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German Reparations to Israel

There is no doubt that the legacy of the Holocaust continues to leave a strong impact on the decision making of Israeli leaders and the voting trends of their constituents. However, the Jewish community’s mantra to “Never Forget” almost endangered the Government of Israel’s attempts to gain compensation from the Germans for crimes committed during the Holocaust. Despite strong Jewish opposition towards participating in direct negotiations with Germany, the Government of Israel pressed on due to the flood of refugees who were now dependent on the state, Israel’s desperate economic status, the legal right to reclaim what was stolen from its people, and the state’s desire to be the representative for world Jewry.

Even before World War II ended, Jewish leaders and heads of Allied countries recognized the need for Germany to provide the Jewish people with compensation for seized property. At conferences across the world, from Baltimore in 1941 to London in 1943, Jewish organizations and the Allied governments were discussing the need for compensation. Initially, these demands centered on retribution for property, assets, art, and money that was taken from the Jews. However, when the world began to learn of the full extent of the horrors on the part of the Nazis, there was a demand for collective compensation for the Jewish people.

As the Allies’ upper hand in the war grew stronger, Jewish leaders began to draft proposals of postwar claims against Germany. In 1943, Dr. George Landauer wrote that the Jewish Agency’s political efforts should be focused on issuing claims on behalf of the Jewish

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1 Nicholas Balabkins, *West German Reparations to Israel* (New Brunswick: Rutgers Unvrsity Press; 1971) 81.
2 Balabkins 82
people against Germany.\textsuperscript{3} Although the Jews did not yet have a state and therefore were not subject to international law, Dr. Siegfried Moses argued in a 1944 publication that they were the creditors of a collective claim from Germany based on moral wrongdoings.\textsuperscript{4} A moral justification for compensation was a revolutionary concept. In addition, Dr. Fritz Gillis and Dr. H. Knopf stated that in the case that the rightful owner of a seized good is unknown, the property should not return to Germany but instead go to help Palestine.\textsuperscript{5} In 1944, Dr. Nehemiah Robinson, the Head of the Institute of Jewish Affairs of the World Jewish Congress estimated in a study that the Nazis caused $12 billion of damage to the Jewish people.\textsuperscript{6} Dr. Robinson called for the Nazis to return all stolen properties and pay retributions for individual damages and collective damages to the Jewish people as a whole. These early analyses of the situation helped pave the way for successful negotiations of the Luxembourg Agreement.

After the war ended, Dr. Chaim Weizmann sent a letter to the Allied powers from the Jewish Agency demanding restitution, indemnification, and compensation for the Jews from Germany.\textsuperscript{7} The proposal estimated the value of material losses at $8 billion and requested that all property be restored to their rightful owners or their heirs. In the event where there is no owner or heir, the property should be handed over to the Jewish Agency for Palestine. In addition, he requested Germany to pay a collective Jewish claim that would help offset the cost of absorbing Jewish refugees in Palestine.

\textsuperscript{3} Balabkins 82
\textsuperscript{4} Balabkins 82
\textsuperscript{5} Balabkins 82
\textsuperscript{6} Balabkins 83
The Germans were not opposed to the idea of reparations. In fact, within two months of being in office, the German Chancellor Konrad Adenauer offered Israel 10 million Deutsche Marks of German made goods. Adenauer felt a moral obligation to offer compensation, and this first gesture in 1949 was symbolic for the German acceptance of the responsibility for the Holocaust. However, there were more issues pulling West Germany towards the negotiation table than morality alone. Adenauer knew that he needed good public relations in order to revamp the image of Germany. Restitution would demonstrate to the world that this administration was poles apart from the Third Reich and allow Germany’s return to the international community. In addition, Adenauer thought it would help Germany establish improved relations with the United States. Lastly, it would warrant a much-needed rejuvenation for the German people themselves.

On January 18, 1950 the Israeli government sent a letter restating Dr. Weizmann’s claims to the Americans, British, French, and Soviets. Despite not hearing a response, quiet exploratory talks began between Jewish, Israeli, and West German officials, but without any results. Israel again sent the letter on January 16, 1951 and on March 12, 1951. The last time they sent the letter, they specifically requested allied support. Despite their efforts, all Israel received was sympathy. The Americans replied that they could not officially force the government of West Germany to pay compensation to Israel. The Soviet Union did not even reply to the note.

Israel’s leadership found itself in a tight spot. Without the support of the Allies to help regain stolen property from the Germans, Israel had no choice but to “keep company with the

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8 Balabkins 85
10 Balabkins 86
11 Balabkins 86
German snake in order to salvage our possessions from its mouth.”¹² The decision was complicated for Israel because of two diverging ideologies within the State. While some Israelis wanted to seek reparations from the Nazis, others thought the government should instead focus their attention on developing the country. Ben-Gurion once described the situation to the Mapai Central Committee as, “There are two approaches, one is the ghetto Jew’s approach and the other is of an independent people. I don’t want to run after a German and spit in his face. I don’t want to run after anybody. I want to sit here and build here.”¹³ Although Ben-Gurion did not want to dwell in the past, he understood the realities on the ground and how badly Israel needed compensation. Therefore, he and his ministers progressed towards direct negotiations with West Germany by establishing The Claims Office of the Jewish People Against Germany in July of 1951.¹⁴

While the exploratory talks continued, it was Adenauer’s speech to the Bundestag on September 27, 1951 that propelled the possibility of direct talks with Israel into a reality. In this speech, he emphasized that the Bonn Government recognized the crimes the Nazis committed against the Jews, and although most German citizens did not contribute to the crimes, it was still Germany’s responsibility to try to make amends by offering compensation.¹⁵ After the speech, the German politicians of the Bundestag were so moved that they rose from their seats to demonstrate their remorse and sympathy for world Jewry. The speech was widely received by the international community, with The Washington Post calling it “the best thing that came from Germany since before 1933” and The London Economist referring to the Chancellor’s decision

¹² Balabkins 94
¹⁴ Balabkins 89
as “an act of courage.”\textsuperscript{16} This speech broke up the slow moving exploratory meetings between Israeli, Jewish, and German officials and was the catalyst for direct negotiations between these parties. Dr. Nahum Goldmann, the President of the World Jewish Congress, further encouraged contact between Israel and Germany by incorporating over twenty Jewish organizations to form the Conference of Jewish Material Claims Against Germany, otherwise known as the Claims Conference.\textsuperscript{17} This organization would be responsible for negotiating to receive individual and collective compensation for Jews in Israel and the Diaspora.

Despite this progress in expediting contact between the Jews and Germany, there were still many reasons a great majority of Israelis rejected the idea of direct negotiations. Firstly, the memory of the Holocaust and the torture suffered by family and friends at the hands of the Nazis was still “so fresh and strong that immediate contacts were deemed impossible.”\textsuperscript{18} How could the Israeli government even consider sitting down to negotiate with “the incarnation of evil”?\textsuperscript{19} However, those who supported negotiations felt that the opposition was focusing too much on their emotions instead of the pragmatic conditions of the situation. They tried to deemphasize the atmosphere of “remember what Amalek has done to you” that was enveloping the state.\textsuperscript{20}

Many Jews and Israelis were worried how a willingness to negotiate with West Germany would portray the state in the international arena. After all, the Jews were supposed to be role models of morality, a light unto the nations. Negotiating with the debauched Germans would

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\item Balabkins 91
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\item Neima Barzel, "Dignity, Hatred, and Memory-Reparations from Germany: The Debates in the 1950s" \textit{Yad Vashem Studies} 1994: 251.
\item Balabkins 94
\end{footnotes}
jeopardize their own high level of morality.\textsuperscript{21} Moreover, the international perception of the Jews would degenerate if they entered negotiations with Germany and failed to walk out with an agreement due to an inadequate German offer. Opponents instead felt that Israel should stubbornly refrain from contact with the Germans and that this would enhance the world’s moral view of the Jews. This view was wielded by the General Zionists, whose Elimelekh Rimalt remarked during the Knesset debates “We are torn between the rational and logical, and the emotional, in this debate. Compensation will ease the conscience of the Germans, but this is something we should not do. How will we educate our youth that materialism cannot substitute for moral qualities? What will happen to our moral uniqueness?”\textsuperscript{22}

Another major objection to direct negotiations was that the Israeli government’s involvement with the Bonn Government would deplete the immoral stigma that was associated with Germany and allow the country to regain its spot in the international scene. Opponents feared that if Israel participated in negotiations, it would signify their recognition of the Bonn government. This view was especially supported by Mapam member Yaakov Hazan who said “Nazism is rearing its ugly head again in Germany, and our so-called Western ‘friends’ are nurturing that Nazism; they are resurrecting Nazi Germany.... Our army, the Israel Defense Forces, will be in the same camp as the Nazi army, and the Nazis will begin infiltrating here not as our most terrible enemies, but rather as our allies.”\textsuperscript{23} Instead of turning Germany into a party that other countries wanted to interact with, those in opposition to negotiations thought that Israel should focus their efforts on establishing Germany’s moral inadequacy.

\textsuperscript{21} Balabkins 94
\textsuperscript{23} Barzel 255
One of the strongest concerns of those who opposed negotiations with Germany was that an agreement with West Germany would be construed as forgiveness for the grave crimes the Nazis committed against humanity. In addition, the payment of compensations may be perceived as the Jews being paid off for forgiveness for the extreme atrocities at the hands of the Germans. Israelis worried that one day their children would turn to them and ask how much money they received for grandma and grandpa.24 However, those who supported negotiations knew that it was never an objective to negotiate retribution for those who had perished. It was clear that no sum of money could ever fix the suffering and torment inflicted at the hands of the Nazis. Therefore, the retribution proposals only addressed material compensation for seized property and rehabilitating survivors.25 Supporters stressed that forgiveness could never arise from the signing of an agreement, but rather, from the victims.

Some Jews feared that Adenauer was not sincere in his speech that expressed his moral obligation to supply the Jews with retribution. Moreover, Ambassador Abba Eban felt that “the motives that promoted Dr. Adenauer to offer reparations were far from lofty.”26 For instance, members of the Mapam party thought that Adenauer only made the speech because the American State Department applied pressure.27 Adenauer wanted an in with the United States and the Western powers wanted West Germany on their side to prevent the rise of Communist powers. Israelis were weary of the political expediency that might have been motivating Adenauer, verses his moral obligation. Many Israelis feared that German negotiators would make a substantial long-term offer but not follow-through with the commitment or that a future administration would not honor the agreement. After all, this would not be the first time the Germans defaulted

25 Balabkins 94
26 Balabkins 93
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on an international commitment. Mapam MK Yitzhak Ben-Aharon illustrated this position at a Foreign Affairs and Defense Committee session in September 1952, saying, "I am not assuming that there are people who believe that Germany will pay a total of three billion marks, over a period of 12 years, and that this is no empty promise.... The Israeli government will obtain nothing but a piece of paper referring to three billion marks. And all this is only intended to mislead the public and claim the government has attained."28

Aside from the emotional, psychological, and moral issues that prevented Israelis and Jews from supporting negotiations with West Germany, there were also economic concerns. The business community was flooded with fear of what would happen if a sudden increase in German-manufactured goods ruined the seller’s market.29 In addition, those involved in private industry worried that the profit they were receiving under the current protectionist economic policy would begin to disappear if Israel accepted a proposal that declined the country’s economy into a mere distributor of German goods.

Israeli society had never before been so provoked by a political situation. The members of Herut, Mapam, and General Zionists fanned the emotional flames with their grave opposition to the Government of Israel’s consideration of even sitting down with Germans. However, the most outspoken leader in opposition of negotiations was Menachem Begin, the leader of the Herut party. He notoriously did not get along with Ben-Gurion, who would not even recognize him by name. Begin in turn referred to Ben-Gurion as “that maniac who is now Prime Minister.”30 Begin was so strong in his opposition that he claimed direct talks with the Germans would be even worse than death. While it was clear that Begin opposed participating with the

28 Barzel 255
29 Balabkins 94
Germans, part of his extreme resistance may also have been motivated by political factors. Herut was losing its flame as a political party and the debate over German compensations gave it a new cause to rally around and launched Begin back from political exile.\(^{31}\)

Despite the mass opposition, Ben-Gurion and his cabinet chose to turn to the Knesset for permission to negotiate with West Germany. Even though there were many emotions involved with the retribution decision, Ben-Gurion recognized that Israel had to conduct its foreign policy according to normal standards of international relations and to the reality of the situations on the ground. One of Israel’s drastic problems the government hoped to mitigate with Germany’s compensation was how to absorb three years of heavy immigration.\(^{32}\) Many of the people who were immigrating to Israel were very old or chronically and mentally ill. In addition, many of them had no skills to obtain employment. Since new immigrants were without work and it was very hard to provide them with housing, the Israeli government and social welfare system were greatly strained. Israel’s first State Comptroller, Dr. Moses, knew that Israel had to demand retributions from Germany in order to meet absorption costs of half a million immigrants.\(^{33}\) In addition, Israel could possibly negotiate an agreement for the delivery of German-made prefabricated homes to alleviate its housing problem.\(^{34}\)

The problems brought on by mass immigration further hurt Israel’s already desperate economy. This became the predominant reason Israel’s government chose to push through towards the process of negotiations. As a new state, Israel needed its economy to develop. However, it was not a top priority. Due to Israel’s hostile neighbors, after Israel declared its

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\(^{31}\) Brecher 87  
\(^{32}\) Balabkins 96  
\(^{33}\) Balabkins 89  
\(^{34}\) Balabkins 89
independence in 1948, the state had to devote much of its funds to security.\textsuperscript{35} Therefore, the
government resorted to short-run solutions and deficit financing in order to support war efforts
such as strengthening the borders. While this was effective during wartime situations, it put a
large strain on the economy. The government knew that morals could not close the budget
deficit, but that retributions could.

A third justification that the Israeli government used to rationalize direct negotiations
with Germany was the Jews’ legal claim to compensation. Goldmann held that since the
Germans stole property from the Jews, it was only fair that the Jews have the right to demand
retribution for their property.\textsuperscript{36} The Torah itself proclaims that, “...he shall restore that which he
took by robbery.”\textsuperscript{37} Moreover, not demanding compensation would be immoral because it
would be as if the Jews were paying a premium to the Nazis. Therefore, seeking retribution was
not about forgiving the Germans for their inhumane acts, but about depriving the Nazis of the
prizes they gained in the war. The Bible verse that was commonly used to illustrate this point
was, “You have murdered and also inherited?”\textsuperscript{38} Supporters tried to frame the argument as, “No
matter what the Germans offer, they are not giving, but giving back.”\textsuperscript{39}

Finally, the Government of Israel hoped that by successfully negotiating retributions from
West Germany, it could become known within the international community as the voice of world
Jewry. This would strengthen the authority and legitimacy of Israel as the homeland for the
Jewish people. In addition, it would allow Israel to appropriate funds for a variety of Jewish
organizations.

\textsuperscript{35} Balabkins 96
\textsuperscript{36} A. Mark Raider \textit{Nahum Goldmann Statesman Without a State} (New York: State University of New York, 2009) 47.
\textsuperscript{37} Brecher 90
\textsuperscript{38} Brecher 90
\textsuperscript{39} Balabkins 95
Both the opponents and supporters of negotiations were selective in their understanding of the situation in order to benefit their own position. Whereas opponents of negotiations ignored the legal right for property owners to reclaim their possessions, supporters tried to cut the moral issue of blood money out of the picture. As early as 1948, Dr. Hedrick van Dam began to urge Israel and the Jewish community to put aside their understandable apprehensions in working with the Germans in order to negotiate for the material claims that the country so desperately needed in order to develop.40

Despite the great opposition, Ben-Gurion clearly saw what Israel would miss out on if he let this opportunity slip by, including over $1 billion dollars worth of heirless Jewish property. Moreover, Ben-Gurion refused to let “the murderers of our people be also their inheritors!”41 Israel’s Prime Minister did not see the wrong in seeking Jewish property that was stolen from the Jews in the first place. With this in mind, he asked the Knesset for permission to begin formal talks with the government of West Germany.

The parliamentary debate, which began on January 7, 1951, was conducted within the most violent atmosphere of Israel’s history. On the day of the debate, thousands of demonstrators met at the old Knesset building on King George V Street. To demonstrate their opposition to the actions of the parliament within the Knesset walls, demonstrators threw stones and tear-gas bombs through windows, smashing glass and even injuring some Knesset members.42 At one point, the debates had to stop while the government members moved to a different chamber to avoid the dangerous situation. The police tried to contain the rioters and by

40 Balabkins 84
42 Balabkins 121
the end of the day, ninety-two policemen were injured and hundreds of demonstrators had to seek medical attention. This was the first time that a riot interrupted a Knesset debate.

Despite the violent disruptions, the meeting continued. However, opposition to negotiations was not limited to the riots outside. In the middle of Ya’akov Hazan’s speech, Herut’s Yohanan Bader entered the Knesset screaming, “Gas against the Jews; with that you will win!” However, the strongest opposition came from Begin, who referred to the Bonn Regime as Nazis and asked, “In which concentration camp did he [Adenauer] sit during the Nazi era?” Begin claimed that if Israel accepted retributions, it would become “sellers of German goods produced by Nazi factories.” He then turned to Ben-Gurion and said, “I ask Mr. Ben-Gurion, as a son of an orphaned nation to a son of an orphaned nation- don’t! Go to the nation. Hold a referendum. Actually I think this referendum was already rejected by those killed at Auschwitz, Treblinka, etc. I ask the members of the House to take no part in the vote.”

After an exchange of insults with Ben-Gurion, Begin waved his parliamentary immunity and vowed that this would be his last appearance in the Knesset. The debates were put on a recess at 6:45 PM due to the disruptions and less than an hour later, an army detachment successfully restored order in the area. However, a few blocks away in Zion Square, Begin was exciting crowds by claiming that the police were using gas grenades made by Germans to control the rioters. Begin was accused of inciting the crowd and threatening the Knesset. As a result, he was barred from attending the Knesset for three months.

43 Balabkins 121
44 Brecher 93
45 Brecher 93
46 Brecher 93
47 Brecher 93
48 Brecher 94
During the next day of the debates, the Knesset was much more secure and calm due to a fence of barbed wire and police guarding the building. The debates closed on January 9 with Moshe Sharett’s speech, which disregarded Herut’s position and Begin’s words as the loud descent of a failing political party and its leader.\(^{49}\) By the end of the debate, the Knesset voted 61 to 50 in favor of Ben-Gurion’s proposal.\(^{50}\) The Knesset’s Foreign Affairs and Security Committee, which Ben-Gurion had a majority over, was delegated power over the negotiations.

Despite the Knesset’s decision, the demonstrations did not stop. In March of 1952, a reported 40,000 people protested in Tel Aviv against negotiations with Germany. They raised their right arms and took the following oath: “If I forget thee, O murdered Golah, let my right hand wither. I swear never to relent, never to rest until our six million murdered brethren have been avenged.”\(^{51}\) The same day as the Knesset’s decision, Ben-Gurion went on the radio and described the acts of Herut as terrorism by a “gang of hooligans.”\(^{52}\) He cited any act to support this group as unpatriotic. Tensions escalated at such a rate that many Israelis feared a civil war. To this day, these protests remain the most significant attempt to overturn a democratically made Knesset decision.

Once the decision passed the Knesset, private talks began in March between the Germans, Israelis, and Claims Conference in Wassenaar. However, these talks made less progress than leaders originally anticipated because the German delegates were coordinating the negotiations at the Wassenaar Conference with the negotiations for the London Debt Agreement. In May 1952, the Foreign Policy Committee of the Bundestag issued a resolution that established independence between the two negotiations and required the Wassenaar Conference to take

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\(^{49}\) Brecher 94  
\(^{50}\) Balabkins 122  
\(^{51}\) Brecher 94  
\(^{52}\) Balabkins 122
precedence over the London talks. Their rationalization was that the London talks should take a backseat because the Germans owed retributions to the Jewish people due to crimes against morality, whereas the retributions Germans were negotiating in London concerned commercial claims. On September 10, 1952, the Luxembourg Treaty was signed in Luxembourg City Hall by the German, Israeli, and Jewish delegates. The treaty consisted of four separate agreements, in which the Federal Republic agreed to pay 3 billion Deutsche Marks to Israel to absorb the costs of immigrants, 450 million Deutsche Marks to the Claims Conference to rehabilitate victims of the Holocaust, and to initiate legislation in order to compensate personal claims for the victims of Nazi persecution. In addition, Israel agreed to pay the Germans for secular property that was relocated to Israel. An escape clause was included, which allowed West Germany to modify payments given sudden developments that render the country unable to pay.

The Claims Conference continues to this day to distribute over $400 million a year for victims of the Holocaust. However, even the passage of time has not decreased the controversy surrounding these retributions. For instance, many Holocaust survivors feel that the money was negotiated on their behalf and therefore, funds should go to help them before they are directed to more general Jewish organizations. Rabbi Israel Singer, former President of the Claims Conference, has replied, “While our first obligation is to take care of Holocaust survivors, the remainder of any monies should be spent to ensure the existence of the Jewish people.” In addition, an investigation that was launched in October 2009 has resulted in the arrest of eleven Claims Conference employees who fraudulently obtained $42.5 million in pension payments.

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53 Balabkins 132
54 Balabkins 137
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from the German government. The scam involved placing ads in Russian newspapers to find people who were alive during World War II, making up stories of how they survived the Holocaust, altering their legal documents so they qualified for pension payments, and then giving them a small amount of the money to keep quiet. Although the Claims Conference has recently run into some problems, they have made dedicated efforts to help victims of the Holocaust and support the growth of world Jewry after the destruction of World War II.

Urban Dictionary defines “Israeli” as an adjective used to describe a force that despite extreme opposition manages to accomplish its goals. Indeed, this small country is one of many diverging opinions and ideologies with regards to the right thing to do in any given situation. Even though the Knesset faced strong opposition in their decision to negotiate with the Germans, they knew it was something they had to do to develop their fragile country and claim what was rightfully their own. While some may say to this day that the money gained from reparations is “blood money,” without these funds, the state of Israel may not have survived its infant years. It took a true Israeli government to accomplish its goals in the face of such opposition.

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59 Stewart Ain, “Claims Conference Insiders Nabbed in $42 Million Fraud” The Jewish Week 9 Nov. 2009
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