**An historical background of the book's subject**

The Second World War, on its European front, came to an end on May 8th, 1945. Undoubtedly, the most horrific and shocking aspect of this wide-reaching cataclysm was the massive and systematic extermination of European Jewry – the Holocaust. One third of the Jewish people, numbering six million people, had been murdered during the Holocaust, and almost two million Jews survivors emerged out of the Nazi inferno alive but having lost everything. Hundreds of billions of dollars’ worth of Jewish property (in today's value) had been taken from the Jewish people as part of the Nazi onslaught.

Exactly three years after the end of the war (and the Holocaust), on May 14, 1948, the Jews saw the establishment of their national homeland – the State of Israel. About a year after the Jewish state had been established, elements in the Israeli Ministry of Foreign Affairs began examining the possibility of filing a collective compensation claim against Germany. This claim was based on a double foundation: the enormous amount of property that had been lost to European Jewry in one way or another as a result of the Nazi campaign against them; and the Jewish state’s absorption of roughly half a million Jewish Holocaust survivors who had been immigrating to Israel since 1933.

This idea was eventually formulated as an inclusive demand for reparations and submitted in March 1951 to the four allied occupying powers in Germany (USA, Great Britain, and France in West Germany, and the USSR in East Germany). Israel demanded that the powers compel the two German states to pay reparations totaling 1.5 billion dollars (1 billion from West Germany and half a billion from East Germany) to the Jews, as represented by the Jewish State. The four powers’ reaction to the Israeli appeal was based on their subjective global interests at a time when the Cold War was escalating. The USSR ignored the demand completely (it was not prepared to entertain the idea that its satellite state, namely East Germany, should pay reparations to the West-leaning State of Israel). The Western powers on the other hand, opted to suggest that Israel should approach the government in Bonn directly to advance its claim. These countries’ governments were apprehensive about putting pressure on Bonn directly lest it arouse the intense wrath of the West German public. Such a development would have been most unwelcome to the Western powers who sought to integrate West Germany into the anti-Communist camp. The Western powers also worried that any action taken to promote Israel’s interests would provoke a hostile reaction from the Arab states.

Before the higher-ups in Jerusalem could even consider the Western Powers’ recommendation regarding direct contact with Bonn on the subject of reparations, they received a clandestine communication from Chancellor Adenauer. The West German leader proposed, via mediators, that a direct and official dialog between the two countries be opened on this matter. The Israeli leadership feared, however, that such a step would invoke the wrath of the Jewish public in Israel. In the wake of the Holocaust, the Jewish people (in Israel and in the Diaspora) imposed a boycott on the German people which was supposed to be all-encompassing, uncompromising, and everlasting. The boycott was the operative manifestation of the enormous anti-German sentiment harbored by the Jewish people once the sheer scope of the catastrophe inflicted on European Jewry had come to light. It was an expression of the rage, the loathing, and the desire for vengeance against Germany that engulfedthe Jews. The boycott was perceived as a sacred duty toward the slaughtered millions, and an essential vehicle for protecting the feelings of hundreds of thousands of survivors. Nonetheless, the leaders of Israel decided to confront Jewish public opinion and open the German channel of negotiations. The major reason behind this move was the dire state of the Israeli economy, which was on the verge of total collapse. Considering the security-political reality Israel faced – a tiny country in terms of its geographical size and population, surrounded by an enormous Arab world, ten times larger in size and calling for its destruction – the nation’s very existence hung in the balance. Chancellor Adenauer’s initiative led to the opening of talks on reparations between Jerusalem and Bonn in The Hague in March 1952. These talks concluded with the signing of the “Reparations Agreement” on September 10 of that year, which was duly ratified in March 1953. The abovementioned agreement called for West Germany to pay the State of Israel approximately 715 million dollars in goods and services over a period of twelve years. Bonn fulfilled the agreement to the letter and the payments were completed by the end of 1965. It was in that very year that Jerusalem and Bonn established historic diplomatic relations.

**The importance of the issue**

There is prime historical importance attached to the Israeli-German Reparations Agreement both from the Israeli-Jewish and the global perspectives. It is regarded as a key event in the history of the State of Israel owing to its dramatic effects in many areas. From the economic angle, the material compensation obtained was unprecedented, and came at a period when the Israeli economy was teetering on the brink of collapse (in all actuality, the agreement saved Israel from economic and physical meltdown). From the diplomatic point of view, the agreement paved the way for the historic normalization of relations between the Jewish State and Germany. And in terms of its implications for the Jewish world, the agreement furthered the dominance of the State of Israel as the center of the Jewish people.

The reparations saga will also be remembered due to the political-public tumult that accompanied it**.** Israel witnessed an internal struggle – between those who supported Israeli-German negotiations on the issue of reparations, and those who opposed them – that reached unprecedented levels of uproar, the likes of which Israeli society had not experienced before. In fact, all things considered, the public-political campaign on the issue of reparations was one of the fiercest seen in the State of Israel to this very day.

The importance of the agreement from the global perspective lies in the fact that the Reparations Agreement marked a breakthrough in international law: it established a precedent that recognized the right of one country (Israel) to file a claim against another country (West Germany), in the name of a people dispersed around the globe (European Jewry) and arising from wrongdoings perpetrated when neither the litigating state nor the country facing prosecution were yet in existence (1933–1945).

**The book**

The book looks at the issue of reparations from an Israeli perspective. It does so in three distinct contexts: the internal Israeli context (as reflected by the state’s leadership, the political system and the Jewish public at large); the general Jewish context involving the relationship between Israel and world Jewry (and especially between Israel and the Jewish communities in the United States and the United Kingdom); and the international context – the steps initiated by Israel with respect to West Germany, the three Western powers, and the Arab league countries, including the range of actions taken among the last three aforementioned groups of countries.

An especially prominent place in the book is accorded to the Israeli public-political domain. It presents a minute and in-depth examination of the Israeli political system and of Jewish-Israeli public opinion with regard to the German question, at the center of which lies the matter of reparations. For these purposes the author has gone to the lengths of reviewing thousands upon thousands of pages from the Israeli press (from the years 1949–1953) and combing through all of the relevant party archives in Israel. The book likewise makes extensive use of the memoirs, biographies, and personal diaries of notable politicians and public figures from this time, who were involved in the reparations affair. It is in fact the first ever research to analyze the attitudes of the Israeli-Jewish public toward the matter of reparations in this thorough a manner and basing itself on the entire scope of available materials. Such an examination is necessary if one wishes to truly understand this subject from the Israeli perspective since the moves and maneuvers undertaken by the leadership in Jerusalem on the matter of reparations were very much dictated by the Israeli-Jewish public’s stance toward Germany.

**Bibliography**

The research relies on a broad spectrum of archival sources: sixteen archives overall (thirteen of them in Israel, two in the United States, and one in Great Britain) were consulted. The most important among them is the Israel State Archive in Jerusalem. In the closing decade of the twentieth century, the State Archives began to declassify and make public a host of documents: protocols from meetings of the cabinet and the *Knesset*’s (Israeli parliament) Foreign Affairs and Defense Committee, as well as classified cabinet resolutions. The importance of these materials for a full comprehension of historical issues is indisputable. The book at hand makes extensive use of these documents (as well as other documents in the State Archives, in particular the Ministry of Foreign Affairs’ papers),and is the only one to do so with respect to the reparations issue.

Special attention is also given to the Israeli press, in Hebrew and in European languages, including party organs and unaffiliated newspapers (twenty-one Israeli newspapers in total). For all intents and purposes, this is the first research on the subject of reparations that utilizes this media source from the period under study in such an in-depth and comprehensive manner. Journalistic sources are particularly critical to our subject of inquiry since they allow us to observe the positions of the political system and public opinion in Israel on the question of reparations first hand. In certain cases it is the only tool by which we can extract this information.

Such extensive use of the two abovementioned sources is unprecedented. On the one hand, the relatively recent release of previously unclassified state archive materials means that most of them have never been used to give a wide, clear, and accurate picture of the Israeli government’s policy with regard to reparations. On the other hand, this essay’s plumbing of relevant press archives to paint a representation of the contemporary media-journalistic landscape in Israel, is likewise unique in its scope. This book therefore constitutes a comprehensive research work that is the most exhaustive and systematic volume written in any language about the subject of German reparations to Israel.

**Other publications on the topic**

A meticulous review of the existing academic literature in Hebrew, English, German and French carried out prior to the research revealed that there is a real and indeed astounding lack of works examining the Israeli claim for reparations from Germany in any depth and in a broad, thorough, and documented manner (especially from the Israeli public-political angle). The absence of a comprehensive and well-documented study of this nature stands out especially in the English-speaking academic world, ostensibly the world’s widest literary arena.

Much of the existing literature in English dealing with the issue of reparations was written between the early 1950s and the early 1980s, and therefore contains no references to archival sources (still classified at the time). As a result, its findings are lacking, and far worse – misleading at many junctures. From the mid-1980s, a number of studies were published in English on the reparations affair, which did make use of archival sources, among others. Some of these essays sought to give a rather general view of the period and therefore devote only several dozens of pages to the issue of reparations, while the archival material employed is relatively scant. Other treatises published at the time go too far in the opposite direction: they deal solely with specific and limited aspects of the issue and fail to provide a broad enough outlook.

**Length of the book**

The final length of the book is estimated to be about 330 pages (approximately 138,000 words). As noted previously, this is the most comprehensive and authoritative research ever to be written on the subject of the reparations paid by the German people to the Jewish State (it seems probable that once this research will have been published in English, no further research book on this subject will be written). Its relatively extensive scope is therefore justified by the wealth of information it contains.

**Intended readership/users**

The subject of this book, namely, Israel and the reparations it received from Germany touches on numerous historical strata: the history of the State of Israel, Jewish history, Post-Holocaust history, as well as topics in the field of international relations such as Israeli-German relations, Israel’s interactions with the Western Powers, and Israel’s relations with the Arab states. Therefore, researchers, lecturers, teachers, students, journalists, politicians, and laymen with an interest in history and political science are likely to be very interested by this book. There are likewise hundreds of thousands of Jewish Holocaust survivors and their families living beyond Israel's borders, who are directly implicated in the tale this essay unfolds. Let us not forget that there are 6–7 million Jews living in the United States and other English speaking countries (Canada, the UK, Australia, South Africa, and New Zealand). Roughly one million among them are Israeli expatriates who would be very much interested in learning more about such a central and fascinating episode in the history of Israel and the Jewish People.

The subject of indemnification for damages resulting from war or war crimes would also be of interest to non-Jewish societies and communities worldwide who have experienced or are currently experiencing human and material tragedies due to national, ethnic, and religious conflicts. In this context, it is interesting to note that in recent years we are witnessing a conversation unfolding in the US regarding the proposal to grant reparations to the African-American population (who number almost 50 million people, or approximately15% of the country’s population) in compensation for centuries of enslavement and disenfranchisement experienced by their forefathers. Here indeed we have an example of an additional community that could find interest in a comprehensive research on the subject of German-Israeli reparations. (With your permission, here is a link to an article regarding this issue  [https://www.bbc.com/news/world-us-canada-47643630](https://www.bbc.com/news/world-us-canada-47643630" \t "_blank))

**About the author and his research**

Jacob Tovy is a researcher of the political history of the State of Israel. Over the past fifteen years he has focused his attention on Israeli-German relations, with an emphasis on the reparations affair. His English-language book on the latter subject will be the fifth book he has published in the course of the last twelve years. The present book is a translated, updated, and expanded version of the book *Hebrew Title*, published in Hebrew in 2015. In the past three years, Jacob Tovy has devoted his time to collecting archive and press materials for his sixth book. This upcoming research will delve into the subject of the normalization that took place in Israeli-German relations after the Holocaust as a result of the Reparations Agreement and its implementation. The author’s scholastic focus has always been on Israeli public life as a whole, and the Israeli political system, upon its many facets, in particular. His expertise in the field of Israeli-German relations, especially on the subject of reparations, has manifested itself in academic research (the results of which have been published in books and articles), consulting services to various Israeli state agencies, academic and private lectures, and interviews in various media outlets, both in Israel and abroad.

**Overview of the book’s chapters**

Introduction:

Even before the Second World War came to a close, the Jewish world had already started discussing the idea of suing Germany for material compensation in three separate categories: restitution of property, personal indemnification, and collective compensation. The post-war period saw the establishment of several pan-Jewish entities charged with advancing matters in the one actionable compensation category at the time: the restitution of heirless Jewish property. Their goal was to use the funds obtained from this Jewish property toward the rehabilitation of the hundreds of thousands of Holocaust survivors around the world. The Zionist movement took part in this effort. However, its leaders had a fundamentally different aim in mind: they demanded that the majority of the funds obtained from the restitution of heirless property and collective compensation be channeled toward the advancement of the Zionist enterprise of building a Jewish homeland in Palestine.

Chapter 1:

The government of Israel first expressed its opinion on the matter of claiming compensation from Germany in the summer of 1949, at the end of the Israeli War of Independence. In light of the widespread consensus among the Jewish public in Israel and the Diaspora in favor of a general boycott of the German people, the government in Jerusalem refrained from discussing the issue of compensation with the German authorities and contented itself with providing legal and administrative assistance to Jewish organizations and Holocaust survivors.

Chapter 2:

While progress was being made on the issues of property restitution and personal indemnification, Israeli and Jewish elements began to discuss the third category of compensation: collective compensation for the Jewish people. In the summer of 1950, the Israeli Ministry of Foreign Affairs (IMFA) formulated this claim for what they dubbed “reparations.” The Minister of Foreign Affairs, Moshe Sharett, and his staff urged the government to commence direct contacts with the two Germanies in order to promote the three categories of compensation. Even though they spoke of both newly established Germany states, it was clear to the IMFA that West Germany was the only the relevant addressee for its demands. East Germany and its patron, the USSR, had already made it clear, in words and in practice, that Berlin had no intention of paying compensation to the Jewish People or Israel. Prime Minister (and Defense Minister) David Ben-Gurion and Finance Minister Eliezer Kaplan supported the IMFA’s proposal for direct negotiations with the Germans. However, most of their colleagues adhered to the boycott principle, and therefore, on January 3, 1951, the Israeli government decided to limit its actions to the dispatch of a diplomatic note to each of the four occupying powers in Germany, presenting the three categories of compensation.

Chapter 3:

At the initiative of the director-general of the Israeli Ministry of Finance, David Horowitz, Foreign Minister Sharett decided that Israel would send not one but two missives to the each of the powers. The first, dispatched on January 16, 1951 discussed property restitution and indemnification claims, while the second, sent of March 12, discussed the reparations claim. The distinction between the three categories of compensation was meant to emphasize the importance of the reparations claim and, in fact, to give it precedence over the other two types of claims. The reason for this was rooted in practical necessity. The Israeli economy was on the brink of collapse and, according to Horowitz’s estimate, only the obtention of reparations could save the Jewish state from financial and physical breakdown. Israel’s leadership embraced this notion and from that point on (Spring 1951) chose to focus exclusively on the reparations claim, letting the two other types of claims fall by the wayside. In many respects this was the direct continuation of the Zionist approach of the 1940s, which wished to harness German compensation funds to the benefit of the Zionist cause.

Chapter 4:

The contents of the reparations letter came to the attention of West German Chancellor Konrad Adenauer and he suggested to the leadership in Jerusalem, through intermediaries, to meet with Israeli representatives for a preliminary disambiguation of the reparations claim. Israel’s leaders – Ben-Gurion, Sharett, and Kaplan – decided to accept the invitation. They did so based on their assessment that the Western powers would not intervene in Israel’s favor on the question of reparations. Nevertheless, in light of the strong government opposition to Israeli-German contact, as well as the strong anti-German sentiment prevailing among the Israeli-Jewish public, this step was taken in secret. At a meeting between Israeli representatives and Chancellor Adenauer in Paris on April 19, 1951, the head of the West German state was asked to make a public statement acknowledging and denouncing the atrocities committed by the German People against the Jewish People under the Third Reich, vowing that Bonn was committed to rooting out Nazi ideology in Germany, and recognizing the obligation of the German People to compensate the Jews by way of reparations, among other means. Such a statement, to the mind of the higher-ups in Jerusalem, was necessary to prime Jewish public opinion for the possibility of German-Israeli negotiations on the matter of reparations. Meanwhile, early July saw the arrival of three Western powers’ response to the Israeli reparations letter. The powers informed Israel that they were legally and politically unable to intervene in the issue. Orally, during various diplomatic talks, their representatives suggested that Jerusalem create a direct communication channel with Bonn in order to settle the issue of compensation.

Chapter 5:

In accordance with Israel’s request, government officials in Bonn began drafting the Chancellor’s statement in July 1951. The text of the declaration was passed on to Israeli representatives, through Jewish-German and American-Jewish mediators. In Israel, certain amendments were made to the draft to ensure that the statement would satisfy Jewish-Israeli public opinion. The Germans accepted some of the amendments, rejected the rest, and sent the new version to Israel. In the following weeks the statement draft underwent several changes until the final version received approval. This version, however, had not been communicated to Israel. On September 27, 1951, Chancellor Adenauer read out the declaration before the German Bundestag to the sound of resounding applause in the German parliament and around the world. Jerusalem, on the other hand, was disappointed by the statement because it did not include an acknowledgement of the crimes committed by the German People during the Third Reich era, and mainly because it lacked an explicit commitment to pay reparations to the State of Israel.

Chapter 6:

In parallel with the diplomatic back-and-forth conducted with the Western powers and West Germany, Israel was developing an initiative to convene a conference of the major Jewish organizations in the West that would express support for the Israeli reparations claim. Jerusalem hoped that such a move would spur the powers and Bonn to take a positive view of its claim. Yet the road to convening such a conference was fraught with obstacles. The Jewish organizations disagreed with Israel regarding its reparations claim: they rejected the notion that Israel would be the sole spokesperson for the Jewish people on the reparations issue and would thereafter seize all the compensation funds for itself. They demanded to be part of the claim or, failing that, to file their own claim – in the name of Diaspora Jewry. Israel opposed this proposition outright: it feared that Bonn and the Western powers would promptly reject such a large reparations claim under the pretext that it could do severe damage to the West German economy. Representatives of Israel and the Jewish organizations tried to settle these issues, but in vain. Despite this, it was decided to hold the conference nonetheless, due to its great importance to Israel’s cause, while trying to downplay the internal Jewish disputes. The conference took place on October 25–6, 1951, in New York. The summary statement it produced expressed full support for the Israeli reparations claim, indicated that the Jewish world demanded the full and speedy realization of the two other compensation claims – restitution of property and personal indemnification, and hinted that Diaspora Jewry intended to file a second reparations claim.

Chapter 7:

As expected, the Chancellor’s September 27 declaration failed to legitimize the idea of Israeli-German negotiations in the eyes of the Israeli-Jewish public. This much was thoroughly reflected in both the party-affiliated and the independent press, which looked upon the words of the German leader with overwhelming hostility. Moreover, there were suspicions within journalistic and political circles that the declaration was the result of a coordinated effort between Bonn and Jerusalem, and that the Israeli leadership intended to open negotiations with the Germans. In light of all this, an increasingly large camp of opponents to the idea of negotiations began to emerge in Israel in late September 1951. This camp included political parties, extra-parliamentary movement, groups of intellectuals and public figures, Holocaust survivor organizations, student organizations, youth movements, and the major unaffiliated evening press. Their campaign to mobilize the public in support of its anti-German position unfolded on three levels of action: parliamentary, journalistic, and public (mainly in the form of demonstrations, conventions, and rallies). Faced with this public-political backlash, the heads of the Israeli state understood that a new statement by the German Chancellor was needed in order to achieve what the September declaration failed to do: make negotiations legitimate in the eyes of the public. It was decided that the statement would focus on the issue of reparations. The Chancellor would have to make an explicit assurance that he intends to negotiate with Israel on the basis of its billion dollar reparation claim. Armed with such a promise, Prime Minister Ben-Gurion and Foreign Minister Sharett would then be able to turn to the government and the Knesset, and through them – the nation, and mobilize their support for Israeli-German negotiations on reparations. Accordingly, Nahum Goldmann, a prominent Jewish-American leader (of German descent), was sent to meet with Chancellor Adenauer in London on December 6, 1951. At this meeting, the Chancellor provided Goldmann with an official clarification letter on the subject of reparation to Jerusalem’s satisfaction.

Chapter 8:

Following the reception of Adenauer’s clarification letter, Ben-Gurion and Sharett launched an extensive campaign to mobilize the political system in favor of the idea of Israeli-German negotiations. Their first stop was their political home – Mapai, the largest party in the Knesset with forty-five out of 120 seats, which gave its blessing to set off on the road toward negotiations. The next stop was the government, which voted in favor of negotiations on December 30 by an absolute majority. Over the course of the past year, Israel’s desperate economic situation and the refusal of the Western powers to intervene on the issue of reparations had persuaded ministers who had formerly opposed the idea to change their minds. The Knesset then deliberated on the issue for three consecutive days – a rare event in Israeli politics – between January 7 and 9, 1952. The anti-negotiations camp, meanwhile, threw its entire weight behind its cause and, during the first ten days of January, operated with an intensity that far exceeded everything it had done in the past three months. Its press abounded in articles, its representatives covered building walls with placards, city streets were filled with rowdy demonstrations (on January 7, a crowd stormed the Knesset), and its opinion editorials dominated the news on a daily basis. The political and public figures who supported the government were much more restrained in their campaigning efforts, on the other hand. The two sides put forward a long line of arguments – both moral and practical – for and against the idea of negotiations. On January 9, the Knesset voted on the government’s proposal to negotiate with West Germany over the reparations and decided, by a 61–50 majority, to allow the talks to go forward. The opposition camp was bitterly disappointed but had no intention of giving up. Its campaign against negotiations with Germany continued, with varying intensities, over the course of the following months.

Chapter 9:

At the close of the Jewish organizations’ conference in New York in October 1951, it had been decided to establish a joint body – “The Conference on Jewish Material Claims against Germany” (or the “Claims Conference” for short), whose role it would be to address the issue of compensation from Germany. The Claims Conference was to take part, alongside the State of Israel, in negotiations with West Germany on the issue of compensation. During January–February 1952, Israeli representatives held a series of meetings with the Claims Conference in the attempt to resolve the fierce contention between them over the issue of the second reparations claim. After much effort, the parties reached an agreed-upon solution. At the same time, the Jewish-Israeli side made a series of technical-administrative arrangements with the German side regarding negotiations. One of the most important of these concerned the location of the talks. The Israelis wished for them to be conducted in a secluded place to prevent the possibility of Jews being harmed in the course of the negotiations. Indeed, terrorist threats and acts had plagued the talks since their inception. The parties finally settled on the Dutch town of Wassenaar, a sleepy, upscale suburb of The Hague about five miles from the city. The opening day of the talks was set for March 21.

Chapter 10:

In parallel with the Israeli-Jewish-German summit taking place in Wassenaar, an international conference was held in London with the participation of West Germany and other (mostly European) countries that had lent it money before and after World War II. The purpose of the conference was to regulate the payment of Bonn’s commercial debts. The economic leadership in Bonn feared that the agreements to be signed in Wassenaar and London would impose enormous financial obligations on West Germany that may prove detrimental the country’s ongoing recovery. In view of this, economic sources in Bonn persuaded Chancellor Adenauer to hinge the Wassenaar Conference on the outcome of the London Conference, i.e., to refrain from settling Israel’s reparations claim before discovering the extent of the commercial debt owed by Bonn to its creditors in London. The Israelis, as expected, were outraged at the correlation the Germans had created between their “moral debt” and their “commercial debt,” but their outcries were to no avail. On April 9, 1952, the parties in Wassenaar took a German-imposed break, the latter hoping that the results of the talks in London would become clear during this time. This would allow the West Germans to make their financial calculations and submit an official offer for the payment of the reparations to Israel. Even before the break, the German negotiators hinted to their Israeli counterparts that Bonn’s offer would be significantly lower than the sum Israel had demanded in its March 12, 1951 reparations letter. And yet, despite the Germans’ intransigence, the Israeli government could not afford to come out of the Wassenaar talks empty-handed. The anti-negotiations camp in Israel would have caused an uproar and the government would have then been forced to resign and hold general elections. Beyond that, the failure of the talks would have meant that the government’s last hope to save the Israeli economy, with the aid of the reparations funds, had failed. In light of this, Israeli representatives launched a tremendous public and diplomatic propaganda campaign in the West (especially among the three powers) and even in West Germany, urging the Bonn government to resume talks as soon as possible and submit a proper offer for the payment of reparations to Israel. The campaign was a success and under pressure from the powers, as well as from intra-German elements, Adenauer agreed to submit an official proposal to Israel in late May 1952. It stated that Israel would receive payments of 715 million dollars in goods and services over a 12-year period. The Israelis expressed satisfaction with the proposal. At the end of June, the talks in Wassenaar resumed and the parties worked out the final agreement. On September 10, the Reparations Agreement was signed between West Germany and the State of Israel in the city of Luxembourg. At the same time, an agreement was signed between West Germany and the Claims Conference concerning property restitution and personal indemnification claims.

Chapter 11:

For the Reparations Agreement to be implemented, it had to first be ratified by the two houses of parliament in Bonn. This ostensibly simple process turned into a tedious ordeal largely because of the Arab League’s negative view of the idea of reparations and its subsequent attempts to influence the Wassenaar talks and the Luxembourg agreement that resulted from them. The Arab position was a direct result of the Israeli-Arab conflict that had become entrenched during this period (1951–53) and even showed the first signs of exacerbation. The Arab League countries began voicing their objections to the idea of German-Israeli reparations, albeit hesitantly and in an uncoordinated manner, shortly after the dispatch of the Israeli reparations letter in March 1951. Their efforts to thwart the Reparations Agreement began to crystallize and come together toward the beginning of 1952, with the Wassenaar negotiations on the horizon. The dominant state in this preliminary effort was Syria; however, after the signing of the agreement, in September 1952, Egypt became the central factor in the Arab League leading the charge against its ratification. The Arab states argued that Israel should not be compensated for the Holocaust because Israel had not paid compensation to Palestinian refugees since the 1948 war. Beyond that, they argued that the Reparations Agreement would strengthen Israel militarily and encourage its aggressive policy against the Arab states. Bonn did its best to placate the Arab League. The Arab (and Muslim) world was a huge potential economic market and the FRG did not wish to give it up. Its reconciliation efforts were aided by the Western powers. The latter tried to convince the Arab states that the Reparations Agreement did not endanger Arab interests and may even encourage Israel to pay compensation to Palestinian refugees. The government in Bonn hoped the Arabs would drop their grievances but, in the meantime, refrained from bringing the agreement to the parliament’s approval. However, led by Egypt, the Arab states refused to be persuaded. In view of this impasse, Adenauer finally decided to sever the Gordian knot. The Reparations Agreement was placed before the Bundestag and the Bundesrat in late March 1953, and received their approval.

Chapter 12:

The final chapter of the book thoroughly examines the various clauses of the Reparations Agreement, its implementation, and its impact on the Israeli economy.