

## APPENDIX TO THE SECOND PAPERBACK EDITION

### PERFECT INJUSTICE

A reply to Stuart E. Eizenstat's *Imperfect Justice:  
Looted Assets, Slave Labor, and the Unfinished Business  
of World War II*<sup>1</sup>

I believe the most lasting legacy of the effort I led was simply the emergence of the truth . . . (346)

#### I.

President Clinton's term of office coincided with a curious chapter in the annals of US diplomacy: the campaign for Holocaust compensation. Acting in concert with an array of powerful American Jewish organizations and individuals, the Clinton administration extracted from European countries billions of dollars, which had allegedly been

<sup>1</sup> New York: Public Affairs, 2003. All parenthetical references in the body of the text refer to Eizenstat's book.

stolen from Holocaust victims during and after World War II. A key role in this Clinton initiative was played by Stuart Eizenstat, who held multiple senior positions in the Clinton administration but apparently devoted most of his tenure to Holocaust compensation. (Previously, as chief White House domestic policy advisor to President Carter, he recommended and mediated creation of the US Holocaust Museum to allay Jewish fury over Carter's recognition of the "legitimate rights" of Palestinians and the sale of weaponry to Saudi Arabia.)<sup>2</sup> In *Imperfect Justice*, Eizenstat provides an authoritative insider account of the negotiations with, and pressures exerted on, European governments and private industry. Containing crucial revelations as well as crucial omissions, his account confirms that the campaign for Holocaust compensation actually constituted a "double shakedown" of European countries and Holocaust victims; and that its most lasting legacy was to pollute memory of the Nazi holocaust with yet more lies and hypocrisy.

Making little pretense to impartiality and evidently practiced in the art of currying favor with power, Eizenstat portrays the main players in the Holocaust shakedown in glowing tones. Edgar Bronfman, the multibillionaire heir to the Seagram's liquor fortune and president of the World Jewish Congress (WJC), "cut a dashing figure – tall, handsome and debonair" (52). In Congressional testimony this liquor salesman turned megalomaniacal diplomat claimed to represent all of world Jewry, the living as well as the dead.<sup>3</sup> Rabbi Israel Singer, Bronfman's sidekick and the executive director of the WJC, was

<sup>2</sup> For the US Holocaust Museum, see 72–8 in this volume. (Hereafter: *HI*.)

<sup>3</sup> *HI*, 90.

“charming yet roguish . . . brilliant, fast-talking, a gifted speaker, magnetic” (53). Others recalled this cynical vulgarian with his trademark black knit yarmulke cocked at an angle less fondly. “The way he talks to us is unbelievable,” the normally reserved Swiss bankers exclaimed, “his tone and his manner” (134). Even a leading Holocaust industry class-action attorney concluded that for Singer “truth is a random event” (226). Anti-Defamation League national director Abraham Foxman, who specializes in character defamation when not embroiled in yet another scandal,<sup>4</sup> is said to be “widely admired” (125); the notoriously corrupt former senator from New York, Alfonse D’Amato, wins praise for his “remarkable energy, gusto, and political instincts that come straight from the gut”; and Lawrence Eagleburger, raking in \$360,000 annually (for an average of roughly one workday per week) as head of the International Commission on Holocaust-Era Insurance Claims, gets high marks for “his sense of duty” (62, 267). On the other hand, Eizenstat excoriates the president of Belarus, Aleksandr Lukashenko, as an “iron fist” dictator (37). In fact, Lukashenko’s main sin for the likes of Eizenstat is that he “is not given to taking orders” from Washington – or from the Holocaust industry, which has sought unsuccessfully to blackmail Belarus for Holocaust compensation.<sup>5</sup>

Replete with half-truths and hyperbole, Eizenstat’s book also bears the earmarks of a Holocaust industry publication. He points to the

<sup>4</sup> See *HI*, 22, 65–6, “Anti-Defamation League (ADL) Letter to Georgetown University,” at [www.NormanFinkelstein.com](http://www.NormanFinkelstein.com) (under “The real ‘Axis of Evil’”), and the Marc Rich scandal below.

<sup>5</sup> See John Laughland, “The Prague racket,” in *Guardian* (22 November 2002), and *HI*, 133.

“1941 murder of 1,600 Jews in the [Polish] village of Jedwabne” (42), although the total figure (awful enough) was almost certainly closer to a few hundred,<sup>6</sup> and declares rhetorically that “like the Holocaust itself, the efficiency, brutality, and scale of the Nazi art theft was unprecedented in history” (187).<sup>7</sup> He also reports without demurrer the unverified claims of Holocaust survivors to looted assets and Swiss bank accounts; for example, the allegation of a Slovak Jewish leader that “his mother, who was so anxious to put her shattering wartime experiences behind her that she threw away the receipt for her personal effects” (36), and the never-substantiated testimonies of key witnesses in the Swiss banks case like Greta Beer (4, 46–8; on 183 Eizenstat concedes that “the truth will never be known” regarding Beer’s frankly ludicrous story). Finally, Eizenstat repeats commonplaces of the Holocaust industry such as “it is ironic that [Switzerland’s] bank secrecy laws were invoked against the families seeking

<sup>6</sup> See “The final findings of the investigation regarding the events in Jedwabne on July 10, 1941” (9 July 2002) at <http://www.ipn.gov.pl>.

<sup>7</sup> In typical Holocaust industry style, Michael J. Bazyler begins his book on Holocaust reparations with the declaration – neither argued nor documented – that “The Holocaust was both the greatest murder and the greatest theft in history.” Elsewhere he writes that “the Nazi art confiscation program” during the Holocaust was “the greatest displacement of art in human history,” and Hitler “spent more on art than [sic] anybody in the history of the world” (quoting another Holocaust industry historian). (Michael J. Bazyler, *Holocaust Justice* [New York: 2003], xi, 202) In his insightful study, *The Language of the Third Reich* (New York: 2002), Victor Klemperer recalls the Nazis’ chauvinist mania for “superlatives” and kindred qualifiers like “unique” (110, 214, 215–24). For analysis of the Holocaust industry’s “inverted” linguistic chauvinism (“greatest crime,” “unique crime”), see *HI*, 41–9.

their accounts, since these laws had been passed in 1934 to provide a safe haven from the Nazis” (48) – whereas in fact the main purpose of the 1934 law “was not . . . to protect the assets of Jewish customers from confiscation by the Nazi regime.”<sup>8</sup>

To account for the sudden public concern in the mid-1990s for Holocaust compensation Eizenstat initially contends that “Holocaust survivors . . . began to tell long-suppressed stories and now sought a measure of justice for what had been stripped of them” (4). “*Began to tell . . .*”: one wonders where Eizenstat has been during the boom years of the Holocaust industry the past quarter of a century. He goes on, however, to concede that “Edgar Bronfman, the billionaire head of the World Jewish Congress, was politically well connected and a strong supporter of the president and first lady. He urged them . . . to take a personal interest in providing belated justice to Holocaust survivors” (5); and that Bronfman was “one of the largest donors to Bill Clinton’s presidential campaign” and the Clinton administration was “under political pressure from Edgar Bronfman” to “restor[e] confiscated Jewish property” (57, 25). Indeed, Bronfman was among the top five individual donors (and maybe number one) to the Democratic National Committee for the 1996 election cycle, while “‘Jewish money’ is widely believed to account for about half the funding of the Democratic National Committee” and “also accounts for about half of Democratic presidential campaign funding – slightly more in the case of a candidate highly popular with Jews, like Bill

<sup>8</sup> Independent Commission of Experts, *Final Report, Switzerland, National Socialism and the Second World War* (Zurich: 2002), 261. (Hereafter: Bergier *Final Report*.)

Clinton.”<sup>9</sup> The campaign for Holocaust compensation was so closely linked with powerful American Jewish interests that one of the main conferences on looted Nazi gold was purposely convened in London “so it would not appear that the entire restitution effort was simply an American idea driven by the American Jewish community” (112).

Nonetheless, Eizenstat emphatically denies that the Clinton administration acted from strictly mercenary motives. Although “political and economic self-interest, realpolitik, is the primary force behind European foreign policy,” he observes, “not so in the United States. Even the most sophisticated Europeans fail to appreciate that U.S. foreign policy is a unique and complicated mixture of morality and self-interest” (5; cf. 272). Who can suspect Clinton’s ethical impulses? During his last hours in office, Clinton pardoned Marc Rich, a billionaire commodities trader who fled to Switzerland in 1983 before standing trial on an indictment for fifty-one counts of tax evasion, racketeering and violating trade sanctions with Iran. Building a multibillion-dollar business empire from his Swiss redoubt, Rich became a major benefactor of Jewish and Israeli organizations, while simultaneously – and with perfect consistency – cultivating lucrative ties with the Russian mafia. The recipients of Rich’s largesse such as ADL head Abraham Foxman (who initiated the idea of a presidential pardon), as well as U.S. Holocaust Museum chairman Rabbi Irving Greenberg, Ehud Barak, Shimon Peres and possibly Elie Wiesel,

<sup>9</sup> Information on Bronfman obtained from Douglas Weber of the Center for Responsive Politics ([www.opensecrets.org](http://www.opensecrets.org)); for background on Bronfman’s wealth, see [http://www.motherjones.com/coinop\\_congress/97mojo\\_400/profile5.html](http://www.motherjones.com/coinop_congress/97mojo_400/profile5.html). J.J. Goldberg, *Jewish Power* (Reading, MA: 1996), 275–6 (“Jewish money”). (Goldberg is editor of *The Forward*, the main national Jewish newspaper.)

subsequently lobbied Clinton on Rich's behalf. Only unsophisticated Europeans, however, would doubt that the impetus behind the presidential pardon – for which there was “almost no precedent in American history” (Clinton) – was clemency.<sup>10</sup>

## II.

The centerpiece of Eizenstat's account is the Swiss banks case, which inaugurated and served as the template for the blackmail campaign. The Holocaust industry alleged that Swiss banks denied Holocaust victims and heirs access to their accounts after the war.<sup>11</sup> Eizenstat reports that at the first meeting in September 1995 between the main protagonists, Edgar Bronfman avowed that “he was not interested in a lump-sum settlement but in establishing a reliable process for finding out what was actually in the accounts and paying them to their rightful owners,” and the Swiss bankers agreed in principle to this proposal (59); that in December 1995 the World Jewish Restitution Organization (WJRO, a spin-off of the WJC) and the Swiss Bankers Association

<sup>10</sup> Niles Latham, “Marc Rich Was ‘A Mossad’ Spy for Israel,” in *New York Post* (5 February 2001) (multi-billion dollar). Mathew E. Berger, “Did Pollard Pay For Efforts to Pardon Rich?,” in *Jewish Telegraphic Agency* (13 February 2001) (Wiesel). Melissa Radler, “Foxman: I ‘Probably’ Shouldn’t Have Asked for Rich Pardon,” in *Jerusalem Post* (22 March 2001). Alison Leigh Cowan, “Supporter of Pardon For Fugitive Has Regrets,” in *New York Times* (24 March 2001). P.K. Semler, “Marc Rich Was ‘A Mossad’ Spy For Israel,” in *Washington Times* (21 June 2002) (Russian mafia). Andrew Silow-Carroll, “The Featherman File,” in *Forward* (24 August 2001) (“no precedent”).

<sup>11</sup> For background, see *HI*, 89–120.

(SBA) “reached the bare-bones outline of a deal” in which “the banks would open their files for a review of the dormant accounts, and the Jewish side would inspect them in confidence” (63); that before Senator D’Amato’s April 1996 Senate hearing on the Swiss banks the SBA “faxed Singer a proposal for an independent audit” and “wrote D’Amato offering an independent audit” (66); and that the SBA representative at the Senate hearings “did his best to indicate that the Swiss banks would try to search for more dormant accounts and announced the banks’ willingness to accept an independent audit” (68).<sup>12</sup> In May 1996 the independent audit was formalized in a “Memorandum of Understanding” between the SBA and Jewish representatives and, despite escalating pressures by the Holocaust industry to abort it, the Swiss bankers steadfastly supported the audit “to restor[e] our honor and the confidence in the banks by disproving the allegations” (153; cf. 119). To demonstrate Swiss recalcitrance, however, Eizenstat repeatedly resorts to distorting the chronology and dynamic of these negotiations. He states that if the Swiss banks had initially been “forthcoming about . . . an independent audit, the whole affair might have ended right there” (59) – although they acquiesced in an audit from the first meeting with Bronfman; that D’Amato’s hearing “propelled . . . the idea of a having the wartime accounts audited” (69) – although the Swiss banks already agreed to the terms of the audit before the hearing;

<sup>12</sup> This discussion will not treat the trivialities featured in the press as well as sensationalist book-length accounts such as the alleged failure of the Swiss bankers to offer Bronfman a chair at their first encounter in September 1995; for a rebuttal of this allegation, see the letter of Dr. Georg F. Krayner, chairman of the Swiss Bankers Association, to Edgar Bronfman (13 March 1997; private source).

that the support tendered by the Swiss banks at the Senate hearing for an audit “was seen simply as a reflection of the banks’ party line” (68) – as if it were the banks and not the Holocaust industry that demanded the audit; and that the Swiss banks feared an audit “in light of their postwar stonewalling tactics and their treatment of dormant accounts” (65) – although they firmly backed the audit’s completion notwithstanding the Holocaust industry’s opposition.

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“By the end of the summer of 1996,” Eizenstat reports, “the Swiss banking controversy was contained. The Volcker Committee was off and running, and an independent audit of Swiss bank accounts would soon begin – the goal of the WJC and of the U.S. government” (74). The obvious question is, Why didn’t matters end there? Eizenstat’s answer is simple: “The lawyers hijacked the Swiss bank dispute” (75). Yet, this explanation strains credulity. In late 1996 several teams of class-action lawyers filed multibillion-dollar suits alleging that, besides profiting from dormant Jewish accounts, Swiss banks benefited financially from Jewish slave labor and looted Jewish assets. Acknowledging that “the lawyers were not in it to find the historical truth” but rather “most were in it for the money” (77), Eizenstat repeatedly points up the flimsiness of these new allegations: “a legal stretch” (116), “no documentary evidence” (118), “to bolster the quicksand on which the bulk of his legal allegations rested, he [Weiss, one of the class-action attorneys] began organizing outside pressure against the Swiss” (122–3), “in fact, they had no evidence upon which to base their demands” (141), “Hausfeld [another of the class-action attorneys] admitted he could not supply a connection that would stand up in

court” (143), “I warned the plaintiffs that . . . there had to be some plausible linkage to justify the banks’ large payments; they could not simply seem to bend to pressure” (144), “Hausfeld knew the weakness of his legal argument and did not want to expose himself to Swiss inquiries” (168), and so on.<sup>13</sup> On the other side, the SBA “attacked the lawsuits as lacking any legal merit, arguing that Volcker’s audit was justice enough” (117) – rightfully so, to judge by Eizenstat’s own account. Indeed, he further reports that the Federal judge presiding over the lawsuits, Edward Korman, “had grave doubts about the class-action lawyers’ allegations on looted assets and slave labor profits” (121; cf. 168). Finally, Paul Volcker, chairman of the committee auditing the Swiss banks, “considered the lawsuits frivolous and inflammatory in attempting to reach beyond actual dormant accounts to looting and slave labor profits” and “were not necessary to locate dormant accounts” (116). In a formal complaint to Judge Korman, Volcker wrote that the lawsuits were “impairing our work, potentially to the point of ineffectiveness” (121). Beyond their new allegations, class-action lawyers justified the suits on the grounds that “Volcker’s audit was a device established by the Swiss banks.” Yet, as Eizenstat observes, “This ignored the fact that the audit had been forced upon the banks by Bronfman and Singer” (117).<sup>14</sup> When the class-action

<sup>13</sup> In the perfervid imagination of Bazylar, *Holocaust Justice*, Hausfeld had discovered “historical documents [that] became important pieces of legal evidence that he would use later against the Swiss banks to push them into a settlement. If the Swiss banks did not settle, Hausfeld was ready to introduce these documents as prime exhibits during trial” (9).

<sup>14</sup> The lawyers also claimed that its financing by the Swiss compromised the audit, although this monetary burden – as Eizenstat makes clear (72) – was