

Israeli banks and institutions kept Nazi victims' assets

By Jean Shaoul
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Evidence is emerging from an Israeli parliamentary committee and court action that some of the pillars of the Israeli financial establishment hung on to the assets of Jews who died under the Nazi regime and blocked attempts by the victims' families to seek justice. The committee has recommended an independent audit of at least 12,000 dormant accounts and 5,000 safe deposit boxes at Bank Leumi.

During the 1920s and 1930s, Zionist leaders actively sought investment to build up Zionist enterprises and settlements in what was then British-ruled Palestine. European Jews bought plots of land and opened bank accounts in Palestine as a way of contributing to the establishment of a Jewish homeland, preparing for their own or their families' eventual emigration, and later, after Hitler took power, seeking a haven for their savings.

No one knows for certain how much was involved. It is believed that some \$40 million was deposited in bank accounts and a similar amount invested in land, much of which would now be in prime locations in Haifa and Tel Aviv. Money and other valuables were kept in safe deposits whose whereabouts are unknown.

When the Second World War broke out, the British mandate government in Palestine seized the land and bank accounts held by Jews from countries under Nazi rule as enemy property. Most of the money was transferred back to London. Under the settlement with Israel in 1950, the British government paid back just \$1.4 million in compensation for the bank accounts and handed over records of the seized accounts and land to the Israeli government. While some restitution payments were reportedly made, the fate of other accounts and properties is unclear.

Shmuel Tsur, the Custodian-General at the Ministry of Justice who manages the unclaimed property,

maintains that almost all the confiscated assets were either returned to their owners or handed over to his office. He estimates that 20 percent of the holdings, worth about \$90 million, belonged to European Jews killed in the war. Of the list of unclaimed accounts and properties published by his office in 1997, fewer than 10 have been returned after claims to them were confirmed. He used this to justify his assertion that there was no reservoir of money or property hidden away, but was forced to admit under questioning by the parliamentary committee that he could not be sure that he had received full reports from the banks regarding all dormant accounts. "I start from the assumption that the bank reports are correct," he said. He also acknowledged that successive Israeli governments sold many of the plots of land to cover taxes or expropriated them for development or military use.

Colette Avital, a member of Prime Minister Ehud Barak's One Israel Party and chair of the parliamentary committee, said that for years there have been lists of property abandoned by its owners, including those who were believed to have perished in the Holocaust. She said the Custodian-General had 4,300 real estate assets, but other groups, such as the Jewish National Fund, also held properties but had refused to publish details until pressed by the hearings of the parliamentary committee. According to Avital, while the banks said they had passed all information about dormant accounts to the custodian-general she was sceptical that full details were given.

Avital presented one example of an account from 1940 in which 96,000 lira was deposited. At the time, she said, the money was enough to purchase two apartments on Rehov Allenby, one of the main streets in Tel Aviv. "After 60 years, the Custodian-General is offering to give back NIS [New Israeli Shekels] 285,"

she said. The sum is equivalent to US\$73.

Earlier this year, Bank Leumi published on its Internet site a list of accounts that had been inactive since 1955 or earlier. The Jewish National Fund, a land development agency, also published on its site a list of plots sold to Jews before the war that remain unclaimed. Last November, class action suits were brought on behalf of relatives of Holocaust victims against Bank Leumi and the privately owned Israel Land Development Company, set up by the Zionist movement to buy land in Palestine. The families are demanding full disclosure of the accounts and land bought by Jews who perished under the Nazis.

Holocaust survivors refrained from such a search for property for years and left the matter for the state to handle, she noted. Avital said that on the official level, bureaucratic inertia had prevented effective action to trace and return the unclaimed assets. "There was a lot of neglect and lack of sensitivity," she said.

In a related development, an international panel investigating insurance policies held by Holocaust victims announced last April that it had the names of 19,000 people who were owed money.

For decades the issue of the lost accounts and assets generated little interest in Israel. Jewish survivors from Nazi Germany, who came to Palestine, and later Israel, devoted their energies to tracing their relatives and building a new society. As Dr. Yossi Katz, a professor at Bar Ilan University, and author of the recently published *Forgotten Property*, said, "In the early years of nation building and in subsequent decades, there were other priorities. Until the 1990s, the issue didn't trouble the public. Other matters were seen as far more important, such as security and absorption of immigrants. It's safe to assume that had the issue not come up recently in Europe, it would not have come up in Israel. There was a reluctance here to deal with the Holocaust in economic terms. It was inconceivable to turn the Holocaust into a material issue. A younger generation had to come along that was not directly linked to the Holocaust and could deal with it less sentimentally."

That this new generation was prepared to take up the issue also denotes a generation that does not have the same blind faith in the Zionist dream of creating a safe haven for the Jewish people.

There has been extensive press coverage of the

failure of the Swiss banks to reveal the existence of accounts belonging to Nazi victims. Edward Korman, an American judge, has just given his final approval to a \$1.25 billion settlement and was highly critical of the way the Swiss banks behaved during the three-year audit to unearth records that might be linked to Nazi victims. Israel provided vocal support for this campaign, but has been remarkably reticent about its own record.

Eleazer Shafir is a 76-year-old retired biochemistry professor. His father visited Poland in 1938 and was persuaded by the Zionist movement to invest in Palestine, but remain in Poland. He said, "Everyone knew that something was happening in Europe. He [his father] wanted to make *aliya* [emigrate] but he was convinced by the people in Jerusalem that it was much more important that he be there in Poland." As a result, his father, a community leader, was one of the first to be rounded up by the Nazis when they invaded Poland and died in Auschwitz in 1940. Shafir added, "This is not about money. I do not want to enrich myself. I think this is fundamental justice. What is painful is that we demanded from the Swiss and other nations the return of Jewish property and the return of Jewish art belonging to people who died in the Holocaust. But in our country, we cannot organise the return of property to survivors of people lost in the Holocaust."

Israeli banks and the Israel Land Development Company have resisted opening up their records. As the victims' lawyer Roland Roth argued, both the Israeli and Swiss banks are motivated by a desire to preserve their assets. "Every economic body has an interest in holding on to what it can," he said.

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