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 refered 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

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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 Nayes*. 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 become 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.