearts [of those present],” wrote Shinnar in his memoirs, “is no less difficult a task than grasping and understanding the tragedy that was the cause of this meeting.”²

A few hours later, the ceremony was repeated, with the Claims Conference’s delegation taking the place of the Israelis. The chairman of the Conference delegation, Moses Leavitt, made the opening statement on behalf of his organization, after which the Germans read out the same statement they had delivered to the Israeli delegation that morning. At the end of these speeches, the two parties exited the room.³

Israel’s statement⁴ opened with an assertion that the negotiations over reparations would be based on four documents: Israel’s two letters to the powers dating from March 12 and November 30, 1951;⁵ Adenauer’s declaration before the Bundestag on September 27, 1951; and the Chancellor’s letter to Goldmann from December 6,

1 Josephtal, *Giyora Josephtal*, 398.

2 Shinnar, *Out of Necessity and Feelings*, 29.

3 Sagi, *German Reparations*, 109–110.

4 The task of its composition fell to Leo Cohen. ISA, MFA 2417/4, G. Avner to A. Eban, March 4, 1952.

5 See note 90 in Chapter 4.

1951. By mentioning these documents, Israel in fact strove to emphasize that the basis for the negotiations was its 1.5 billion dollar claim. Later in the statement, Israel reiterated the main content of its March 12 letter. The closing section of the statement stipulated that FRG's share of the reparations claim amounted to one billion USD.⁶ This seems to have been the first time, at least officially, that Israel specified the internal division of the reparations amount between the two Germanies to the West Germans. From the documents in our possession, it is not clear why this was done only now, roughly a year after the submission of the reparations claim.

An important point made in the statement touched on the value of Jewish property. In its March 12 missive to the powers, Israel estimated that, on the eve of the outbreak of the Nazi onslaught against the Jews, the sum of Jewish assets in Nazi Germany and the seventeen countries under its occupation or allied with it was worth six billion USD. This numeric value was based on the “conservative estimate” featured in the study produced by Nehemia Robinson in November 1944. Now, in its opening statement, Israel maintained that the real value of Jewish property in those same eighteen countries “exceeds by far the amount indicated” in the March 12 letter. The new estimate relied on an updated study by Robinson published in November 1951,⁷ which valued Jewish property before the Holocaust at 11.2 billion USD. This figure was almost double the “conservative estimate” of 1944 and surpassed the maximum appraisal (8.2–8.6 billion USD) by one-third.⁸ The difference was the result of a correction to the evaluation of Jewish assets in Western European countries.⁹ No similar correction was made for the Eastern part of the European continent, most likely due to the nature of the regimes in these countries – all of them communist dictatorships – which did not allow access to the relevant data. This meant that, in all likelihood, the value of Jewish property in Europe had been even higher than 11.2 billion USD. The message Israel wished to send to the Germans was clear: the FRG needn't bargain over the sum of the reparations claims since it represented only a fraction of the vast amount of property that the Jewish people had lost as a result of the crimes of the Third Reich.

The Claims Conference's opening statement included a short mention of the reparations issue. The Conference declared its full support for Israel's claim and expressed expectations of a successful outcome of the negotiations between the

6 AIG, Document 27, Israel Delegation's Statement of 21 March 1952 at the Opening of the Negotiations on Reparations.

7 ISA, 7563/3 A, Meeting of the Foreign Affairs and Defense Committee, April 15, 1952, 12.

8 ISA, MFA 43/12, N. Robinson to N. Barou, November 8, 1951.

9 Thus, for example, in 1944, Robinson had evaluated the property of the Jews of France, Belgium, and the Netherlands at 646 million USD minimum and 1.1–1.3 billion USD maximum. In 1951 he estimated this property at two billion USD.

two countries. Thereafter, the Conference presented its own claims pertaining to the three blocs. In terms of property restitution laws, Bonn was asked to enforce them fully, even after the transfer of further legal and administrative powers into its hands by the HICOG. In terms of personal compensation, the Conference was asking the FRG to legislate a revised and uniform indemnification law that would apply equally to all parts of the republic. As for the third bloc claim, the government in Bonn was enjoined to take responsibility for returning Jewish property that had been seized by the Reich or the Nazi party. Heirless property in this category was to go to the Jewish organizations that had spent and were still spending enormous amounts of money to rehabilitate the multitudes of Holocaust survivors. The Conference's delegation refrained from mentioning that, according to its estimate, this heirless property would amount to roughly half a billion USD, and that it ultimately wished to reach a global settlement with Bonn in the third bloc claim. All it said on the matter was that "it is perfectly feasible to arrive at an assessment of these assets."¹⁰

The German delegation's opening statement was brief and less than pleasing to Israeli-Jewish ears. The statement commenced with a passage from the Chancellor's September 27 declaration before the Bundestag. It did not address Israel's March 12 reparations missive or Adenauer's December 6 clarification letter. Bonn, unlike Jerusalem, did not wish to mention, let alone underscore, the monetary basis of the reparations claim. As the rest of the statement would reveal, this omission was not incidental. The German delegation proceeded to "point out a few facts" that may seriously affect the Wassenaar talks. First, the FRG's limited capacity to transfer money and goods (as debt payments) to other countries, "a limitation enforced under the laws of the Allied powers and under the contracts signed and about to be signed with the creditor countries." Second, the FRG's restricted payment ability – a byproduct of "all its obligations." In light of these facts, the Bonn government had to assure "coordination between the [different financial] obligations it will take on," i.e., the obligations resulting from the London Debt Conference and the Wassenaar conference. This would be possible to achieve if the negotiations in Wassenaar were divided into two stages. In the first stage, the Bonn government would seek to obtain clarifications about "the nature, reasons, and detailed summaries" of the various Jewish and Israeli claims. Subsequently, it would examine and weigh them in light of the results of the deliberations in London. Only then would it "be able to come to a decision on how to integrate the Israeli and Jewish claims within the framework of [West] Germany's payment capacity and the overall

¹⁰ AIG, Document 28, Statement of the Delegation of the Conference on Jewish Material Claims against Germany of 21 March 1952 at the Opening of the Negotiations on Reparations.

settlement plan of German debts.” This decision would be communicated to the Israeli and Claims Conference delegations in the second stage of the negotiations.¹¹

Thus, the Germans wasted no time, declaring at the outset of the talks that the outcomes of the two conferences – London and Wassenaar – were linked.¹² As far as Adenauer’s Bonn was concerned, this was a practical necessity. It was willing to repay its debt to the Jews, in large part with the goal of restoring the German nation’s “moral credit.” At the same time, it did not wish to hamper its ability to settle its commercial debts and restore Germany’s “commercial credit,” a matter of vital importance to a country striving to reintegrate itself within the global economy.

As far as Israel was concerned, this was an impossible condition. A link between the two conferences presented three principle menaces to its cause: 1) any delay in reaching a settlement in London would necessarily cause a delay in Wassenaar; 2) linking the Israeli-Jewish claims to the commercial claims was liable to detract from the sum Bonn would be willing to pay in Wassenaar; and 3) in striving to secure compensation from West Germany for itself, Israel would run a risk of damaging its relations with participants in the London conference, among whom were many countries with which it had good relations. The first two threats were especially severe since they could impair Jerusalem’s ability to use the reparations funds toward saving the crumbling Israeli economy, and since an unsatisfactory outcome in Wassenaar would leave the government wide open to fierce attacks from the large anti-negotiations camp in Israel.

The German approach regarding the link between the two conferences had solidified couple months before the opening of the Wassenaar talks. Its architects were Fritz Schäffer and Hermann Abs. As early as the December 18 cabinet meeting in Bonn, during which Adenauer had reported on his meeting with Goldmann earlier that month, Schäffer had declared that the government must not burden the federal treasury budget with reparations payments as long as the outcome of the London conference remained uncertain. Further assertions about the matter were voiced to Adenauer by Abs several weeks later.¹³ The pressure the two had applied yielded results: Adenauer and his staff were inclined to agree with their approach, albeit somewhat unenthusiastically. In mid-February, the Chancellor wrote to Abs to say that he recognized the importance of the London conference for the future of the country’s economy and would not wish to imperil its outcome as a result of

11 AIG, Document 29, German Delegation’s Statement of 21 March 1952 at the Opening of the Negotiations on Reparations.

12 As the British historian Adam Tooze put it, Bonn “manipulated this linkage [between London and Wassenaar] in a shameless fashion.” Tooze, “Reassessing,” 57.

13 Goschler, *Wiedergutmachung*, 267–268.

the imminent talks with the Israeli-Jewish side.¹⁴ A month later, Walter Hallstein pointed out to an American government official “the difficult situation in which the Germans found themselves by reason of having to discuss German capacity to pay in two separate sets of negotiations.”¹⁵ In line with this attitude, shortly before the opening of the talks in Wassenaar, the Foreign Ministry in Bonn decided that the West German delegation would demand that the negotiations be divided into two stages.¹⁶ Adenauer instructed Abs to bring the German position to the attention of Goldmann and Keren.¹⁷ Abs did so in his talk with Goldmann on March 16, and in a meeting with Moshe Keren, the head of the Israeli delegation to the London Debt Conference, on March 21 – the day the negotiations commenced in Wassenaar.¹⁸ Even before then, however, in his statement in London on February 28,¹⁹ and in his talk with a member of the Israeli delegation on the same day, he had insisted on the tight connection that bound London with Wassenaar. This delegate felt that the Germans would “play a somewhat diabolic game and try to pass the buck back and forth” between the London Debt Conference and the compensation negotiations in Wassenaar.²⁰

The German opening statement did not, therefore, come as a complete surprise to the Israelis. Jerusalem had refrained from expressing its reservations about the approach Bonn had formulated during the weeks preceding Wassenaar. It is possible that the Israeli government wished to see whether the Germans would actually resort to this position during the talks, and only then come out against it. Now, seeing that the approach had indeed been employed, Israel intended to react accordingly.²¹

Their response was delivered to the German delegation during the second meeting between the two sides, on March 24. Giora Josephthal read out a prepared statement wherein Israel expressed its dissatisfaction at the attempt to link the two conferences, reminded its recipients that the Chancellor’s December 6 letter mentioned nothing about conditioning Wassenaar on the London outcome, and concluded by asserting that the reparations claim was “*sui generis*,” that is, a

14 Wolffsohn, “Das Deutsch-Israelische Wiedergutmachungsabkommen,” 727–728. See also: De Vita, *Israelpolitik*, 26.

15 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/3-1452, German-Israeli Reparations Negotiations, March 14, 1952.

16 Goschler, *Wiedergutmachung*, 268.

17 Hansen, *Aus dem Schatten der Katastrophe*, 165.

18 ISA, MFA 1809/4, Report on a Conversation with Hermann Abs, March 22, 1952.

19 UKNA, FO 371/100007, Reply by the Head of the German Delegation Herr Hermann J. Abs, February 28, 1952.

20 ISA, MFA 43/12, Report on Proceedings at London Debt Conference, February 29, 1952.

21 ISA, MFA 2417/5, M. Keren to the Minister of Foreign Affairs, March 21, 1952.

matter unto itself and a moral obligation, and therefore not to be made dependent on any other claim.²²

Following this statement, the floor was handed over to Shinnar, who clarified to the Germans, at their request, the nature of the reparations claim. He addressed three main points: the scope of the amount claimed, the period of payment, and its form. The billion-dollar reparations claim, he underscored, as established by Israel in its reparations letter of March 12, 1951 and reiterated in its opening statement of March 21 1952, was based, on the one hand, on “the Jewish property, confiscated and plundered, [which] amounted to many billions of dollars,” and, on the other hand, on the “great work of rehabilitation” that has been and was still being done with regard to the hundreds of thousands of survivors of Nazi persecution. Israel expected this claim to be answered in full for two reasons: a) it reflected only a small fraction of the property the Jewish people had lost during the Third Reich era; b) the rehabilitation of the survivors had taken a heavy toll on the Israeli economy and Israeli society. Regarding the period of payment, Bonn was asked to pay within five years. As for the form of payment, Israel requested that one third of the reparations amount be given in convertible foreign currency, in monthly installments over three to four years. The remaining two-thirds would be transferred in the form of goods of various kinds to be determined by experts from both sides.²³ The Germans took in this information and announced that they would give their response during the next meeting, to be held the next day.²⁴

Later, in the afternoon, the second meeting between the Germans and the Claims Conference delegations took place. Much like the Israeli delegation, and quite possibly in coordination with it, the Claims Conference’s representatives also reacted sharply to the Germans’ opening statement. The claims presented by the Jews, Leavitt reminded his German audience, were not comparable to “ordinary transactions”; they were the result of “a frightful list of criminal acts, of which the confiscation, looting and destruction of assets were the least.” In other words, these were moral claims that had nothing to do with the commercial claims being discussed in London or the Germans’ ability to pay. Beyond that, the economic situation of the Federal Republic was improving rapidly and would allow it to meet the Jews’ terms.²⁵

²² ISA, MFA 2417/5, Memorandum of the Israel Delegation to the Conference on Claims against Germany, March 24, 1952.

²³ ISA, MFA 2417/5, A Statement by F. Shinnar, March 24, 1952.

²⁴ DEPI, Vol. 7, Document 77, F. Shinnar and G. Josephthal to the Ministry of Foreign Affairs, March 25, 1952.

²⁵ ISA, MFA 2417/5, Memorandum of the Delegation of the Conference on Jewish Material Claims against Germany, March 24, 1952.

Following these admonitions, the Conference's delegation submitted some clarification of its demands in the form of a two-part memorandum. The first part elucidated the legislative amendments that the Bonn government would have to implement in the category of personal indemnification, as well as the legislation that had to be enacted in order to allow for the restitution of property included in the third bloc category. The content of this section was predictable; it had been formulated in the course of January-February with Israel's consent. The same did not apply to the second part of the memorandum. The Claims Conference demanded that the Germans pay it 500 million USD in recompense for the totality of heirless Jewish property within the third bloc category.²⁶ Why did the Claims Conference delegation decide to specify this global sum, thereby to all intents and purposes filing a second reparations claim? This step can probably be attributed to the German delegation's demand in its opening statement that the Israeli-Jewish side provide a detailed exposition of its claims so that the Bonn government could consider them in relation to the claims raised before it in London, and only then decide on the amount of compensation. The Claims Conference ostensibly wanted Bonn to have a clear picture of the Jewish claims.

Nonetheless, the Germans rejected the demanded sum out of hand. Their negative position was grounded in two justifications: a) the Claims Conference's global claim was in fact encompassed by the Israeli reparations claim, since the latter covered all property lost to the Jewish people in continental Europe, Germany and abroad, including property with and without heirs, and property seized by the Reich authorities or other parties. Were Bonn to acquiesce to both global claims, it would in fact be paying twice for the same lost property.²⁷ In arguing thus, the Germans ignored the fact that Israel had estimated the looted Jewish property in Europe at six billion USD (based on the conservative estimate), out of which it was only claiming 1.5 billion USD. There was certainly room for another claim for the remaining amount. b) A "sizeable portion" of the Claims Conference's global claim would be transferred to Israel through the Jewish Agency. Therefore, to all intents and purposes, this amounted to an additional reparations claim for Israel.²⁸ Despite this negative response, elements in the Israeli and Claims Conference delegations estimated that Bonn would eventually acquiesce to settle the Conference's global claim, albeit for a significantly smaller settlement sum.²⁹

²⁶ ISA, MFA 2417/5, Outline of Proposals and Claims Presented by the Delegation of the Conference on Jewish Material Claims against Germany, March 24, 1952.

²⁷ DEPI, Vol. 7, Document 82, F. Shinnar to W. Eytan, March 30, 1952.

²⁸ ISA, MFA 1809/4, Israel Delegation in Hague to Israel Legation in London, March 27, 1952.

²⁹ DEPI, Vol. 7, Document 82, F. Shinnar to W. Eytan, March 30, 1952.

The German reaction was far more favorable when it came to the Claims Conference's demands in the legislative domain. At their third meeting, on March 25, both sides agreed to establish a joint expert committee to examine the Conference's legislative suggestions pertaining to the three blocs, and in particular the second bloc – personal indemnification. The expert committee convened and prepared a list of twenty-three discussion points. After a week of deliberations, the Jewish and German experts managed to reach a consensus on most of these.³⁰

The third meeting between the Israeli and German delegations began on a positive note. Küster agreed that the reparations claim was indeed “*sui generis*,”³¹ and accordingly, the Germans wished to find a way to bridge the dispute over the question of the link between the two conferences. At great effort, they finally reached a compromise on the matter: the amount of reparations would be agreed upon at this present stage of the talks, before the parties in London reached a decision. There would then be a hiatus in the negotiations, during which the Bonn government would consult with its delegations in Wassenaar and London to get a “general picture of [its] commitments,” and proceed to decide on the defrayal period and form of payment. This decision would be communicated to the Israeli delegation in the second stage of the talks. Israel's compromise – the willingness to recognize the existence of a partial link between the two conferences (that is, in relation to the defrayal period and form of payment) – was inevitable. The Germans were adamant about the matter.

Once they had reached this agreement, the delegations discussed one of the two factors on which Israel was basing its reparations claim. Küster asked the Israelis for a detailed account of the number of Nazi persecution survivors who had allegedly been absorbed by Israel in its territory (about half a million) and the cost of their absorption (three thousand USD per person). Josephthal launched into a clarification, but the issue could not be exhausted, and it was decided that he would continue the next day.³²

The following meeting, the fourth in number, began with the rest of Josephthal's elucidation; however, the Germans were unconvinced. They submitted a long memo to the Israelis discussing the number of survivors, among other topics. According to this memo, a significant portion of the Jews Israel defined as survivors of Nazi persecution, and upon whose absorption costs Israel was basically basing its reparations claim, were nothing of the sort. These Jews had immigrated to Israel “because they wanted to get away from anti-Semitism in their native countries, or

³⁰ Sagi, *German Reparations*, 116–119.

³¹ ISA, MFA 1809/4, Report from Hague, March 25, 1952.

³² ISA, MFA 1782/15, F. Shinnar to the Ministry of Foreign Affairs, March 25, 1952.

from Bolshevism, or because they had converted to Zionism.” The number of survivors, the Germans argued, must therefore be estimated as lower than the half a million stipulated by Israel. The practical implication of this was, of course, a lower reparations sum. Later in the memorandum, the Germans presented four principle demands: 1) The State of Israel must officially announce that it does not intend to file another claim for compensation against the FRG in the future. 2) No legal connection should be seen between the reparations claim and the other material compensation claims (restitution of property and personal indemnification). 3) The Israeli government and the Claims Conference must refrain from advancing claims for material compensation for certain types of economic damages caused to Jews residing outside the borders of the Reich of 1937. 4) The Israeli reparations claim encompassed the global claim advanced by the Claims Conference.³³

The inquiry into the number of survivors of Nazi persecution and the cost of their absorption continued at the fifth meeting, held on March 27. The Germans summoned a refugee expert from the Federal Ministry of Refugees in Bonn.³⁴ In the meantime, the Israelis set about preparing a memorandum in response to the German memorandum, which they completed on the evening of the same day. The next day, at the sixth meeting, the memorandum was presented to the Germans. Israel’s response to the four demands was as follows: 1) The Israeli government did not intend to file another reparations claim against the FRG. 2) Israel agreed with the position that the reparations claim was in no way related to the other two categories of material compensation claims. 3) Claims relating to material compensation for certain types of economic damage caused to Jews residing outside the borders of the Reich of 1937 were the sole responsibility of the Claims Conference. 4) Israel was of the opinion that the reparations claim and the global claim advanced by the Claims Conference were of a completely different nature and therefore discrete and independent of each other. In any case, Israel emphasized that the full settlement of both claims would still fall short of covering the entire loss of Jewish property in Europe.³⁵

The Germans expressed satisfaction with Israel’s response on the first two points, but reiterated that there was an overlap between the reparations claim and the Conference’s global claim. They now sought to focus on the cost of survivor absorption. A few days earlier, Israel had submitted a memorandum on this issue. The German refugee expert gave a scholarly lecture designed to prove that the data provided by Israel regarding the total cost of the absorption enterprise (bringing

33 ISA, MFA 1811/8, The German Delegation to the Israeli Delegation, March 26, 1952.

34 Jena, “Versöhnung Mit Israel?,” 470; Josephtal, *Giyora Josephtal*, 399.

35 ISA, MFA 1809/4, A Statement by the Israeli Delegation, March 28, 1952.

the survivors to Israel, housing them, finding jobs, providing food, clothing, and household items) was exaggerated. Josephthal addressed the arguments made by the German expert and did his best to refute them.³⁶

After the meeting, the Israeli delegation began to prepare a special memorandum regarding the number of survivors. In Israel, on the eve of the talks, it was estimated that the Germans would focus on this issue and, accordingly, the delegation was equipped with “statistics of [Jewish] immigration from Germany and countries under German occupation during the war” to Mandatory Palestine and Israel.³⁷ The Israeli delegation intended to use this document and others in order to prepare the memorandum in which they would try to prove to the Germans beyond the shadow of a doubt that Israel had indeed absorbed half a million Holocaust survivors.³⁸

Based on the available material, it is impossible to know whether the Germans received this memorandum. What remains evident is that after a week of intensive talks, the Israeli delegation felt that the Germans had “heard enough explanations and that’s that.”³⁹ It was time to determine the compensation amount.⁴⁰ Josephthal conveyed this message to Böhm and Küster at the end of the sixth session, and they recognized its merit. They agreed to announce their position on the amount at the seventh meeting, on March 31, but stressed that the final decision was up to Bonn. They intended, they added, to leave on April 1 for a consultation with the Chancellor. The Israeli delegation reflected and decided that it would be better to convene the seventh meeting only after the German delegation returned from Bonn with a sanctioned answer regarding the reparations amount.⁴¹ At an informal meeting held by the parties on the 31st of the month, the Germans revealed to the Israelis that “they will not recommend to their government a billion [USD] sum but [a sum] smaller than that, though not by much.”

The delegation hurried to consult with Sharett regarding Israel’s reaction.⁴² Before he responded, Sharett asked to find out if the billion-dollar sum pertained to the Israeli reparations claim alone or encompassed the Claims Conference’s

³⁶ ISA, MFA 1811/11, The Sixth Meeting of the Conference of Claims against Germany, March 28, 1952.

³⁷ ISA, MFA 2417/5, W. Fischel to F. Shinnar, March 20, 1952.

³⁸ ISA, MFA 1812/12, G. Avner to G. Pepe, March 31, 1952.

³⁹ ISA, 7563/3 A, Meeting of the Foreign Affairs and Defense Committee, April 15, 1952, 5.

⁴⁰ ISA, MFA 1811/11, The Sixth Meeting of the Conference of Claims against Germany, March 28, 1952.

⁴¹ ISA, MFA 2417/5, Re: Setting the Sum, March 30, 1952.

⁴² DEPI, Vol. 7, Document 86, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, March 31, 1952.

global claim as well.⁴³ The delegation responded by telegram that the reparations claim was the only one in question. The Conference would “receive a separate sum, much smaller than the one demanded.”⁴⁴ Following this wire, Sharett instructed the delegation: “If the intention is to give a single payment to us and the Claims Conference then under no circumstances should we go below a billion. But if it is only for the state [of Israel] – we can settle for a little less.” In the event that the Germans came back with a bad offer and there was need to threaten them with an abrupt termination of the negotiations, this was not to be done during an official session. “You can only say that,” Sharett clarified, “in private conversation.” “Officially, tell them: we will submit a full report and it will be up to the government to decide whether or not to continue negotiations.”⁴⁵

While Bonn prepared to discuss the reparations amount, Jerusalem decided to launch a diplomatic campaign among the Western powers with the aim of persuading them to pressure the FRG’s leadership to set a “satisfactory” amount. The Israeli delegation in Wassenaar emphasized the importance of such a campaign. The negotiations, its members wrote to the IMFA in Tel Aviv, had reached a “critical point,” and they felt that action must now be taken to mobilize “international influence.” They recommended concentrating most of the effort on the United States, upon which the FRG depended most heavily and which, therefore, carried the most influence, while simultaneously trying to enlist Britain to the cause, although it seemed doubtful if London would intervene to any significant extent. There was no point in turning to France; Paris would “do little” and, in any case, its influence in Bonn was marginal.

The notion of putting Western diplomatic pressure on the West German government was not of exclusively Israeli provenance. The heads of the German delegation also championed the idea. “The Germans here [in Wassenaar],” the Israeli delegation informed the IMFA on April 1, “support [applying] external pressure” on Bonn.⁴⁶ Böhm and Küster reiterated this position a few days later. Avner reported as much at the Knesset’s Foreign Affairs and Defense Committee meeting: “They told us: ‘Gentlemen [. . .] the situation in Bonn is such that Bonn needs, and we in the German delegation need, American support.’”⁴⁷ Avner made the same

43 DEPI, Vol. 7, Document 86, Note 1.

44 DEPI, Vol. 7, Document 89, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, April 2, 1952.

45 DEPI, Vol. 7, Document 89, Note 2.

46 DEPI, Vol. 7, Document 88, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, April 1, 1952.

47 ISA, 7563/3 A, Meeting of the Foreign Affairs and Defense Committee, April 15, 1952, 7.

report later at a cabinet meeting.⁴⁸ An unprecedented situation had thus arisen wherein the official representatives of a government were inviting pressure from foreign parties on the government they represented.

In speaking of “the situation in Bonn,” Böhm and Küster were referring to the exacerbating conflict within the German administration between two rival camps in relation to the Israeli reparations claim. On one side of the conflict stood Chancellor Adenauer’s “political camp,” which included, among others, his senior aids in the Chancellor’s office and the heads of the Foreign Ministry (under his responsibility), including Blankenhorn and Hallstein. On the other side stood the “economic camp” led by Finance Minister Fritz Schäffer along with the heads of his ministry, other – mainly economic – ministers in the Bonn government, as well as the German delegation to the London conference, headed by the banker Abs. The lines of division between the two camps were as clear as day: members of the political camp showed a willingness to open negotiations on the reparations claim and sincerely hoped to reach an outcome that would be acceptable to Israel, even if its claim were not satisfied in full. The economic camp, on the other hand, would have preferred it if the talks with Jerusalem had not been broached at all, or at least had been delayed as long as possible, certainly until after the end of the London conference. At any rate, their stance was that Israel should receive only a small fraction of its claim.⁴⁹

The main target of Jerusalem’s diplomatic campaign was the United States. The ambassador in Washington, Eban, wrote to the IMFA in Tel Aviv that he would get to work immediately in State Department circles. Among other things, he intended to file a letter to Secretary of State Acheson. At the same time, he asked Jacob Blaustein to meet with US President Harry Truman.⁵⁰ Nevertheless, action in the American arena stalled somewhat and commenced only on April 3.

In the UK, on the other hand, things proceeded swiftly. Israel’s minister to London, Elath, met with Under-Secretary of State for Foreign Affairs, Anthony Nutting, on March 31 and informed him that the Israeli leadership was asking Her Majesty’s government to “use their good offices to encourage Dr. Adenauer to make a reasonable proposition.” Although the Chancellor was sympathetic to the reparations claim, continued Elath, Jerusalem feared that he would come under pressure from ministers in his government who viewed Israel’s claim negatively and, as a result, would be forced to make a financial proposal that was unacceptable to Jerusalem. Nutting listened politely, but could offer no good tidings. He

⁴⁸ ISA, Meeting of the Cabinet, April 20, 1952, 15.

⁴⁹ Finance Minister Schäffer’s negative attitude to the idea of collective compensation to Israel had become evident as early as the summer of 1950. De Vita, *Israelpolitik*, 21.

⁵⁰ DEPI, Vol. 7, Document 88, Note 7.

doubted whether London should intervene at this point in time, with the talks proceeding smoothly.⁵¹ His disappointing answer did little to weaken the Israelis' resolve. On Sharett's orders, Moshe Keren met with Frank Roberts from the German Department of the British Foreign Office and asked for London's intervention in favor of an adequate reparations settlement. However, Roberts too responded that it was too early to intervene.⁵²

In the late hours of April 2, Böhm and Küster returned to Wassenaar disappointed. Schäffer and Abs were not in Bonn and Adenauer was not prepared to make a decision on the reparations amount on his own. It was decided to set up another meeting on April 5 and make sure that all the relevant parties, including Schäffer, Abs, Böhm, and Küster, were present. The Israeli delegation had meanwhile learned that Böhm and Küster were thinking of suggesting to Adenauer to set the reparations amount at approximately 750 million USD.⁵³

Pessimism reigned among the Israeli delegation. The economic camp in Bonn held stubbornly to their position, and the Chancellor, it seemed, was hesitant to decide the matter without securing their approval.⁵⁴ It was therefore necessary to press on with the diplomatic campaign. Keren called Roberts, informed him about the "important meeting," and announced that, according to Böhm and Küster, "it would be most helpful" if the powers intervened in Bonn before the meeting took place. Roberts, however, reiterated his doubts as to whether London should enter the fray at this point.⁵⁵

Britain was not the only Western power to refuse to throw its clout behind Israel on the issue of reparations. France also declined to intervene, but for a different reason. At the time, in early April, Paris expressed concerns to London that generous reparations settlement to Israel would jeopardize West Germany's ability to meet its commercial obligations to the Western powers.⁵⁶ The French had already confessed as much to the Americans as early as the end of January, when the reparations talks were about to begin.⁵⁷ In mid-March, just days before the Israelis and the Germans convened in Wassenaar, Paris had sent a letter to Washington suggesting that representatives of the three powers "urgently" meet in London to

51 UKNA, FO 371/100007, A Letter from A. Nutting, March 31, 1952.

52 ISA, MFA 1782/15, Memorandum of Conversation between Mr. F. Roberts, Under Secretary of the German Finance Department at the Foreign Office, and Mr. M. Keren, April 2, 1952; UKNA, FO 371/100007, F. Roberts to German General Department, April 2, 1952.

53 ISA, MFA 1782/15, F. Shinnar and G. Josephthal to the Ministry of Foreign Affairs, April 3, 1952.

54 ISA, MFA 358/18, E. Herlitz to A. Eban, April 3, 1952.

55 UKNA, FO 371/100007, F. Roberts to German General Department, April 3, 1952.

56 UKNA, FO 371/100007, Foreign Office to Wahnerheide, April 4, 1952.

57 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/1-2952, The Embassy in Paris to the Department of State, January 29, 1952.

formulate a common position on the issue of reparations, which would protect the powers' financial interests.⁵⁸ The Americans rejected the idea outright.⁵⁹ Disappointed though it was, Paris continued to maintain its non-interventionist (that is, *no pro Israel* intervention) position on this issue.

In Washington, Israeli diplomats and American-Jewish leaders sprung into action. On April 3, Eban transferred a missive to Acheson in which Jerusalem expressed its hope that the American administration would inform Bonn of the United States' earnest desire "that the negotiations now proceeding at The Hague [. . .] should result in a satisfactory and honorable settlement of the Israeli and Jewish claims." Washington, the letter maintained, must intervene in the matter since Israel's decision to enter into negotiations with the FRG "was influenced in no small measure by the friendly advice" given to it by the three Western powers to create a direct communication channel with Bonn on the question of reparations.⁶⁰

The day this missive was dispatched, Benjamin Ferencz, the director-general of the JRSO and an expert on behalf of the Claims Conference at the Wassenaar negotiations, met with the US High Commissioner to West Germany, John McCloy, to discuss the Israeli-German talks at the request of the Israeli delegation. Ferencz asked McCloy to communicate with Adenauer and to try to persuade him to offer Israel an "adequate" sum.⁶¹

The next day, Ambassador Eban met with Jeffrey Lewis, deputy director of the bureau of German affairs in the State Department, and told him that the talks in Wassenaar had reached a "decisive stage." The Western powers, the Israeli diplomat stated, must not be indifferent to the results of the talks; they must immediately contact Bonn and announce their aspiration to see them succeed. Lewis replied that Washington was strongly invested in the negotiations in Wassenaar and that he was convinced that the upper echelons in Bonn were aware of this fact.⁶²

To make sure that this was indeed the case, Acheson instructed High Commissioner McCloy to "inform Adenauer [. . .] that the US considers it important that [the] conference not be allowed to fail." If the impression should be created that the Germans' offer to the Israelis to negotiate on the reparations claim had been less than

58 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/3-1752, The Embassy in Paris to the Department of State, March 17, 1952.

59 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/3-1752, French Note on Israeli Negotiations, March 18, 1952.

60 DEPI, Vol. 7, Document 92, A. Eban to D. Acheson, April 3, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/4-352, Letter from the Israeli Ambassador, April 4, 1952.

61 ISA, MFA 1812/6, Conversation between Mr. McCloy, US High Commissioner for Germany, and Mr. Benjamin B. Ferencz, April 7, 1952.

62 DEPI, Vol. 7, Document 94, Meeting: A. Eban – G. Lewis (Washington, April 4, 1952).

sincere, this would have “unfortunate repercussions.” Nevertheless, Washington, clarified Acheson, did not intend to “tell [the] Germans what should be [the] magnitude or type” of their reparations.⁶³ McCloy followed these directives and, during a conversation with Adenauer on the evening of April 4, sternly warned him⁶⁴ that a breakdown in negotiations in The Hague would have unfortunate overall consequences.⁶⁵ The next day, McCloy met with Abs and urged him to find a suitable solution to the Israeli reparations claim – in other words, to offer a fair amount.⁶⁶

The Israeli delegation had meanwhile received alarming news that the Germans were claiming inability “to determine the [reparations] amount at this time, before they are ready to set the amount for the London conference.” Adenauer’s political camp, it turned out, had succumbed to the attitude championed by the economic camp.⁶⁷ The delegation estimated that the Germans would agree to officially announce the reparations amount (as well as the defrayal period and form of payment) only after a hiatus in the talks, which would last between four and eight weeks and would begin in the second week of April. If there was truth in this information, it would amount to a blatant violation of the understandings reached between the Israeli and the German delegations at their third meeting (on March 25). These understandings had created a partial link between the Wassenaar and London conferences i.e. with regard to the defrayal period and form of payment only. According to these latest tidings, however, the Germans were now aiming for full interdependence; that is, in relation to the amount as well.

The Israeli delegation proposed two courses of action to the IMFA, should this news turn out to be accurate: either terminate the talks altogether or wait until the end of the hiatus, provided that the Germans promised to return with an official offer for reparations.⁶⁸

Sharett brought both possibilities before the government at its weekly meeting on April 6. The religious ministers supported the first option, although they

63 FRUS, Vol. IX, 913–914, The Secretary of State to the Office of the United States High Commissioner for Germany, April 4, 1952. See in this context: Eban, *Personal witness*, 222; Herlitz, *Esther*, 66. The same day, McCloy received a phone call from a senior official in the State Department giving him a similar instruction to communicate Washington’s concern about the failure of the Wassenaar negotiations to Adenauer. Goschler, *Wiedergutmachung*, 271; Toozee, “Reassessing,” 59.

64 Smith, “A View,” 255.

65 UKNA, FO 371/100007, I. Kirkpatrick to F. Roberts, April 5, 1952.

66 ISA, MFA 1812/6, Conversation between Mr. McCloy, US High Commissioner for Germany, and Mr. Benjamin B. Ferencz, April 7, 1952.

67 Adenauer’s capitulation most likely occurred during the meeting in Bonn on April 5. ISA, Meeting of the Cabinet, April 20, 1952, 15; Jena, “Versöhnung Mit Israel?,” 470.

68 DEPI, Vol. 7, Document 96, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, April 5, 1952.

were willing to leave a narrow opening for the negotiations to continue. The rest of the ministers were more inclined toward the second, more moderate option. At the end of the meeting, it was decided that a three-ministerial committee would formulate a statement to be delivered by the Israeli delegation in Wassenaar to the German delegation.⁶⁹ The whole maneuver depended on whether the information received by the delegation proved to be correct.

Indeed, it was affirmed as such later in the day. The Israeli delegation updated the IMFA that the Germans intended to appear at the seventh meeting in Wassenaar and announce that due to the strained state of the West German economy, the delegation was unable to stipulate a reparations amount at this date. This could only be done after a hiatus, during which the respective results of the London and Wassenaar talks would be examined. In other words, there would be full interdependence between the two conferences. Moreover, the German delegation would announce that “it has examined Israel’s claim and reached the conclusion that Israel’s absorption costs of the victims of Nazism amount to [only] three billion DM [about 715 million USD],” and accordingly “it has recommended to the Bonn government that it recognize this sum as a debt to Israel.” This “recognition,” the Israeli delegation clarified to the IMFA, did not yet constitute a “commitment” to pay. The Germans thus intended to set the financial basis for reparations not at 1 billion USD, but at 0.7 billion USD. Since monetary litigation is supposed to involve compromises on both sides, this reduced amount was liable to shrink still further, and Israel’s original claim therefore ran the risk of being settled with a comparatively negligible sum. The delegation informed the IMFA that in light of the above it was determined to “react sharply against the introduction of this distinction” between recognition and commitment,⁷⁰ and to inform the Germans that, with the way things stood, the delegation saw no point in continuing the negotiations at present⁷¹

On April 7, the seventh meeting between the parties was held. The German delegation read out a prepared statement that confirmed the Israeli delegation’s earlier assessment: Bonn was willing to “recognize” a reparations debt to the sum of 715 million USD only.⁷² The German representatives orally added that the hiatus in

69 ISA, Meeting of the Cabinet, April 6, 1952, 25–36.

70 Sharett wired a reply to the delegation saying he approved that they should “react harshly to the distinction between the [recognition of the] debt and the [commitment for a] payment.” DEPI, Vol. 7, Document 100, M. Sharett to the Israel Delegation to the Reparations Negotiations, April 7, 1952.

71 DEPI, Vol. 7, Document 97, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, April 6, 1952.

72 AIG, Document 30, German Delegation’s Statement of 5 [should be: 7] April 1952 Concerning the Amount of the Reparations.

the talks, which would begin on April 9, would last until May 19. At that time they would “be willing to bring a sanctioned and binding offer on the amount to be defrayed, the defrayal period, and the form of payment.” In elucidating their statement, the Germans argued that although Bonn acknowledged the special nature of Israel’s claim, the fact that West Germany had a single budget “from which it must meet [all] its foreign debts” should not be ignored. In an attempt to sweeten the pill, Böhm and Küster claimed that “the repayment times for us [the State of Israel] will be much shorter than for the London creditors,” and that “the form of payment will be tailored to our needs and will not be equivalent to the arrangements with the London creditors.” The Israeli delegates remained unimpressed and reacted harshly to the official statement it had just heard.⁷³

The next day, April 8, the Israeli delegation submitted a written response to the German statement. Bonn’s position, which created full interdependence between the talks in Wassenaar and those in London, was “inconsistent with the formulations which were arrived at” between the two delegations at the beginning of the negotiations. Moreover, the German decision to reduce the basis of the reparations claim was “arbitrary” since “no serious attempt has been made to justify scaling down the Israeli claim.” The Israeli delegation would update its government about the “serious” situation unfolding in Wassenaar. The government would decide on the matter and its decision would be communicated to the German delegation in due time. At any rate, the Israeli delegation felt that the government in Jerusalem would be interested in receiving a written and official announcement stipulating the date on which Israel will be given a “binding proposal” on the reparations amount, the defrayal period, and the form of payment.⁷⁴

The Germans’ answer came more swiftly than expected, on April 9, and was disappointing as far as the Israelis were concerned. The Germans reiterated that they would be able to submit a proposal regarding the reparations claim only after reaching an outcome at the London Debt Conference. They “hoped” this would come to pass within a month after the talks in London resumed.⁷⁵ The London talks were scheduled to resume on May 19. This meant that Bonn would deign to deliver its “binding proposal” to Israel only in the last third of June (rather than May 19), in roughly two and a half months.⁷⁶ The Israeli delegation understandably fumed at

73 DEPI, Vol. 7, Document 101, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, April 7, 1952.

74 AIG, Document 31, Israel Delegation’s Statement of 8 April 1952 in Reaction to the Statement of the German Delegation of 5 [should be: 7] April 1952 Concerning the Amount of the Reparations.

75 Similarly to the Wassenaar conference, the London conference went on hiatus on April 9.

76 AIG, Document 32, German Delegation’s Statement of 9 April 1952 in Reply to the Statement of the Israel Delegation of 8 April 1952.

this proclamation. “We told the Germans,” they notified the IMFA, that “a) their latest announcement constitutes yet another negative factor; b) it is clear that very little remains of the special basis for negotiations as expressed in the Adenauer letter” from December 6, 1951.⁷⁷

Less than three weeks after the negotiations in Wassenaar on the issue of material compensation commenced, the three delegations went on a long hiatus imposed by the Germans. From the Israeli perspective, the overall balance sheet was dismal. The Germans had tied Wassenaar to London, planned to submit their proposal regarding the reparations claim only at the end of June, and worst of all, they had reduced the base of the reparations claim by about 30%.

Despite all this, Jerusalem did not intend to put an end to the negotiations. Israel’s written response on April 8 included not even the slightest hint of such a threat. On the contrary, Israel was eager for the Germans to set a date for the talks to resume. At the meeting between the delegations the next day, the Israelis promised that Jerusalem might come back to the negotiating table if a public German statement saying that “Germany will do everything in its power to satisfy the reparations claim” was issued.⁷⁸ There was no attempt on Israel’s behalf to condition the resumption of the talks on a retraction of West Germany’s latest and – from the Israeli perspective – negative stances with regard to the reparations settlement. Israel’s tone, as reflected in the April 8 response and oral remarks made by the delegation the next day, was not aggressive, inflammatory, or offensive. Jerusalem, it can be stated with certainty, did not wish to “upset the apple cart” with Bonn, that is, to bring the Wassenaar talks to an untimely end. There were four reasons underlying this approach.

1) *The diplomatic campaign.* Israel intended to significantly intensify the diplomatic campaign it had launched in late March in Washington and London, supplementing it with mobilization efforts among various political and media elements in the West, including in the FRG. Jerusalem hoped that such a vigorous and determined diplomatic and public action would, despite the current state of affairs, enable it to conclude the Wassenaar talks with a positive balance on the Israeli side of the scales; i.e. with a satisfactory reparations agreement.

2) *The Western channel.* The option of settling the reparations claim through a third party, namely the Western powers, had fallen by the wayside about a year earlier, when the Western powers had delivered their reply to the reparations

⁷⁷ DEPI, Vol. 7, Document 104, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, April 9, 1952.

⁷⁸ DEPI, Vol. 7, Document 104, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, April 9, 1952.

letter. As we may recall, they had made it known to Jerusalem that they had no intention of obtaining reparations for Israel. The German channel was the only option left, and it passed directly through Wassenaar.

3) *The economic crisis*. In the third chapter of the book, we discussed at length the acute distress the Israeli economy experienced during the first three and a half years of the state's independence. This distress continued into 1952. One of its main manifestations was the fact that, by the end of 1951, the state coffers were empty of foreign currency. Throughout the winter of 1951–52, the Israeli government desperately sought to obtain short-term credit to finance the country's numerous import needs. This credit had been obtained in part from commercial banks and fuel companies in Western countries. However, for reasons of commercial risk, the banks and the fuel companies refused to increase the credit beyond the amounts made available to Israel toward the end of 1951.⁷⁹ The shortage in foreign currency therefore remained unchanged, and Israel was struggling to purchase the basic goods necessary for the sustenance of its population. On January 13, 1952, the government held a "special meeting to examine the economic situation." Finance Minister Kaplan warned his colleagues that "in all practicality, there are enough [fuel] reserves for but one month"⁸⁰ and that "the state of the coffers is unbearably tight, and there is sometimes not enough money to pay for day-to-day expenses."⁸¹ The esteemed British *Observer* assessed in this context, in an headline appeared in its May 18 issue, that Israel is "facing an economic meltdown" by the end of 1952.⁸² The government in Jerusalem continued its deliberation on the economic issue over the following weeks,⁸³ outlining a "new economic policy" for the State of Israel, which was announced in mid-February 1952.⁸⁴ The new policy, some of the principles of which were implemented as early as the latter half of 1951,⁸⁵ was intended to address two main problems: the acute shortage of foreign currency and the inflationary pressures that had begun to manifest themselves in 1951.⁸⁶ The

79 Barkai, *The Early Days of the Israeli Economy*, 55–56.

80 The acute fuel shortage drove the government to take drastic action. All private vehicle owners in Israel were restricted to using their vehicles only five days a week. *Ha-Modia*, September 12, 1952.

81 ISA, Meeting of the Cabinet, January 13, 1952, 2, 4, 8.

82 *Davar*, May 19, 1952.

83 ISA, Meeting of the Cabinet, January 20, 1952; ISA, Meeting of the Cabinet, January 28, 1952; ISA, Meeting of the Cabinet, February 7, 1952.

84 KM, Vol. 11, February 13, 1952, 1315–1321; KM, Vol. 11, February 18, 1952, 1341–1347.

85 Barkai, *The Early Days of the Israeli Economy*, 67.

86 For more on the new economic policy of 1952, see: Horowitz, *The Economy of Israel*, 381–388; Barkai, *The Early Days of the Israeli Economy*, 67–90.

series of steps that were taken at this point would bear fruit only about two years later, toward 1954, when the Israeli economy would embark on a rapid growth trajectory across almost all sectors of the economy.⁸⁷

The economic picture in 1952, the year relevant to our discussion, however, was still grim. Israel's leaders could not have, of course, foreseen that the new policy would eventually lead to recovery. The dire situation was reflected in a series of economic data: the price index had jumped up by almost sixty percent in 1952;⁸⁸ unemployment remained statistically at the high level of 7.3%, and was in fact much more acute than in previous years;⁸⁹ the Gross National Product (GNP) growth rate had slowed dramatically;⁹⁰ and the current account deficit in 1952 amounted to about 307 million USD.⁹¹ Thanks to huge capital imports, which totaled nearly 307 million USD that year (60 percent from world Jewry),⁹² the deficit was covered in its entirety. But the captains of the Israeli economy could not rely on this channel of income forever.

Another victim of the economic crisis was Jewish immigration to Israel – a cornerstone of the Zionist enterprise. Many potential immigrants delayed or even canceled their arrival due to the economic difficulties awaiting them.⁹³ The government, for its part, had adopted a deliberately restrictive immigration policy in order to reduce the enormous burden placed on the economy as a result of the mass immigration of recent years.⁹⁴ In 1952, the number of immigrants to Israel amounted to a paltry 24,000 compared with 175,000 the previous year. On the other hand, outgoing migration increased, and in 1953, for the first time in the country's history, there was a negative ratio between the number of incoming and outgoing migrants.⁹⁵

Viewed from the economic abyss in which Israel found itself, reparations were seen as a vital lifeline. Abandoning the Wassenaar talks meant giving up on

87 Giladi, *From Austerity to Economic Growth*, 40. In addition to the new economic policy, other factors also contributed to the Israelis' economic recovery, including income from the bonds enterprise, US grants to Israel, and the first installments paid as part of the Reparations Agreement.

88 Giladi, *From Austerity to Economic Growth*, 37.

89 Patinkin, *The Israeli Economy*, 32.

90 In 1953, it flatlined altogether. Barkai, *The Early Days of the Israeli Economy*, 86.

91 Barkai, *The Early Days of the Israeli Economy*, 138.

92 Halevi, and Klinov-Malul, *The Economic Development of Israel*, 294–298.

93 The slowdown in immigration to Israel also had other underlying factors unrelated to the state of the economy. Barkai, *The Early Days of the Israeli Economy*, 68–69.

94 Hacohen, *Immigrants in Turmoil*, 235–236.

95 Hacohen, *Immigrants in Turmoil*, 42.

reparations funds and letting the Israeli economy, and perhaps even the entire Zionist enterprise, go down the drain.⁹⁶

4) *The political situation.* The public-political campaign against the idea of Israeli-German negotiations waged by the opposition parties, extra-parliamentary circles, and several unaffiliated newspapers continued even after the Knesset's Foreign Affairs and Defense Committee voted in January 15 in favor of the talks.⁹⁷ This campaign remained fairly reserved until mid-March, and then intensified over the next weeks (until the second half of April), resembling in many ways the fierce struggle of January leading up to the Knesset's January 9 crucial vote. It was a response to the imminent inauguration of the Wassenaar talks, and continued to unfold as the talks transpired. The anti-negotiations camp used arguments similar to those that had served it from September 1951 to January 1952.

Once again, the press, both affiliated and unaffiliated, played a central role in the struggle. It accompanied the preparations for the talks and their beginning with outbursts of frustration and derogatory jeers. "The nation's curse accompanies the delegation [. . .] on its way to the tainted negotiations with representatives of the Bonn government," proclaimed the Maki party organ *Kol Ha-Am* on the eve of the talks' commencement.⁹⁸ The first day of negotiations, the paper stated, "will be recorded as one of the darkest days in the history of the Jewish people and the State of Israel [. . .] the day on which representatives of Ben-Gurion's government extended their hands to Hitler's successors, the representatives of the Nazi Bonn government."⁹⁹ The paper reiterated the communists' claim that the Wassenaar negotiations had been imposed by Washington to pave the way for the establishment of a new West

⁹⁶ The economic pressure had apparently led Ben-Gurion to offer Goldmann, somewhere in the second half of April, to settle for reparations in the amount of approximately 300 million USD. It is unclear whether this proposal had been on the government's mind. According to Goldmann, he refused and Ben-Gurion dropped the offer. Jelinek, "Restitution," 111.

⁹⁷ The opposition parties made it clear that they intended to continue the campaign despite their parliamentary failure. Thus, for example, Mapam's Coordination Committee convened already on January 10 to discuss avenues for future struggle and came up with a variety of proposals. HHA, (2)64.90, Meeting of Mapam's Coordination Committee, January 10, 1952. One of the suggestions that ended up being put into practice was the printing of a booklet featuring Mapam representatives' Knesset speeches on the question of Israeli-German negotiations. This booklet was to be distributed as propaganda materials "among party members and the public at large." HHA, (1)150.90, Circular Number 353, January 29, 1952; HHA, (1)150.90, G. F. to Supply Department of Hakibbutz Hameuchad, January 31, 1952.

⁹⁸ *Kol Ha-Am*, March 19, 1952.

⁹⁹ *Kol Ha-Am*, March 23, 1952.

German army that would be integrated into NATO.¹⁰⁰ In a similar vein, the Mapam paper *Al Ha-Mishmar* asserted that the reparations talks were taking place “on the initiative and under the auspices” of the Western powers in order to give a “Jewish kosher certification to the founders of the Wehrmacht within the [Western] European army.”¹⁰¹ With the opening of the talks, the paper bluntly informed its readers that “in Wassenaar, near The Hague, negotiations began yesterday with the heirs of the Nazis.”¹⁰²

The left was not the only side of the political spectrum to express criticism. *Ha-Boker*, the organ of the center General Zionists party, declared that the negotiations in Wassenaar were nothing but a desperate attempt on behalf of Mapai to save its “failing regime from bankruptcy.”¹⁰³ Yet, it was *Herut*, the mouthpiece of the eponymous right-wing movement, that was, as always, the government’s most vociferous detractor. Two days before the talks had started, the paper revealed to its readers the general antagonism among Jewish communities around the world toward negotiations with the Germans.¹⁰⁴ On the opening day of the discussions in Wassenaar, its main headline – framed in black, not unlike an obituary – cried out: “The Conference of Disgrace has begun.” Almost the entire front page dealt with the conference and featured, at its center, a horrific image from the Holocaust era: forced laborers at an extermination camp loading the bodies of murdered Jews on a cart on their way to the crematoria. Underneath the image, the inflammatory caption read: “The Wassenaar Blood Fair is open for trade.”¹⁰⁵ Similar images bearing provocative descriptions were printed in subsequent issues.¹⁰⁶ *Herut*’s brazen style prompted a Mapai member of parliament to urgently call upon the Prime Minister to put an end to this “wild incitement” coming from the right.¹⁰⁷

The paper of the ultra-Orthodox Pagi party, *Ha-Kol*, was also very active in the campaign against the talks, although the tone of its criticism was milder than that of *Herut*. As early as January–February 1952, its pages abounded in editorials and opinion pieces against the idea of negotiations with Germany, and the offensive continued with greater intensity after the opening of talks in Wassenaar.¹⁰⁸ A

100 *Kol Ha-Am*, March 21, 1952.

101 *Al Ha-Mishmar*, March 16, 1952.

102 *Al Ha-Mishmar*, March 21, 1952.

103 *Ha-Boker*, March 17, 1952.

104 *Herut*, March 19, 1952.

105 *Herut*, March 21, 1952.

106 *Herut*, March 23, 24 and 25, 1952.

107 *KM*, Vol. 11, March 19, 1952, 1626.

108 *Ha-Kol*, January 11, 17, 21, 22 and 25 and February 1 and 29, 1952.

lengthy opinion piece on the opening day of the talks bemoaned that “the nightmare” has begun.¹⁰⁹ The next day, an editorial plainly stated that “there is nothing as degrading to the honor of Israel as this conference.”¹¹⁰

The unaffiliated newspapers did not shy away from censure either. *Ma'ariv* highlighted things that Abraham Frowein had said to the newspaper's correspondent in Europe a few days before the opening of the talks, namely that “Israel's claims are ‘excessive.’”¹¹¹ The Israeli government's hope of receiving a high amount of reparations was presented in the newspaper as being detached from reality. On the 23rd of the month, the paper printed an expansive article by one of its founders, condemning the Israeli-German meeting. “The death industry,” he wrote with sarcasm, “has been idle for seven years now. The rage has gone out, the cries for revenge muted, and over the abyss of blood and tears, a bridge of reparations has now begun to be built.”¹¹² *Yedioth Ahronoth* likewise conducted an interview with Frowein and hastened to publish a statement that was less than pleasing to the government's ear: “The Germans will offer nothing but goods.”¹¹³ A few days later it came out with a sensational headline: “The Germans' goal: official relations with Israel.” It is clear that the newspaper was seeking to prove that the anti-negotiations camp's main argument, that the Wassenaar talks would lead to the collapse of the policy of boycotting Germany, was well-founded.¹¹⁴ An editorial in *Letzte Nayes*, published on the day the conference began, bore the title “Retreat.” The Knesset's January 9 decision, the newspaper asserted, had no moral basis, and was illegal as far as the nation was concerned.¹¹⁵ Like *Herut*, the Yiddish-language paper also featured shocking images from the war period, and next to them the provocative statement: “On this [matter] they want to conduct negotiations!”¹¹⁶

Unsurprisingly, when the Wassenaar talks hit a rough patch in the first third of April, the newspapers of the anti-negotiations camp pounced on the opportunity. On April 8, *Kol Ha-Am* reported with some satisfaction that “the wheeling and dealing of Ben-Gurion's envoys with the Nazis over the price of the blood of millions of Jews has been temporarily halted.”¹¹⁷ The results of the negotiations so far, the paper argued, “fully confirm that the Adenauer government's intent is to receive

109 *Ha-Kol*, March 21, 1952.

110 *Ha-Kol*, March 24, 1952.

111 *Ma'ariv*, March 18, 1952.

112 *Ma'ariv*, March 23, 1952.

113 *Yedioth Ahronoth*, March 21, 1952.

114 *Yedioth Ahronoth*, March 26, 1952.

115 *Letzte Nayes*, March 21, 1952.

116 *Letzte Nayes*, March 28, 1952.

117 *Kol Ha-Am*, April 8, 1952.

Jewish legitimization for the establishment of a neo-Nazi army, for arming [West] Germany and the rehabilitation of war criminals.”¹¹⁸ In the following days, the newspaper called on the government to “finally put an end to the desecrated negotiations in The Hague!”¹¹⁹ *Al Ha-Mishmar* announced to its readers with a huge headline that the Germans were willing to pay about 700 million USD “only.”¹²⁰ Based on this, it decried that “the Ministry of Foreign Affairs is downplaying the magnitude of the failure of the Wassenaar talks.”¹²¹ Various opinion pieces that appeared in the newspaper sharply criticized the Israeli government for its decision to enter the reparations talks in the first place.¹²²

Herut also exploited the crisis. Its headlines from the last two days of the conference before the hiatus did everything to highlight the deadlock. “The Germans are willing to grant ‘recognition’ – but not to pay,” proclaimed the front page on April 8,¹²³ and the next day the paper reported a “shameful end to the first stage of the disgrace conference.”¹²⁴ The newspaper made sure to continue devoting attention to the “failure” in the days that followed.¹²⁵ A particularly scathing editorial published on April 13 asserted that the crisis in the talks “constitutes an unprecedented record in the campaign of humiliation and desecration of Israel’s honor that Mapai has been waging for the last twenty years.”¹²⁶

Ha-Kol reported to its readers as early as the end of March that it had become clear that the Germans were interested in the negotiations themselves but “not in their speedy conclusion and certainly not a positive one.”¹²⁷ To strengthen this claim, the newspaper prominently placed on the front page of its following issue a quote from Böhm stating that most Germans opposed reparations.¹²⁸ When the talks went into hiatus, the paper argued that the main failure of the Israeli government was having gone to Wassenaar without “any basis to hope that the Germans are indeed willing to pay.”¹²⁹

118 *Kol Ha-Am*, April 9, 1952.

119 *Kol Ha-Am*, April 18, 1952.

120 *Al Ha-Mishmar*, April 8, 1952.

121 *Al Ha-Mishmar*, April 14, 1952.

122 *Al Ha-Mishmar*, April 11 and 22, 1952.

123 *Herut*, April 8, 1952.

124 *Herut*, April 9, 1952.

125 *Herut*, April 11 and 13, 1952.

126 *Herut*, April 13, 1952.

127 *Ha-Kol*, March 27, 1952.

128 *Ha-Kol*, March 28, 1952.

129 *Ha-Kol*, April 8, 1952.

Ma'ariv too wondered how Jerusalem could have ever imagined that Bonn “would pay anything out of its own pocket.”¹³⁰ The government, according to the paper, should have “picked up an encyclopedia, a lexicon, a history book, and read there that the Germans have never paid.” The only thing left to do, it maintained, was to leave Wassenaar for good.¹³¹ In a similar vein, *Yedioth Ahronoth* wrote that “indeed the pessimists [the anti-negotiations camp] were right: negotiations should never have begun; the Germans should not have been trusted.” The Bonn government had come to Wassenaar to receive rehabilitation, it concluded, “and not to send dollars to Israel.”¹³²

The press of the anti-negotiations camp continued its assault on the talks and on the conduct of the Israeli government in particular, for many more weeks that followed, albeit in lower doses. The ultra-Orthodox *Ha-Kol*,¹³³ as well as the communist *Kol Ha-Am*¹³⁴ and the right-wing *Herut*,¹³⁵ were the main voices championing this struggle.

This camp did not limit itself to the journalistic sphere alone, and took additional measures to promote its cause. One of these was the publication of manifestos. Thus, on March 19, the Mapam Central Committee published a statement lamenting: “Who could have thought that, only seven years after the horrors of the destruction were revealed to the world, representatives of the Jewish people would sit at the same table with Hitler’s heirs and, by asking for reparations, help those who would like nothing more than to have the crimes of Nazism against the Jews forgiven and forgotten.” Mapam called upon the public to “put up a real struggle against these negotiations.”¹³⁶ Another manifesto was published on April 20 by the Israeli Peace Committee. “We will never assent,” it proclaimed, “to bestow Jewish legitimization [. . .] upon a neo-Nazi government.”¹³⁷

The campaign likewise extended to the streets. On March 16, Maki held a rally in Tel Aviv, which was attended by thousands of participants. The keynote speakers called for the establishment of a broad popular resistance to negotiations with the Bonn government.¹³⁸ In the following weeks, the party held additional rallies around the country.¹³⁹ Rallies were also held by the Public Committee against Negotiations

130 *Ma'ariv*, April 6, 1952.

131 *Ma'ariv*, April 11, 1952.

132 *Yedioth Ahronoth*, April 14 and 18, 1952.

133 *Ha-Kol*, April 21 and 28 and May 12, 19, 23 and 26 and June 4 and 19, 1952.

134 *Kol Ha-Am*, May 5, 7, 15 and 21 and June 15, 1952.

135 *Herut*, April 23 and 24 and May 8, 19, 20, 21 and 28 and June 12, 1952.

136 *Al Ha-Mishmar*, March 19, 1952.

137 *Al Ha-Mishmar*, March 21, 1952.

138 *Kol Ha-Am*, March 17, 1952.

139 *Kol Ha-Am*, March 23 and 24 and April 13 and June 15, 1952.

with the Bonn Government, an entity founded by survivors of Nazi persecution and Jewish Brigade soldiers.¹⁴⁰ A day after the opening of the talks in Wassenaar, this committee organized a demonstration with the participation of thousands of people in Tel Aviv. “Every step of compromise with the Bonn government,” warned one of the speakers, “means a betrayal of national honor.”¹⁴¹ A few days later, the organization held another large rally, this time in Haifa.¹⁴²

True to form, the Herut movement once again distinguished itself in terms of its street protests. Its anti-negotiations placards covered building fronts across the nation. Begin, the movement’s leader, embarked on April 23 on an international tour that included stops in France, Canada, and the US in order to “organize diaspora Jewry in opposition to the reparations negotiations.”¹⁴³ He would soon discover that there was no shortage of likeminded voices in the Jewish communities around the world. In Paris, a crowd of thousands gathered to hear him pontificate against the Wassenaar talks.¹⁴⁴ Needless to say, the movement also organized demonstrations, rallies and activist assemblies in Israel. On March 15, for instance, seven Herut activist assemblies were held simultaneously in Tel Aviv under the banner of “Blood and Reparations.”¹⁴⁵ The crown jewel of the Herut’s street campaign, however, was the demonstration its Central Committee had scheduled for March 25.¹⁴⁶ The movement sought to put up a tremendous show of strength and therefore hung posters all over the country, beckoning the public to attend in droves.¹⁴⁷ On the day of the demonstration itself, *Herut* devoted its entire front page to urging the masses to come and protest “against the disgrace of the negotiations with the murderers.”¹⁴⁸ The call garnered a huge response. Thirty thousand protesters, according to one estimate,¹⁴⁹ and over fifty thousand according to another,¹⁵⁰ flooded to Mugrabi Square in Tel Aviv in the afternoon. This was probably the largest demonstration held in the State

140 This organization was affiliated with Mapam.

141 *Al Ha-Mishmar*, March 23, 1952.

142 *Kol Ha-Am*, March 26, 1952.

143 *Herut*, April 23 and 24, 1952. His tour abroad lasted no less than six months. Gruweis-Kovalsky, “Menachem Begin’s,” 33–34.

144 *Herut*, May 11, 1952.

145 MA, AR-A-00057-014-14, Personal Archive – Yehiel Sidroni: Poster Published by the Herut Movement, Without Date.

146 *Herut*, March 20, 1952.

147 MA, AR-A-00057-014-15, Personal Archive – Yehiel Sidroni: Poster Published by the Herut Movement, Without Date.

148 *Herut*, March 25, 1952.

149 *Yedioth Ahronoth*, March 26, 1952.

150 *Herut*, March 26, 1952. *Ha-Olam Hazeq* reported that roughly 70,000 attended the demonstration, of which most, however, were curious onlookers. *Ha-Olam Hazeq*, April 3, 1952.

of Israel up to that date. Contrary to fears that the protest would deteriorate into a display of violence,¹⁵¹ it proceeded peacefully and in exemplary order. It seems that Begin's Herut wished to shake off the wild and violent image it had acquired.¹⁵² The orderly conduct of the event should also be ascribed to the impressive security measures taken by police forces¹⁵³ and the thorough preparations undertaken by the labor brigades.¹⁵⁴ The crowds of protesters gathered in Mugrabi Square listened eagerly to Begin's impassioned words. "I call on you, Mr. Ben-Gurion," he cried out, "for God's sake, stop, halt, retreat." He suggested that the government put the question to the people, either by way of a general election or a referendum, if they wanted to negotiate with the Germans.¹⁵⁵

Parliament was another channel through which the anti-negotiations camp waged its war against the Israeli-German talks. Immediately after the opening of the negotiations in Wassenaar, Herut petitioned the House Committee to bring for discussion in the plenum its proposal to recall the Israeli delegation.¹⁵⁶ As expected, the committee rejected the request. It did, however, acquiesce to the General Zionists' appeal to hold a special discussion on the matter of the negotiations in the Foreign Affairs and Defense Committee.¹⁵⁷ This committee held an inquiry into the question on April 15 and the opposition factions took advantage of the forum to attack the government for its conduct over the course of the negotiations and to demand a cessation of the talks.¹⁵⁸

In the face of such widespread public-political campaigning, it is easy to imagine what the consequences might have been if the government had decided to put an end to the talks in Wassenaar. The anti-negotiations camp would have applauded such a move but, at the same time, launched an unprecedented offensive against the government – an attack that would have undoubtedly dwarfed the campaign it had waged up until that point. In its decision to go to Wassenaar, the opposition camp would have argued, the leadership in Jerusalem had caused a triple disaster: it had failed to win its reparations claim and possibly extinguished any

151 *Yedioth Ahronoth*, March 21, 1952; *Ma'ariv*, March 16, 1952; *Ha-Boker*, March 17, 1952.

152 Mainly since the January 7 mass demonstration in Jerusalem.

153 Police command had decided to reinforce the Tel Aviv police force with 2,000 officers "armed from head to toe." Hundreds of them underwent special training in the use of batons and tear-gas grenades against protesters. *Yedioth Ahronoth*, March 16 and 19, 1952.

154 The heads of Mapai and the General Federation of Labour in Israel mobilized thousands of workers and drove them to Tel Aviv on the day of the demonstration to stand by in case the demonstration degenerated into violence. *Yedioth Ahronoth*, March 14, 17 and 18, 1952.

155 *Herut*, March 26, 1952.

156 Maki supported this request.

157 KA, Meeting of the House Committee, March 25, 1952, 2–4.

158 ISA, 7563/3 A, Meeting of the Foreign Affairs and Defense Committee, April 15, 1952, 16–20.

hope of advancing it again in the future (this time through a third party); it had provided the Germans with an invaluable gift – a moral rehabilitation in the international arena; and, worst of all, it had desecrated the memory of the victims of the Holocaust. In light of such a fiasco, the opposition camp would have claimed, the Mapai government would have to draw difficult conclusions – that is, to resign and set a date for new parliamentary elections. Israel would have thus been thrown into political chaos, the outcome of which was unforeseeable.

This eventuality was clear to one and all. Various parties had mentioned it even before the talks began. The emissary of the American Jewish Committee in Israel, for instance, had estimated in a report he had sent to his organization in late January 1952 that Ben-Gurion would not be able to return from Wassenaar empty-handed. “He must deliver the goods,” he stated in his report.¹⁵⁹ Seymour Rubin, a member of the Claims Conference’s delegation, had confided to State Department officials in Washington several days before the start of the Wassenaar conference that the Israeli representatives had found themselves in a bind, wherein it was imperative for them “to obtain concessions from the Germans of sufficient magnitude as to be politically acceptable at home.” If Bonn were to prove unwilling to make the necessary sacrifice, the state of the Israeli government would be “completely untenable.”¹⁶⁰ These warnings multiplied and increased in urgency during the course of the talks, certainly after they had encountered a crisis. The ambassador in Washington, Eban, contended before the State Department at the beginning of April that, if the talks failed, the political situation in Israel would be very much aggravated.¹⁶¹ Benjamin Ferencz conveyed a similar message to High Commissioner McCloy.¹⁶² Following these and other communications, Secretary of State Acheson informed President Truman that “the Israeli negotiators [in Wassenaar] and the representatives of Jewish organizations [. . .] are concerned with the political situation in Israel, which makes it urgent that the Hague talks rapidly reach a successful conclusion.”¹⁶³ Washington shared this concern with the Germans. Adenauer reported to Böhm and Küster that the Americans were very “worried” about the possibility that

159 AJCA, Online, Report From Israel: Israel and the question of direct Negotiations with Germany, January 31, 1952.

160 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/3-1752, Israeli-German Negotiations, March 17, 1952.

161 FRUS, Vol. IX, 913, The Secretary of State to the Office of the United States High Commissioner for Germany, April 4, 1952. Eban repeatedly warned American officials of this possibility during the hiatus. USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/5-1752, Department of State to HICOG, May 16, 1952.

162 ISA, MFA 1812/6, Conversation between Mr. McCloy, US High Commissioner for Germany, and Mr. Benjamin B. Ferencz, April 7, 1952.

163 FRUS, Vol. IX, 918, Memorandum by the Secretary of State to the President, April 22, 1952.

the government in Jerusalem might fall if the talks miscarry.¹⁶⁴ He reiterated as much at a cabinet meeting in Bonn. A failure at Wassenaar, the Chancellor said, would lead to a government crisis and public unrest in Israel.¹⁶⁵ Britain, too, was paying attention to the Israeli domestic arena. The London *Times*, one of the kingdom's most prominent newspapers, asserted that "if there is no change for the better in the Wassenaar talks, this could seriously affect the political situation in Israel."¹⁶⁶ The paper reaffirmed its prediction a month later.¹⁶⁷ The *Times'* misgivings were corroborated by an Israeli diplomat who warned senior Foreign Office official in London of the terrible chaos that would rage in Israel should the reparations talks come to nothing.¹⁶⁸

164 Goschler, *Wiedergutmachung*, 271.

165 Jelinek, *Deutschland und Israel*, 192.

166 *Ha'aretz*, April 20, 1952.

167 *Ha'aretz*, May 23, 1952.

168 UKNA, FO 371/100007, German General Department, May 7, 1952.



Figure 10.1: “Citizens of Tel Aviv-Yaffo, come in your thousands to a protest rally against the negotiations with the Nazis.” *Kol Ha-Am*, March 16, 1952. (Courtesy of the Communist Party of Israel – Maki).



Figure 10.2: “In Wassenaar, near The Hague, negotiations began yesterday with the heirs of the Nazis.” *Al Ha-Mishmar*, March 21, 1952. (Courtesy of the Hashomer Hatzair Archives, Yad Yaari).



Figure 10.3: Headline above the newspaper’s logo: “The negotiations with the German murderers – the darkest page in Hebrew [Jewish] history.” Main headline: “The conference of disgrace has begun.” *Herut*, March 21, 1952. (Courtesy of the Jabotinsky Institute in Israel).



Figure 10.4: “The disgraceful negotiations between the government’s representatives and the Nazi murderers have begun.” *Kol Ha-Am*, March 21, 1952. (Courtesy of the Communist Party of Israel – Maki).



Figure 10.5: “On this [matter] they want to conduct negotiations! Sobibor: 1942 – the slaughter; 1952 – The deal.” *Letzte Naves*, March 28, 1952. (Courtesy of the Moshe Sharett Israel Labor Party Archive – Berl Katznelson Foundation).

משלחת ישראל בואס'נאר מחפשת מוצא של כבוד

הגרמנים השיגו את מבוקשם: הכרה מצד היהודים
ועתה מסרביט להחייב ומנסים להמשיך במו"מ עד שידעך

Figure 10.6: Main headline: “The Israeli delegation at Wassenar is seeking an honorable way out.” Subtitle: “The Germans obtained their goal: Recognition by the Jews, and now they refuse to commit [to paying reparations] and try to prolong the negotiations until they fade away.” *Herut*, April 7, 1952. (Courtesy of the Jabotinsky Institute in Israel).



הופסק זמנית הסחר=מכר של שליחי בן-גוריון עם הנאצים על מחד דמם של מיליוני יהודים

Figure 10.7: “The wheeling and dealing of Ben-Gurion’s envoys with the Nazis over the price of the blood of millions of Jews has been temporarily halted.” *Kol Ha-Am*, April 8, 1952. (Courtesy of the Communist Party of Israel – Maki).



משלחת הישראלית עוזבת היום את הולנד שרת מתיעץ ומחפש מוצא מן המצב המחפיר. שהכניס בו את המשמלה ואת עם ישראל כולו

Figure 10.8: Main headline: “Shameful end to the first stage of the disgrace conference – the Israeli delegation leaves the Netherlands today.” Subtitle: “Sharett consults and seeks a way out of the disgraceful situation into which he put the government and the entire people of Israel.” *Herut*, April 9, 1952. (Courtesy of the Jabotinsky Institute in Israel).



Figure 10.9: A demonstration of the Herut movement. Tel Aviv, April 19, 1952. (Courtesy of the Jabotinsky Institute in Israel).



Figure 10.10: A demonstration of the Herut movement. Tel Aviv, March 25, 1952. (Courtesy of the Menachem Begin Heritage Center).

Behind the scenes, April 10–June 23

While the parties were on hiatus, Israel planned to embark on a diplomatic and public blitz to achieve its goal in Wassenaar. “Reparations can be obtained,” Avner assured the members of the Foreign Affairs and Defense Committee at their April 15 meeting, “but it means a difficult struggle, tough and lengthy negotiations, serious bargaining with the Germans, the United States and others.”¹⁶⁹

The campaign’s two main targets were the United States and Great Britain. Israel hoped, first and foremost, to gain the support of the American superpower, West Germany’s main patron. For the Americans, as testified by Acheson, it was essential that the Wassenaar talks succeed. This approach stemmed in large part from the fact that the three Western powers were about to sign two treaties in the coming weeks with the FRG: the treaty for the establishment of the EDC and the Contractual Agreement. The former was of utmost importance to Washington, mainly because it made it possible to begin developing a West German army and integrating it into the European-American military system. The second agreement restored to the German state the overwhelming majority of the civilian elements of independence. These two treaties would virtually complete the rehabilitation process of West Germany. Public opinion in the West, however, was liable to feel uncomfortable with such complete and swift reconciliation with the vicious enemy of the recent past. Most significantly, it was likely to be troubled by the agreement to rebuild Germany’s military force a mere seven years after the end of World War II. Of particular importance was the public opinion in the European countries that were to form the EDC together with West Germany: France, Italy, the Netherlands, Belgium, and Luxembourg. The parliaments in these countries had to ratify the military treaty. Nevertheless, a negative public attitude to this treaty could skew many legislators against it, and a rejection by even one legislature would nullify both treaties. The three Western powers and Bonn decided that the EDC treaty would not enter into effect if even one country rejected it and that, if the military treaty was rejected, the Contractual Agreement would also be annulled.¹⁷⁰

It is, therefore, evident why Washington feared the collapse of the Wassenaar talks. If this were to occur, Germany might have been perceived in the West as refusing to acknowledge its moral responsibility for the compensation of the people it had decimated. It would have done nothing to improve its problematic image; quite the contrary. Certainly it would not have encouraged the public in

¹⁶⁹ ISA, 7563/3 A, Meeting of the Foreign Affairs and Defense Committee, April 15, 1952, 11.

¹⁷⁰ This pessimistic scenario did in fact occur when the parliament in Paris rejected the EDC treaty in August 1954. Sowden, *The German Question*, 149.

the Western bloc countries, including the five countries that made up the proposed EDC, to give their consent to the two momentous treaties.¹⁷¹

Yet, while Washington was, accordingly, interested in an Israeli-German Reparations Agreement, it in no way supported the full satisfaction of Israel's demands; a billion USD, a third of it in cash, to be delivered within five years.¹⁷² Washington's refusal at this point in time to accept the Israeli claim to the latter stemmed from a number of factors, which were essentially identical to those its representatives had communicated to their Israeli counterparts in March–July 1951 (before formally rejecting the Israeli reparations missive):¹⁷³

1) The West German economy, despite its constant improvement, would be very much strained to defray in such a short time a huge billion dollars Israeli claim while at the same time financing two other significant upcoming expenses: the establishment of a new German army and its integration into the EDC,¹⁷⁴ and the settlement of the foreign debts discussed in London.¹⁷⁵ Failure on the part of the FRG to cope with these two expenditures would be disastrous. First, the formation of a Western European defense alliance (with the FRG at its center), on which the Americans had been toiling for a long time, would have to be postponed, perhaps even canceled. Secondly, creditors in the United States and Europe, both governments and private or institutional entities, would not be able to recover their loan funds.¹⁷⁶ Beyond the

171 American officials repeatedly pointed to a clear interconnection between the completion of the rehabilitation process (to be achieved following the signing of the Contractual Agreement and the EDC treaty) and the successful conclusion of the Wassenaar talks. See, for example: FRUS, Vol. IX, 918, Memorandum by the Secretary of State to the President, April 22, 1952.

172 Washington described Israel's 1 billion USD claim as "a fantasy, utter fiction." ISA, 7563/3 A, Meeting of the Foreign Affairs and Defense Committee, April 15, 1952, 12–13.

173 DEPI, Vol. 7, Document 99, E. Herlitz and D. Ginsburg to the Ministry of Foreign Affairs, April 7, 1952; DEPI, Vol. 7, Document 105, E. Herlitz to the United States Division, April 12, 1952; ISA, 7563/3 A, Meeting of the Foreign Affairs and Defense Committee, April 15, 1952, 11; ISA, Meeting of the Cabinet, April 20, 1952, 19–20; ISA, MFA 344/20, A Report, April 10, 1952; ILPA, 2–26-1952-10B, Meeting of the Political Committee of Mapai, May 5, 1952.

174 Defense spending was about to become a particularly weighty budget item. In February 1952, the Western powers had reached an agreement with the FRG that the Bonn government would allocate an annual sum of about 2.5 billion USD to finance its own defense expenses and those of its Western allies. Zimmermann, "Occupation Costs," 334–335.

175 The Germans had warned the Western powers that they would not be able to meet all of their financial obligations: compensation to Israel and the Claims Conference, the foreign debts discussed in London, and the defense spending. ISA, MFA 1812/12, E. Livneh to F. Shinnar, March 4, 1952; ISA, MFA 43/12, Re: Conference on German Debts, March 19, 1952.

176 The administration in Washington was under heavy pressure from American creditors to get their money from West Germany. AJCA, Online, Report From Israel, April 1952; Tooze, "Reassessing," 59.

considerable financial loss, this could ignite a devastating conflict within the Western bloc between Bonn and the other Western countries.

2) The absorption of the two abovementioned expenses, in addition to the Israeli reparations claim, would impede the growth of the German economy and, as a by-product, the standard of living in the country would drop. This could have potentially dramatic political consequences: the German citizens, angry at the deteriorating economic situation, might not vote for Adenauer and his party in the upcoming elections in the autumn of 1953. Such a development was undesirable from the point of view of Washington, which considered Adenauer a close and loyal ally.

3) If Bonn concluded that it was unable to meet all of its obligations, including the Israeli reparations claim, it was likely to turn to Washington for financial assistance. Adenauer's government would feel entitled to do so if the US pressured it to repay its debts. And yet, the Truman administration could not ask the American taxpayer to finance the debts of a foreign country, certainly not in an election year (1952).

Thus, as a result of Israeli¹⁷⁷ and mainly Jewish-American pressure,¹⁷⁸ Washington contacted Bonn once more toward the second half of April and emphasized its desire to see a "satisfactory" West German reparations offer,¹⁷⁹ i.e., one that Jerusalem would not reject out of hand. And yet, never once did the American power demand that Bonn accept Israel's reparations claim to the letter. In any case, Washington hardly paid any attention to the question of reparations until the last third of May. Washington, unlike Jerusalem, did not feel that the talks were in crisis or at the risk of collapse. Bonn's request for a time-out to consider its various obligations seemed natural to the United States.¹⁸⁰

177 ISA, Meeting of the Cabinet, April 20, 1952, 22; DEPI, Vol. 7, Document 103, Note 1.

178 Jewish-American pressure began with the cessation of talks in Wassenaar and intensified in the weeks that followed. USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/4-1152, The President to the Secretary of State, April 11, 1952; USNA, DoS, RG59, CDF (1950–1954), 262.84A41/4-1552, The President to the Secretary of State, April 15, 1952; FRUS, Vol. IX, 918–919, Memorandum by the Secretary of State to the President, April 22, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/4-2452, A Letter to the Secretary of State, April 24, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/4-2452, Jewish Claims against Germany, April 28, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/ 5–552, German-Israeli Negotiations at the Hague, May 5, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/5-852, The Secretary of State to the Embassy in London, May 9, 1952.

179 FRUS, Vol. IX, 919, The Secretary of State to the Office of the United States High Commissioner for Germany, April 22, 1952; DEPI, Vol. 7, Document 127, T. Kollek to D. Goitein, April 29, 1952; DEPI, Vol. 7, Document 149, A. Eban to M. Sharett (Tel Aviv) and the Israel Delegation to the Reparations Negotiations (London), May 12, 1952.

180 In a conversation with a Claims Conference representative a few days before the opening of the Wassenaar talks, an American official expressed his hope that Jerusalem would not require Bonn to submit a payment offer within a period of time that would be "unreasonably short." USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/3-1752, Israeli-German Negotiations, March 17, 1952.

The Israeli-Jewish side also applied diplomatic pressure in Britain. Starting from the second week of April, Easterman, the political secretary of the World Jewish Congress in the UK, met with a number of figures in the parliament and the government in London and asked for the United Kingdom's mediation in Bonn with the aim of obtaining a "satisfactory and speedy" Reparations Agreement.¹⁸¹ This was done with the consent and cooperation of the Israeli delegation in Wassenaar. On May 7, Jerusalem sent a memo to London containing a similar request.¹⁸² Keren, who had delivered the memo, stressed to its recipient that the three powers had to take "immediate action" on the matter.¹⁸³

Contrary to their position in early April, the British were now ready to intervene in the reparations talks. This was probably due to Washington's decision to recontact the Germans, and London's resolve not to "lag behind the Americans."¹⁸⁴ Britain's position regarding the talks was identical to that of the United States. That is, the British felt that "it would be unfortunate if the Hague negotiations were to break down,"¹⁸⁵ which could hurt the two important treaties in the making between the Western powers and the Bonn government. However, London's desire to see Wassenaar conclude with an agreement did not mean an approbation of the Israeli claim as it was. Like the Americans, the British feared that Bonn would find it difficult to repay its foreign debts¹⁸⁶ and keep up its defense spending¹⁸⁷ if it also had to settle the huge billion-dollar reparations claim.

Accordingly, the British High Commissioner to West Germany, Ivone Kirkpatrick, was instructed to inform Bonn of Her Majesty's government's "sympathetic concern" with regard to an "early and honorable" completion of the reparations talks.¹⁸⁸ We have no evidence as to whether Kirkpatrick conveyed the message or

181 ISA, MFA 2417/5, A. Easterman to M. Sharett, April 25, 1952.

182 DEPI, Vol. 7, Document 141, Aide-Memoire by the Government of Israel to the Government of the United Kingdom, May 7, 1952.

183 UKNA, FO 371/100007, German General Department, May 7, 1952.

184 UKNA, FO 371/100007, Foreign Office to I. Kirkpatrick, April 7, 1952.

185 UKNA, FO 371/100007, Foreign Office to I. Kirkpatrick, May 9, 1952.

186 Like the administration in Washington, the government in London was under heavy pressure from British creditors to get their money from West Germany. Evidence of this can be found in a scathing letter sent by the British Council of Foreign Bondholders to Foreign Minister Anthony Eden protesting the possibility that the Israeli reparations claim be settled "at the expense" of German pre-war commercial debts. UKNA, FO 371/100008, The Council of Foreign Bondholders to A. Eden, May 13, 1952. The content of the letter came to the attention of British financial institutions that attended the London Debt Conference, and these rushed to express their support for the Council's stance. UKNA, FO 371/100008, V. Cavrmdim-Bentinck to G. Rendel, May 19, 1952.

187 UKNA, FO 371/100008, German/Israel Negotiations at the Hague, May 8, 1952.

188 DEPI, Vol. 7, Document 145, M. Keren to M. Sharett, May 9, 1952.

not. We do, however, know that the British involvement in the question of reparations, like that of the Americans, was very limited until the last third of May. In Britain, too, the administration felt it made sense “that the Germans should wish to count the cost of meeting the claims against them which have been presented at The Hague and at London.”¹⁸⁹

Alongside the diplomatic assault on the governments in Washington and London, Israel endeavored to mobilize other actors to advance its stance on the issue of reparations. One of the most important of these was the Western press. The role of the press was twofold: to exert public pressure on the Bonn leadership to reach a settlement that would be satisfactory to Jerusalem, while at the same time persuading Washington and London to become more involved in the issue. Thus, in the United Kingdom, diplomats at the Israeli embassy contacted the *Daily Telegraph*, the *Manchester Guardian*, and the *Jewish Chronicle* and asked them to publish articles sympathetic to the Israeli position with regard to reparations. The three were only too happy to oblige. The *Daily Telegraph*, for example, wrote that the German attempt to reduce the amount of reparations “must be accounted shabby in the extreme.”¹⁹⁰ Shinnar, too, joined the journalistic effort and managed to persuade the esteemed weekly the *Economist* and the British news agency Reuters to publish articles about the rapid development of the German economy, “as a counterweight to claims (those made by Abs in particular) about the poor and difficult, bordering on bankruptcy, conditions in Germany.”¹⁹¹ The British media mobilized and Josephthal noted with contentment that “our stock in the [British] press is rather good.”¹⁹²

The same maneuver did not go over as smoothly in the United States. Ahead of the hiatus at Wassenaar, the Israeli embassy in Washington tried to recruit leading American newspapers to support Israel on the issue of reparations, but in vain.¹⁹³ Foreign Minister Sharett directed Eban in early May to press on with the initiative,¹⁹⁴ but the renewed attempt was unsuccessful.¹⁹⁵ Josephthal maintained this was because the State Department has asked the newspapers not to press the administration regarding the Israeli claim, “since otherwise the American taxpayer would eventually have to bear the burden of reparations.”¹⁹⁶

189 UKNA, FO 371/100007, A Record of Discussion, April 25, 1952.

190 ISA, MFA 336/3, Re: Shilumim from Germany, May 14, 1952.

191 DEPI, Vol. 7, Document 122, F. Shinnar to M. Sharett, April 25, 1952.

192 Josephthal, *Giyora Josephtal*, 404.

193 DEPI, Vol. 7, Document 99, E. Herlitz and D. Ginsburg to the Ministry of Foreign Affairs, April 7, 1952.

194 DEPI, Vol. 7, Document 139, G. Josephtal to F. Shinnar and G. Avner, May 6, 1952.

195 ISA, MFA 344/20, Publicity Regard Shilumim, May 16, 1952.

196 Josephtal, *Giyora Josephtal*, 404. See in this context: Trimbur, “American Influence,” 271.

Israel's efforts were not limited to the British and American press. Other newspapers in the West were contacted by its representatives with requests to publish pro-Israeli articles on the issue of reparations, and some responded positively.¹⁹⁷ It appears that Adenauer's two closest aides, Hallstein and Blankenhorn, joined the Israeli propaganda journalism campaign. Similarly to Böhm and Küster, they wanted foreign parties to pressure the West German leadership to make progress in the reparations negotiations. It is clear that they hoped the external pressure would convince the economic camp in Bonn to join forces with Chancellor Adenauer's political camp and reach a worthy reparations settlement. This was, of course, an extraordinary diplomatic situation by all accounts. According to Avner, Hallstein and Blankenhorn advised the Israelis on how to press Bonn and even assisted them in doing so: they instructed the Israelis to get an anti-German article on the subject of reparations published in a Western European newspaper, and then made sure to place the issue containing said article on Adenauer's desk.¹⁹⁸

The German press, too, was in the Israelis' "sights." Many West German newspapers had expressed sympathy for the reparations claim, and the Israelis decided to take advantage of this.¹⁹⁹ Accordingly, Goldmann asked Kurt Grossmann, the press officer of the World Jewish Congress, to get himself to West Germany immediately, "in order to work on the German newspapers."²⁰⁰ As Goldmann attested later, the publicity campaign's efforts in the German press was very successful. The "large majority" of the newspapers in the FRG "came out with strong editorials supporting" the Israeli side.²⁰¹

The West German political arena was also fertile ground for Israeli action. The Israeli delegation to Wassenaar believed it was appropriate to put pressure on figures from the economic camp in Bonn, first and foremost Abs, and not just members of the political camp – Adenauer and Foreign Ministry officials. After all, the former had already proven that they had "at least as much clout as the political people."²⁰² On April 8, the delegation sent a request to Eban and Goldmann to see if there was an "American banker who would talk directly to Abs to convince him that

197 Thus, for example, an article appeared at the time in a Dutch newspaper leveling sharp criticism at the Germans. They "should fully meet the Jewish demands," it proclaimed, "as their compensation can only have a symbolic value." USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/5-2952, German-Israeli Talks, May 29, 1952.

198 OHD, 8(81), Interview with Gershon Avner, September 30, 1971.

199 According to one testimony, the IMFA had been trying to mobilize the West German press on the subject of reparations even before the opening of negotiations in Wassenaar. Ben-Yaacov, *A Lasting Reward*, 68.

200 DEPI, Vol. 7, Document 122, F. Shinnar to M. Sharett, April 25, 1952.

201 OHD, 8(2), Interview with Nahum Goldmann, November 20, 1961.

202 ISA, Meeting of the Cabinet, April 20, 1952, 22.

he, Abs, must pay Israel.”²⁰³ The idea was to find someone “who could talk to Abs on the basis of a good, close and personal relationship.” A short search came up with just the man for the job. The person in question was Siegfried Kramarsky, a German-born Jewish-American banker who had “known Abs for over fifteen years and had helped him at the beginning of his career.”²⁰⁴ At the end of April, Kramarsky arrived in London, where the Israeli delegation to the Wassenaar conference was staying.²⁰⁵ He met with members of the delegation, and they asked him to try and persuade Abs to adopt a favorable view of Israel’s reparations claim.²⁰⁶ Kramarsky went to Bonn, met with Abs, and conveyed to him the Israeli position. The German banker promised that Israel would receive a formal offer regarding its claim, but refused to clarify its nature to his guest. Nevertheless, Kramarsky came out of the meeting encouraged. “I left Bonn,” he reported to Eban, “with the personal impression that one can deal with Mr. Abs.”²⁰⁷

While Kramarsky was arguing Israel’s case to Abs, a similar plan was underway with regard to Chancellor Adenauer. In late April, Ambassador Eban received a letter from the retired Jewish-American General Julius Klein. The latter announced his intention to visit Bonn and meet with the German Chancellor. He asked if Israel would be interested in conveying a message through him. The embassy was quick to give Klein “a briefing on the situation regarding the reparations operation”²⁰⁸ and instructed him to urge Adenauer to settle the Israeli claim.²⁰⁹ Klein arrived in the West German capital and met with Adenauer three times during the month of May. He warned the Chancellor of the dire consequences that a failure at Wassenaar would entail. Among other things, he said, the Republican Party in the United States might come out against the two future agreements to be signed between the Western powers and the FRG.²¹⁰

203 DEPI, Vol. 7, Document 103, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, April 8, 1952.

204 DEPI, Vol. 7, Document 122, F. Shinnar to M. Sharett, April 25, 1952.

205 The decision to relocate to London during the hiatus in talks was due to the fact that Israel had a large embassy there with ample opportunity for diplomatic action, and also because an international public campaign could be more easily conducted from the British capital. OHD, 8 (81), Interview with Gershon Avner, September 30, 1971.

206 DEPI, Vol. 7, Document 125, G. Josephthal to M. Sharett, April 28, 1952.

207 ISA, MFA 358/18, S. Kramarsky to A. Eban, May 7, 1952.

208 ISA, MFA 344/20, E. Herlitz to F. Shinnar, April 25, 1952.

209 ISA, MFA 344/20, E. Herlitz to General Klein, April 25, 1952.

210 ISA, MFA 2417/6, M. Fischer to the Delegation for the Reparations Matters, June 4, 1952. It is possible that the link between the two issues had been clarified to Klein by High Commissioner McCloy. ISA, MFA 336/3, A. Tavor to M. Keren, May 28, 1952; Tooze, “Reassessing,” 59.

Among the members of the Israeli delegation, the opinion was formed that action should also be taken to enlist the main opposition party in Bonn – the SPD – to the cause of advancing the reparations claim. The SPD was a staunch supporter of compensation for the Jewish people, including Israel,²¹¹ and the delegation estimated that the leftist party was “ready to take serious action in this regard.”²¹² And yet, there was a snag in this plan. Contacts between Israeli officials and German politicians in Bonn, even if they were members of the SPD, could have elicited harsh criticism on the part of the Jewish-Israeli public. It was, therefore, decided to delegate the task to non-Israeli Jewish elements. Among them was, notably, Noah Barou, chairman of the European Executive of the World Jewish Congress in Britain. In the first three weeks of May, he met with many members of parliament from the SPD, as well as representatives of German trade unions close to the party, and tried to persuade them to put pressure on Adenauer and his government to make a proper proposal for the settlement of Israel’s claim. In addition, Barou held talks with several members of parliament from other parties and even presented the issue to the Bundestag’s Foreign Affairs Committee.²¹³ Barou’s efforts were joined by the Jewish-British journalist Robert Weltsch, a member of the *Ha’aretz* editorial board and the paper’s London correspondent. At the end of April, Weltsch left for Bonn, where he planned to meet with leaders of the SPD, Kurt Schumacher and Carlo Schmid, with whom he had been in contact in recent years, in order to recruit them to Israel’s cause on the issue of reparations.²¹⁴

Alexander Easterman also entered the German political fray. He sought to mobilize the Social Democrats in West Germany through their ideological counterparts in Britain – the Labor Party. To this end, he met with a number of key Labor MPs and asked for their assistance. Some of these figures were also visited by Josephthal, who presented them with the same request.²¹⁵ The Labor MPs acquiesced to the Israeli-Jewish appeals and decided to act on two fronts: in the government in London, and in the SPD in Bonn.²¹⁶ With regard to the British administration, Lord Henderson, former Under-Secretary of State for Foreign Affairs, made a strong

211 On the eve of the opening of the Wassenaar conference, the SPD issued a manifesto expressing its hope that the negotiations would make the entire German nation aware of the Jews’ right to reparations and compensation and ensure practical assistance to the State of Israel. Shafir, *An Outstretched Hand*, 82.

212 ISA, Meeting of the Cabinet, April 20, 1952, 22.

213 ISA, MFA 2417/5, N. Barou to M. Sharett, May 20, 1952.

214 DEPI, Vol. 7, Document 125, G. Josephthal to M. Sharett, April 28, 1952.

215 Josephthal, *Giyora Josephtal*, 405.

216 ISA, MFA 2417/5, A. Easterman to M. Sharett, April 25, 1952; DEPI, Vol. 7, Document 122, F. Shinnar to M. Sharett, April 25, 1952.

statement in support of Israel's position on the issue of reparations in the House of Lords.²¹⁷ His colleague, former Minister Hector McNeil, contributed to the effort by sending a letter to Foreign Minister Anthony Eden, in which he wrote that Her Majesty's government should immediately inform the FRG government that it expected a speedy and satisfactory reparations settlement.²¹⁸ As for the SPD, Labor planned to bring up the reparations issue with them at a political meeting the two parties were scheduled to hold in Bonn in late April. The Brits intended to ask their German counterparts to inform Chancellor Adenauer of the SPD's support for an adequate settlement and even threaten that, in the event of a breakdown in the Wassenaar negotiations, the party would initiate a public-political battle against the Adenauer government.²¹⁹

The campaign targeting the German Social Democrats was a success. At the beginning of May, the Israeli delegation to Wassenaar received reports that "the Socialists are ready to publish another manifesto²²⁰ demanding a fair [reparations] arrangement and priority [for Wassenaar over London] befitting [the] special status of the matter."²²¹ And indeed, on the 7th of the month, the party issued a press release containing a petition in this vein.²²² A few days later, Schumacher sent a letter to the government demanding that the link between the Wassenaar and London conferences be severed and stating that the two houses of parliament in Bonn were united in their view that reconciliation with Israel should be achieved through reparations. On the same day, the Bundestag's Foreign Affairs Committee, headed by Schmid, took a decision that the reparations claim had priority over all other claims. The decision did not compel the government, but its declarative importance was evident.²²³

Outside the West German political arena, Israel also tried to mobilize Western European governments. Foreign Minister Sharett turned to his colleagues in The Hague and Brussels and urged them to assist in ensuring the success of the

217 ISA, MFA 2417/5, Statement by the Rt. Hon. Lord Henderson on behalf of the Opposition, April 9, 1952.

218 ISA, MFA 2417/5, Copy of Letter sent by the Rt. Hon. Hector McNeil to the Rt. Hon. Anthony Eden, April 24, 1952.

219 DEPI, Vol. 7, Document 125, G. Josephthal to M. Sharett, April 28, 1952.

220 In addition to the one the party had published on the eve of the inauguration of the talks. See note 211.

221 DEPI, Vol. 7, Document 131, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, May 1, 1952.

222 Geller, *Jews in Post-Holocaust Germany*, 236.

223 Deutschkron, *Bonn and Jerusalem*, 62.

reparations talks. These two recipients had not been chosen by chance. Their parliaments would have to ratify the EDC treaty in the coming weeks.²²⁴

As multi-faceted and vigorous as Israel's diplomatic-public campaign may have been, it was becoming increasingly clear that it alone could not be expected to yield the hoped-for results. Washington and London refused to intervene to any great extent as long as the talks did not teeter, as they saw it, on the brink of collapse. Beyond that, their notions about the final settlement fell short of Jerusalem's expectations. The actions of other actors – the Western press, European governments, the SPD – were very important but seemed to have little power to nudge the decision-makers in Bonn in the desired direction. The Israelis realized that it would be necessary, in parallel with the diplomatic-public blitz, to resume contact with the West German authorities themselves in order to bring the reparations claim to an adequate conclusion.²²⁵

Chancellor Adenauer provided the opportunity for renewed contact when he invited Goldmann to a meeting in mid-April.²²⁶ The conversation took place on the 19th of the month with the participation of Goldmann and Barou from the Jewish side and Adenauer and Blankenhorn from the German side. Goldmann minced no words in asserting that the Chancellor's historic act toward the Jewish people had become an "ugly thing of commercial bargaining." He made it known that the Israeli government would not return to the negotiating table until it received a clear, binding, and acceptable offer from Bonn. Adenauer promised that an official German offer was forthcoming. A German committee of experts had already been appointed to prepare the material needed to formulate the proposal. Upon hearing this, Barou requested that, on April 28, this committee meet with Jewish experts to provide it with the necessary information regarding the reparations claim. Adenauer immediately agreed to the idea. Goldmann suggested that he and the Chancellor hold another conversation on May 3, by which date, he hoped, the Chancellor would be able, based on the experts' work, to submit a formal German proposal for the payment of reparations. Adenauer agreed to the further meeting but refrained from promising to deliver such a proposal.²²⁷

Several hours later, Goldmann and Barou, accompanied by Shinnar, met with Abs. Shinnar reiterated Israel's demand to receive two-thirds of the amount of the reparations in goods and one-third in hard currency. Abs presented his

224 ISA, MFA 2417/5, D. Levin to the Ministry of Foreign Affairs, May 14, 1952.

225 Avner made it clear to the government that "work must be done on all [diplomatic] fronts in order to [. . .] obtain good proposal." ISA, Meeting of the Cabinet, April 20, 1952, 21.

226 OHD, 8(2), Interview with Nahum Goldmann, November 20, 1961.

227 DEPI, Vol. 7, Document 122, F. Shinnar to M. Sharett, April 25, 1952.

position on the matter, the main points of which were already known to the Israeli side.²²⁸ This position stipulated that Bonn would be able to make an generous reparations offer if Washington agreed to take one of the following three steps: act as guarantor for any future loans taken out by the Bonn government in the US financial market; release German property confiscated by the US Treasury during World War II; or defer, for a period of time, the annual payments Bonn had committed to in return for the American aid given to the FRG after the war.²²⁹

The last of these requires some clarification. The London Debt Conference was meant to address all of West Germany's pre-war and post-war financial debts (the post-war debts were to the three Western powers alone). However, by the end of 1951, the three powers had already reached an agreement with West Germany on the payment of post-war debts, which would take effect if the London conference – now dealing with pre-war debt only – reached a successful conclusion.²³⁰ Under this agreement, the Western powers consented to dramatically reduce the debt that West Germany had to repay.²³¹ In relation to the United States, Bonn had arranged to repay what was owed over a period of thirty-five years. With added interest, this amounted to yearly payments of about fifty million USD.²³²

Abs' ideas, the Israelis felt, were presented to them with the intention that “with our diplomatic clout, which [the Germans] think is huge in the United States, we will help enlist the [American administration's] assistance on their behalf.”²³³ Although the German plan appeared utterly cynical, the Israelis were not deterred. Shinnar contacted Ambassador Eban and asked him to find out if the German banker's suggestions regarding American aid were at all feasible. He estimated that Abs was being unrealistic – after all, Washington had made it clear that it would not bear the burden of the reparations – but got the impression that he meant to act upon his notions anyway.²³⁴ The inquiry was entrusted to Seymour Rubin. From his conversations within the State Department it emerged that Abs' approach was indeed unrealistic – his ideas about American assistance were

228 DEPI, Vol. 7, Document 112, F. Shinnar to M. Sharett, April 22, 1952.

229 ISA, MFA 358/18, F. Shinnar to A. Eban, April 9, 1952.

230 ISA, MFA 43/12, R. S. Crawford to the Israeli Legation, January 12, 1952.

231 Germany's pre-war debt was also diminished significantly as a result of the London Conference. Kaiser, *One Made it Out*, 1, 5.

232 ISA, MFA 2543/12, F. R. Bienenfeld to the Israeli Legation, February 6, 1952.

233 ISA, Meeting of the Cabinet, April 20, 1952, 19.

234 ISA, MFA 358/18, F. Shinnar to A. Eban, April 9, 1952.

met with outright refusal in the corridors of the State Department.²³⁵ Despite this chilling response, over the following weeks the Israeli embassy continued to monitor whether the American position on the issue had changed.²³⁶ The Israelis seemed to have hung some latent hopes on American aid that would allow Bonn to finally make an offer for a reparations settlement; but the Americans held stubbornly to their position. They completely rejected Abs' ideas.²³⁷

The IMFA had meanwhile considered Barou's suggestion of a meeting between Jewish and German experts and decided not to implement it. Such a meeting could have been misinterpreted as Israel's acceptance of the German position linking London and Wassenaar and its tacitly affirming the financial basis of the reparations claim at 715 million USD. Moreover, Jerusalem would have found it difficult to persuade the United States and Britain to intervene more vigorously on the issue of reparations. They were already refusing to do so when the talks were on hiatus; they would certainly not have agreed to it if both parties were to conduct talks between their respective experts.²³⁸ In line with this logic, Sharett told the Israeli delegation that future meetings with the Germans should take place "behind the scenes."²³⁹ His recommendation found a receptive audience and the delegation, in consultation with Goldmann and other Claims Conference figures, decided that any future contacts with the Germans would be covert and unofficial.

In accordance with this decision Goldmann informed Blankenhorn that it would be impossible to hold a German-Jewish experts meeting and that instead, Barou would send Bonn a list of goods that West Germany would be asked to supply to Israel within the next three years (as part of an overall settlement). Goldmann expressed the hope that Barou's list, along with the findings of the German experts committee, would allow the Chancellor and his government to reach a final decision on the reparations claim and that the latter would be submitted to Goldmann in his meeting with the Chancellor on May 3.²⁴⁰ In a consultation Goldmann and Conference officials held with members of the Israeli delegation, it was

235 DEPI, Vol. 7, Document 105, E. Herlitz to the United States Division, April 12, 1952.

236 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/4-2252, Israeli-German Negotiations at the Hague, April 22, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/4-2352, Department of State to HICOG, April 23, 1952.

237 ISA, MFA 358/18, E. Herlitz to F. Shinnar, June 3, 1952.

238 DEPI, Vol. 7, Document 115, M. Sharett to the Israel Legation in London, April 23, 1952; DEPI, Vol. 7, Document 115, Note 4.

239 DEPI, Vol. 7, Document 114, M. Sharett to the Israel Legation in London, April 23, 1952.

240 ISA, MFA 2417/5, N. Goldmann to H. Blankenhorn, April 24, 1952.

decided that if Adenauer could not make a formal offer at this meeting, it would be canceled.²⁴¹

The three-years idea that appeared in Goldmann's letter was, in fact, the product of Blankenhorn's own mind. In a private conversation with Goldmann, the German official clarified that the government in Bonn would find it difficult to settle the reparations claim in a satisfactory manner and that, therefore, it was advisable to divide the German payment into two parts: 1.8 billion DM (about 428 million USD) over the next three years, during which period the amount that remained to be defrayed (as well as the schedule and form of payment) would be negotiated. Goldmann and the Israeli delegation embraced the idea.²⁴²

On May 1, the Germans informed the Jewish-Israeli side that the Chancellor would not be able to provide a formal offer for reparations on the 3rd of the month, but that they were hard at work and promised to submit it in about two weeks.²⁴³ Two days later, Bonn asked Goldmann to schedule a new meeting for May 13 or 14.²⁴⁴ Goldmann replied to the Chancellor that he would be happy to meet him in mid-May, assuming the Chancellor would then be prepared, as promised, to present a concrete proposal on the amount of compensation, either overall or for the first three-year period.²⁴⁵

An official German proposal seemed to be on the horizon, and the Israeli delegation recommended that the government in Jerusalem issue a public statement that would end with "an ultimatum" to Bonn that the original basis of the reparations claim be implemented and an appropriate proposal be submitted.²⁴⁶ The members of the Israeli delegation, it seems, were in favor of threatening the Germans. Avner emphasised this stance at the cabinet meeting on April 20. The delegation, he said, thought that the government must come to a resolution that would stipulate that if "the [German] proposals are not respectable or acceptable, the negotiations will cease."²⁴⁷

Jerusalem, however, had no intention of issuing a message that threatened, whether implicitly or explicitly, to put an end to the negotiations with the Germans. Such a scenario was unthinkable, as far as the Mapai government was

241 DEPI, Vol. 7, Document 122, F. Shinnar to M. Sharett, April 25, 1952.

242 DEPI, Vol. 7, Document 125, G. Josephthal to M. Sharett, April 28, 1952.

243 DEPI, Vol. 7, Document 131, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, May 1, 1952.

244 ILPA, 2–26-1952-10B, Meeting of the Political Committee of Mapai, May 5, 1952.

245 DEPI, Vol. 7, Document 139, Note 1.

246 DEPI, Vol. 7, Document 131, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, May 1, 1952.

247 ISA, Meeting of the Cabinet, April 20, 1952, 23.

concerned, in light of the severe economic and political ramifications it entailed. “The demand to stop the negotiations,” Sharett clarified at a meeting of Mapai’s Political Committee, “must be struck off our agenda without debate.” Under pressure from the Foreign Minister, the discussants agreed that Mapai’s representatives in the Foreign Affairs and Defense Committee would raise a resolution proposal that would be submitted to the Knesset for approval, according to which Israel would not resume negotiations in Wassenaar before Bonn submitted its reparations offer.²⁴⁸

The Foreign Affairs and Defense Committee convened on May 6, with Mapai’s resolution proposal on the table. The opposition factions – the General Zionists, Mapam, and the Herut movement – rejected it outright. Their representatives suggested that the committee ask the Knesset to “stop the negotiations for reparations” altogether. However, the Mapai majority in this forum did not disappoint, and the ruling party’s resolution proposal was passed.²⁴⁹

A few hours later, the Knesset plenum convened to discuss the proposal. Before the discussion could even begin, the Herut movement submitted an urgent motion of no-confidence in the government over the “disgrace and disaster” in which the government had implicated the Jewish people by way of the Wassenaar talks. As expected, the coalition had no trouble fending off this challenge.²⁵⁰ There followed a number of proposals submitted by the opposition factions for an immediate cessation of German-Israeli negotiations. These quickly met a fate similar to that of the no-confidence motion. Counter to the opposition’s demands, the coalition representative presented a resolution proposal according to which “the Knesset notes the decision of the Foreign Affairs and Defense Committee recommending that the government not resume negotiations [in Wassenaar] until a clear and binding offer is submitted by the Bonn government to satisfy Israel’s claim for reparations.” This resolution proposal also stated that the German offer would be submitted to the Foreign Affairs and Defense Committee for consideration before the government would decide whether to accept or reject it. The result of the vote in the plenum came as no surprise: the resolution passed.²⁵¹

There was, of course, nothing “ultimate” about the Israeli announcement. It carried no sign of threat that the talks would be terminated if the German proposal failed to be submitted, as promised, on May 19, or at least by the end of June. In fact, Bonn could submit its offer for reparations at any time. The Israeli leadership also refrained from threatening to end the Wassenaar conference should the

248 ILPA, 2–26-1952-10B, Meeting of the Political Committee of Mapai, May 5, 1952.

249 ISA, 7563/3 A, Meeting of the Foreign Affairs and Defense Committee, May 6, 1952, 6–10.

250 KM, Vol. 11, May 6, 1952, 1928–1931.

251 KM, Vol. 11, May 6, 1952, 1931–1944.

German proposal fail to meet the stipulated demand of one billion American dollars, a third of it in cash, to be paid within a few years. Jerusalem contented itself with demanding that the offer be “clear” (in terms of its content) and “binding” (toward the FRG). The Israeli government was anxious about the cessation of talks, as stated, due to the harsh economic and political consequences that would most likely follow.

Jerusalem was not facing Bonn alone. The Claims Conference gave it unrestrained support. At a meeting of the Conference’s presidium in New York, it was decided that its representatives would not resume negotiations with the German delegation as long as the Israeli delegation did not do so. A message in this spirit was conveyed by Goldmann to Chancellor Adenauer.²⁵² The presidium’s decision was a noteworthy move, as most of the Conference’s demands in the field of legislation had already been accepted by the Germans. On April 8, the two parties’ representatives in Wassenaar signed a document entitled “Joint Recommendations for German Legislation in the Fields of Indemnification and Restitution.”²⁵³ The West German and Claims Conference delegations were, therefore, able to resume negotiations as early as May 19 and would most likely reach a final agreement within a short time. Nevertheless, the Conference, out of Jewish solidarity, preferred to condition its date for resuming talks on that of Israel. Not only that, the Conference, it appears, was even prepared to stop negotiations altogether if Israel decided to do so.²⁵⁴

Jerusalem, in the meantime, held its breath waiting for the Adenauer-Goldmann meeting to take place. Yet the days went by, and the meeting, with its long-awaited proposal, was nowhere in sight. On May 16, Goldmann sent an urgent letter to the Chancellor asking about the fate of their scheduled encounter, but received no response.²⁵⁵ The heads of the West German administration were busy with matters of no small importance to them. “They are working day and night,” Jerusalem was notified, on a final examination of the EDC treaty and the Contractual Agreement.²⁵⁶ For political reasons, the Americans demanded that these two documents be signed by the end of May, and the entire Bonn administration buckled down to accomplish the task.²⁵⁷

252 CZA, S100/80, Meeting of the Jewish Agency Executive, May 6, 1952, 11; AJCA, Online, AJC – Minutes of the Administrative Committee, June 19, 1952.

253 CZA, J118/202, Joint Recommendations for German Legislation in the Fields of Indemnification and Restitution, April 8, 1952.

254 ISA, Meeting of the Cabinet, April 20, 1952, 12.

255 DEPI, Vol. 7, Document 158, N. Goldmann to K. Adenauer, May 19, 1952.

256 ISA, Meeting of the Cabinet, May 11, 1952, 7.

257 Schwarz, *Konrad Adenauer*, 664.

That being said, a sliver of Bonn's attention was accorded to the Israeli reparations claim as well. The committee of experts Adenauer had mentioned to Goldmann was busy preparing its recommendations, aided by the list of goods provided by Barou.²⁵⁸ The heads of the German delegation to the talks followed the committee's work closely and, in what appeared to be an attempt to influence its final conclusions, Böhm noted in a press interview that in the delegation's opinion, a payment of three billion DM (about 715 million USD) to Israel seemed reasonable.²⁵⁹ Upon reading this interview, Finance Minister Schäffer was beside himself. He summoned Böhm and Küster to his office and told them they had no authority to make such an offer. The treasury, he asserted, would not be able to shoulder this sum.²⁶⁰ Böhm and Küster refused to be flustered by this admonition. They had, they stressed, backing from Chancellor Adenauer and the heads of the Foreign Ministry. Beyond that, the German delegation had to take a high moral stance; in other words, they could not make an offer that was too low in scope. Schäffer remained unconvinced, and the conversation ended on strained terms.²⁶¹

The Finance Minister persevered in his parsimonious attitude and found an opportunity to expound his position at a special meeting on the issue of reparations held by Adenauer on May 14. The meeting was attended by government ministers, representatives of the Foreign Ministry and senior economic figures, including Abs. Schäffer's stance on reparations gained the full support of Vice-Chancellor Franz Blücher, Justice Minister Thomas Dehler,²⁶² as well as the economists in the room. At a certain point in the discussion, a suggestion was made to give Israel one hundred million DM (about 24 million USD) per year without specifying the number of years over which the payments would be made. Schäffer, however, opposed even this meager proposal. His position was so uncompromising as to alienate his ally Abs. The latter claimed he could not return to the London Debt Conference, which resumed its deliberations on May 19, without an offer for Israel. With marked

258 DEPI, Vol. 7, Document 151, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, May 13, 1952.

259 This amount of reparations equaled about fifteen percent of the total annual budget of the FRG for 1952. Buettner, "Germany's Middle East Policy," 122.

260 The German Finance Minister had been voicing this argument for a long time. As early as June 1950, at a cabinet meeting in Bonn, he claimed that West Germany could not pay compensation to the Jewish state in its current economic situation. De Vita, *Israelpolitik*, 21.

261 Jelinek, *Deutschland und Israel*, 190; Pross, *Paying for the Past*, 25.

262 Dehler was one of the most vehement opponents in the economic camp to providing compensation to the Jews and to Israel, mainly because he feared the economic consequences this would have for West Germany. In his role as Minister of Justice, he tried to slow down the implementation of compensation laws in the country. It is interesting to note that he held these views despite being married to a woman of Jewish descent. Schroeder, *To Forget it all*, 132–133.

reluctance, Schäffer finally assented to the proposed sum, as did the economists who attended the meeting. Böhm, however, as well as representatives of the Foreign Ministry and Minister for Economic Affairs Ludwig Erhard,²⁶³ spoke out against this proposal, which to them appeared insulting and insufficient. Their position was heard but ultimately rejected. Adenauer hastened to take advantage of the opportunity before him – the willingness of the economic camp to offer any payment of reparations – and adopted the idea of one hundred million DM a year.

Two days later, on the 16th of the month, the issue came up for discussion in the cabinet. Several ministers wondered whether it was wise to offer Israel such a small sum, and Erhard urged his colleagues to approve an amount between 150 and 200 million DM.²⁶⁴ Böhm, who was present at the meeting, suggested that the amount be between 250 and 350 million. However, Abs insisted on the original proposal of one hundred million DM.²⁶⁵ Adenauer instructed Abs to offer the Israelis this amount unofficially and to observe their response. He was asked to report to the government on the outcome at its next meeting.²⁶⁶

Böhm had no intention of waiting for the results of the experiment to come in. He was angry and frustrated at the fact that the Chancellor was not imposing his position on the question of reparations on the economic camp. He was probably also filled with shame at the notion that so many in the West German leadership were examining this supremely moral issue through the narrow lens of commerce. The day after the meeting, Böhm informed Adenauer that he intended to resign as chairman of the German delegation to the Wassenaar conference.²⁶⁷ His conscience, he said, did not allow him to be a party to causing the failure of the negotiations with Israel.²⁶⁸ He made similar remarks during a press interview in Frankfurt.²⁶⁹

²⁶³ He succeeded Adenauer as Chancellor of West Germany in October 1963 (and held the position until November 1966). About a year and a half later, in May 1965, Bonn and Jerusalem established historic diplomatic relations.

²⁶⁴ During the Wassenaar conference, Erhard stood out as a staunch supporter of fair reparations to Israel, making him an exceptional figure among the German economic leadership. Jelinek, *Deutschland und Israel*, 184; Goldstein, *My World as a Jew*, 282.

²⁶⁵ Abs' modest notions regarding the amount of reparations were made perfectly clear at the meetings convened by Adenauer during April to discuss the London and Wassenaar conferences. On one occasion he stated that the annual payment to Israel could not exceed 15 million USD, and on another occasion he stated that, at best, Bonn could give a total of 120 million USD in reparations. Wolffsohn, *Eternal Guilt?*, 16; Hansen, *Aus dem Schatten der Katastrophe*, 193.

²⁶⁶ For more on the Bonn government's May 16 meeting, see: Jelinek, *Deutschland und Israel*, 192.

²⁶⁷ Pross, *Paying for the Past*, 25–26.

²⁶⁸ DEPI, Vol. 7, Document 157, Note 2.

²⁶⁹ *Ma'ariv*, May 20, 1952.

Böhm's partner, Küster, also protested the decision. On May 19, he submitted a letter to the Chancellor announcing his resignation as deputy chairman of the delegation.²⁷⁰ In the letter, he accused the government of not showing a sincere desire to reach an agreement with Israel and the Jewish people.²⁷¹ Küster reiterated this harsh accusation in an interview with a West German radio station on May 20. In particular, he blamed Finance Minister Schäffer for behaving "in a dishonest manner." He even hinted that Schäffer's views were tainted by anti-Semitism.²⁷²

The hundred-million DM offer had meanwhile become known to the Israelis through Barou (and possibly other sources),²⁷³ and their response was one of intense outrage. The proposal, Josephthal ruled, was scandalous. "We will respond to it harshly," he wrote to his wife.²⁷⁴

On the 18th of the month, the Germans approached the Israeli delegation in London and asked to hold a meeting on the afternoon of May 19 between Abs and a representative of the delegation to discuss the matter of reparations. The Israelis acquiesced and sent Shinnar as their representative.²⁷⁵ Abs opened the meeting by saying that Bonn could not make a formal offer to Jerusalem because it had not yet fully learned the extent of its debt payments to the London creditors. However, "to the extent that he can say something," he was offering Israel an annual payment of one hundred million DM in goods without pre-determining the number of years over which the payment would be made. If the United States provided Bonn with economic assistance (in one of the three ways he had already described), the amount of goods would be doubled, and part of the payment would be made in USD.²⁷⁶ Shinnar listened to the unofficial proposal impassively and, as expected, rejected it outright. Among other things, he said that Israel would not agree to have the reparations amount depend on the results of the German request for

270 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/6-552, American Consulate General in Stuttgart to the Department of State, June 5, 1952.

271 Sagi, *German Reparations*, 138.

272 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/6-552, American Consulate General in Stuttgart to the Department of State, June 5, 1952.

273 Israel managed to obtain secret information from German sources, chief among them the Ministry for Economic Affairs in Bonn. Jelinek, *Deutschland und Israel*, 174.

274 Josephthal, *Giyora Josephthal*, 406–407.

275 Based on Shinnar's testimony, the meeting was also attended by Moshe Keren and a German government official. Shinnar, *Out of Necessity and Feelings*, 31.

276 Abs raised the idea of American assistance even though Washington had made it very clear to him that it did not intend to help Bonn with its reparations payments to Israel. It would appear that he must have hoped that Israel or American Jewry still had a chance of persuading the US to change its position on the matter. USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/4-2852, Bonn to the Secretary of State, April 28, 1952.

American assistance. Germany's coffers, he argued, allowed Bonn to satisfy the reparations claim without any particular problem. In response, Abs contented himself with the remark that, in any case, Bonn had made a commitment to submit its official offer by the end of June and would abide by it.²⁷⁷

The Israelis did not intend to sit idly by until the end of June, only to receive a German offer of similar scope to the one they had just heard. They sought to make it clear to Bonn, as well as to Washington and London, that they would not compromise to that extent on the reparations claim. And so, a few hours after the Abs-Shinnar meeting came to a close, Goldmann sent a long and unusually strident letter to Adenauer. Abs' offer, he wrote, was "deeply disappointing," and if the Chancellor stood behind it, it would spell the end of the talks. The repercussions this would have for West Germany, Goldmann warned (or threatened), would be "incalculable."²⁷⁸

After Bonn, the Israelis turned immediately to Washington and London. In a telegram to Eban, the Israeli delegation asked him to meet with Secretary of State Acheson to update him on the hundred-million DM proposal and to ask him to discuss the matter with Adenauer. The delegation informed Eban, for the purpose of his conversation with Acheson, that Jerusalem would not agree to a sum of less than 75–100 million USD a year, and that if the Germans could not commit to a final sum, Israel would be willing to discuss the sum to be paid in the first three years.²⁷⁹ On the heels of this telegram, the delegation sent Eban another wire notifying him of Küster's resignation and the harsh accusations the latter had made against his government. Eban was instructed to use this development to his advantage in his talk with Acheson.²⁸⁰

Eban made an effort to meet with the Secretary of State, but Acheson was busy preparing for a trip to Europe.²⁸¹ Eban, therefore, met with Jeffrey Lewis, deputy director of the bureau of German affairs, on May 20. He handed him a memorandum on the subject of reparations, thus informing the Americans of the hundred-million DM offer, as well as Bonn's intention to use Washington's aid to meet this obligation. "These proposals," Israel maintained, "are totally unsatisfactory." In light of Bonn's attitude, "the prospect of complete failure [of the Wassenaar talks]

277 DEPI, Vol. 7, Document 157, Israel Delegation to the Reparations Negotiations to A. Eban, May 19, 1952.

278 DEPI, Vol. 7, Document 158, N. Goldmann to K. Adenauer, May 19, 1952.

279 DEPI, Vol. 7, Document 156, Israel Delegation to the Reparations Negotiations to A. Eban, May 19, 1952.

280 ISA, MFA 358/20, Israel Delegation to the Embassy in Washington, May 19, 1952.

281 To sign the EDC treaty and the Contractual Agreement with the FRG.

is now very real.” The United States, Israel concluded, had to intervene post-haste to rescue the negotiations.²⁸²

The Claims Conference sounded a similar alarm. It sent a telegram to the State Department in Washington expressing its concern about continuing negotiations on reparations in light of “recent developments,” especially the resignations of Böhm and Küster and their statements to the media.²⁸³ Goldmann, in turn, forwarded a copy of his letter to Adenauer to High Commissioner McCloy.²⁸⁴

In London, legation official Keren contacted Frank Roberts on May 20 and directed his attention to the fact that “the situation [in terms of the reparations talks] has now become even more critical than it was when I last spoke to you.” Keren transferred to Roberts a copy of Goldmann’s letter to Adenauer in order to “furnish a precise description of the crisis” and asked him to convey the essence of its contents to Foreign Minister Eden. Jerusalem, Keren said, hoped that Minister Eden would find time to inform Chancellor Adenauer of the British government’s desire to see the Israeli-German negotiations succeed.²⁸⁵ Selwyn Lloyd, Minister of State for Foreign Affairs, received that very day a similar request from Easterman.²⁸⁶

On May 22, Foreign Minister Sharett sent urgent letters, identical in content, to the three Foreign Ministers of the Western powers who were about to sign the two historic documents with the FRG.²⁸⁷ The Contractual Agreement was signed in Bonn on the 26th of the month by Chancellor Adenauer, Secretary of State Acheson, Foreign Minister Eden, and French Foreign Minister Robert Schuman.²⁸⁸ The next day, the six foreign ministers of the of the future EDC countries convened in Paris, including Chancellor Adenauer (in his role as foreign minister), in the presence of Acheson and Eden, to sign the military treaty.²⁸⁹ *Yedioth Ahronoth* summed up the meaning of the historic event as: “This morning, sovereignty was returned to the Germans.”²⁹⁰

282 DEPI, Vol. 7, Document 161, Aide-Memoire by the Ambassador of Israel in Washington, May 20, 1952.

283 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/5-2352, F. Goldman to the Acting Secretary of State, May 23, 1952.

284 OHD, 8(2), Interview with Nahum Goldmann, November 20, 1961.

285 UKNA, FO 371/100008, M. Keren to F. Roberts, May 20, 1952.

286 UKNA, FO 371/100008, German-Israel Negotiations on Reparations, May 22, 1952.

287 ISA, MFA 1812/6, M. Fischer to J. Dunn, May 23, 1952; ISA, MFA 2417/5, M. Fischer to O. Harvey, May 23, 1952.

288 *Ha-Boker*, May 27, 1952.

289 *Ha-Boker*, May 28, 1952.

290 *Yedioth Ahronoth*, May 26, 1952. The Herut movement took advantage of this development to try and stop the reparations talks. In a motion for the Knesset’s agenda, it demanded an end to the negotiations in Wassenaar and the declaration of a global economic boycott against Germany. As far as Begin’s party was concerned, the Jewish state had to take these steps to express

Foreign Minister Sharett hoped that Washington, London, and Paris, while granting Bonn almost complete rehabilitation, would not forget about the Germans' moral commitment to the Jews, namely the payment of fair compensation. He warned, as all Israeli and Claims Conference representatives had in the preceding days, that if Bonn persisted in its stinginess, as expressed in the Abs proposal, the Wassenaar talks would "end in ultimate failure."²⁹¹

The appeal to the Americans found a sympathetic ear. Washington could see, in light of Böhm and Küster's well-publicized resignations and the Israeli-Jewish calls of distress, that the talks were in a real crisis. True to their position that Wassenaar should not be allowed to fail due to the negative consequences this could have for the ratification of the EDC treaty and the Contractual Agreement, the Americans decided to intervene more vigorously and firmly. The British followed suit. In the conversation between Eban and Lewis, the latter informed the former of the new approach. Washington, he said, agreed that Abs' proposal was insufficient and, like Jerusalem, rejected the idea that the reparations claim depended on Bonn's ability to secure American economic assistance. Israel, he promised, would "shortly" hear from West Germany things "in [a] different spirit" from those said by Abs.²⁹²

On the afternoon of May 21, in a meeting held between Adenauer and the three High Commissioners regarding the two treaties, McCloy and Kirkpatrick made it clear to the Chancellor, in unequivocal language, that it was politically important that the Wassenaar talks not be allowed to collapse.²⁹³ Surprisingly, France's High Commissioner to West Germany, André François-Poncet, joined them in this warning. The French, as the British found out, did not wish "to be alone in their silence" in the face of an American-British intervention. Nevertheless, François-Poncet added that he hoped the reparations agreement with Israel "would be consonant with [West] Germany's other liabilities."²⁹⁴ A few hours after the commissioners' meeting with Adenauer ended, McCloy called Goldmann and told him, with obvious pleasure, that he had "given them [the Germans] a stern talking-to and that they were getting back on track."²⁹⁵ It is reasonable to

its protest of Germany's return to the family of nations. The coalition majority removed the proposal from the agenda without much difficulty. KM, Vol. 12, May 28, 1952, 2159–2160.

291 DEPI, Vol. 7, Annex to Document 169.

292 DEPI, Vol. 7, Document 160, A. Eban to the Ministry of Foreign Affairs (Tel Aviv) and the Israel Delegation to the Reparations Negotiations (London), May 20, 1952.

293 UKNA, FO 371/100008, I. Kirkpatrick to Foreign Office, May 23, 1952; UKNA, FO 371/100008, S. Loyd to A. Easterman, May 24, 1952.

294 UKNA, FO 371/100008, A Letter, May 22, 1952.

295 DEPI, Vol. 7, Document 166, Israel Delegation to the Reparations Negotiations to W. Eytan, May 22, 1952.

assume that McCloy felt genuine satisfaction at having contributed to the rescue of the reparations talks. He had shown understanding and a sympathetic attitude to the various Jewish compensation claims, including the reparations claim, a view in which he persisted until the end of his term as High Commissioner in the summer of 1952.²⁹⁶

At this point in time, Chancellor Adenauer decided to submit to Israel a new German offer for reparations payment that would be as satisfactory as possible. The “cold shower” administered by the Western powers contributed to this decision but was not the only factor behind it. The economic camp pledged to him from the beginning of the negotiations in Wassenaar that a fair reparations agreement could be reached with Israel while protecting West Germany’s economic interests.²⁹⁷ Küster and Böhm’s resignations, a move that stunned the public and shocked the political system,²⁹⁸ Shinnar’s harsh response to the hundred-million DM offer,²⁹⁹ and Goldmann’s furious and threatening letter³⁰⁰ – all these finally made Adenauer see that the economic camp’s promises were hollow. This camp viewed the Israeli claim from an economic angle only and did not intend to make a real sacrifice in order to settle it. Such an approach was unacceptable to Adenauer, who sought “moral rehabilitation” for his country through German-Jewish reconciliation, as well as personal spiritual atonement in the face of the Holocaust of European Jewry.

In the evening hours of May 21, Adenauer summoned Böhm and instructed him to submit to Israel, through Goldmann, a new reparations offer of three billion DM (about 715 million USD). Thrilled with this turn of events, Böhm consented to take on this happy task and even to reconsider his resignation.³⁰¹

The next morning, the phone rang in Goldmann’s hotel room in Paris. On the other end of the line was a Foreign Ministry official in Bonn who announced that Böhm wished to meet with him in Paris the next day to talk about the reparations

296 On McCloy and the issue of compensation see: Jelinek, “John J. McCloy”; Schwarz, *Konrad Adenauer*, 175–184; Smith, “A View,” 253.

297 ISA, 7563/3 A, Meeting of the Foreign Affairs and Defense Committee, April 15, 1952, 7–8.

298 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/5-2152, J. McCloy to the Secretary of State, May 21, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/5-2352, J. McCloy to the Secretary of State, May 23, 1952; Jena, “Versöhnung Mit Israel?,” 474; Geller, *Jews in Post-Holocaust Germany*, 238.

299 Shinnar’s response led Abs to point out to Adenauer that he was now convinced that Israel would not move from its demand in relation to the scope of the reparations amount. Shinnar, *Out of Necessity and Feelings*, 33.

300 Adenauer quoted the letter in full in his memoirs, attesting to the great importance he had attributed to it. Patai, *Nahum Goldmann*, 180.

301 DEPI, Vol. 7, Document 166, Israel Delegation to the Reparations Negotiations to W. Eytan, May 22, 1952.

claim. Goldmann agreed, and the two held a meeting, during which Böhm laid out the new German proposal.³⁰² Shortly after, Goldmann invited the heads of the Israeli delegation – Shinnar, Josephthal, and Avner, as well as Barou, to join him and hear directly from Böhm the details of the West German offer. These were as follows:

- a) The total sum of 715 million USD, recognized as [Germany's] debt, shall be paid to Israel.
- b) Payments shall be made over [a period of] eight to twelve years. c) During the first two years, 50 million USD worth of goods (about 210 million DM), will be shipped annually, after which the rate [of payment] will increase. d) For now, it is impossible to pay in currency; however, they [the Germans] will try to secure a loan in the US, after which payments will be made partially in cash in place of goods.

This proposal would ultimately serve as the template of the Israeli-West German Reparations Agreement. Goldmann and members of the Israeli delegation accepted it, but not without reservations. “The proposal,” they told Böhm, “changes the way things stand fundamentally and constitutes a serious turn for the better.” On its basis, the Jewish-Israeli side maintained, another conversation should take place between Goldmann and Adenauer “for the sake of improving [the proposal] on several vital points.” If such improvements were achieved, then it would be possible to set a date for the resumption of the official negotiations in Wassenaar. The proposed improvements were: 1) payment of about 36 million USD a year in foreign currency regardless of circumstances, even if an American loan was not forthcoming; 2) raising the quota of goods in the first years “up to 300 million marks per year”; 3) “cutting the overall [payment] period down to seven to eight years.” Böhm agreed to bring the Jewish-Israeli side’s demands before the Chancellor and try to persuade him to accept them. That being said, he expressed doubt whether this was feasible due to the fierce resistance on the part of the economic camp. “Adenauer,” he told his interlocutors, “needs more pressure [from the Western powers] on his government.”³⁰³

In Goldmann’s private conversation with Böhm that day, he mentioned the Claims Conference global claim (for 500 million USD). The German delegation, as we recall, had rejected this claim outright. However, the Jewish representatives continued to insist on it, albeit not too emphatically, and the Germans agreed to leave the issue open.³⁰⁴ Goldmann told Böhm that it was his understanding that

³⁰² OHD, 8(2), Interview with Nahum Goldmann, November 20, 1961.

³⁰³ DEPI, Vol. 7, Document 170, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, May 24, 1952.

³⁰⁴ ISA, MFA 358/18, Weekly Review Number 13, May 27, 1952.

Bonn was now willing to accept the Conference's global claim, though for a much lower sum.³⁰⁵ Assuming that the German government agreed to pay between 400 and 500 million DM (95–119 million USD), it was, in Goldmann's opinion, appropriate to append this amount to the reparations sum to be paid to Israel and to allow Jerusalem to reach an agreement with the Claims Conference regarding the allocation of the joint sum. This, he argued, would be more convenient since it would spare Bonn having to deal with two separate payments. Goldmann emphasized that he was making this proposal unilaterally, without having consulted the Israelis beforehand. Nonetheless, in his estimate, both Jerusalem and the Claims Conference's presidium would consent to such an arrangement.³⁰⁶

Although the crisis was resolved, Washington continued to put pressure on Adenauer to get involved. It is possible that it had yet to learn of the breakthrough. On the other hand, it is likewise possible that it wished to make sure that Adenauer adhered to the newly-reached solution. Secretary of State Acheson spoke at length with Adenauer about the matter during their meeting in Bonn on the morning of May 25th. He stressed the importance the US attached to achieving a settlement that would be acceptable to both parties and made it clear that Washington did not intend to assist Bonn in paying reparations. The moral responsibility for repaying the debt to the Jewish people, he explained, rested solely with the West Germans. The Chancellor replied that Böhm, who had meanwhile retracted his resignation, was negotiating a new proposal with Goldmann and that the talks between the two had been going well thus far. Acheson was glad to hear the news and expressed his hope that Bonn would make every effort to achieve a quick and satisfactory settlement.³⁰⁷ The Secretary of State later updated his British counterpart on the conversation with the Chancellor, and Eden also decided to have a talk with Adenauer, despite the breakthrough.³⁰⁸ The two met on May 28, on which occasion Eden "reminded" his interlocutor of the importance that world public opinion attached to the success of the negotiations on reparations and of his hopes for a worthy settlement.³⁰⁹

Reports coming into Jerusalem indicated that the two Western foreign ministers had spoken with the Chancellor in a "sharp and vigorous" manner.³¹⁰ Acheson,

305 High Commissioner McCloy warned Adenauer not to reject the Claims Conference's global claim outright. Schwartz, *America's Germany*, 183.

306 Patai, *Nahum Goldmann*, 182.

307 FRUS, Vol. IX, 938, The United States High Commissioner for Germany to the Department of State, May 25, 1952.

308 UKNA, FO 371/100008, Record of a Meeting held at Her Majesty's Embassy in Paris, May 26, 1952.

309 UKNA, FO 371/100008, O. Harvey to Foreign Office, May 28, 1952.

310 ISA, 7563/6 A, Meeting of the Foreign Affairs and Defense Committee, September 5, 1952, 4.

disclosed Lewis to an Israeli diplomat, had shown a determination he had never seen before.³¹¹ Adenauer himself admitted to Goldmann that the two had indeed spoken to him “forcefully and vigorously on the matter of reparations.” The Chancellor, it turned out, was happy to be on the receiving end of this attitude, “because it was a weapon to use within his government.” Ergo, even Adenauer was interested in enlisting external levers of influence for his internal German struggle.³¹²

At the request of Goldmann and the heads of the Israeli delegation, Adenauer received Goldmann for a conversation on the 28th of the month in Paris.³¹³ Adenauer noted that the Bonn government had not yet had time to approve or even review the proposal that Böhm had presented since it had been busy with the signing ceremonies of the two treaties. He promised that a formal and binding proposal would be submitted on June 9.³¹⁴

On June 6, Adenauer convened a meeting of ministers and officials implicated in the reparations issue. The members of the political camp petitioned the Chancellor to move forward on the matter without delay – i.e. to work together with the Israelis to formulate a consensual reparations offer that would then be brought to a vote in Bonn cabinet and thus receive a formal and binding seal of approval. Abs, on the other hand, had argued in a meeting he had with Adenauer a few days earlier that no such proposal be submitted to Israel until the London Debt Conference had reached its conclusion. However, things were stalling in London, and if Abs had his way, Israel would have to wait.³¹⁵ Adenauer ruled in favor of the political camp. Based on his recommendation, it was decided in the meeting that on June 10, German representatives would meet in Bonn with the Jewish side for a two consecutive days in order to try and work out an acceptable

311 ISA, MFA 2417/6, E. Herlitz to the Ministry of Foreign Affairs, June 23, 1952.

312 DEPI, Vol. 7, Document 175, Israel Delegation to the Reparations Negotiations to W. Eytan (Tel Aviv) and the Israel Embassy in Washington, May 28, 1952. Sharett told members of the Knesset’s Foreign Affairs and Defense Committee that “according to our impression, Adenauer himself [. . .] welcomed this [Anglo-American] pressure since he could use it as a card against his rivals within the German cabinet and in the German banking and financial circles.” ISA, 7563/6 A, Meeting of the Foreign Affairs and Defense Committee, September 5, 1952, 4.

313 Whither the Chancellor had come to sign the EDC treaty.

314 OHD, 8(2), Interview with Nahum Goldmann, November 20, 1961; DEPI, Vol. 7, Document 175, Israel Delegation to the Reparations Negotiations to W. Eytan (Tel Aviv) and the Israel Embassy in Washington, May 28, 1952.

315 The second stage of the London Debt conference commenced, as scheduled, on May 19, but immediately hit a crisis. ISA, MFA 1782/15, The Second Stage of the Conference on German External Debts, June 4, 1952.

reparations offer. The resulting proposal would then be submitted for the German government's approval.³¹⁶

The Germans got in touch with Goldmann, who was staying in New York, and asked him to come to Bonn.³¹⁷ Goldmann notified the Israeli delegation of the invitation. The Israelis were faced with a dilemma: on the one hand, they wanted to be in Bonn when the fate of the reparations claim was decided. On the other hand, however, they feared the uproar that the anti-negotiations camp in Israel would provoke upon hearing that Israeli officials had held official talks on German soil. As expected, the first consideration outweighed the second and it was decided that Shinnar and Josephthal would accompany Goldmann.³¹⁸ Nevertheless, their departure was kept from the public eye. Indeed, the Israeli press reported only on meetings held in Bonn by Goldmann; there was no mention of the Israelis' presence in the West German capital.³¹⁹

In the afternoon hours of June 9, the three men arrived in Bonn to be joined there by Barou. The four had agreed that it would be best to hold a preliminary meeting with the Germans that very evening in order to set up the working schedule for the next day and also to obtain, if possible, further details about the German offer. As per their request, Hallstein, Blankenhorn, and Böhm met them at their hotel in the evening. The Germans reiterated the main points of the proposal that had been submitted two weeks prior and in response, the Israelis restated their demand that part of the payment be given in foreign currency, that the first payments be increased, and that the defrayal period be shortened. The Germans, however, had no good news to report with regard to these requests, especially the foreign currency stipulation. Abs, they explained, was vehemently opposed to this condition, and Chancellor Adenauer had accepted his position on the matter. According to the German banker, payment of foreign currency to Israel might set a dangerous precedent since the London creditors were likewise demanding their debts be repaid in cash. The Israelis proposed a solution to the currency problem: the FRG would allow Israel to purchase certain goods it needed, especially fuel, in Western European countries through the Germans' large credit balances in the European

316 DEPI, Vol. 7, Document 194, Israel Delegation to the Reparations Negotiations to W. Eytan, June 13, 1952.

317 ISA, MFA 358/18, Brief Report of Meeting of Presidium of Conference on Jewish Material Claims from Germany, June 11, 1952.

318 ISA, MFA 1782/15, G. Avner to the Ministry of Foreign Affairs, June 9, 1952.

319 *Ma'ariv*, June 10, 1952; *Ha'aretz*, June 12, 1952; *Al Ha-Mishmar*, June 13, 1952; *Davar*, June 15, 1952.

Payments Union.³²⁰ Israel would thus not have to spend its meager foreign currency reserves on the purchase of these goods. The Germans promised to examine the proposal in a positive light. Toward the end of the discussion, Goldmann raised his idea of including the Claims Conference's global claim within the payment of reparations to Israel. In his eyes it should be done even if it meant extending the total defrayal period. He suggested that the sum for the Conference be set at half a billion DM, a little less than a quarter of the original claim. One can hypothesize that Goldmann had probably consulted with the Israelis and gotten their blessing for the idea at some point during the two weeks since he first mentioned this suggestion to Böhm.

The next morning, the parties reconvened for another meeting. Goldmann and Shinnar represented Israel while the German trio from the previous day was joined by Abs and Abraham Frowein. The discussants revisited all the points from the previous meeting and managed to come to an agreement on many of the issues. At one point, the Jewish-Israeli side wanted to put things in writing, but the Germans rejected the request, claiming that it would only be possible to do so after the West German government approved the proposal.

The two sides met for the third time that afternoon. This time, the German delegation was headed by Chancellor Adenauer himself. Hallstein reviewed the proposal on the table. At the end of his remarks, Adenauer turned to Abs and asked if the proposal in question might harm the German position at the London Debt Conference. Abs answered in the negative. For reasons known only to him, the German banker had apparently abandoned his hostile approach to the Israeli reparations claim. Goldmann presented to the Chancellor his idea of including the Claims Conference's global claim in the reparations payments, and the Chancellor accepted it. He also consented to the Israeli solution to the currency problem. Once the inquiries were over, Adenauer offered to put things in writing. Those present agreed, and within a short time, a document encompassing all the settled issues was compiled.³²¹

The main points outlined in the document were as follows: 1) Israel's reparations claim and the Claims Conference's global claim would be dealt with as one. The satisfaction of the Conference's global claim would be settled between it and Israel. 2) The total amount to be paid for the two claims would be between 3.4 and 3.5 billion DM. 3) The first two payments would be in the amount of 200 million DM

³²⁰ This organization was established in July 1950 to settle the payment balances among Western European countries. Hirschman, "The European Payments Union"; Maes and Pasotti, "The European Payments Union."

³²¹ DEPI, Vol. 7, Document 194, Israel Delegation to the Reparations Negotiations to W. Eytan, June 13, 1952.

each (400 million DM altogether). These would cover the period between the date the Reparations Agreement took effect and March 31, 1954. Starting April 1, 1954, ten annual payments of 250 million DM each would follow. The Bonn government would try to raise the remaining amount – 500–600 million DM – from various sources. This amount would be divided among the ten annual payments, which would finally amount to 300–310 million DM each. If Bonn had trouble raising this money, it would be able to negotiate with Israel, three years after the Reparations Agreement came into effect, in order to settle the payment of the remaining amount through two additional payments (for a total of fourteen payments). 4) Should the Bonn government manage to raise more than 600 million DM, it would use it to increase the annual payment amounts (from the third year on) and thus reduce the total number of payments (i.e., less than twelve). 5) The reparations money would be used to purchase goods from West Germany. The parties agreed that, in principle, these included goods purchased by West Germany from other countries, whether finished products or raw materials.³²² 6) The goods supplied as part of the Reparations Agreement would be used for the development and advancement of the State of Israel. Any sale of German goods by Israel to other countries would be settled via a mutual agreement between Jerusalem and Bonn.³²³

Following the drafting of the agreement proposal, it was decided that, after the Bonn government discussed and approved it at its next meeting on June 17, Frowein would submit a formal request to the Israeli and Claims Conference delegations to resume negotiations in Wassenaar based on the written proposal. The parties knew full well that a great historical deed had just been accomplished. Shinnar was certainly aware of it as he wrote to the director-general of the IMFA, Walter Eytan: “If the proposal is approved on Tuesday, June 17, by the Bonn government [. . .] it will be the fruition of a dream that one could hardly have thought would ever become a reality.”³²⁴ Eytan replied with the same sense of history in the making that he hoped “one day” it would be possible to make public the “fascinating” report the heads of the delegation had written regarding the Israeli-Jewish-German meetings in Bonn.³²⁵

This report, alongside the agreement proposal, was sent to the country’s leadership: Prime Minister and Defense Minister Ben-Gurion, Foreign Minister Sharett, and Finance Minister Kaplan. The delegation’s recommendation was to accept the draft

322 In another document these goods were listed: fuel from the countries of the sterling bloc (mainly from Great Britain), wheat from Australia and meat from Argentina. DEPI, Vol. 7, Document 190, Note 3.

323 DEPI, Vol. 7, Document 190, Meeting: N. Goldmann – W. Hallstein (June 10, 1952).

324 ISA, MFA 2417/6, F. Shinnar to W. Eytan, June 14, 1952.

325 ISA, MFA 2417/6, W. Eytan to the Reparations Delegation, June 18, 1952.

as a basis for resuming the Wassenaar talks. Their reasons for this were numerous and varied: a) “Even though the billion [USD] sum has not been attained, we believe that securing 70% of the claim, 715 million USD, is a solid and respectable achievement.” b) The two first payments would, in fact, be transferred within a year and a half: between October 1952, the estimated date when the Reparations Agreement would come into effect (after its ratification by the Bonn parliament), and March 31, 1954. This meant that Israel would receive, on average, 266 million DM a year (in the first “two years”), a rather large sum, close to the figure demanded by the delegation. c) The Claims Conference’s global claim would be annexed to that of Israel and, thanks to the internal agreement signed by both parties on the eve of the opening of the Wassenaar talks, Israel would eventually enjoy an increase in its compensation amount. d) If the Germans succeeded in raising money from external sources, the defrayal period would be shortened, as per Israel’s request. e) Purchasing goods from Western European countries with the reparations funds “opens up serious possibilities for solving the fuel problem for the next few years.” The delegation’s leaders estimated that in the second stage of the Wassenaar talks the parties would focus on the juristic wording of the Reparations Agreement. They hoped, somewhat misguidedly, that this part of the talks would only last two weeks or so. Once signed by both parties, it would take effect upon ratification by the Bonn parliament in September–October (after the summer recess).³²⁶

On June 17, the German cabinet held an “intense discussion” on the Reparations Agreement proposal. Finance Minister Schäffer arrived at the meeting in a fighting spirit. He was furious about not having been invited to take part in the meetings with Goldmann and the Israelis a week earlier and described the agreement that had been reached as unfeasible. The Israeli-Jewish global claims, he added, threatened the possibility of satisfying the survivors’ individual claims. Overall, Schäffer rejected the proposed agreement out of hand, but this time he was in the minority. The Bonn government accepted the proposal by a majority vote.³²⁷ At this stage, however, it was decided to approve only the amount designated to Israel – three billion DM – and not to determine anything regarding the Claims Conference’s settlement. There were two main reasons for this. First, German public opinion had not been primed to accept an additional global claim; and secondly, the Wassenaar talks had been suspended due to the issue of reparations to Israel, and therefore it was appropriate to address this issue separately for now. That being said, Böhm was instructed by the government to offer, once the talks

³²⁶ DEPI, Vol. 7, Document 194, Israel Delegation to the Reparations Negotiations to W. Eytan, June 13, 1952.

³²⁷ Goschler, *Wiedergutmachung*, 277; Jena, “Versöhnung Mit Israel?,” 476–477.

resumed, a sum of 400 to 500 million DM to the Claims Conference, to be included in the reparations payments to Israel. At the end of the meeting, the Chancellor sent a telegram to Goldmann, informing him of its results and expressing the hope that the talks would soon reach a favorable outcome.³²⁸

The next day, the government in Jerusalem held a meeting dedicated to the issue of reparations. Finance Minister Kaplan reviewed the details of the proposed agreement and reported its approval by the Bonn government. The heads of the Israeli delegation, he told the ministers, were of the opinion that this was “a fundamentally good agreement” and “the maximum that could have been gotten out of them [the Germans].” They were asking the government to consent to the draft as the basis for resuming talks. The members of the delegation would try to improve on the terms of the agreement during the negotiations, although, in their opinion, there was “no room to hope for drastic change.” The ministers listened attentively to Kaplan and at the end of his remarks decided to “empower the Israeli delegation to resume negotiations on reparations with the Bonn government on the basis of the proposals submitted by the latter on June 10, 1952.”³²⁹

As we recall, at the Knesset’s May 6 decision it was stipulated that the Foreign Affairs and Defense Committee would examine any proposal submitted by Bonn before the government could decide on the matter. Yet the government had already made its decision, and the committee was forced to discuss it after the fact. The committee convened on June 23, and its members, as expected, were divided in their attitudes to the proposed agreement in keeping with their political affiliations. Coalition members supported it, while opposition members were critical of it. At the end of the discussion, the members voted on several resolution proposals. Mapam, the General Zionists, and Herut proposed, as usual, to preclude the renewal of negotiations in Wassenaar. Unsurprisingly, their proposals were rejected. The committee chairman’s resolution proposal, on the other hand, stated that “the committee expresses its opinion in favour of resuming the negotiations on this basis [the proposed agreement of June 10] and acknowledges the government’s declaration [. . .] that any final decision [regarding the Reparations Agreement] shall be preceded by a ratification of one of the Knesset’s authorized institutions.” By a majority of eight to seven, the Foreign Affairs and Defense Committee accepted the resolution, thus giving the government its consent to resume the Wassenaar talks.³³⁰

328 ISA, MFA 358/18, A. Lourie to E. Herlitz, June 19, 1952.

329 ISA, Meeting of the Cabinet, June 18, 1952, 2–6.

330 ISA, 7563/4 A, Meeting of the Foreign Affairs and Defense Committee, June 23, 1952, 2–25.

On June 18, the presidium of the Claims Conference convened in New York to discuss the question of the negotiations. Its members were given the details of the proposed Reparations Agreement and notified of the meeting held by the Bonn government the day before. At the conclusion of these reports, the presidium decided that the Conference's delegation would resume negotiations in Wassenaar with the Germans.³³¹

On June 24, nearly two and a half months after having been interrupted, the official talks in Wassenaar reopened. The three sides came to the table optimistic that the Reparations Agreement was within reach.

Stage two of the talks, June 24–September 8

The ad-hoc committee set up by the Israeli ministerial committee in late February 1952 to examine the types of goods required by the Israeli economy³³² continued its work during the hiatus in the Wassenaar talks.³³³ If nothing else, here was evidence of Jerusalem's strong desire (and hope) to see the negotiations culminate in a signed agreement. Toward mid-June, the committee sent a final list of goods to the Israeli delegation. This would serve as the basis for the "shopping list" for the first two reparations payments. The reason why it was decided to present the Germans with a list of goods for the first two payments only was most likely the fact that their exact amount – 400 million DM – had already been agreed upon. There was no certainty about the exact number of payments that would follow, nor the amount of each. At any rate, this list was to serve as a template for the rest of the payments.

The list of commodities provided by Israel reflected the needs of a country seeking to invest in its economic future and, as matters stood, its physical existence. It mainly included input factors (raw materials and machinery) and products designed to bring about the development of various industries and agriculture, as well as transportation, electricity, water, and communications systems. As may be deduced from this approach, consumer goods (whether consumable or durable) were not included in the list. More than a third of the first two payments, 150 million DM, were intended for the purchase of fuel. For Israel, this was the main acceptable substitute for payment in foreign currency.

³³¹ ISA, MFA 358/18, A. Lourie to E. Herlitz, June 19, 1952.

³³² See Chapter 9.

³³³ ISA, MFA 1782/15, Re: Lists of Imported Goods from the Reparations Funds, March 18, 1952; ISA, MFA 1782/15, I. Bawly to M. Bartur, April 25, 1952; ISA, MFA 1782/15, M. Bartur to F. Shinnar, May 26, 1952.

The fuel issue involved three countries: Israel, West Germany, and Britain. Shinnar was the thread connecting the three. Already in the meeting with Abs on April 19, 1952 (with the participation of Goldmann and Barou), he had suggested that the FRG transfer to Israel some of the credit balances it had in the European Payments Union so that Israel could use them to pay for British fuel bought from the Shell Oil Company.³³⁴ Abs agreed, in principle, on two conditions: that this procedure be within the bounds of the regulations of the European Payments Union, and that the British Treasury give its consent. Shinnar raised the issue of buying British fuel again in his meetings with Abs on May 19 and with Böhm on the 23rd of the month. At the same time, he contacted the British, asking for their support for the initiative.³³⁵ British government officials weighed the matter thoroughly and decided to respond positively to Israel's request.³³⁶ Shinnar returned to the Germans with London's answer, and they announced their willingness to accept the fuel arrangement. Nevertheless, they made it clear that Israel would not get West Germany's credit balances for the purpose of the deal; Bonn itself would purchase the fuel for Israel.³³⁷

A new problem now arose. The purchase of goods (including fuel) using the reparations funds could only be carried out after the parliament in Bonn had ratified the Reparations Agreement – a process that could take months. Israel, however, with its severe shortage of fuel, wished to receive the fuel immediately after the signing of the agreement. To get over this obstacle, it was necessary to obtain the Shell company's consent to deliver the fuel directly upon the signing of the Reparations Agreement and then wait several months for actual payment (after the agreement's ratification in Bonn). Shinnar, the main architect behind the fuel deal, was called on to take care of this issue. He proceeded to meet with the heads of Shell and, after receiving government and bank guarantees from the Germans, the fuel company agreed to the proposed arrangement.³³⁸

As already noted, toward mid-June, the Israeli delegation had in its possession a "shopping list" for the first two payments. In an unofficial conversation members of the delegation held with the Germans on June 17, it was decided to open discussions in Bonn on the subject of this list at once, before the formal renewal of negotiations in Wassenaar. Shinnar was chosen to represent Israel in

334 The FRG has no significant oil reserves and was therefore not an exporter of oil.

335 ISA, MFA 2417/6, F. Shinnar to Y. Barin, August 3, 1952.

336 UKNA, FO 371/100008, D. R. Serpell to A. D. M. Ross, June 24, 1952; UKNA, FO 371/100008, D. H. Crofton to D. R. Serpell, June 27, 1952; UKNA, FO 371/100008, E. R. Warner to D. R. Serpell, July 1, 1952; UKNA, FO 371/100008, R. O. Couldrey to D. R. Serpell, July 9, 1952.

337 ISA, MFA 2417/6, F. Shinnar to Y. Barin, August 3, 1952.

338 Shinnar, *Out of Necessity and Feelings*, 45–47.

this matter. He asked Barou, who had acquired influence with the top tiers of government in Bonn, to accompany him. The two met with officials from the West German Ministry for Economic Affairs on June 20 and presented them with the “shopping list.” The Germans’ reaction was quite positive, but they asked to make slight changes. The parties agreed that a German counter-proposal would be submitted in the coming days, as indeed it was, on the 23rd of the month, having been discussed thoroughly in two separate meetings. The Germans wanted to reduce the amount of steel-manufacturing industry products that Israel wished to receive because a significant portion of these products had to be purchased in hard currency (the raw material would be bought in other countries), which had already been allotted for the fuel. The Israeli-German inquiry into the issue continued through June 24, the opening day of the second stage of the Wassenaar talks.³³⁹ The Israelis amended their list and resubmitted it to the Germans.³⁴⁰ The latter made a number of additional changes and presented their new proposal to Shinnar on July 1. The Israelis, in turn, demanded adjustments on several points, some of which the Germans were willing to accept. On July 7, the parties met, and the Germans submitted their final amended proposal for the Israeli “shopping list.” They elucidated that it represented the utmost limit of Germany’s ability to compromise. Shinnar consulted with the members of the delegation and with the IMFA, and it was jointly decided to accept this list.³⁴¹

In addition to the subject of the “shopping list,” the delegations also discussed (through subcommittees) a variety of economic, legal, and political issues related to the Reparations Agreement. The main issues at stake were: the stability of the Deutsche mark,³⁴² the implementation of the agreement in the event of a severe and ongoing economic crisis in the FRG; the collateral Bonn had to provide as guarantees for the execution of the agreement; the arbitration procedure between

339 ISA, MFA 2417/6, Outline of Principles for Provision of Goods as part of the Reparations Agreement, June 27, 1952.

340 ISA, MFA 2417/6, Supply of Goods under the Agreement Envisaged for the Settlement of Israel’s Claim against Germany, June 26, 1952.

341 ISA, MFA 2417/6, F. Shinnar to M. Bartur, July 8, 1952.

342 This issue has become one of the main bones of contention between the parties. The Israelis argued that if the DM’s purchasing power were substantially eroded, the amount of goods they could purchase with the reparations money would decrease. They therefore sought to include in the Reparations Agreement a special clause regarding the Deutsche mark’s stability which would address this possibility. The Germans initially objected but eventually agreed to include such a clause in the agreement, albeit a rather vaguely worded one. DEPI, Vol. 7, Document 248, Israel Delegation to the Reparations Negotiations to W. Eytan, July 22, 1952; ISA, MFA 2417/6, Israel Delegation to the Reparations Negotiations to W. Eytan, July 25, 1952; ISA, Meeting of the Cabinet, September 4, 1952, 11; ISA, 7563/6 A, Meeting of the Foreign Affairs and Defense Committee, September 5, 1952, 8.

the two parties; the wording of the preamble to the agreement;³⁴³ the status of the Israeli purchasing delegation in West Germany; the manner of ratifying the agreement; the fate of the Reparations Agreement in the event of a political unification of the two Germanies; and the question of the connection between German property in Israel and the reparations claim.³⁴⁴

The discussions were fruitful,³⁴⁵ and the fast work pace of the two delegations was commendable, especially since both had to constantly consult with their superiors in Bonn and Jerusalem.³⁴⁶ On July 21, Avner reported to Eytan that the final draft of the Reparations Agreement would be ready in the first week of August, at which time he would come to Israel to present the document to the Foreign Affairs and Defense Committee.³⁴⁷ Yet, as could be expected in such complex negotiations, issues that had ostensibly been agreed upon now resurfaced, and new problems emerged out of the blue. Avner's updated estimate was that the final draft of the agreement would arrive toward mid-August.³⁴⁸ In response, Foreign Minister Sharett hurried to send a telegram to the delegation, in which he expressed his deep concern about the duration of the negotiations. It seemed to him that time was being wasted on the finer points of legal phrasing.³⁴⁹

In the second half of August, the Israeli and German delegations in Wassenaar had managed, after a concerted effort, to agree on all issues concerning the Reparations Agreement, with the exception of German property in Israel. An understanding between the German and Claims Conference delegations regarding the amount

343 The Israelis wished to include a sentence in the preamble that laid out the historical background of the Reparations Agreement, i.e. the heinous crimes of the Third Reich against the Jewish people. The Germans agreed, but sought to add a sentence stating that the agreement was a first step on the road to reconciliation between the two nations. The reaction of the Israelis was staunchly negative and the Germans retracted their suggestion out of respect. ISA, MFA 2417/5, The Minister of Foreign Affairs to the Director-General of the Ministry of Foreign Affairs, May 8, 1952.

344 ISA, MFA 1809/2, Re: The Shilumim Contract: Its Execution and assurance, June 15, 1952; ISA, MFA 1809/2, Re: The Shilumim Contract: Its Execution and assurance, June 17, 1952; ISA, MFA 1809/2, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, June 27, 1952; ISA, MFA 2417/6, Israel Delegation to the Reparations Negotiations to S. Rosenne, July 4, 1952; ISA, MFA 1809/3, Israel Delegation to the Reparations Negotiations to S. Rosenne, July 13, 1952.

345 By the second week of July, the parties had managed to draft five versions of the agreement. ISA, MFA 1809/3, Israel Delegation to the Reparations Negotiations to the Legal Advisor, July 11, 1952.

346 DEPI, Vol. 7, Document 276, Israel Delegation to the Reparations Negotiations to M. Sharett, August 6, 1952; ISA, MFA 1809/3, S. Rosenne to the Israel Delegation to the Reparations Negotiations, July 14, 1952; ISA, MFA 1809/3, Israel Delegation to the Reparations Negotiations to S. Rosenne, July 16, 1952.

347 ISA, MFA 2417/6, G. Avner to W. Eytan, July 21, 1952.

348 ISA, MFA 2417/6, G. Avner to W. Eytan, July 22, 1952.

349 DEPI, Vol. 7, Document 276, Note 1.

that Bonn would transfer to the Conference through Israel – 450 million DM (roughly 107 million USD) – had been reached earlier.³⁵⁰ The two parties, together with Israeli representatives, had drafted an agreement on the matter in the course of August.³⁵¹ The Germans and the Conference had likewise completed the formulation of the agreement on German legislation in the categories of personal indemnification and restitution of property.³⁵²

The last major issue still on the table was thus the problem of German property in Israel. The property in question belonged to the Templars, German Protestants who had settled in Palestine beginning in the latter half of the 19th century for religious reasons. At the height of their power, on the eve of World War II, this community had numbered close to two thousand people and managed to amass vast assets.³⁵³ After the outbreak of the war, the British authorities expelled the majority of the Templars from Mandatory Palestine due to their affiliation with Nazi Germany;³⁵⁴ others left of their own volition. Some immigrated to Australia;³⁵⁵ the rest returned to Germany. Their property had been left behind and expropriated by the authorities following the establishment of the State of Israel.³⁵⁶ During the Wassenaar talks, the Germans demanded that Israel return this property, which they estimated at about 600 million DM. Israel disputed this evaluation. The parties had held numerous discussions on the issue, but no agreement was reached.³⁵⁷ Finally, it was decided that immediately after the conclusion of the negotiations in Wassenaar, Bonn and Jerusalem would reopen talks in the aim of resolving the Templar problem, which they did.³⁵⁸

The text of the Reparations Agreement had been finalized, and now it remained to be approved by the two leaderships in Jerusalem and Bonn. At a cabinet meeting

350 Sagi, *German Reparations*, 151.

351 CAHJP, CC 8100, Minutes of a Meeting between the German Delegation and Representatives of the Israeli and Conference Delegations held in August 14, 1952; CAHJP, CC 8101, Report of a Meeting between the German Delegation and Representatives of the Israeli and Conference Delegations held in August 16, 1952.

352 Sagi, *German Reparations*, 160–162.

353 Sauer, *The Holy Land Called*, 17–277; Ben-Artzi, *From Germany to the Holy Land*, 103–190.

354 Balke, *Hakenkreuz im heiligen Land*.

355 Rutland, “Buying out of the Matter,” 143–146.

356 Ifrach, *The custodian Laws*, 177–197.

357 Katz, *The Forsaken*, 22–54.

358 In mid-July 1953, about four months after the ratification of the Reparations Agreement, the two parties began negotiations on the amount of compensation to be paid by Israel to the Templars. The talks culminated in an agreement only nine years later, in June 1962. Israel agreed to compensate the Templars to the amount of 54 million DM which Israel repaid by the end of 1963. Katz, *The Forsaken*, 56–62.

on August 31, Foreign Minister Sharett detailed the projected schedule. The government in Bonn, he said, would discuss the agreement on September 2 and approve it – so it was assumed – by the end of that same day. Then, on September 4 and 5, the Foreign Affairs and Defense Committee and the government would convene in Jerusalem to approve the agreement. The signing ceremony itself would take place on September 9.³⁵⁹

On September 4, Sharett informed the cabinet that there had been a change in schedule. Finance Minister Schäffer was traveling to the World Bank conference in Mexico and had asked Adenauer to postpone the government's discussion on the Wassenaar agreements until his return. The Chancellor acquiesced, and the cabinet meeting devoted to this issue was set for September 8. German sources assured the members of the Israeli delegation that the Chancellor had his mind set on holding the signing ceremony on the 9th of the month (after the expected approval of the Reparations Agreement at the cabinet meeting in Bonn). Sharett therefore suggested to the ministers that the government wait until the 8th of the month and convene to approve the agreement as soon as news of Bonn's approval was received. The current meeting, he announced, could instead be dedicated to a comprehensive deliberation on the agreement. Since the text of the agreement had already been submitted for consideration to the cabinet ministers, Sharett briefly reviewed its key clauses. Yaacov Robinson, the Israeli delegation's jurist, and Gershon Avner followed Sharett and elaborated on a few points. At the end of their remarks, the ministers expressed their views, which pertained mainly to the Israeli "purchasing delegation" that would be sent to West Germany. At the end of the discussion, it was decided to return to the subject at the next cabinet meeting on September 7.³⁶⁰

The next day, September 5, the Foreign Affairs and Defense Committee convened to discuss the agreement. As was customary when approaching a fateful political crossroads, Mapai's Political Committee held a preliminary meeting to decide on the position to be taken by its representatives in the Foreign Affairs and Defense Committee. Sharett and Robinson elucidated the main points of the agreement, following which the members voiced their opinions. Many expressed concern about the length of time granted for the implementation of the agreement: twelve to fourteen years. The main apprehension was that, during this time, Bonn would renounce the agreement for internal or external reasons. Apart from this caveat, the members of Mapai's Political Committee were satisfied, and it was decided that the

359 ISA, Meeting of the Cabinet, August 31, 1952, 5.

360 ISA, Meeting of the Cabinet, September 4, 1952, 2–45.

party representatives in the Foreign Affairs and Defense Committee would cast their votes in favor of accepting the agreement.³⁶¹

At the Foreign Affairs and Defense Committee meeting, Foreign Minister Sharett presented the core outline of the Reparations Agreement to those present. Once he had finished speaking, a lively discussion commenced, during which the representatives of the coalition spoke in favor of the agreement while members of the opposition rejected it out of hand. The arguments put forward by the legislators were reflected in the partisan and unaffiliated press and the manifestos published by several parties. One could easily sense that the anti-negotiations camp (which now also became the anti-agreement camp) was, once again, more active and vociferous than the camp that supported the Wassenaar conference (and the agreement).³⁶²

The anti-negotiations camp invoked arguments that had served them during the past year,³⁶³ supplemented by new assertions derived from the clauses of the agreement. They expressed resentment at the fact that the government had agreed to reduce the amount claimed from the FRG by nearly a third. To their mind, this represented a scandalous compromise given that the original amount of the claim was already far removed from the extent of the actual material damage Nazi Germany had inflicted upon the Jewish people and that Bonn was capable of raising a much higher sum. This camp likewise objected to the long term allotted for the implementation of the agreement, since it provided Bonn with the opportunity to suspend payments, not only because of its historic tendency to do so, but also because of unforeseen circumstances such as the outbreak of another world war, an economic crisis in West Germany, or the rise of a neo-Nazi regime in Bonn. Another focal point of criticism was the currency stability clause included in the agreement. The anti-negotiations camp claimed that this clause did nothing to protect Israeli interests. Other sections of the agreement also came under attack, albeit with less intensity.³⁶⁴

361 ILPA, 2–26-1952-11A, Meeting of the Political Committee of Mapai, September 5, 1952.

362 Years later, when the reparations storm had subsided and German goods began to flow into the country (as a result of the agreement), Prime Minister Ben-Gurion wrote, with a sense of pleasure mixed with sarcasm, that “even the members of the parties who had opposed reparations were quite happy to enjoy the reparations goods.” Ben-Gurion, *The Restored State of Israel*, 423.

363 *Al Ha-Mishmar*, September 7 and 11, 1952; *Kol Ha-Am*, September 10, 11 and 12, 1952; *Herut*, September 4, 8, 9 and 11, 1952; *Ha-Boker*, September 7 and 11, 1952; *Ma'ariv*, September 5 and 11, 1952; *Ha-Kol*, September 3, 1952; *Letzte Nayes*, September 12, 1952; JIA, H1 – 9/10, Outlines for Hasbara, September 1952; ISA, 7563/6 A, Meeting of the Foreign Affairs and Defense Committee, September 5, 1952, 18, 20, 26, 27.

364 *Al Ha-Mishmar*, September 7, 11 and 18, 1952; *Kol Ha-Am*, September 9, 1952; *Herut*, September 11, 1952; *Ha-Boker*, September 7, 1952; *Ma'ariv*, September 10, 1952; *Ha-Kol*, September 11, 1952; JIA, H1 – 9/10, Outlines for Hasbara, September 1952; ISA, 7563/6 A, Meeting of the Foreign Affairs and Defense Committee, September 5, 1952, 18–19, 21–23.

Overall, in view of the reparations amount and the lengthy period over which it was to be paid, this camp felt that the attempt to describe the reparations as a comprehensive solution to the problems of the Israeli economy was fundamentally ludicrous.³⁶⁵

The pro-negotiations camp also reiterated arguments it had used since September 1951,³⁶⁶ as well as new assertions derived from the agreement itself. These stated that the vast majority of German goods would be input factors (rather than consumer goods) in accordance with the vital needs of the Israeli economy, and that the claim made by the anti-negotiations camp that Israel would become an “agent for the distribution of German goods around the world” had been disproved. After all, the Germans themselves insisted that Israel must not export the goods provided as reparations payments.³⁶⁷

Indeed, even the supporters of the Israeli-German talks admitted that the agreement was not without its shortcomings, as their adversaries did so much to point out (especially with regard to the reparations amount, the defrayal period and the issue of currency stability).³⁶⁸ However, they maintained that these shortcomings could not overshadow the three enormous, unprecedented benefits Israel would derive from the Reparations Agreement. The first two of these had been championed by the supporters’ camp as early as the winter of 1951–52, while the third emerged as a result of the Wassenaar negotiations:

1) A lifeline for the Israeli economy. The reparations funds would rescue Israel from socioeconomic collapse and, in effect, given the perilous political-security reality in which the Jewish state found itself, avert the physical demise of the Zionist enterprise.³⁶⁹

365 *Kol Ha-Am*, September 5, 1952; *Ha-Boker*, September 12, 1952; *Herut*, September 11, 1952; *Al Ha-Mishmar*, September 15, 1952; *Ma’ariv*, September 12, 1952.

366 *Ha-Modia*, September 7 and 10, 1952; *Ha-Tzofeh*, September 4, 1952; *Davar*, September 7, 1952; *Ha-Poel Ha-tzair*, September 9, 1952; ISA, 7563/6 A, Meeting of the Foreign Affairs and Defense Committee, September 5, 1952, 28.

367 *Davar*, September 7, 1952; ISA, 7563/6 A, Meeting of the Foreign Affairs and Defense Committee, September 5, 1952, 28–29.

368 *Ha’arets*, September 11, 1952; *Ha-Tzofeh*, September 1, 1952; *Davar*, September 11, 1952; *Ha-Poel Ha-tzair*, September 9, 1952. Coalition members criticized the flaws of the agreement also at the cabinet’s September 4 meeting, and at the Foreign Affairs and Defense Committee’s meeting on September 5.

369 *Davar*, September 7, 1952; *Ha-Modia*, September 7, 1952; *Ha-Tzofeh*, September 10 and 11, 1952; *The Jerusalem Post*, September 11, 1952; *Neueste Nachrichten*, September 12, 1952; *Ha’arets*, September 5, 1952; ISA, 7563/6 A, Meeting of the Foreign Affairs and Defense Committee, September 5, 1952, 30; ILPA, 2-26-1952-11A, Meeting of the Political Committee of Mapai, August 24, 1952.

2) Historical precedent. For the first time in the history of the Jewish people, “the enemy and the oppressor [would be] forced to submit to paying reparations for the plunder and robbery they committed against the Jews.” This historical precedent would make it clear to all agents plotting evil against the Jews that Jewish blood could not be spilled without consequence. In historical perspective, “the value of this event transcends [. . .] the context of the relationship between the People of Israel and the nations of the world.” The Reparations Agreement “implied a new principle in the harsh and cruel international political reality: those who loot and plunder will be made to return at least part of the spoils.”³⁷⁰

3) Israel as the heart of the Jewish people. The unreserved support given by the Claims Conference to the State of Israel and its reparations claim before, and especially during, the Wassenaar talks, as well as the inclusion of the Jewish global compensation claim within the Israeli reparations claim, demonstrated the unity of the Jewish people to the all world and, most importantly, proved Israel’s centrality to Diaspora Jewry.³⁷¹

These were the arguments for and against the Reparations Agreement, some of which, as stated, were also mentioned at the meeting of the Foreign Affairs and Defense Committee on September 5. At the end of the almost six-hour-long debate, the following resolution was passed by a majority of eight coalition members against seven members of the opposition: “a) To submit to the government’s consideration the proposed amendments to the draft of the agreement as heard by the committee; b) to authorize the government to make the final decision on the questions of the approval and signing of the Reparations Agreement.”³⁷² The amendments that the committee submitted to the government concerned those same flaws in the agreement on which the opposition and the coalition saw eye to eye.³⁷³

Sharett delivered the decision of the Foreign Affairs and Defense Committee to the government at its September 7 meeting. The ministers heard the proposed amendments but could do nothing about them at this stage, on the eve of the signing of the agreement. Sharett also reported that the signing ceremony itself had been postponed to September 10.³⁷⁴ All those in attendance in the cabinet’s meeting room could feel that the moment of truth had finally arrived.

³⁷⁰ *Davar*, September 9 and 11, 1952; *Ha-Poel Ha-tzair*, September 9 and 16, 1952; *Ha’aretz*, September 10, 1952; *Mitteilungsblatt*, September 12, 1952; ISA, Meeting of the Cabinet, September 7, 1952, 11; ISA, MFA 117/13, Assessment of the Shilumim Agreement, September 8, 1952.

³⁷¹ *Davar*, September 9, 1952; ISA, MFA 117/13, Assessment of the Shilumim Agreement, September 8, 1952; ISA, Meeting of the Cabinet, September 14, 1952, 2.

³⁷² ISA, 7563/6 A, Meeting of the Foreign Affairs and Defense Committee, September 5, 1952, 47.

³⁷³ For instance, the long defrayal period and the issue of currency stability.

³⁷⁴ ISA, Meeting of the Cabinet, September 7, 1952, 2–15.

The signing of the agreement, September 10

In the morning hours of September 8, representatives of the Israeli and German delegations to Wassenaar signed the final version of the Reparations Agreement with their initials.³⁷⁵ A few hours later, in the afternoon of that same day, the Bonn government approved the agreement.³⁷⁶ At six o'clock in the evening, the Israeli government convened to take its decision on the matter:

We hereby resolve to a) approve of the Reparations Agreement between the government of Israel and the government of West Germany.³⁷⁷

Thus, the historic Reparations Agreement had been approved by both governments. All that was left to do now was hold the signing ceremony.

The various issues concerning this ceremony – its location, the signatories, the procedure, and the participation of the press – were discussed between the two states as early as late July. The decisions on these questions, although ostensibly technical or administrative, were highly sensitive in terms of public opinion given the heavy historical baggage between the signatory nations. After a rather tedious deliberation, it was decided that the ceremony would take place in Luxembourg,³⁷⁸ and the signatories on behalf of the states would be Adenauer and Sharett (and Goldmann on behalf of the Claims Conference).³⁷⁹ Beyond that, it was agreed that the three leaders – Adenauer, Sharett, and Goldman – would deliver speeches. As for the media, it was determined that a joint press conference would take place after the signing ceremony.³⁸⁰

On the morning of September 9, Foreign Minister Sharett left for Luxembourg. In the course of the day, members of the Israeli delegation, as well as two

375 Shinnar, *Out of Necessity and Feelings*, 42.

376 Finance Minister Schäffer used the opportunity to level harsh criticism at the agreement. Jena, “Versöhnung Mit Israel?,” 478. Some time later, he would assert that the agreement was “two billion [DM] too dear.” Dochartaigh, *Germans and Jews*, 105.

377 ISA, Meeting of the Cabinet, September 8, 1952, 2–3.

378 The Israelis vehemently refused to hold the ceremony in Israel or in West Germany. Adenauer suggested Luxembourg. He had to travel there anyway to attend the first meeting of the European Coal and Steel Community. CAHJP, CC 7021, J. Jacobson to S. Kagan, August 26, 1952.

379 Adenauer insisted that an Israeli minister attend the ceremony. The Israeli government discussed the matter at its meeting on August 24 and decided that the Minister of Foreign Affairs would be well-suited for the job. ISA, Meeting of the Cabinet, August 24, 1952, 6–8; ISA, 7484/11A, Government’s Resolution from August 24, 1952. The Israeli historian Yossi Goldstein writes that Ben-Gurion preferred not to participate in the ceremony because of the sensitive moral aspect involved in Israeli-German relations. Goldstein, *Ben-Gurion*, 853.

380 ISA, Meeting of the Cabinet, September 4, 1952, 3–4.

other Israeli diplomats and Nahum Goldmann, arrived in the tiny duchy. Also present were Chancellor Adenauer, Foreign Ministry officials Hallstein and Blankenhorn, two members of the German delegation – Böhm and Frowein, Jewish Bundestag member Jakob Altmaier, and two other German diplomats. The ceremony was to take place at Luxembourg City Hall, “the most magnificent house of the Luxembourg government,” according to Sharett.³⁸¹ The local police took care to secure the place in advance with large forces, for fear of assassination attempts by extremists, particularly Jewish terrorists.³⁸² In direct connection to this, the Israeli government made a special effort to keep the place and date of the ceremony a secret,³⁸³ but the details were leaked, and *Herut* reported the information on the front page of its September 4 issue.³⁸⁴

On the eve of the signing of the agreement, a controversy broke out between the two sides with regard to Sharett’s speech. The Germans explained to the Israelis that if the speech, with its harsh reprimands of Nazi Germany, was delivered in their presence, the German public would react as though it had been given with their approval. On the other hand, were they to attack the speech, the dignified ceremony would turn into an ugly quarrel. The threat of a crisis hovered overhead for a moment, but then “Adenauer saved the situation by proposing that there be no speeches.” Sharett accepted the suggestion, and the speeches were cut from the proceedings.³⁸⁵

The day of the signing, Wednesday, September 10, 1952, had finally arrived. The signing ceremony had been set for eight in the morning. The members of the Israeli delegation and Goldmann left their hotel at seven-thirty. They made their way to Luxembourg City Hall. A few minutes before the appointed time, they went upstairs to the conference hall, where the ceremony was to take place. The German delegation awaited them in the corridor leading up to the hall. Adenauer and Sharett shook hands warmly and presented the members of their respective delegations. In accordance with the rules of the ceremony, each of the delegations entered the hall through a separate door. Inside, they were received by the journalists and photographers of the leading news agencies in the world, who had been ushered in an hour or so earlier. A large rectangular table occupied the center of the hall. The Israeli-Jewish delegation sat down on one side of the table, the German delegation on the other. Two copies of the Reparations Agreement were

381 ISA, Meeting of the Cabinet, September 14, 1952, 5.

382 *Ha-Tzofeh*, September 11, 1952.

383 ISA, MFA 2417/6, S. Kaddar to M. Sharett, September 8, 1952.

384 *Herut*, September 4, 1952.

385 ISA, Meeting of the Cabinet, September 14, 1952, 3–4; USNA, DoS, RG 59, CDF (1950–1954), 262A.84A41/9-1152, Bonn to the Secretary of State, September 11, 1952.

submitted to Sharett and Adenauer for their signature, after which each of the statesmen signed the other party's copy. Immediately afterward, Adenauer and Goldmann³⁸⁶ signed two protocols (1 and 2) containing the agreements between the FRG and the Claims Conference.³⁸⁷ No word was said during the signing. After the ceremony ended, Adenauer hinted to Sharett that he wished to speak with him. The Israeli minister, accompanied by Goldmann, entered a side room, where Adenauer and Hallstein were waiting for them. The conversation lasted about a quarter of an hour and was conducted in German. Adenauer expressed his contentment that the agreements had been signed and asserted that, for him, it was a matter of supreme moral importance. He hoped that this was the beginning of a change in the relations between the two peoples. Sharett replied with caution. "I said," he reported later to the Israeli cabinet, that "there is a chasm between our

386 For Goldmann, the Luxembourg Agreement was one of the greatest achievements of his decades-long public career. This accomplishment, historians state, cemented his high public status among Jews and non-Jews alike until his death. Friesel and Reinharz, "Nahum Goldmann," 20, 26.

387 Protocol No. 2 detailed the commitment of the Bonn government to transfer 450 million DM to the Claims Conference through the State of Israel. This global sum covered three types of compensation: the first was linked to the "third bloc" assets, the second was for Jewish property that could not be identified and restored, and the third was intended as aid to Jewish survivors. AIG, Protocol No. 2, 161–163. The compensation funds began to be transferred to the Conference in December 1953, and over the next eleven years (until the agreement was fully implemented), the money was used to help Jewish communities, institutions, and individuals who had been affected by the actions of the Nazi regime in about forty countries around the world. Conference on Jewish Material Claims against Germany, *Twenty Years Later*, 21–124. Protocol No. 1 had two parts: the first and most important part dealt with the issue of personal indemnification; the second discussed the question of restitution of property. In the first part, the Bonn government undertook to improve the personal indemnification laws enacted in the American High Commission's jurisdiction, which had the most advanced legislation in this domain, and apply them to the entire territory of the FRG. Regarding the issue of restitution of property, the second part of this protocol guaranteed that the West German government would take responsibility for providing compensation for the "third bloc" assets. AIG, Protocol No. 1, 152–157. Work on turning the legal principles outlined in Protocol No. 1 into federal laws began shortly after the signing ceremony. The Claims Conference accompanied the legal process from its inception. Robinson, *Ten Years of German Indemnification*, 26; Blumenthal, *Right of Reparations*, 70. Some argue that the efforts, and certainly the achievements of the Claims Conference in term of compensation, had implications for international human rights law. Silvers, "The Future," 220. For more on the West German compensation legislation, see: Schwerin, "German Compensation," 495–512; Pross, *Paying for the Past*, 38–65. The property restoration and personal indemnification laws allowed hundreds of thousands of survivors of Nazi persecution, Jewish and non-Jewish, in Israel and abroad, to file lawsuits against the FRG. The bulk of these were for personal indemnification. Thus, by 2013, the Treasury in Bonn had paid a sum of about 94 billion USD to plaintiffs worldwide. About 62 billion USD was earmarked for personal compensation. Marwecki, *Germany and Israel*, 19–20. For more on the Israeli context, see: Landsberger, *Restitution Receipts*.

peoples, a deep chasm that only time and a change in the education of the German people can bridge. This agreement is an attempt at building that bridge.” The conversation ended, and the four men returned to the hall. The photographers were still there, and Adenauer asked Sharett and Goldmann to pose with him. Not for the press, he told them, but for the Foreign Office archive in Bonn. The two consented, and the trio was photographed for the sake of posterity.³⁸⁸

Shortly after the end of the signing ceremony, representatives of the two delegations held a joint press conference, during which they took questions from journalists.³⁸⁹ Following this, a banquet was held for the delegations, with all sides enjoying “an opportunity to appreciate the fruits of our common toil for the past months.”³⁹⁰

On that historic day, another signing ceremony was held in connection with the agreements signed between the West German and the Israeli-Jewish parties. This was to seal the agreement between the State of Israel and the Claims Conference regarding the distribution of the global amount of compensation – 3.45 billion DM (roughly 822 million USD³⁹¹ – between them. As will be recalled, on the eve of the opening of the talks in Wassenaar, Israel had reached an accord with the Claims Conference that if their two global claims were dealt with as one, Israel would receive two-thirds of the total amount while the conference would receive the remaining third. Beginning in late June, when the Reparations Agreement appeared to be in the offing, representatives of Israel and the Conference discussed the issue of distribution with a view to drafting a detailed legal agreement on the matter.³⁹² In late July, Moses Leavitt and Josephthal composed and presented a draft agreement.³⁹³ The Israeli government and the Conference’s presidium approved the draft, and on September 6 it was signed with Leavitt and Josephthal’s initials.³⁹⁴ At the request of the Conference’s presidium, the official signing ceremony was held in New York on September 10.³⁹⁵ A representative on behalf of the Conference’s presidium and Israel ambassador Abba Eban signed two copies of the agreement.

388 ISA, Meeting of the Cabinet, September 14, 1952, 5–8.

389 *Ha-Boker*, September 11, 1952; *Ha-Tzofeh*, September 11, 1952; *Ha’aretz*, September 11, 1952.

390 Shinnar, *Out of Necessity and Feelings*, 45.

391 Three billion DM (roughly 715 million USD) in reparations to Israel, plus 450 million DM (roughly 107 million USD) for the Claims Conference’s global claim.

392 ISA, MFA 1811/8, N. Goldmann to D. Ben-Gurion, June 20, 1952; ISA, MFA 2417/6, M. Sharett to N. Goldmann, June 23, 1952; ISA, MFA 2417/6, G. Josephthal to E. Kaplan, June 24, 1952; CZA, S1/2634, G. Josephthal to the Ministry of Foreign Affairs, July 14, 1952; CZA, S1/2635, G. Josephthal to L. Eshkol, July 17, 1952.

393 ISA, MFA 1811/9, G. Josephthal to M. Sharett, July 28, 1952.

394 CZA, S1/2635, G. Josephthal to the Executive of the Jewish Agency for Palestine, September 6, 1952.

395 CAHJP, CC 7022, Memorandum for the Files, August 28, 1952.

According to the document, 33.33% of the total amount of payments (1.15 billion DM, or about 274 million USD) was to be transferred by the State of Israel to the Claims Conference (in the form of German goods or currency). Of this, 18.33% (632.5 million DM, or about 150 million USD) would be allocated by the Conference to Jewish organizations operating in Israel.³⁹⁶ The remaining 15% (517.5 million DM, or about 124 million USD) would be used by the Conference to provide relief, rehabilitation, and resettlement aid to Jewish Holocaust victims living outside Israel.³⁹⁷

The long journey seemed to have come to an end. After six months of long, grueling, nerve-wracking, partly official, partly covert negotiations that were rife with upheavals, the historic Reparations Agreement had been reached. The actual implementation of this agreement, however, depended on its ratification by both houses of the West German parliament. Unfortunately, this task would prove no less difficult and protracted than that of attaining the agreement itself.³⁹⁸

396 The vast majority of the sum went to the Jewish Agency; two-thirds of it was used for the Agency's development programs in Israel. Ginor, "The Impact," 39.

397 CZA, S1/2635, Agreement between the Government of the State of Israel and the Conference on Jewish Material Claims against Germany, September 10, 1952.

398 Shinnar, *Out of Necessity and Feelings*, 49.



Figure 10.12: The members of the delegations representing Israel and the Claims Conference at the Wassenaar talks. Front row, from left: Alexander Easterman, Felix Shinnar, Moses Leavitt, Giora Josephthal. Second row: Seymour Rubin, Benjamin Ferencz, Eli Nathan, Morris Boukstein, Jacob Robinson, Gershon Avner. Third Row: Jerome Jackson and Nehemiah Robinson. (From the book: *70 years of the Claims Conference, 1951–2021*).



Figure 10.13: Israel's Foreign Minister Moshe Sharett (1st row, left), and the President of the Claims Conference Nahum Goldmann (1st row, right), on their way to the signing of the Reparations Agreement. September 10, 1952. (Courtesy of the Photo Department of the Press and Information Office of the Federal Government).



Figure 10.14: Israel's Foreign Minister Moshe Sharett (right), with the heads of the Israeli delegation to Wassenaar, Felix Shinnar (left) and Giora Josephthal (2nd from left), during the signing of the Reparations Agreement. September 10, 1952. (Courtesy of the Photo Department of the Press and Information Office of the Federal Government).



Figure 10.15: Israel's Foreign Minister Moshe Sharett (seated centre right) and West German's Chancellor Konrad Adenauer (seated centre left) sign the Reparations Agreement. September 10, 1952. (Courtesy of the Photo Department of the Press and Information Office of the Federal Government).



Figure 10.16: President of the Claims Conference Nachum Goldmann sign protocols 1 and 2. September 10, 1952. (Courtesy of the Moshe Sharett Heritage Society).



Figure 10.17: Israel's ambassador to the United States Abba Eban, together with representatives of the Claims Conference, sign the agreement for the distribution of the reparations' funds between the State of Israel and the Claims Conference. September 10, 1952. (From the book: *70 years of the Claims Conference, 1951–2021*).

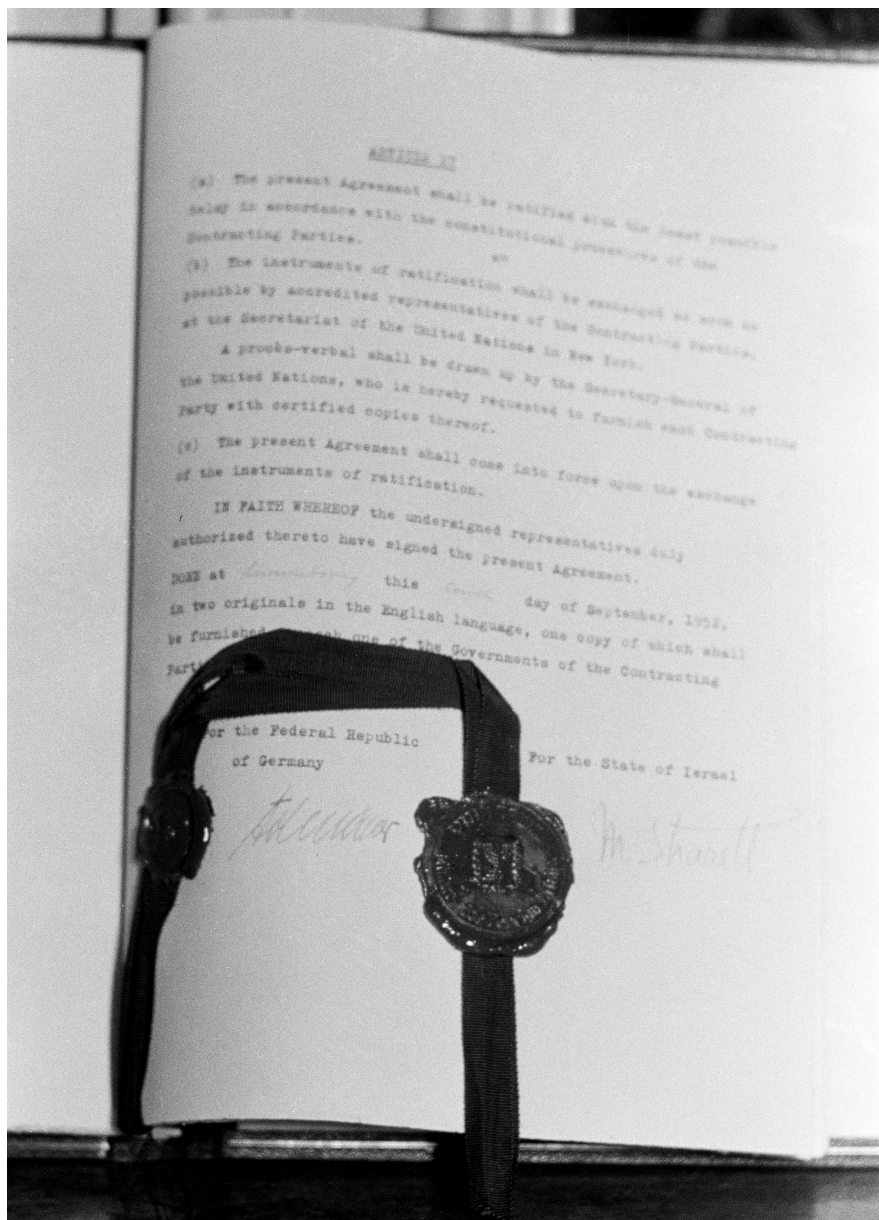


Figure 10.18: Signature page of the Reparations Agreement between the State of Israel and the Federal Republic of Germany on September 10, 1952. (Courtesy of the Photo Department of the Press and Information Office of the Federal Government).

Chapter 11

The Struggle Over Ratification, September 1952–March 1953

The ratification of the Reparations Agreement proved to be an arduous task, primarily because of the negative attitude of the Arab League states¹ toward the idea of reparations.² Their position was a direct result of the Arab-Israeli conflict. This conflict – a fundamentally territorial dispute between Jews and Arabs over control of Palestine – began several decades before the establishment of the State of Israel (May 1948), culminated in the first Arab-Israeli War (1947–1949), and continued in difference ways thereafter. Over the course 1949–1952, it became clear that the conflict was unsolvable at this stage. Various signs attested to this: repeated attempts of the UN and the Western powers to promote political arrangements, whether partial or comprehensive, between the opposing parties, yielded nothing; the secret peace negotiations that took place between Israel and Jordan also came to nil, as did the diplomatic overtures between Israel and Egypt. From 1951 onwards, various signs began to appear indicating that not only could the conflict not be resolved, or at least mitigated, but that it was also exacerbating. The responsibility for the deterioration of the situation rested mainly with the Arab side: its anti-Israeli economic warfare – i.e., the pan-Arab economic boycott and the Egyptian maritime blockade of the Suez Canal and the Tiran Straits – intensified, as did Arab political-propaganda efforts in the international arena against the Jewish state and the infiltration of Arabs – mostly Palestinian

1 The Arab League had seven member states: Egypt, Syria, Jordan, Lebanon, Iraq, Saudi Arabia and Yemen.

2 The ratification process was also slowed down for two internal German political reasons, although their overall impact was relatively small compared to the “Arab Factor.” First, the ratification of the Reparations Agreement in parliament required the government to draft a bill, which was a cumbersome and time-consuming procedure. Beyond that, the minister responsible for the matter, Fritz Schäffer, a staunch opponent of reparations, made no discernible effort to expedite the matter. ISA, 7563/7 A, Meeting of the Foreign Affairs and Defense Committee, November 18, 1952, 5–6; ISA, MFA 2417/6, E. Livneh to the Director-General of the Ministry of Foreign Affairs, November 4, 1952. Second, the Adenauer administration had been busy since June 1952 trying to resolve a legal-political entanglement linked to the approval of the EDC treaty in parliament. Consequently, this administration could devote relatively little time to promote the ratification of the Reparations Agreement. ISA, MFA 2417/7, C. Yahil to the Director-General of the Ministry of Foreign Affairs, December 7, 1952.

refugees – into Israeli territory.³ Opposition to reparations was thus integrated into a comprehensive and deepening anti-Israeli campaign by the Arabs. The expected contribution of the huge German compensation to Israel's economy and physical resilience spurred the Arabs to do their utmost to thwart it.

The Arabs refrained from declaring to the world that their opposition to a German-Israeli reparations agreement arose from their deep resistance to the very existence of a Jewish polity in Palestine. This would not be considered a legitimate argument from a legal, political or moral point of view, certainly not in the eyes of the western democratic world. Instead, the Arabs proffered other arguments linked to the Middle Eastern conflict. In addition, they sought to question the political-juristic validity of the reparations claim.

Regarding their conflict with Israel, the Arab league states had two arguments. The first touched on the problem of the Palestinian refugees, a humanitarian issue that emerged as a result of the first Arab-Israeli war. According to estimates issued by the UN and Western states, between 600,000 and 800,000 Palestinians who had resided in the territories that became part of the State of Israel had been forced to seek refuge in neighboring Arab countries and in the Arab regions of Mandatory Palestine during the war.⁴ They had left behind considerable assets, both movable and immovable, their value estimated at about \$340 million by the Conciliation Commission, a body established by the UN in December 1948 to mediate the Arab-Israeli conflict and bring about a peaceful arrangement between the belligerents. The Arab League claimed a much higher but largely unsubstantiated amount of \$5.6 billion.⁵ UN Resolution (3) 194 of December 1948 (which established the Conciliation Commission) required the State of Israel to pay monetary compensation for the abandoned property of those Palestinian refugees who would not return to their former homes in Israel.⁶ Israel was willing, in principle, to compensate the refugees, but refrained from doing so in the face of the deterioration of its relations with neighboring Arab countries, as well as its difficult economic situation.⁷

Against this backdrop, the Arab states decided to link the issue of reparations from Germany to the issue of the Palestinian refugees. They argued that since Israel

³ The majority of these infiltrations were for civilian reasons rather than terrorism, but the overall security and economic toll on the Jewish state was heavy nonetheless. Tovy, *Israel and the Palestinian Refugee Issue*, 202–203.

⁴ Tovy, *Israel and the Palestinian Refugee Issue*, 7–9.

⁵ Tovy, *Israel and the Palestinian Refugee Issue*, 28.

⁶ Medzini, *Israel's Foreign Relations*, 116–118.

⁷ On Israel's policy toward the issue of compensation to the Palestinian refugees, see: Tovy, *Israel and the Palestinian Refugee Issue*, 109–159, 200–218; Samy, *Reparations to Palestinian Refugees*, 15–20.

refused to pay compensation to these refugees, in blatant violation of UN Resolution (3) 194, they must not be compensated for the Holocaust of European Jews. If West Germany insisted on reaching an agreement with Israel, it should be pressured, directly or through a third party (the Western powers), to designate the reparations money, in whole or in large part, for the rehabilitation of the Arab refugees.

The second argument of the Arab states was that the Reparations Agreement would greatly fortify Israel's military capabilities, either directly, due to the military potential of some of the German goods, or indirectly, by bolstering the Israeli economy, thereby enabling the government in Jerusalem to allocate financial resources to armaments. A militarily strengthened Israel would pose an unacceptable threat to its neighbors, with which it was in ongoing conflict, mainly because of its aggressive policies. Beyond that, by entering into the agreement, Bonn would bring about a far-reaching change in the strategic balance in the region, thereby violating the neutrality required of it in regard to the Middle Eastern conflict.

The Arab states offered two more arguments undermining the political-juristic aspects of the agreement. First, they contended that Israel could not demand compensation from Germany, as it had not existed as a sovereign political entity during World War II and had never been in a state of war with the Third Reich. Second, Israel was not entitled to negotiate on behalf of the Holocaust victims, since they were not its citizens at all during the 1930s and the 1940s.

Of the Arabs' four arguments against the Israeli-German Reparations Agreement, the chief one, to which they referred most frequently, concerned the plight of the Palestinian refugees. Perhaps they believed that the salient human element inherent in this issue would make it a "winning argument." On the other hand, it is possible that they sought to exploit the Western powers' eagerness to resolve the Palestinian refugee problem (as a preamble for a comprehensive solution of the Arab-Israeli conflict).⁸

The Arab states began voicing their reservations about the idea of reparations, albeit in a hesitant and uncoordinated manner, shortly after the submission of the first Israeli compensation letter in January 1951. It was then that they first linked the issue of reparations to the Palestinian refugee problem.⁹ Israel did not reject this correlation outright. It really did consider using the reparations money from Germany to solve the problem of compensation for the Palestinian refugees. As mentioned, political and economic considerations prevented Israel from compensate the refugees; on the other hand, it was under intense pressure from the United States,

⁸ Tovy, *Israel and the Palestinian Refugee Issue*, 40–41, 120–121, 139.

⁹ Litvak and Webman, *From Empathy to Denial*, 61; UKNA, FO 371/93515, A Minute by F. Evans, April 24, 1951.

Britain and the UN to solve this problem. There is also the possibility that Israel hoped to take the sting out of the refugee argument.

Foreign Minister Sharett first raised the issue at a cabinet meeting on February 8, 1951, the same meeting where it was decided to file the reparations letter: “On this occasion, I present the question whether we should not [. . .] say: if we receive compensation from the Germans, it will allow us to pay generous compensation to the Arabs.”¹⁰ Sharett reiterated this stance in conversations he held with US State Department officials during March¹¹ and June of 1951.¹² Prime Minister Ben-Gurion shared his approach: “Certainly we wish to give compensation to the [Palestinian] Arabs, but we cannot until we have been paid for all we lost in Germany.”¹³ Sharett and IMFA officials echoed this position repeatedly during 1952–1953.¹⁴

It is, of course, important to emphasize that Israel’s spokespeople who touched on that issue meant that the reparations funds would help establish and strengthen the Israeli economy, which would, in turn, provide the government with sufficient resources to commit to expensive financial undertakings, such as the refugee compensation.¹⁵ This did not, however, imply that Israel recognized any political, legal, or, most importantly, moral link between the issues of Holocaust reparations and Palestinian refugee compensation, such as the Arabs tried to establish. Rather, for the Israelis, any connection between these two issues was indirect and non-binding.¹⁶

The Arab effort to thwart a German-Israeli Reparations Agreement became much more concrete and concerted at the beginning of 1952, with negotiations at Wassenaar on the horizon. Syria was the dominant state in this endeavor. In the second half of January, its minister in Turkey drew the Syrian government’s attention to the issue of reparations and recommended launching a pan-Arab campaign against an Israeli-German compensation agreement based on the four arguments discussed above. Following the minister’s recommendation, the Ministry of Foreign Affairs in Damascus ordered all its missions in the Arab countries to bring up the issue before the local governments. At the same time, the Syrian missions

¹⁰ ISA, Meeting of the Cabinet, February 8, 1951, 34–35.

¹¹ Fischbach, *Records of Dispossession*, 189.

¹² ISA, MFA 2014/11, M. Comay to A. Lourie, June 7, 1951; FRUS, Vol. V, 704–706, The United States Representative on the Palestine Conciliation Commission to the Secretary of State, June 7, 1951.

¹³ Fischbach, *Records of Dispossession*, 189.

¹⁴ ISA, MFA 2491/5, A. Yafeh to S. Bendor, June 23, 1952; ISA, MFA 2414/7, M. Sharett to D. Goitein, December 21, 1952; DEPI, Vol. 8, Document 1, E. Ben Horin to A. Eban, January 5, 1953; ISA, MFA 2414/7, W. Eytan to C. Yahil, February 5, 1953.

¹⁵ DEPI, Vol. 8, Document 1, E. Ben Horin to A. Eban, January 5, 1953.

¹⁶ ISA, MFA 3061/8, J. Robinson to the Members of our Delegation to the General Assembly, October 20, 1952.

in the capitals of the Western powers were instructed to discuss this question with the respective foreign ministries.¹⁷ Yet Damascus did not stop at that. On March 3, the ministers of the three Western powers were summoned to the Syrian Ministry of Foreign Affairs, where a memorandum on the subject of reparations was submitted to them. “The Arab Palestinian refugees, whose homes have been destroyed and whose properties have been seized for the benefit of the Jews who were brought into Palestine,” it stated, were “more truly entitled” to compensation than Israel. Damascus hoped that the Western powers would share this view and would therefore ensure that the reparations funds were confiscated and redirected to the Palestinian refugees.¹⁸

The next day, Lebanon likewise took action. Its Foreign Minister, Philippe Takla, summoned the diplomatic representatives of the three powers to give them a similarly sharply worded message. The Jews in Israel, he bluntly asserted to the American minister, had committed the same atrocities against the Palestinians as Nazi Germany had committed against European Jewry.¹⁹ To the British minister, he said that “the ultimate sufferers” were the Palestinians, not the Jewish Holocaust survivors.²⁰ Takla declared to his guests that Israel was refusing to admit to any wrongdoing or pay compensation to the Palestinian refugees, which is why the powers had to make sure that the reparations money would be diverted to the refugees.

Amman, too, decided to make a diplomatic move and, on March 5, hastened to officially inform the representatives of the Western powers of the unreserved support of the Hashemite Kingdom of Jordan for the Syrian (and Lebanese) message.²¹

This message stated that the Jewish Holocaust – six million murdered and about two million survivors, many of whom had been monstrously, physically and mentally abused, enslaved, and subjected to horrific medical experiments, as well as billions of USD’ worth of property loss – was equivalent to or even less severe than the Palestinian *Nakba* – the displacement of several hundred thousand Palestinian Arabs, victims of the Arab-Israeli war that broke out because of the Arab and Palestinian leaderships’ refusal to accept the UN Resolution 181 of November 29, 1947.²²

As offensive and misleading as it may have been, the Arabs clung to their message with determination. On March 18, the Syrian minister in London contacted

17 ISA, MFA 2417/6, Arab Activity against the Shilumim, September 3, 1952; UKNA, FO 371/98518, German Reparations to Israel, March 3, 1952.

18 UKNA, FO 371/98518, British Legation in Damascus to Anthony Eden, March 4, 1952.

19 FRUS, Vol. IX, 903, The Minister in Lebanon to the Department of State, March 5, 1952.

20 UKNA, FO 371/98518, From Beirut to Foreign Office, March 5, 1952.

21 UKNA, FO 371/98518, From Amman to Foreign Office, March 5, 1952.

22 This resolution called for the partition of Palestine into Arab and Jewish states.

the British Foreign Office and demanded that the powers foil the possibility of an Israeli-German compensation agreement, in part because of Israel's refusal to pay compensation to the Palestinian refugees.²³ In late March, Iraq also joined the campaign. The Foreign Ministry in Baghdad sent memoranda to the foreign ministries in Washington, London, and Paris asking them to take steps to transfer the reparations money to the Palestinian refugees.²⁴ Two weeks later, at the suggestion of the Iraqi government, the Arab League adopted a resolution stating that the Arab League states would exercise their influence in Washington and London to ensure that if an Israeli-German reparations agreement was reached, the money would be reallocated to the Palestinian refugees.²⁵

The Western powers had no intention of complying with the Arabs' demand to frustrate an Israeli-German Reparations Agreement or to prevent its implementation by diverting the reparations funds away from Israel. However, in an attempt to placate the Arab states, which Britain and the United States envisioned as serving as a central axis in an anti-Soviet Middle East defense alliance, the powers made a supreme effort to clarify that they had no hand in the Wassenaar process and its results. They coordinated their replies to Syria and Iraq's memoranda to reflect this position.²⁶

The agreed-upon wording was reflected in a message sent by London to Beirut and Amman in the first half of April in response to their inquiries from early March on the subject of reparations. The Western powers, it affirmed, had never advanced or attempted to advance a claim for compensation against the FRG, such as the Israeli reparations claim, being prohibited from doing so by the Potsdam and Paris Agreements of 1945. It was the Bonn government itself that had taken the initiative and proposed opening talks on the issue to the Israeli leadership and the Claims Conference. Once the talks began, the issue of material compensation became the exclusive purview of Israel, world Jewry, and West Germany. In light of this constellation, the powers were not able to intervene in the matter.²⁷

²³ ISA, MFA 2417/6, Arab Activity against the Shilumim, September 3, 1952.

²⁴ UKNA, FO 371/98518, Ministry of Foreign Affairs, Arab Affairs Department, to Her Britannic Majesty's Embassy in Baghdad, March 29, 1952.

²⁵ UKNA, FO 371/98518, Israel-German Negotiations, April 16, 1952.

²⁶ FRUS, Vol. IX, 909–910, The Secretary of State to the Legation in Syria, March 12, 1952; UKNA, FO 371/98518, Foreign Office to W. H. Montagu-Pollock, March 22, 1952; UKNA, FO 371/98518, US Suggestion on Form of Answer to be given in Conversation with Arab Countries on the Subject of the Utilization of any Indemnification from Germany to Israel for Arab Refugees, Without Date.

²⁷ UKNA, FO 371/98518, The British Legation in Beirut to the Lebanese Ministry of Foreign Affairs, March 31, 1952; UKNA, FO 371/98519, The British Legation in Amman to the Jordanian Minister for Foreign Affairs, April 16, 1952.

This answer was not acceptable to Beirut, and it reiterated its demand that London take steps in the Israeli-German channel,²⁸ but in vain.²⁹ Although Lebanon was less active than Syria in the issue of reparations, its desire to expropriate these funds for the benefit of the Palestinian refugees was very strong. The reason for this was rooted in the complex situation created in Lebanon after the first Arab-Israeli war in 1947–1949. Nearly 100,000 Palestinian refugees arrived in this Arab country and threatened to destabilize it socially, politically and economically. According to official demographic data, the Christians, from whom most Lebanese leaders were drawn, constituted about 50 percent of the population. The resettlement of more than 100,000 refugees, who constituted approximately 10 percent of the population of Lebanon – the overwhelming majority of them Muslims – would have totally unbalanced the prevailing delicate ethnic composition of the country. All the more so, Lebanon was not in any position structurally and economically to absorb masses of destitute refugees: the size of the country is small, its natural resources limited, opportunities for development were very slim, and the economic situation was grim. It is not surprising that the Lebanese leadership, particularly the Christians in power, did everything they could to make the integration of the Palestinian refugees into Lebanon difficult.³⁰ It seems that this Lebanese leadership hoped that the reparations funds would help them deal with the Palestinian refugee problem by rehabilitating this population in one of the countries of the Middle East (probably in Syria, Iraq or Jordan).

The reply letters of the Western powers to Syria and Iraq's memoranda were prepared, but France suggested they not be sent until the fate of the Wassenaar talks – on hiatus at the time – became clear. If the talks came to nothing, the French argued, there would be no point in replying to Damascus and Baghdad's memoranda. The powers would thus spare themselves a possible confrontation with the Arab states.³¹ Yet, the Americans pressed for the responses to be dispatched. As far as they were concerned, a collapse of the talks was not an option.³² The British seconded the Americans' stance,³³ and the French, having no choice, relented and agreed to send the letters. Nevertheless, Paris decided to add a sentence to the already agreed-upon wording stating that France's stance on the issue of reparations did not in any way negate its long-standing position that Israel must grant the

28 UKNA, FO 371/98518, The British Legation in Beirut to the Principal Secretary of State for Foreign Affairs, April 7, 1952.

29 UKNA, FO 371/98518, Foreign Office to E. A. Chapman-Andrews, April 29, 1952.

30 Tovv, *Israel and the Palestinian Refugee Issue*, 175.

31 UKNA, FO 371/98518, The British Embassy in Bagdad to Eastern Department, April 24, 1952.

32 UKNA, FO 371/98519, From Washington to Foreign Office, May 10, 1952.

33 UKNA, FO 371/98519, German Compensation to Jews, May 12, 1952.

Palestinian refugees compensation.³⁴ The other two powers decided to include a statement in this vein in their responses as well, and on May 19 the letters of reply were sent to Damascus and Baghdad.³⁵

The powers had made their positions clear, but the Arabs continued to press them to act against an Israeli-German Reparations Agreement. And now, the Arab League's pressure had found an additional target – the FRG.³⁶ In mid-May, Beirut, through its diplomatic representative in Rome, turned to German officials and requested that Bonn not pay compensation to Israel as long as the latter would not compensate the Palestinian refugees.³⁷ Two weeks later, at its meeting in Cairo, the Arab Higher Committee³⁸ decided to submit a memorandum to the Bonn government on the issue of reparations.³⁹ On June 7, the memorandum was submitted to Chancellor Adenauer, and an additional one, identical in content, was submitted to the UN Secretary-General. Most of this document revolved around the issue of “Israeli crimes” against the Palestinians. The two recipients were asked to ensure that the reparations funds were directed to the “real” victims – the Palestinians, and not the Jews.⁴⁰ About two months later, the Arab Higher Committee sent a letter to the German Foreign Trade Association threatening that all German companies whose goods would be sent to Israel under the Reparations Agreement would be blacklisted and banned in Arab countries.⁴¹

Among those appealing to the West German leadership was also the secretariat of the Arab League. On July 21, the League's Secretary-General, Abd al-Rahman Azzam, sent a long letter to Bonn on the subject of reparations. In this missive, Azzam presented the four arguments used by the Arabs, chief among them the Palestinian refugee problem, to support the Arab League opposition to the reparations. Toward the end of the letter, he reminded Bonn that the Arabs had always enjoyed good relations with the Germans, both before World War II (i.e., during

34 UKNA, FO 371/98519, German Compensation to Israel, May 15, 1952.

35 UKNA, FO 371/98519, W. H. Montagu-Pollock to Anthony Eden, May 26, 1952; UKNA, FO 371/98519, The British Embassy in Bagdad to Anthony Eden, June 5, 1952.

36 Up until this point, the Arabs had approached the Germans regarding this issue only once, in late March 1952. Hansen, *Aus dem Schatten der Katastrophe*, 292; De Vita, *Israelpolitik*, 35.

37 USNA, DoS, RG 59, CDF (1950–1954), 262.83A41/5-1552, From Beirut to the Secretary of State, May 15, 1952.

38 Formerly the organization of the political leadership of Palestinian Arabs.

39 ISA, MFA 2417/6, Arab Activity against the Shilumim, September 3, 1952.

40 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/7-152, Transmittal of Translations of Communications from Arab Higher Committee for Palestine to Federal Government and United Nations, July 1, 1952.

41 ISA, MFA 2417/6, Arab Activity against the Shilumim, September 3, 1952.

Nazi rule)⁴² and after it. In other words, if West Germany decided to give Israel material compensation, it would risk destroying the special lattice of relations between the Germans and the Arab (perhaps even the larger Muslim) world.⁴³ In parentheses, it is worthwhile noting that Azzam's letter included several statements that cast doubt on the very existence of the Holocaust of European Jewry.

In the days leading up to the historic signing ceremony in Luxembourg, the Arab states increased their pressure on the Bonn government.⁴⁴ They found an ally in Finance Minister Schäffer, who did not relent from his fierce opposition to the agreement for a moment. He was joined by a number of political and economic figures in the country, many of whom rejected the very idea of reparations. Businesspeople who maintained trade relations with the Arabs were especially numerous within this group, fearing for the fate of their enterprises in the case of a deterioration in West German-Arab relations.⁴⁵ The mounting Arab pressure prompted twenty parliamentary deputies from the coalition parties to send an urgent letter to the government arguing that given the potential damage to West Germany's relations with the Arab world, the government should reconsider the Reparations Agreement, especially in terms of its amount.⁴⁶

Adenauer was appalled by the Arab campaign, not only because of its negative impact on the political system and economic circles in Bonn but also, and perhaps most importantly, because of its expected repercussions on German public opinion. The latter, as we may recall, was not particularly enthusiastic about the idea of material compensation for the Jewish people, and now, in the wake of Arab pressure, was liable to exhibit even greater resistance to it. A survey conducted in the country at the time made it clear just how unpopular the Reparations Agreement was among the Germans: 44% of the public rejected it outright, 24% thought the amount of compensation was too high, and only 11% supported the agreement as it stood.⁴⁷

42 For more on the relations between the Arab world and Nazi Germany see: Nicosia, *Nazi Germany*.

43 UKNA, FO 371/100009, The League of Arab States to the British Ambassador in Cairo, August 28, 1952.

44 Litvak and Webman, *From Empathy to Denial*, 66–67.

45 ISA, Meeting of the Cabinet, September 4, 1952, 21; ISA, 7563/3 A, Meeting of the Foreign Affairs and Defense Committee, September 5, 1952, 41.

46 DEPI, Vol. 7, Document 341, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, September 5, 1952.

47 Another poll conducted a few months later, in December 1952, revealed similar findings. Wolfsohn, "German Opinions on Israel," 80. In fact, the Luxembourg agreements were unpopular among the West Germans for most of the 1950s. Hindenburg, *Demonstrating Reconciliation*, 50.

Adenauer, who was yearning to make the Reparations Agreement a reality, sought the powers' help in fending off the Arab offensive. On the morning of September 6, he contacted the new High Commissioner of the United States in West Germany, Walter Donnelly, and informed him that the Arab pressure on the matter of reparations was growing and causing him difficulty on the domestic front. A Syrian diplomat, the Chancellor said, had told him in recent days that the Arab League intended to convene in Cairo on the 10th of the month for a special meeting and there to make an unprecedented decision to impose a comprehensive economic and political Arab boycott on West Germany.⁴⁸ Adenauer beseeched the Americans to try and persuade the Arabs to desist from their attacks on Bonn and the Reparations Agreement. This would make it easier for him, he explained, to submit the agreement for the government's approval on September 8.⁴⁹

Concurrent with this appeal, Blankenhorn instructed the West German diplomatic representative in Washington to contact the State Department and urge it to expedite action in the Arab arena. Blankenhorn likewise asked members of the Israeli delegation to the Wassenaar talks to contact the Israeli ambassador to the United States, Eban, so he could also begin working with US government officials on this matter.⁵⁰ Sharett received a report concerning this request and ordered Eban to comply immediately.⁵¹ Eban and his staff reacted quickly, meeting with State Department officials to ask for their prompt intervention so as to ensure that the agreement would be approved in Bonn.⁵²

True to their position, which necessitated the success of the Wassenaar talks, the Americans were swift to act. As early as the afternoon of September 6, Secretary of State Acheson instructed High Commissioner Donnelly to inform the

48 This message was most likely conveyed during a conversation held by a senior official in the Syrian Ministry of Foreign Affairs with Hallstein on September 4. At the end of the discussion, the Syrian official submitted a letter from the Syrian government to the government in Bonn regarding the reparations. The Syrians rejected the idea of reparations based on the four Arab arguments. They also hinted at the possibility of imposing an all-Arab boycott on the FRG. USNA, DoS, RG 59, CDF (1950–1954), 262A.84A41/9-652, From Bonn to the Department of State, September 6, 1952; USNA, DoS, RG 59, CDF (1950–1954), 662A.83/9-1052, Syrian Government Protests German-Israeli Restitution Agreement, September 10, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/9-1052, Note From Syrian Government to West German Government regard Reparations Payments of the Latter to Israel, September 10, 1952; Liemann, "Wiedergutmachung Durch Konflikt?"

49 FRUS, Vol. IX, 991, The Acting United States High Commissioner for Germany to the Department of State, September 6, 1952.

50 DEPI, Vol. 7, Document 341, Israel Delegation to the Reparations Negotiations to the Ministry of Foreign Affairs, September 5, 1952.

51 DEPI, Vol. 7, Document 343, M. Sharett to the Israel Embassy in Washington, September 7, 1952.

52 USNA, DoS, RG 59, CDF (1950–1954), 662A.84A/9-852, German-Israel Agreement, September 8, 1952.

Chancellor that the United States was ready to intervene with Arab rulers in order “to abate [the] Arab pressure and to endeavor to persuade at least some of the Arab states to abandon their [boycott] threats.”⁵³

The Germans also turned to the British,⁵⁴ and the latter decided to act to prevent any last-minute sabotage of the signing ceremony in Luxembourg. The Foreign Office in London contacted its representatives in the Arab League countries and ordered them to try and persuade the heads of government there to abandon the assault on Bonn regarding reparations. It was worth explaining to the Arabs, suggested London, that the agreement would not threaten their security, as it did not include goods of a military nature. The Arabs must also understand that West Germany was obliged to atone for the atrocities committed by the Third Reich in order to restore its reputation in the international arena.⁵⁵ The heads of the respective missions received the order and hastened to fulfill it.⁵⁶

The Jewish organizations, for their part, hoped that the Western powers would not content themselves with covert diplomacy to ward off the intensifying Arab pressure, but would also publicly express their backing for the Reparations Agreement. A tripartite statement of support from the powers, argued Alexander Easterman, would “have a valuable effect in the present international situation.”⁵⁷ However, the powers were by no means willing to issue an official and public statement. This could have roused tremendous anger among the Arab populations.⁵⁸ London was prepared at most for Foreign Minister Anthony Eden to declare in response to a question addressed to him at a press conference that Britain was glad that the Israeli-German negotiations had ended in an agreement.⁵⁹ The Americans were not even ready for that. In those days, and especially in the months that followed the signing of the agreement in Luxembourg, the Arabs began to claim that Washington was the main reason why the Reparations Agreement was signed; Washington, it was maintained, had actually imposed the agreement on Bonn due

53 FRUS, Vol. IX, 992, The Secretary of State to the Office of the United States High Commissioner for Germany, September 6, 1952.

54 UKNA, FO 371/100009, From Wahnerheide to Foreign Office, September 7, 1952.

55 UKNA, FO 371/100009, From Foreign Office to Wahnerheide, September 8, 1952; UKNA, FO 371/100009, From Foreign Office to Beirut, September 10, 1952.

56 UKNA, FO 371/100009, The British Legation in Damascus to Eastern Department, September 19, 1952; UKNA, FO 371/100009, From Amman to Foreign Office, September 23, 1952; UKNA, FO 371/98519, The British Legation in Beirut to Anthony Eden, October 3, 1952.

57 UKNA, FO 371/100009, A. Easterman to S. Lloyd, September 3, 1952.

58 UKNA, FO 371/100009, German-Israeli Agreement, September 10, 1952; UKNA, FO 371/100009, E. R. Warner to F. Evans, September 18, 1952.

59 UKNA, FO 371/100009, S. Lloyd to A. Easterman, September 12, 1952.

to its position as the dominant occupation power in West Germany.⁶⁰ The rage against the United States grew in the Arab street. This mindset contributed nothing to the promotion of Washington's anti-Soviet strategic plans in the Middle East. The Americans therefore sought to avoid as much as possible any public statement expressing support for the Reparations Agreement or criticizing Arab rulers in light of their attack on the agreement. Washington was willing to assist Bonn in promoting the agreement, but it would do so solely behind the scenes.

At any rate, the powers' willingness to intervene behind the scenes was apparently enough to instill confidence in the government ministers in Bonn, and on September 8, they voted in favor of the agreement with Israel.

Even though the Reparations Agreement was signed, it could not take effect until a complex ratification procedure in both houses of parliament in Bonn was completed. The government first had to submit the agreement to the Bundesrat (the Upper House). There, it would be examined for about three weeks by several committees, at the end of which period it would be put to a vote in the plenum of this institution. If approved, the agreement would then be transferred to the Bundestag (the Lower House) and undergo an identical process there. Finally, following approval of the agreement in the Bundestag, it would make its way back to the Bundesrat for final ratification.

Aware of this parliamentary procedure, the Arab states worked vigorously to thwart the ratification. At a meeting of the Arab League in Cairo on September 10, it was decided to send a pan-Arab delegation to Bonn that would act to annul the agreement with Israel.⁶¹ That same day, the Arab Higher Committee sent a letter to several German commercial companies interested in doing business with the Arab world, in which it threatened to call on all Muslim nations "from Indonesia to Tunisia and from Iraq to Saudi Arabia" to cease all imports from German companies

60 The representatives of the United States in Arab capitals reported to Washington the repeated claims they heard from Arab personalities, from the press, and from other sources that Washington was "responsible" for the Reparations Agreement. See: USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/9-1752, From Beirut to the Secretary of State, September 18, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262A.84A41/9-1952, From Amman to the Department of State, September 19, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/10-852, From Baghdad to the Department of State, October 8, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262A.84A41/10-1752, D. Bruce to Beirut, October 22, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/11-1352, German-Israel Settlement, November 13, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/11-1452, From Cairo to the Department of State, November 14, 1952; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/11-1952, German-Israel Reparations Agreement, November 19, 1952.

61 FRUS, Vol. IX, 999, The Acting United States High Commissioner for Germany to the Department of State, September 16, 1952.

that would supply goods to Israel under the Reparations Agreement.⁶² Syria, for its part, menaced to halt negotiations with German companies bidding for contracts to expand the port of Latakia.⁶³ A few days later, following the signing of the agreement, some Arab countries actually began taking punitive economic measures against the FRG. Thus, for example, Saudi Arabia decided to cancel a two million dollar order from a West German communications company.⁶⁴

A more significant impact was made by the entrance of the largest and most important Arab state, Egypt, into the fray. Up until this point in time (late September), Egypt had not done much with regard to the issue of reparations. On September 30, however, the subject came up for discussion at a government meeting in Cairo. The participants expressed support for the League members' efforts to foil the German-Israeli agreement. About two weeks later, Cairo sent a memorandum to Bonn presenting the four standard Arab claims against the agreement.⁶⁵ The Egyptians were also willing to back their words up with action. At the beginning of October Cairo informed a German company, which had previously been granted permission to open a branch in Egypt, that it would not be allowed to do so.⁶⁶ The Egyptians also canceled a first-of-its-kind exhibition of German industrial companies that was due to open in Cairo at the end of January 1953. Attempts by the German exhibition organizers to overturn the decision met with failure.⁶⁷

The Arabs waged a fierce campaign, and the Adenauer government was wary of commencing the ratification procedure of the agreement for fear of further and even more significant damage to the economic (and political) relations between West Germany and the Arab world. Although the existing volume of trade between the two sides was relatively negligible,⁶⁸ its potential was enormous. The Arab world numbered tens of millions of people and was enjoying a rapid growth rate. The loss of the Arab market could be a severe blow to the Germans. Even more dire would be a scenario in which hundreds of millions of Muslims around the world joined their Arab brethren and boycotted the FRG.⁶⁹

62 Deutschkron, *Bonn and Jerusalem*, 80.

63 Sagi, *German Reparations*, 182.

64 UKNA, FO 371/100009, Reuter, October 2, 1952.

65 Litvak and Webman, *From Empathy to Denial*, 68–69.

66 UKNA, FO 371/100009, Reuter, October 2, 1952.

67 ISA, MFA 166/1, Arab Attack on Reparations Agreement with Germany in the Light of Israeli Counteraction, December 29, 1952.

68 Deutschkron, *Bonn and Jerusalem*, 80.

69 Hall, *Emotional Diplomacy*, 112–113.

A blow, certainly a fatal one, in West Germany's relations with the Arab world was the last thing the Bonn government wished to have on its record when it came time to face general elections in the autumn of 1953. Adenauer and his political associates, therefore, did everything in their power to neutralize the Arab campaign. Only once this had been accomplished, they felt, would they be able to proceed with the ratification of the Reparations Agreement. To this end, they decided on a two-pronged approach: they would attempt to talk to the Arabs and appease them while at the same time mobilizing the Western powers.

Various steps were taken with regard to the first prong. The official organ of the West German government reiterated the sincere desire of the Federal Republic to maintain its "traditional friendship" with the Arab states.⁷⁰ In early October, a government spokesperson in Bonn announced that the FRG would donate a sum of money to a UN fund helping to rehabilitate the Palestinian refugees.⁷¹ Concurrently, diplomats from Bonn went on a tour of the Arab League countries in order to try to eliminate the "misunderstandings" some Arab leaders might have had in relation to the Reparations Agreement with Israel.⁷² Government circles were also considering the idea of sending a large, high-ranking German economic delegation to Arab countries to strengthen the economic ties between the parties, thereby demonstrating Bonn's strong desire to maintain good relations with the Arab world.⁷³

At the same time, Adenauer and his staff repeated their appeal for the powers' assistance (especially that of the United States) in repulsing Arab opposition to the agreement.⁷⁴ And indeed, Washington responded positively to Bonn's request. The State Department asked its envoys in the Arab capitals to present to the heads of government, "on all appropriate occasions," the benefits that the Arabs could derive from the Israeli-German agreement, chief among them the possibility that Israel could use its new source of financing toward paying compensation to the Palestinian refugees. In other words, it was not in the Arabs' interests to continue the campaign against the agreement.⁷⁵ To ensure that Israel would indeed advance the issue of compensation now that the Reparations Agreement had been signed, the Americans

⁷⁰ Pease, "After the Holocaust," 538–539.

⁷¹ UKNA, FO 371/100009, Reuter, October 3, 1952.

⁷² ISA, MFA 2417/6, I. Ben Yaacov to the Director-General of the Ministry of Foreign Affairs, October 15, 1952; USNA, DoS, RG 59, CDF (1950–1954), 662A.80/10-2852, From Bonn to the Secretary of State, October 29, 1952.

⁷³ UKNA, FO 371/100009, Wahnerheide to Eastern Department, September 6, 1952.

⁷⁴ FRUS, Vol. IX, 999, The Acting United States High Commissioner for Germany to the Department of State, September 16, 1952.

⁷⁵ FRUS, Vol. IX, 1037, The Acting Secretary of State to the Embassy in Lebanon, October 22, 1952; UKNA, FO 371/100009, B. A. Burrows to German General Department, October 16, 1952.

turned to Israel to discuss this matter. Thus, in a conversation Eban had with Acheson on September 22, the Secretary of State expressed his opinion that once they signed the Luxembourg agreement, Israel should advance the issue of compensation for the Palestinian refugees.⁷⁶ Similar arguments were heard by the Israelis at the time from State Department official Henry Byroade.⁷⁷ The Americans continued to examine this issue over the next few months.⁷⁸

Certain elements in the British Foreign Office also thought that Israel should make progress on the issue of compensation for the Palestinian refugees in light of its success in obtaining reparations. Proposals in this regard came from UK representatives in Beirut⁷⁹ and Amman.⁸⁰ Nevertheless, London responded that it was worth waiting for the agreement to be ratified in the German parliament before bringing up the subject with Israel.⁸¹

The IMFA estimated that the US, along with the Conciliation Commission and the Arab states, would increase pressure on Israel to resolve the issue of compensation ahead of the expected discussion on the question of Palestine in the Ad Hoc Political Committee of the UN General Assembly at the end of November 1952, especially in light of the signing of the Reparations Agreement. To get ahead of the move, Foreign Minister Sharett suggested in a cabinet meeting on October 19 that Israel declare to the Conciliation Commission its willingness to enter immediately into a practical discussion with the UN regarding the payment of compensation.⁸² However, Prime Minister Ben-Gurion rejected the idea,⁸³ to the disappointment of Sharett and the IMFA. It was their thinking that an Israeli initiative on the subject of Palestinian compensation could possibly take the sting out of the Arab campaign against the ratification of the Reparations Agreement. It seems that at this point in time, in late 1952, against the backdrop of the continuing deterioration in Israeli-Arab relations, this consideration did not figure into Ben-Gurion's plans.

Still, there were other measures to be taken against the Arab campaign, and the IMFA resorted to those. At a meeting of several department heads in late September, it was agreed to send an Israeli diplomat to work among West German government

76 FRUS, Vol. IX, 1002–1003, Memorandum of Conversation, by the Officer in Charge of Palestine-Israel-Jordan Affairs, September 22, 1952.

77 ISA, Meeting of the Cabinet, September 30, 1952, 10.

78 In January 1953 a memorandum was prepared by the State Department bearing the name: "Arab Refugee Compensation and the Israeli-German Reparations Agreement," which examined the various aspects of the issue. Fischbach, *Records of Dispossession*, 191.

79 UKNA, FO 371/98519, The British Legation in Beirut to Anthony Eden, October 3, 1952.

80 UKNA, FO 371/98519, The British Embassy in Amman to Eastern Department, October 4, 1952.

81 UKNA, FO 371/98519, Eastern Department to the British Embassy in Amman, November 8, 1952.

82 ISA, Meeting of the Cabinet, October 19, 1952, 24–25.

83 Tovy, *Israel and the Palestinian Refugee Issue*, 201–202.

circles to counter the “political efforts of the Arab states against the agreement.”⁸⁴ The chosen diplomat was Chaim Yahil, with Shinnar to assist him. The consul in Munich, Livneh, was also asked to leave for Bonn to join the two Israeli emissaries in their efforts to repel the Arab attack.⁸⁵

Meanwhile, however, the Arab states pressed on. On October 21, the League’s delegation arrived in Bonn with the aim of thwarting the ratification of the agreement. The delegation had four representatives – one each from Egypt, Syria, and Iraq, and led by Ahmed Daouk, Lebanon’s ambassador to France and former Prime Minister of his country.⁸⁶ In an interview they gave to a West German newspaper shortly after their arrival, they made clear their intent to protest vehemently against the agreement before government ministers, members of parliament, economic figures, and media representatives. In their opinion, the proper solution to the problem would be to bring the entire question of reparations under the responsibility and supervision of a UN institution, the Conciliation Commission, for example. Moreover, a committee of international law experts should be summoned before this UN institution to express their opinions on the legality of the Reparations Agreement. The members of the Arab delegation said they had a hard time believing Bonn would ratify the agreement. If, nevertheless, this did “unexpectedly” happen, the friendship between West Germany and the Arab world would come to an end, and the economic consequences for the FRG would be severe.⁸⁷ In view of this menacing language, it is no wonder that Adenauer and his associates, who did not look kindly upon this visit from the outset,⁸⁸ gave the delegation a “somewhat cool welcome.”⁸⁹ Its members met with the Chancellor only once for a courtesy chat that lasted but a few minutes.⁹⁰ Later, they held work meetings with Hallstein, Blankenhorn, Minister for Economic Affairs Erhard, the president of the Bundestag, and other senior officials. The heads of the administration explained to their Arab guests that the reparations were a measure of atonement on the part of the German people for the horrors of the Holocaust. Their actual implementation would not harm the Arabs, in that Israel would not be strengthened militarily. There was, therefore, no reason to revoke

84 ISA, MFA 1812/1, Minutes of the meeting of the Foreign Ministry Committee for the implementation of the Reparations Agreement held at Mr. S. Rosenne’s office on September 26, 1952.

85 ISA, Meeting of the Cabinet, November 16, 1952, 17.

86 Deutschkron, *Bonn and Jerusalem*, 83.

87 ISA, MFA 2417/6, A. Winter to E. Livneh, October 23, 1952.

88 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/9-1852, From Bonn to the Department of State, September 18, 1952; USNA, DoS, RG 59, CDF (1950–1954), 662A.84A/9-2752, From London to the Department of State, September 27, 1952.

89 ISA, MFA 45/9, R. Weltsch to F. Shinnar, October 30, 1952.

90 ISA, MFA 2417/6, A Report by Dr. Goldmann, Without Date.

the agreement.⁹¹ Similar statements were also made by the chairman of the opposition SPD, Erich Ollenhauer, in a meeting with the members of the delegation.⁹² The German message was loud and clear, but the delegation continued to seek support for the Arab position.⁹³ As part of this effort, they met with industrialists, various politicians from opposition circles, and figures from the media, among others. The delegation made a special effort within former Nazi circles and their supporters, finding, as expected, plenty of sympathetic ears and hostility toward the Jews and Israel.⁹⁴ However, this was an empty consolation, since these parties did not have the power to determine the fate of the Reparations Agreement.

Bonn was furious at the aggressive Arab propaganda campaign being waged on its territory, a campaign that “violated every principle of diplomatic courtesy.”⁹⁵ Hallstein reminded the members of the Arab delegation that they were “guests of the German government,” which would not stand for “open propaganda activity and intrigue [. . .] against an already-taken governmental decision.”⁹⁶ Not satisfied with a verbal rebuke alone, Bonn decided to “show [the Arab delegation] the door.”⁹⁷ “The Germans,” reported Eytan gleefully to the embassy in Washington, “sent the Arabs home not merely empty-handed but whipped, bruised, and angry.”⁹⁸

Israel celebrated the delegation’s resounding failure, but not for long. At the beginning of November, shortly after the Arab delegates had left German soil, alarming reports began to arrive that, in spite of everything, Bonn was willing to make concessions to the Arabs. According to the incoming information, Bonn had agreed to involve the UN or another international body in the reparations issue.⁹⁹ Confirmation of this came on November 12. A government spokesperson in Bonn revealed that West Germany had offered the Arab League to place the shipments

91 USNA, DoS, RG 59, CDF (1950–1954), 262A.84A41/10-2752, Arab League Delegation Visits Bonn to Protest Israeli Restitution Agreement, October 27, 1952.

92 Shafir, *Ambiguous Relations*, 171.

93 UKNA, FO 371/97867, Wahnerheide to Anthony Eden, November 10, 1952.

94 Deutschkron, *Bonn and Jerusalem*, 84; Pease, “After the Holocaust,” 539–540; Sagi, *German Reparations*, 183.

95 Grossmann, *Germany’s Moral Debt*, 27.

96 USNA, DoS, RG 59, CDF (1950–1954), 662A.80/11-252, From Cairo to the Secretary of State, November 2, 1952.

97 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/11-652, From Beirut to the Secretary of State, November 8, 1952; UKNA, FO 371/103954, The British Embassy in Bagdad to German General Department, January 10, 1953.

98 DEPI, Vol. 7, Document 417, W. Eytan to the Israel Embassy in Washington, November 2, 1952.

99 ISA, MFA 2417/6, E. Livneh to the Director-General of the Ministry of Foreign Affairs, November 4, 1952; ISA, MFA 2417/6, E. Livneh to the Director-General of the Ministry of Foreign Affairs, November 5, 1952; USNA, DoS, RG 59, CDF (1950–1954), 662A.80, From Bonn to the Secretary of State, November 5, 1952.

of reparations goods to Israel under international supervision, thereby ensuring that they would not contain military equipment. The League rejected the offer; it desired that a UN institution oversee all aspects of the Reparations Agreement. Bonn, in response, announced that it was ready to discuss the League's demands as long as the Reparations Agreement was not ratified. That being said, the spokesman clarified, the government continued to stand by the agreement.¹⁰⁰

The German compromise was the result of the incessant pressure that Arab countries exerted on Bonn.¹⁰¹ Damascus continued to be active in this regard,¹⁰² but it was Cairo that took the reins on the issue at this point. There were two main reasons for this. First, Egypt believed that, as the most important country in the Arab world, it had a right and a duty to lead the struggle against the Reparations Agreement, especially as it entered its decisive stages. Second, its position as leader of the Arab camp on the reparations issue gave it greater bargaining power vis-à-vis the Anglo-American axis in relation to its plans in the Middle East.¹⁰³

On October 30, the Egyptian President, Mohamed Naguib, held two meetings with West Germany's ambassador to Cairo, Günther Pawelke,¹⁰⁴ during which he expressed his wrath at the disdainful treatment the Arab League's delegation received in the FRG and hinted that it would have ramifications on Bonn-Cairo relations. The Arab League, Naguib told his guest, would convene in the next few days to deliberate this severe matter, as well as the Reparations Agreement.¹⁰⁵ The following week, Naguib met with Pawelke again to discuss the reparations issue. During this meeting, the Egyptian leader argued unequivocally that the Luxembourg agreement endangered Arab economic and military interests.¹⁰⁶ A few days later, Cairo warned Bonn that the ratification of the Reparations Agreement could lead the Arab states to sever economic ties with the FRG.¹⁰⁷

Egypt did not content itself with threats against the Germans, likewise raising the issue of reparations with the British,¹⁰⁸ and especially with the Americans.¹⁰⁹ In both cases, it continued to argue that the agreement endangered the Arabs'

100 DEPI, Vol. 7, Document 434, Note 2.

101 ISA, Meeting of the Cabinet, November 16, 1952, 16–17.

102 ISA, MFA 1812/2, Summary of Arab Broadcasts, November 10, 1952.

103 ISA, Meeting of the Cabinet, November 16, 1952, 18–19.

104 He was the first West German ambassador to Egypt.

105 UKNA, FO 371/97860, From Cairo to Foreign Office, November 1, 1952; USNA, DoS, RG 59, CDF (1950–1954), 662A.80/10-3152, From Cairo to the Secretary of State, October 31, 1952.

106 Deutschkron, *Bonn and Jerusalem*, 84.

107 Pease, "After the Holocaust," 542–543.

108 UKNA, FO 371/97867, German-Israel Compensation Agreement, November 15, 1952.

109 FRUS, Vol. IX, 1052–1053, The Ambassador in Egypt to the Department of State, November 12, 1952.

national security and hinted at the consequences its ratification would have on the Western powers' initiatives to recruit the Arab states into an anti-Soviet Middle East defense alliance.¹¹⁰

The issue of reparations was discussed in several closed meetings held by the Arab League's Political Committee in the first third of November.¹¹¹ The question of imposing an economic boycott on West Germany was at the top of the agenda, but, in the end, it was decided to try and find a "middle way" for the Arabs to demonstrate "their displeasure with the Germans for their reparations [to Israel], without actually breaking off [economic] relations" with Bonn.¹¹² In this spirit, the League members agreed to negotiate with the Adenauer government about a solution that would repeal the Reparations Agreement but allow Bonn to give indemnification to Holocaust survivors. Only if these negotiations fell through would the Arabs take the step of severing economic relations with West Germany.¹¹³

At these meetings, Egypt distinguished itself as a moderating factor when it came to the economic boycott, working to prevent its Arab brethren from rushing into using this weapon. Most of the League countries, Naguib confided to Jefferson Caffery, the US ambassador to Cairo, were in favor of the boycott,¹¹⁴ but he himself leaned against this approach.¹¹⁵ He even tried to persuade his colleagues in the Arab capitals to refrain from waging an economic war "at this time."¹¹⁶

Egypt's refusal to wield the economic boycott weapon stemmed from purely selfish motives. Its exports to West Germany were quite significant – about 30 million USD in 1952 (more than all the Arab League countries combined) – and an economic boycott would therefore mean the loss of a major market for its products.¹¹⁷ This loss could have easily become permanent, since 85% of Egypt's exports to the FRG consisted of cotton, an agricultural product that many other countries would have been happy to supply to the West Germans.¹¹⁸ The Egyptian government could not afford such a hazardous development. Egypt's Free Officers movement, headed by Naguib,

110 USNA, DoS, RG 59, CDF (1950–1954), 662A.74/12-1852, From Cairo to the Secretary of State, December 18, 1952.

111 ISA, MFA 1812/2, Summary of Arab Broadcasts, November 10, 1952.

112 UKNA, FO 371/97867, From Beirut to Foreign Office, November 14, 1952.

113 UKNA, FO 371/97867, From Cairo to Foreign Office, November 14, 1952.

114 USNA, DoS, RG 59, CDF (1950–1954), 662A.86/11-652, From Cairo to the Secretary of State, November 6, 1952.

115 USNA, DoS, RG 59, CDF (1950–1954), 662A.86/11-852, From Cairo to the Secretary of State, November 8, 1952.

116 FRUS, Vol. IX, 1053, The Ambassador in Egypt to the Department of State, November 12, 1952.

117 USNA, DoS, RG 59, CDF (1950–1954), 662A.86/12-1652, From Bonn to the Department of State, December 22, 1952.

118 Deutschkron, *Bonn and Jerusalem*, 80.

which seized power in July 1952, directed most of its efforts toward the country's pressing internal affairs. Its main goal was to promote socio-economic reforms in the country,¹¹⁹ which would be impossible if Egypt had to absorb the loss of an important source of income. In short, in its efforts to thwart the Reparations Agreement, Cairo was willing to hint to Bonn and the Western powers about the possibility of using the economic boycott weapon, mainly by emphasizing the fact that the rest of the League was striving for it. However, when it came down to it, Egypt itself was not interested in actually seeing such a boycott imposed.¹²⁰

Egypt's appeals to the United States and Britain were unsuccessful. The powers reiterated their absolute support for the Israeli-German agreement.¹²¹ Jerusalem was encouraged by the Anglo-American position, but felt that, in view of the signs of German compromise, it was appropriate to urge the two powers to intervene more actively in the issue.¹²² The Israeli embassies in Washington and London were instructed to try and spur the US and UK foreign ministries to press Bonn to "steam straight ahead" toward ratification.¹²³ The Israeli diplomats sprang into action.¹²⁴ Foreign Minister Sharett also joined the effort. In a conversation he held with diplomats from the American embassy in Tel Aviv on November 14, he suggested that Washington and London should "hint" to Adenauer that they expected him to stand firm against the Arab attack and refuse to compromise.¹²⁵

At the same time, Jerusalem was considering sending Nahum Goldmann to talk with the heads of government in Bonn to "get all these thoughts out of their minds" about involving any international organizations in the Reparations Agreement.¹²⁶ Adenauer, however, was one step ahead of the Israelis and invited Goldmann to a

119 Tovy, *Israel and the Palestinian Refugee Issue*, 178–179.

120 The Western powers were able to identify what motivated Egypt's moderate stance on the Boycott. USNA, DoS, RG 59, CDF (1950–1954), 662A.86/12-1652, From Bonn to the Department of State, December 22, 1952.

121 FRUS, Vol. IX, 1052–1053, The Ambassador in Egypt to the Department of State, November 12, 1952; UKNA, FO 371/97867, A Letter to Central Department, November 21, 1952; UKNA, FO 371/97867, Foreign Office to Ivone Kirkpatrick, November 27, 1952.

122 DEPI, Vol. 7, Document 433, W. Eytan to A. Eban (Washington) and E. Elath (London), November 12, 1952.

123 DEPI, Vol. 7, Document 427, W. Eytan to the Israel Embassies in Washington and London, November 9, 1952.

124 DEPI, Vol. 7, Document 427, Note 1; DEPI, Vol. 7, Document 434, E. Herlitz to the United States Division, November 12, 1952; UKNA, FO 371/97867, From Foreign Office to Wahnerheide, November 15, 1952.

125 DEPI, Vol. 7, Document 439, United States Division to the Israel Embassy in Washington, November 14, 1952.

126 ISA, Meeting of the Cabinet, November 16, 1952, 17.

clarification meeting on the issue of ratifying the agreement.¹²⁷ Prior to Goldmann's departure, Sharett provided him with a comprehensive brief that included Israel's responses to the arguments and positions voiced by the Arabs in their campaign against the Reparations Agreement. Goldmann was asked to review it carefully and convey its messages during his meeting with the Chancellor.

The Arab League, stated Sharett at the outset of the brief, was interested in harming the State of Israel and was therefore making supreme efforts to frustrate the Reparations Agreement, employing the brutal language of threats. However, Arab threats had always been little more than show. Thus, for example, they had, in the past, threatened to boycott multinational companies operating in Israel, but usually continued doing business with them nonetheless. As for the proposal to impose international supervision – UN or otherwise – over the implementation of the Reparations Agreement, it contradicted the terms of the agreement, and there was no legal-political way to implement it. The Arabs' claim that the agreement would strengthen Israel, a country at war with its neighbors, militarily, and thereby destabilize the region, was unfounded. First, there was nothing stopping weapons from coming into the region; the United Nations had lifted the embargo on arms shipments to the Middle East as early as the summer of 1949,¹²⁸ and the Western powers' "Triple Declaration" of May 1950 permitted the supply of military equipment to countries in the area.¹²⁹ Second, the Security Council resolution of September 1, 1951 regarding the Egyptian blockade of the Suez Canal rejected Egypt's claim of a state of war between Israel and Egypt.¹³⁰ Regardless of all this, Israel had never demanded that West Germany supply equipment of military value as part of the reparations goods, and, indeed, such equipment was not included. Finally, regarding the leading Arab claim concerning the Palestinian refugee problem, it was worth remembering that these refugees, too, would benefit from the Reparations Agreement, as the strengthened Israeli economy would be able to provide compensation for the Palestinians' abandoned property.¹³¹

Equipped with this brief, Goldmann headed out to meet with Adenauer and to present him with the various arguments it contained. The Chancellor, it seems, was very impressed, but Hallstein, who was in attendance, made it clear that, if

127 DEPI, Vol. 7, Document 433, W. Eytan to A. Eban (Washington) and E. Elath (London), November 12, 1952.

128 DEPI, Vol. 4, Editorial Note, Discussion in the Security Council on the Ceasefire Talks and the Truce Arrangements, 361–362.

129 Medzini, *Israel's Foreign Relations*, 213.

130 Medzini, *Israel's Foreign Relations*, 508–509.

131 ISA, MFA 2417/6, Brief for Dr. Goldman, November 13, 1952.

push came to shove, Bonn would turn to the UN and ask it to monitor the reparations goods to make sure there was no military equipment involved.¹³²

The Germans were determined to involve the UN if necessary, and Israel had to find a solution to prevent such a turn of events. Legal advisor Rosenne suggested opposing the UN's involvement in the question of reparations as long as the agreement had not been ratified by the German parliament. He feared that the Arab/Muslim bloc would drag out the issue of reparations in UN corridors for a long time¹³³ and that the Bonn parliament would refrain from ratifying the agreement as long as the matter was still under consideration at the UN. However, he believed that once the agreement was ratified, "it would be possible to reconsider our position on handing the problem over to the UN."¹³⁴

Foreign Minister Sharett was willing to accept Rosenne's suggestion and, on December 4, hurried to inform Goldmann to notify Bonn that only after the agreement was ratified and the parties took the first steps to implement it would it be possible to discuss the UN's involvement in the agreement.¹³⁵ Goldmann conveyed this message to Blankenhorn, but the latter bore bad tidings. The government, he revealed, planned to submit the agreement to the parliament very soon. However, even before the legislators could conclude their discussions on the issue and ratify the agreement (a process that would take a few weeks), Bonn intended to contact the UN and request its intervention in the matter. Concurrently, the government would contact the Arab League countries and make it clear to them that it did not intend to make any other concessions on the issue of reparations. It would also require that they halt the campaign they were waging against the Reparations Agreement. Goldmann left the meeting and suggested to Jerusalem that it agree to this course of action. If Israel refused, he warned, it was possible that Bonn would "take this step even without our consent and a conflict [would] arise, with all the damages that entails."¹³⁶

Sharett brought the question up for the government's deliberation on December 7. He opined that the German proposal should be rejected, and his fellow ministers seconded this point of view.¹³⁷ In fact, the government resolved not to involve the UN

132 ISA, MFA 2417/6, A Report by Dr. Goldmann, Without Date.

133 The Arab League states invested efforts in enlisting the support of countries in Africa and Asia, most of them Muslim, in support of the Arab position on the question of reparations. DEPI, Vol. 8, Document 7, Note 2; DEPI, Vol. 8, Document 7, W. Eytan to Heads of Israeli Missions Abroad, January 7, 1953.

134 ISA, MFA 1812/2, S. Rosenne to the Director-General, December 2, 1952.

135 DEPI, Vol. 7, Document 478, M. Sharett to N. Goldmann (London), December 4, 1952.

136 DEPI, Vol. 7, Document 479, N. Goldmann to M. Sharett, December 4, 1952.

137 ISA, Meeting of the Cabinet, December 7, 1952, 9–15.

at any stage of the Reparations Agreement, even after its ratification in the Bonn parliament.¹³⁸ This position stemmed, among other things, from the Israeli's apprehension that the Arab's success with regard to reparations would "serve as a malignant precedent" to other countries in the world wishing to give Israel economic or military aid. Beyond that, a German compromise on the subject of the UN was liable to encourage the Arabs to strive for further concessions on the issue of reparations.¹³⁹

Israel's position on the issue of UN involvement received support from the US. Washington was of the opinion that a West German appeal to this international organization on the question of reparations was as undesirable as it was pointless.¹⁴⁰ The Americans made sure to inform Bonn of their stance.¹⁴¹

On December 10, Yahil and Josephthal¹⁴² met with Blankenhorn to discuss the UN's involvement in the Reparations Agreement. The German official tried to defend the idea, arguing that it could appease the Arabs and prevent them from imposing an economic boycott on West Germany. His Israeli counterparts refused to accept this position and put forward several counterarguments: an appeal to the UN would result in a confrontation between Israel and West Germany, which would likely "stir up the passions" in both countries; Jewish public opinion would see the appeal to the UN as an attempt to evade the implementation of the Reparations Agreement; the UN's involvement would set a dangerous precedent of submission to Arab threats; and finally, turning to the UN and awaiting its verdict could fatally undermine confidence among German manufacturers that the agreement would actually be implemented. As a result, Israel would have difficulties signing supply contracts for goods with them. In the face of this long and well-reasoned explanation, Blankenhorn abruptly abandoned his earlier position on UN involvement. The next day, the Israelis met with Hallstein. The former restated their claims, but the latter continued to maintain that Bonn had to appease the Arabs, as if Blankenhorn had not already adopted Israel's stance on the matter. The meeting

138 Leo Cohen, the political advisor in the Ministry of Foreign Affairs, held this position and made sure to inform Sharett about it. It is possible that Sharett was influenced by Cohen and accordingly changed his attitude regarding the involvement of the United Nations. ISA, MFA 2417/7, L. Cohen to M. Sharett, December 4, 1952.

139 DEPI, Vol. 7, Document 488, M. Sharett to the Consulate-General of Israel in New York, December 7, 1952.

140 USNA, DoS, RG 59, CDF (1950–1954), 662A.86/11-1052, D. Bruce to Bonn, November 10, 1952; USNA, DoS, RG 59, CDF (1950–1954), 662A.84A/12-1852, Israel-Federal Republic Agreement of September 10 1952, December 18, 1952.

141 USNA, DoS, RG 59, CDF (1950–1954), 662A.86/11-1152, From Bonn to the Secretary of State, December 22, 1952.

142 The government in Jerusalem decided to send Josephthal to Bonn in order to help Yahil advance the ratification of the Reparations Agreement.

ended with no results for either side, but they scheduled to convene again at a later date. At midday on December 12, Yahil and Josephthal were called to Hallstein's office, where good news awaited them. Hallstein reported that there had been a lengthy consultation with Foreign Ministry officials in the morning, with the participation of the ambassador to Cairo, Pawelke, and it had been decided that Bonn would not appeal to the UN. It would tell the Arabs that they could ask a third country to take this step if they wished.¹⁴³ The proposal was raised a few days later by Pawelke before Naguib, who rejected it.¹⁴⁴

Although the idea of UN involvement thus fell through, Bonn was still looking for a way to please the Arab League states before ratifying the agreement. The threat of an overall economic boycott remained – officials in Jordan and Sudan made that very clear to a representative of a large West German commercial company visiting for business,¹⁴⁵ as did a government official in Cairo to Ambassador Pawelke.¹⁴⁶ Various indicators of a boycott, albeit sporadic, continued to emerge in several parts in the Arab world.¹⁴⁷ West German politicians warned the government in Bonn against the damage that the local economy would suffer if it lost the Arab market (in the event of an all-out economic boycott).¹⁴⁸

Among the policymakers in Bonn, it had already been suggested that the road to appeasing the Arab world passed through Cairo. It had been Egypt spearheading the campaign against reparations in recent weeks. Egypt was also the most important Arab country and, as such, had a great influence on League members. Appeasing Egypt, therefore, had a chance of “pacifying” the other Arab states.¹⁴⁹

Bonn believed that in order to please Cairo, it would be necessary to shower it with economic favors. London espoused the same basic premise. As the British High Commissioner in Bonn observed, the Egyptians would try to extract economic concessions from the Germans, “as an inducement to them not to make

143 DEPI, Vol. 7, Document 499, C. Yahil to M. Sharett, December 11, 1952.

144 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/12-1952, From Cairo to the Department of State, December 18, 1952; USNA, DoS, RG 59, CDF (1950–1954), 662A.74/12-1852, From Cairo to the Secretary of State, December 18, 1952.

145 USNA, DoS, RG 59, CDF (1950–1954), 662A.86/12-352, From Bonn to the Secretary of State, December 3, 1952.

146 USNA, DoS, RG 59, CDF (1950–1954), 662A.86/12-2052, From Bonn to the Secretary of State, December 20, 1952.

147 USNA, DoS, RG 59, CDF (1950–1954), 662A.86/12-1652, From Bonn to the Department of State, December 22, 1952; USNA, DoS, RG 59, CDF (1950–1954), 662A.86/1-653, From Munich to the Department of State, January 6, 1953.

148 Pease, “After the Holocaust,” 547; *Deutschkron, Bonn and Jerusalem*, 80–81.

149 ISA, MFA 2417/7, C. Yahil to the Director-General of the Ministry of Foreign Affairs, January 20, 1953; UKNA, FO 371/103955, Wahnerheide to W. D. Allen, February 12, 1953.

trouble over the [German-]Israeli Agreement.”¹⁵⁰ This assessment proved accurate. According to information received in Washington in early January 1953, Egypt, backed by the Arab League, was prepared to abandon the campaign against the Reparations Agreement if West Germany took three steps: namely, if it (a) purchased a “substantial” quantity of Egyptian cotton; (b) assisted in the development of Egyptian industry; and (c) agreed that the goods sent to Israel would be subject to “neutral” supervision. The Egyptians did not demand that this “neutral” party be a UN institution, a matter on which they and the other Arab states had insisted vehemently before.¹⁵¹

Thus, Egypt proved that its ostensibly altruistic and conscientious attitude – i.e., concern for the fate of the Palestinian refugees – could be abandoned relatively easily in favor of securing selfish national interests. At least, this was the impression received by a senior diplomat at the British Embassy in Cairo. The Egyptians, he stated, were “more concerned to make a deal with the Germans involving benefits for Egypt than for the Palestinian refugees,”¹⁵² a view shared by officials at the London Foreign Office.¹⁵³ Confirmation of this theory came from a surprising source. Ihsan Abdel Quddous, editor of the popular Egyptian weekly *Rose al-Yusuf* and an intimate of the leadership in Cairo, revealed to an Israeli diplomat in Paris that the Egyptian government had decided “not to put up a serious fight against the [Reparations] Agreement out of concern for Egyptian interests.”¹⁵⁴

In order to determine the scope and type of economic assistance to be provided to Egypt, Bonn and Cairo agreed that a German commercial delegation would need to be present in Cairo. On January 12, 1953, Blankenhorn reported to Yahil that Bonn intended to dispatch the delegation that very week.¹⁵⁵ However, in further talks held by Yahil and Shinnar with Blankenhorn and Hallstein in the following days, it was clarified that the delegation would leave for the Egyptian capital only on January 31. The two said that this was a fairly large delegation that would consist of about a dozen people, attesting to the great importance that Bonn attached to the move.¹⁵⁶ Parallel to this, the Germans planned to offer Egypt an arrangement regarding the “neutral” supervision it had demanded: a Swedish

150 UKNA, FO 371/103954, H. Trevelyan to W. D. Allen, January 13, 1953.

151 UKNA, FO 371/103954, R. W. Bailey to W. D. Allen, January 12, 1953; USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/1-653, From Cairo to the Secretary of State, January 6, 1953.

152 UKNA, FO 371/104477, The British Embassy in Cairo to J. Bowker, January 16, 1953.

153 UKNA, FO 371/104477, G. H. Baker to P. M. Crosthwaite, February 27, 1953.

154 ISA, MFA 3744/1, S. Divon to R. Shiloah, May 1, 1953.

155 DEPI, Vol. 8, Document 13, C. Yahil to the Ministry of Foreign Affairs, January 13, 1953.

156 The team was “drawn from both the policy-making and the industry worlds, comprising the owners and directors of big German industries, which included many of the top West German bankers and industrialists.” De Vita, *Israelpolitik*, 55.

observer would be appointed to ensure that only the goods mentioned in the Reparations Agreement, and no goods of a military nature, would be sent to Israel. The German officials informed the Israelis that their government intended to wait about a week after the opening of the commercial talks in Cairo before beginning the long-awaited process of ratifying the Reparations Agreement.¹⁵⁷

This announcement was supposed to please the Israelis, but that was not the case. It seems that they feared that Bonn had made the process of ratifying the agreement hostage to the commercial talks in Cairo: if these progressed, the ratification would progress also, and vice versa. This would explain why Bonn was interested in starting the ratification process after the marathon week of talks in Cairo: only then would the Germans know for sure where they stood in their commercial negotiations with the Egyptians. Hallstein implied as much when he told Yahil that his government wanted to do everything possible to coordinate the timing of the Cairo talks with ratification of the Reparations Agreement.¹⁵⁸

Yet, the postponement of the ratification process to the second week of February would be disastrous for Israel. March 20 would mark the last session of the parliament in Bonn before the Easter recess and the end of the fiscal year 1952–1953. There was a real danger that the complicated ratification process would not be completed before that date, and the commencement of the implementation of the agreement would therefore have to be pushed back to the next fiscal year. All the plans that Israel had made for the use of the reparations money in 1953 would go down the drain. Given the desperate situation of the Israeli economy, this postponement was liable to have very serious implications.¹⁵⁹

Tired of the impasse in which it found itself, Israel decided to act on the diplomatic level to change the situation. Ambassador Eliahu Elath met on January 20 with Lord Henderson, one of Britain's top politicians, to try and recruit him for the campaign. The next day, Elath sent Lord Henderson a letter on the subject. The signing of the Reparations Agreement, wrote the Israeli ambassador, contributed to an improvement in the attitude of the Jewish world toward West Germany; however, things could very well regress to their previous state if the agreement's ratification continued to be postponed.¹⁶⁰ Lord Henderson received a similarly worded appeal from Jewish organizations in London.¹⁶¹ On the 23rd of the month, Elath met with Foreign Minister Eden and warned of "the damage that will be caused to all

157 DEPI, Vol. 8, Document 13, Note 6; DEPI, Vol. 8, Document 28, F. Shinnar to the Ministry of Foreign Affairs, January 21, 1953.

158 DEPI, Vol. 8, Document 13, Note 6.

159 Shinnar, *Out of Necessity and Feelings*, 53.

160 DEPI, Vol. 8, Document 26, E. Elath to Lord Henderson, January 21, 1953.

161 UKNA, FO 371/103954, A Letter to W. D. Allen, January 23, 1953.

parties by further postponements” in the ratification process. Eden promised to send instructions to British High Commissioner Kirkpatrick to intervene,¹⁶² and did so directly.¹⁶³ Elath also turned to Frank Roberts and asked him to speak with Hallstein, who was scheduled to arrive for a visit in London.¹⁶⁴

The implied message sent to the British was clear: the unprecedented delay in the ratification of the Reparations Agreement was liable to harm West Germany’s image among the public in the Western countries. The damage could, in fact, be so grave as to prevent the EDC treaty from being ratified in the Western European parliaments (and might consequently lead to the annulment of the Contractual Agreement).

An additional message was reserved for the Americans. On the 22nd of the month, Eytan met with the US Ambassador to Israel, Monnett Davis, and asked him to do something about the Arab element complicating the entire ratification process. The Arab League’s latest attempts to “injure Israel’s economy,” warned Eytan, undermine Jerusalem’s ability to make any “unilateral gestures” toward the Arabs (i.e., compensating the Palestinian refugees).¹⁶⁵ At the same time, representatives of Jewish organizations broached the subject of ratification with State Department officials in Washington.¹⁶⁶

West Germany was also a target of the campaign. Shinnar met for talks with senior figures in Bonn, including Minister for Economic Affairs Erhard, and clarified that they were “not allowed to mix up the Reparations Agreement with the question of their relations with the Arabs.”¹⁶⁷ Israeli diplomats in West Germany circulated a pamphlet among influential circles in the country, discussing the threats of the Arab boycott. At the same time, they contacted journalists and professional associations to convey the Israeli message on the subject of ratifying the Reparations Agreement.¹⁶⁸

The Israeli effort in West Germany culminated on January 26, when Goldmann and Shinar met with the Chancellor and Hallstein. To their delight, it appeared that Adenauer had decided to put an end to the procrastination in ratifying the agreement. It is not clear whether he did so due to Israeli pressure, which appears to have been accompanied by American and/or British pressure, or due to his own

162 DEPI, Vol. 8, Document 35, E. Elath to M. Comay, January 23, 1953.

163 UKNA, FO 371/103954, From Foreign Office to Wahnerheide, January 27, 1953.

164 UKNA, FO 371/103955, W. D. Allen to C. H. Johnston, February 9, 1953.

165 FRUS, Vol. IX, 1100, The Ambassador in Israel to the Department of State, January 22, 1953.

166 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/1-2953, German-Israel Claims Settlement, January 29, 1953; USNA, DoS, RG 59, CDF (1950–1954), 262A.84A41/1-3053, German-Israeli Conference on Jewish Material Claims against Germany Agreement, January 30, 1953.

167 ISA, MFA 2417/7, F. Shinnar to W. Eytan, January 23, 1953.

168 ISA, MFA 2417/7, C. Yahil to the Director-General of the Ministry of Foreign Affairs, February 6, 1953.

moral considerations. It may have been the result of all these combined. Regardless, Adenauer solemnly promised his interlocutors that the agreement would be put to a first vote in the Bundesrat plenum by February 20, which would ensure its final ratification in this institution by March 20.¹⁶⁹

The Chancellor, in effect, had created a separation between the ratification process and the commercial talks in Cairo. This turned out to be a wise move. The German-Egyptian talks ended after ten days, on February 11, in resounding failure. Tying them to the ratification of the Reparations Agreement would have probably dragged the latter to a dead end as well. The failure of the talks was attributable to both economic and political considerations. The first involved the Egyptians' demand that the Arab countries receive long-term credit worth three billion marks, the bulk of which would go to Egypt. The requested amount was similar to that of the reparations to Israel, and not by chance. Naguib explained to the Germans that they "owed" the Arabs compensation equivalent to that given to the Jews. The Germans, on their part, made it clear that Bonn was willing to give credit in the amount of about one-tenth of the sum stipulated by Cairo.¹⁷⁰ The second reason was related to the recent rapprochement between Egypt and East Germany, West Germany's bitter political rival, which reached a high point in early February 1953. Bonn reacted to this development with anger and viewed it as an Egyptian attempt at blackmail.¹⁷¹

At this point in time, February 1953, the Arab campaign against the Reparations Agreement was effectively over.¹⁷² Chancellor Adenauer ruled in favor of ratification, and the Arabs realized they could no longer thwart the move or even delay it. Moreover, they refrained from promoting an economic boycott of the FRG.¹⁷³ Already at the beginning of March Lebanon told Bonn secretly that the reparations pact with Israel would not bring on an economic Arab boycott of Germany.¹⁷⁴ On the contrary, it did not take long after the ratification for the Arab countries to rush into the arms of the Germans. In mid-April, a Lebanese minister

169 DEPI, Vol. 8, Document 39, C. Yahil and F. Shinnar to the Ministry of Foreign Affairs, January 26, 1953.

170 USNA, DoS, RG 59, CDF (1950–1954), 662A.86/2-1253, From Bonn to the Secretary of State, February 12, 1953.

171 USNA, DoS, RG 59, CDF (1950–1954), 662A.86/11-1052, From Cairo to the Secretary of State, November 10, 1952; USNA, DoS, RG 59, CDF (1950–1954), 662A.86/2-1753, From Bonn to the Department of State, February 17, 1953; De Vita, *Israelpolitik*, 55–56.

172 Arab protests over the agreement were occasionally heard over the following weeks (mainly from Syria), but this was the campaign's swan song. Tovy, "The Struggle," 218 (note 142).

173 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/3-1753, From Cairo to the Secretary of State, March 17, 1953; UKNA, FO 371/103955, D. J. McCarthy to Eastern Department, March 12, 1953.

174 JTA, March 6, 1953.

announced that Beirut was planning to welcome the country's first West German ambassador.¹⁷⁵ A few days later, Yemen and the FRG signed a groundbreaking friendship treaty.¹⁷⁶ Over the following years, it became clear that trade relations between Arab countries and West Germany not only would not cease, but would even increase dramatically.¹⁷⁷

On February 13, Bonn began the process of ratifying the Reparations Agreement.¹⁷⁸ At its meeting on that day, the government voted to transfer the text of the agreement for discussion and approbation to the Bundesrat.¹⁷⁹ In order to meet the tight schedule and secure final approval by March 20, Adenauer and his associates put pressure on legislators of the Upper House to shorten the hearing period on the matter from three weeks to just one week. The Bundesrat members agreed, and on February 20, the agreement was put to a concluding deliberation in the Bundesrat's Foreign Affairs Committee before being approved by the plenum. The members of the Foreign Affairs Committee adopted the various parts of the agreement with the exception of a specific clause ruling out the possibility of transferring reparations goods to Israel on ships flying the West German flag.¹⁸⁰ The German legislators strongly opposed this clause, which they alleged discriminated against the German merchant navy.¹⁸¹ One member suggested that the Bonn government make a declaration stating that ships flying the West German flag could transport goods to Israel under the Reparations Agreement, based on which the Bundesrat would then proceed to vote on ratification. This proposal was accepted, and the declaration was prepared and delivered.¹⁸² The next day, February 21, the Bundesrat voted unanimously in favor of the Reparations Agreement,¹⁸³ which was now to be transferred to the Bundestag. The Bonn government wished to inform members of the Lower House that the Israeli government had approved the statement regarding the transport of goods by ships bearing a German flag. Without such notice, the Bundestag – not to mention the Bundesrat, which was to give the final seal of approval in the ratification process – might

175 USNA, DoS, RG 59, CDF (1950–1954), 262.84A41/4-1753, From Beirut to the Secretary of State, April 17, 1953.

176 USNA, DoS, RG 59, CDF (1950–1954), 662A.86H1/8-653, From Bonn to the Department of State, August 6, 1953.

177 Deutschkron, *Bonn and Jerusalem*, 88. See also: Wissa-Wassef, "Les Relations," 612.

178 Alongside the two protocols signed between the FRG and the Claims Conference.

179 UKNA, FO 371/103955, Wahnerheide to Foreign Office, February 15, 1953.

180 This was article 2 in letter 6a. AIG, Letter No. 6a, 148.

181 This position gained widespread support from the West German press. ISA, MFA 2417/7, C. Yahil to the Director-General of the Ministry of Foreign Affairs, March 4, 1953.

182 DEPI, Vol. 8, Document 98, F. Shinnar and C. Yahil to M. Sharett, February 20, 1953.

183 Pease, "After the Holocaust," 558.

have objected to the Reparations Agreement.¹⁸⁴ Shinnar was therefore asked by Bonn's representatives to obtain Jerusalem's consent to the statement.

Shinnar informed Sharett about the matter, and the latter raised the German demand before the government at its meeting on February 22. The issue was a sensitive one. Although Israeli legislation did not expressly prohibit German-flagged ships docking in Israeli ports, the principle of the Jewish boycott of the German nation required such a prohibition. Several ministers expressed strong opposition, and Foreign Minister Sharett asked them to take into account that insistence on this issue could frustrate the hard-earned agreement.¹⁸⁵ This convinced the naysayers, and the cabinet passed a resolution allowing merchant ships flying German flags to arrive in Israel.¹⁸⁶ On March 1, the government discussed the matter again, and at Shinnar's suggestion, passed a second resolution on the matter, slightly different from its predecessor, which also allowed the arrival of merchant ships bearing the German flag in Israel.¹⁸⁷ Two days later, Shinnar handed Hallstein an official letter containing Israel's decision.¹⁸⁸

As expected, the opposition was quick to criticize the government over this explosive issue. *Herut's* editorial angrily asked: "Who gave them [the Israeli government] the authority to hoist the murderers flag on Israeli soil?"¹⁸⁹ The Foreign Minister, the newspaper stated, was oblivious of the damage "to the psyche of the Jewish people, and to the dignity of the state."¹⁹⁰ At the request of Herut and Mapam, the Knesset held a discussion on the matter on March 4, and the representatives of the two parties took to the floor to vent their wrath against the government.¹⁹¹

Meanwhile, the Reparations Agreement was passed on to the Bundestag. In accordance with parliamentary procedure, it was decided to hold the first reading of the agreement on March 4 and the second and third readings on March 18. In between those dates, the agreement would be examined by various committees. And indeed, on March 4, the members of the Lower House convened to vote. Earlier, Chancellor Adenauer had given a special speech on the subject. The agreements with the State of Israel and with the Claims Conference, he had stated at the opening of his remarks, were indispensable, first and foremost for moral reasons. Following this, the Chancellor briefly discussed the content of the agreements

184 ISA, 7563/9 A, Meeting of the Foreign Affairs and Defense Committee, March 3, 1953, 25.

185 ISA, Meeting of the Cabinet, February 22, 1953, 4–19.

186 ISA, 7484/11 A, Government's Resolution from February 22, 1953.

187 ISA, Meeting of the Cabinet, March 1, 1953, 2–5.

188 ISA, MFA 2417/7, F. Shinnar to W. Eytan, March 6, 1953.

189 *Herut*, March 3, 1953.

190 *Herut*, February 26, 1953.

191 KM, Vol. 13, March 4, 1953, 863–864.

signed with Israel and the Conference, touched on the Arab opposition campaign, and praised the understandings reached on the issue of the Templars. Finally, he expressed his hope that the Luxembourg agreements would “eventually lead to a change in the relationship between the German people and the Jewish people and to the normalization of relations between the Federal Republic and the State of Israel.”¹⁹²

At the end of the Chancellor’s speech, the Bundestag voted in first reading in favor of the agreement.¹⁹³ A debate then ensued on the question of which parliamentary committees would review the Reparations Agreement. Under pressure from supporters of the agreement, it was decided that it would only be discussed in the Foreign Affairs Committee, a move which would shorten the ratification process. This committee’s deliberation was scheduled for March 12.¹⁹⁴ On the 18th of the month, after the Foreign Affairs Committee had discussed and approved the Reparations Agreement,¹⁹⁵ it was submitted for the second and third readings by the Bundestag plenum. A representative of the Foreign Affairs Committee presented the Committee’s position on the issue to the members of parliament, followed by a series of speakers – representatives of the various factions – who spoke both for and against the historic Israeli-Jewish-German agreement.¹⁹⁶ At the end of the speeches, a roll-call vote was held. Of the 402 Bundestag members, 360 were present. 239 voted in favor, 35 against, and 86 abstained. Among the members of the CDU/CSU, the political alliance led by Adenauer, 84 voted in favor, 4 against, 39 abstained,¹⁹⁷ and 18 were absent. In other words, only 58% of the members of the main ruling faction voted in favor of the agreement. This figure sheds further light on the tremendous personal effort made by Adenauer to advance the issue of reparations. Ironically, his parliamentary safety net on this issue was the Social Democrats, in the opposition. Out of the 129 SPD representatives in attendance, 125 raised their hands in favor of the agreement.¹⁹⁸ The Socialists proved to be Adenauer’s and Israel’s strongest allies.¹⁹⁹

Two days later, the Reparations Agreement was back on the Bundesrat’s agenda. The vote was quick and the results unambiguous: all the representatives of the Upper House raised their hands in favor of the agreement. It had won the

192 ISA, MFA 2417/7, Translation of Dr. Adenauer’s Speech at the Bundestag, March 30, 1953.

193 JTA, March 6, 1953.

194 ISA, MFA 2417/7, F. Shinnar to W. Eytan, March 6, 1953.

195 Pease, “After the Holocaust,” 570.

196 For more about this discussion see: Pease, “After the Holocaust,” 570–578.

197 Including Finance Minister Schäffer.

198 Four members were absent due to illness.

199 Pease, “After the Holocaust,” 578–580.

final parliamentary seal of approval. A few hours later, the West German President Theodor Heuss signed the agreement, thus concluding the German ratification process.²⁰⁰

On March 19, the agreement was also subjected to a final parliamentary discussion in Jerusalem, in the Knesset's Foreign Affairs and Defense Committee. Foreign Minister Sharett reviewed the details of the ratification procedure before the committee and briefly referred to the arrangement reached regarding the maritime transport of reparations goods. At the end of his remarks, the committee members raised a series of questions on these issues, and Sharett, together with Eli Nathan, who joined the meeting, answered them to the best of their ability. At the end of the deliberation, representatives of Mapam and Herut put forward a motion not to sanction the Reparations Agreement. The chairman of the committee, a Mapai man, proposed the motion for approval. Once again, the coalition had no trouble securing the required majority.²⁰¹

On March 22, the Israeli government gave its decisive seal of approval when it decided, by a majority of six to one, to "approve the agreement between the State of Israel and the Federal Republic of Germany signed in Luxembourg on September 10, 1952."²⁰²

The final act related to the ratification of the Reparations Agreement took place at the UN building in New York. On March 27, Israel's consul-general in New York, Arthur Lourie, and his West German counterpart, Hans Riesser, reported to the office of Constantin Stavropoulos, principle director in charge of the UN Legal Department, to exchange their respective letters of ratification.²⁰³ Stavropoulos expressed his hope that the agreement would be a first step on the way to establishing relations between the two countries. Lourie and Riesser preferred to emphasize in their remarks the moral significance of compensating the Jewish people.²⁰⁴ Once all that needed to be said had been said, the agreement was registered by the UN Secretariat and thus received the endorsement of the international community.²⁰⁵

200 ISA, MFA 2417/7, Re: Ratification of the Reparations Agreement in the German Parliament, March 22, 1953.

201 ISA, 7563/10 A, Meeting of the Foreign Affairs and Defense Committee, March 19, 1953, 2–8.

202 ISA, Meeting of the Cabinet, March 22, 1953, 3–6. In a last-ditch attempt, Maki and Herut submitted a motion of no-confidence in the government in light of the ratification of the agreement. The motion, as expected, failed. KM, Vol. 13, March 25, 1953, 1120.

203 Already in the summer of 1952 Israeli diplomats in the embassy in Washington suggested taking this step. They believed that this act would give stronger validity to the Reparations Agreement. ISA, MFA 358/18, E. Herlitz to Y. Robinson, June 16, 1952.

204 ISA, MFA 1812/3, Israel and the German Federal Republic Exchange Ratifications of Luxembourg Agreement, March 27, 1953.

205 Sagi, *German Reparations*, 188.

Just before the official ceremony at the UN, the first payment under the Reparations Agreement was made when the Shell Oil Company received, through the European Payments Union, about 70 million DM in exchange for the fuel it had supplied to Israel in recent months.²⁰⁶

Exactly two years after the filing of the reparations missive (March 12, 1951) and one year after the beginning of negotiations in Wassenaar (March 21, 1952), the mission of reaching a compensation agreement between the State of Israel and the Federal Republic of Germany (and between the FRG and the Claims Conference) was completed. It now remained to reap the fruits of this labor by implementing the agreement for the benefit of the State of Israel and the half a million Holocaust survivors who had settled there.

206 ISA, Meeting of the Cabinet, March 29, 1953, 8.

Chapter 12

The Reparations Agreement: A General Overview

An outline of the agreement

The “Agreement between the State of Israel and the Federal Republic of Germany”¹ contained seventeen articles, one addendum (a payment schedule which presented a list of goods and services to be provided as part of the first two payments), two annexes (to articles 7 and 9), nine pairs of accompanying letters (the first of which – 1a and 1b – dealt with the issue of personal indemnification of Israeli citizens, while the rest dealt with various articles of the agreement), as well as an additional pair of letters formulated in March 1953, on the subject of transporting the agreed-upon goods by way of ships flying the West German flag.

The agreement opened with a brief preamble providing an historical background for the Reparations Agreement. It clarified that the payment of compensation was intended to assist Israel in absorbing the survivors of Nazi persecution who had settled there. After these opening remarks, the terms of the contract were presented. The main ones among them were as follows:

1) The FRG would pay the State of Israel the sum of three billion DM. In addition, it would transfer to Israel 450 million DM earmarked for the Claims Conference. The provisions contained in the agreement would apply to the total sum of 3.45 billion DM.

2) The payment timetable would be as follows: a total of 200 million DM for the first “payment year” that would begin from the moment the agreement came into effect until March 31, 1953; a total of 200 million DM for the second payment year spanning the period from April 1, 1953 to March 31, 1954; there would then be nine annual payments of 310 million DM each; an additional 260 million DM would be paid in the final year of the agreement – year twelve. Each payment year, from the second year onward, would consist of the period commencing on April 1 of one year and ending on March 31 of the following year.

Should the Bonn government conclude that it was unable to provide the agreed-upon annual payments starting with the third year onward, it would have to notify Israel’s representatives in writing about lowering the annual payment rate at least three months before the beginning of the third payment year. Nonetheless,

¹ AIG, Agreement between the State of Israel and the Federal Republic of Germany, 125–151; AIG, Exchanges of Letters, 164.

the new annual installments would “under no circumstances be allowed to fall below the sum of 250 million DM.”²

3) The reparations funds were intended for the purchase of goods and services.

4) In the event that it obtained “an external loan or any other financial relief from external sources” in convertible currency, the FRG would seek to shorten the defrayal period.

5) The export of German goods to Israel under the Reparations Agreement would be subject to the general conditions applicable to the export of similar goods to any other country.³ Goods exported to Israel under the agreement would not be re-exported to any third country, unless otherwise agreed-upon by the Israeli-German Mixed Commission. This prohibition would not apply to goods “which have undergone their final, substantial, and economically justified transformation in Israel.”

6) The agreed-upon list of goods and services, as shown in the addendum, would be applicable to the first two payments. This list would serve as a template for the rest of the payments.

7) The Government of Israel would send to the FRG as its “sole and exclusive agent” a delegation with the purpose of implementing the Reparations Agreement. Said delegation would be referred to as the “Israel Mission.” The mission would be entitled to engage in all activities which might be required in the FRG in connection with the “expeditious and effective implementation” of the agreement, such as delivering orders to West German suppliers, signing and executing contracts for the purchase of goods and services, paying for these goods and services, and consulting with governmental and non-governmental entities on any matter concerning its duties. The Israel Mission would be granted all the rights and immunities necessary to fulfill its function, including rights granted exclusively to diplomatic missions.

8) Once the Reparations Agreement came into effect, the Israel Mission would apply to Bank Deutscher Länder, or to any central bank of issue which might take its place, for an account in DM. The Bonn government would then deposit the annual reparations payments into this account.

9) If during the period of the implementation of the Reparations Agreement the economic capacity of the FRG should be impaired “in a fundamental and lasting manner,” both parties to the agreement would hold a consultation in order to

² In that case, the defrayal period would be extended to fourteen years.

³ This section was intended to prevent a situation in which German manufacturers would prefer to sell goods to any country other than Israel in order to retain the tax benefits granted by the Bonn government to exporters.

adjust the terms of West Germany's remaining obligation in accordance with the altered circumstances. Such an adjustment might entail a temporary suspension of the annual payments or a temporary reduction in their rate. Any such arrangement would not detract from the total amount due to Israel (i.e., 3.45 billion DM). Should the consultation between the parties to the agreement fail to yield results, the matter would be submitted to the decision of the Arbitral Commission. Pending this ruling, the Bonn government would be entitled to reduce the amount of the next due annual payment, provided it gave appropriate notice of its intention.

10) Should circumstances change during the implementation period of the agreement, "in such a manner as to result in an essential reduction of the substance of the obligation" assumed by the FRG, the contracting parties would hold a consultation "with a view to adjusting to such changed circumstances the annual installments still payable."⁴

11) The two sides would establish a Mixed Commission composed of an equal number of representatives from each side, whose role would be "to deal with all questions arising between the contracting parties out of or in connection with the implementation of the present agreement [and] to review the progress of such implementation."

12) Any disagreement concerning the "interpretation or application" of the Reparations Agreement that could not be settled via negotiations would be brought before an Arbitral Commission at the request of either contracting party. This commission would consist of one representative from each side, as well as a neutral umpire to be appointed by mutual accord. If no agreement should be reached regarding the umpire's identity, the umpire would be appointed by the president of the International Court of Justice in The Hague. The neutral umpire must not be a national of either of the contracting parties, or ordinarily resident within their respective territories, or in the service of either of them.

The implementation of the agreement

In early June 1952, shortly after the breakthrough in the reparations talks was achieved, Shinnar met with Finance Minister Kaplan and Minister without Portfolio Peretz Naftali and presented them with a plan he had devised regarding the future implementation of the Reparations Agreement.⁵ According to his plan, a government

⁴ This clause pertained to the stability of the DM.

⁵ ISA, MFA 2417/6, F. Shinnar to W. Eytan, June 29, 1952.

corporation called the “Purchasing Corporation” would be established as the “only buyer and seller” of the reparations goods. The establishment of such an institution, Shinnar maintained, would be essential to prevent Israeli private entities from coming into West Germany, after the agreement was signed, and trying to purchase goods and services at the expense of the reparations funds.⁶ Already today, he warned, there were citizens who were exploring such options.⁷ Similar warnings were issued by Goldmann⁸ and Josephthal,⁹ with the same solution in mind – the rapid establishment of a government corporation to implement the Reparations Agreement.¹⁰

Several government ministries, especially the IMFA and the Ministry of Finance, began discussing the apparatus that would implement the Reparations Agreement in the spirit of Shinnar’s proposals.¹¹ The inquiry lasted all through the summer, and in mid-September, a few days after the agreement had been signed in Luxembourg, the new Minister of Finance, Levi Eshkol, presented the proposed structure of said apparatus to the government. The ministers approved the proposal but raised various ideas for its improvement.¹² These were taken into consideration and, over the following months, the structure of the new body was finalized.

On March 1, 1953, the “Shilumim Corporation” was officially founded. A seven-member board was appointed at its helm, chaired by Giora Josephthal. The company had two branches: the Israeli branch was headed by Hillel Dan, director of the Solel Boneh building company,¹³ while the West German branch was headed by Felix Shinnar. Alongside the corporation, the government erected a public administration for reparations affairs – a kind of advisory body for the implementation of the agreement. Government oversight of the corporation’s activities was to be carried out by way of a ministerial committee, headed by the Minister of Finance.¹⁴

The Israeli branch of the Shilumim Corporation was located in Tel Aviv and, over time, would come to consist of five departments: the commercial department, the credit department, the finance department, the technical department, and the

6 ISA, MFA 1782/15, F. Shinnar to E. Kaplan, June 13, 1952.

7 DEPI, Vol. 7, Document 195, F. Shinnar to E. Kaplan, June 13, 1952.

8 DEPI, Vol. 7, Document 204, N. Goldmann to D. Ben-Gurion, June 18, 1952.

9 ISA, MFA 2417/6, G. Josephthal to E. Kaplan, June 24, 1952.

10 Following these warnings, a government spokesperson issued a statement clarifying that the Israeli authorities did not and do not intend to grant any private entity a permit to conduct commercial transaction with the Germans in connection with the Reparations Agreement. ISA, 7563/4 A, Meeting of the Foreign Affairs and Defense Committee, June 23, 1952, 3.

11 ISA, MFA 1811/10, M. Bartur to F. Shinnar and G. Josephthal, July 6, 1952.

12 ISA, Meeting of the Cabinet, September 14, 1952, 16–35.

13 This company was affiliated with Mapai.

14 ISA, MFA 1812/4, E. Nathan to Y. Robinson, June 7, 1953.

commodities and insurance department.¹⁵ The role of the Tel Aviv branch was to prepare the lists of goods to be ordered from West Germany in coordination with government ministries and economic entities in Israel.¹⁶

The branch in West Germany, the “Israel Mission” (otherwise known as the “Purchasing Mission”), began its work on May 4, 1953. It established its headquarters in the city of Cologne,¹⁷ in offices assigned to it by the local Jewish community.¹⁸ In its early days, the mission was staffed by about fifty Israelis and twenty locals,¹⁹ and consisted initially of four economic departments: purchasing, engineering, price comparison, and legal advisement. In time, a transport department and a banking department were added to the roster. In addition to these, there were also a political department, a consular department, a publicity department, and a security department.²⁰ The mission would receive the list of goods from Israel, contact relevant suppliers, and ask them for quotes. Having examined the bids received – in terms of price, quality of goods, supplier reputation, time of delivery, payment terms, geographical location of factory (which affected transportation costs) and so on – a supplier was selected.²¹ The goods purchased would be sent to Israel and the Shilumim Corporation would deliver them to the customer who had ordered them – a government office, a public enterprise or a private entity – once they had been paid for.²²

15 Bank of Israel, *The Reparations*, 61.

16 ISA, GL 11665/29, Bi-Weekly Report on the Implementation of the Reparations Agreement, August 16, 1953.

17 Various West German cities tried to convince Israeli officials to establish the HQ of the mission in their territories. They believed that such a move would strengthen their economy. Geller, *Jews in Post-Holocaust Germany*, 239. Cologne was one such city. Hillel Dan claimed that the decision to choose this city stemmed from the fact that Cologne offered the Israelis “favorable conditions.” Dan, *On an Unpaved Road*, 335. The Israeli historian Yeshayahu Jelinek argued that Cologne was chosen because of its location midway between Düsseldorf, the center of heavy industry in West Germany, and the capital Bonn. Jelinek, “Implementing the Luxembourg Agreement,” 192 (note 5). According to Yissakhar Ben-Yaacov, an Israeli diplomat who served in the mission, Jerusalem did not want to establish the mission in Bonn so as not to create the appearance of diplomatic representation (which could be interpreted as an overture to full and normal relations between the two countries). Ben-Yaacov, *A Lasting Reward*, 90.

18 Shinnar, *Out of Necessity and Feelings*, 57. Later, the mission would move to a building erected especially for it on a lot allocated by the municipal authorities in Cologne.

19 ISA, GL 11665/29, Bi-Weekly Report on the Implementation of the Reparations Agreement, August 16, 1953; Jelinek, “Implementing the Luxembourg Agreement,” 194.

20 Bank of Israel, *The Reparations*, 61.

21 ISA, GL 11665/29, Bi-Weekly Report on the Implementation of the Reparations Agreement, August 16, 1953.

22 Jelinek, “Implementing the Luxembourg Agreement,” 204; Lazarson, “The Implementation of the Reparations Agreement,” 76–77.

On July 23, 1953, the first goods purchased by the Israel Mission in West Germany were loaded at the Bremen port onto the “Haifa,” a ship belonging to the Israeli national shipping company Zim.²³ To celebrate the occasion, a festive meal was served in the ship’s dining room with the participation of the Mayor of Bremen, public figures from the city, the director of the Zim company, and the captain of the “Haifa,” as well as Shinnar and some of his assistants.²⁴ A year and a half later, on January 23, 1955, the first German ship carrying reparations goods, the “Pergamon,” docked at the Haifa port.²⁵ It would be followed by a total of 280 German ships, carrying about half of all the reparations goods eventually to arrive in Israel.²⁶

The implementation of the agreement encountered a few problems over the years, but both parties overcame these relatively easily. In April 1965, twelve years after its historic ratification, the implementation of the Reparations Agreement was completed.

Outcomes of the agreement

The agreed-upon list of goods and services featured five distinct groups.²⁷ Their total value, at the end of the twelve-year period of the agreement’s implementation, was as follows:

- Group A – ferrous and non-ferrous metals – about 391 million DM or 93.5 million USD (11.3% of total purchases).
- Group B – products of the steel manufacturing industry – about 1.3 billion DM or 319.5 million USD (38.4% of total purchases).
- Group C – products of the chemical industry and of other industries – about 337 million DM or 80.5 million USD (9.8% of total purchases).
- Group D – agricultural products – about 91 million DM or 22 million USD (2.6% of total purchases).
- Group E – services²⁸ – about 257.5 million DM or 63 million USD (7.5% of total purchases).

²³ The first shipment consisted of iron bars. *Davar*, July 24, 1953; *Shearim*, July 27, 1953.

²⁴ Shinnar, *Out of Necessity and Feelings*, 60.

²⁵ *Davar*, January 24, 1955; *Ha-Tzofeh* January 24, 1955.

²⁶ Teitelbaum, *The Biological Solution*, 99.

²⁷ This subchapter is based on the following studies: Bank of Israel, *The Reparations*; Lazarson, “The Implementation of the Reparations Agreement”; Ginor, “The Impact.”

²⁸ Refers to insurance fees, transport and freight, administrative expenses, and “any other expenses incidental to the above.”

In addition, approximately 1.05 billion DM or 254.5 million USD were spent on fuel, which amounted to 30.4% of total purchases.

Numerous branches of the economy developed thanks to the reparations funds, and the benefits of this process rippled outward through the Israeli economy. On the whole, it can be stated that the equipment purchased with the reparations money was of great economic importance especially in the development of shipping, railways, the electricity system, fishing, and construction. An economic macro-analysis shows that close to 26% of the investment assets and about 11% of the input factors imported to Israel between 1953 and 1965 were financed with the reparations money.²⁹ On the other hand, reparations financed only about three percent of the consumer goods imported over this period. In other words, the compensation funds received from the FRG were invested in the advancement of the Israeli economy almost exclusively.

According to the Bank of Israel, the reparations actually helped pull the economy out of the deep abyss into which it had sunk during the first years of the Jewish state's independence.³⁰ Although it would have probably been possible to find at least partial capital substitutes for reparations, this would have required a great deal of effort, and it would have taken the Israeli economy a lot longer to climb its way out of the quagmire and flourish. However, it was not at all certain that the State of Israel, faced with a tangible existential threat by its Arab neighbors, could afford to be in a severe economic crisis for a long time.

²⁹ About half of the fuel consumed in Israel in the years 1953–1965 was financed with reparations funds.

³⁰ Echoes of this claim can be found in the following studies: Kleinschmidt, “Von der ‘Shilumim’ zur Entwicklungshilfe”; Könke, “Wiedergutmachung und Modernisierung.”

Equipment purchased in West Germany with the reparations money

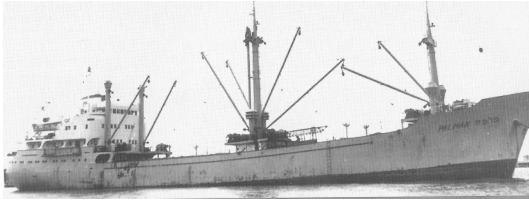


Figure 12.1: “M.S. Palmach” – a cargo ship weighing 2,200 tons, launched in December 1956. Purchased for a private Israeli shipping company. (Courtesy of the Zim archive).



Figure 12.2: “S.S. Zion” – a cargo and passenger ship weighing 7,000 tons, launched in July 1955. Purchased for Zim, the Israeli national shipping company. (Courtesy of the Zim archive).



Figure 12.3: A railcar, purchased for Israel Railways. Entered service in early 1956. (Courtesy of the Israel Railways).

Conclusions

During the weekly meeting of the Israeli government on February 8, 1951, Foreign Minister Moshe Sharett informed his fellow cabinet members that the IMFA intend to submit a letter to the four occupying powers in Germany detailing Israel's claim for reparations from the German people. Sharett referred to it in Hebrew as a claim for *shilumim*. Even though the reparations claim was directed at both of the German states, in practice it stood to be settled between Israel and the FRG. The USSR and its East German satellite rejected the claim outright. The present book recounts the history of the reparations claim from an Israeli-Jewish perspective, and it does so from the moment this claim was conceived until its final ratification in Bonn and Jerusalem. In what follows, we shall present six central insights that shed light on this momentous affair, which became a watershed moment in the history of the State of Israel and the Jewish people.

The boycott

The issue of material compensation, including the claim for reparations, was intrinsically linked to the principled position prevalent in the State of Israel with regard to relations with Germany, a position that required a comprehensive and uncompromising boycott on the German people for generations to come. This stance was the operative manifestation of the enormous surge of anti-German emotion that swept through the Jewish-Israeli public once the sheer scope of the catastrophe inflicted upon European Jewry had come to light. The boycott reflected the nation's wrath and rancor, its sentiment of utter revulsion, as well as its desire for revenge on the Germans. It was seen as a sacred edict on behalf of the millions slaughtered and a necessary means of protecting the feelings of hundreds of thousands of survivors. In that sense, it came to serve as a shield over Israel's national dignity. There were those who feared that Nazi Germany might re-emerge, and for them, the boycott was the Jewish states' modest contribution to preventing the risk of such a menace. The Israeli anti-German boycott rested basically on moral-conscientious grounds embodied in the historical memory of the events of the Holocaust. This boycott was the factor that most significantly influenced the actions taken by the Israeli government on the issue of reparations.

In mid-1949, the issue of material compensation from Germany first surfaced on the Israeli leadership's agenda. At that point in time, the restitution of Jewish property was the only category of material compensation. A few months later, a second category came to the government's attention – the personal indemnification of

Holocaust survivors. True to the boycott principle, the government refrained from taking any measures on the subject of compensation that necessitated contact with the Germans and settled for passive involvement – aiding Israeli actors in the field (The Jewish Agency and individual survivors). During the winter of 1949–1950, however, it became clear that the two co-captains of the state, Prime Minister and Defense Minister David Ben-Gurion and Foreign Minister Moshe Sharett (as well as Finance Minister Eliezer Kaplan), were leaning toward making contact with the Germans on the question of compensation. They received encouragement from the Jewish Agency as well as from a special government committee appointed to examine a key aspect of the compensation issue. That being said, these leaders were not yet ready to convert this position into official and open government policy. The political system and the public at large would not have allowed it.

This state of affairs would undergo a complete turnabout over the course of 1951. In late October 1950, the three Western powers approached Israel with an offer to join their initiative to end the state of war with West Germany. The IMFA took advantage of this dramatic political development to put the question of compensation from Germany on the government's agenda. At its request, in late December 1950 and early January 1951, the government held two long meetings on the subject of Germany. In these meetings, the IMFA presented the stance it had clearly, openly, and consistently championed since the summer of 1950, according to which there was no real chance of advancing the issue of compensation without direct and official contact with the "Germans" (in fact, West Germany). The ministers were warned that the opportunity to extract compensation from the FRG was rapidly slipping away in the face of the accelerated rehabilitation process it was undergoing, i.e., its reintegration into the family of nations (and especially in the Western camp) as a full-fledged member. The widespread assumption within the IMFA was that the main, perhaps the only consideration that could compel Bonn to pay compensation to Israel and the Jewish people was utilitarian – its desire to secure full and rapid rehabilitation. Accordingly, this consideration would lose its potency as the rehabilitation process neared completion. The representatives of the IMFA, therefore, suggested that the cabinet make an immediate decision in favor of direct and official negotiations between Jerusalem and Bonn on the matter of compensation. However, a solid majority of the government ministers thought otherwise. They preferred to adhere to the boycott principle. On the other hand, those same ministers understood that time was of the essence and that it was appropriate to intensify Israeli involvement in the issue of compensation (and not settle for passive participation). The government thus decided to send a letter on the subject to the four occupying powers in the two Germanies.

On January 16, 1951, a letter dealing with the categories of personal indemnification and restitution of property was dispatched. Two months later, on March 12,

another letter, dealing with a third category of compensation – reparations – was sent to the powers. The reparations letter prompted West German Chancellor Konrad Adenauer to make a secret offer to Jerusalem to arrange a meeting between him and an Israeli envoy with the objective of discussing all aspects related to future Israeli-German negotiations on reparations. The two men at the helm – Ben-Gurion and Sharett – accepted the invitation, insisting, however, that the meeting be conducted in absolute secrecy, even from their government colleagues. Its exposure to the public or to the political system would have provoked a terrible uproar that would have nipped the diplomatic initiative in the bud. In mid-April, a historic clandestine meeting was held in Paris between Adenauer and Israeli representatives on the subject of the reparations claim. The Israelis made it clear to the Chancellor that, even before official negotiations on the material compensation could take place between the two countries, Bonn must issue a formal and public statement comprising three points: the condemnation of the Germans' actions during the Third Reich period; the FRG's commitment to take all measures to prevent the recurrence of the Holocaust; and a promise to issue compensation to the Jewish people, including reparations to Israel. This solemn statement was necessary for the sake of placating Israeli-Jewish public opinion. It was intended to legitimize direct, official, and public contact between the State of Israel and West Germany, a step that stood in blatant contradiction to the sanctified principle of the boycott.

Adenauer acquiesced and proceeded to prepare the German statement, whose wording Israel made supreme efforts to influence. The leadership in Jerusalem wanted a speech that would captivate the hearts of the Jewish public. However, when Adenauer read out the final statement on September 27 in the Bundestag, they were gravely disappointed. The declaration fully met only one of their demands: the promise to prevent a second Holocaust. As predicted, the reaction of the Israeli public (including the political system) to the Chancellor's remarks and, consequently, to the idea of opening negotiations between the two countries was negative. As a matter of fact, in some circles, calls to refrain from contact with the Germans actually intensified following the statement.

Ben-Gurion and Sharett concluded that an additional statement from Adenauer was necessary to accomplish what the September 27 statement had failed to do – sway Israeli-Jewish public opinion in favor of negotiations with the FRG. The new statement, it was decided, would focus on reparations. The reasons for this were clear: this was the only issue on which Israel was willing to negotiate with West Germany, and yet, the Chancellor's remarks on the subject in his statement had been vague. Adenauer, therefore, had to clarify that he sincerely intended to negotiate the reparations claim based on the amount specified in the March 12 missive. This new statement would prove to the general public, as well as to the political system, that “there was room for discussion” with the Germans. In other

words, it would mean that Israel was not forsaking the boycott principle – even if temporarily and in a limited fashion – for nought. This being the case, the Prime Minister’s Office and the IMFA hoped the public would then be willing to embrace the idea of negotiations.

The Israeli request was presented to the German leader, and he agreed to comply. In early December 1951, he met with Nachum Goldmann, chairman of the Claims Conference (an organization consisted of twenty-two major Jewish organizations representing the Jewish communities in the West founded in October 1951 to deal with the question of material compensation from Germany), and equipped him with a letter of clarification. The letter proposed that the two sides – the German and the Israeli-Jewish parties – begin talks on the issue of compensation and emphasized that the basis of the discussions between Israel and the FRG would be the claim mentioned in the reparations letter. Ben-Gurion and Sharett found Adenauer’s letter satisfactory. They believed that they would now be able to convince the Israeli public and its elected representatives in the Knesset to stray briefly from the boycott principle for the chance to obtain reparations. And indeed, on January 9, 1952, after a heated three-day debate, the Knesset voted in favor of opening Israeli-German negotiations on reparations.

On March 21, the talks commenced in the Dutch town of Wassenaar, and on September 10, the two sides signed the historical Reparations Agreement. According to this agreement, West Germany committed to paying Israel close to three-quarters of a billion USD (in goods and services) over a period of 12 years. In the years to come, it would become clear beyond the shadow of a doubt that the Reparations Agreement shattered the Jewish-Israeli boycott of Germany in favor of a rapid process of normalization between the two countries and the two peoples. At the end of this process, in mid-1965, once Bonn had paid its debt down to the last cent, the State of Israel and the FRG established diplomatic relations.

Reparations for what?

Jewish figures began to examine the idea of reparations for the Jewish people starting in the spring of 1943 as reports about the shocking scope of the Nazi war against the Jews became more and more substantial. Some of these figures, together with others, continued to look into the matter in the latter half of the 1940s. The grounds for this claim was the horrific “crime” committed by Nazi Germany against European Jewry. Nonetheless, the chances of the international legal and political system recognizing a reparations claim based on such abstract grounds were slim.

In January 1950, Shalom Adler-Rudel, a prominent Jewish-Zionist activist in the field of compensation, came up with a new approach to the reparations claim.

He established, based on a Jewish study performed in late 1944, that the GDR and the seventeen European countries that had been under the rule of or in alliance with Nazi Germany were in possession of about six billion American dollars' worth of heirless Jewish property after the war. Unlike the FRG, which was taking measures to restore heirless property within its territory, the vast majority of the abovementioned eighteen countries, estimated Adler-Rudel, would not act in kind. Thus, there was a need to establish a pan-Jewish entity to sue the two Germanies for reparations to be paid to the Jewish people in the amount of the heirless property that had been irretrievably lost. This approach, unlike its abstract predecessor, based the reparations claim on solid physical-economic grounds that clearly specified the damage inflicted upon the Jews of Europe. Adler-Rudel's proposal was scrutinized by the IMFA in the summer of 1950 and then largely adopted, with certain amendments.

However, several months later, toward the beginning of 1951, the director-general of the Ministry of Finance, David Horowitz, made a link between Israel's desperate economic straits and the claim for reparations. He, of course, accepted and respected the historical-economic basis for the claim, as formulated by Adler-Rudel and the IMFA officials (loss of Jewish property), but due to his position at the epicenter of the Israeli economic system, Horowitz preferred to emphasize the current, pressing economic reason for claiming reparations. Thus, in its March 12 missive to the powers, Israel based its reparations claim "on the one hand" on the sum total of looted Jewish property – to the tune six billion USD – and "on the other [hand]" on "the financial cost involved in the rehabilitation in Israel of those who [had] escaped or survived the Nazi regime," who numbered about half a million persons. Israel estimated that the cost of rehabilitating a single survivor was about 3000 USD. Accordingly, its claim for reparations from the two Germanies was set at a sum of 1.5 billion USD.

Hence, the sum of the reparations that the State of Israel claimed from the German people was based on a combination of the historical-economic factor (as molded by Adler-Rudel and the IMFA) – the property lost by the Jewish people in Europe during the Holocaust – and the current-economic factor (the fruit of Horowitz's conception), the rehabilitation of hundreds of thousands of Holocaust survivors in Israel. In accordance with Horowitz's outlook, the actual amount of the claim corresponded directly with the second factor, the economic-contemporary, while the first factor, the historical-economic, serves as a background, or a secondary element.

The amount 1.5 billion USD was divided so that West Germany would shoulder two-thirds of it, one billion USD, and East Germany the remaining third, half a billion USD. This division reflected the relative proportions of the two Germanies in terms of demographic-territorial size.

Palestinocentric outlook

The Israeli leadership (and before it, the Zionist political elite in Mandatory Palestine and abroad), espoused a nationalist point of view in relation to the issue of compensation from Germany. In other words, their thoughts about compensation centered on one principal criterion: its ability to help economically establish the Jewish national enterprise in the Land of Israel. The unique interests of the survivors and the successors organizations were largely absent from the Israeli/Zionist leadership's considerations.

This was the primary reason why the first two categories of compensation – property restitution and personal indemnification – were pushed to the margins of the Israeli state's agenda. From the purely economic perspective, these two categories of claims were unable to provide the teetering economy of the fledgling Jewish state with the necessary material capital in terms of scope, rate of arrival, and availability. The opposite was true regarding the category of reparations: the government would receive substantial capital in a relatively short period of time and for its exclusive use. The Israeli government, therefore, chose to focus on this category – the reparations claim.

At the same time, Israel labored tirelessly to impose a very clear division of labor: the reparations claim would fall under the sole responsibility of the State of Israel, whereas the Claims Conference would deal only with personal indemnification and property restitution claims. Jerusalem was anxious about the possibility of the Claims Conference filing a second reparations claim or seeking to be part of a joint Israeli-Jewish claim. Either approach would greatly jeopardize the chances of realizing the Israeli reparations claim, or, alternatively, would reduce the amount of compensation the Jewish state would eventually receive. Moreover, Israel consistently emphasized to the Claims Conference that the success of the Israeli reparations claim must be given paramount priority in the negotiations with Bonn, taking precedence over the success of the personal indemnification and property restitution claims.

For Israel, its right to take exclusive leadership over the reparations claim rested on three justifications: by its very nature and perception as the “Jewish state,” Israel represented the entire Jewish world; an “Israeli entity” – the Jewish Brigade – did, in fact, take part in the military campaign waged by the Allies against Nazi Germany; and, Israel had absorbed hundreds of thousands of Holocaust survivors, including the most difficult cases – “the surviving remnant” – who were physically and mentally broken and destitute.

The Claims Conference accepted, in February-March 1952, shortly before the start of negotiations over compensation with the Germans, to grant the State of Israel exclusivity on the question of reparations. The willingness of the major

Jewish organizations in the West to stand in Israel's shadow on this question probably stemmed from the fact that they had been intensively engaged in the other two categories of compensation – restitution of property and personal indemnification – for several years, and that was enough for them. It is also possible that the deep legal and political entanglement associated with the reparations claim deterred them from engaging in it. Of course, there is also the chance that the Jewish organizations accepted Israel's assertion that it had the natural right to lead the campaign for reparations due to the three reasons mentioned above.

The economy

As mentioned above, the reparations claim was initially founded on historical-economic grounds: the debt owed to the Jewish people for the vast amount of Jewish property looted in Europe during the Holocaust. But later, this claim was given a contemporary-economic dimension: the need to rescue the Israeli economy.

Various parameters at the time indicated that the danger of economic collapse was hovering over the young state. Balance-of-payments data spelled disaster, foreign currency reserves were depleted, unemployment was high, and inflation was soaring. Israel was rapidly approaching a situation where it would not have enough foreign currency to import essential products. An attempt to revive the economy through an acute austerity program had failed and had sowed heavy resentment among the public. In the complex Middle East reality unfolding around Israel – a tiny Jewish state surrounded by a huge hostile Arab-Muslim world – it would not have been an exaggeration to say that an economic meltdown could lead to physical destruction.

The director-general of the Ministry of Finance Horowitz saw the way things stood and came up with a new, utilitarian approach, according to which it might be possible to salvage the economy through the reparations funds. The Israeli leadership internalized the close link that Horowitz made between obtaining reparations and the improvement of the economic situation. The leadership's awareness of this linkage intensified throughout the period preceding the signing of the Reparations Agreement (in the fall of 1952), while the local economy continued to deteriorate due to the seemingly never-ending series of obstacles in its path.

The public-political campaign

As stated earlier, on September 27, 1951, Chancellor Adenauer made a statement in the Bundestag on the subjects of the Holocaust and compensation for the Jewish

people. The Israeli government responded to the statement within a few hours of its pronouncement, and its message did not rule out the possibility of official and direct talks between the two countries on the question of reparations. The swiftness of the response and its content led various parties in Israel, some of whom were zealous defenders of the boycott principle, to surmise that Bonn and Jerusalem were making secret moves behind the scenes with the aim of opening negotiations.

The Chancellor's statement, therefore, turned out to be the starting signal for a public-political campaign revolving around the idea of negotiations. Two opposing camps arose on either side of the German divide: the first to form was an "anti-negotiations" camp whose aim was to preserve the sacred boycott and thwart any possibility of talks between Israel and West Germany. In response, a "pro-negotiations" camp coalesced in support of the idea. This campaign was protracted (it lasted, with varying intensities, for an entire year, until September 1952, when the Reparations Agreement was signed), comprehensive, vigorous, and impassioned. The State of Israel had seen nothing like it before, and it has gone down in its history as one of the most vehement ideological battles to have taken place on Israeli soil. The entire political establishment, as well as the main news media at the time – the journalistic press – took part in this campaign. Through these and other elements, the general public had its say.

The anti-negotiations camp was headed by three opposition parties in the Knesset: Mapam and Maki on the left and the Herut movement on the right. They were joined by various extra-parliamentary elements, notably the ultra-Orthodox Poalei Agudat Israel in Jerusalem (Pagi), the extreme right-wing Sulam group, a circle of intellectuals and public figures, organizations of Holocaust survivors, students' union, youth organizations, and the unaffiliated newspapers *Ma'ariv*, *Yedioth Ahronoth*, and *Letzte Naves*. This camp expressed its views in three different arenas: the parliamentary arena (by way of motions for the agenda, bills, and motions of no-confidence), the public arena (by way of demonstrations, rallies, vigils, placards covering building fronts, pamphlets distributed to passers-by, and manifestos), and the journalistic arena (through articles, editorials, shocking images from the Holocaust era, and sensationalist headlines that had a systematic anti-government slant).

The anti-negotiations camp's campaign reached a fever pitch in the ten days leading up to the decisive vote in the Knesset on the issue of negotiations on January 9, 1952. After the decision had been made in the Israeli parliament, there was a certain respite in the campaign of this camp. However, it resumed with renewed vigor ahead of the opening of the talks, on March 21, and remained at this level until the second half of April. During the following months, the campaign's intensity abated and it was conducted mainly in the journalistic arena (first and foremost by Herut, Maki and Pagi) before flaring up for the last time ahead of the signing of the Reparations Agreement on September 10.

The pro-negotiations camp was composed of the coalition parties, headed by the ruling Mapai party, and a number of unaffiliated newspapers: *Ha'aretz*, *The Jerusalem Post*, *Neueste Nachrichten*, and *MitteilungsBlatt*. Their campaign in support of negotiations was short-lived, limited in scope, and very low in intensity. It was mainly waged in the first ten days of January 1952 and took place almost exclusively within the journalistic arena. Compared to the newspapers of the anti-negotiations circles, the pro-negotiations press devoted little space to the subject, and the tone of writing was generally subdued. Moreover, this camp hardly initiated any outreach activities, but mainly responded to the propaganda attacks launched by the anti-negotiations camp.

The campaign over the issue of reparations was characterized by very high levels of political violence. Such violence, in terms of the campaign's (especially verbal) intensity, duration, and the variety of actors that took part in it, had not been witnessed in Israel before then, and would not be witnessed again for many years to come. It was mostly associated with the anti-negotiations camp. The Herut and Maki party organs abounded in blatant, provocative, and inciting slogans. Their strident language was also occasionally reflected in the speeches delivered by this camp's representatives. There were elements in the Herut movement who saw even physical violence as a legitimate tool of resistance. Its supporters were responsible for the attack on the Knesset during the mass rally Herut held near the parliament on January 7, 1952, as well as for terrorist acts against different elements linked to the reparations affair.

Given the above, it is clear that the anti-negotiations camp had led a much more organized, thorough, lengthy, vehement, and vocal campaign than that of the pro-negotiations camp. The intense emotional aspect built into the German-Jewish issue (certainly at this point in time, only a few years after the end of the Holocaust) instilled a fighting spirit among those who opposed the reparations talks. The same emotional component likewise made it difficult for the pro-negotiations camp to mobilize its full force in defence of their cause; they felt it inappropriate to fight too enthusiastically in favor of negotiations with the Germans. Beyond that, based on a sober analysis of the balance of political power, the pro-negotiations camp estimated that its victory, in the decisive vote in the Knesset on January 9, was guaranteed. An overly heated campaign could tip the scales in favor of the opposing side, and it was, therefore, in its interest to keep a lid on the flames as much as possible.

The two rival camps raised a number of arguments during the campaign in support of their respective positions. However, each of them highlighted one central argument in particular. The anti-negotiations camp repeatedly warned that talks with the FRG would completely shatter the anti-German boycott and, in practice, lead to Jewish-German reconciliation at the expense of humiliating the

victims of the Holocaust. Conversely, the pro-negotiations camp emphasized the great advantage guaranteed by a successful reparations agreement: a great deal of capital would flow into the Jewish state, securing its existence and ensuring its ability to thrive (thus preventing the possibility of a second Holocaust, this time at the hands of the Arabs). These two arguments reflected, to one degree or another, two different worldviews: the first sought to cling to the past and consecrate “national honor,” while the second sought to look to the future and reach out for hope.

Supporters of the negotiations listened attentively to the arguments raised by their opponents’ camp and responded to them, but suspected that the main, perhaps even the sole, factor that spurred the opposition in the Knesset to resist the negotiations was a narrow political interest that had nothing to do with the German-Jewish issue. It can be guessed with some confidence that, alongside the moral-historical aspect of the Holocaust, the opposition parties were also motivated to one degree or another by selfish, political considerations. Nevertheless, in the specific case of Herut, political considerations appear to have been largely secondary to moral-conscientious concerns.

Despite the ideological differences between the two camps, they naturally both approached the situation from the same vantage point – the Holocaust. This was, in fact, the first time since the end of World War II that the subject of the Holocaust was so intensely present on the Jewish agenda in Israel. Its horrors, consequences, and lessons were used by the two sides to justify their respective positions. The use of the Holocaust in the course of this public-political campaign led to two contradictory results: on the one hand, the two camps emphasized the educational, universal, and human aspects of the tragedy. On the other hand, it became a cynical political cudgel, which, in all actuality, “cheapened” it in the public eye. This negative process within Israeli-Jewish society would accelerate and intensify over the coming years.

Failure is not an option

On April 9, 1952, less than three weeks after Israeli-Jewish-German negotiations on the issue of material compensation had commenced in Wassenaar, the delegations went on a German-imposed hiatus. From the Israeli perspective, the overall balance sheet was dismal: the Germans had tied the Wassenaar talks to the London Debt Conference (where the FRG’s commercial debts to foreign governments and business entities were being negotiated at the same time); they planned to submit their formal proposal for a settlement of the reparations claim only at the

end of June; and, worst of all, they had reduced the fiscal basis of the reparations claim by almost 30%.

Yet, despite all this, Jerusalem had no intention of declaring that the reparations talks with Bonn had failed or come to an end. There were four reasons underlying this approach. Two of them related to the international arena: a) Israel was about to conduct a large-scale international diplomatic-public campaign that would force the Germans to reach a satisfactory (as far as Israel was concerned) Reparations Agreement; b) the possibility of settling the reparations issue through a third party (the Western powers or the UN) was not on the table. The only way forward was through direct negotiations.

The other two factors were linked to the intra-Israeli arena, and they were the main reasons why the failure of the talks was an unrealistic option for the leadership in Jerusalem. These were Israel's aforementioned dire economic situation and the intense public-political campaign conducted by the anti-negotiations camp. In terms of the former, the cessation of talks in Wassenaar meant giving up on reparations and, in doing so, bidding farewell to a significant source of financial income that could prevent the collapse of the Israeli economy (and possibly of the Zionist enterprise as a whole). As for the political factor, in view of the enormous public-political campaign waged by the anti-negotiations camp, it was easy to imagine the consequences of the government's decision to end the talks in Wassenaar. Opponents of the talks would have applauded such a move, but at the same time would have launched an unprecedented offensive against the government – an attack that would have undoubtedly dwarfed the campaign they had waged until then. Opposition elements inside and outside the Knesset would have argued that the leadership in Jerusalem had caused a triple disaster: it had failed to win its reparations claim, possibly extinguished any hope of advancing it again in the future (this time through a third party); it had provided the Germans with an invaluable gift – moral rehabilitation in the international arena; and, worst of all, it had desecrated the memory of the victims of the Holocaust. In light of such a fiasco, the anti-negotiations camp would have claimed, the Mapai government would have no choice but to resign and set a date for new parliamentary elections. Israel would have thus been thrown into political (and public) chaos, the outcome of which was unforeseeable.

From a critical historical perspective, it appears that the Israeli leadership's determination to obtain the reparations funds was justified. The sovereign Jewish polity was formed under impossible conditions, the likes of which no nation in the world had ever experienced. The reparations from West Germany were a way to ensure that this historic-political experiment would succeed. That is why

the Israeli leadership was prepared to challenge Jewish public opinion, which largely viewed the boycott of Germany as sacred. To the minds of Israel's "founding fathers" – Ben-Gurion and Sharett, as well as their allies in leadership and opinion – the past, embodied in the memory of the Holocaust, was meant to serve the future goal: a robust and thriving Jewish state.

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