

Dealing with the Devil

‘I’ve been reading a really interesting book,’ Solly said as he took a sip of his coffee.

‘Tell me more,’ said David.

They were sitting in their favourite haunt, a Brighton café where their usual fare was either blueberry muffins or strawberry crepes washed down with cappuccinos. Opposite was a row of California bungalows, with large front lawns and neatly pruned azaleas, camellias and hydrangeas.

Outside it was raining and a cold autumn wind whistled through the half-open café door. Leaves tumbled from the plane trees, to be picked up and danced in circles by the wind then dumped in the gutter.

Solly and David, both retired solicitors, had been partners in private practice since graduating from Melbourne Law School in the late fifties. Together they had built a large, well-respected legal firm specialising in tax and commercial law. Their expertise was sought after by wealthy Jewish individuals and families, and large companies, both private and publicly listed.

They were men in their sixties. Solly was tall and well built, clad in a white silk shirt, beige cashmere jumper, tan trousers, and a new pair of tennis sneakers. He had a square jaw and a narrow face, his thinning brown hair covered in part by a knitted yarmulka. He stared at David, his blue eyes sharp behind black-framed glasses.

David looked older than Solly. He had sparse grey hair and his dark eyes were set in deep sockets. His cheekbones were more

pronounced, the cheeks hollower, the skin sallow, dry and papery. He wore a blue linen shirt, neatly pressed trousers and a black leather jacket.

‘It’s called *The Transfer Agreement*, by Edwin Black.’

‘Never heard of the agreement or the book.’ David shrugged.

‘No surprise,’ said Solly. ‘It’s a little-known story about an agreement between the Nazis and Jewish organisations to allow Jews who wished to leave Germany to emigrate.’

‘Really?’ asked David in a tone of disbelief.

Solly nodded. ‘It was an arrangement that allowed German Jews to go to Palestine, but they had to leave all but a small portion of their assets behind. What they did take had to be in the form of German goods.’

‘That’s outrageous!’ growled David.

‘Hear me out,’ said Solly. ‘In 1933, shortly after Hitler came to power, the Jewish Agency for Palestine and the German Zionist Federation cut a deal with the German Ministry of Economics. This became known as the Transfer Agreement, and it remained in effect until war broke out in 1939.’

‘What were the terms?’ David clutched his spoon as if he were preparing an attack.

‘German Jews could emigrate to Palestine and keep at least some of the value of their German assets by converting them into German goods for the Yishuv.’

‘Clever, but at what cost?’

‘Think about it from Ben-Gurion’s perspective,’ replied Solly. ‘Those were the early days of Nazi Germany – long before the Holocaust and five years before Kristallnacht. The Jewish Agency thought it would benefit all concerned. Ben-Gurion knew that Germany wasn’t a good place for Jews and wanted to build the Yishuv – the Hebrew term for Jewish communities in British Palestine.’

‘I know, I know,’ David said dryly.

Solly shrugged. ‘Anyway, Ben-Gurion thought that an influx of German Jews with their capital – in whatever form – would be a win-win proposition.’

‘And I guess the Nazis wanted to get rid of German Jews ...’

‘And they also sought to undermine the worldwide anti-Nazi trade boycott that had started in 1933. Remember, this was the decade of the Great Depression,’ Solly added.

‘And the German economy was in bad shape,’ David agreed.

‘Oh yeah,’ confirmed Solly. ‘Unemployment was rising, and the Nazis needed to export goods to create more jobs. The boycott was preventing that, so they came up with a way of getting goods out of Germany and into Israel. They must have been laughing all the way to the bank.’ His voice was hard, almost ugly.

David nodded, glancing at the rain-washed windows, his face solemn. ‘So, it was Nazi policy to force out as many Jews as possible while confiscating as much of their wealth as they could get away with.’ His eyes burned.

‘Yes, but they were cunning,’ Solly said. ‘They offered the Jews a way out, so long as they took their wealth in the form of German goods, thus sidestepping the boycott.’

David drew in his breath sharply and asked, ‘What did Jewish organisations think of dealing with the Nazis?’

Solly shrugged. ‘Their attitude was mixed. The American Jewish Congress and the Jewish War Veterans didn’t want a bar of it. They supported the trade boycott. But the American Jewish Committee and B’nai B’rith were opposed to the boycott.’

David gave a wry smile. ‘Typical; two Jews, three opinions,’ said David. ‘But why were those groups opposed?’

Solly shrugged. ‘They worried that the boycott would anger the Nazis and make the situation for the Jews in Germany even worse.’

‘What about this ... what’s his name? Your author.’

‘Edwin Black?’

‘Yes. Who did he support, the boycott or the Transfer Agreement?’

David was watching Solly, his face thoughtful.

‘Black thought the trade boycott was the correct course of action. He regarded those organisations supporting the Transfer Agreement as tools of the Third Reich. He also said that in 1933 it was possible a wider and more effective trade boycott of German goods would have toppled Hitler.’

‘That’s a pretty ambitious claim,’ snorted David. ‘So, which countries boycotted trade with Germany?’

‘The boycott was particularly strong in the United States, France and Great Britain,’ Solly said. ‘But I agree. The boycott would have failed anyway. Much of Eastern Europe was dependent on trade with Germany. There’s no way they would have joined.’

‘So, what did your man have to say about the Transfer Agreement?’ David said.

Solly hesitated, then said, ‘Black claims the Transfer Agreement was responsible for establishing the State of Israel. But he’s wrong there as well.’

‘Why do you disagree?’ David asked.

‘Black argues that 60,000 German Jews settled in Palestine between 1933 and 1941 because of the Transfer Agreement. But David Yisraeli, who’s also written on the Transfer Agreement, says 33,000 emigrants settled in Palestine between 1932 and 1937, and only 12,500 used the Transfer Agreement. Also, Black claims that about \$100 million of capital assets of German Jews went into building the State of Israel. But others argue the amount was only around \$40 million.’

‘So, who was right?’ David pressed.

Solly was silent for a moment. ‘Not Black, I think,’ replied Solly. ‘As it turned out, the Agreement accounted for only 0.1 per cent of all German exports to Palestine.’

‘So that means his argument that the Agreement contributed to the building of the Jewish state is quite a stretch,’ David said, his eyes sharp.

Solly laughed. 'Black accuses the Zionist movement of destroying the trade boycott and thereby granting a reprieve to the Third Reich. But I don't think that's fair. Just because some Zionists supported the Transfer Agreement and not the trade boycott doesn't mean they gave the Nazis a leg-up. Ben-Gurion and the Yishuv had the best interests of the Jewish people at heart. Again, remember that the full horror of the Holocaust was still beyond everyone's worst imagining.'

'As you know, my family comes from Poland,' said David. 'What happened there? Did the Polish Jewish organisations support the trade boycott?'

'Some did,' Solly said. 'They agitated against the Nazis, promoting the boycott and prosecution of those who violated it.'

'Did those efforts work?' David looked at Solly quizzically.

Solly nodded. 'In 1932 German exports to Poland dropped from 173 million zloty to 146 million, and in 1934 to 108 million.'

'Good for them,' smiled David. 'How did the Nazis respond?'

Solly looked at David narrowly. 'Not well, the German Foreign Ministry sent a rabbi to Warsaw to convince Jewish businessmen to lift the boycott, but without success. The Polish Jews told him to go home.'

'And what about the German Jews?' David asked. 'Did they support the boycott?'

'Ah,' sighed Solly. 'Many German Jews opposed it for fear it would escalate antisemitism in Germany and worsen their economic situation.'

David was silent for a moment and then asked, ‘So who else supported the boycott?’

‘Ze’ev Jabotinsky, the leader of conservative Revisionist Zionism. He advocated for Jewish emigration from Poland and for maintaining the boycott.’

‘What about the Yishuv?’

Solly took a sip of coffee then said, ‘Opinions were mixed.’

‘And what about other Eastern European countries?’ asked David. ‘What was their attitude to the boycott?’

‘In 1933, Jewish businesses in Lithuanian and Romania boycotted German goods and there was also a lot of support among Eastern European Jews in the United States, who were committed to the boycott.’

David’s eyes widened. ‘So, it spread pretty widely.’ He smiled.

‘And spontaneously.’ Solly nodded. ‘It went to show that many Jews were refusing to accept the Nazis’ antisemitic policies, but support wasn’t unanimous.’

‘Back to the two Jews three opinions thing again?’ asked David.

‘Well, the Polish delegation to the World Jewish Congress in Geneva in 1933 said the Transfer Agreement infringed on Jewish dignity and weakened the struggle against Nazi Germany.’

David began to tug at his earlobe, absorbed in thought. ‘So, what was the attitude of the Zionist movement?’ he finally asked.

‘Also conflicted,’ Solly replied. ‘On the one hand the Agreement supported the needs of the Yishuv, but many also sympathised with the sentiments of the Jewish people who supported the trade boycott. It was also political.’

‘Isn’t everything with our people?’ David said.

Solly smiled before going on. ‘Between 1931 and 1933, Labour Zionism and Jabotinsky’s Revisionist Zionist Alliance were in a struggle for domination of the Yishuv. Mapai, the dominant labour party, found support within the Yishuv, while Jabotinsky and the Revisionists were supported by the Polish Jewish middle class.’

‘How did that political fight play out?’ David pressed.

‘It happened at the Eighteenth Zionist Congress in Prague,’ Solly explained. ‘Ben-Gurion, the Mapai leader, and Jabotinsky, the Revisionist, campaigned vigorously against each other.’

‘What was the outcome?’

‘Labour Zionism won 138 out of 318 seats with 44 per cent of the votes cast. This strengthened Mapai’s power in the Congress, which meant Labour members were elected to key positions in the Jewish Agency for Israel as well, which, as you know, was committed to establishing Israel as a Jewish homeland for the Jewish people and encouraging Jews to immigrate to Israel. Ben-Gurion became chairman of the Jewish Agency, Moshe Sharett was appointed head of its Political Department, and Eliezer Kaplan was made Treasurer. All Labour men. But the Histadrut was conflicted about the Agreement.’

‘What was that?’ asked David.

‘The Histadrut is the trade union movement and is closely affiliated with Mapai. But it ducked the conflict between the Transfer Agreement and the boycott until 1934, when it was pressured to take a stand on an agreement concerning the export of Jaffa oranges from Palestine. At that time, Germany was a big importer of citrus fruit, and that contract violated the worldwide Jewish boycott.’ His voice was matter-of-fact.

‘So, what happened?’

‘The Histadrut’s governing committee was divided between pro- and anti-boycott factions. In the end, five committee members voted for the orange export agreement with Germany, one abstained and one voted no. As you can imagine that decision was very controversial.’

‘Oh yeah,’ he muttered. ‘I’m sure a lot of people were annoyed. It’s a tough issue, and I imagine there were good arguments on both sides.’

‘Hmm, sure. Anyway, at the Nineteenth Zionist Congress in September 1935, future Israeli prime minister Golda Meir spoke for Mapai in support of the Transfer Agreement. She argued that it would help to save thousands of Jewish lives.’

‘I understand,’ David said.

‘But in the end the Zionist Congress endorsed the Transfer Agreement by a vote of 169 in favour, 12 opposed and 17 abstentions. By way of context, I think it’s fair to say that Nazi rule in Germany at the time was still new. And Zionist consciousness at the time was shaped by the fate of Soviet Jews after the Bolshevik Revolution,’ Solly said.

‘In what way?’ David asked.

Solly gave David a brief, tentative smile. ‘Well, prior to the revolution, Russian Jewry was considered the core of European Jewry. But after 1918, the Jews of the Soviet Union grew apart from the rest of the Jewish people, and the Jewish centre in Europe shifted.’

David frowned. ‘Is this because the Soviets banned the Jewish religion?’ David asked.

‘The communists were anti-religion in general,’ said Solly. ‘But they also placed strict immigration controls on all Soviet citizens. Some Jewish leaders warned that the Zionist movement should distance itself from the trade boycott for fear the Jews of Germany might suffer the same fate as Russian Jewry, and not be allowed to travel to Palestine.’

‘I’m not sure I follow,’ said David.

‘Let me put it this way,’ replied Solly, taking off his glasses. ‘Some supported the Transfer Agreement because without it they believed German Jewry would be imprisoned like Russian Jewry was in the USSR. So, anything that facilitated a dialogue between the Yishuv and Nazi Germany and allowed Jews to emigrate to Palestine offered a chance for deliverance that could not be missed. From this perspective, it’s not surprising the Yishuv leadership opposed the boycott. They thought it might disrupt the opportunity for German Jews to emigrate.’

David sat quietly, a pensive expression on his face. ‘I don’t quite know what to think.’

‘I get it,’ nodded Solly. ‘And remember, the Jewish boycott had little effect on the German economy. I think it was pretty naive on the

part of world Jewish organisations to think that they could curtail, let alone overwhelm, Nazi Germany's economic capability.'

'I suppose so,' agreed David.

'And with the passage of time, the Jewish boycott against Nazi Germany slipped off the public agenda. Again, most of the world was focused on the Great Depression. And the German–Polish non-aggression treaty in 1935 weakened anti-Nazi initiatives in Poland. In fact, the Polish government even promised to act against the anti-German boycott committees in Poland.'

'How long did the Transfer Agreement remain in effect?' David asked quietly.

'On paper, until the war started in 1939, although difficulties in implementation emerged before that. It turned out that the fledgling economy of Mandatory Palestine was unable to absorb Jewish capital in the form of goods.'

'Then that was the end of it,' muttered David.

'Not quite,' said Solly, pausing for a sip of coffee. 'In March 1937, the Jewish agency concluded a similar deal with Poland. This one was called the Clearing Agreement, and its purpose was to enable Jewish emigrants from Poland to transfer their assets to Palestine by purchasing Polish goods. Unlike the Transfer Agreement, it enabled transfers of money as well as goods from Poland to Palestine and vice versa.'

'What did Jabotinsky, and the Revisionists think about it?'

Solly laughed. ‘They tried to cut their own deal with the Polish government to circumvent the Jewish Agency.’

David shook his head. ‘Jewish politics!’

‘Precisely,’ nodded Solly. ‘But the condition of Polish Jewry deteriorated over the 1930s and the Revisionists and Mapai began to cooperate with each other. Because Mapai and the Zionist Congress supported the Transfer Agreement, it’s fair to say that this put the final nail in the coffin of the boycott movement.’

‘So, it really was a deal with the devil,’ David said as he picked up his muffin and took a bite.

‘Yes, the Transfer Agreement won out,’ Solly replied.

Outside, it began to hail. A cold wind blew into the café and the two men glanced around, shrugged, then reached for their cappuccinos.

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