

The Reparations Controversy

The Reparations Controversy

The Jewish State and German Money
in the Shadow of the Holocaust
1951–1952

Edited by
Yaakov Sharett

De Gruyter

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Preface

The present volume of *The Reparations Controversy* is an abridged English edition of the original book, published in Hebrew, of the same name. The Hebrew edition (974 pp.), compiled and edited by Yaakov Sharett, was published by the “Moshe Sharett Heritage Society” (Tel Aviv, Israel, 2007).

While the aim of the anthology is to portray the controversy over the idea of reparations in principle, as well as over the conduct of Israeli-German direct negotiations towards their attainment, it was impossible to fully abstain from touching upon the process of the actual negotiations that eventually culminated in the historic Reparations Agreement concluded in September 1952. I thus saw fit to include in the anthology several protocols of Israeli cabinet meetings as well as several additional documents which throw light on the negotiations per se.

The unavoidable abridging of the original Hebrew volume of *The Reparations Controversy* obliged me to omit some parts of the translated protocols as well as some protocols in their entirety. I believe these deletions do not mar the impact of the anthology's contents.

In translating the protocols from the original Hebrew, we endeavored to preserve the spirit and style of the spoken language of the debates. Thanks are due to Tony Berris for his contribution to the first draft of the translation.

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Israeli Coalition Governments 1950-1952

(1st Government: Feb. 1949 – Oct. 1950; 2nd Government: Nov. 1950 – Oct. 1951;
3rd Government: Oct. 1951 – Dec. 1952)

Minister	Ministry	Party	Government
David Ben Gurion	Prime Minister; Defense	Mapai	1-3
Yosef Burg	Health		3
Ben-Zion Dinur	Education and Culture	Mapai	3
Levi Eshkol	Finance	Mapai	3
Eliezer Kaplan	Finance, Trade and Industry	Mapai	1-3
Pinhas Lavon	Agriculture/Without Portfolio	Mapai	2-3
Yitzhak Meir Levin	Welfare	United Religious Front	1-3
		Later: Agudat Yisrael	
Yehuda Leib Maimon	Religions and War Victims	United Religious Front	1-2
Golda Meir	Labor and Social Security	Mapai	1-3
Peretz Naftali	Economic Coordination	Mapai	3
David Zvi Pinkas	Transportation	Hamizrachi	3
David Remez	Transportation	Mapai	1-2
Pinhas Rosen	Justice	Progressive Party	1-2
Moshe Shapira	Interior, Immigration and Health	United Religious Front	1-3
	Later: Interior and Religion	Later: Agudat Yisrael	
Moshe Sharett	Foreign Affairs	Mapai	1-3
Zalman Shazar	Education and Culture	Mapai	1
Bechor Sheetrit	Police	Oriental Communities	1-3
Dov Yosef	Agriculture and Supply	Mapai	1-3
	Later: Transportation, Justice		

Main Political Parties in the 1st, 2nd and 3rd Knessets

(Following General Elections of Jan. 1949; June 1951)

Party	No. of Seats		Political Ideology
	1949	1951	
Agudat Yisrael	-	3	Ultra Religious, Non-Zionist
Democratic List For Israeli Arabs	3	3	Pro-Mapai
General Zionists	7	20	Conservative
Hapoel Hamizrachi	-	8	Moderate Religious, Zionist
Herut	14	8	Right-Nationalist
Israeli Communist Party (ICP)	4	5	Communist, Soviet Oriented
Mapai (Israel Labor Party)	46	45	Social Democrat
Mapam (United Labor Party)	19	15	Marxist, Pro-Soviet
Progressive Party	5	4	Liberal
United Religious Front	16	-	Religious
Others	6	9	

The Reparation Negotiations in Israeli Politics

An Introduction by Yehiam Weitz

The Stage and the Cast

The 1951-1952 debate on the entry of the Israeli government into direct negotiations with Germany on the issue of reparations, and on the very idea of demanding and accepting them after the Nazi atrocities against Jews, agitated the Israeli public for many months. Opposition to these negotiations was vehement, sometimes even violent.

Opposing negotiations on one side of the political spectrum were the Zionist Left (the Marxist, pro-Soviet Union United Workers Party, Mapam) and the non-Zionist Left (the Israel Communist Party, IPC). Both these parties contended that negotiations with the Federal Republic of Germany would constitute a desecration of the memory of Holocaust victims. It would also clearly prove Israel's subservience to the "imperialist-capitalist bloc" and its readiness to serve the policy of the Western bloc to make West Germany "a military tool against the Soviet bloc in a future third world war."

At the other end of the spectrum, the Herut Party argued that any discourse with the Germans – the "modern Amalekites" – would gravely tarnish Israeli national honor. Members of Herut also contended that anyone negotiating with the German Satan was also endowed with satanic qualities. On Herut's part this was a total, "life or death" war in which conventional rules of the political game could be broken. The religious parties, who were all coalition partners, found themselves in the middle of the spectrum. Clearly, without their support, there was no chance of obtaining a majority in the Knesset for the government's motion to open negotiations with the Germans. Within all these factions there were forces pulling in different – sometimes opposite – directions.

In Israel's Labor Party, Mapai – the kingpin of the ruling coalition – there were also groups opposing any contact with Germany; the most vehement opposition came from the Holocaust survivors themselves.

Facing this broad front of opposition stood the leadership of Mapai. They supported direct negotiations with the Germans not only for purely practical reasons. Their ideological rationale played a leading role in the dynamics leading

them to this view. This group propounded a series of arguments justifying negotiations: the catastrophic state of the Israeli economy; the feeling that if Israel did not claim reparations from the Germans she would miss the boat since, due to the Cold War and the West-East conflict, Germany would be welcomed back into the community of nations without paying its debt to the Jewish people; the belief that allowing a murderer to inherit the victim's property would be adding insult to injury; and the contention that payment of reparations to the State of Israel should in no way be interpreted as atonement for sins that could never be forgiven.

In its drive to obtain Knesset approval for direct negotiations with Germany, this group of leaders exercised great caution, derived for three reasons: first and foremost, the fear of breaking the taboo on anything pertaining to Germany since at the time, only five years after the Holocaust, a total boycott of Germany, Germans and all things Germanic reigned in Israel. The second factor was the awareness that a majority favoring negotiations was not assured. The Knesset might possibly fail to endorse the government's decision to open direct negotiations. The fact that ultimately 61 Knesset members supported the government's proposal (against 50) was perceived as a great and unexpected victory for the supporters of negotiations. The third factor, connected with the second, was the feeling that the struggle was not only about the specific issue of direct negotiations on the agenda but rather about the government's very legitimacy. It seemed that both Right and Left were attempting to undermine this legitimacy, whereas the majority of supporters of negotiations came from the upper echelons of Mapai, the ruling party. They realized that there was no escaping direct contact with Germany and were appalled by the chauvinistic and extremist slogans that the opposition from both Right and Left employed. They were led by two figures, men who bore this almost impossible task on their shoulders: Foreign Minister Moshe Sharett and Prime Minister David Ben Gurion.

Prime Minister Ben Gurion viewed the decision to negotiate reparations with Germany as an integral part of the price of sovereignty – difficult obligations that could be avoided in the Diaspora had to be fulfilled when Jews are a free, sovereign people in their own land. His principal role was to provide political and public backing to those engaged in negotiations and particularly to Foreign Minister Moshe Sharett.

Sharett was the leading figure in the establishment of relations with Germany. Up to the time of his removal from his post in June 1956,¹ it was he, and not Ben Gurion, who led the highly charged and complicated contacts with the Federal Republic of Germany, bringing all his capabilities to bear in the raging controversy regarding reparations. Sharett enlisted all his talents as a statesman, diplomat and politician to overcome the great chasm between distaste of everything pertaining to Germany and Germans which characterized the vast majority of Israelis at the

1 Due to political and defense disagreements with Prime Minister and Minister of Defense Ben Gurion before the Sinai Campaign of October 1956 against Egypt, which Sharett opposed.

time and the vital necessity of finding financial resources for the impoverished Israeli economy. Two more names should be added to those of Ben Gurion and Sharett: David Horowitz and Nahum Goldmann.

Director General of the Ministry of Finance David Horowitz, who was also the economic advisor to the government between 1948 and 1952, was one of the first to realize that without urgently needed German aid, the Israeli economy would rapidly slide into wrack and ruin. It was he who first thought of appealing to the Federal Republic of Germany for reparations; it was he who convinced first Sharett and then Ben Gurion that negotiations were unavoidable.

Nahum Goldmann, then acting chairman of the World Jewish Congress, succeeded in his talks with Chancellor Adenauer in removing critical obstacles from the tortuous path to a reparations agreement with the Germans. Their first talk took place in London in December 1951. There Adenauer undertook to accept the Israeli demand that the monetary basis for the reparations negotiations would be one and a half billion dollars, thus removing a final obstacle to direct contact between Israel and the Bonn government. At their second meeting, which took place on April 20 1952 at the chancellor's home in Rhöndorf, Goldmann resolved the crisis that erupted about a month after negotiations began. People close to the matter, like banker Hermann Josef Abs, attempted to reduce the financial basis of the negotiations to which the chancellor had agreed some months earlier. At this second meeting, the chancellor decided to study the matter closely and instructed the head of the German negotiating team, Prof. Franz Böhm, to meet with Goldmann. In their talk, held in Paris on May 23, 1952, the financial basis was agreed upon.

Moshe Sharett's Public Standing

In the early 1950s, Sharett's standing in the upper echelons of the government was well-established. Of all the leaders of the Jewish community and Mapai in pre-state Palestine, he was the only one, with the exception of Ben Gurion, who remained at the apex of both the cabinet and the party leadership. During this period Sharett was second in line both in the government and Mapai, his political power derived mainly from his professional talents. His rise to power began in 1933 when he became head of the Political Department of the Jewish Agency, a post he held until he was elected Israel first foreign minister upon the establishment of the State of Israel in May 1948. In 1947 he orchestrated the struggle of the Yishuv and the Zionist Movement at the UN, culminating in the November 29 decision of the UN General Assembly to partition Palestine into two states. Following his enforced resignation in June 1956, he was described as "symbolizing the stability and continuity of Israeli foreign policy."² Sharett saw himself not as a leader whose role was to govern but as "the conductor of an orchestra who produces the notes from each instrument and brings them all

2 Moshe Zak, "Two Persons – Two Schools of Thought" (Hebrew), *Maariv*, 22.6.1956.

together in harmony.”³ He would consult with his staff at the ministry and air his views to them, and this dialogue enabled him to elucidate new ideas. Ambassador Yaakov Tsur, one of the first members of the Israeli Foreign Service, wrote of him: “He created the Foreign Ministry and left his mark on it.”⁴

During the period under discussion – the time of contacts with Germany on reparations – Sharett cooperated closely with Ben Gurion. Although they had their disagreements, such as the one on the decision taken at the end of 1949 to declare Jerusalem the capital of Israel, they were in complete accord on numerous points. They both subscribed to the position that the State of Israel must abandon its policy of non-alignment with either of the two world blocs and join the Western bloc; they both viewed this change as a prerequisite for obtaining the American aid which Israel so badly needed, and for maintaining intimate and effective contact with American Jewry. They were also in agreement in their perception of the State of Israel as the sole representative of the Jewish people, and on the matter of reparations they categorically determined that Israel should be the sole representative of the Jewish people vis-à-vis the German government. Sharett clarified this in a discussion with Goldmann. Sharett’s position was clear: “It is evidently desirable that there should be only one representation, that of the State of Israel. ... To appear before the Germans with two financial claims is, first of all, a disgrace, and from a commercial standpoint, too, it is neither desirable nor good. ... The State of Israel speaks for the Jewish people [...] it is the only country the Jewish people has. That is a fact.”⁵

Sharett played a dual role in the direct negotiations. He filled a central role at the information level whose main thrust was to prepare both the Israeli political system and public opinion for breaking the total boycott of Germany. He played a no less significant role at the political and diplomatic level of negotiations with the Germans and the allied powers. Thus it was in 1949-1950 and in the early months of 1951 when the matter of German reparations was under discussion in Israel mainly in closed forums and when the central issue was whether direct negotiations with Germany could be bypassed and reparations be obtained through the allied powers. Thus it was too in the last months of 1951 when it became clear that there was no alternative to direct negotiations and the struggle over public opinion began, and also in 1952 after the Knesset endorsed the government’s proposal and direct negotiations opened between Israelis and Germans in the town of Wassenaar in Holland.

3 Prof. Israel Kolatt in Yaakov Sharett (ed.), *A Statesman Assessed* (“Shoher Shalom”) Views and Viewpoints about Moshe Sharett (Hebrew), Moshe Sharett Heritage Society, Tel Aviv, 2008 p.334.

4 Yaakov Zur, *Paris Diary* (Hebrew), Am Oved, Tel Aviv 1968, p. 268.

5 See document no. 9: “Israel Enlists the Jewish Organizations.”

Sharett was the leading spokesman on this subject in numerous forums. He presented the cabinet's position in the Knesset plenum and in its highly influential Foreign Affairs and Defense Committee, and played a leading role in discussions devoted to this subject in Mapai Party forums. He also acted as the government spokesman at press conferences on this topic. His public activity on the question of reparations was far more vigorous and continuous than that of Ben Gurion.

1949 and the Early 1950s: The First Discussions on Reparations

The question of reparations from Germany first appeared on the government agenda in the summer of 1949. Minister of Finance Eliezer Kaplan raised the question presented to him by an all-Jewish committee (the Jewish Restitution Successor Organization) dealing with the issue of Jewish property expropriated during the Holocaust: would it be possible to deal with compensation that individuals would receive from the Germans and transfer this to Israel in the form of goods purchased in Germany? Kaplan noted that the decision on this matter could change Israel's position vis-à-vis Germany. "So far there has been opposition to importing goods from Germany and we have permitted only new immigrants to transfer their capital from Germany in the form of goods."⁶ At the conclusion of this discussion the cabinet approved Kaplan's suggestion for the shipment of German goods by individuals by an almost outright majority.

Six months later, in early 1950, the government discussed the matter anew against the background of the recommendations of the government committee "for transfer matters with Germany, i.e. the transfer of Jewish assets from Germany," appointed by Ministers Sharett and Kaplan and chaired by Mapai MK Peretz Naftali.

The decisions taken by the Naftali Committee in early January 1951 emerged from the basic premise that direct contact between the Government of Israel and Germany was inevitable: "The committee sees no likelihood of progress regarding adequate transfer without general arrangements that can only be reached by direct contact between the State of Israel and the German authorities." The committee further presented two reasons for this declaration, the first being general – the transfer of Jewish capital through the importation of goods from Germany would be possible "only on a basis of general agreements with West Germany." Such agreements could not be reached "without official talks between representatives of the Government of Israel and the German state." The second reason was different in principle and may be termed "national" – the committee estimated that taking such a decision "is desirable not only from the practical aspect of transferring capital," but also from the standpoint of Jewish honor and the stature of the State of Israel: it would be better to establish direct contact with the Germans rather than have all kinds of alternative, unofficial contacts.⁷

6 Minutes of cabinet meeting, 7.6.1949, State of Israel Archives, Jerusalem.

7 Decisions by the Transfer of German Goods Committee, 6.1.1950, State of Israel Archives, Jerusalem.

The Naftali Committee's recommendations were revolutionary in the extreme: the committee was the first forum to deal with the question of how to receive compensation from Germany for Jewish property expropriated during the Holocaust. To a great degree its recommendations were the first step towards breaking the general boycott of Germany.

The cabinet discussed the Naftali Committee's conclusions in early 1950. Minister of Finance Kaplan presented the issue, saying that it had become clear that without direct negotiations with the Germans it would be impossible to resolve the problem of individual reparations and to obtain "very large sums."⁸ He proposed that government representatives open negotiations with the Germans. Sharett, who spoke after him, accepted the Treasury's position but was more forthright. For the first time, the argument that the State of Israel must break the total boycott of Germany and establish ties with it was raised in the government plenum. "I think," the foreign minister said, "that we will have no choice but to establish direct and official contact with the German government. This means that we must be prepared to encounter a storm at home and abroad by expediting the arrangement. We will again witness the debate we had during the famous transfer,"⁹ but even more so." Sharett emphasized that despite the emotional and political difficulties, if twenty years ago it was incumbent on the Jewish Agency to open those negotiations, then today that duty was immeasurably greater: "It is precisely because of what happened during the years of the Holocaust that there is now less reason for foregoing what could be achieved, and also because of the great absorption needs created by the ingathering of exiles."

Sharett went on to give further reasons in favor of negotiations. One was that the government must not claim that reparations were the problems only of individual claimants. It was inconceivable that the government be oblivious to "the interests of a single citizen, all the more so when such citizens are numerous. If Holocaust survivors arrived here with only the clothes on their backs, and if they can now obtain "scores or hundreds of pounds" [in compensation], then we cannot remain indifferent towards these citizens' claims as if their problems are not our concern." Another reason was that the State of Israel was the sole claimant of the heirless property. "The property of the absentees and of Jewish communities

⁸ See document no. 1, "Direct Contact With Germany Is Inevitable."

⁹ The reference here is to the Jewish Agency's agreement with the Nazi government in 1933 on the transfer of the property of Jewish emigrants. Sharett had a special attitude towards this event, which was particularly traumatic for him. He was secretary to Chaim Arlosoroff, head of the Jewish Agency Political Department, who in my opinion was murdered against the background of the acrimonious debate between the leaders of the Jewish Agency and the Revisionist movement, headed by Ze'ev Jabotinsky, who rejected this agreement outright. As part of this agreement, between 1933 and 1938 goods were shipped to Palestine the value of £8 million, a vast sum at the time. During that period some 60,000 Jews immigrated to Palestine from Germany.

that were destroyed can, in many cases, only be saved by the Jewish people. As we see it, the State of Israel can appear as that inheritor.”

Sharett spoke out against the prevailing view held by considerable segments of the population that reparations could be obtained from the Germans without negotiating with them. For his part, the need to negotiate with the Germans was a case of necessity being a cruel task-master. All the actions bound up in these negotiations could not be undertaken “if we do not have contact with them [. . .] we cannot shut our eyes and not see the necessity of contact. On this matter we cannot be of two minds.” The State of Israel should not position itself as being “simon-pure from the sidelines;” Sharett believed that there was nothing shameful in attempting to reclaim Jewish property.

In conclusion, Sharett underlined two points: first, that taking plundered property from the thief meant neither recognition of Germany nor the establishment of diplomatic relations with it at present; and second, that these negotiations would not be conducted “by an angel nor by a seraph, and nor by a messenger, but by the State of Israel itself. What moral right has the State of Israel to employ other states to do this?”

The cabinet meeting ended by approving, almost unanimously, the decision “to authorize the ministries of finance and foreign affairs, in coordination with the prime minister and with the Jewish Agency, to attain the payment of compensation and the fulfillment of claims from Germany by means of direct contact with the German government. The public must be provided with appropriate explanation in this regard.” This decision widened another crack in the wall of the boycott. While it employed the specific wording of “direct contact” with Germany, the decision was limited: it ratified these contacts with a restricted objective: release of individuals’ monies and reparations, but not in order to reach an agreement on an inclusive arrangement with the Germans.

1950: Formulating the Foreign Ministry’s Position on Reparations

The issue of reparations re-emerged in the cabinet only at the end of 1950. In the interim, a change had taken place in the position of the Federal Republic of Germany in the international arena, one which necessitated an early decision on the question of making direct contact with it. On June 25, 1950 the Korean War broke out, and consequently the integration of the Federal Republic of Germany into the Western bloc was accelerated.

In July 1950 the three Western occupying powers announced the end of their state of war with Germany. This announcement expressed the readiness of the West for Germany’s rehabilitation and reacceptance into the community of nations, a readiness derived from cold war considerations: a war that at the time was at its height. On October 23, 1950 the occupying powers asked Israel to append its signature to the announcement.

At the time the economic situation of the Federal Republic of Germany was improving rapidly, an indication that it would be able to meet the reparations payments. Germany's "economic miracle" was at its peak with an average annual growth rate of 8.2 percent between 1950 and 1954. Israel's Foreign Ministry was following these developments closely.

At a meeting in the summer of 1950, held in the office of Foreign Ministry Legal Advisor Shabtai Rosenne and attended by the ministry's senior staff, the urgent need for a decision on Germany was raised. Kurt Mendelssohn, a senior treasury official who had been sent to Bonn by Sharett and Kaplan to examine the possibility of compensating German Jewry, said that as result of his visit he felt that the only way of dealing with the sensitive issues linked with reparations was through formal state channels. A clear conclusion was drawn: reparations claims from Germany must be left "in the hands of our institutions, i.e., only Israeli ones,"¹⁰ and should not be handed over to international Jewish organizations. The reason for this was that "our country has absorbed 80-90 percent of postwar Jewish refugees in general, and some who have reparations claims in particular." The fact that the State of Israel had absorbed masses of refugees, "poor, crippled and destitute," accorded it the right to be given a full mandate to claim reparations from Germany.

The meeting discussed the phenomenon of the flourishing economic progress of the Federal Republic of Germany. The participants estimated that this was due, inter alia, to the constant decrease in the occupying powers' influence, to "Germany's industrial and mercantile recovery," to its support by the Marshall Plan, and also to the fact that it had been morally rehabilitated in the eyes of the entire world except for Israel and the diaspora. It was further noted that although it had not yet gained full sovereignty, the Federal Republic of Germany had become "one of the most important factors in stabilizing the global political situation."

On the matter of Jewish property in Germany, it was stated that it should be claimed from the Germans. Five principal claims were presented, such as the restoration of "the property of the individual Jew," and "[general] reparations." On this last issue it was decided that there were two alternatives: the first, "to erase this part of the Nazis' deeds from the annals of the Holocaust," and the second, "to influence Germany to make a great and historic gesture towards the Jewish people by the one-time payment of a sum commensurate with the damages caused by it" to the Jewish people. The meeting's participants believed that the Germans would be prepared to make such a gesture.

In conclusion, the participants reached several understandings. The first was that the entire matter was chaotic, the second that the only way of resolving the problem was "through negotiations between the two governments." From this

10 Minutes of meeting on 1.8.1950, Yehoshua Freundlich (ed), *Documents On The Policy of Israel* (DPI), Israel State Archives, Jerusalem 1988, pp. 452-455.

second conclusion was derived the third: "An Israeli mission must be established in Germany for the special purpose of winding up the property claims."

This meeting was followed by another headed by Foreign Minister Sharett, Finance Minister Kaplan, and Jewish Agency Treasurer Levi Eshkol, at which it was decided to set up a committee to formulate a clear proposal for organizing the Israeli mission in Germany. At the same time, the senior staff of the foreign service in Jerusalem and its missions abroad came to the clear realization that they must not bury their heads in the sand and ignore the Federal Republic of Germany and its diplomatic corps around the world by continuing the total boycott of that country.

The first to raise this idea was Michael Amir, the Israeli consul in Brussels who at the end of 1950 wrote to the foreign ministry saying that continuation of the boycott policy by Israel meant "continuing with a fine, moral Don Quixote line, which actually means tilting at windmills. While it has beauty and consistency, there is no benefit in it and we shall lose from it."¹¹ Therefore, the State of Israel must forge ties with the Federal Republic of Germany so that it will admit its responsibility for the crimes of the Third Reich and enter negotiations with Israel in order to pay compensation. If Israel's boycott policy does not change, Amir added, we are likely to miss a one-time opportunity. If we are the only country that votes against them in the UN and other international organizations, "we will be unable to delay or even significantly slow Germany's rehabilitation, and thus the only possibility of obtaining compensation will vanish."

Similar reports by foreign ministry representatives abroad were received in Jerusalem. Israeli consul general in Los Angeles Reuven Dafni wrote that a German consulate had been established in his city, and "soon the German consul will formally announce his arrival and the hope that good relations would evolve between him and his Israeli colleague." Accordingly, "should I have to respond or to leave his message unanswered? In the second case, in view of protocol, it would be regarded as an insult to both the American and the German governments."¹²

Spokesman of Israel's legation in London Eliezer Yappu asked what to do when West German correspondents apply for meetings with him; the problem is not at all simple on several accounts. Some of them, for instance, are Jews or socialists, known for their active opposition to anti-Semitism and reactionary fascism. It is thus quite difficult to "just take a negative position, totally ignoring all aspects involved."¹³

Shmuel Tolkovsky, Israel's Consul General in Switzerland, reported in the summer of 1950 that President Chaim Weizmann and Chancellor Adenauer spent their vacations in the same hotel in the little town of Bürgenstock, and "the

11 Letter by Michael Amir to Director General of the Foreign Office, Jerusalem, *ibid.*, pp. 649-650.

12 Israel State Archives, document FO/2413/2, 18.9.1950.

13 *Ibid.*, document 15.8.1951.

picture of the three flags – Israeli, German and Swiss – fluttering over the hotel aroused strong and mixed feelings in my heart.” Tolkovsky felt uneasy in view of the possible meeting of the two leaders and did his utmost to evade it. However, he ended his cable to Jerusalem with “Still, I ask myself whether it would not be a pity if such a one-time opportunity of a meeting with the Germans on neutral soil – something we have so far not succeeded in achieving – is missed.”¹⁴

In view of such challenges, in October 1950 Gershon Avner, head of the foreign ministry’s Western Europe department, raised the question: “What should be the Israeli government’s attitude towards the Federal Republic of Germany in light of its forthcoming entry into the community of nations with Western support: should the diplomatic boycott of Germany be continued or should the line be changed, and is changing this line mandated by the political climate?” Eliashiv Ben-Horin, a senior Western Europe department official, replied that the rapid recovery of the Federal Republic of Germany’s leads to “the logical conclusion that if we seek to continue our extreme political boycott of Germany, we shall soon find ourselves totally isolated. Of course, we won’t be able even to slow down Germany’s giant strides towards the status of a power.” For the West, reinforcing Germany is a vital issue and so “on various international issues touching upon Germany that will reach a vote at one of the UN bodies, Germany will go from strength to strength while we will remain in a situation that the world will view as pathetic and, as memories of the past fade, even quixotic.” In the upper echelons of the foreign service, a consensus emerged on this difficult and painful issue. The foreign minister and his staff favored direct contact with Germany.

Fall 1950 and Early 1951:

The Government Discussions on the German Question

In the fall of 1950 and in early 1951, the question of Israel’s policy vis-à-vis Germany was raised at three cabinet meetings. At the first, at the end of October 1950, the ministers discussed the request of the Western powers to abrogate the state of war with Germany, and this discussion provided Foreign Minister Sharett with the opportunity of presenting his position on this issue. Sharett opened his review with a report on two requests connected with Germany forwarded by the Western powers: the first, to end the state of war with Germany, and the second, a “special request” to support Germany’s proposed membership in the International Wheat Council. He admitted that at first he had intended to abstain in the voting on the second issue, but that later he had reached the conclusion that the request should be supported. “For only yesterday, we were knocking on the doors of the nations of the world to support us, and now we must not oppose [such a request],” he explained.¹⁵

Sharett devoted a large portion of his review to the matter of reparations. He voiced his concern about missing the last chance of claiming compensation

¹⁴ Ibid., documents 28.7.1950, 23.7.1950, respectively.

¹⁵ Document no. 2.

from Germany. The heightening of the cold war, he said, was leading to Germany rejoining “the community of nations” and it was likely to gain complete rehabilitation without repaying its debt to the Jewish people. Later in the meeting Sharett connected this concern with his opposition to the total boycott that Israel imposed on Germany. This position, he stressed, “seems to drive the point home but, in fact, is unlikely to continue, and in any event cannot continue for long.” It is not possible to “continue totally negating and ignoring Germany. It exists.” Had Germany been eradicated from the face of earth, Sharett stressed, “the problem would have been resolved for us,” but that did not happen and so the dilemma we face is “can we see a possibility of some kind of settlement based on compensation, or do we ignore these questions and boycott it [Germany] for ever?”

Sharett expressed this position outside the cabinet as well. On May 14, 1950, the Mapai Central Committee was convened for the purpose of deciding whether the party should participate in the deliberations of the Committee of International Socialist Conference (COMISCO) abroad. A few of the party leaders, such as MK Pinhas Lavon as well as Minister of Labor Golda Meir,¹⁶ who held an unmitigated anti-German position, opposed any participation in this body’s conventions because of the German Socialist Party presence there. Sharett’s position was somewhat inconsistent. He reasoned first that it is impossible to shun an international arena just because Germany is part of it; and second, the question is rather complicated: “Let us assume that Germany is accepted into the UN tomorrow,” said Sharett. “Will we leave the UN because of it? Can we take this path of international policy that will lead us to turn our back on the world, because Germany is part of that world? Insofar as we are talking about principles, then this principle can lead us too far.”¹⁷

In October 1950 the cabinet arrived at a “balanced” decision on two German issues. On the one hand it decided to respond negatively to the Western appeal to abrogate a state of war with Germany; on the other hand it agreed that the Federal Republic of Germany become a member of the International Wheat Treaty. These decisions apparently represented a compromise between the necessity of coming to terms with the new international position of the Federal Republic of Germany and the political fear of the response by the Israeli public.

A short time after this discussion, the question was raised again in the cabinet at two meetings, on December 27, 1950 and a week later on January 3, 1951.¹⁸ Sharett did not participate in the first meeting as he was in the United States. Director General Walter Eytan, who presented the foreign ministry’s position in

16 Golda Meir headed Mapai’s mission to the conference of the revived Socialist International in Zurich, June 1946, where she publicly declined to shake hands with the German SD leader Kurt Schumacher, who had been detained in a Nazi concentration camp from 1933 till the end of WW II.

17 Minutes of meeting, Israel Labor Party Archives.

18 See documents no. 4 and no. 5.

coordination with Sharett, proposed that the government open direct negotiations with the German government. He admitted that this was a difficult decision, but there was no alternative, and gave two reasons for the foreign ministry's position: first, although Germany was not yet a sovereign state, it was making giant strides towards this status, and second, this was a step that John McCloy, the US High Commissioner for Germany, supported. Even Chancellor Adenauer "viewed it as important," and was "prepared to pay a very large sum in order to attain moral peace, so to speak, for Germany."

Eytan's words aroused opposition from a number of ministers who vehemently took issue with him. Minister of Transport Dov Yosef (Mapai) said that he opposed any direct negotiation with the Germans and stated that a friendly nation should be requested to negotiate on Israel's behalf. He suggested appealing to Norway. Minister of Education and Culture David Remez (Mapai) voiced a similar position and suggested that the UK, the US or a Scandinavian country submit a proposal on our behalf to Germany. Minister of Labor Golda Meir (Mapai) also opposed Eytan's proposal claiming that, "it is inconceivable that a delegation from the State of Israel sit in a German government ministry and speak with German government representatives." In her opinion, the State of Israel should present its claim to the four occupying powers, and "should the powers, accept, so will we." But if they do not, direct contacts will not help, and the knowledge that Jews are negotiating with the Germans will be spread, "and then go and explain that this is not contact, that it is not recognition, that it is only trade relations."

Minister of Agriculture Pinhas Lavon (Mapai), too, voiced his opposition: A permanent delegation is in fact "the establishment of diplomatic relations and de facto recognition," he said. On the other hand, Lavon said, "I am in favor of sending a delegation to the occupation authorities because they are about to end the occupation of Germany, bringing Germany back into the community of nations, and I think that the State of Israel can approach them and say, it is your duty to deal with this matter." The most vehement opposition came from Minister of Religious Affairs Yehuda Leib Maimon, a member of the United Religious Front. "I doubt that we can achieve anything from direct negotiations with the Germans," he claimed, "and even if we do, will it be worthwhile?" He went on to determine categorically: "In my opinion we must not have any connection with the Germans, for we are in a war against the Amalekites from generation to generation. They murdered six million Jews. Shall we talk with these murderers? The government of the Jewish people, the Government of Israel, must declare that we will have no contact with them. Their murderous deeds will not be expiated, neither by millions of marks nor millions of pounds. There is no more to be said about a delegation to Germany." He went on to oppose not only direct contact with them but also the proposal to negotiate with them through a third party.

At the conclusion of the meeting on the 3rd of January, two motions were presented. The first was to open direct negotiations with the Bonn government

and to this end send an official Israeli mission to Germany. This motion did not gain a majority – five ministers voted for and five against. The second motion was that “the representatives of Israel approach the central governments of the occupying powers on the matter of ensuring compensation from Germany and restitution of the Jews’ property”. This did gain a majority. Thus the government assigned the foreign minister a mission that he himself opposed.

Delaying the Inevitable: the Two Notes

In accordance with the government decision the foreign minister sent two notes to the occupying powers. The first, sent on January 16, 1951, dealt with the question of individual compensation, while the second, sent on March 12, 1951, dealt with the issue of reparations to the Jewish people in general.

Sharett presented his position with regard to the notes at the cabinet meeting on February 8, 1951,¹⁹ some three weeks after the first note was sent. He emphasized two points that had not been expressed in his previous remarks and noted the connection between the reparations claim and the absorption of mass immigration, a point that was to later play a decisive role in the reparations affair. He called for prominence to be given to the fact that “we have absorbed more than half a million refugees, we have absorbed them into Israel, but their absorption still calls for massive investment, and we still have to absorb immigrants from Iraq, Egypt, North Africa and Romania.” The second point was that our duty to recognize Germany was related not to the claim for reparations, but rather to two other facts: the existence of the State of Israel, and Germany rapidly becoming a reality that could not be ignored. Recognition of Germany, Sharett emphasized, was no simple matter. It had to come only after the German government provided “not only payment to the Jewish people, but also a declaration of conciliation with the Jewish people.” However, after these terms have been met, “decency obliges that we accept and not reject them.”

On March 12, 1951, a note was sent to the occupying powers in which the State of Israel presented itself as sole representative and heir of the millions of Jews who had perished in the Holocaust and demanded the imposition of reparations of \$1.5 billion from both East and West Germany. Foreign Minister Sharett, who signed the note, appeared the next day in the Knesset plenum to “bring to the attention of the Knesset, and also to the attention of the public in Israel and abroad” of the existence and content of the note.²⁰

The same day, before the Knesset debate, Sharett appeared before the Knesset Foreign Affairs and Defense Committee.²¹ His words in this forum were far more detailed than those he voiced in the plenum. He touched, *inter alia*, upon the moral-ideological aspect of the issue. Although “material compensation can in

19 Document no. 5.

20 Document no. 7.

21 Document no. 6.

no way atone for the crimes and deaths,” he said, “it is inconceivable that the German people continue to enjoy the spoils while rehabilitation of the victims, those who were saved and remained alive after the Holocaust, are a heavy burden on that same Jewish people.” Sharett further determined that “the survivors are owed rehabilitation; and since the majority of the victims have found refuge here, we contend that compensation is due, first and foremost, to Israel.”

Not everybody accepted Sharett’s position; he argued mainly with the leader of the Herut Party, MK Menachem Begin. Begin did not reject outright the claim for compensation from Germany, but argued that the claim “can only be one: to restore the material property that was plundered,” and therefore a claim of \$1.5 billion was insufficient: “In my opinion it is a grave mistake to demand that Germany recompense the victims in the State of Israel, and that we specify what will be done with the money for the plundered Jewish property. Do we need a further explanation to justify this claim? Is humanitarian justification for compensating the victims necessary at all? If we assess the plundered property at \$6 billion, we should demand \$6 billion, and what we do with the money is our affair.”

In his reply to Begin, Sharett drew a distinction between a claim that “would most likely appear reasonable to public opinion” and “one that must sound fantastic.”

At the committee meeting Sharett argued, as he had in the cabinet meeting about a month previously, that the total boycott of Germany was a policy that could not be maintained. “Germany is a fact of life,” he said, and Israel, a sovereign state aspiring to become part of the international arena, could not conduct itself as though Germany did not exist. A policy of boycott and ostracism could be continued for a generation or two, “to erase the question of relationship with Germany from the agenda of the generation that experienced and witnessed the horrors,” but, in fact, “we encounter Germany wherever we go,” and thus a boycott policy was doomed to failure. “We shall be with them everywhere, while at the same time our attempts to prevent Germany’s admission to international bodies will lose any significance whatsoever.”

The Political Arena on the Eve of the Reparations Decision

In the municipal elections held throughout the country on November 14, 1950, Mapai suffered a severe defeat. Although they were “only” municipal elections, the surprising results caused turmoil in the political arena, and it seemed to many that Israel was on the brink of a political upset. Indeed, the second government since the state was established fell. Elections to the second Knesset were set for July 30, 1951. The Mapai ministers who formed the majority in the government were preoccupied with the election campaign, and this caused delay in taking decisions on three critical issues: the scope of immigration, the economic situation, and reparations from Germany. In order to facilitate a decision on reparations, there was a need to present the highly-charged dilemma of direct negotiations with Germany to the Israeli public. However Mapai did not want to provide effective

ammunition both to the Left and the Right in the opposition with the crucial general elections imminent. Only at the end of 1951 did the third government, headed again by Mapai, take a decision on these issues: it was decided to limit immigration, to implement the “new economic plan,” and to open direct talks on reparations with the Bonn government.

Sharett's Position Regarding Direct Contact

In April 1951, close to submitting the two Israeli formal notes before the occupation powers, Sharett received several memoranda from a number of senior officials from his office regarding negotiations with the Federal Republic of Germany. In response, he composed a brief on the subject to be circulated to all Israeli diplomatic missions.²² In this document, he argued that, at first glance, the Israeli claim for reparations was perceived as “a figment of the imagination, due both to the unique character of the claim, being unprecedented in the annals of international relations, and to its financial magnitude, in excess of anything considered practical.” But nonetheless it should be submitted for two reasons: first, because there are claims “whose failure is not in their non-achievement but in their non-submission,” and this Israeli claim is a clear example of this; the second reason is that the note to the occupying powers is only the first step in a protracted and arduous process which, at the start, is perceived as clearly belonging to the realm of imagination but can still be realized. “We have possibly missed the boat,” he wrote, but “on the other hand it is highly possible that we have not.” Moreover, “contrary to initial impressions, we are possibly [submitting the claim] at the right time.” The international status of Germany is about to change from an occupied country to one that is part of the Western bloc. It is at this particular juncture that there is a good chance of getting the powers to present the reparation terms to the Federal Republic of Germany. With regard to Germany itself, Sharett noted that now, “when it has almost reached its objective, I feel it would be beneficial to make a special effort to remove the obstacles from its path” as it is likely to accede to Israel's request.

Second, it was now possible to break the shackles of “the Yalta and Potsdam Accords regarding the compensation imposed on Germany” by the victorious allies. These accords, Sharett explained, “are a procrustean bed for us, and even if we had been recognized earlier as a partner to them, our reward would have been worthless and the whole business would not have been worth the disgrace.” These accords “were founded upon two principles, which jointly and severally were inappropriate to our special issue.” One was “to cover war damage caused to Allied countries” while “we are claiming compensation not for war damage but for the expropriation and destruction of property during the war and in the years preceding it.” The other principle was that the scope of compensation should

22 “The Foreign Office, Informative Bulletin to Israel Legations,” 17.4.1951, State of Israel Archives, FO files.

be adjusted to the level of Germany's annual revenue while we "are claiming compensation of a magnitude that cannot be covered by existing means of production, but which quite naturally must be imposed on current production and paid in installments over a period of years."

The third reason presented by Sharett was the situation of the German economy. "Had we submitted the claim earlier, we would have killed it with our own hands. Submitting it two or three years ago would have found the German economy in shambles." But now, "when the German economy is recovering and its production is soaring," there was a greater likelihood of obtaining real reparations.

The Road to Chancellor Adenauer's Declaration, September 27, 1951

This brief by Sharett contained a hint of his intention of paving a new road, a road leading directly to the Bonn government that he had already mentioned at the cabinet meeting on February 15, 1950. The first feelers in this direction were put out prior to July 15, 1951, the date on which the occupying powers had formally rejected the Israeli government's request, a rejection which was indeed expected.

The road was paved by the Israeli consul in Munich, Eliahu Livneh. On April 6, several days before Sharett wrote his brief, Livneh sent a confidential note to the Jewish member of the Bundestag, Jakob Altmaier, a member of the SPD opposition party. Consul Livneh proposed a meeting between representatives of Israel and the German chancellor during the latter's visit to Paris. "The aim of this secret talk will be to clarify the possibility of future negotiations between the two countries, their subject and structure." Two days later, on April 8, Altmaier replied that he had presented the Israeli request to Chancellor Adenauer who decided to meet with two representatives of the State of Israel. According to Altmaier, Adenauer told him: "I can well understand the Israeli need to hold these talks on neutral ground [...] For me, this matter is not only one of foreign policy. It must be presented as a genuine human need connected with amity and good relations between the German and Jewish peoples."²³

Sharett reported on these developments in a coded cable to David Horowitz, Director General of the Finance Ministry, who was in Washington at the time. He wrote that an approach had been received from Bonn regarding a direct meeting, including a certain proposal from Adenauer. "Instructions have been issued to find out if Bonn indeed accepts our claim in principle, and if so to arrange a meeting with Adenauer in Paris for early clarification." Sharett stated to Horowitz: "In the event that the meeting is arranged to take place after your arrival in Paris, you will participate in it, but we thought it prudent not to delay it lest A.'s visit is cut short and we miss the opportunity." Clearly, this message demonstrated the importance Sharett ascribed to the meeting. He presented the rationale for taking the German channel: on the one hand there was a clear feeling that the occupying powers would reject our request: "In view of the lack

23 Y.A. Jelinek (ed.), *Zwischen Moral und Real politik*, Tel Aviv 1997, pp. 155-157.

of confidence in a positive response from the powers, we thought we should not turn Bonn down if it approaches us,” and on the other hand, there was a need to find a special way of demanding compensation and not “to become part of the Allies’ overall account,” since our own account “is separate and special and we shall not be budged from this position.”

On April 19, 1951 a secret meeting was held in Paris between Chancellor Adenauer, David Horowitz and the Israeli Ambassador to France, Maurice Fischer. In the course of the meeting, Adenauer expressed his readiness to open direct contacts with representatives of the State of Israel, but Horowitz and Fischer set two conditions for this: public acknowledgement by Germany of the German people’s responsibility for its crimes against the Jewish people, and acceptance of the Israeli claim for reparations in the sum of \$1.5 billion. The chancellor immediately agreed to publicly acknowledge the German people’s responsibility for crimes against the Jewish people, and said that he could see no serious difficulties regarding the size of the compensation demanded by Israel.

For the Israeli government this was a step of paramount importance: it needed the public expression of remorse to sway public opinion in Israel prior to breaking the taboo on direct negotiations with the Germans. On September 27, 1951, one day before his first visit to the United States, Chancellor Adenauer presented his statement to a ceremonial session of the Bundestag in Bonn. Endorsement of the statement by the deputies – not by raised hands, but by rising – was a decisive step on the road to direct negotiations.

During the period following the Paris meeting in April and before Adenauer’s statement in September, Sharett and the Foreign Ministry’s senior staff were engaged with the question of how to convince the Israeli public and world Jewry to accept the dramatic turnabout from total boycott to direct and official contacts with the Bonn government. In June 1951 a meeting led by Sharett and Horowitz on this subject was held at the foreign minister’s home.²⁴ Horowitz began by saying: “We have made one mistake, and it is that we started our diplomatic activity before ensuring the support on the home front or, in other words, Jewish public opinion.” Most of his remarks focused on the American public position since, in the end, he said, “it is the American taxpayer who will have to shoulder the burden” of financing German reparations to the State of Israel. Horowitz went on to clarify: the reparations are likely to increase Germany’s balance of payments deficit, and the Americans, as part of their struggle against the danger of communist gains in Europe, are trying to maintain a high standard of living in Germany while the Germans themselves are exploiting this American propensity and are not reducing their balance of payments deficit. Therefore, Horowitz argued, Israel must highlight the dynamic recovery of the German economy. He

24 “Summary of meeting at the foreign minister’s home, Jerusalem, 18.6.1951,” State of Israel Archives, FO-2417/2.

presented two concrete proposals: "Convening a special World Jewish Conference" and organizing "a World Jewish Petition."

The majority of the participants supported the idea of a conference, but opposed the proposal for a petition. Sharett vehemently rejected the petition idea. "A petition is no more than a demonstration that will not yield concrete results," he said. On the other hand, "the idea of a Jewish conference is an important one, and its feasibility should certainly be investigated." It was at this meeting that the preliminary initiative emerged for the Claims Conference that took place in New York on October 25, 1951. Sharett subsequently emphasized on various occasions that the initiative for this conference was an Israeli one. On the eve of the opening of the conference he spoke about it at a cabinet meeting: "It was our initiative. The Jewish organizations did not rise to the occasion. No Jewish organization thought that there was a need to enlist the Jewish people in this matter."²⁵

October-November 1951: On the Verge of Decision

Chancellor Adenauer's statement opened a new chapter in the story of the attempt to achieve a majority in the Knesset for negotiations with the Germans, a chapter that lasted for some three and a half months from the date of the chancellor's statement until the Knesset vote approving the government's proposal, which gave a green light to direct negotiations with the Bonn government. This period can be divided into two sub-periods.

The first period led up to Dr. Nahum Goldmann's meeting with Chancellor Adenauer in London on December 6, 1951. The government's willingness to open negotiations was conditional to the German commitment to the sum that would form the basis for negotiations. At the time the government did all it could internally to disguise its intentions and to obviate a public debate. At his meeting with Goldmann, Chancellor Adenauer promised that the financial basis for negotiation would be \$1.5 billion, the sum stated in Sharett's note of March 12, 1951. At this juncture the second sub-period began. Germany's undertaking removed the final obstacle – the government was now willing to open negotiations, and from that date onward the struggle to obtain a parliamentary majority shifted into high gear.

During this period Sharett was the government's leading spokesman on this subject in public forums, and thus became the central figure in all matters pertaining to preparing public opinion on the negotiations. Apart from that, he was aware that this was a fateful decision on which the government must not fail: "If the Knesset approves a decision that the State of Israel must not negotiate with Germany, it will be removed from the agenda. It would be both a very bad and hasty decision," he said.²⁶

During the first sub-period, Sharett's principal role was to present to the public the government's complicated position. He first presented it to the public

25 Document no. 9.

26 Document no. 11.

at a press conference in Tel Aviv on October 26, 1951, one day after the cabinet meeting at which the subject of reparations was discussed. The press conference was called as part of the government's efforts to persuade the Israeli public to support negotiations with Germany, and Sharett tried to have his cake and eat it, too: he did not conceal his support for opening negotiations, but he evaded a clear commitment on the government's readiness to open contacts with the Germans. In reply to a question on this, he said that the government had decided "to do everything necessary to obtain reparations," and no new decision had been taken since then.²⁷

A week later, in a policy statement to the Knesset, Sharett again addressed the issue, and on this occasion, too, his words reflected the government's complex position. He stated the government's willingness in principle to enter into negotiations with the Bonn government, saying that the submission of Israel's claim for reparations from Germany offered the possibility of "an injection of substantial funds for the building of our economy."²⁸

During the second sub-period Sharett acted to persuade the Israeli public of the justness of the government's position in the face of attacks on it from both Right and Left, and furthermore he urged the government, some of whose members feared a parliamentary defeat and the public's angry reaction, to reach a decision quickly.

January 1952: Sharett in the Knesset Debates on Reparations

January 7, 1952 saw the opening of one of the stormiest, longest and most dramatic debates that the Knesset had ever witnessed. It had begun earlier that day with Sharett presenting the issue of direct negotiations to the Knesset Foreign Affairs and Defense Committee. Significantly, this was the first time that the subject had been discussed in a forum which included representatives of the opposition. Sharett reviewed the main points of the developments leading up to the negotiations, highlighting a number of them. He noted that from the outset the possibility of direct negotiations with the Germans had not been rejected outright. When the notes were sent to the occupying powers, he said, it was already clear that "even if we achieve results with the help of emissaries and envoys, or the powers' assistance, direct contact between us and the Germans on the form of payment is unavoidable. Every step we take is bound up with the country's vital interests, and in no way can we rely on an emissary who will not know how to demand terms and ensure their fulfillment."²⁹

He mentioned two key events leading up to negotiations with the Germans: Chancellor Adenauer's statement, whose main thrust, in his opinion, was the fact that the initiative for negotiation was German, not Israeli; and the Goldmann-

27 *Haaretz*, 28.10.1951.

28 Document no. 12.

29 Document no. 17.

Adenauer meeting in whose wake “the government decided that it should conduct negotiations, and it is this decision that will be brought before the Knesset today.”

Sharett clarified that the payment of reparations did not constitute forgiveness or atonement. “Nothing will be forgiven. Nothing will be forgotten for generations to come, perhaps for eternity.” Apart from that, the reparations, he said, would not change the government’s negative attitude towards Germany in the international arena. He also noted that the negotiations “will not be conducted in Germany. The intention is that they will not be on German soil, but neither will they be in Israel. They will take place in a European country.”

At first, Sharett was supposed to open the Knesset debate, but in the end it was decided that Ben Gurion would do so. Sharett would conclude it. Sharett’s speech, delivered before the vote on the government and opposition motions, concluded three days of debate in the course of which dozens of members addressed the plenum. It was a long speech, almost uninterrupted by interjections.³⁰ Shalom Rosenfeld, parliamentary correspondent of the *Ma’ariv* newspaper, described it as follows: “For an hour and a half, Foreign Minister Sharett stood at the microphone and in his fluent language fired darts of controversy at his adversaries, while defending negotiations with Germany.”³¹ Although Sharett spoke as a representative of the government, he expressed, to a very great degree, his personal position. He spoke from the heart and his words expressed the essence of his worldview, not only the specific issue on the agenda.

The speech contained practical and moral-ideological elements alike, and it is doubtful if they could be differentiated: his practical arguments contained ideological aspects while the ideological ones contained practical elements. In this speech Sharett expanded on his remarks to the cabinet almost two years earlier, in February 1950, when he spoke of the essential contradiction between the desire to totally boycott Germany and the desire to obtain “compensation from those malefactors for what they perpetrated against us.”³² This motif was manifested in several ways. In his opening remarks, Sharett referred to his statement to the Knesset of March 13, 1951, in which he read out the government’s note to the occupying powers, and said that in the debates regarding the issue of reparations, “a very high degree of agreement that the claim for reparations is just and right” was evident. If there was any argument it revolved around question of the timing, whether we had missed opportunities, whether we had not missed the boat. There was almost no argument on the question of whether these reparations are our due or whether we were – or are – duty bound to claim them.

Later in his speech Sharett asked what would have happened had the occupying powers replied that “we are prepared to exert pressure on Germany and impose this upon it.” If that had been the situation, he answered, Israel would

30 Moshe Sharett speech on 9.1.1952, document no. 18.

31 Shalom Rosenfeld, “The Parliament Took a Decision,” *Maariv*, 19.1.1952.

32 Document no. 1.

still have had no choice other than entering into negotiations at a certain stage; for no one “deluded himself into thinking that, successful as we were, all our labor would have been done by others, down to the smallest detail. It is one thing to demand help, enlist pressure, when you too are prepared to execute your task. A different thing altogether is to impose all the trouble on others, to keep your hands clean and escape into the mists of supreme moral purity.”

He went on to expound on a number of reasons for negotiations. One was “Let not the murderers of our people become their heirs” – we’re talking about “vast amounts of property which, but for the slaughter, who knows how much of it would have flowed into this country to make its deserts bloom and to finance the ingathering of the exiles.” Now it is “destroyed, plundered, vanished,” and “if it is still possible to restore part of it, is that forbidden? Is it not our duty to take it and bring it here?”

Sharett even indirectly linked the reparations with immigration to Israel: “Just as we do not lock our door – not only do we not lock our door, we open wide our gates to every Jew who comes to us with only the shirt on his back after all his property has been plundered from him – thus we must open wide our gate and with our own hands return that property whose owners did not live to bring it themselves, for they were murdered. Today we are an independent state,” he went on, “what kind of a proposal would it be on our part when the heirs of the Nazi regime sit down in a neutral capital to conduct negotiations with representatives of an independent Jewish state whose very appearance embodies the total defeat of the Nazi plot?”

Sharett’s speech was one of the highlights of the prolonged and anguished debate and, in the end, with a majority of more than half its members, the Knesset authorized the government to open negotiations with the Bonn government. In his journal, Ben Gurion summarized the three days of the Knesset debate in these words: “On Wednesday the government’s position was passed by a large majority and with a moral victory. The conclusion of the debate by Moshe [Sharett] was exemplary.”

Summary

What was the connection between Sharett’s position on reparations and negotiations with Germany and his overall worldview, and to what degree did this position express his personality and public path?

In the clear position he adopted in the prolonged debate, two elements that characterized Sharett throughout his public activity are clearly evident: the first is viewing Zionism as “a return to history’s Vale of Tears” while the other is his tendency to consider matters, even difficult and emotional events, employing rational criteria and his revulsion of anything suggesting populism or spurious emotionality. In the view of historian Israel Kolatt, the origins of this element lie in the years Sharett studied in England (1921-1925) where he was educated

to take “a methodical, lucid and empirical approach.”³³ This education enabled Sharett to process everything throughout his life, even ideological truths, “in his methodical and organized mind.”

Sharett’s rational approach did not clash with ethical positions or moral values. As far as he was concerned, the disparity was between rationality and spurious romanticism - being carried away by illusions and mysticism. This disparity was clearly manifested in the matter of negotiations with Germany, but also in other issues he dealt with as well, for example, the partition of Palestine that was on the agenda in all its force in the summer of 1937, following the publication of the Peel Commission Report.

Sharett’s position on both these issues derived from the same source: the profound belief that even emotional issues must be judged by the scalpel of cold logic, and the no less profound belief that aspiring towards sovereignty mandates the taking of difficult and unpopular decisions. In a speech entitled “Partition as the Lesser of Two Evils and a Golden Opportunity” which he delivered in August 1937 at the 20th Zionist Congress, Sharett voiced a number of arguments favoring partition, arguments he might have used to defend his position favoring direct negotiations with the Federal Republic of Germany. The similarity is apparent in the very presentation of the situation: “The choice facing us today is not between two goods, but between two evils.” In deciding between the choices we do not have to make the more difficult one, “but we must not flinch from the difficulty,” we must choose “the way of the greatest progress, and this way is possibly the hardest and not the easiest.” He expressed his opposition to what he termed “that Zionist mysticism that prevents us from reaping the benefits of the opportunities actually presented to us.” Although this mysticism has “deep roots in the soul of the people,” he asserted that, “it is the enemy of Zionist fulfillment.” And apart from that, the choice of partition does not derive from “a psychosis of defeatism” but from a resolute decision that our main task is “to enlist all the forces, but what are we to do if the historical development takes a different path from the one demanded by the troubles of the Jews?”³⁴

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Moshe Sharett, as foreign minister and prime minister of Israel, was the leading figure in Israel’s relations with Germany. His positions and views on this charged subject symbolize the terrible drama that unfolded at the time: the transition from total boycott of Germany to contacts and negotiations which took place only a few years after the annihilation of European Jewry.

33 Israel Kolatt in Yaakov Sharett (ed.), *A Statesman Assessed (“Shoher Shalom”) Views and Viewpoints about Moshe Sharett* (Hebrew), Moshe Sharett Heritage Society, Tel Aviv 2008, p. 329.

34 Moshe Sharett, *Making of Policy, The Diaries of Moshe Sharett, 1937* (Hebrew), Am Oved, Tel Aviv 1971, p. 268.

[1] Direct Contact With Germany Is Inevitable

Cabinet Meeting, 15.2.1950

Minister Eliezer Kaplan (*Chairman of the meeting while Prime Minister David Ben Gurion is on vacation*): The Cabinet has decided that in principle we approve or encourage claiming compensation from Germany by individuals and permit the transfer of the money in the form of goods, on condition that the goods are purchased with these funds. Since there was a question of allowing payment in hard currency, the Finance Ministry was given permission to determine the quota.

Two issues have transpired: First, that it is impossible to attain large scale compensation without negotiating with the German authorities. We thought that after the American Occupation Authority in West Germany published a memorandum on the question of compensation, individual Jews would start claiming what is due to them, but that cannot be done easily. On the part of the Germans there was a gesture of granting about ten million marks, but it became clear that they were waiting for someone to negotiate with them.

Second, while it was impossible to obtain large sums, and we are discussing small and average sums, many Jews from Israel and other countries are doing business with Germany. There are even those who purchase goods with their own money and not with compensation, and the goods are then shipped to Israel by immigrants as their personal possessions. Trade is routine. Official means must be organized for these transactions, too. I have been informed of cases in which people wanted to import goods from Germany in the guise of transferring capital from Switzerland.

The proposal is that we agree to a government representative entering negotiations in this sphere of compensation. Should it transpire that we are talking about very large sums, we shall make the appropriate arrangements, and should it be evident that the sums are not large, then this should not be undertaken officially. Some estimate that we must not think about ten million dollars a year, but \$50 million, since theoretically Germany owes the Jews huge sums. Another

danger is that if this continues for a long time, the money could be lost during that period. We could save it all, or the greater part of it, if this continues for not more than two or three years.

Minister Moshe Sharet: I certainly approve the direction in which the minister of finance presented the question and his conclusion. I think we will have no choice other than making direct and official contact with the German government. This means that we must go open-eyed into a political storm at home and abroad. We shall find ourselves again in approximately the same debate we had during the famous “transfer”,¹ but even more so. Meanwhile, all are aware of what happened during the years of the Holocaust, and that the issue has become considerably graver. I think it is vital to take this road even though it might entail a much more intensive internal clash than in the days of the “transfer,” precisely because of what has happened, and because there is now less reason for foregoing what could be achieved, and also because of the great absorption needs created by the ingathering of the exiles.

There are several questions we are faced with. First, there is the question of interests, which on the face of it are definitely personal: Jews who immigrated to Israel left property behind in Germany. In fact, they abandoned that property. They can now obtain and realize it. Second, there are Jews who were incarcerated in the concentration camps and survived. According to a new law enacted in West Germany, compensation is due to them for the time they were detained. It can be argued that these are personal claims, and let those individuals get whatever they can. This, in my opinion, is an untenable position for any government to take, especially for our government. Any citizen of our state who has a claim from another government has the right to appeal to his government for help. It is inconceivable that the government could be oblivious to the interests of a single citizen, all the more so when such citizens are numerous. If Holocaust survivors arrived here with only the clothes on their backs, and if they can now obtain scores or hundreds of pounds [in compensation], then we cannot remain indifferent towards these citizens' claims as if their problems are not our concern.

There is another, no less serious, matter: the problem of property of people who perished and have no kinsmen left – the property of absentees and of Jewish communities that were destroyed. In many cases this property can perhaps be saved only by the Jewish people, and as we see it, the State of Israel can act as that inheritor.

In Israel two different slogans prevail side by side. Evidently, the man in the street is unaware that these slogans are contradictory. One slogan is: “No contacts with the Germans whatsoever; anyone touching the profane becomes profane; total boycott!” And the other: “Compensation from the Germans is due; compensation is due to the Jewish people from those malefactors for what

1 See Introduction, note 4.

they perpetrated against us.” People do not realize that it is impossible to have both. It is impossible to obtain compensation from the Germans if we do not have contact with them. I have come to the conclusion that beating around the bush in this matter will not be beneficial. Any attempt to evade reality will on no account be advantageous.

What do I mean by contact? Suppose we find a way in which it is not a government representative who negotiates with them. Well, this too means contact. It is impossible to transfer a house with its foundations and walls and doorways from Germany to Israel; rather, it has to be sold and something must be purchased with the money. Those German marks must be transferred to the market in England to obtain English currency, or to Belgium to obtain Belgian francs, or Swiss francs or even only French francs, or perhaps American dollars. None of these actions can be done without contact. We cannot shut our eyes and not see the necessity of contact. On this matter we cannot be of two minds.

A study of the situation has proved that without official contact, compensation is out of the question. Our officials have clarified the problem. There are all kinds of local restrictions and prohibitions in Germany. It is vital to deal with this matter with the American, British and French authorities in their occupation zones, and possibly also with the Soviet authorities – if this can be done at all in the Soviet zone – there is certainly no prohibition in place in this regard. But there is a national government in Germany now, and the occupying powers act through it. Since it is possible that in various matters the occupying powers will follow a stricter policy than the German authorities, it stands to reason that we will be unable to avoid seeking the assistance of the German authorities to apprise the occupying powers of the German position.

What do we really want? If we want to stay pure, if it is all the same to us whether we obtain something or not, we can refrain from entering negotiations regarding all these matters and be content with what we can extract from Germany. But that will be a minuscule part of what was stolen. We cannot place ourselves in the position of being *simon-pure* from the sidelines. I will not feel unclean if we try to save Jewish property. We can face the public and say, “What moral law prohibits taking from the thief or robber what was stolen or robbed and which is still in his hands?” We must exploit every effective means to this end. This does not mean recognition of Germany. It does not mean establishing diplomatic relations with Germany.

This effort of returning plundered Jewish property will not be accomplished by an angel, nor by a seraph, but by the State of Israel. What moral right has the State of Israel to employ other states to do this, as if those states are permitted to, and Israel is not? There are probably some who will make such proposals. I foresee such a trend already. It is my staunch opinion that these are hollow options.

Minister David Remez: I say we must take action without any hesitation and only through official channels. If individuals start acting alone they would only entangle matters and undermine our efforts to conduct the matter officially.

Minister Dov Yosef: I am in favor of extracting whatever is possible from them, but I still disagree on the method. It is not essential to make direct contact for this purpose. The foreign minister's analogy is not relevant here. When dealing with a thief or a murderer, you bring him to a court of justice (*Minister Moshe Sharett: If you can do it by yourself – by all means*). I will not go and talk with Germans. They are so profane that I do not want to ask them for anything. I would only wish to destroy them, to annihilate them.

It seems to me that there is an internationally accepted method in such cases. We see ourselves as still being in a state of war with the Germans. There are situations in war in which one side needs some arrangement inside enemy territory, and for this purpose we can be served by a third, friendly, state. We could ask Uruguay, or any other friendly state, to negotiate our needs. We could direct the operation, but the friendly state would officially contact the German government. Of course, we need to find a state willing to represent our interests. (*Minister Moshe Sharett: What you are saying is similar to the imagined wall in Shakespeare's A Midsummer Night's Dream*). I propose appealing to a friendly state to represent our demands.

Chairman Eliezer Kaplan: I propose authorizing the Ministries of Finance and Foreign Affairs, together with the prime minister and in coordination with the Jewish Agency, which has acted in Germany on behalf of the Jewish people so far, to establish direct contact with the government of Germany. It should officially negotiate the release of the funds in Germany, the payment of claims and the realization of the claims monies, and inform the public of this.

It was decided:

Despite Minister Dov Yosef's opposition, to authorize the ministries of finance and foreign affairs, in coordination with the prime minister and with the Jewish Agency, to secure the payment of compensation and the fulfillment of claims from Germany by means of direct contact with the German government. The public must be provided with appropriate explanations in this regard.

[2] Shall We Boycott Germany Forever?

Cabinet Meeting, 30.10.1950

Minister Moshe Sharett: There is the question of Germany. The governments of the United States, England and France have informed us that they have decided to terminate the legal state of war between their countries and Germany. They are not rescinding their authority as occupying powers, but they have rescinded their own laws regarding the state of war with Germany and request that we join them in this.

In addition, we have received a special request from the Western powers that we support Germany's candidacy to the International Wheat Council. Their suggestion is that we abstain from voting, for only yesterday we were knocking on the doors of the nations of the world to support our request for membership in the UN, and now we must not oppose Germany's request.

There is another aspect of the question: for months now, any action by us in the matter of Germany has been delayed by lack of cabinet decisions. The public is complaining. The newspapers are also saying that we are missing our last chance due to the government's inaction in presenting Germany with a claim for compensation. All we have done in the face of the judicial change about to take place in West Germany – a change that does not put an end the occupation – is to have approached the three governments of England, America and France and requested that this change not adversely affect us, that it will not hinder our claiming compensation and being assisted in this matter by them. We have received a positive response from England, although they admitted that they are pessimistic regarding our chances, but in principle they have agreed to assist. We are awaiting responses from the United States and France. But there is a deadlock and inaction on our part on adopting a definite line and initiative. This imposes a very great responsibility upon us.

Three great powers have approached us in a matter pertaining to another great power which, in fact, is the fourth power of the West. The Foreign Ministry seeks to obtain approval of its position: as long as Germany does not conciliate

and repay the Jewish people, we shall not accept any demands forwarded by the German people.

Prime Minister David Ben Gurion: Has the government of Israel ever submitted a claim for compensation from Germany?

Minister Moshe Sharett: We have never reached a decision on this matter.

Prime Minister David Ben Gurion: We cannot demand something from Germany without investing something ourselves. As the saying goes, an Arab believes that he can win lottery without buying a ticket.

Minister Moshe Sharett: Germany can offer us compensation. It must be aware of this problem weighing on its conscience. However, for the purpose of our response to the current approach of the powers, there is no need for us raising any new contention. Are you suggesting that we first demand compensation?

Prime Minister David Ben Gurion: We have demanded nothing from Germany, yet we are saying all the time that our claims have not been met.

Minister Zalman Shazar: I suggest we do not connect these two things. There is the matter of the compensation we are demanding. (*Prime Minister David Ben Gurion: We have not made a demand yet.*) I suggest that we do not make our response conditional on whether we demand compensation or not, whether we receive it or not. Our attitude towards Germany does not depend on it. And it does not depend on it if there is anti-Semitism of one kind or another there, Nazism of one kind or another. It does not depend on whether they pay us compensation. This is not compensation to the Jewish people. There is a huge account for the atrocities perpetrated at Auschwitz. Payment of money is a separate matter. There are people who need to receive their money, and we should demand it, but our account with Germany will not be settled by this. Until we are sure that the de-Nazification process has reached a satisfactory stage, we will not vote for Germany even if we are the only ones to abstain.

Minister Moshe Sharett: There are positions that seem reasonable, but, in fact, cannot be maintained, or in any event cannot be maintained for long. We cannot pursue a totally negative policy towards Germany, a policy of ignoring Germany. Germany exists. Their population is tens of millions. There are, for instance, international health matters. Do we think that should an epidemic break out in Germany it will stop at the border? Will we be able to say that Germany should not be a party to an international arrangement of health matters indefinitely?

Had the war ended with the eradication of Germany from the face of the earth, the problem would have been resolved for us. But opposing Germany's acceptance to the International Wheat Council means that millions of people will starve, for where will they obtain wheat? Our negative position can be a temporary one, but it cannot be maintained for a protracted period. Or, take another example: a German consul arrives in New York. He approaches our consul. He wants to make a courtesy call. Our consul refuses. Some time later a consular gathering takes place in New York. The German consul who, naturally, is attending it, greets our consul and extends his hand towards him. What should our man do? Should he banish himself from every gathering of consuls? Similar situations occur time and time again.

The question is, can we see a possibility for some kind of settlement on the basis of compensation, or do we ignore these questions and boycott Germany forever? The State of Israel was never de facto at war with Germany since the State of Israel did not yet exist during the war with Germany. We inherited various laws created by the British during the Mandate years, including regarding a state of war with Germany. The war with Germany has ended. The British want to rescind these wartime laws. Regarding German property in our country, we made our own law.¹ The remnants of the wartime laws are an anomaly for the State of Israel. If we are to follow the line of thought suggested by Minister Shazar, we can maintain that as long as there is no settlement with Germany, we shall not rescind the British Mandate state of war legislation; we shall not grant Germany relief." Will the anomaly remain? Let it remain. However, remnants of legislation enacted during WW II have no place in Israel's codex. A way must be found to resolve this matter.

What the prime minister says about us never having made a claim supports precisely what I contend – that we must reach a conclusion on this matter, that we must have a clear political line. I have discussed this matter with the minister of finance. All sorts of committees and subcommittees have been established for dealing with this matter, but no conclusion has ever been reached. I have raised the questions on several occasions and have done so again today. We must have a clear policy. In the meantime the note we received from the three powers still awaits our response. Indeed, the question of Germany's obligation to us has not been attended to. From an international standpoint Germany has an obligation to pay us compensation. This obligation has not become invalid because we have not submitted a claim, in view of Germany's responsibility for all those atrocities. At present, as a response to the powers, we should adopt the formulation I have proposed.

Minister Moshe Shapira: If we were one of the Big Five, enjoying veto power at the Security Council, then the question of Germany starving or not would have

1 German Property Law, passed by the Knesset on 26.6.1950.

depended on us. As it is, as one among dozens of UN members, the matter does not depend on our decision. For this generation, the generation of annihilation, there shall be no making peace with Germany. Were rabbis' stature as strong as it was in the days of the expulsion from Spain in the 15th century, were present-day Jews similar to those in the time of that expulsion, we would have declared a boycott on Germany. But today is not yesterday.

However, it is inconceivable that we, in our time, extend a hand towards Germany. This has nothing to do with demanding compensation from Germany as should be demanded from any murderer. We are entitled and obliged to claim compensation for the families and for the State of Israel, but we cannot establish ties with the nation that is responsible for the murder of six million Jews. Certainly there are difficulties. If our New York consul sees the German consul, he should not run away, but he should not make contact nor shake hands with him. There is no de-Nazification in Germany. There is Nazification there. The greatest murderers are being released from prison and their rights restored. The British and the Americans are participating in this process – and we are going to establish ties with them? The people residing in Zion and in the Diaspora will not understand us.

Minister David Remez: It is not yet time for fraternization. I propose that in the matter of Germany joining the International Wheat Council, we abstain. With regard to all the other matters of Germany's joining – we should oppose.

Minister Moshe Sharett: We have been approached on two matters: the matter of Germany joining the International Wheat Council and the matter of rescinding British Mandate laws pertaining to the state of war between Germany and the other allied countries.

Minister David Remez: Wheat is bread. I do not seek to starve a nation. But with regard to all other matters, the eradication of all signs of hostility between us and Germany is unthinkable. Joining something – no. The matter of wheat and health is a humanitarian issue on which we should abstain from voting. There is a historical state of war and hostility between us. As long as the wound remains open, we should not terminate this attitude.

Minister Yehuda Leib Maimon: I propose that we oppose both matters.

Minister Dov Yosef: The issue of wheat is not a humanitarian one. They can get wheat without joining the Wheat Council. They simply wish to get wheat on easier terms. We do not have to be so generous to them. I propose that we simply answer in the negative on both issues at hand. We shall oppose, and let the majority at the UN Assembly decide.

Minister Moshe Sharett: I propose opposing but elaborating our reasons for doing so.

Prime Minister Daid Ben Gurion: I reject going into our reasons. If we are making our positive response conditional upon compensation, we should demand compensation.

Minister Dov Yosef: I propose that we leave it to the foreign minister to formulate the answer on the basis of the meeting's deliberations.

Minister Pinhas Rosen: I generally accept the view that we should oppose both admitting Germany into the International Wheat Council and the rescinding of the laws whereby Germany is still our enemy.

On this occasion I would like to remind you of a question we are facing: West Germany is now permitted to join several international conventions, such as the Patent Convention on trademarks. We, too, are members of this convention. This obliges us, for instance, to register German patents here unless we say we are in a state of war with them. In any event, we face this question. Another question is whether this matter of state of war is beneficial to our economic situation.

Now, with regard to the general question, I support Minister Sharett's view that we must find the time to put the entire matter on our agenda because the Jewish Agency's handling of this subject is not taking us forward. I am also of the opinion that if the State of Israel, in its capacity as a sovereign state, does not get to the heart of the matter of compensation, the matter will not be advanced. But this question is somewhat connected with our having a mission or an official delegation in Germany, and then, as a state, we would conduct official negotiations with Germany. Since we have not wanted to do so, we have so far avoided considering this matter. However, demanding compensation from the murderers obliges us to act in a state-like manner.

It was decided:

To authorize the foreign minister to respond in the negative to the request of the three powers in the matter of rescinding the legislation determining that Germany is an enemy state as well as to the request regarding Israel's agreement to Germany joining the International Wheat Council.

[3] On Sending an Official Israeli Delegation to Germany

Cabinet Meeting, 27.12.1950¹

Walter Eytan (*Director General of the Foreign Ministry*): About two months ago we received a note from the governments of the United States, England and France on the matter of terminating the state of war with Germany. The powers are about to terminate – insofar as this touches upon the legislation of those countries – the state of war with Germany. These powers are proposing to several states that they follow suit. Consequently, this request has raised anew the question of Germany for us. I am not discussing this note or a response to it now, but rather a more practical issue. In brief, what we at the Foreign Ministry propose is that the government decides on sending an official Israeli delegation to Germany to conduct negotiations on the compensation claims.

It is clear to the Foreign Ministry and also, as far as I know, to the Ministry of Finance and all other bodies that have dealt with the matter of compensation over the years, that Germany is obligated to us and that there is no other way of achieving this objective. All attempts at using an indirect approach, be it by mediators or by private agencies, have so far not achieved – and in our opinion will not achieve in the future – any serious result in this matter, and therefore we propose taking the daring step of dispatching an official Israeli delegation to Germany to conduct direct negotiations.

I have purposely not specified with whom to conduct negotiations since that is the essential question. I also have no desire to review the course of events because I think that the history is more or less well known to you. We should, in fact, have addressed this matter two years ago, or even in 1948, but at the time the country was occupied with other issues and opinions had not yet been formed on this matter. It is now very late in the day, but we can still deal with

¹ Foreign Minister Moshe Sharett was attending the UN General Assembly in New York. Foreign Ministry Director General Walter Eytan's remarks in this meeting were made under the direction of the foreign minister.