

German Historical Institute  
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Holocaust and *Shilumim*  
**The Policy of *Wiedergutmachung***  
**in the Early 1950s**

Edited by  
*Axel Frohn*

## **Holocaust and Shilumim**

Edited by Prof. Dr. Hartmut Lehmann  
in conjunction with the Research Fellows of the Institute  
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Edited by  
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with the assistance of  
*Anne Hope*

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Dr. Jürgen Ohlau, Director of the Goethe House in New York, and Professor Hartmut Lehmann, Director of the German Historical Institute in Washington, D.C., conceived the idea for a symposium on German Jewish relations. Together with Professor Lily Gardner Feldman, one of the foremost experts in this field, they generously gave their invaluable advice whenever it was needed. Professor Karin Benthin, Director of the *Deutsches Haus* of Columbia University, graciously hosted the symposium at the *Deutsches Haus*, the most hospitable and suitable place for this occasion that one could have wished for. Barbara Schlöndorff and the experienced staff of the Goethe House in New York helped with the practical arrangements of our joint venture, and at the German Historical Institute, Bärbel House, as so often, typed parts of the manuscript, while Anne Hope with her indispensable grasp of style and grammar assisted in the editorial process. I would like to express my gratitude to all those involved for their contributions.

Axel Frohn  
Washington, D.C.  
December 1991



## Introduction: The Origins of *Shilumim*

by Axel Frohn

The larger program of which the symposium on March 15, 1991, formed a part was first considered in fall 1989, when the demonstrations for reforms and the democratization of East Germany had begun. The Berlin Wall was not yet crumbling, but the unification of the Federal Republic of Germany and the German Democratic Republic (GDR) no longer seemed to be a mere theoretical proposition, even though it was still quite improbable "because of the realities of power politics," as one German commentator wrote at the time.<sup>1</sup>

The prospect of a reunited Germany caused considerable concern, especially among those who had suffered the last time Germany was united and fallen victim to the Third Reich. Would it be possible for Germany to embark on a course of extreme nationalism again, and for how long would a united, powerful Germany remember the lessons of the past?

The Goethe House New York decided to address some of these concerns, review in its program the way Germany deals with the legacy of Nazism, reflect upon the firmness of Germany's democratic roots, and particularly consider German-Jewish relations after 1945. In this context Dr. Ohlau, the Director of the Goethe House, invited the German Historical Institute to contribute to the scholarly part of the program and organize a symposium on one aspect of the general theme. Since many sources on the early 1950s have become accessible over the past years, and since the results of substantial research are now available, the GHI chose the topic "Holocaust and *Shilumim*: The Policy of *Wiedergutmachung* in the Early 1950s."

The term *Shilumim* may require some explanation. In the Luxembourg Agreements of September 10, 1952, the Federal Republic of Germany consented to global payments to Israel.<sup>2</sup> This was considered as some kind of collective payment from the German people to the Jewish people insofar as the latter was represented by the State of Israel. Since mid-1951, Israelis referred to these global

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<sup>1</sup> Karl Kaiser, "Unity, not reunification, for Germany," *New York Times*, Oct. 6, 1989, A 31.

<sup>2</sup> For the text of the agreements, see *Der deutsch-israelische Dialog. Dokumentation eines erregenden Kapitels deutscher Außenpolitik*, ed. by Rolf Vogel, 8 vols. (Munich, New York, London, and Paris, 1987–1990), 1:76–91.

payments with the Hebrew word *Shilumim* (recompense). The term was borrowed from the book of Isaiah<sup>3</sup> and indicated that these payments did not imply an expiation of guilt, nor did their acceptance connote a sign of forgiveness. The term embraces an element of vengeance, which at the same time can be a presupposition for bringing about peace (*shalom*). *Shilumim* is fundamentally different from the German word *Wiedergutmachung*, which etymologically means returning to former conditions and, in a broader sense, to a former state of co-existence.<sup>4</sup>

In connection with the Holocaust, *Wiedergutmachung*—though the most suitable word in German—sounds helplessly naive and out of place. Jews and Israelis used a number of terms for their material claims from Germany, since it was still quite unclear at the time what exactly they were demanding. English terms such as indemnities, reparations, recompense, compensation, restitution, collective reparations, recovering of property, or rehabilitation did not correctly express the nature of these claims. Until mid-1951, Israeli representatives used the term reparations in official statements and correspondence, but since the State of Israel had not existed during the war, the U.S. government, which shared with Britain and France responsibilities in the Allied High Commission for Germany, challenged the underlying assumption.<sup>5</sup> The problem of choosing a suitable expression was due to the fact that the Jewish claims were in a sense revolutionary<sup>6</sup> and as unique as the Holocaust. Finally, the term *Shilumim* was agreed upon. It was Professor Jelinek who reintroduced this term into scholarly language, and it seems to be the most adequate word we have.

On March 12, 1951, the Israeli government sent a note to the four powers which had occupied Germany after World War II and demanded German payments of 1.5 billion dollars for the integration of 500,000 Jewish refugees (three thousand dollars per person). One billion dollars were claimed from the Federal Republic and 500 million from the GDR. The Soviet Union never replied to this note, and the GDR never paid any amount (in 1976 the government of the GDR offered one million dollars, which the Claims Conference

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<sup>3</sup> Isaiah 34:8; cf. Deuteronomy 32:35.

<sup>4</sup> Cf. Yeshayahu A. Jelinek, "Israel und die Anfänge der Shilumim," in Ludolf Herbst and Constantin Goschler, eds., *Wiedergutmachung in der Bundesrepublik Deutschland* (Munich, 1989), 119f.

<sup>5</sup> *Ibid.*

<sup>6</sup> Nahum Goldmann, *Mein Leben als deutscher Jude* (Munich and Vienna, 1980), 359.

rejected as an insult).<sup>7</sup> On the other hand, in November 1952, the Federal Republic of Germany and Israel concluded the Luxembourg Agreements, which were the basis for German payments to Israel in the form of goods and services valued at three billion D-marks delivered over a period of fourteen years. An additional amount of 450 million D-marks was paid to the Conference of Jewish Material Claims Against Germany (Claims Conference), which had been established in 1951 by the major Jewish organizations throughout the world to negotiate agreements with Germany concerning property restitution, individual compensation, and global payments for the benefit of Jewish victims of Nazi persecution.<sup>8</sup>

The Luxembourg Agreements were not the first step in the long and strenuous process of *Wiedergutmachung*. In November 1947, the U.S. Office of Military Government for Germany had issued the first restitution law, and since 1946 compensation laws of the German *Länder* were effective in the American zone of occupation. When the Federal Republic of Germany was founded, these *Länder* laws became federal laws. All these laws were of experimental character and had to be modified and amended frequently because of the uniqueness of the subject matter.<sup>9</sup>

The payments involved in *Wiedergutmachung* turned out to be far higher than anybody had anticipated. The individual restitution of property illegally acquired by the Reich was concluded in the 1960s and required about four billion D-marks.<sup>10</sup> Sixty billion

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<sup>7</sup> Cf. Inge Deutschkron, *Israel und die Deutschen* (Cologne, 1983), 195, and Michael Wolffsohn, "Das deutsch-israelische Wiedergutmachungsabkommen von 1952 im internationalen Zusammenhang," *VfZG* 36 (1988):691–731, esp. 712–20.

<sup>8</sup> Cf. Ronald W. Zweig, *German Reparations and the Jewish World: A History of the Claims Conference* (Boulder and London, 1987), 14ff., and Rolf Theis, *Wiedergutmachung zwischen Moral und Interesse* (Frankfurt am Main, 1989), 97ff.

<sup>9</sup> Walter Schwarz, "Die Wiedergutmachung nationalsozialistischen Unrechts durch die Bundesrepublik Deutschland: Ein Überblick," in Herbst and Goschler, eds., *Wiedergutmachung*, 33–54; Hans Dieter Kreikamp, "Zur Entstehung des Entschädigungsgesetzes der amerikanischen Besatzungszone," *ibid.*, 61–75.

<sup>10</sup> *Die Wiedergutmachung nationalsozialistischen Unrechts durch die Bundesrepublik Deutschland*, ed. by the Bundesministerium der Finanzen in cooperation with Walter Schwarz, 6 vols. (Munich, 1974–1985), esp. vol. 1, *Rückerstattung nach den Gesetzen der Alliierten Mächte* (Munich, 1974), and vol. 2, *Das Bundesrückerstattungsgesetz* (Munich, 1981); *Bericht der Bundesregierung über die Wiedergutmachung und Entschädigung für nationalsozialistisches Unrecht sowie über die Lage der Sinn, Roma und verwandter Gruppen*, Deutscher Bundestag, 10. Wahlperiode, Drucksache 10/6287, Oct. 31, 1986, pp. 9, 22–25; Ludolf Herbst,

D-marks were paid in compensation for loss of life, health, freedom, property, or professional career. Until 1986, the material *Wiedergutmachung* amounted to seventy-seven billion D-marks<sup>11</sup> and, according to federal government estimates, finally a total of 120 billion D-marks will be required (at the present rate of exchange, this is the equivalent of seventy billion dollars).<sup>12</sup> Although these figures are certainly impressive, they cannot obscure the fact that it is impossible to genuinely compensate for persecution, the suffering from state-inflicted injustice, or the damage to health, much less atone for the lives lost.

The Israeli government began negotiations with Germany out of ethical considerations as well as economic necessity. "The Jews have been killed, and the German people continue to enjoy the fruits of the butcheries and plundering of its leaders of yesterday," it argued in the note of March 12, 1951, and this reasoning culminated in the Biblical verse, "Hast thou killed and also taken possession?" The least Germany could do under these circumstances was to pay "damages to the heirs of the victims" and assist in "the reintegration of the survivors."<sup>13</sup>

Economic conditions in Israel were severe in the first few years after the creation of the state, mainly because of large-scale immigration, which resulted in huge balance of payments deficits, unemployment, housing problems, and a lack of foreign currencies. These difficulties were intensified by the hostile environment. World Jewry made contributions of more than 200 million dollars in 1949 and 1950, but Israel's economic problems were far from being solved.<sup>14</sup> In the words of Nahum Goldmau, the chairman of the Claims Conference, "the state was bankrupt and needed money."<sup>15</sup> In September 1950, after attempts to obtain economic assistance from various sources had failed, David Horowitz, director-general of the Israeli Ministry of Finance, realized that Germany was now the only

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"Introduction," in Herbst and Goschler, eds., *Wiedergutmachung*, 27.

<sup>11</sup> *Bericht der Bundesregierung*, 29f.

<sup>12</sup> *Leistungen der öffentlichen Hand auf dem Gebiet der Wiedergutmachung*, Stand: 1. Januar 1990 [Statistik des Bundesministeriums der Finanzen nach Zusammenfassung der Angaben der Länder].

<sup>13</sup> English text of the note quoted from Lily Gardner Feldman, *The Special Relationship Between West Germany and Israel* (Boston, London, and Sydney, 1984), 42; Biblical quote from 1 Kings 21:19.

<sup>14</sup> Cf. Feldman, *Special Relationship*, 49–51.

<sup>15</sup> Interview with Nahum Goldmann in 1975, quoted *ibid.*, 70.

possible source of financial aid. The very idea of direct negotiations with Germany unleashed a bitter, enduring debate and generated violent opposition in Israel; nevertheless, Israeli leaders recognized the economic need for restitution from Germany, and German leaders were aware of its political benefits.<sup>16</sup>

As Lily Gardner Feldman has shown, German and Israeli needs coincided. "Both sides perceived the other as uniquely capable of fulfilling simultaneous need, for only Israel could absolve Germany of past deeds, and only Germany could (and would) rescue Israel's economy."<sup>17</sup> She concluded that "[the] Federal Republic, together with the USA, was the consistent focus in Israel's search for help after 1950. Until 1967 Germany was a more reliable and more generous donor and supporter than even the USA."<sup>18</sup>

The Arab countries protested against the German-Israeli negotiations. The prime minister of Jordan warned that they might adversely affect the century-old friendship between Germany and the Arab nations; Syria announced grave consequences for Germany if any reparations were paid to Israel; and Syria as well as Lebanon demanded a share of all German payments to Israel as compensation for Arab refugees from Palestine.<sup>19</sup>

When the Luxembourg Agreements were signed, these protests turned into a stringent campaign against their ratification. The Arab governments accused the Federal Republic of violating its neutrality in the Arab-Israeli conflict and warned that not only might they boycott firms which participated in the delivery of goods to Israel but also break all economic ties with Germany. Negotiations between German firms and their Arab customers were temporarily disrupted, but a full-fledged boycott never materialized. In the mid-1950s, the Arab governments added another weapon to their arsenal, designed to put political pressure on the Federal Republic, when they threatened to establish diplomatic relations with the GDR.<sup>20</sup>

The essays in this Occasional Paper concentrate to some degree on the German-Jewish negotiations that led to the Luxembourg Agreements in their national as well as international context,

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<sup>16</sup> Cf. *ibid.*, 42–46, 71, 75f.; Goldmann, *Mein Leben*, 379–82.

<sup>17</sup> Gardner Feldman, *Special Relationship*, 75.

<sup>18</sup> *Ibid.*, 81.

<sup>19</sup> Cf. *ibid.*, 78–81, 194–99; Deutschkron, *Israel und die Deutschen*, 66–84, esp. 68.

<sup>20</sup> Cf. Deutschkron, *Israel und die Deutschen*, 70–76.

although the commentators were asked not to limit their observations to these diplomatic activities or the rather narrow time frame of the years 1950 to 1952 but to provide as broad a perspective as feasible from their particular scholarly point of view or professional experience. Thus, we hope to contribute to the debate on what has become, in the light of Germany's unification, once again a highly relevant issue: *Wiedergutmachung* for the victims of Nazi persecution.

**The United States and *Wiedergutmachung*  
for Victims of Nazi Persecution:  
From Leadership to Disengagement\***

*by Constantin Goschler*

The overall political and moral importance of the Luxembourg Agreements between the Federal Republic of Germany and the State of Israel on the one hand and the Jewish Claims Conference on the other has led them to be frequently identified with so-called German *Wiedergutmachung* in general. Both public interest and historical research have focused primarily on these agreements. One should not infer too much, however, from the special case of the Luxembourg Agreements on *Wiedergutmachung* as a whole. This essay will therefore analyze not only the history of these agreements but also the context of the development of German *Wiedergutmachung* in the early 1950s, with occasional reference to the late 1940s.

*Wiedergutmachung*, i.e. reparation, restitution, and indemnification for victims of Nazi persecution, was interwoven in both domestic and external policy. This paper will concentrate particularly on the role of the U.S. administration, the U.S. Office of Military Government, and, later, the U.S. High Commission for Germany and will address the critical question debated since the beginning of the deliberations in Wassenaar: What was the American impact on the Luxembourg Agreements? And, in addition, what did this impact mean for long-term U.S. policy on German *Wiedergutmachung*? The first question is inseparably linked to the German government's attitude, especially to German Chancellor Konrad Adenauer's ambiguous position toward the Wassenaar deliberations.

At the end of the war, the United States was the only one of the Allies with some definite ideas on righting at least some of the wrongs inflicted by the Nazis on Jews and other groups. Since the United States—in contrast to the Soviet Union, Great Britain, and France—had no war damages on its own territory, it could afford to consider measures to aid persecuted people who were not represented by any state. Thus, after the defeat of the Reich, the United States took a leading role in the development of measures to restore part

\*This essay is based on my dissertation on the origins of *Wiedergutmachung*, which will be published in early 1992. I deeply appreciate the help of James Wixson (Boston), Alfred Kloos (Munich), Axel Frohn, and Anne Hope (Washington), who provided invaluable editorial and computer assistance.

of the losses of victims of Nazi persecution. In November 1945, representatives of eighteen allied governments met in Paris to discuss how reparations from Germany should be shared. U.S. delegates pressed for a share for non-repatriable victims of Nazi Germany, most of whom were Jewish.<sup>1</sup> Though they finally succeeded in obtaining a portion of these reparations, the sum was very modest.<sup>2</sup> Moreover, its main purpose was to deal with the refugee problem, not to restore rights of victims of Nazi persecution.

There were wider implications in this treaty for future efforts to get some compensation for Nazi victims, Jewish or otherwise. For the first time, the principle of a collective payment for victims of Nazi persecution was established in accordance with the wishes of Jewish organizations which had already pressed for this kind of payment during the war.<sup>3</sup> Nevertheless, the Paris agreements primarily resulted from the Allies' wish to save money, not from the efforts of Jewish organizations. It was considered more effective to give those modest sums to Jewish welfare organizations rather than to individual non-repatriable victims. Moreover, the Paris reparation deliberations would be the last opportunity for a long time to make demands on Germany as a whole. In the years to come, emphasis would shift to the Allied zones of occupation, which could achieve only a minor degree of coordination.

The United States made additional efforts in its zone of occupation. In the summer of 1946, the U.S. Office of Military Government for Germany (OMGUS) was informed that the State Department felt "it would be helpful to U.S. good will if U.S. zone could soon take leadership in making compensation...for injuries

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<sup>1</sup> See National Archives [NA], Record Group [RG] 43, Lot M 88, box 11; Ronald W. Zweig, *German Reparations and the Jewish World: A History of the Claims Conference* (Boulder and London, 1987), 3f.

<sup>2</sup> Final Act and Annex of the Paris Conference on Reparation, Part I, Art. 8, "Allocation of a Reparation Share to Non-Repatriable Victims of German Action," in *Department of State Bulletin* 14 (Jan. 1946):188f.; "Agreement Pertaining to Reparation Funds for Non-Repatriable Victims of German Action, June 14, 1946," in *Department of State Bulletin* 15 (July–Dec. 1946):71–73; see also Schalom Adler-Rudel, "Aus der Vorzeit der kollektiven Wiedergutmachung," in Hans Tramer, ed., *In Zwei Welten: Siegfried Moses zum 75. Geburtstag* (Tel Aviv, 1962), 214ff.; Nana Sagi, *Wiedergutmachung für Israel: Die deutschen Zahlungen und Leistungen* (Stuttgart, 1981), 38–40.

<sup>3</sup> See Sagi, *Wiedergutmachung für Israel*, 21–34; Adler-Rudel, "Vorzeit der kollektiven Wiedergutmachung," 202ff.; Leon Kubowitzki, *Unity in Dispersion: A History of the World Jewish Congress* (New York, 1948), 221ff.

to personal rights as well as property rights.”<sup>4</sup> The most important result of this policy was Military Law No. 59, which was promulgated by the U.S. Military Government in November 1947<sup>5</sup> to restore any property that had been seized on racial, political, or religious grounds. This law was enacted mainly due to the efforts of the U.S. Military Governor, General Lucius D. Clay, who had to resist strong opposition from other Allied military governments, the Germans, and his own Military Government administration.”<sup>6</sup> The major point of dispute was heirless property, and Clay came to defend this basic principle of restitution<sup>7</sup> partly because of the success of a group of four American Jewish organizations.<sup>8</sup>

Another important precept was the Indemnification Law of the U.S. Zone, promulgated in the summer of 1949 and intended to give financial indemnification to victims of Nazi persecution.<sup>9</sup> Though this law was clearly of German origin, U.S. High Commissioner designate John J. McCloy—who succeeded Clay—was responsible for its enactment. The U.S. Military Government did not intend to approve it, since both the Military Government and the State Department doubted German ability to finance such an obligation. Furthermore, they were apprehensive of a law of such importance being promulgated only in the U.S. Zone shortly before the Federal Republic of Germany was to be founded.<sup>10</sup> In addition,

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<sup>4</sup> Wax Department to OMGUS, July 18, 1946, Archiv des Instituts für Zeitgeschichte [IfZ Archives], MF 260, OMGUS, CAD 3/159–3/19.

<sup>5</sup> Military Government Law No. 59, Nov. 10, 1947, *Military Government Gazette, Germany, U.S. Zone of Control*, Edition G (Nov. 1947):1ff.

<sup>6</sup> See, for example, memo, OMGUS Finance Division, Sept. 12, 1947, IfZ Archives, MF 260, OMGUS, POLAD 768/2.

<sup>7</sup> See, for example, W. C. Haraldson to Riddleberger and Chase, Feb. 10, 1948, *ibid.*, OMGUS, POLAD 793/46.

<sup>8</sup> These organizations were the World Jewish Congress (WJC), the American Joint Distribution Committee (AJDC), the Jewish Agency for Palestine, and the American Jewish Committee (AJC); initially the American Jewish Conference also participated.

<sup>9</sup> This law (*Gesetz zur Wiedergutmachung nationalsozialistischen Unrechts* or *Entschädigungsgesetz*) was promulgated in Bavaria on August 12; in Bremen on August 16; in Hesse on August 10; and in Württemberg-Baden on August 16, 1949. See *Gesetzes- und Verordnungsblatt Bayern* (1949): 195; *Gesetzesblatt der Freien Hansestadt Bremen* (1949): 159; *Gesetzes- und Verordnungsblatt Hessen* (1949): 101; *Regierungsblatt Württemberg-Baden* (1949): 187.

<sup>10</sup> Frederick A. Sturm to Secretary General of the *Länderrat*, June 29, 1949, IfZ Archives, MF 260, OMGUS, AG 1949/10/5.

the British objected very strongly to an indemnification law of this kind.<sup>11</sup> Nevertheless, one of McCloy's first actions after his arrival in Germany was to approve this law. He wished to press the future Federal Republic on this matter and declared in a telegram to the Department of the Army: "Taking action now in U.S. Zone will force consideration by other *Länder* and eventually by Federal Gov[ernment] of this issue."<sup>12</sup>

In sum, the U.S. Military Government and the U.S. administration played a decisive role in the development of these important first steps in favor of the victims of Nazi persecution. Well before the Federal Republic was founded in the summer of 1949, the U.S. government took leadership in this matter to help resolve the vast post-war refugee problem, to facilitate claims by former property holders who later became naturalized Americans, and, of course, to press the Germans to atone for part of their crimes.

The foundation of the Federal Republic of Germany brought on a new era in the field of *Wiedergutmachung*. The U.S. High Commission, which succeeded the Military Government in the summer of 1949, rarely interfered in matters of indemnification, but kept tight control of restitution. McCloy was ordered to finish the restitution program by the end of 1951.<sup>13</sup> He was hampered by strong resistance in German society to the restitution law, since it was regarded as more severe than the laws of the other zones. On various occasions, however, McCloy declared that this restitution program would not be weakened.<sup>14</sup>

Because of great difficulties in implementing this program within the short period ending in 1951, Edward M. Warburg and Nahum

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<sup>11</sup> Kenneth McLean to G. P. Hays, June 20, 1949, *ibid.*

<sup>12</sup> McCloy to Department of the Army, July 20, 1949, *ibid.*

<sup>13</sup> See, for example, C. A. McLain, General Counsel to the Office of the U.S. High Commissioner for Germany, to Executive Secretary, probably November/December 1949, *ibid.*, OMGUS, LD 17/200–2/8.

<sup>14</sup> See HICOG press release, Dec. 12, 1949, NA, RG 59, box 1041; address by McCloy, Stuttgart, Feb. 6, 1950, in Erika J. Fischer and Heinz D. Fischer, eds., *John J. McCloy's Reden zu Deutschland- und Berlinfragen: Publizistische Aktivitäten und Ansprachen des Amerikanischen Hochkommissars für Deutschland 1949–1952* (Berlin, 1986), 67; address by McCloy, Hanover, May 22, 1950, *ibid.*, 89f.; "Minutes of Meeting Held on November 7, 1950, Headquarters Building, Frankfurt, between the U.S. High Commissioner and the Ministers-president of the Four Länder in the U.S. Zone," Washington National Record Center [WNRC], RG 466, McCloy papers, box 21; McCloy to the ministers-president of the four *Länder* in the U.S. Zone, June 11, 1951, in *Bayerischer Landtag, 2. Wahlperiode, 1950–1954, Drucksachen*, Beilage 1138.

Goldmann met McCloy in New York in February 1950 and proposed that the proceeds of restitution from the Jewish Restitution Successor Organization (JRSO) be assigned to the *Länder* of the former U.S. Zone<sup>15</sup> in exchange for the payment of a lump sum.<sup>16</sup> McCloy was very pleased with this idea,<sup>17</sup> probably because it would help him resolve two opposing aims of his policy: speedy implementation of the restitution program on the one hand and stabilization of German domestic and foreign policy on the other. During deliberations with the governments of the four *Länder* of the U.S. Zone, lasting from 1950 to 1952, McCloy gave as much help to these initiatives as he could; he continually pressed the ministers-president to do something about this matter, sometimes treating them like schoolboys who had not properly done their homework.<sup>18</sup> As a result, JRSO received about fifty million D-marks.

The case of JRSO is a yardstick not only for what American pressure on Germany in the field of *Wiedergutmachung* could be at that time, but also for its efficacy. While there is hardly a similar example of such explicit American intervention, the agreements of JRSO with the *Länder* of the former U.S. Zone also demonstrate the limits of U.S. power in this area after the Federal Republic had been founded. The Occupation Statute gave the Allies some control over *Wiedergutmachung*, especially in the implementation of existing Allied restitution laws. Perhaps even more important was the renewed bargaining power which resulted from a new set of restrictions contained in the Occupation Statute.<sup>19</sup> This statute, however, foresaw general relinquishment of Allied control as the Germans affected certain changes. In 1950, the three Allied powers met in London at the International Study Group (ISG) to explore these questions, and in the talks of this group, the ultimate attitude

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<sup>15</sup> I.e. Bavaria, Hesse, Wurttemberg-Baden, and Bremen.

<sup>16</sup> Warburg and Goldmann to McCloy, Mar. 20, 1950, enclosed memo, "The overall settlement of JRSO restitution claims in the American Zone of Germany," WNRC, RG 466, McCloy papers, box 7.

<sup>17</sup> Minutes of meeting with McCloy held on Apr. 10, 1950, *ibid.*, box 12.

<sup>18</sup> McCloy to the ministers-president of the four *Länder* in the U.S. Zone, May 8, 1950, and August 22, 1950, *ibid.* boxes 12 and 18; McCloy to George N. Shuster, July 24, 1951, *ibid.*, box 29; McCloy to Bavarian Minister-president Hans Ehard, July 18, 1952, Bayerisches Hauptstaatsarchiv, Munich, MA 114244.

<sup>19</sup> Occupation Statute, May 12, 1949, *Official Gazette of the Allied High Commission for Germany 1* (Sept. 23, 1949):13–15.

of the three powers in the field of restitution and indemnification for victims of Nazi persecution crystallized. The Allies soon agreed that the restitution laws would be implemented without fundamental change,<sup>20</sup> which was also the goal of those American Jewish organizations that had tried to influence the deliberations.<sup>21</sup>

McCloy and representatives of the State Department, furthermore, wanted the Indemnification Law of the U.S. Zone, under which only German victims of Nazi persecution would receive indemnification, to be extended to the entire Federal Republic.<sup>22</sup> France and Britain, however, insisted on the inclusion of non-German Nazi victims. There was strong pressure from home on this question. The French government wished to include hundreds of thousands of former French forced laborers, French Jews, and other victims, while the British spoke primarily for Polish emigrants and members of the Polish army-in-exile.<sup>23</sup> The United States strongly opposed Franco-British plans to increase German obligations and was concerned that a financially weakened Germany would make the desired German rearmament more difficult.<sup>24</sup> Moreover, the U.S. administration wanted to stop the intervention of American Jewish organizations and other outside parties.<sup>25</sup>

The allied delegations in London were unable to reconcile the French, British, and American views, and it was left to the three foreign ministers to solve the problem. In September 1951, at a

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<sup>20</sup> Holmes (Embassy London) to Dean Acheson, Dec. 12, 1950, NA, RG 59, 396.1-ISG/12-1150.

<sup>21</sup> See, for example, AJC, AJDC, Jewish Agency, and WJC to McCloy, July 31, 1951, *ibid.*, 262.004/8-251; see also documents in YIVO Archives, RG 347, AJC records, GEN-10, boxes 282 and 291.

<sup>22</sup> See, for example, State Department to Embassy London, Aug. 28, 1950, and McCloy to Acheson, Dec. 12, 1950, NA, RG 59, 262.0041/8-2950 and 262.0041/12-850.

<sup>23</sup> Douglas (Embassy London) to Acheson, Aug. 1, 1950, *ibid.*, 396.1-ISG/8-150; Holmes (Embassy London) to Acheson, Sept. 7, 1950, *ibid.*, 396.1-ISG/9-450; Douglas to Acheson, Nov. 11, 1950, *ibid.*, 396.1-ISG/11-1350; Frederick A. O. Schwarz (General Counsel/HICOG) to State Department, Sept. 24, 1950, *ibid.*, 262.0041/9-2453.

<sup>24</sup> Acheson to Embassy London, Dec. 4, 1950, *ibid.*, 396.1-ISG/11-2650; Schwarz to State Department, Nov. 24, 1953, Enclosure C, "Chronological Developments Leading to the Allied-German Agreement set forth in Chapter Four, 'Compensation for German Victims of Nazi Persecution,' of the Settlement Convention," *ibid.*, 262.0041/9-2453.

<sup>25</sup> Acheson to HICOG Bonn, Jan. 24, 1952, *ibid.*, 262.0041/1-2552.

conference in Washington, they formulated a plan based on the U.S. proposal, according to which the

High Commissioners should inform the Federal Chancellor and other appropriate German leaders that, in the view of the three Foreign Ministers, the failure of the Federal Republic thus far to provide any significant measure of compensation to victims of Nazi persecution, including those resident abroad, constitutes a major obstacle to the acceptance of the German people by the free peoples of the world as equal partners in their activities.<sup>26</sup>

The plan made clear, however, that the Allied governments would not force explicit obligations on Germany, as Britain and France would have preferred. Thus, U.S. diplomacy had achieved its original aim: a strong moral obligation, but one without explicit demands concerning indemnification for the victims of Nazi persecution.

This was the situation in 1951, when Israel began its efforts to obtain reparations from Germany. This was a significant change, and the formerly exclusive predominance of American Jewish organizations in representing Jewish interests in matters of restitution and indemnification came to an end—in fact, these organizations were irritated when Israel made its own demands. In the summer of 1949, representatives of the United Restitution Organization were already troubled by rumors that the State of Israel intended to claim restitution of destroyed, seized, or heirless properties; they feared that this would lead to competition among the various Jewish groups seeking reparations from Germany.<sup>27</sup>

Since the beginning of the 1950s, Israel—driven by enormous economic problems—made several attempts to get payments from Germany on behalf of formerly persecuted Jews. Direct contacts with Germany were, however, severely hampered by the fact that they aroused furious protests inside Israel. Largely for this reason, the Israeli government presented two notes to the four Allied powers in the early months of 1951. The second note, dated March 12, 1951, is the more interesting in this context. Israel demanded reparations from Germany for the losses of the Jewish people and for the costs

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<sup>26</sup> Decisions of the Three Foreign Ministers, Washington, Sept. 13, 1951, quoted from aide-mémoire, Geoffrey W. Lewis (State Department) to Mr. Ruffin (French Embassy), Oct. 13, 1953, *ibid.*, 262.0041, box 1043; see also "Draft Instructions From the Three Foreign Ministers to the AHC," in *FRUS 1951*, vol. 3, part 1, *European Security and the German Question* (Washington, 1981), 1205.

<sup>27</sup> United Restitution Organization (URO)/Hanover to URO/London, June 7, 1949, Archives of the Leo Baeck Institute [LBI Archives], Council of Jews from Germany, AR 5890/16.

resulting from the integration of 500,000 immigrants into Israeli society from countries which had been occupied by Germany during the war. Israel calculated these costs at three thousand dollars per person, and therefore claimed a total of 1.5 billion dollars.<sup>28</sup>

While the Soviet Union did not answer this note, as it had the first, the aforementioned International Study Group of the western Allies discussed it in London. The group agreed that the Israeli government's claim was dubious under international law, and that the demand resulted from the unsatisfactory share of reparations earmarked for Israel in the Paris reparation agreement. They also noted that all states concerned would receive only a fraction of their actual losses. The delegates pointed to extensive Allied measures in the fields of restitution and indemnification, as well as reparations for non-repatriable refugees, and stated that further steps would be possible only within the framework of a peace treaty.<sup>29</sup>

The western Allies did not differentiate between Israel's and their own reparation claims (at that time the expression reparation was used both by the Allies and by Israel). As has already been mentioned, the United States urged Great Britain and France to set aside plans to expand the scope of indemnification for victims of Nazi persecution. In this light, it is not surprising that the Allies were not ready to support the Israeli demand; in their coordinated replies of May 5, the western Allies declared that they were unable to impose new reparation payments on Germany.<sup>30</sup> Consequently, the Israeli government had to approach Germany directly. To ease that step, the Allied notes were kept secret from the West German government.<sup>31</sup>

Jewish organizations in the United States were initially very critical of these Israeli efforts. The American Jewish Committee spoke for many critics of the second Israeli note, which contained the reparation claim, when it stated that the document offered

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<sup>28</sup> For the Israeli note to the Four Occupying Powers concerning reparations of March 12, 1951, see *Documents Relating to the Agreement between the Government of Israel and the Government of the Federal Republic of Germany (Signed on September 10, 1952 at Luxembourg)*, ed. by the State of Israel, Ministry of Foreign Affairs (n.p., 1953), 20–24.

<sup>29</sup> Gifford (Embassy London) to Acheson, Apr. 19, NA, RG 59, 396.1–ISG/4–1951.

<sup>30</sup> Acheson to Eban, July 5, 1951, in *FRUS 1951*, vol. 5, *The Near East and Africa* (Washington, 1982), 748–52; for the British and French replies to Israel of July 5, 1951, see *Documents Relating to the Agreement*, 36f., and 39–41.

<sup>31</sup> Acheson to Israeli Embassy in Washington, *FRUS 1951*, 5:742.

"many openings for critical attack" that might "seriously affect the issue itself."<sup>32</sup> Furthermore, the Committee feared that the Israeli claim would jeopardize efforts to complete the restitution program. At that time, American Jewish organizations preferred to concentrate on completing existing programs rather than creating incalculable risks with new demands.

In the spring of 1951 Nahum Goldmann, President of the Jewish Agency, discussed with the Israeli government how tasks should be divided between Israel and the American Jewish organizations. It was agreed that the Israeli government should restrict its activities to reparations and would not speak for all Jews, but only for those who had found refuge within Israel's boundaries.<sup>33</sup> Based on this agreement, the American Jewish organizations supported the Israeli reparation claim.<sup>34</sup> In the summer of 1951, Goldmann began to organize a coalition of Jewish organizations from all over the world.<sup>35</sup> At that time, at McCloy's request, the use of the expression "reparations" in this context was dropped.<sup>36</sup>

It is clear that initially neither the United States nor the American Jewish organizations reacted very favorably to the Israeli notes. The Allied reaction stemmed from the incompatibility of the Israeli demands with the planned withdrawal from responsibility for matters of indemnification and reparation. The Jewish organizations naturally had different concerns: they feared that the Israeli claim would jeopardize their exclusive position. Furthermore, Israeli reparation claims competed with the structures of *Wiedergutmachung*, which aimed at individual indemnification and restitution.

Surprisingly enough, the first reactions from the Federal Republic seemed to be favorable. After preliminary contacts, particularly encouraged by Adenauer intimate Herbert Blankenhorn,

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<sup>32</sup> American Jewish Committee, "Comments on the Note Addressed on March 12, 1951, by the Government of Israel to the United States, Great Britain, France, and the Soviet Union," probably late March 1951, YIVO Archives, RG 347, AJC records, GEN-10, box 282.

<sup>33</sup> Notes on the meeting of the four organizations (Jewish Agency, AJDC, AJC, WJC) on March 28, 1951, *ibid.*, box 291.

<sup>34</sup> Simon Segal (AJC) to John Slawson (AJC), May 8, 1951, report of meeting at the Jewish Agency on April 26, 1951, *ibid.*, box 282; Jacob Blaustein to Acheson, June 5, 1951, *ibid.*

<sup>35</sup> See Nahum Goldmann, *Staatsmann ohne Staat. Autobiographie* (Cologne and Berlin, 1970), 313f.

<sup>36</sup> Blaustein to Eban, July 23, 1951, YIVO Archives, RG 347, AJC records, GEN-10, box 282.

the Chancellor himself sought a chance to speak with the Israeli government.<sup>37</sup> On April 19, 1951, he met in Paris with David Horowitz of the Israeli Treasury and the Israeli Ambassador, Maurice Fischer.<sup>38</sup> Before official talks between Germany and Israel could begin, however, the Israelis expected Adenauer to declare publicly that the new democratic Germany would assume responsibility for the crimes of the Nazis and invite Israel and the Jewish organizations to begin deliberations.<sup>39</sup> McCloy, together with some groups in German society, endorsed the Israeli point of view.<sup>40</sup> German and Israeli representatives discussed the text of the declaration for months, with the American Jewish organizations and the U.S. High Commission also participating.<sup>41</sup> Finally, on September 27, 1951,

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<sup>37</sup> Notes on the meeting of the four organizations on March 28, 1951, *ibid.*, box 291; Segal to Slawson, May 8, 1951, *ibid.*, box 282; see also Willy Albrecht, "Ein Wegbereiter: Jakob Altmaier und das Luxemburger Abkommen," in Ludolf Herbst and Constantin Goschler, eds., *Wiedergutmachung in der Bundesrepublik Deutschland* (Munich, 1989), 208; Yeshayahu A. Jelinek, "Political Acumen, Altruism, Foreign Pressure or Moral Debt: Konrad Adenauer and the 'Shilumim,'" in *Tel Aviver Jahrbuch für deutsche Geschichte* 19 (1990):85f.

<sup>38</sup> Felix E. Shinnar, *Bericht eines Beauftragten: Die deutsch-israelischen Beziehungen 1951–1966* (Tübingen, 1967), 219; Moshe Keren, report on a meeting with Byroade and Baker on June 29, 1951, WNRC, RG 466, McCloy papers, box 28; Acheson to Embassy London, July 3, 1952, in *FRUS 1951*, 5:742. See also Michael Brecher, *Decisions in Israel's Foreign Policy* (London etc., 1974), 78, and Lily Gardner Feldman, *The Special Relationship between West Germany and Israel* (London and Sydney, 1984), 55. Based on statements by Horowitz, both authors argue that in fact the U.S. government arranged the Paris meeting. Records on Horowitz' talks with State Department officials, however, show that these officials' inclination toward the Israeli cause was rather limited. See, for example, memo of conversation, Abba Eban, Horowitz, Byroade, and Kiefer, Apr. 10, 1951, in *FRUS 1951*, 5:630f., and Acheson's telegram of April 12, 1951, in which he informed the London Embassy that "Byroade expressed sympathy for logic of Israeli position, stated claim would be getting serious consideration but [was] otherwise non-committal." NA, RG 59, 396.1–ISG/4–1151.

<sup>39</sup> Nahum Goldmann, *Mein Leben als deutscher Jude* (Munich and Vienna, 1980), 378f.

<sup>40</sup> Jacob Blaustein to John J. McCloy, Aug. 24, 1965, AJC Archives, JSX, Subject Restitution 65–6; see also Rudolf Huhn, "Die Wiedergutmachungsverhandlungen in Wassenaar," in Herbst and Goschler, eds., *Wiedergutmachung in der Bundesrepublik Deutschland*, 140; Albrecht, "Ein Wegbereiter," 210f.

<sup>41</sup> Herbert Blankenhorn, *Verständnis und Verständigung: Blätter eines politischen Tagebuchs 1949–1979* (Frankfurt am Main etc., 1980), 139; Blankenhorn diary, Apr. 4, 1950, Bundesarchiv [BA], Nachlaß [NL] Blankenhorn, 351/3; Gerhard Lewy to Blankenhorn, July 10, 1951, Politisches Archiv

Adenauer solemnly declared before the *Bundestag* that the federal government was willing to explore *Wiedergutmachung* with Jewish organizations and the State of Israel.<sup>42</sup>

As McCloy wrote to Jacob Blaustein, the problem at this point was getting the federal government to put into effect the principles of the declaration which the *Bundestag* had accepted.<sup>43</sup> For this reason, the Jewish Conference on Material Claims Against Germany was founded at the Waldorf Astoria Hotel in New York some weeks later. On October 26, the new Claims Conference passed a resolution supporting the Israeli collective claim. The resolution also required that all other Jewish claims against Germany be satisfied; for example, those resulting from existing restitution and indemnification laws. In addition, it called for immediate steps to improve and extend existing indemnification and restitution legislation. Thus, the Claims Conference avoided mere endorsement of the Israeli claim.<sup>44</sup>

A comparison of the American and German reactions to the demands of the Claims Conference shows significant differences. The State Department, whose support Goldmann had requested, would have liked the German government to make a generous offer; however, it anticipated the necessity of long-term U.S. financial aid to Germany. It was also aware of the additional burden of defense expenditures on the German budget in the near future. Geoffrey W Lewis of the German Division declared that it was out of the question to order McCloy to influence the amount of German payments or to press Adenauer to speed deliberations with the Jewish organizations. All the Israeli government and the Claims Conference could expect from the United States at this time was a degree of good will,<sup>45</sup> particularly from McCloy.

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des Auswärtigen Amtes [PA AA], II 244–13, Bd. 1; Oral Memoir of Benjamin J. Buttenwieser, June 1, 1977, William E. Wiener Oral History Library of the American Jewish Committee [Wiener OHL]; Kai von Jena, "Versöhnung mit Israel? Die deutsch-israelischen Verhandlungen bis zum Wiedergutmachungsabkommen von 1952," in *VfZG* 34 (1986):463f.

<sup>42</sup>*Verhandlungen des Deutschen Bundestages, I. Wahlperiode 1951, Stenographische Berichte*, vol. 9 (Bonn, 1951), 6697f. (165th meeting, Sept. 27, 1951).

<sup>43</sup> McCloy to Secretary of State (for Blaustein), Oct. 2, 1951, WNRC, RG 466, McCloy papers, box 32.

<sup>44</sup> Resolution of the Conference on Jewish Material Claims Against Germany, New York, N.Y., Oct. 10, 1951, in *Documents Relating to the Agreement*, 46; see also Zweig, *German Reparations and the Jewish World*, 15–18.

<sup>45</sup> Lewis to Webb, Nov. 11, 1951, NA, RG 59, 262.0041/11–651.

In contrast, Goldmann's often-described meeting with Adenauer at the Claridge Hotel in London on December 6, 1951, resulted in what was probably the most decisive breakthrough yet. Adenauer showed his readiness to begin deliberations with Israel and the Claims Conference and promised reparations to Israel in the form of goods. Furthermore, without consulting his cabinet, and to the complete surprise of all participants, Adenauer accepted the Israeli note of March 12 as a basis for negotiations. Later developments showed that Adenauer was not fully aware of the financial consequences of this promise, which he had recorded in a letter to Goldmann.<sup>46</sup> The results of the meeting in London formed the basis of the following German-Israeli-Jewish talks.

In Israel, after a dramatic session accompanied by violent demonstrations, the Knesset decided on January 9, 1952, to accept Adenauer's offer for talks on reparations. On this basis, the Israeli government and the Claims Conference coordinated their aims: Israel demanded a collective payment of one billion dollars, and the Claims Conference decided upon a claim of 500 million dollars; in addition, the Claims Conference called for several improvements in German restitution and indemnification legislation.<sup>47</sup> When Adenauer and Goldmann met again in London on February 17, they decided to begin talks one month later at Wassenaar, a small city in the Netherlands.<sup>48</sup>

At that time, the hesitant American attitude gradually gave way to a more supportive position. On January 24, 1952, Secretary of State Dean Acheson wrote the Israeli government: "The United States will await with sympathetic interest the outcome of the negotiations."<sup>49</sup> This meant that, while the United States would not participate directly in the German-Israeli-Jewish talks, it supported an outcome favorable to both sides, but without assuming direct responsibility. Thus "friendly interventions" on behalf of the Israeli-

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<sup>46</sup> Goldmann, *Mein Leben als deutscher Jude*, 382–87; Konrad Adenauer, *Erinnerungen*, vol. 3, 1953–1955 (Stuttgart, 1966), 137–39; for the letter, see *Adenauer: Briefe*, Rhöndorfer Ausgabe, ed. by Rudolf Morsey and Hans-Peter Schwarz, vol. 4, 1951–1953 (Berlin, 1987), 150.

<sup>47</sup> See Sagi, *Wiedergutmachung für Israel*, 88–98; Zweig, *German Reparations and the Jewish World*, 57f.

<sup>48</sup> "Aufzeichnung von Alexander Böker aus London," Feb. 17, 1952, PA AA, II 244–13, Bd. 1.

<sup>49</sup> Note of the United States to Israel, Jan. 10, 1952, in *Documents Relating to the Agreement*, 47–50.

Jewish cause would be possible without jeopardizing the desired shift of responsibility in matters of *Wiedergutmachung* to the German side.

The attitude of the U.S. administration also played an important role in developing the strategy of the Claims Conference. Senior Vice President Jacob Blaustein relied primarily on his excellent contacts in the Truman administration, including the President, and preferred the American government to determine the amount Germany would pay. However, Claims Conference President Nahum Goldmann resisted, later telling an interviewer: "Over my dead body. I'll get much more than the State Department would ever suggest." Goldmann relied principally on his close personal relations with Adenauer, on his own proficiency in German, and his ability to engage Adenauer in conversations "on Goethe and on Bach, and God knows."<sup>50</sup> Clearly he did not expect much support from the United States; he did not even urge McCloy to advance certain Jewish claims or name amounts. Instead, he asked McCloy to support the general principles underlying the demands of the Claims Conference.<sup>51</sup>

The Wassenaar talks finally began on March 21, 1952. According to German strategy, only Jewish and Israeli claims were to be heard in the first round. Only after the obligations resulting from the London Debt Conference were known would the actual amount of the German payments be discussed in a second round.<sup>52</sup> (The London Debt Conference dealt with the German pre- and postwar commercial debts and took place at the same time as the Wassenaar talks). The Israeli delegation was not quite ready to accept this and demanded a definite German offer before the end of the first round.<sup>53</sup> This caused a crisis which interrupted the conference from

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<sup>50</sup> Interview with Nahum Goldmann, Nov. 24, 1971, Wiener OHL.

<sup>51</sup> Zachariah Shuster to John Slawson, Dec. 10, 1951 (report on Goldmann's conversation with McCloy on December 7, 1951), YIVO Archives, RG 347, AJC records, GEN-10, box 275.

<sup>52</sup> See also the declaration of the German delegation at the opening of the deliberations in Wassenaar on March 21, 1952, in *Documents Relating to the Agreement*, 79.

<sup>53</sup> Küster diary, Mar. 27, 28, and Apr. 3, 1952, Archiv für Christlich-Demokratische Politik [ACDP], NL Küster, (I-084-001 A); Böhm's report on the deliberations with Israel, Apr. 1, 1952, BA, NL Blankenhorn, 351/17.

April 7 to June 24, since the Germans insisted on waiting for the outcome of the London talks.<sup>54</sup>

McCloy had intervened with Adenauer on behalf of Dean Acheson shortly before the Wassenaar talks went into recess.<sup>55</sup> The Secretary of State had strongly urged a compromise tolerable to both sides. At the same time, he empathized with German financial considerations, which he shared to some degree. He had advised McCloy: "Ger[man]s sh[ou]ld recognize unfortunate repercussions which w[ou]ld ensue if they now appear to have been insincere in their offer to negotiate. U[nited] S[tates] sh[ou]ld not of course attempt tell Ger[man]s what sh[ou]ld be magnitude or type of their offer to Israeli and Jewish org[anization]s."<sup>56</sup> Again it appears that the United States greatly wished for the success of the negotiations but believed that the dilemma between economic and moral necessity should be solved by the Germans themselves.<sup>57</sup>

Adenauer's reaction to McCloy's approach demonstrates his perception of the ambiguity of the American intervention. The Chancellor reported to the heads of the German delegation that the United States was obviously concerned about the possible fall of the Israeli government should the Wassenaar talks show no positive results. He concluded, however, that if the United States had such a strong interest in a successful outcome, it should help the Germans,<sup>58</sup> or, in other words, finance the agreement. This idea was repeatedly broached with the United States, but certainly without success.

For his part, Jacob Blaustein tried to use his personal relations with President Truman to foster the Jewish cause. Blaustein asked Truman to declare his personal interest in the success of the Wassenaar talks during one of his upcoming press conferences.

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<sup>54</sup> See Sagi, *Wiedergutmachung für Israel*, 108–35; Yeshayahu A. Jelinek, "Die Krise der Shilumim/Wiedergutmachungsverhandlungen im Sommer 1952," in *VJZG* 38 (1990):113–39.

<sup>55</sup> Minutes of Adenauer's meeting with the Allied High Commissioners on April 4, 1952, in *Adenauer und die Hohen Kommissare 1952*, ed. by Hans-Peter Schwarz in connection with Reiner Pommerin (Munich, 1990), 37.

<sup>56</sup> Acheson to McCloy, Apr. 4, 1952, in *FRUS 1952–1954*, vol. 9, part 1, *The Near and Middle East* (Washington, 1986), 913f.

<sup>57</sup> Acheson to McCloy, Apr. 22, 1952, *ibid.*, 919f.

<sup>58</sup> Minutes of Adenauer's meeting with Böhm, Küster, and others on Apr. 5, 1952, BA, NL Blankenhorn, 351/17.

Though Truman was so inclined, he asked Acheson for advice;<sup>59</sup> the Secretary of State, however, warned him against making such a public statement, fearing that German hopes for financial aid would be encouraged. Acheson instead proposed that McCloy should personally remind Adenauer of the continued interest of the United States in a successful outcome of the Wassenaar talks.<sup>60</sup> This was what happened in the end.<sup>61</sup>

Goldmann, who until then had deliberately not participated personally in the negotiations, tried to end the impasse through a meeting with Adenauer. According to Goldmann, Jewish claims in Wassenaar should have had precedence over the commercial claims discussed in London.<sup>62</sup> Adenauer, however, understanding the close link between economic and moral aspects of the German recovery, was hoping for success both in Wassenaar and London. The Chancellor declared to Joseph Abs, the banker who headed the German delegation in London: "I believe if we succeed in reconciling with the Jews or least their leading men, we can count much more on economic aid than if harsh differences should continue."<sup>63</sup>

Within the federal government, however, a strong opposition existed to the Israeli and Jewish claims. Its spokesmen were Joseph Abs and *Finanzminister* Fritz Schäffer, whose resistance was primarily based on financial concerns. Abs managed to get approval from Adenauer for a counterproposal whereby Germany would offer 100 million D-marks instead of the one billion dollars claimed.<sup>64</sup> When Abs presented this offer to the Israeli representatives Felix Shinnar and Moshe Keren in London, they strongly rejected it.<sup>65</sup> So did the

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<sup>59</sup> Blaustein to Truman, Apr. 11 and 18, 1952, YIVO Archives, RG 347, AJC records, GEN-10, box 276; Truman to Blaustein, Apr. 30, 1952, *ibid.*

<sup>60</sup> Acheson to Truman, Apr. 22, 1952, in *FRUS 1952-1954*, 9,1:917-19.

<sup>61</sup> Acheson to McCloy, Apr. 22, 1952, *ibid.* 919.

<sup>62</sup> Memo of conversation between Adenauer and Goldmann on *Wiedergutmachung* on April 19, 1952, BA, NL Blankenhorn, 351/11; see also Goldmann, *Mein Leben als deutscher Jude*, 392.

<sup>63</sup> Adenauer to Abs, Apr. 8, 1952, in *Adenauer: Briefe*, 4:198f.

<sup>64</sup> Minutes of 220th cabinet meeting, May 16, 1952, in *Die Kabinettsprotokolle der Bundesregierung*, ed. by the Bundesarchiv, vol. 5, 1952 (Boppard, 1989), 327ff.; notes on cabinet meeting of May 16, 1952, by Hans-Christoph Seebohm, BA, NL Seebohm, 178/7b.

<sup>65</sup> See Abs' and Wolff's notes on their discussion with Keren and Shinnar on Apr. 19, 1952, BA, NL Blankenhorn, 351/16; Shinnar, *Bericht eines Beauftragten*, 40f.

leaders of the German delegation in Wassenaar, Otto Küster and Franz Böhm, who resigned in protest.<sup>66</sup>

Adenauer, impressed by numerous interventions,<sup>67</sup> now recognized the seriousness of the situation. A few days later, he agreed to an idea presented by Franz Böhm, who tried to reconcile the German and Israeli standpoints.<sup>68</sup> It was based on a total of three billion D-marks for Israel, to be paid in the form of goods delivered over a period of eight to twelve years. When Böhm explained his plan some days later to representatives of the Claims Conference and the Israeli delegation, Goldmann agreed that these were reasonable offers.<sup>69</sup> Nevertheless, no binding German commitment yet existed in this matter.

At this point, Acheson decided on the most far-reaching intervention to date. When he met Adenauer in Bonn on May 25 at the signing of the Convention on Relations Between the Three Powers and the Federal Republic and the European Defense Community Treaty, he made it perfectly clear that the United States was interested in a solution to German-Israeli deliberations which would be "satisfactory to both sides." Acheson was especially upset about reports that the Germans were waiting for U.S. aid to finance such an agreement.<sup>70</sup>

This intervention was not without results. On June 10, the final decision was made in Adenauer's presence during a meeting of the heads of the German and Jewish delegations.<sup>71</sup> The Chancellor subsequently overrode strong resistance, posed mainly by Schäffer,

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<sup>66</sup> Küster diary, Mar. 7–20, 1952, AADP, NL Küster, (I-084-001 A); Franz Böhm, "Das deutsch-israelische Abkommen 1952," in Dieter Blumenwitz *et al.*, eds. *Konrad Adenauer und seine Zeit: Politik und Persönlichkeit des ersten Bundeskanzlers*, vol. 2, *Beiträge von Weg- und Zeitgenossen* (Stuttgart, 1976), 459.

<sup>67</sup> See Adenauer, *Erinnerungen*, 3:145; Jelinek, "Krise der Shilumim/ Wiedergutmachungsverhandlungen," 130–32.

<sup>68</sup> See Adenauer's report at the special cabinet meeting on May 23, 1952, in *Kabinettsprotokolle*, 5:353f.; Böhm, "Das deutsch-israelische Abkommen," 460f.

<sup>69</sup> Goldmann, *Mein Leben als deutscher Jude*, 397.

<sup>70</sup> McCloy to State Department, May 25, 1952, in *FRUS 1952–1954*, 9,1:938.

<sup>71</sup> Minutes of meeting of Goldmann, Shinnar, Adenauer, Hallstein, Böhm, Frowein, and Abs on June 10, 1952, PA AA, II 244–13, Bd. 2; Goldmann, *Mein Leben als deutscher Jude*, 398–403; Böhm, "Das deutsch-israelische Abkommen," 462–64; Shinnar, *Bericht eines Beauftragten*, 46–48.

who protested that no money was available for such purposes.<sup>72</sup> Adenauer, however, stressed

the paramount importance of the matter for the relationship to the entire Western world, especially to the United States. A breakdown of deliberations with Israel would give rise to the gravest political and economic dangers to the Federal Republic; therefore even considerable financial sacrifices must be accepted to reach a settlement with Israel.<sup>73</sup>

Thus, on June 24, it was possible to recommence the deliberations in Wassenaar. While the Israeli claims were recognized, at least in principle, the issues of the Claims Conference were more critical in the second round: the same opponents and the same arguments. *Finanzminister* Schäffer was opposed to the amounts claimed, because he was convinced that they exceeded Germany's capability.<sup>74</sup> The financial concerns of the German opponents to these agreements should not be easily dismissed. Annual payments of 200 million D-marks were not a petty matter, since at that time the entire budget of the Federal Republic was not more than twenty billion D-marks per year. On the German side, there were two competing ways of looking at the matter. On the one hand, Schäffer was the archetype of a fiscal conservatism that tried to balance income and expenses. On the other hand, *Wirtschaftsminister* Ludwig Erhard, the so-called "Father of the German Economic Miracle," had a more "dynamic" view. In April 1952, he had written Adenauer that

we will slight ourselves if we don't trust in economic expansion...In a more dynamic evaluation of developments, especially considering the political aspects, probably a more generous acknowledgement of debt would better serve the German interests, namely to make Germany more credit worthy or possibly even to reconcile Jews all over the world with the German past.<sup>75</sup>

Once again, Adenauer, backed by encouraging remarks from *Wirtschaftsminister* Erhard and High Commissioner McCloy,<sup>76</sup> overrode the resistance in the German cabinet. He pointed to the strong interest of the United States and to the "great economic

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<sup>72</sup> Minutes of 228th cabinet meeting, June 17, 1952, in *Kabinettsprotokolle*, 5:395–98; see also Schäffer to Spieler, June 16, 1952, BA, NL Schäffer, 168/33.

<sup>73</sup> Minutes of 228th cabinet meeting, June 17, 1952, in *Kabinemprotokolle*, 5:398.

<sup>74</sup> Minutes of 234th cabinet meeting, July 11, 1952, *ibid.*, 5:452.

<sup>75</sup> Erhard to Adenauer, Apr. 16, 1952, BA, NL Blankenhorn, 351/11.

<sup>76</sup> McCloy to Adenauer, *ibid.*, 351/16.

importance of the Jews" throughout the world. It is difficult to say whether the German government was more impressed by the real power of the United States or by the putative power of world Jewry.

Before the agreements could be signed, external disruptions had to be eliminated. The Arab countries protested strongly at the news of planned German deliveries to their enemy,<sup>77</sup> and they received a favorable response from some German opponents of the agreements, notably from Fritz Schäffer. In accordance with Adenauer's urgent request, the State Department issued a statement designed to strengthen the Chancellor, who wanted the agreements to be signed.<sup>78</sup> Acheson consented to Adenauer's making a "statement to [the] effect [that the] U.S. is willing to use its good offices to try to abate Arab pressure and to endeavor to persuade at least some of the Arab states to abandon their threats."<sup>79</sup> With this backing, Adenauer was once more able to override strong resistance in his own cabinet and thereby pave the way for the agreements to be signed.<sup>80</sup>

On September 10, 1952, Adenauer, Israeli Secretary of State Moshe Sharett, and Goldmann signed the agreements in Luxembourg. In addition to the treaty with Israel, which provided for a total payment of three billion D-marks, there were two agreements with the Claims Conference. Protocol No. 1 provided for improvement in the existing German indemnification and restitution laws, and Protocol No. 2 provided for a total payment of 450 million D-marks to the Claims Conference.<sup>81</sup>

Arab protests continued to cause much concern. Adenauer again requested United States support to prevent an Arab boycott of German goods; however, U.S. diplomats did not take these protests very seriously. The American Chargé d'Affaires in Lebanon, Lobenstine, showed some foresight when he cabled to the State Department:

While threat of boycott may be carried out even if only on a token or temporary basis, Embassy's opinion is that there is so much latent pro-

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<sup>77</sup> Minutes of 245th cabinet meeting, Sept. 8, 1952, in *Kabinettsprotokolle*, 5:549; PA AA, II 244–13, Bde. 4 and 5; memo, delegation of the Arab states Egypt, Iraq, Yemen, Jordan, Lebanon, Saudi Arabia, and Syria to the government of the Federal Republic of Germany, Oct. 31, 1952, BA, B 126/51545.

<sup>78</sup> Donnelly to State Department, Sept. 6, 1952, in *FRUS 1952–1954*, 9,1:991.

<sup>79</sup> Acheson to Donnelly, Sept. 6, 1952, *ibid.*, 992.

<sup>80</sup> Minutes of 245th cabinet meeting, Sept. 8, 1952, in *Kabinettsprotokolle*, 5:549, 551f.

<sup>81</sup> See *Documents Relating to the Agreement*, 125–68.

German sympathy in Arab world (on [the] basis [that the] enemy of their enemy is their friend) that German interest will not in [the] long run suffer irreparably because of agreement particularly while [the] US is such a convenient whipping boy.<sup>82</sup>

Finally, on March 18, 1953, the German *Bundestag* ratified the agreements. Only the opposition Social Democratic party voted for them unanimously.<sup>83</sup> Adenauer could not get enough votes from his own coalition for an acceptance of the agreements, which were of considerable importance to him. Their ratification was a necessary endorsement in view of his forthcoming visit to the United States.<sup>84</sup>

In conclusion, at the time the Israeli reparation claim was brought before the four Allied powers, the United States was mainly interested in retreating from the direct responsibility for matters of *Wiedergutmachung* they had previously exerted. Since the beginning of the 1950s, U.S. foreign policy wanted to impose a strong moral obligation on Germany but made no explicit demands. This was also true for U.S. High Commissioner John J. McCloy, whose actions were of considerable importance for the whole matter of *Wiedergutmachung*. For example, when McCloy supported the efforts of the Jewish Restitution Successor Organization (JRSO) to reach an overall settlement with the *Länder* of the U.S. Zone, he repeatedly exerted strong and direct pressure on the German governments concerned to speed up and complete the restitution program, since it was already stirring up German society and thus impeding the desired stabilization. When fostering the Israeli Jewish claims, which meant new financial burdens for Germany, McCloy emphasized the moral obligation of the Federal Republic to act on this matter.

There were many reasons for Adenauer's decision to enter into deliberations with Israel and world Jewry—personal convictions, pressure from inside and outside Germany, and not least political pragmatism. Apparently, however, the willingness to make the Israeli reparation claim the basis for future talks was Adenauer's own decision and did not result from American or other foreign pressures. The role of Adenauer's original motives has often been debated,

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<sup>82</sup> Lobenstine to State Department, Sept. 30, 1952, in *FRUS 1952–1954*, 9,1:1014.

<sup>83</sup> *Verhandlungen des Deutschen Bundetages*, vol. 15 (Bonn, 1953), 12362–66 (255th meeting, March 18, 1953).

<sup>84</sup> Minutes of 275th cabinet meeting, Feb. 13, 1953, in *Kabinettsprotokolle*, vol. 6, 1953 (Boppard, 1989), 171f.

mostly focusing on the part of morality, but has never been resolved.<sup>85</sup> Yet morality is rarely a sufficient explanation for political decision-making, and certainly not in this case. Adenauer was Chancellor of a defeated nation, not a saint.

Consideration of Germany's total obligations, including those of future rearmament and the German government's refusal to fulfill Franco-British wishes to extend the scope of German indemnification to their nationals, initially made it impossible for the United States to promote the Israeli reparation claim other than by noncommittal "moral support." Adenauer's acceptance of direct talks with Israel and representative Jewish organizations, however, altered the picture. After this became an avowedly German-Jewish-Israeli matter without direct American participation, the United States actively supported the success of the Wassenaar deliberations. Thus, Adenauer's decision to commence negotiations with Israel and the Jewish organizations was a necessary prerequisite for a stronger American involvement.

During the Wassenaar talks, the United States repeatedly showed a strong interest in their "successful outcome." According to McCloy, his influence and pressure on Adenauer to hold firmly to the initially broad, generous principles had been an important factor in their success.<sup>86</sup> This was indeed necessary because Adenauer did not always act in accordance with the promises he had made to Goldmann on December 6, 1951. As has been shown, the Chancellor repeatedly hesitated in critical situations. After Adenauer had created great expectations in his declaration before the *Bundestag* and in his London talk with Goldmann, any unfavorable outcome would have been seen as a break of his promises and could have severely handicapped not only the Federal Republic's integration into the community of free nations, but also its representation as a new democratic Germany. Although the Luxembourg Agreements were not an *entre-billet* for the Federal Republic to its integration with the West, a failure of the Wassenaar talks would have disturbed this process and was not in the interest of either West Germany or the United States.

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<sup>85</sup> On this debate see, for example, Jelinek, "Political Acumen, Altruism, Foreign Pressure or Moral Debt," 77–102; Huhn, "Die Wiedergutmachungsverhandlungen in Wasseraar," 139–60; Michael Wolffsohn, "Globalentschädigung für Israel und die Juden? Adenauer und die Opposition in der Bundesregierung," in Herbst and Goschler, eds., *Wiedergutmachung in der Bundesrepublik Deutschland*, 161–90.

<sup>86</sup> Interview with McCloy, Feb. 23, 1952, Wiener OHL

At the same time, the United States stood demonstrably aloof from the actual details of the agreement and the amounts involved. Goldmann, for one, was not unhappy about that. He later reported that after the agreements were signed he visited Henry A. Byroade, the head of the German Division at the State Department, and asked him: “Now that I’ve got it signed—eight hundred twenty-three million—suppose I would have come to you, what would you have suggested?...He says, ‘...I would have said two hundred, two hundred fifty million dollars is enough.’”<sup>87</sup> Under these circumstances the “moral support” given by the United States was probably of greater value for the Israeli-Jewish cause than any direct U.S. participation would have been.

These conclusions on the nature of American interest in the issues of *Wiedergutmachung* are supported by later events. In 1953, when Britain and France tried to revive Allied aspirations of attaining some far-reaching improvements in the recently adopted Federal Indemnification Law, the United States absolutely refused to cooperate. For the State Department, Geoffrey W Lewis categorically declared: “From the beginning it has been the view of this Government to compensate victims of Nazi persecution and to avoid getting involved in the details of, and hence in the responsibility for, the precise measures taken by the German authorities to discharge this obligation.”<sup>88</sup> Actually, in the 1950s, there was a strong desire on the part of the United States to disengage from direct responsibility for these matters. The Jewish Claims Conference, and not the United States, played the leading role in the future improvement of German *Wiedergutmachung*, although the Claims Conference often enjoyed “moral support” from the U.S. government.<sup>89</sup>

Nothing demonstrated this changed situation better than McCloy's new role in the context of the Jewish Claims Conference's efforts to receive indemnification for former Jewish forced laborers in German wartime industry. Since 1954, two years after his retirement as High Commissioner, McCloy supported the Claims Conference through his private contacts in German industry, namely

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<sup>87</sup> Interview with Goldmann, Nov. 24, 1971, *ibid.*

<sup>88</sup> Memo of conversation, S. J. Leishman (British Embassy), Henri Ruffin (French Embassy), G. W. Lewis, J. J. Reinstein, and William A. Fowler (State Department), Oct. 13, 1953, NA, RG 59, 262.0041/10-1353.

<sup>89</sup> On the policies of the Claims Conference, see Saul Kagan's contribution to this volume.

with Krupp,<sup>90</sup> and thus worked privately for better relations with Germany. What had been an issue of U.S. policy became a matter of goodwill on the part of this elder statesman.

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<sup>90</sup> Interview with McCloy, Feb. 23, 1952, Wiener OHL; "AJC Contribution to Postwar Economic Rehabilitation of Jewish Victims of Nazi Persecution," Sept. 1965, AJC Archives, JSX, Subject Restitution 65–66; see also Benjamin B. Ferencz, *Less than Slaves: Jewish Forced Labor and the Quest for Compensation*, 2nd ed. (Cambridge, Mass., 1980), 77f., 81, 166.

**John J. McCloy, Jacob Blaustein, and the *Shilumim*:  
A Chapter in American Foreign Affairs**

*by Yeshayahu A. Jelinek*

This paper deals with the policies of the United States toward German retribution payments to the State of Israel and the Jewish people. It will argue that much of the formulation of these policies took place in the residence of the United States High Commissioner in Frankfurt, not in Washington. John J. McCloy, who served as the main American official in Germany, demonstrated an understanding of and a sympathetic attitude toward the Jewish request. Part of McCloy's understanding may be ascribed to Jacob Blaustein, President of the American Jewish Committee, who had good relations with McCloy, and was used to lobbying with him.

A few words concerning the terminology. The expression "reparations" has an accepted international meaning, defined by the Oxford Concise Dictionary as "compensation for war damages." Since the State of Israel came into existence after World War II, theoretically, according to international law, no Jewish collective entity existed which could claim compensation. To clarify any possible misunderstandings and avoid disputes, the Israelis replaced the expression "reparations" with the Hebrew *Shilumim*. Although the Hebrew expression entered the vocabulary only in 1950/51, it will nevertheless be used throughout this paper.

A request for a sort of collective compensation came to the attention of U.S. authorities quite early, even before the end of the war.<sup>1</sup> At that time, discussion centered around the establishment of some kind of fund which would assist the individual, the stateless, the Jewish refugee, rather than a collective retribution. Although the Jewish Agency for Palestine did indeed forward a collective claim to the Allies as early as September 20, 1945, that claim, and others of a similar nature, were neglected and laid to rest in the archives. During the years of struggle against the British mandate in Palestine, Jewish authorities were too preoccupied, and too neglectful, to deal with Germany. In addition, as already mentioned, there existed no single or formal representation of the Jewish people. Only following the creation of the State of Israel could the public mind turn to less immediate issues. Even so, economic turbulence, together with a

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<sup>1</sup> Ronald W. Zweig, *German Reparations and the Jewish World: A History of the Claims Conference* (Boulder and London, 1987), 2–4.

critical need for goods and supplies, turned the government's attention to the German alternative. Only after Israel raised the subject of *Shilumim* did it become an issue for U.S. policy makers.

It may be a commonplace, but one should remember, nevertheless, that in a pluralistic society such as the United States, foreign policy is formulated and pronounced on various levels, i.e. the State Department, the White House, and Congress. In Germany's case, however, other government agencies also participated in the decision-making process and more often than not actually determined American policies vis-à-vis the defeated enemy, namely the military and civil authorities based in the American Zone of Occupation. Only by understanding the various forces and their interplay can one come closer to reality in evaluating American policies toward *Shilumim*.

From the early summer of 1949 until the late summer of 1952, John J. McCloy represented his country in Frankfurt as U.S. High Commissioner for Germany. A corporate lawyer by profession, McCloy joined the War Department late in 1940. In his position as Assistant Secretary of War, he was involved in two serious cases of racial discrimination and discrimination against minorities. One was related to the removal of Japanese Americans from the West Coast and their confinement in internment camps.<sup>2</sup> McCloy defended almost to his death the imprisonment without charge of those American citizens who had the same ethnic heritage as the enemy overseas.

Another major blot on his record involved the American decision not to bomb Auschwitz and the railroads leading to the concentration camp.<sup>3</sup> Although the issue was complicated and involved British military authorities which might have taken the initiative in this decision, McCloy was thought to have been responsible. If this was indeed so, his decision could be regarded as callous at best, racist and discriminatory at worst. This topic has been debated frequently, and there is no need to discuss it further in this context.

The testimony of Gershon Avner contributes a new element to the debate surrounding McCloy. In 1950–1951 Avner served as the Chief of the Western Europe Department in the Israeli Foreign Office, and during the Israeli-German negotiations over *Shilumim*, he was a political advisor to the Israeli delegation. Later, in September 1986, Avner stated:

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<sup>2</sup> *International Herald Tribune*, Mar. 13, 1989.

<sup>3</sup> Thomas Alan Schwartz, *America's Germany: John J. McCloy and the Federal Republic of Germany* (Cambridge, Mass., 1991), 17f.

Benjamin Bottenwieser, as you recall, was the deputy of McCloy, and I remember him. The problem with McCloy is...McCloy did not excel in friendship to Jews during the entire period of the Holocaust concerning the rescue of Jews in Europe. McCloy was opposed to opening the gates of the United States which was badly needed and also possible, at a time when there were hardly any Jews able to leave Europe. McCloy was also negative in the Eretz-Israel case. Now, when serving in Bonn he was exposed to the pressure of organized Jewry. In this Jacob Blaustein played an important role. And McCloy was obliged to act in Bonn facing Adenauer under directives he had received from the Department of State. One may assume that he did not like them one hundred percent, but he did whatever he had to do. It seems to me that Bottenwieser was ambitious, his attitude was more positive than his boss'. As much as I know, McCloy acted, I suppose, without much enthusiasm. He fulfilled the directives he had received from Washington. I would not call him anti-Jewish, this would be slightly too much, too sharp. It seems to me that he did not support the Eretz-Israeli issue. He was different, and by inclinations he would not support anything. You may call it "adversity."<sup>4</sup>

Avner's charges are rather serious, but for the purpose of this essay only two points should be taken up: first, McCloy's "adversity" on Jewish issues while serving in Germany; and second, his fulfillment of Washington's directives, but without enthusiasm. (If one were to elaborate on Avner's words, one could presume that Washington's instructions were favorable to Jews, and McCloy enforced them only because he was instructed to do so).

Before analyzing the first point, indeed the major topic of this paper, it is necessary to examine McCloy's place in the U.S. administration as far as American policy toward Germany was concerned. Before accepting his nomination, McCloy, according to one of his biographers, secured the "sacred charter of authority." He demanded and received a "free hand in picking people" and assurances that "no substantial decisions" would be made "without consultation" with him.<sup>5</sup> Years later, Bottenwieser told his interviewer at the Columbia Oral History Project: "My opinion is that McCloy was Number One in Germany."<sup>6</sup> Other witnesses expressed themselves similarly. For this reason, Avner's arguments are unacceptable. McCloy's standing in Germany was too strong and too decisive for him to be simply a transmitter or one who merely implemented directives from above. Many documents exist that

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<sup>4</sup> Ben-Gurion Archives, interview with Gershon Avner, Sept. 2, 1986.

<sup>5</sup> *Ibid.*, 74f.

<sup>6</sup> Columbia Oral History Project (1979), interview with Benjamin J. Bottenwieser, p. 121.

demonstrate the High Commissioner's independence in decision-making and also his persuasive ability vis-à-vis the White House and the State Department. In Jewish as in other matters, his position was so strong that he was able to refuse, argue over or outline policies. It is therefore difficult to accept Avner's opinion.

As will be seen hereafter, McCloy's influence on Jewish matters was positive, while it was the State Department which all too often acted as devil's advocate. Indeed, it appears that the positions were actually just the reverse of those described by the Israeli diplomat. It was Washington, or the State Department, which often went along, although without enthusiasm. It would be fair to add that McCloy's activity was often positive and conducted mostly from personal conviction. As for the White House, it was open to Jewish lobbying, and McCloy seemed to go along with, and even strengthen, Jewish arguments. On at least one occasion, one may observe McCloy coordinating West German interests with those of the Jews and Israel before an inquiring Senate.<sup>7</sup> Evidence of McCloy's allegedly adverse influence in Congress has never been found. Thus, at least at face value, both points singled out from Avner's testimony do not seem to be valid. Additional details strengthen that impression.

In Heidelberg, on July 31, 1949, some two months after arriving in Germany, McCloy addressed a meeting of Jewish delegates from all over the Federal Republic. On future German-Jewish relations he said:

What this community will be, how it forms itself, how it becomes a part and how it merges with the new Germany, will, I believe, be watched very closely and very carefully by the entire world. It will, in my judgement, be one of the real touchstones and the test of Germany's progress toward light.<sup>8</sup>

The new Federal Republic of Germany, which was just coming into existence, was dragging its feet on Jewish issues. President Theodor Heuss and Chancellor Konrad Adenauer remained silent. The High Commissioner's advisor on Jewish Affairs, Harry Greenstein, repeatedly asked McCloy to talk to Adenauer as to what should be done. Thus came about the President's and the Chancellor's Rosh Hashannah greeting in the fall of 1949, the first move from the Federal Republic's highest officials toward world Jewry.

It is known from the notes of Adenauer's aid, Herbert Blankenhorn, how McCloy's insistence sharpened awareness in the Chancel-

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<sup>7</sup> Bundesarchiv [BA], Nachlass [NL] Blankenhorn, 351/10.

<sup>8</sup> Harry S. Truman Library [HSTL], Harry N. Rosenfeld papers, box 16, Alphabetical file, "The Future of Jews in Germany."

lor's office of the need to make positive moves toward the Jews.<sup>9</sup> The first step took place on November 11, 1949, when Adenauer granted an interview to a Jewish journalist residing in Germany. In this interview, the Chancellor expressed sorrow over the past, condemned what the Nazis had done, and offered the State of Israel ten million D-marks as a token gift and an opening move toward future negotiations.<sup>10</sup> Adenauer's gesture was not well received in Jewish circles, or in the press. Apparently, the Jewish public was not yet prepared, or willing, to deal directly with Germans over *Shilumim*.

It should be noted that *Shilumim* was just one of three Jewish claims: indemnities for personal harm and suffering, restitution of expropriated Jewish property, and *Shilumim*—a global payment for disposed and destroyed Jewish property and for the Jewish collective suffering. There were problems with each of these claims, since German authorities were in no hurry, much less eager, to satisfy the Jews.

The *Länder*, not the federal government, had to respond to personal claims. In the *Länder*, matters of overall national importance and international policies counted less and received less attention than in Bonn. The *Länder* governments were exposed to the local pressures of a public hostile to Jews and to their demands. Jewish organizations were frequently obliged to seek assistance that could only come from the American military and civil authorities. Complaints were addressed to McCloy, his deputy Buttenwieser, and other members of the staff. Time and again, McCloy appealed to the *Länder* ministers-president, with Buttenwieser petitioning the finance ministers, to be more forthcoming in matters of indemnity and restitution.<sup>11</sup> Both met with only a measure of success. As time passed and the international situation became increasingly grave, German public and civil authorities hoped for an early transfer of Allied privileges and responsibilities into German hands, including the issue of Jewish compensation. With this expected transfer of

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<sup>9</sup> Notes of May 29 and Sept. 21, 1949, BA, NL Blankenhorn, 351/lb; Herbert Blankenhorn, *Verständnis und Verständigung: Blätter eines politischen Tagebuchs 1949 bis 1979* (Frankfurt am Main etc., 1980), 138.

<sup>10</sup> Rolf Vogel, ed., *Der deutsch-israelische Dialog: Dokumentation eines erregenden Kapitels deutscher Außenpolitik*, vol. 1 (Munich etc., 1987), 15.

<sup>11</sup> McCloy to the Ministers-president, Jan. 2, 1950, Central Zionist Archives [CZA], Goldmann papers, 76/387; Benjamin B. Ferencz to Eli Rock, Nov. 9, 1950, Joint Distribution Committee Archives [JDC Archives], file 4264; Columbia Oral History project (1979), interview with Benjamin J. Buttenwieser, p. 178.

responsibility to the federal government, Allied influence would cease, and the Germans would be able to deal with Jewish claims and reach agreements according to their own wishes. These hopes were not without foundation, as the raging Cold War made the Federal Republic a sought-after ally; thus, the Western powers increased the speed with which responsibility was transferred to local authorities. McCloy repeatedly warned the ministers-president that the United States would not relinquish its supervision over the rehabilitation aggregate soon and would continue to expect Germany to carry out its obligations.<sup>12</sup>

There was also a budgetary reason for the reluctance of the *Länder*. To this point, the source of the money for indemnities and restitution had been the *Länder* coffers. The *Länder*, however, preferred that the federal government shoulder the burden. This was Buttenwieser's area of responsibility, and while acting under his superior's orders, there was not much he could do about the stubborn and evasive finance ministers. A Jewish appeal to the U.S. government could have had only limited effect, since such an appeal would have been transferred to Frankfurt, where the High Commissioner was already trying his best. The Truman administration might have been more influential in implementing overall policies and making final decisions, but this was an area in which it was not very flexible but rather doctrinaire. For the Jews, it was easier to deal with Frankfurt than Washington.

Facing Soviet pressures, particularly after the outbreak of the Korean conflict, the Western Allies wished to speed up West German economic recovery. The Marshall Plan, which eventually assisted all Western Europe, was originally designed around Germany. Restoring destroyed industry, raising the standard of living, and making Germany self-sufficient was the aim of the Allied, and above all the American, financial experts. Since the money invested in Germany came from the pockets of the American taxpayer, Washington worked hard to reduce economic aid to Germany and to expand German internal revenues. Money spent on indemnities came from the budgets of the individual *Länder*, and they resented this financial burden. No less significant was the Allied decision to hold indemnity and restitution payments in frozen German bank accounts. Thus, the recovered funds could not be taken abroad either as currency or in the form of goods. Individual Jews and Jewish organizations which received such payments could do little with their money except spend it within Germany. The administra-

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<sup>12</sup> Columbia Oral History Project (1979), interview with Benjamin J. Buttenwieser, p. 178.

tion enforced this policy with greater determination than the U.S. High Commission in Frankfurt, which found ways to assist the Jews, while Washington took a hard line in order to prevent a drain of hard currency. Naturally, each had a different approach, although Americans in Germany better appreciated German realities and Jewish pains. Typical of the U.S. High Commission's more liberal approach was the granting of permission to export much-needed prefabricated houses to Israel, with the excuse that they were personal effects of emigrants moving there.<sup>13</sup> It is interesting to note that Buttenwieser, who was Jewish, was more rigid than McCloy, who was more favorably disposed toward Jewish interests.

The State of Israel, and Jewish organizations elsewhere, clamored for a collective payment from Germany. Quoting from the prophet Elias, "hast thou killed and also taken possession,"<sup>14</sup> the Jews argued that Germany first stole and then kept Jewish property from all over Europe. Since resettlement of Jewish refugees, mostly victims of Nazi persecution, involved enormous expenses, Jews felt it was up to Germany to pay the costs. Israel, whose economy was being crushed under the burden of absorbing successive waves of immigration, anxiously sought new sources of income. *Shilumim* became one of these sources.

Now the Federal Republic also awakened to the issue. Some of the leading personalities, above all Konrad Adenauer, were conscious of the crime committed against the Jewish people and of Germany's need to expiate its guilt. This, however, would not be sufficient.

The major impetus for German awakening was the so-called "return to the family of nations." It meant that the moral stain could not be wiped clean, and Germany should pacify the victims of Nazism, above all the Jews. In other words, Germany could pay, so to speak, her way back into the family of civilized nations. A corollary request concerned so-called moral indemnities, which meant condemnation of Nazism and anti-Semitism and an abiding promise to fight their revival and return. With his practical mind, Adenauer believed that Jews, particularly American Jews, were very influential in world capitals, and even more so in the world's money markets. He pursued a road to the American capital, and to Wall Street, by wishing to placate American Jewry and American Jewish

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<sup>13</sup> Cabinet meeting no. 38/709, "Decision concerning the pre-fabricated houses from Germany," Sept. 20, 1949, Israeli State Archives [ISA], file 7263/2; Landauer to Kreutzberger, Oct. 16, 1949, ISA, file 531/7; A. C. Leonard to Dr. Seliger, Feb. 27, 1951, CZA, S35/152; Jacobson to Beckelman, Oct. 31, 1950, JDC Archives, file 4264.

<sup>14</sup> 1 Kings 21:19.

bankers. All in all, his intentions coincided with those of the Jews. Here too, McCloy was one of the principal go-betweens. He repeatedly discussed the matter with Adenauer, mostly in private. But McCloy's private talks had qualitative weight. The High Commissioner acted in this manner under the influence of Jewish friends, above all the powerful president of the American Jewish Committee, Jacob Blaustein, his friend and business acquaintance. American party politics also played a role, especially in 1952.

Jacob Blaustein had first met McCloy when the latter was a corporate lawyer for a brief time after leaving the War Department and before becoming U.S. High Commissioner in Germany in the summer of 1949. McCloy litigated several cases for Blaustein, and they became friends. Blaustein succeeded judge Joseph Proskauer as president of the American Jewish Committee (AJC), and his involvement in German issues sprung from this friendship. Before departing for Germany, Blaustein met McCloy, and they discussed issues involving the Jews in Germany and the democratization of the defeated nation. Meetings and correspondence followed. Topics of common interest included the Jewish Restitution Successor Organization (JRSO) and the promotion of its activities in Germany. JRSO attempted to recover Jewish heirless property in Germany, and U.S. Military Governor Lucius D. Clay granted logistic and other support to JRSO. Although U.S. military authorities later withdrew this support, McCloy intervened and it was restored.<sup>15</sup> Blaustein also approached McCloy in the summer of 1951, when the State Department blocked transfer of JRSO's funds abroad.<sup>16</sup> The AJC negotiated passage of the U.S. Zone's General Claims Law (No. 59) in the summer of 1951, shortly after McCloy's arrival. This law, already prepared under General Clay, had to wait for the new High Commissioner.<sup>17</sup>

When the U.S., British, and French foreign ministers decided to relax controls over West Germany, Blaustein appealed to McCloy with the request "...that the Western occupation authorities themselves, by the exercise of reserve powers, guarantee...

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<sup>15</sup> Draft, "AJC Contribution to Postwar Economic Rehabilitation of Jewish Victims of Nazi Persecution," Sept. 1965, p. 34, American Jewish Committee Archives [AJC Archives], JSX, 65/66.

<sup>16</sup> Blaustein to McCloy, June 21, 1951, Washington National Record Center [WNRC], McCloy papers, box 29.

<sup>17</sup> *Contribution of the American Jewish Committee to the Postwar Economic Rehabilitation of European Jewry* (New York, 1965), 29, AJC Archives, JSX, 65/66.

minimum conditions and protect them from vicissitudes of internal political developments."<sup>18</sup> The AJC president asked for equal rights and opportunities for all, full freedom of action for all democratic parties, positive measures against anti-democratic political parties and organizations, and restitution and indemnity for victims of the Nazi regime.<sup>19</sup>

The limits of Blaustein's influence could be seen when McCloy rejected most of these requests, stating that the Federal Republic's constitutional statutes and specifications were adequate to ensure enforcement of personal freedoms.<sup>20</sup> McCloy later prevented inclusion of any clauses on human rights in the Contractual Agreements (*Deutschland-Vertrag*) in spite of the fact that similar paragraphs were inserted in the Japanese and Italian treaties. McCloy was well aware that "... our difficulties will come less from governments than from Jewish and other groups, particularly at home. On repeated occasions they have insisted that the new contracts with Germany should contain specific clauses regarding protection of human rights..."<sup>21</sup> McCloy was pleased when Jewish groups did not oppose the Contractual Agreements during Senate hearings in the summer of 1952.<sup>22</sup>

Nevertheless, as far as indemnities and restitution were concerned the High Commissioner was forthcoming. Until the summer of 1951, Blaustein was not particularly involved in Israel's *Shilumim* claim. It would be even more accurate to say that the AJC was not very happy with it. On May 4, 1951, Abba Eban could still ask Blaustein: "...does the American Jewish Committee consider it compatible with Jewish rights, Jewish honor and Jewish security that the German State, now being restored to independence and economic stability, should make this minimal symbolic expiation of German guilt?"<sup>23</sup> Only gradually did Blaustein come to understand Israel's intentions, due to the efforts of Israel's Ambassador in Washington, Abba Eban. Eban explained and clarified the meaning

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<sup>18</sup> Blaustein to McCloy, Sept. 15, 1950, YIVO Archives, RG 347, AJC records, GEN-12, box 22.

<sup>19</sup> Ibid.

<sup>20</sup> McCloy to Blaustein, June 21, 1951, WNRC, McCloy papers, box 35.

<sup>21</sup> McCloy to Dean Acheson, Apr. 25, 1952, National Archives [NA], RG 59, 662A.00/4-2552.

<sup>22</sup> Memo of conversation between Adenauer and McCloy, June 16, 1952, BA, NL Blankenhorn, 351/10.

<sup>23</sup> Eban to Blaustein, May 4, 1950, ISA, 2482/13.

of *Shilumim*. One result of Blaustein's changing convictions was his meeting, along with other AJC representatives, with McCloy in Averell Harriman's house in Washington on June 26, 1951. During the course of the meeting, Blaustein succeeded in convincing McCloy to support *Shilumim*, in spite of the official policies of the State Department.<sup>24</sup> McCloy was visiting Washington in June 1951 to discuss Franco-German relations and German rearmament.<sup>25</sup> One may assume that McCloy soon understood the closeness of the French-German and Jewish-German confrontation, and the similarity between them. Blaustein and his lieutenants were proud of this achievement and would still refer to it years later.

The picture would not be complete without noting McCloy's commutation, in the spring of 1951, of the sentences of war criminals in Landsberg prison. Nothing could change the High Commissioner's mind. This is not the place to discuss this issue; it should be noted only that McCloy acted despite Jewish anger and intervention.

The larger goal of Germany's incorporation into the Western world was important to McCloy. He understood well that, without a Paris-Bonn rapprochement, a European community could not exist. Thus, a Franco-German settlement was essential. The Jews had fewer divisions than the French, to borrow Stalin's metaphor; nevertheless, the pacification of the Jews was also a necessity for Germany's integration into the West, even though Jewish influence would recede within four to five years. By the mid-1950s, Germany would be rearmed and admitted to all those pacts and organizations which the West had formed as a protection from the Soviet danger. It was believed, perhaps falsely, that there was a need for Jewish good will for Germany's return to the family of nations.

Adenauer was receptive to Jewish concerns. As mentioned earlier, Israelis and the Jewish Diaspora requested a proclamation which would denounce Nazism and its crimes, promise to struggle against anti-Semitism, and offer material compensation. The Chancellor

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<sup>24</sup> Blaustein to McCloy, Sept. 10, 1965, YIVO Archives, RG 347, AJC records, JSX, 65/66; Gruen to Slawson, Mar. 31, 1964, AJC Archives, RG-1, EXO-20, JSX 62/64; Eugen Havesi to Seymour Samet, Dec. 19, 1957, *ibid.*, FAC minutes, 59/60, box 67.

<sup>25</sup> Schwartz, *America's Germany*, 224ff.

issued such a proclamation and thus opened the door to Jewish-German deliberations.<sup>26</sup>

For the Jews, particularly the Israelis, Adenauer's proclamation was a way to save face. Israel wanted to avoid direct talks with the Germans, but there was no way to arrange *Shilumim* without meeting face to face. The hope that the Great Powers or an institution such as the United Nations or the International Court at The Hague would save the situation for the Israelis proved to be vain from the outset. The Western Allies, reluctant to reopen the reparations question for fear of providing the Soviet Union with the opportunity to raise new demands, relegated the matter to the future peace conference. What in retrospect would seem to have been a postponement *ad calendas Graecas*, was at the time still a sensible delay. In the end, however, the United States intended to force Israel to give the Federal Republic of Germany de facto recognition, thus boosting Bonn's international prestige, and direct Jewish-German talks would accomplish that aim. McCloy had already tried to obtain Israeli recognition and to establish diplomatic relations between the end of 1950 and early 1951.<sup>27</sup> At that time, however, it was still too early. The American Chargé d'Affaires in Tel Aviv warned the State Department that any such request might hinder and perhaps even halt Israel's slow move away from non-alignment toward the Western camp. With the Jews' almost pathological hatred of the Germans, he continued, such a request would be a God-send for Israel's left-wing opposition.<sup>28</sup> Conditions were now changing. The Israeli public continued to hate the Germans, but in the Foreign Office, in the leading MAPAI party, and in the cabinet, it became increasingly obvious that without direct talks *Shilumim* would be lost. Israel therefore closely cooperated with Germany in preparing the proclamation, which, once read, provided justification for such collaboration.

On December 6, 1951, two months after the proclamation had been issued, Nahum Goldmann, then president of the World Jewish Congress, met Konrad Adenauer in London and received a letter

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<sup>26</sup> *Verhandlungen des Deutschen Bundetages, I. Wahlperiode 1951, Stenographische Berichte*, vol. 9 (Bonn, 1951), 6697ff. (165th meeting, Sept. 27, 1951).

<sup>27</sup> McCloy to Secretary of State, Dec. 28, 1950, WNRC, RG 84, box 2, Tel Aviv 321.9 Germany.

<sup>28</sup> Ford to Secretary of State, Dec. 31, 1950, *ibid.*, Tel Aviv 321.9.

unprecedented in Jewish history.<sup>29</sup> In this letter, Adenauer promised to negotiate *Wiedergutmachung*, the German expression for indemnity and *Shilumim*, based on the official Israeli demand of 1.5 billion dollars. While Goldmann acted also on Israel's behalf, Adenauer had no recognizable support within either his cabinet or his coalition. He acted alone.

Goldmann had Ben-Gurion's support but lacked agreement from his colleagues at the Conference on Jewish Material Claims Against Germany, Israel's partner in talks with the Federal Republic. The Claims Conference represented the Diaspora in the upcoming negotiations. Blaustein, the First Vice-Chairman of the Claims Conference, displeased with Chairman Goldmann's independence and jealous of his success, met Adenauer separately with McCloy's assistance,<sup>30</sup> since both Adenauer and McCloy were aware of Blaustein's significance as a public figure.

Adenauer consulted McCloy and Bittenwieser before making overtures to Jewish representatives. He had even asked Bittenwieser to compose a proclamation, because the Deputy High Commissioner was Jewish and had some influence in the U.S. administration.<sup>31</sup> Bittenwieser refused to draft the proclamation but read it, once it was written, and offered comments of his own. McCloy's involvement also resulted from his earlier talks with AJC representatives in Harriman's house.<sup>32</sup> During the months between the issue of the proclamation and the beginning of Israeli Jewish-German negotiations, he appeared to step back. According to AJC documentation, McCloy in fact convincingly asserted that West Germany could make payments to the Jews without harming its own economy. In communication with President Harry S. Truman, probably in the fall of 1951, he "...assumed full responsibility for ability of the German treasury to carry the financial burden of the settlement without recourse to additional American aid."<sup>33</sup> Blaustein asked McCloy to make a statement on the West German economy. This was significant. It has been seen that the fear of financial obligations

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<sup>29</sup> Adenauer to Goldmann, Dec. 6, 1951, CZA, Goldmann papers, Z6/2345.

<sup>30</sup> Zweig, *German Reparations and the Jewish World*, 55.

<sup>31</sup> Columbia Oral History Project (1979), interview with Benjamin J. Bittenwieser, p. 165; Blaustein to McCloy, Aug. 24, 1965, AJC Archives, JSX, 65/66.

<sup>32</sup> Seymour J. Rubin to author, no date [summer 1989]; Blaustein to McCloy, July 12, 1951, WNRC, McCloy papers, box 30.

<sup>33</sup> Eugen Havesi to Seymour Samet, Dec. 19, 1957, AJC Archives, FAC minutes, 59/60, box 67.

was the major American argument for closely guarding German capital. The chief obstacle was thus removed, but this was not the sole cause for concern. It was also claimed that Secretary of State Dean Acheson had reservations about the State of Israel and would not easily be brought to a more favorable position. Global politics had to be considered, too: the United States did not wish to provoke the Arabs, who had refugees of their own and were also demanding indemnities, and in addition there was the U.S. contest with the Soviet Union. Nonetheless, once the major economic roadblock had been removed, others fell more easily.

There were other elements which supported Jewish interests, some of which were already obvious in 1950 and 1951. The desire to return to the Germans most of the responsibilities for governing their state and to see them rearmed and participating in European defense, was the impetus behind negotiating the Contractual Agreements. These agreements required public and also, to some degree, Jewish support. Since in 1952 the U.S. presidential election campaign was under way, American negotiators were evidently afraid of adverse Jewish lobbying in Congress because of the failure to include the human rights clauses in the Contractual Agreements, and perhaps also because of German hesitation during the *Shilumim* negotiations. The agreements specified the conditions of rehabilitation of Jews by, and also in, the Federal Republic once the state would be free of foreign supervision. Jewish organizations and the Israeli diplomatic service were actively engaged in shaping those paragraphs which dealt with restitution and indemnity, but they were not especially pleased with the results. At this time, the White House, evidently influenced by political and electoral considerations, intervened and tipped the scale in favor of Jewish interests.

According to the documentation of the American Jewish Committee, Truman changed his views and instructed the State Department to cease its opposition, albeit latent, to *Shilumim*.<sup>34</sup> McCloy's above-mentioned intervention played a considerable role in shaping this directive, as did Blaustein's visits. Blaustein, an important supporter of the Democratic party, occasionally performed diplomatic and economic missions for the Truman administration and thus had a certain leverage in the White House.

On April 7, 1952, when the crisis in *Shilumim* negotiations was brewing, Blaustein once more visited Truman. He gained Truman's support for *Shilumim*, but failed to secure a public statement to confirm it. Truman initially promised to make a public statement

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<sup>34</sup> Ibid.

but reversed himself under pressure from the State Department. State Department documents clearly show Acheson's resistance and Truman's retreat.<sup>35</sup> The AJC president failed to convince the State Department staff, who were responsible not just for the Israeli-German issue but for American foreign policy as a whole. Blaustein was able, however, to win Truman's support for *Shilumim*, and a directive to this effect actually reached the State Department and the High Commissioner's bureau in Frankfurt.<sup>36</sup> This was, after all, more important than a public announcement, because Truman's reversal of previous policies opened the way to a successful conclusion of the tripartite negotiations. Indeed, on April 14, 1952, the German government received a memorandum on American policies toward the *Shilumim* negotiations.<sup>37</sup> McCloy repeatedly talked to Adenauer about *Shilumim*. It was apparent that, without involving the press, American authorities were gradually putting pressure on Bonn to be more forthcoming. Truman and his administration made it clear that, should its assistance be required, the United States would support a favorable settlement of Israeli and Jewish claims. As is often the case in American foreign policy, political considerations at the White House prevailed over those at the State Department. It should also be noted, however, that the State Department had begun to rethink its views and was now displaying a definite interest in *Shilumim*. It would therefore be wrong to believe that Truman was forcing Acheson's hand.

Opposition to the Jewish demands no longer came from the Allies—Britain and France went along with the United States—but from within Germany. To overcome German opposition and to display firmness toward Adenauer, Allied assistance, particularly McCloy's, was needed. The United States and Britain were ready

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<sup>35</sup> On April 7, 1952, Blaustein asked Truman for a statement in favor of the *Shilumim*. Acheson opposed such a statement and prevailed. See Blaustein to Slawson, Apr. 7, 1952, and Snyder to Slawson, Apr. 10, 1952, YIVO Archives, RG 347, AJC records, FAD-1, box 26, Ger./West; Blaustein to Truman, Apr. 18, 1952, and Truman to Blaustein, Apr. 30, 1952, Hoover Institution, Stanford, California, Grossmann papers, box 38; Acheson to Truman, Apr. 22, 1952, HSTL, President's Secretary's Files, "State of Israel"; Acheson to McCloy, Apr. 22, 1952, WNRC, McCloy papers, box 39.

<sup>36</sup> Blaustein to Slawson, Apr. 7, 1952, YIVO Archives, RG 347, AJC records, FAD-1, box 26, Ger./West; Eugen Havesi to Seymour Samet, Dec. 19, 1957, AJC Archives, FAC minutes, 59/60, box 67; notes, Apr. 14, 1952, BA, NL Blankenhorn, 351/11; Adenauer to Abs, Apr. 14, 1952, Stiftung Bundeskanzler Adenauer-Haus, Rhöndorf, 10.20/1.

<sup>37</sup> *Ibid.*

and willing to support Israel, believing that Germany indeed should pay *Shilumim* in order to gain international respectability. An exchange between Truman and Acheson made this abundantly dear.<sup>38</sup>

It should also be stated that Adenauer, as has already been shown, did not oppose *Shilumim*. Under the influence of the German banking community, he was eager to reduce the amount of *Shilumim* to an absolute minimum and obtain the best conditions for Germany. Adenauer's representative in financial matters, the banker Joseph Hermann Abs, used tactics with Israel which bordered on blackmail, and he played on Israel's catastrophic economic situation in order to convince the Jewish State to accept the German conditions. He had Adenauer's full support. Acting under directives from Washington, and also on his own initiative, McCloy was of key importance. As noted already, the Allied position could not be announced publicly. With a keen understanding of German and Israeli maneuvers, the State Department was determined to prevent any hopes of American involvement in payments of any nature. Acheson and McCloy both rejected German advances in that direction.

The State Department also wished to avoid the appearance of pressuring Germany into *Shilumim*. Such a perception could undermine the public standing of Adenauer, who was already termed "Chancellor of the Allies" (*Kanzler der Alliierten*) by the Social Democratic opposition, and might provoke and justify a future cancellation of *Shilumim*—which was unpopular in Germany to begin with. Finally, the State Department wanted to appear evenhanded before the Arab states, where any suspicion of pressure on Germany to Israel's advantage could lead to a loss of American standing.<sup>39</sup> In the future, both German nationalists and Arab diplomats would return to the argument that Germany was pressured.

Blaustein's position was crucial. His acquaintance with the High Commissioner repeatedly offered him the chance to talk to McCloy and to try to influence him. McCloy was not a bureaucrat and did not depend on the President's goodwill. His freedom of movement was considerably broader than that of State Department officials.

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<sup>38</sup> Memorandum for the President, Apr. 22, 1952, HSTL, President's Secretary's Files.

<sup>39</sup> Bonn Embassy to Secretary of State, Nov. 4, 1952; Acheson to HICOG, Dec. 24, 1952; Acheson to HICOG, Dec. 31, 1952; NA, RG 59, 662A.86/11-452, 662A.86/12-2052, and 662A.86/12-3152.

Even though he was aware of the other aspects of American foreign policy, McCloy's chief responsibility was the Federal Republic of Germany. His supreme desire was to leave behind him a viable Federal Republic, and if the Israeli-Jewish claim could further that goal, he was ready to promote it. This claim could achieve various goals at once: help Germany, help Jews, advance American interests, and accommodate friends. And perhaps one more goal: McCloy was apparently interested in the electoral campaign unfolding in the United States, perhaps even its presidential aspects. Because of this campaign, McCloy resigned and hurried home early. If he cherished electoral hopes, his German service would stand him in good stead, and, if he meant to run for office, Blaustein's friendship and Jewish goodwill would definitely be an asset.

McCloy continued to cooperate with Blaustein during the *Shilumim* negotiations. Blaustein repeatedly appealed to him for assistance. McCloy helped overcome German resistance during the negotiations crisis of May 1952. German officials made strenuous efforts to reduce the amount requested by Israel, much to Israel's anger. Adenauer followed Abs' lead, but when the situation threatened to get out of hand, Adenauer consulted McCloy and President Theodor Heuss.<sup>40</sup> The High Commissioner later claimed that he had persuaded Adenauer to make a generous offer to Israel, thus breaking the impasse.<sup>41</sup> He also played an active role in other moves with positive results. On one occasion, McCloy personally called on Goldmann in Paris and informed him that a German messenger was en route with a proposal. A few weeks later, on July 2, 1952, when a similar problem arose during the negotiations with the Claims Conference, Blaustein hurriedly requested the High Commissioner's assistance, which was duly granted.<sup>42</sup> In both cases, McCloy used his influence with Adenauer to satisfy Jewish demands.

It is evident that Truman's directive fell on fertile ground. Not only American and Israeli documentation reveal McCloy's close interest in the *Shilumim* negotiations, German and British documents offer similar evidence. Indeed, Adenauer repeatedly used McCloy's name in cabinet meetings to extract approval in decisions

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<sup>40</sup> Yeshayahu A. Jelinek, "Die Krise der Shilumim/Wiedergutmachungsverhandlungen im Sommer 1952," in *VJZG* 38 (1990):130–36.

<sup>41</sup> Interview with John J. McCloy, Feb. 23, 1972, AJC Archives, Blaustein Oral History Memorial Project.

<sup>42</sup> Blaustein to McCloy, July 24, 1965, AJC Archives, JSX, 65/66.

bearing on *Shilumim*.<sup>43</sup> Adenauer himself occasionally required friendly reminders of *Shilumim*'s importance for the Federal Republic.

This paper has concentrated on probing McCloy's attitude toward *Shilumim*. Closer investigation shows that one is actually dealing with a chapter in American policies toward the Federal Republic in general, and with a critical period in American-Israeli-Jewish relations in particular. The involvement of American Jewry in the entire issue was complex, and while the present essay has focused on McCloy, it has also examined Jacob Blaustein and the American Jewish Committee. Blaustein's acquaintance with McCloy was of crucial importance. This study is far from exhaustive, since it highlights only a few important examples of cooperation between Blaustein and McCloy. While it cannot be argued that the McCloy-Blaustein link explains the High Commissioner's general disposition—for some less influential Jewish personalities also moved in McCloy's circle—it definitely had a major impact. In the *Shilumim* chapter of modern German-Israeli-Jewish relations, six personalities were decisive: Adenauer, Ben-Gurion, Blaustein, Goldmann, McCloy, and Sharett, three of whom have been discussed here.

In conclusion, some recollections regarding John J. McCloy may be quoted. Shepard Stone, who served as the Director of Public Affairs in McCloy's administration in Frankfurt, stated: "As I recall Mr. McCloy was the driving force, and he was resolute, that the Germans must make restitution." And elsewhere: "From what I have already written you have my assessment of McCloy's role. It was crucial and he had great influence on Adenauer. Without McCloy I don't think the results would have been achieved."<sup>44</sup>

Seymour J. Rubin served as political advisor to the AJC, and in that capacity, he knew McCloy well. He commented on a paragraph of a statement by McCloy on his role with regard to *Shilumim* as follows: "...McCloy indeed played a pivotal role—so far as I can tell." And further: "To come back to McCloy's statement as to limitations of his role, that I think is characteristic. He did not want then or now to say that he was responsible, but that the decision was

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<sup>43</sup> Cabinet meeting, May 16, 1952, BA, NL Seebohm, 178/8a; for the special session on May 20, 1952, see *Die Kabinettsprotokolle der Bundesregierung*, ed. by the Bundesarchiv, vol. 5, 1952 (Boppard, 1989), 348, note 14.

<sup>44</sup> Shepard Stone to author, Mar. 6, 1989.

made on principle, not because of the pressure of the U.S. High Commissioner."<sup>45</sup>

Zachariah Shuster, who represented the AJC in Europe, stated: "... primarily, as I said, it was through McCloy, McCloy's ... help and McCloy's tremendous influence on Adenauer. Adenauer felt that McCloy [was] a great friend of Germany, who [wanted] to help Germany."<sup>46</sup> Benjamin B. Ferencz, who met McCloy frequently while serving as Director of the Jewish Restitution Successor Organization in Germany, and Saul Kagan, Secretary General of the Claims Conference, agreed with this statement.

Gershon Avner, who was quoted at the beginning of this essay, was quite incorrect. It is not known whether it was McCloy the politician who saw the need for Jewish-German reconciliation, McCloy the lawyer who wanted to mediate between his Jewish friends and the Germans, or McCloy the humanist who felt the need to do something for the Jews. Nor can one assess the role of his wartime activity and involvement in matters relating to the Jewish fate.<sup>47</sup> But one must conclude that McCloy was not averse to Jewish interests during his tenure as U.S. High Commissioner for Germany. Quite the reverse. He was the best friend the Jews had in the Federal Republic.

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<sup>45</sup> Seymour J. Rubin to author, Jan. 19, 1989. In an interview on February 23, 1972, McCloy stated: "Well, I wouldn't exaggerate the role I played, but I would be ready to admit that my influence and my pressure or persuasion on Adenauer to get him adhere to the broad, generous concept was an important factor in arriving at the final results." AJC Archives, Blaustein Oral History Memorial Project.

<sup>46</sup> Interview with Zachariah Shuster, Apr. 26, 1973, AJC Archives, Blaustein Oral History Memorial Project.

<sup>47</sup> In his letter of September 3, 1965, McCloy wrote to Blaustein: "... I think you have done me too much credit in outlining the part I played in the restitution matter. There was such a great injustice to be righted and there was so little that could effectively be done really to right all the wrongs of the persecutions that I don't believe anyone, unless it be yourself, can really take satisfying credit for such restitution it was possible to achieve. There was bound to be a vast short fall but it was highly necessary that something be done." AJC Archives, JSX, 65/66.

## Morality and Pragmatism, Past and Present

by Lily Gardner Feldman

Unlike our two main speakers, I am not an historian but rather a political scientist, and it is a political perspective that I bring to my commentary today. My own work on German-Israeli and German-Jewish relations very much focuses on the past, but attempts to go beyond the important intrinsic value of historical investigation to ask broader questions about the particular time period under review and about subsequent developments. A political scientist's purpose, for good or ill, is then twofold: (1) to establish patterns while mindful of peculiarities, and (2) to predict future outcomes while mindful of limits.

My remarks fall into three sections: First, through comparison and contrast I will bring together the two papers to highlight the central issues. Secondly, from the two authors' main arguments concerning the American role I will draw implications for Adenauer's policy of *Wiedergutmachung*. Finally, I will suggest the relevance of this period for examination of the current relationship among Germany, Israel, and the United States.

### I. The Issues

The papers by Constantin Goschler and Yeshayahu A. Jelinek are both examples of rich, provocative analysis. Both papers demonstrate that the U.S. government played a significant role in the development of Germany's policy of *Wiedergutmachung* toward Israel and the Jews. Both authors focus on the Luxembourg Agreements of 1952, but view reparations as one dimension of a larger effort that included restitution and indemnification for individuals. Goschler in particular alerts us to the critical, early support of the U.S. for *Wiedergutmachung* to individuals. My comments will be confined to the reparations agreement. Both identify multiple actors on the American, German, and Jewish sides. Both emphasize motives of morality and pragmatism propelling the behavior of various parties.

Yet, these papers differ in four areas: the character of the U.S. role, the timing of U.S. involvement, the importance of different American personalities, and the nature of American motives.

Yeshayahu A. Jelinek emphasizes a direct American role, focusing on the U.S. Military Government/High Commission in Germany and less on Washington. His references to Washington concern the

State Department. Constantin Goschler suggests indirect American pressure at most, basing his arguments on investigation of both the U.S. Military Government/High Commission and the administration in Washington.

Jelinek stresses an early American involvement through his references to three examples of American influence: McCloy's statements in July and August of 1949; Adenauer's interview with the *Allgemeine Wochenzeitung der Juden in Deutschland* of November 11, 1949; and the drafting of Adenauer's September 1951 statement. Goschler also refers to the drafting of Adenauer's *Bundestag* speech, particularly the American Jewish Committee's role, but the heart of his analysis lies in the period thereafter, especially the critical impasse of spring 1952. For both Jelinek and Goschler, McCloy and Goldmann were key players, but their emphasis differs for other principals: Blaustein for Jelinek and Acheson for Goschler.

Jelinek looks for McCloy's motives in his attitudes and behavior during World War II, particularly the issues of the internment of Japanese-Americans and the unwillingness to bomb Auschwitz. He also examines McCloy's commitment to Germany's integration into the West, especially through the development of the Franco-German relationship. As to the U.S. government more broadly, Jelinek highlights its caution and pragmatic desire not to be left with the financial burden of Germany's obligation to Israel and the Jews. Goschler also sees the importance of U.S. financial pragmatism, but assigns equal weight to the American goal of rehabilitating Germany for moral purposes.

## II. Implications

The two papers present different views of U.S. involvement in *Wiedergutmachung*. On the one side, Jelinek stresses that the U.S. played a key role of consistent, active guidance. On the other side, Goschler argues that the U.S. played a lesser role of passive support, intervening only when necessary. These two lines of analysis each lead to questions for the authors. They also have implications for explanation of Adenauer's motives in initiating the process of *Wiedergutmachung*.

If the U.S. government, in the form of McCloy, did play such a consistently large role, then analytically Professor Jelinek needs to reconcile these positive aspects of McCloy's behavior with the more negative aspects, namely, his reluctance to push for a human rights dimension in the Contractual Agreements, and his commutation of sentences for war criminals in the Landsberg prison. To substantiate further the active nature of the U.S. role, Jelinek needs to include in

his analysis presented here the first high-level German-Israeli meeting in Paris in April 1951. According to David Horowitz, the Director General of Israel's Ministry of Finance at the time and a key participant in the meeting, the U.S. government was instrumental in setting up the talks. Apart from the direct participants, only the U.S. High Commissioner and the State Department were informed of the outcome.

Interestingly, even though Constantin Goschler describes a less active role for the United States before September 1951, he does refer to this meeting, but neglects to highlight the U.S. government's role. The meeting was important because Horowitz and Maurice Fischer, Israel's representative in France, made clear to Adenauer Israel's economic and moral conditions for negotiations.

It was the prominence of the financial dimension and the fear that the United States would be the ultimate guarantor of Germany's obligations to the Jews that accounted, in part, for the American reluctance to completely embrace Israel's demands. Yet the U.S. government was open to championing Israel's cause if it could be persuaded of Germany's capacity to pay. Neither author mentions the analysis of the Israeli Ministry of Finance, in particular Fanny Ginor's study of May 8, 1951, that reported, on the basis of trends in foreign trade, the foundation of the economic miracle. Both Fanny Ginor and David Horowitz testified in 1975 to the importance of this study in securing significant U.S. involvement in *Wiedergutmachung*. Horowitz also indicated that he possessed this information at the time of the meeting in Paris. This series of events is important, then, for the change in American attitudes Goschler identifies.

Goschler directs our attention chiefly to the U.S. role after the September 1951 statement, yet mentions the American role prior, namely in drafting the text. The Israeli Ministry for Foreign Affairs archives reveal the unsuccessful attempt by American Jews, and Israelis, to influence the content of Adenauer's statement. The efforts of non-governmental actors and their interactions with the U.S. government should feature more prominently in Goschler's analysis.

Beyond American influence, there was also specific pressure from within Germany (the Social Democratic Party and the *Peace with Israel Movement*) and from Israel (Foreign Minister Sharett's September 1950 UN statement). While not the subject here, their presence must be registered to avoid rigidity in assessing the American role. It was, after all, a combination of factors and context, a concordance of attitudes and actors that came together to produce Adenauer's initiative.

In the end, it was Adenauer who made the decisive overture to the Jews and Israel. His motives, however, follow directly in these analyses from the authors' assessments of the American role. A passive American role suggests German self-initiative motivated by moral, as well as political, considerations as argued by Goschler. A more active American involvement implies greater pragmatic reasoning on Adenauer's part, as advanced by Professor Jelinek. Yet, both motivations were present. Pragmatism was evident; Adenauer clearly knew what the political requirements of rehabilitation were. Similarly, Adenauer was moved by a personal moral conviction, as noted by political opponents and allies alike. Moreover, there was a symmetry with Israel's motives which were shaped by dire economic necessity combined with the need to render justice to the victims.

### III. An Ongoing Relationship

The 1952 Luxembourg Agreements served as the catalyst for a broader, long-term relationship between the Federal Republic and Israel, encompassing a vast panoply of policy ties and an extensive net of governmental and non-governmental connections. The primary actors and substantive issues of our discussion also did not end.

However large or small the American role at the beginning, it grew in the decades after the Reparations Agreement and the consolidation of restitution and indemnification legislation. For example, the United States influenced the fact and nature of German arms supplies to Israel in the late 1950s and early 1960s. In the 1970s, at the time of diplomatic relations with the German Democratic Republic, the United States insisted on discussing the GDR's financial and moral obligations and vigorously pursued the issue up through German unification.

Whatever the precise balance between morality and pragmatism at the outset, a combination has continued to characterize the relationship ever since. Moral commitment has protected the partnership against challenge from the Arab world, yet pragmatic national interest has never been forgotten, for example, when the Hallstein Doctrine took precedence over Israel's desire for diplomatic relations in the 1950s and over Israel's concern about German weapons scientists in Egypt in the 1960s. The Gulf War was but the latest demonstration of the twin motivations of German behavior. German politicians and German society expressed deep solidarity with beleaguered Israel, yet German companies contributed heavily to Iraq's capacity to pose a mortal threat to the Jewish state.

Forty years after the 1952 Reparations Agreement the new Germany confronts some of the same issues facing the government and people of the Federal Republic at the foundation of German foreign policy. Germany today seeks an identity that balances international moral responsibility with pragmatic national interest. As in 1952, nowhere is this effort more fraught than in the Middle East. In the face of the Gulf crisis, the new Germany hesitated and the values it represented were opaque. Does this wavering suggest the growing pains of infancy or the mature persistence of unresolved tensions about fundamental foreign policy purpose?

German-American relations have entered a new phase of greater symmetry. Yet it is the U.S. which continues to define a "new international order." As in 1952, Germany is fashioning a new identity for a changed world, again in the context of preoccupation with internal reconstruction and constraints on financial largesse. Is Germany poised to be a passive partner in the reconfigured system or an active leader?

And Israel, together with world Jewry the focus of Germany's confrontation with history and identity in 1952, faces similar challenges forty years later: a hostile environment, severe economic pressures, and massive immigration. In this context, the question of reparations has reappeared, specifically the one-third portion, or 500 million dollars, of Israel's 1951 claim assessed against the German Democratic Republic. How Germany ultimately responds, how it balances its own needs with the requirements of others, will reveal much about the new Germany's purpose and priorities. In September 1952, the Federal Republic acted decisively, thoughtfully, and with a clear grasp of the Holocaust's imprint on the modern world.

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## A Participant's Response

by Saul Kagan

For me this is a very special occasion, because it is an opportunity to listen to the analysis of events in which I was involved, and continue to be involved, from the detached point of view of historians and political scientists. My experience is really from inside the pressure cooker, and my perspective is obviously different; although I noticed in this morning's presentations that, in many ways, the conclusions and the analysis of the scholars do not differ very much from my own.

To paraphrase the title of Dean Acheson's autobiography, I was "present at the creation." I ordered the printing of the first piece of stationery of the Conference on Jewish Material Claims, and I have been involved in restitution efforts from the very beginning of my professional career as a United States foreign service officer.

In one of the presentations General Clay's name was mentioned. He was my boss, although I was, of course, several, several ranks below. He was a man with particular awareness of the issues with which we are dealing today and which preoccupied me almost from the very beginning. When I came to Germany, I was a very young GI who started from Normandy and moved to the Elbe river. Some of the things that I witnessed probably determined my interests and the rest of my life. On the issues of restitution and Military Government Law No. 59 (*Rückerstattungsgesetz*), General Clay was one of the people who fought for a principle which was mentioned here, but which I think deserves more attention. The issue arose as to what should happen under the restitution laws to the property of those who did not survive. Normally if someone dies without heirs, the state inherits. This was the major issue which arose in connection with property restitution and was of special concern to the Jewish organizations. The U.S. government accepted the position that it could not be permitted as one of the consequences of the *Endlösung* that the successor state would inherit the assets of those who perished. In this situation, the concept of the successor organization (*Nachfolgeorganisation*) was created at about the same time as Law No. 59 was promulgated in November 1947.

In New York, the Jewish Restitution Successor Organization (JRSO) was established, which was authorized in June 1948 by the U.S. Military Government to recover heirless and unclaimed Jewish property and the property of Jewish communities and associations,

which had been dissolved under either the tenth or eleventh *Durchführungsverordnung zum Reichsbürgergesetz* and whose property had been taken over by the Reich. The U.S. Military Government, in Law No. 59, incorporated this principle and the concept that a successor organization would have the right to claim the assets of those who had perished and to use the proceeds for the relief and rehabilitation of survivors. General Clay attempted to persuade his British and French colleagues, General Sir Brian Robertson and General Pierre Koenig, that parallel legislation or preferably a single law for the three Western zones should be adopted. Neither the French nor the British were prepared in November 1947 to follow this course. Therefore, General Clay and the U.S. government proceeded on their own. It was only some years later, after a great deal of pressure developed in the British Parliament, that the British Military Government restitution law came through for the British Zone of Germany with a concept similar to that of the successor organization. A parallel organization called the Jewish Trust Corporation was created in England. The French, who tend to be rather rigid in their legalistic positions on issues, did not agree to the establishment of a similar corporate entity but finally, after a great deal of pressure, allowed a *branche française* of the Jewish Trust Corporation in England to fulfill the same function in their zone. I mention this because the successor organizations were the forerunners of what the Claims Conference later came to be. The Claims Conference is, in a sense, the trustee for a broad collective interest, acting on behalf of hundreds of thousands of survivors.

I would like to come for a moment to the topics which were covered today by Professor Jelinek, Dr. Goschler, and Dr. Gardner Feldman, who focused really on the period of the Wassenaar, or as we still call it, the Hague Agreements. To those of us who spent six months on and off at the Castel Oud Wassenaar outside of The Hague these are still the Hague Agreements. It is there where most of them were formulated and argued. I would like to call your attention to several points: When High Commissioner John J. McCloy arrived in Germany, the Military Government property restitution laws and some *Länder* indemnification laws (*Entschädigungsgesetze*) already existed. He had to build on what was already there. McCloy was more than just an executor of policies that were laid down in Washington. I believe, with good reason, that McCloy felt deeply that this issue had to be dealt with in an open and forthright fashion. The issue which comes here under the heading of *Wiedergutmachung*, a term with which I have great difficulty and therefore do not use. I think, as Dr. Frohn indicated, "*das kann man nicht wiedergutmachen.*" But what can be done and what was

attempted to be done, and what we are still trying to do, is to bring about measures of compensation, degrees of indemnity for those who survived. We try to look at this whole issue not only in terms of D-marks and specific items on the agenda, but seek a greater acceptance of the concept and principle of responsibility. We do not talk about collective guilt, but we do in fact speak of collective responsibility, of national responsibility.

I will digress for a moment to share with you something which I confront in Germany very frequently and which has lately been described as *Gnade der späten Geburt*. "You know," people argue, "it is now forty-five years ago," or "*Kristallnacht* is now more than fifty-two years ago," and "you know, it was not our generation," and so on. I respond that the United States has gone through a whole period—in the 1960s in particular, when the civil rights movement was strong and prominent in American political life—in which it focused to a very great extent on the question of whether the United States adequately dealt with the consequences of the treatment of blacks dating from the Civil War which was fought 130 years ago. I point out that at least this society to a very great extent recognized that the argument of the *Gnade der späten Geburt* cannot and should not apply, and that, if there are injustices historically going back to, in this case, more than a century, the nation cannot escape it and has no right to turn away from it. I say that because the issues which arose prior to and during the aid negotiations in Wassenaar are still very much with us today, although in different form.

Since 1975, we have attempted to obtain some kind of performance from the German Democratic Republic. Dr. Miller, the president of our organization, and I spent two hours with Erich Honecker in June 1987 in his enormous office putting this issue on the table before him. What we were exposed to was, of course, "we are the anti-fascists"; "the Nazis are *drüben*"; we have provided pensions or *Renten* to the anti-fascists who are residing in the GDR"; and that they were helping the small *Kultusgemeinde* there. And that's it. I do not want to get into theories of international law and what I call the theory of the virgin birth of the state. We were being told after all that "in 1949 we created a state and there are no antecedents to us." As you well know, we did not succeed, in spite of, and this brings us back to our topic, in spite of the very consistent and helpful support of the U.S. government. At that time, Assistant Secretary of State for European Affairs Arthur H. Hartman, who recently retired as Ambassador to Moscow, negotiated with East German representatives the establishment of diplomatic relations. This coincided with the issue of the admission of both German states to the United Nations. These negotiations were delayed for

several days, because Mr. Hartman insisted that the GDR should agree to negotiate with the Claims Conference. In this matter, he did not succeed, but he was able to get the government of the GDR to commit itself to arrange discussions between the Claims Conference and an *anti-faschistische Vereinigung* which was obviously one of the front organizations of the regime. It was the U.S. government that forced the GDR to deal in some way with the Claims Conference, although not on a formal governmental level. Subsequently, through the help of members of Congress, discussions between the Ambassador of the GDR in Washington and Dr. Miller took place. (At that time, he was not president of the Claims Conference but chairman of its committee that dealt with the GDR issue. Dr. Miller became president of the Claims Conference upon the death of Dr. Nahum Goldmann in 1982 and has been its president ever since). The U.S. government has persistently and thoroughly assisted us in that respect, while neither the French nor the British governments have shown an equal interest in these issues.

In this context, I would like to point out some of the subjects and topics which historians should probe. Today we talked about the role of the United States in these issues. But I hope that someone will concentrate and do research on the French and the British attitudes, too. The historian will find very definite differences. They can be explained, but I do not think this is what I want to touch upon today.

I want to turn to another aspect of the issues that we have discussed today: the still unfinished agenda in relation to the governments of Israel and the GDR, or, now, the united Germany. With regard to the Hague Agreements, reference has been made to the global payments representing a two-thirds share for West Germany and one-third for East Germany. That issue is still there. The Israeli Foreign Minister David Levi was recently in Bonn. I am confident that he touched on this subject as part of the open agenda between Israel and Germany. The Claims Conference focused its efforts during the negotiations of the Unification Agreement upon the unfinished business of compensation.

Soon after the first free election, the GDR *Volkskammer* adopted a declaration which in its language could probably not have been written better by ourselves—recognition of responsibility, requesting forgiveness, etc. That declaration was adopted in April 1990. On May 15, 1990, I was in East Berlin to attempt to start specific negotiations with the new democratic government of the GDR under Lothar de Maizière. As a result of this visit, first negotiations were held on June 29, 1990. I was there with my colleague to start negotiations on a somewhat similar, but reduced scale, as in The

Hague. The gentlemen asked, "What is on your agenda? What are your proposals? We will listen to your proposals." We spent two days outlining proposals, and it was agreed that within five weeks we would meet for specific negotiations. The GDR delegation had representatives of the Foreign Ministry, the Justice Ministry, and the office which dealt with property restitution, the trustee for property. I attempted for five weeks to set a date. But it became clear that the GDR, the new GDR, was administratively disintegrating. Furthermore, we were dealing with a Social Democratic Foreign Minister and a CDU Prime Minister who had their own political problems to fight out. Our efforts to get the government of the German Democratic Republic to agree upon a date for substantive negotiations fell victim to these circumstances. Therefore, we suddenly had to shift our entire effort out of East Berlin to Bonn, because it became very clear at that point, with the introduction of the D-mark as of July 1, 1990, that the whole position had changed. Then we began our extensive discussions with key representatives in Bonn, both in the *Bundestag* and in the federal government. As a result, in the Unification Agreement, as part of the Protocol, in Article 2, there is an explicit provision under which the federal government of the united Germany commits itself to enter into negotiations with the Claims Conference for additional measures for the benefit of Nazi victims who either received no compensation or minimum compensation (*geringfügige Entschädigung*). This is now on the agenda, part of the Unification Agreement, and in my eyes it speaks to the credit of the Federal Republic, it speaks to the credit of the key political forces. To use the American term, this was a bipartisan decision—bipartisan meaning government and opposition. On this basis, we are now trying to enter into negotiations.

Simultaneously, a property restitution law was developed. In West Germany and the Western sectors of Berlin, property restitution and Jewish claims for property were almost synonymous, while the Jewish component in the restitution claims for property in East Germany is small. But when the original legislation was drafted by the post-April government of the GDR, there was no reference to restitution of property resulting from takings and seizures in the period 1933–1945. Everything was focused on what happened after 1949, once the GDR came into existence. Of course, the political reasons for that are very clear. The hundreds of thousands of Germans who fled over the forty-year period from East to West Germany and whose property was seized are a powerful political interest group in Germany. We then brought this serious omission to the attention of the people who handled this matter in Bonn, in the Ministry of Justice and others who recognized this failure to deal

with the earlier confiscations between 1933 and 1945. Today in the *Gesetz für offene Vermögensfragen*, as the property restitution law is called, there is an explicit provision which says in effect that this legislation shall apply to all confiscations, including those of the years 1933–1945.

There was then the need to extend the filing period. As for domestic interest, for all the people who were in Germany with the basic means of communication, with regular television and so on, a filing period of sixty days may have been sufficient. They could be reached within the country and come forward. But once again we called attention to the fact that, for owners who live outside Germany, this period had to be extended. While the original filing deadline was October 13, 1990, it is now March 31, 1991. I believe that in many cases the owners are no longer alive. Someone whose property was lost or was subject to aryanization in 1938, fifty-two years ago, and whose age at that time was forty years, would be ninety-two years old today. Therefore, we are dealing today largely with second generation heirs, children, etc., who in most cases do not live in Germany. That was the reason why the filing period had to be extended, and we gave it a lot of publicity through the German diplomatic apparatus, advertisements, and press announcements. The principle of the successor organization concept has been adopted and carried forward into this new role, and the Conference on Jewish Material Claims serves as the *Nachfolgeorganisation*. I mention this in order to point out that the historic events and developments we discussed this morning are of very real and immediate relevance for today and tomorrow.

In the field of *Entschädigung*, in the field of individual compensation, there are literally tens of thousands of survivors who received nothing or very little. There was the *Bundesentschädigungsgesetz*, which was quite extensive, but had a filing period that expired in 1965, and, in some instances, 1969. By the late 1970s, the Soviet Union started opening its gates for Jews to leave the Soviet Union. Ceaușescu in Romania also released Jews during this period—mostly to Israel. And so, suddenly tens of thousands of Holocaust survivors came to the West. They had, of course, missed the filing deadlines, through no fault of their own. They were not negligent. They were not lazy. They were not ignorant. In Bonn we argued: This is *force majeure*, the filing period should be opened, not generally, but for this group. We negotiated with three chancellors. My mentor, my professional "father," Nahum Goldmann, negotiated with Willi Brandt and Helmut Schmidt. But we got nowhere on the question of opening the filing period. What finally emerged was a hardship fund.

The federal government initially set aside a fund of 400 million D-marks for one-time payments of five thousand D-marks per person. This fund was to be administered by the Claims Conference. I had to create overnight an apparatus in Israel, in the United States, and in Germany. As of now, we have approximately 160,000 claims. We have paid over 86,000 claims already. The amount of 400 million D-marks was insufficient. We recently negotiated an additional agreement, under which another 180 million D-marks was committed for this purpose and should carry the fund for a while. But here you have tens of thousands of Nazi victims who have optimally received five thousand D-marks. Many have experienced the most extreme forms of Nazi persecution. When the German army moved into Eastern Poland, the Baltic states, and the Soviet Union after June 1941, right behind them were the *Einsatzgruppen*. I never indulge in scales of persecution, because no one who has not experienced persecution in whatever form can give a qualitative evaluation of what persecution means. A German Jew, who left Frankfurt in 1934 and had to abandon his property and his practice and his profession and his business and his education, suffered a great deal. But I would say that someone who survived Babi Yar suffered more. The point that I am trying to make is that, among those people who came out of Eastern Europe and the Soviet Union after the filing period had expired, are people who deserve more than a one-time payment of five thousand D-marks. They are now aging. Think about it. This is our big agenda: To see to it that those Holocaust survivors who up to now did not benefit from the compensation legislation will be included, particularly in the waning years of their lives.

In reviewing the significance of the indemnification program it is important to take note of what the Federal Republic has positively done in the implementation of the Hague Agreements, especially of Protocol No. 1, which consisted of many pages of specific commitments for legislative measures that have gradually been put into law. As of this moment, the German Federal Republic, as a result of the commitments of the *Bundesentschädigungsgesetz*, which is obviously a West German commitment, still pays pensions to 170,000 Nazi victims, 85 percent of whom are Jewish. The *Bundesentschädigungsgesetz* covers persecution not only for race and religion but also for political conviction: there are many thousand beneficiaries living in Germany and receiving pensions under this law. The annual expenditure for this program is currently one billion dollars. This is not the highest number of beneficiaries because of the mortality rate over the years; the peak was approximately 275,000 recipients of *Renten*. This is an important and significant contribution which the

Federal Republic of Germany has made and will continue to make, as Dr. Frohn has indicated, beyond the year 2000.

I felt that my role here should be to share with you the perspective of someone who has been and continues to be involved in this issue, pointing out the continuity of the problems and the methodology of dealing with them and sharing my concern. I am basically an optimist—you cannot be in this work without being an optimist. Nevertheless, my concern is there. We are dealing with these problems anno Domini 1991. We are dealing with these problems in the *Bundestag*. About two-thirds or more of its members were born after or shortly before 1945. But age or even personal exposure does not guarantee the right response. I have found, and continue to find, in my experience young people who feel very strongly that it is a national responsibility to deal with these issues. I certainly find people both in the government and in the *Bundestag* who feel strongly about it. Therefore I do not think that we are a voice crying in the wilderness in Germany, but we do worry. Germany at this moment faces the problems of disgorging 350,000 Soviet troops and economically absorbing and integrating East Germany. These are serious problems. None of us looks at these issues and says they are insignificant. Our problem in its financial extent is nowhere near the magnitude of some of these other issues that I just mentioned. Therefore, it provides the opportunity to deal with it but it must be soon, because the people for whom we speak are rapidly aging and dying.

Reference was made to the role of Israel and the role of the Claims Conference. There was obviously a different focus, specific to our roles, although we closely coordinated it in The Hague. The Israeli delegation and the Claims Conference delegation were negotiating at the same time with the German delegation under the chairmanship of Professor Franz Böhm and Dr. Otto Küster, both magnificent representatives of post-war Germany in every way.

The focus of the Claims Conference was the rights and the interest of individual Nazi victims: the restitution of property to individuals, compensation for damage to health, the loss of life, economic opportunity or interrupted education. Even our institutional grants, our distribution of the 450 million D-marks, were to a very great extent focused on building up social institutions that could deal with the needs of the individual survivors. There was also a cultural component which is a different subject. There is obviously no collision or conflict of interest between Israel and the Claims Conference but a difference in focus, a different point of departure. In future negotiations, the Claims Conference will again concentrate on property restitution and compensation legislation for all surviving

victims of Nazi persecution, whether they are citizens of Israel or citizens of the United States or citizens of Argentina. We have a clear understanding with the government of Israel—going back to Nahum Goldmann's and Ben Gurion's agreement on a division of responsibilities—that Israel will not deal with claims of individual Jewish Nazi victims.

In conclusion I would like to emphasize that there is a long list of topics which, in my judgment, warrant historical research. For example, how the indemnification program was variously implemented by the ten *Länder* in Germany or how the financial burdens were distributed between *Bund* and *Länder*. There are many more subjects, and my only practical wish is that the German Historical Institute and the *Institut für Zeitgeschichte*, which has already done a great deal of work in this field, will delineate a list of topics and subjects that really warrant serious historical study.

There is also the question of Blaustein and Goldmann. Perhaps this was one advantage of my being a "junior player" in this whole picture. There is no important event to which any single individual can claim full credit. Something important and of historic significance is always the product of the efforts of many individuals and forces, much as an orchestra in which no single instrument should claim primacy. But Nahum Goldmann was certainly the leading figure, the leading personality, and the fact that his cultural roots were German (until his death, Nahum Goldmann felt at home in the German language and in German culture) certainly played an important role in his ability to communicate and advocate his position. Jacob Blaustein had a very important role to play, and he played it very well, primarily in relation to the United States government and Congress. It was my privilege to have known them both and to have worked very closely with them for many years and to count them as friends. The United States was also crucial in this and played its role. Nevertheless, the first and primary responsibility for seeing these things through then and now and in the future will rest on Germany, on the German people and on how the leadership of Germany will proceed in meeting its responsibility for this unique, tragic chapter of history.

## Abbreviations

ACDP	Archiv für Christlich-Demokratische Politik (St. Augustin)
AHC	Allied High Commission
AJC	American Jewish Committee (New York)
AJDC	American Joint Distribution Committee
BA	Bundesarchiv (Koblenz)
CAD	Civil Affairs Division
CDU	Christlich Demokratische Union
CZA	Central Zionist Archives (Jerusalem)
<i>FRUS</i>	Foreign Relations of the United States
GDR	German Democratic Republic
HICOG	High Commissioner for Germany
HSTL	Harry S. Truman Library (Independence, Missouri)
IfZ	Institut für Zeitgeschichte (Munich)
ISA	Israeli State Archives (Jerusalem)
JDC	Joint Distribution Committee (New York)
JRSO	Jewish Restitution Successor Organization
LBI	Leo Baeck Institute (New York)
MAPEI	Mifleget Poalei Eretz Yisrael (Labor Party of Israel)
NA	National Archives (Washington, D.C.)
NL	Nachlass
OMGUS	Office of Military Government for Germany
PA AA	Politisches Archiv des Auswärtigen Amtes (Bonn)
POLAD	Political Advisor
RG	Record Group
URO	United Restitution Organization
<i>VfZG</i>	Vierteljahrshefte für Zeitgeschichte
Wiener OHL	William E. Wiener Oral History Library of the American Jewish Committee (New York)
WJC	World Jewish Congress
WNRC	Washington National Record Center (Suitland, Maryland)
YIVO	Yidisher Visenshafdikher Institut (New York)

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