

will help admin'r
payments

- Eizenstadt testified before sen for relations
- Belatus, czech, ukraine, poland and russia established reconciliation foundations to administer reparations to their citizens

Joint statements Signing on july 17 the final session regarding the german foundation - payments to forced and slave laborers. December agreement reached on how much \$. in march, how allocated . since march final details: Half from gov, half from industry

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offer Berlin wall fell \$70 - eastern
European currency

Grand + Cont. on german material (elaborating)
together involved in monetary fast
push interest

Clinton-Gore Administration Works to Bring Justice to Holocaust Survivors and their Heirs

The Clinton-Gore Administration is committed to "continue our efforts to gain a measure of justice for the surviving victims, within their lifetimes; to restore stolen property to victims of their heirs, and to the existing communities of Central and Eastern Europe; to bring to light facts that have been hidden for so long about the greatest crime in history; to honor the survivors and the memories of those who died; and to promote the teachings of the Holocaust in our schools with the aim of promoting tolerance and justice in our own times, so that what happened in Europe in the middle of the last century will, with the help of God, never happen again, anywhere in the world.

- Stuart Eizenstadt, Deputy Treasury Secretary

The Clinton-Gore Administration has worked to:

- Secure a \$1.25 billion settlement in the case against the Swiss banks responsible for withholding the savings of Holocaust victims.
- Broker a \$5.1 billion agreement for slave and forced laborers and others injured by German industries during WWII. This agreement was reached as a result of the direct intervention of President Clinton and Chancellor Schroeder. An agreement on slave and forced labor is also under negotiation with Austria.
- Launch two comprehensive studies on Nazi gold and the role of neutral countries in supporting Germany. The US joined with other nations to contribute to a fund for survivors totaling \$60 million.
- Return the works of art looted by the Nazis by hosting a 1998 conference where 44 nations agreed on a set of principles to try to find the missing art and return it to its owners.
- Commit to education by participating in a nine nation Task Force to develop teacher training, curriculum and educational materials about the Holocaust. Forty-six nations signed the Declaration of Stockholm, agreeing to encourage the study and remembrance of the Holocaust in their countries.
- Support creation of the International Commission for Holocaust-Era Insurance Claims. Now some of Europe's largest insurance companies have agreed to establish a fund to deliver on policies they sold to victims and refused to pay to their heirs.
- Establish a Presidential Commission headed by Edgar Bronfman to investigate the flow of Nazi money and property through the US government during and after WWII. Seventeen nations have similar commissions working to identify their government's role in the persecution of the Jews, the theft of property and the escape of Nazis in the aftermath of the war.
- Restore Central and Eastern Europe's Jewish communities by encouraging the newly independent governments to return the synagogues, cemeteries, schools and community centers seized by the Nazis.



TREASURY NEWS

FROM THE OFFICE OF PUBLIC AFFAIRS

FOR IMMEDIATE RELEASE

March 26, 2000

LS-501

TREASURY DEPUTY SECRETARY STUART E. EIZENSTAT INTERNATIONAL CONFERENCE ON THE IMPACT OF THE HOLOCAUST ON CONTEMPORARY SOCIETY BRANDEIS UNIVERSITY

I am very happy to be here with you this evening. Over fifty years ago, a group of Bostonians led by your first President, Dr. Abram Sachar, envisioned honoring the memory of Justice Brandeis by creating a new university open to students and teachers of all faiths. Since that time Brandeis has flourished, both as a highly-ranked academic institution and as an intellectual catalyst for the Jewish community of America and indeed of the world. Thirty five thousand men and women count themselves among your alumni, including my wife, Fran Eizenstat, whom I met shortly after her graduation from Brandeis in the 1960s. Your President, Jehuda Reinharz, has taken Brandeis to new heights. I am pleased to be working with him on several Holocaust-related issues from Argentina to the United States.

It is fitting for Brandeis to host a conference on the impact of the Holocaust. Your very first program in Jewish Studies was taught by German professors who had been dismissed from their universities because of their religion, and by American scholars who found it difficult to obtain teaching positions in this country for the same reason.

You will be engaged over the next three days in a discussion of the ways the Holocaust has shaped today's world. It would be profane to say that an event so monstrous could have any beneficial consequences. But at least the world has learned some lessons. If the Holocaust occurred because Hitler and his henchmen exploited ancient religious and cultural prejudice against Jews to seize power in Germany and conquer the rest of Europe; if it occurred because the international community, including both political and religious leadership, stood aside while that prejudice was inflamed into vicious hatred and taken to its ultimate conclusion, then it is obvious contemporary society has taken heed. Nations today are willing to take collective action against nations that commit genocide and other crimes against humanity. When the ethnic cleansing was exposed in Bosnia and Kosovo, the NATO alliance-- composed of some of the very nations that gave in to Hitler in the Rhineland and at Munich in the 1930s-- moved with unity and decisiveness to stop the slaughter. Two international courts, one for Ruanda, the other for the former Yugoslavia, stand ready today to indict and try war criminals, following the principles developed in the Nuremberg Trials. Non-governmental organizations, such as B'nai B'rith and the Simon Wiesenthal Center, are on the alert to trace and publicize outbreaks of anti-Semitism anywhere in the world. The nations of the European Union moved decisively when the People's Party was allowed to participate as a partner in the government of Austria.

Culturally, it is no longer acceptable, as it was among the educated classes of Europe in the nineteen thirties, to look on Jews as a race apart, or talk of "the Jewish problem," as if people wishing to live in their communities and practice their faith created a "problem." The lessons of the Holocaust have opened a new era in interfaith relations, including, in the words of Prime Minister Barak of Israel, "an historic change in the attitude of the Catholic Church toward the Jewish people." This began when Pope John XXIII officially renounced deicide, the false and malicious teaching that the Jews were responsible for the death of Christ. It was powerfully reiterated this week, when Pope John Paul II spoke so movingly about the Holocaust during his pilgrimage to Yad Vashem.

As you know, the U.S. Government has been trying, in cooperation with other governments and many private organizations, to bring some measure of justice to surviving victims and their families, by recovering property that was stolen from them, by enforcing their rights under insurance contracts that were abrogated, by compensating them for slave labor and forced labor performed under brutal conditions. Over the last two years, a number of objectives have been achieved:

- Swiss banks have agreed to pay \$1.25 billion to settle lawsuits brought on behalf of victims who sent their funds to Switzerland for safekeeping and whose heirs had been refused access to those funds for over fifty years, and other victims with a relationship to the banks. The Volcker Commission has estimated that some 25,000 people may have had such accounts, and the court, with the help of Yad Vashem, is now trying to find their heirs so they can recover.
- Some of the largest European insurance companies have agreed to create a fund to make good on policies taken out by Holocaust victims before the War. Until now, their beneficiaries had been told the policies had been lost, or the premiums not paid, or that they could not be paid without a death certificate, which Auschwitz did not give out.
- Two massive U.S. government studies were completed in 1997 and 1998. The first discovered that over \$4 billion in gold stolen by the Nazis was smelted into gold bars and converted, mostly through the Swiss National Bank, into hard currency the Nazis used to buy what they needed from neutral countries. The second documented the role of neutral countries in supporting the Nazi war effort. Six tons of gold still in the hands of the Tripartite Gold Commission was owed to central banks of various nations. We found some of this gold had, in fact, been taken from Holocaust victims, not just from central banks, and had been smelted into disguised gold bars. Ten of the nations which were entitled to receive it agreed to contribute to a fund to help surviving victims. With an added contribution from the U.S. the fund now stands at over \$60 million.
- Once differences between the Jewish community in Poland and international Jewish organizations are resolved, the Polish government will return almost 3,000 synagogue buildings, cemeteries, libraries and other structures to help what is left of Polish Jewry rebuild their shattered communities. This type of property restitution is occurring throughout Central and Eastern Europe.
- At a conference in Washington a year ago December, forty four nations reached consensus on ways to try to find some of the 600,000 artworks stolen by the Nazis and their collaborators and return them to their pre-war owners. Some of the largest museums in this and other countries have been searching their collections to see if they own art with this tainted provenance. We hope they will publicize these works, on the Internet and elsewhere, so that the families of the people from whom they was stolen can come forward and make their claims. Art works in places ranging from France and Austria to Raleigh, North Carolina and Chicago are being returned to their pre-War owners.

Beginning in 1998, over 30 class action lawsuits were brought in U.S. courts against German companies who used slave labor in concentration camps and forced labor in their factories and fields during World War II. The Nazis used 12 million such laborers, as many as 1.5 million of whom are still living. The German companies responded by denying legal liability but accepting moral responsibility, and offering to create a Foundation in Germany to process claims and make payments. This was clearly a better solution than lengthy and uncertain litigation. The survivors are old and class action lawsuits, even if settled, take a long time. The Swiss case was settled over a year ago and not a penny has yet been paid out. Moreover, a class action settlement would only benefit those survivors who worked for the 16 companies being sued, whereas the Foundation will compensate everyone who did forced or slave labor for the Nazi economy, even if the firms they worked for are now defunct. In addition, the companies wanted our government to ask U.S. courts to consider the Foundation as the sole remedy for any future claims against German industry in actions brought before them. Count Otto Lambsdorf and I were asked to serve as mediators.

I have been involved in many negotiations on behalf of my Government, but this has been the most difficult, most tension-filled, most personal I have ever experienced. Around the table, in addition to plaintiffs' lawyers and German industry, are the Conference on Jewish Material Claims Against Germany representing Jewish survivors, five Central and East European Governments representing their citizens, and the Government of Israel. Count Lambsdorff and I have tried to act as honest brokers to

facilitate a settlement. It is the interplay of all these different groups, each with a somewhat different agenda, each representing a constituency which suffered grievously, each fully able to make its case both in the meetings and to the waiting media that has made negotiation so challenging to conduct. It has taken eleven rounds of negotiations, over a period of thirteen months, to get to where we are today. The Germans began with an offer of 1 1/2 billion DM, or 750 million dollars, to settle all the cases. The plaintiffs' initial demand was 30 billion dollars or some 60 billion DM. Last December, and only after the intervention of President Clinton and Chancellor Schroeder, the parties agreed on a figure of DM 10 billion for all World War II injuries committed by German industry-from slave and forced labor to insurance, banking, Aryanized property, and medical experiments.

We next had to allocate this amount among the different countries and the different types of claims, since it had been decided that claims for unpaid insurance policies and for the theft, or "Aryanization" of Jewish business property should also be included. After a marathon session last Wednesday and Thursday, our eleventh round of negotiation, which included 17 hours of negotiations over a 24 hour period, we achieved an agreement. 8.1 billion DM, plus 50 million in interest, will be allocated to slave and forced laborers and to others for other personal injuries, and the rest will go for property claims and insurance. While no amount of money can ever compensate the survivors for their loss and their suffering, what they will receive from this agreement will help them lead a life of dignity.

We still must be sure that the German law to be passed by the Bundestag creating the Foundation incorporates the substance of our agreements, so that legal peace can be sought for German companies in U.S. courts. The draft law submitted by the German cabinet to the Bundestag is not yet adequate. And we have other details to iron out. But we are doing everything we can to finalize this agreement and set in motion the machinery that will make possible the distribution of payments before the end of the year. There is a sense of urgency since survivors are dying at a rate of close to 1% per month.

And I am happy to report, based on my meeting with their representative the week before last, the government of Austria intends to use the same standard as Germany in making payments to some 200,000 survivors who performed slave and forced labor in that country.

Negotiations of this nature require new mechanisms of diplomacy. It used to be that bilateral and even multilateral agreements were reached in secret negotiations between governments. Indeed, the series of negotiations dealing with restitution and compensation issues after World War II were handled in that way. Diplomacy today has many more participants. It was the World Jewish Congress, its chairman, Edgar Bronfman and its executive director Israel Singer which first brought attention to the dormant accounts that had lain in Swiss banks for more than fifty years. It was a group of scholars, such as Lynn Nicholas, Jonathan Petropolous and Hector Feliciano who documented the fact that one-fifth of all the art in Europe had been dislocated during World War II and a large proportion has still not been restituted. It was the globalization of the world economy which resulted in German and Swiss companies entering the American market, thereby subjecting them to the jurisdiction of U.S. courts, where verdicts are larger than in Europe. It was the U.S. Congress, Republican and Democrat alike, in a series of hearings, and our State and local insurance commissioners and treasurers that kept up pressure for settlement of these suits. All these parties influenced the negotiations.

The issue of compensation for Holocaust losses has created intense interest and generated deep emotions in Europe. It has served as a reminder that almost every country on the Continent was complicit to some degree in the theft of property from Jewish victims during the War and the denial of adequate restitution and compensation afterwards. A general consensus has developed there that Europe needs to complete this, the last piece of unfinished business of World War II, if it is to enter the new century strong and united.

It is also an important issue in the United States. Over a hundred thousand survivors reside here, and our people mourn their loss and admire their courage.

We also have an important foreign policy interest in maintaining close relations with Germany, a partner of ours in promoting and defending democracy for the last fifty years, a nation that is vital to both the security and the economic development of Europe. Having just returned from Germany, I can report that

the great weight of public opinion there supports adequate compensation for surviving victims of the Holocaust. This is shown not just by the sixty billion dollars Germany has already paid in compensation to Holocaust victims. It is shown by the willingness of the German government to make a significant contribution, amounting to fully one half the forced and slave labor settlement fund, at a time when its own budget for old age pensions and other social services is being severely reduced.

I know that bitter memories die hard. But from my experience in international affairs over the past seven years, I firmly believe that there is a new Germany now, a strong, free and democratic nation, fully European, which respects human rights and the dignity of the individual and has a special relationship with the State of Israel, a nation born of the horror Germany caused. The German people have many times and in many ways shown their acceptance of responsibility for the evils inflicted on the world by the Third Reich. To me, the new Germany is symbolized by its Federal President, Johannes Rau, who, on the day when the monetary settlement was announced, spoke to the survivors and said the following:

"I know that for many it is not really money that matters. What they want is for their suffering to be recognized as suffering, and for the injustice done to them to be named injustice. I pay tribute to all who were subjected to slave and forced labor under German rule and, in the name of the German people, beg forgiveness." I deeply hope that all of these actions will help abolish the stereotype of Germany and its people that arose out of the two World Wars.

The last legacy of the Holocaust and of our activities should not be money, but memory. Our people must understand what happened during the Holocaust and why it happened. Over a dozen nations, from Argentina and Brazil to Lithuania and the Baltics, including the United States, have commissions examining what their governments did during the War regarding the flow of assets stolen from victims and other Holocaust-related events. Switzerland has published two piercing reports by the Commission chaired by Professor Bergier, the first on the Swiss role in converting looted Nazi gold, the second on how that country closed its borders to refugees. The Matteoli Commission in France, headed by a survivor, is helping that country find stolen property and confront the ambiguities of how it treated its Jewish citizens during its Occupation and under the Vichy government.

It is important that all archives be opened up and all the facts be made public. Although decades may have passed, there are still many clues, and one clue leads to another. In some countries, when the facts are revealed, at first there is embarrassment and even resentment over digging these shames from the past. But after widespread public discussion, nations can recognize the lessons, make apology, and take steps to help the victims of injustice.

Nations that come to terms with their actions during the Holocaust serve as an example to other nations looking into crimes against their own people. The ongoing work of the Truth Commission in South Africa is allowing the people of that nation to confront the recent experience of apartheid and those who committed horrors in its name-not for the purpose of punishment, but in the hope of reconciliation. Chile is seeking the fate of the thousands who disappeared under the Pinochet regime. Guatemala is looking into atrocities committed during its years of civil war. The U.S. government recently decided to compensate citizens of Japanese descent living in countries of Latin America who, at our insistence, were taken from their homes and forced to live in guarded camps during the War, as were our own Japanese American citizens. Each step that is taken testifies to the healing power of truth.

Finally, we must devote increasing attention to educating young people about the Holocaust. We must move from money to memory. Even in this Information age, we find it difficult to break down national and cultural stereotypes and appreciate the common humanity that underlies differences in religions and race. We teach science and language and the arts in our schools, but we do not do enough to instill the basic elements of tolerance and fairness young people need to make the moral judgments necessary to active citizenship.

It is for this purpose that delegates from 46 nations met in Stockholm, Sweden in January and committed their countries to encourage the study and remembrance of the Holocaust in their schools and communities. A nine nation Task Force, including the United States, has been established to devise practical ways to make this possible, through teacher training, curriculum development and educational

materials. Teachers need to present this difficult subject matter whether or not, and perhaps especially if, the perpetrators, victims or bystanders were their grandparents, parents or neighbors. They must teach the difficult past to spare our children and their children a difficult future.

In your scholarly work, you must often reflect on why it is that fifty-five years after the discovery of the death camps the events of the Holocaust resonate so strongly around the world after being dormant for so long. There are several explanations. The end of the Cold War, freeing up energies and making documents available. The sense of urgency elderly survivors have to learn the full implications of the horrors they experienced before the end of their life cycle. The end of a millenium, which creates a desire to confront the past, come to terms with mistakes and move forward with lessons learned. But also I believe it is because the Holocaust goes to the eternal questions of human behavior. Why do people hate? How can they remain indifferent in the presence of evil? What is courage? How can we engender respect for human dignity? What can be done to prevent such horror from happening again? Where does national sovereignty end and international responsibility begin? The Holocaust forces us to face these questions.

If, by learning the events and consequences of the Final Solution, people can be sensitized to how they treat each other and how nations should relate to each other, if nations can organize international responses to nip potential genocides in the bud, then the sacrifice of the victims will not have been entirely in vain. In the larger sense, this is what Holocaust studies are about, and why this Conference and the work you do every day are so important. I hope that over the next three days, you can both learn from each other and teach the world.

Thank you.

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TREASURY NEWS

FROM THE OFFICE OF PUBLIC AFFAIRS

FOR IMMEDIATE RELEASE

June 12, 2000

LS-699

STATEMENT BY TREASURY DEPUTY SECRETARY STUART E. EIZENSTAT

Today, we are on the verge of a historic agreement. Otto Graf Lambsdorff and Dr. Manfred Gentz will recommend approval of the agreement we have reached on the issue of legal peace for German companies. The creation and funding of the German Foundation, the wide consensus of all the victims groups and plaintiffs' attorneys, along with the Statement of Interest, Executive Agreement, Final Act and the existing legal hurdles create a high probability that all pending and future cases will be dismissed and enduring legal peace will be achieved.

The legal closure agreement will remove a major hurdle to the establishment of a German Foundation. The German Government and German industry have agreed to a 10 billion D-Mark capped fund for the resolution of slave and forced labor claims and for all other wrongs committed by German industry arising out of the Nazi era. I want to thank President Clinton and Chancellor Schroeder for their leadership. We have also agreed upon the precise allocation of 10 billion D-Marks to the various types of claims and for a Future Fund.

We have one more significant step before we meet again with all the parties to sign a final act. That next step is for the German Parliament to pass the legislation to establish the necessary Foundation, an action that Members felt they could not take without an effective mechanism for legal peace.

The German Foundation, to be set in German law and based on the U.S. commitment in an Executive Agreement to file statements of interest in support of dismissal, will be part of a half century U.S. effort to bring justice for Holocaust and other victims of the Nazi era.

Our goal is for the German Foundation to be the exclusive remedy and forum for the resolution of all claims against German companies arising out of World War II.

This exclusive role for the Foundation serves the foreign policy interests of the United States. The alternative to this mechanism would be years of litigation that lasts beyond the life-spans of the large majority of survivors.

There will be many winners as a result of our agreement:

- the victims, because more than one million people can soon benefit from the Foundation promptly -- otherwise, only a few thousand victims could ever hope to benefit from litigation in U.S. courts that, even if successful, would take years to achieve;
- the German companies, because they have taken a major step to ensure that they will not have to pay twice for the same set of facts; and,
- German-American relations.

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TREASURY NEWS

FROM THE OFFICE OF PUBLIC AFFAIRS

Text as Prepared for Delivery
June 29, 1999
RR-3223

**STATEMENT OF STUART E. EIZENSTAT NOMINEE FOR DEPUTY SECRETARY OF THE
TREASURY BEFORE THE SENATE FINANCE COMMITTEE**

Mr. Chairman and Members of this Committee, thank you for allowing me the opportunity to appear before you concerning my nomination to be the Deputy Secretary of the Treasury. In making this nomination, the President has honored me with his trust, for which I am deeply grateful.

In all of my senior public positions in the Carter and Clinton Administrations, I have made it a watchword to have open, close, respectful, and cordial relations with members of the Senate and House, regardless of party. I have had the privilege of meeting with many Members of this Committee over the years. You will continue to find me responsive to you, and I consider it a high priority to merit your confidence.

At various times in my public career, I have worked on most of the issues, both domestic and foreign, that come before this Committee. I have worked closely with the business and financial communities over several decades.

During the President first term, I served under Secretary of State Warren Christopher as the U.S. Ambassador to the European Union in Brussels. It was then that I helped initiate the New Transatlantic Agenda, through which the United States and the European Union are developing closer ties in this post-Cold War era, and the Transatlantic Business Dialogue, which brings together European and American business leaders to provide advice on removing impediments to transatlantic trade and investment. In 1995, I was named Special Envoy for Property Claims in Central and Eastern Europe, a position I continue to hold. I have encouraged the return to individuals and religious communities of the property that the Nazis had confiscated and the communists had nationalized. For my service while in Brussels, Secretary Christopher conferred on me the highest award the State Department can give to a non-career Ambassador,

the Foreign Affairs Award for Public Service. I returned from Brussels in 1996 to become Under Secretary of Commerce and International Trade. In this position, I established the Compliance Center, which for the first time has given the U.S. government the capacity to monitor foreign government compliance with the trade agreements reached with the United States; we consequently have greater assurance that we are obtaining for U.S. business and workers the full benefits of the trade agreements we have negotiated.

In this second term, under the distinguished leadership of Secretary of State Albright, I have been Under Secretary of Economic, Business and Agricultural Affairs. I have advised Secretary Albright on international economic policy and have led the work of the State Department on issues ranging from trade negotiations to bilateral relations with major partners such as Japan and the European Union. I was named Special Envoy of the President and the Secretary of State for the Promotion of Democracy in Cuba to encourage our allies to condition their relations with Cuba on improvement in human rights and democracy there -- efforts that led to the Common Positions on Cuba by the European Union. In 1997 and 1998, I coordinated two massive government studies on Nazi gold and the role of neutrals on World War II; and I led the Washington Conference on Holocaust-Era Assets, which among other things produced historic principles for the return of the Nazi-looted art, helped solve the Swiss Bank dispute,

and contributed to promoting justice for the survivors of the Holocaust and their families before the advent of the new millennium.

My State Department responsibilities; my work as a sous-sherpa in the G-8 process; and my service as Alternate Governor of the World Bank, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the African Development Fund, and the European Bank for Reconstruction and Development -- all provide experience for the position of Deputy Secretary of the Treasury.

From my various positions in this Administration, I have learned that one of our most fundamental strengths and sources of influence around the world comes from the strength of the U.S. economy, which President Clinton, Vice President Gore, Secretary Rubin, Deputy Secretary Summers have helped to create. They have set the right course with the support of the U.S. Congress. Maintaining a strong U.S. and world economy is our central challenge.

I look forward to working with Deputy Secretary Summers to achieve the five critical objectives that he indicated to this Committee he will focus on if confirmed as Secretary of the Treasury: maintaining a strong economic strategy, which includes both continued fiscal discipline and addressing long-term Social Security and Medicare problems; ensuring that our strong economy means growth in living standards for all Americans; building the sort of global economy that can underpin U.S. security and the prosperity of American workers; striving to ensure the safety, competitiveness, and efficiency of the U.S. financial system; and supporting the excellence and integrity of Treasury's career staff.

Mr. Chairman, Deputy Secretary Summers has assured me that, if confirmed, we would function as a team in the same productive way he worked with Secretary Rubin. With your support, I look forward eagerly to forming that partnership with him and working closely with you.

In closing, I especially want to thank my family and, most particularly, my wife Fran, for enduring with me the sacrifices and stresses of public service. I could not be here today without her support and that of my sons Jay and Brian, Jay's wife Jessica, and Brian's fiancée Erin Grossman.

Mr. Chairman, I wish to express to you my thanks for being able to come before you. Let me now try to respond to questions you and the Committee may have.

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TREASURY NEWS

FROM THE OFFICE OF PUBLIC AFFAIRS

FOR IMMEDIATE RELEASE

May 1, 2000

LS-586

TREASURY DEPUTY SECRETARY STUART E. EIZENSTAT REMARKS TO THE UNITED STATES CHAMBER OF COMMERCE

I greatly appreciate the opportunity to meet with you today. The Chambers of Commerce have always been at the pinnacle of the most respected voices of the business community, not only nationally but in the cities and towns of the United States. American Chambers, which I have seen in countries on almost every continent, project the worldwide influence of American business.

Under the leadership President Tom Donohue, the U.S. Chamber is again showing its leadership and foresight by moving ahead with the establishment of a humanitarian fund of a Center for Corporate Citizenship and a special institution to create a fund for a variety of humanitarian purposes: to assist in natural disaster relief and to relieve the suffering of survivors of one of the greatest human disasters of our time, the Holocaust, and the travails of slave and forced laborers. I especially applaud Chamber Senior Vice President Craig Johnstone for his visionary leadership in working with key American companies to launch this initiative.

American business has traditionally been generous with its charitable donations; but with the upheavals of the 1960s, many of our largest corporations became even more proactive in seeking out worthy projects in need of support, and encouraging their employees and executives to involve themselves in service to their communities. In recent years, this movement has grown exponentially. It has been estimated that total U.S. corporate giving last year alone totaled \$19 billion, roughly half in cash and half in products, services and employee time. The response of corporate America to President Bush's Thousand Points of Light, and to President Clinton's initiative to bridge the digital divide, shows this effort transcends partisanship. At its best, it can synergistically combine business initiatives with government programs and nonprofit activities, in a broad attack on the social and educational problems that still affect our society, even in a time of optimism and prosperity. The Clinton Administration has highlighted the issue of corporate citizenship and the State Department has given corporate recognition for corporate excellence.

Today the process of globalization, in which U.S. companies have taken the lead, is raising additional challenges for the business community. The issues raised at the time of the demonstrations in Seattle and more recently in Washington, and the fervor behind them, show that many people—and especially young people and workers—have the view that impersonal forces and unfamiliar international institutions are, in the name of corporate profit, endangering their jobs and their environment. We may disagree—and I fervently disagree—but the issue must be addressed. As President Clinton has said, we need to "put a human face" on globalization. We need to show that it is not only the inevitable result of technology, but globalization has resulted in substantial improvement in the daily lives of real people, hundreds of millions of people, around the world. Indeed, the process of global economic integration has vastly improved living standards for peoples of countries that have embraced it. Our companies have enhanced this process by bringing American values of respect for workers and the environment to the countries in which they do business. Trade has been responsible for one-third of our own economic growth since 1993.

American businesses can and must play a major role in this by emphasizing the programs of good corporate citizenship in which you are engaged in your areas of foreign operations. You work constantly to expand your markets overseas. If economic growth continues in Asia and Latin America, as we believe it will, and if we are successful in implementing our recent trade agreement with China by passage of PNTR and my passage of the African Trade and Caribbean Basin legislation, as we are cautiously optimistic will happen, there will be even more opportunities in this regard in the future. In addition to the day-to-day work of community service and social betterment, you can be on the alert for opportunities to participate in broad humanitarian programs whose goals will catch the conscience of the world. All of this will show that American business is interested not only in profits but also in people.

The Chamber has already been doing this informally. It has lent its facilities to relief organizations, helping them raise funds to assist victims of the recent earthquakes in Turkey. It led a coalition that financed disaster relief to the Caribbean nations that were devastated by Hurricane Mitch and Hurricane Georges. Now you are engaged in setting up a new charitable organization to provide humanitarian relief to victims of disasters in various parts of the world.

During the Second World War, the Nazi regime forced some twelve million people to work in their factories and fields so that German workers who were into their 40's would be freed to serve in the military. Most of them came from the nations of Central and Eastern Europe, which the Nazis overran and occupied. Some were slave laborers living in concentration camps, who were to be worked until they died. The others were forced laborers, in industry and agriculture, who were viewed as an asset of the Nazi state, but who worked for little or no pay under harsh, prison-like conditions.

Over a million of these workers 12 million workers are still alive today. Of the former slave laborers, about half are Jewish. Of the forced laborers, who constitute the great majority of survivors, over 95 percent are non-Jewish-- residents, or former residents, of countries such as Poland, Ukraine and the Czech Republic. Most of these people are now over 80 years of age. Many live in very modest circumstances, supported by their pensions and their families. We believe there are over 100,000 slave & forced laborers living in the U.S. today. They are dying at the rate of about one percent a month.

The business community of Germany, recognizing a responsibility to those survivors whom German companies employed, has agreed, together with the German government, to create a Foundation, which will make payments to them for the wrongs they, as well as other victims, suffered. German companies have committed to contribute 5 billion deutschmarks, or 2.5 billion dollars for this purpose. Chancellor Schroeder's government has agreed, with the support of the Bundestag, to match this sum. Details are still being worked out in negotiations. The U.S. Government, which I have represented, and the German Government, represented by Count Otto Lambsdorff, chair the talks. We hope the Foundation can become operational by the end of the year. The average slave laborer will receive 15,000 DM or \$7500; the average forced laborer 5,000 DM or \$2500. These are dignified payments but hardly match the suffering they endured.

Using funds provided with the unanimous support of both Republicans and Democrats in the Congress, the Clinton-Gore Administration has already made a pledge to victims of Nazi persecution. The pledge will come from monies dedicated to the Nazi Persecutee Relief Fund, which some have called the "Nazi Gold" fund. Nine countries which had legal claims to six tons of gold still remaining 50 years after the War, which had been stolen from them and, as we belatedly discovered, from victims of the Holocaust, decided in 1998 to forgo ownership of the gold, and contribute their pro rata share to the Persecutee Fund. The U.S. had no claim on any of the gold. Indeed, our armed forces, at the end of the War, had actually collected over 300 tons of gold hidden by the Nazis and returned it to the countries from which it had been stolen. Nevertheless, to show moral leadership, Congress and the Administration the kind your proposed effort will also demonstrate--our government made a \$25 million contribution to the Fund, of which we have pledged \$10 million to surviving slave and forced laborers.

Among those benefiting from conscript labor were scores of companies that had been owned, in whole or in part, by American firms before they were nationalized by the Nazi regime, even though the American firms may have had no part in the decision to use conscript labor, or in the hideous working conditions. Many of the subsidiaries were returned to their American parents after the war.

Given this history, a number of U.S. companies have suggested a way be found to create a fund, under the auspices of the Chamber, to voluntarily supplement the payments to be made by the German Foundation. This would be a very important moral gesture. It will ease the situation of some who are most in need. Since only those slave laborers and those forced laborers living in the five nations of Central and Eastern Europe that participated in our talks are receiving specific national allocations of funds from the German Foundation, with 800 million DM set aside for those living elsewhere, such a fund would be especially meaningful to those survivors living in the rest of the world, including tens of thousands who are U.S. citizens.

This generous gesture would be in the finest tradition of good corporate citizenship. It would show compassion to a highly visible group of very elderly people, whose lives have been hard. It will help to heal the wounds of the past, avoid confrontation and tension, and to settle or prevent lawsuits and other potential pressures on American firms. It will cement the healthy ties that have grown between American and German business, between our two peoples, and between our nation and one of its most important NATO allies in Europe. So I applaud what the Chamber is considering, and I hope that not only those parent companies but also other American companies now operating in Europe will see their way clear to participate, whether their subsidiaries had World War II activities or not.

A Center for Corporate Citizenship can stimulate and organize important missions: voluntary initiatives such as the humanitarian foundation you are considering; policy initiatives that encourage and reward corporate citizenship activities; and research to find market applications for solving social problems. I am happy that all of these ideas are on the table for discussion at this meeting and in the weeks to come.

Corporate citizenship is not just philanthropy or corporate good deeds. It should be viewed as a part of the long-term strategic vision of a company. In today's society, there are more demands on business, more scrutiny, and more expectations, as well as more opportunities. Dealing with the issues of corporate citizenship is becoming a fundamental and strategic element of business.

So I want to encourage all of you to look closely at the opportunities you have to support projects such as assisting elderly survivors of forced and slave labor, and the many other ways that we-governments, industry and community groups -can work together to ensure that the future builds upon the past.

I applaud your initiative and thank you for the chance to speak to you today. I hope you will have a successful Conference.

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Treasury Deputy Secretary Stuart Eizenstat
Statement Before the House Banking Committee,
Washington, DC, February 9, 2000

As prepared

Mr. Chairman, Mr. LaFalce: I want to thank you and the members of this Committee for holding this latest in a series of hearings. Your steady focus on Holocaust related issues has helped elevate them in the moral conscience of the world, and the work of individual members of this committee has given important support to our Government's actions in this area.

I also want to thank you for inviting my long-time friend and colleague, Count Lambsdorff, to join me on this panel. Count Lambsdorff is a dedicated friend of the United States, a man who has done much during his distinguished political career to strengthen the relationship between our two countries. In his current capacity as the Chancellor's Special Representative, he sits with me as Co-Chairman of the German Foundation Initiative negotiations to provide some measure of justice to public and private sector forced and slave laborers and others who suffered at the hands of German companies during the Nazi era. It is evidence of the German Government's seriousness of purpose and sense of moral obligation that the Chancellor chose a man of the Count's public stature to represent his country in these talks. In addition, he has the full backing of German industry.

Slave and Forced Labor Negotiations

I turn now to the current negotiations on slave and forced labor. They are focused on the establishment and funding of a new German entity to be called the Foundation for Remembrance, Responsibility, and the Future. It will be the mechanism through which those who worked as forced and slave laborers and those who suffered at the hands of German companies during the Nazi era can receive dignified payments.

Since your hearing last September, German industry and government agreed to raise their combined contribution to the foundation's capitalization to DM 10 billion, half from German industry and half from the German government. This was announced on December 17 in Berlin. This offer is a substantial increase over the initial German proposal of DM 6 billion in October and a subsequent offer of DM 8 billion in November.

All the parties to these negotiations -- The governments of Belarus, the Czech Republic, Poland, Russia, Ukraine, and the State of Israel; the Conference on Jewish Material Claims Against Germany; and the lawyers for the victims -- accepted the DM 10 billion offer as the capped amount for the German Foundation and the sum that will resolve the lawsuits in U.S. courts.

The process that led to this agreement has been long and complicated, and all the participants have had to show flexibility and good will. We could not have reached agreement on the DM 10 billion without the personal involvement and leadership of President Clinton and Chancellor Schroeder, as well as other senior officials in the U.S. and German governments. I also want to cite the constant support and personal involvement of Secretary Albright, Secretary Summers, White House Chief of Staff John Podesta, and National Security Advisor Sandy Berger.

I should also mention here the very significant contribution of German President Rau to this process. President Rau has been a consistent voice stressing the moral aspects of these

issues. On December 17, in Berlin, and in the presence of Holocaust survivors, he said the following:

I know that for many it is not really money that matters. What they want is for their suffering to be recognized as suffering, and for the injustices done to them to be named injustices. I pay tribute to all who were subjected to slave and forced labor under German rule and, in the name of the German people, beg forgiveness.

President Rau's apology provides assurance to many that the last word on the Holocaust will not be about money. Given the significance of President Rau's statement, I would appreciate being allowed to include it in the record of today's hearing.

I want to emphasize that despite the critical importance of what was agreed in Berlin on December 17, final settlement requires subsequent agreements on a number of issues, most importantly on an equitable allocation of the DM 10 billion among various groups and classes of claimants and on the substance of the legislation that will define the administrative structure and operation of the German Foundation.

The Washington Plenary

Last week in Washington, more than 100 delegates representing all the parties to the negotiation assembled at the State Department for our eighth plenary session. Preparations for this meeting included numerous smaller meetings between various sides over the preceding 6 weeks since the Berlin agreement on the capped amount. The focus of our efforts in Washington were twofold: the issue of allocation and bringing the draft German implementing legislation into alignment with agreements already reached in negotiations.

Allocation

At the outset, Count Lambsdorff and I agree that it is very important that the "victim side" be actively engaged in finding the compromises necessary to ensure that all elements of the Foundation are appropriately funded. To help focus those discussions, I proposed the following set of principles to guide discussions:

Slave and forced labor shall have the highest priority in allocating Foundation funds. Payments shall include an inclusive category for personal injury and other cases, including but not limited to medical experimentation, mothers of "Kinderheim" cases, as well as all other personal injury cases directly involving German companies.

An allocation shall be made for Aryanized property claims against German companies and for heirless/humanitarian/insurance claims.

An allocation shall be made for the Future Fund for projects of tolerance, taking into account the heirs of forced labor.

Administrative expenses shall be paid from interest on deposited funds.

Decisions on allocations should be made recognizing that the Foundation provides a potential remedy for any possible claim against German companies arising out of the Nazi era.

The United States strongly supports the efforts of the victims' groups to reach agreement on a fair and equitable allocation that can be set into the German law.

Following these principles should ensure an equitable balance between competing requirements for the limited funds available.

I am pleased to report that at the Washington plenary very significant progress was made on allocation, sufficient for me to say that I believe that we may well be able to conclude this

key aspect of the settlement soon.

Draft Legislation

The German Foundation will be established under German law. We welcome this for two reasons: first, because it is the vehicle through which the German Government will appropriate their half-share of the DM 10 billion; and second, because it will subject the Foundation to well-established oversight and accountability requirements that charitable organizations in Germany must meet.

But I will tell this committee frankly that embodying the results of our 9-month negotiation in the draft legislation, based on a German Government's draft and the German legislative process, is a sensitive and difficult undertaking. I am pleased to say that the German Government met intensively with us over the past 6 weeks and engaged all parties to the negotiations at the Washington plenary.

To add weight to the German Government's commitment to deal fairly with the parties to the negotiation, the German delegation to the Washington plenary included, as in the past, representatives from the five major Bundestag parties, all of whom took an active and extremely helpful part in discussions and will take the lead in the legislative process in Germany. In addition, I am pleased to accept the Bundestag Domestic Affairs Committee's invitation to testify next week in Berlin. I believe that the German Government fully recognizes the importance of submitting draft legislation to the Bundestag that reflects the commitments and understandings reached during our negotiations.

One of the most difficult tasks we face is to define the scope of the Nazi-era wrongs perpetrated by German industry that the Foundation will cover in its claims process. We are working to ensure that the Foundation's coverage is so broad that the United States will be able to file a Statement of Interest in U.S. courts in all cases brought against German companies arising out of the Nazi era. This Statement of Interest is a central element in achieving the "legal peace" that the German companies seek. At our plenary meeting last week in Washington, we had a very productive discussion, and I am gratified that the German Government has reaffirmed its intention to revisit the issue of the Foundation's scope in light of those discussions.

Offsets and "Anti-accumulation" Clauses

Also contained in early drafts of the legislation was a provision that would "take account of" previous or ongoing payments by the German Government to a Holocaust victim but reducing the payments from the German Foundation. I urgently sought German agreement to drop this provision. It would have unfairly reduced the payment of thousands of Holocaust survivors -- many of whom are U.S. citizens -- who were forced to work in unspeakable conditions under the Nazis. Previous German programs, such as the German Federal Compensation Law (BEG), make payments to those whose liberty was taken from them.

There was also an "anti-accumulation" clause that would limit the amount any one individual could receive from the German Foundation. Since the Foundation will have accounts to pay for injury and Aryanized property loss from banks and insurance companies, as well as for other injuries received at the hands of German industry -- such as medical experimentation -- this provision was patently unfair, essentially mixing "apples and oranges".

At the Washington meeting, the German negotiators committed to altering these two provisions in accordance with the concerns expressed by delegations.

Some Final Thoughts on the Foundation

There has been a good deal of expectation and confusion over who will benefit from the successful conclusion of these negotiations. Let me emphasize a few points:

- The Foundation that will be established by these negotiations will not cover all those who were wronged during the Nazi era. It will, however, cover, for example, those who worked for companies not the subject of lawsuits in the United States and companies that have long been out of existence. It will thus likely provide some measure of justice to more than a million victims of the Nazi era, hundreds of thousands of whom the Foundation is the only possible of relief.
- American citizens who qualify will receive the same benefits as anybody else, and their applications will be processed by an organization or organizations in the United States. Travel to Germany or elsewhere will not be required.
- American taxpayers will be able to exclude their benefits from income under a tax provision in President Clinton's 2001 Budget that provides a clear statutory exemption for Holocaust-related reparations.
- No racial, ethnic, or religious group will get favorable treatment. A slave or forced laborer is a victim of the Holocaust, whether he or she is a Czech, Pole, Jew, Romani, or another nationality or religion.
- Despite the large price tag and the hundreds of thousands of people who will eventually benefit, a settlement when reached will still only cover a limited number of Holocaust victims and a limited number of crimes. Other survivors will not benefit because the crimes committed against them did not involve slave or forced labor or "Aryanization" of property or stolen insurance policies. In short, they were not crimes committed by German industry during the Nazi era.

I am hopeful, however, that those victims who will not directly benefit and, indeed, all men of good will will take real pleasure in the knowledge that at least this group of deserving Holocaust survivors will get recognition for their suffering and at least some small measure of justice.

Other Holocaust Related Issues

As I have said, the Holocaust is a compilation of crimes and we have approached the issue on many fronts. I would now like to review the many other areas in which we are engaged, including art recovery -- a subject in which you have taken an especially active role -- recovering insurance policies, the Swiss bank settlement, and other issues.

Art Restitution

On art restitution, work is going ahead in many countries in line with the principles adopted at the art section of the Washington Conference a year ago December, at which you, Mr. Chairman, presided. Tomorrow you will hear from representatives of the American museum community as well as others with respect to how and to what degree these principles have succeeded in guiding the art world and fostering communication and cooperation among the various players. Major museums, such as the National Gallery and the Metropolitan Museum of Art in New York City, have been researching their collections. I would note that just last week, the North Carolina Museum of Art announced that one of its paintings, *Madonna and Child in a Landscape*, by the German master Lucas Cranach the Elder, had been stolen by the Nazis and is actually owned by the heirs of a Viennese physician. In keeping with the Washington principles, the Museum researched the question of provenance, working in cooperation with the Holocaust Claims Processing Office of the State of New York and the Commission for Art Recovery of the World Jewish Congress.

Let me take a moment, however, to highlight how the U.S. Government has been working to move this process forward. In my testimony last fall, I noted we had participated in an April 1999 hearing of the Cultural Committee of the Council of Europe in Paris on "Looted Jewish Cultural Property." As a result of that hearing, the Committee prepared model legislation on the return of Jewish cultural property. The Parliamentary Assembly of the Council adopted this resolution last November. This model legislation should initiate new legislation on this subject in European national parliaments, similar in scope to the groundbreaking restitution laws adopted by Austria.

The Lithuanian Government announced at the end of January that, under the auspices of the Council of Europe, it was inviting representatives of the world community to a forum on cultural properties of Holocaust victims to be held in Vilnius in October.

Germany's Cultural Minister recently announced that Germany will inaugurate a web site to help restore Nazi-confiscated art to its rightful owners. All major German museums were called upon to inspect the provenances of the artwork in their possession. Any artwork -- including coin collections and artifacts -- that are found to have unclear provenances will be publicized, with pictures, on the web site. This initiative follows the lead of the web site the French Government has posted for many years to display art returned to France after the war but that was never claimed.

Holocaust Issues and Switzerland

The Vice President and I visited Switzerland a year ago, in January 1999, and met with then-President Ruth Dreifuss of Switzerland. President Dreifuss reiterated her government's support for completion of work by various commissions on Holocaust-related issues. She also noted that the government remains committed to creating a "Solidarity Foundation" out of Switzerland's gold reserves that would, *inter alia*, support Holocaust survivors.

In recent months, it has become apparent that the Swiss Government faces some domestic opposition to its proposal for a Solidarity Foundation. The timing for introduction of Foundation legislation remains uncertain; a referendum would be likely if a bill passes. Many hope that the government can move forward to present Solidarity Foundation to the people for approval this year.

In early December, the Volcker Committee released its final report that was critical of Swiss bank behavior for hindering access by heirs to dormant accounts of Nazi victims after the War. The Committee also revealed that there were more accounts of Holocaust victims than indicated by earlier surveys. The Committee recommended that the Swiss Federal Banking Commission authorize publication of the names of 25,000 account owners that have a strong probability of being related to victims of Nazi persecution. The Swiss are expected to make a decision on this matter in March. The Committee also recommended that 59 Swiss banks consolidate their databases, which are now separate and contain 4.1 million names, to facilitate the process of matching the names of account owners to those who died in the Holocaust. We hope that these recommendations can be acted upon favorably.

The Bergier Historical Committee released in December a report that is highly critical of Swiss Government actions during World War II, noting that many refugees were returned to Nazi-occupied countries and sometimes the Swiss authorities confiscated the assets of refugees.

The Swiss Government very courageously welcomed the release of both reports and their forthright conclusions. The Government also apologized for the suffering, deportation, and death caused by Switzerland's World War II policies. (I note parenthetically that other countries, including the United States, barred entry to refugees from the Holocaust.) We commend Switzerland's response to the Volcker Committee's and the Bergier Committee's

conclusions. It demonstrates openness and a willingness to look honestly at its past.

Despite the August 1998 settlement of the class action litigation settlement entered into between Holocaust victims and Swiss banks, the court has not yet approved a distribution plan, and thus the \$1.25 billion for Holocaust victims has not yet been distributed. The procedures inherent in our class actions often require 18 months before distributions can be made to claimants. Judge Korman plans to have a fairness hearing on the settlement on March 15. In recent weeks, the court has asked the Swiss authorities to provide the information. I understand the Court needs the refugee database and a list of German companies whose assets were frozen in Switzerland during the War. The process for early court approval of the settlement depends on the court having available all the information necessary to final judicial approval, including information from the Swiss authorities. With this information, the Court may be able to approve the distribution plan in March and conclude matters by June.

Communal Property

On communal property, we continue to work with the governments in central Europe on restituting to rightful owners property belonging to Europe's religious communities that both the Nazi regime and subsequent communist governments confiscated.

When I commenced working on Holocaust issues in 1995, much of my early activity was focused on restituting property to rightful owners. Both the Nazi regime and the communist governments of central and eastern Europe confiscated significant amounts of property belonging to Europe's religious communities. The new democratic governments had just begun to deal with the issue.

Restituting property is a complex matter. Some of the properties are located in what are now highly developed urban areas and are being used not merely for commercial purposes but also for such social purposes as medical treatment and education. Changing ownership and use after a more than a half century is difficult at best.

At the same time, governments must realize that honoring property rights is a prerequisite to participating in the international marketplace and in attracting investment. So while initially expensive and politically sensitive, sound property restitution systems are clearly in the interest of all the central and eastern European countries.

In my discussions with government officials, I have emphasized a number of principles that seem to me to be important to keep in mind in addressing property restitution issues. These principles include:

- Equitable, transparent and non-discriminatory procedures to evaluate specific claims.
- Access to archival records and use of alternative forms of evidence if primary documents no longer exist.
- Implementation of restitution policies at regional and municipal levels.
- Non-discriminatory procedures, without citizenship or residence requirements.
- Clear and simple legal procedures.
- Implementation of court decisions on the basis of equality and non-discrimination.
- Priority of restitution claims before privatization occurs.
- Provisions for the present occupants of restituted property.
- Transfer of clear title including the right of resale, not simply the right to use property, which could be revoked at a later time.
- Restitution or compensation for communal property irrespective of whether the property had a religious or secular use.
- Establishment of foundations, managed jointly by local communities and international groups, to aid in the preparation of claims and to administer restituted property.

- Protection of cemeteries and other religious sites.

As I did in my testimony before this committee last September, I am appending to my written statement a country-by-country summary of property issues. I want to discuss in some detail, however, the issues of both private and communal property in Poland.

In September, the Polish Government submitted to Parliament legislation dealing with private property, which was non-discriminatory in terms of allowing former Polish citizens and their heirs who now live outside of Poland to claim their property. This is in line with the commitment made to me by the Polish Government. However, this was amended in committee to add restrictive residency requirements for claimants, which we believe are discriminatory and are the kind of limitation we are trying to avoid. We are emphasizing the importance of the final act reflecting the Polish Government's position. We have raised this issue with visiting Polish officials here in Washington and the embassy has raised it in Warsaw. In addition, I believe that Chairman Smith of the CSCE Commission sent a letter to the President of the Polish parliament. Polish officials have informed us that they strongly favor the draft submitted by the government and are opposed to the amendments.

The return of Jewish communal property in Poland has been slow because of the difficulty the WJRO and the Polish Jewish community have had in establishing a foundation to prepare claims and administer some of the returned property. Negotiations between the two groups broke down last year. To get the two parties back to the negotiating table, I asked Ambassador Henry Clarke to serve as a mediator to get them going again. The third of his mediation sessions is now underway in Warsaw. In addition, I met last week with the WJRO co-chairmen and urged them to give their negotiators the necessary flexibility to finish this important work. I am optimistic that the foundation will be up and running soon so that the restitution process can be accelerated.

Archives

Archival openness is essential not only to assist in claims and advancing scholarship but so that every country can honestly confront its behavior during these difficult years and draw the lessons needed to advance tolerance and social justice. It is important that the Russians open up their archives on Raul Wallenberg, that the Vatican allow research into its archives, and that museums allow scholarly and provenance research into their collections. At a conference in Stockholm last month, attended by delegates from 46 nations, a declaration was agreed to calling for opening up archives containing information on the Nazi/World War II era. In addition, following my request to Count Lambsdorff, he has informed me that many of the companies involved in the German slave/forced labor initiative have agreed to open their archives to legitimate historical research from this era. Some have done so already. We are encouraging the broadest participation of German companies in this effort at openness.

Education and Remembrance

I had the distinct honor of leading the U.S. delegation to the Stockholm International Forum on the Holocaust, held January 26-28. The Stockholm Forum, appropriately the first major conference of the new millennium, was an outstanding success and built upon the previous Holocaust conferences held in London and Washington. Twenty heads of state and government and delegations from 46 countries attended. Only his prior commitment to deliver the State of Union address prevented President Clinton from attending.

Delegates committed their countries to promoting Holocaust education and remembrance, encouraging the study of the Holocaust in schools and universities; and in taking all necessary steps to open relevant archives. As embodied in the "Stockholm Declaration", these commitments made by national political leaders are unprecedented and in the words of Holocaust survivors with whom I spoke, "monumental" and "historic." Argentina, Bulgaria,

Latvia, and Lithuania requested the International Holocaust Education Task Force to begin liaison projects on teaching the Holocaust with them and, along with Ukraine, expressed interest in Task Force membership.

The concept of the Stockholm Forum was the personal initiative of Swedish Prime Minister Persson. In addition to the leadership and inspiration he gave to the Forum, he also demonstrated exceptional political leadership in exploring the historical truth of Sweden's wartime neutrality and in remembering the horrible crimes of the Holocaust era.

The work of the International Holocaust Education Task Force continues. It is translating the experience and expertise gained in teaching the Holocaust in countries that are members of the Task Force to other countries, to help them develop Holocaust education and remembrance in their societies. There has been a successful project in Czechoslovakia aimed at training in the teaching of the Holocaust, and similar projects have been requested by other countries.

To help support such activities, the Task Force last month established an endowment fund to be administered by the Swedish Ministry of Foreign Affairs. The U.S. Government strongly supports this fund and hopes to be able to announce a contribution in the near future.

In the same Stockholm Declaration of which I spoke, the participating nations committed their countries to promoting Holocaust education and remembrance and encouraging the study of the Holocaust in their schools and universities.

Persecutee Fund

The December 1997 London Conference on Nazi Gold established the Nazi Persecutee Relief Fund to provide assistance to needy survivors of Nazi persecution. Seventeen countries have pledged \$61 million. Congress appropriated \$25 million over a 3-year period. We allocated the first year's tranche of \$4 million to the Conference on Jewish Material Claims Against Germany to provide support to survivors living in eastern and central Europe. We are now in the process of allocating the second tranche of \$10 million. I am suggesting that half go to the German Foundation, \$4.5 million to the Claims Conference and \$500,000 to several Holocaust education and research projects.

Insurance

You will hear from former Secretary of State Lawrence S. Eagleburger on the progress of the International Commission on Holocaust Era Insurance Claims (ICHEIC). The U.S. Government has strongly supported this international effort to bring justice to victims of Nazi persecution and are pleased that the International Commission is expected to announce the launch of its full-scale claims and outreach program this month.

The ICHEIC claims process will use relaxed standards of proof in dealing with outstanding claims from the Holocaust era and will ensure the opening of companies' files, the cross-checking of names with Yad Vashem's records of Holocaust victims, and further research into European archives to find names of potential claimants. The International Commission has tested its claims procedures in a "fast-track" process for existing claims previously submitted to regulators cooperating with the Commission. Substantial progress has been made through this "fast-track" process and has resulted in the payment of a number of existing claims to Holocaust survivors and their heirs.

Recent focus has been on the cooperation of the ICHEIC with the German Foundation Initiative. Details of this important linkage are still being negotiated, but we expect that the German Foundation will recognize the International Commission as the exclusive mechanism for resolving insurance claims. As a result, all claims against German insurance

companies brought to the Foundation will be processed under the International Commission's rules and procedures. In addition, the German Foundation will have a humanitarian insurance fund that shall be passed through to the International Commission, which shall have responsibility for administering such a fund.

In the most recent discussions of the International Commission's relationship with the German Foundation, representatives of both European insurance companies and Jewish organizations tabled proposals to pay outstanding Holocaust-era German insurance claims, to create a humanitarian fund for nationalized policies, heirless policies, and policies against German companies no longer in existence, as well as for social purposes as determined by the ICHEIC. Further discussions to consider these proposals, as well as how to deal with the overall European insurance market, will take place this month.

The U.S. Government has supported the International Commission on Holocaust Era Insurance Claims since it began, and we believe it should be considered the exclusive remedy for resolving insurance claims from the World War II era. As stated in the MOU signed by the five ICHEIC member companies, those companies cooperating with the Commission deserve "safe haven" from sanctions, subpoenas, and hearings relative to the Holocaust period. I recently wrote to the state insurance commissioners in Washington and California, emphasizing my strong support for the international efforts to create a claims settlement process under the International Commission and stressing that for all their legitimate concern for Holocaust survivors, proposed actions in these states could undermine the work of the ICHEIC. Copies of these letters are available through the State Department's Office of Holocaust Issues.

We strongly encourage all insurers that issued policies during the Holocaust era -- including those in Germany, Austria, and the Netherlands, including Aegon -- to join the International Commission and participate fully in its claims, outreach, and humanitarian programs. The ICHEIC is the best and most expeditious vehicle for resolving insurance claims from this period, and membership in the International Commission provides the only real way of both ensuring that valid claims are paid and resolving international moral and humanitarian responsibilities, that is, for heirless and nationalized claims or companies no longer in existence.

Payments made by ICHEIC member companies to individual claimants as well as their contributions to the humanitarian fund need to be negotiated within the International Commission. These payments, if credited to the insurance companies, would avoid double payments by those who participate in the International Commission.

See also the Deputy Secretary's statement on the Austrian Government coalition

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May 17, 2000, Wednesday

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HEADLINE: US elections seen as newest deadline in Holocaust talks

BYLINE: Marilyn Henry

BODY:

NEW YORK - US Deputy Treasury Secretary Stuart Eizenstat was in Vienna yesterday for talks with the Austrian government on compensation for Nazi-era slave and forced laborers. It was another round of discussions in another country for the peripatetic Clinton administration official, who has been traipsing across Europe for the last five years talking about the Holocaust.

In advance of his trip, Eizenstat said Austria should accelerate talks on the restitution of Jewish property. The traditional argument is that compensation must be hastened because survivors are aging.

However, there is another compelling argument for expediting the Holocaust talks in Austria and elsewhere in Europe.

The ultimate deadline for Holocaust compensation comes in six months, when the US holds elections. It is extremely unlikely that the next American administration - whether Republican or Democrat - will be as committed to Holocaust issues, State Department officials say privately.

The Clinton administration appeared to elevate the Holocaust and the plunder of European Jewry to an American foreign policy concern, calling it a matter of human rights.

It has compelled European states and industries to confront their wartime histories. In December 1998, the State Department convened an international conference of more than 40 nations to discuss Holocaust-era looted assets.

It has been the engine behind an international task force on Holocaust education. At US embassies in Europe, American diplomats are expected to keep apprised of Nazi-related issues in their host nations. The department has gone so far as to dispatch a ranking ambassador to mediate a years-long dispute between the Polish Jewish community and the World Jewish Restitution Organization over the recovery of Jewish communal property in Poland.

This all has been to the benefit of the Jews: European governments understand that they are not dealing solely with Jewish claims, but with the diplomatically-couched demands of the US government.

However, the American policy is personally and inextricably linked exclusively with Eizenstat. He first got approval for what became the Holocaust "portfolio" five years ago. Eizenstat was the US envoy to the European Union reporting to Richard Holbrooke, who was then the assistant secretary of state for European affairs and whose mother's family fled Germany in 1933. Since then, Eizenstat has taken the ad hoc portfolio to the Commerce, State, and Treasury departments, where he has served as the deputy or the undersecretary.

Despite all of Eizenstat's attention, however, the Holocaust is not part of the ethos or mandate of the American government. It is understood to be his special task - one that will end once Americans go to the polls to vote for president on November 7.

The victor in the election, of course, will not simply brush off any Jewish demand that the Holocaust remain on the American agenda, officials say. The dismissal would be far more sophisticated.

"Both parties would be expected to give automatic support to the idea," said one official. "But the idea of making a deputy secretary available is not credible."

Over the last several years, our government has been working cooperatively with other governments and many private organizations to bring some measure of justice to surviving victims of the Holocaust and their families by recovering property that was stolen from them, by enforcing their rights under insurance contracts that were abrogated, by compensating them for personal injuries sustained and for slave labor performed under brutal conditions.

Forced and Slave Laborers

Our government, together with the governments of Germany, Czech, Belarus, Poland, Russia, Ukraine and Israel have been working to establish a new German government entity called the Foundation for Remembrance, Responsibility and the Future to give forced and slave laborers recognition for their suffering and dignified payments. The Foundation will be funded by over \$5 billion from the German government and The unprecedented negotiations resulted in a fund of over \$5 billion In a groundbreaking agreement last December, the

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The focus Post

has written that "The Clinton Admin appeared to deserve ..."

Dec. 1998 Convened int'l conference of 44 countries to discuss + take action on

President US envoy to European Union report to

2/98 : PWS signed the Holocaust Victims Redress Act which enables US G to provide better assistance to many Holocaust

Today I am pleased to sign into law S. 1564, the Holocaust Victims Redress Act. This bill enables the United States Government to provide further assistance to needy Holocaust survivors and also strengthens current U.S. efforts aimed at encouraging countries that possess gold looted from Holocaust victims to donate those assets to the Nazi Persecution Relief Fund. It further recognizes the need for long overdue archival research and translation services to set the historical record straight.

My Administration has worked hard to bring whatever measure of justice might be possible to Holocaust survivors, their families, and the heirs of those who perished. We have pressed for restitution of property and for the full declassification of archives so that confiscated assets can be traced and restored to their rightful owners. To speed progress toward that goal, the U.S. Holocaust Memorial Museum in conjunction with the Department of State will co-host in June an international conference on Nazi assets.

As I sign this bill into law, I note that section 102(a), which purports to direct the President on how to pursue negotiations with foreign states, raises constitutional concerns. Article II of the Constitution confers on the President alone the Executive powers of the United States, which includes special authority over foreign affairs. Although I support the policies underlying this provision, it can be read to interfere with my discretion over matters of foreign policy, and I will therefore construe the provision as precatory.

There can be no way to deliver full justice for the many millions of victims of Nazi persecution, and we know that the unspeakable losses of all kinds that they suffered will never be made whole. Yet it is my hope that with this bill, we can help provide some dignity and relief to those who were subjected to the ultimate barbarism of the Holocaust, and that it will hasten the restitution that they undeniably deserve.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

December 15, 1999

PRESS BRIEFING BY
DEPUTY SECRETARY OF TREASURY STUART EIZENSTAT

The Briefing Room

2:05 P.M. EST

MR. SIEWERT: Here to brief on the President's statement is Deputy Secretary of the Treasury Stuart Eizenstat. This is on the record and on camera.

DEPUTY SECRETARY EIZENSTAT: Just a very brief statement. We're engaged in the last phase of the last great compensation related negotiation arising out of World War II. As a result of Chancellor Schroeder's letter to the President, responding to the President's letter of December 13, we believe that we have made an enormous step to bringing this to a positive close.

This will benefit tens of thousands of Americans, Christian and Jewish, who were slave or forced laborers for German industry, for SS companies, and for German public companies during World War II, and over a million others in Central and Eastern Europe who fall into that same category. It will also benefit those whose insurance policies have never been paid and whose property was Aryanized in confiscation. And importantly, as the President emphasized, it will do so in their lifetimes in ways that lengthy litigation could never have accomplished. These payments will go to persons who have largely been uncompensated for some of the worst crimes of the Nazi era.

We would not have gotten to today without the President's direct involvement and leadership in several letters to Chancellor Schroeder, in a meeting he had with the Chancellor in Florence a few weeks ago; in the personal involvement of John Podesta with his counterpart; Sandy Berger with his counterpart; Secretary Albright with Foreign Minister Fischer; and Secretary Summers with Finance Minister Eichel*.

There also were a number of members of Congress -- Chairman Gilman, Chairman Leach, Senator Schumer, Senator Lieberman, Congressman Lantos -- who were also very involved.

There are still important issues in implementing this 10 billion d-mark, or \$5.2 billion settlement, but we are hopeful that with this agreement on a capped sum, the rest of the remaining issues will fall into place.

By the action taken today, Germany has set a standard for living up to a nation's moral obligations and responsibilities. It provides a lesson for all of us as we prepare for a new millennium.

And I'll be glad to take your questions now.

Q Has there been any decision on compensation for the lawyers? At one point they were seeking as much as 5 percent.

DEPUTY SECRETARY EIZENSTAT: It has been agreed that the amount to be paid for the attorneys will be a negotiated sum, rather than a

percentage of the total amount, as one would get in a normal contingent fee or class action amount. And we will be setting a process up to determine that negotiated amount. But it will not be a percentage, based on a percentage figure.

Q What would the average payment be, per capita, for, first, a slave laborer, and second, a forced laborer?

DEPUTY SECRETARY EIZENSTAT: It is impossible at this point to know, and the reason is that the remaining work that we have to do includes the allocation of this \$5.2 billion sum among and between various claimants -- slave laborers; that is those who worked for German industry and German SS companies and other German companies during the war and lived in concentration camps or forced ghettos; forced laborers who are in a separate category, who worked for the same companies, but lived in labor camps and other facilities; and then we have an insurance account, a bank Aryanization account, and a future fund which will benefit heirs through social programs and will go for projects of tolerance.

And until that internal allocation is determined, it is impossible to say. What we do know is that a very significant percentage of the 10 billion d-marks will go for slave and forced laborers, and we all believe that this will provide a dignified sum to those workers.

Q The President mentioned doing whatever he could to remove the legal cloud hanging over German companies operating here in the United States. Can you elaborate on that a little bit?

DEPUTY SECRETARY EIZENSTAT: Yes. The crucial element from the standpoint of German companies was that they not pay twice, once into this foundation and a second time into U.S. courts. And we've worked with the plaintiffs' attorneys, who deserve a tremendous amount of credit for their ingenuity and creativity and flexibility, and with the German companies and their representatives to provide legal peace.

And it would work as follows: There will be, essentially, two documents. There will be an executive agreement between the U.S. government and the government of the United States* in which we will indicate that we will file a second document in any current litigation and in future litigation, and that is a statement of interest. And that statement of interest on behalf of the United States will indicate that the foundation initiative should be the exclusive remedy for all claims. And the reason for that is because it is a much more efficient and effective way than litigation of providing elderly survivors money; and that, as a policy matter, we would support dismissal of cases with respect to those who could benefit or potentially benefit from the foundation initiative.

Q Is this legally binding, then, or is it simply a statement of administration policy?

DEPUTY SECRETARY EIZENSTAT: It is a statement of administration policy and the court which we hope would be taken very seriously.

Q Does that apply to different lawyers as well -- those who didn't take part in the negotiations?

DEPUTY SECRETARY EIZENSTAT: It would apply to all cases now and in the future, consensual cases and nonconsensual cases, those who have participated and those who have not.

Q Mr. Eizenstat, you've mentioned the insurance money. So does that mean that insurance money is included in the 10 billion deutsche marks?

DEPUTY SECRETARY EIZENSTAT: There will be an amount set aside

for insurance, and one of the issues that remains to be

* government of Germany

implemented is the relationship of that to the Eagleburger Commission and their process, which includes not only German insurers, Alliance, but also other insurers, and that is one of the issues that we'll be working on.

Q How many total beneficiaries or total victims combined, including --

DEPUTY SECRETARY EIZENSTAT: There will be a claims period still to be determined -- perhaps 12 months or so -- and only when that is finished will we know precisely how many. But our best estimates are there are around 240,000 people who are still surviving, who fall into the slave labor category. We believe that, roughly, half of those are Jewish and half are non-Jewish, perhaps 55-45, and that of the roughly 100,000 to 120,000 slave laborers who are Jewish, about half are in the United States.

There are also upwards of 10,000, and perhaps more, non-Jewish forced laborers who are American citizens as well, and I have met with the Polish American Congress and others and they will be included. And for the second category of forced workers, we believe there are between 1 million and 1.5 million surviving forced laborers who live in Central and Eastern Europe.

Q Just to follow, the campaign of linking justice to the Jews, or the victims of Nazis in Germany and elsewhere, what message are you sending to the rest of the world for the 21st century?

DEPUTY SECRETARY EIZENSTAT: First of all, it's important to understand that the overwhelming majority of people who will benefit from this are non-Jewish. They are the Central and Eastern European survivors who have largely been unpaid, and as I mentioned, even half the slave laborers are not Jewish. It's very important to understand that.

But I think that the message that's being sent is that countries can live up to their moral obligations. Even though Germany has paid \$60 billion for Holocaust survivors, there was still a desire by German industry and by the German government to provide compensation for those who had not been fully compensated -- namely forced and slave laborers and those whose insurance policies and property were confiscated.

So I think it is an important moral statement of accountability, and that it should be a very important lesson for other countries and for other groups to live up to their responsibilities as well.

Q What lesson does the United States, in particular, draw for living up to its obligations about its own legacy of slavery?

DEPUTY SECRETARY EIZENSTAT: First, let me say that the United States, although belatedly, has compensated out of congressional funds Japanese Americans to the tune of about \$20,000 per person. And although it took many decades for that to occur, those Japanese Americans who were interred, largely on the West Coast, but elsewhere as well, there has been a moral accounting by the United States as well.

I think with respect to slavery, that the President has set up a commission to deal with this whole issue. He has indicated his profound regret and concern about the legacy of slavery, and many of the things that this administration -- and if I may say so, previous administrations -- have done and Congress has -- affirmative action programs, special set-aside programs in procurement -- all of these are efforts to try to rectify the vestiges of slavery.

Q Could you specify what percentage of the money is being paid by the German government and how much by companies?

DEPUTY SECRETARY EIZENSTAT: That is an amount that they will have to announce themselves. It has been determined, but I think they should make that announcement.

Q If I could follow up on my earlier question, do you think that the United States can extract a lesson from Germany in trying to specifically address or even acknowledge its efforts to address the issue of reparations for descendants of African slaves in a similar way, in some sort of compensation package.

DEPUTY SECRETARY EIZENSTAT: That's an issue I really can't comment on. I think it goes beyond the jurisdiction of what I'm dealing with. But again, I think that there have been many efforts over the decades, albeit belatedly, to try to deal with the vestiges of discrimination through the civil rights laws and other efforts that have been made over the past several decades, but those certainly have been belated.

Q Mr. Eizenstat, as you know, there were two lawsuits in New Jersey on slave labor claims that were dismissed. What did the dismissal of those -- how did those dismissals impact negotiations, and why didn't the United States government intervene in those lawsuits with an amicus brief, with some kind of interpretation of the treaties that were being decided?

DEPUTY SECRETARY EIZENSTAT: I think I would have to leave it up to the lawyers to tell you what impact it had. We were not asked by those judges for our opinions, so we did not provide them.

Q -- reports about contributions from American companies of about \$500 billion. What about this amount, this contribution?

DEPUTY SECRETARY EIZENSTAT: The contributions that are being made toward the German fund are being made by German companies. And there are several U.S. companies which are considering the best way that they can participate in this overall effort. But the payments for the German industry side will come from German companies that are in Germany.

Q What was the breakthrough at the end? Was it the amount of money, or were there other issues involved?

DEPUTY SECRETARY EIZENSTAT: It was a combination of our coming to agreement on how to achieve legal peace and getting an agreement on an overall capped amount.

Q Mr. Secretary, will the heirs of deceased slave laborers have any recourse?

DEPUTY SECRETARY EIZENSTAT: There will not be a direct compensation payment to them, but they will have recourse to what we call Article 5, which is the future fund. And that will have social programs, perhaps -- this is still to be determined, but perhaps educational programs, scholarships and the like, for heirs.

Also, one of the things that we still have to negotiate is, as of a particular date, if a slave or forced laborer passes away -- and, as I've mentioned, the rate is 10 percent a year, almost 1 percent a month -- at what point does their claim vest in their heirs? That's still to be determined.

Q Sir, following up on an earlier question about slavery,

President Clinton a couple of years ago, when he started his initiative on race, said that African Americans are too far removed for reparations. Do you think that that's a fair policy for the administration, for other groups to be getting these --

DEPUTY SECRETARY EIZENSTAT: Again, I've been spending my full time on this issue, and I'm not --

Q But it's related to this issue.

DEPUTY SECRETARY EIZENSTAT: -- really able to speak to the slavery issue. I'll have to let other people do that.

Q This is an unrelated issue, but something that you're about to go into a meeting on. Could you talk at all about what the President might do using his executive authority at the Treasury Department to improve gun safety next year?

DEPUTY SECRETARY EIZENSTAT: Well, that's one of the issues at the meeting at 2:00 p.m. I'm supposed to be at, so hopefully we'll have more for you later.

Q When are you going to Berlin, and who are you going to see?

DEPUTY SECRETARY EIZENSTAT: We'll be going to Berlin tonight. I'll be meeting with Count Lambsdorff -- and by the way, I should have recognized Count Lambsdorff's enormous contribution to this effort. This would not have happened without his direct involvement, creativity, perseverance and determination. We'll also be meeting with other German officials, including the President of Germany, who will have an announcement himself to make on Friday.

Q One last unrelated question, something you've been dealing with as well, WTO. Do you think it's possible to get talks started before 2001? There's some speculation in Europe that because of the elections next year it's very unlikely to happen.

DEPUTY SECRETARY EIZENSTAT: I think I should limit this briefing to the issues I'm dealing with.

Q Mr. Secretary, as we repair the past, and during these holidays of Hindus, Muslims and Jews, Southern Baptists are issuing -- have made angry in this country Jews, Hindus and now Muslims about issuing a prayer book and all that. What do you relate these questions, on one side President Clinton, who's also going to the Baptist church, or trying to repair the past and all the slavery and victims are now -- this Southern Baptist church is going in a negative direction?

DEPUTY SECRETARY EIZENSTAT: My assignment has been to deal with this issue. It's taken a great deal of time, and I need to focus on that.

Q Back to the compensation for lawyers. Would that money come out of the capped fund, or would there be some mechanism --

DEPUTY SECRETARY EIZENSTAT: That's one of the issues we have to resolve.

Q That has not been resolved?

Q Mr. Eizenstat, some Jewish are pushing to make the difference between the groups A and B to be 5 to 1, and some others are pushing, like Poland, are pushing to make it 2 to 1. What is the United States position on that?

DEPUTY SECRETARY EIZENSTAT: First of all, we want there to be

dignified payments to the Central and East European forced laborers, as well as to the slave laborers, because they also were deprived of their liberty and worked under harsh conditions -- albeit, everyone is agreed, not as harsh as slave laborers.

The precise per capita amounts and the ratios will significantly depend on the following decision: We've agreed that the German foundation would make payments to five Central European reconciliation foundations -- a German-Belarus, German-Czech, German-Polish, German-Russian, and German-Ukraine foundation. Those foundations will have a significant amount of discretion as to which beneficiaries in their countries should be paid.

If, for example, they decide in addition to industrial workers to pay agricultural workers, that obviously would reduce the per capita amount. So until those decisions are made, it's not possible to say. But I think that we have a figure in DM10 billion, or \$5.2 billion, which permits a dignified payment to be made to all beneficiaries.

Q What will the victims have to present in order to make claims?

DEPUTY SECRETARY EIZENSTAT: There will be a claims process established, and that claims process will be significantly delegated to the five foundations, and to the Jewish Material Claims Conference, which has been also very instrumental in our work. And they will handle the Jewish claims.

There will be relaxed standards of evidence. The companies will try to match claims against their own records. We hope that individuals will have some records of their own, but frankly we know that with the passage of years, the age of the victims, that we have to have relaxed standards of evidence, and there will be relaxed standards

END

2:23 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary
(Philadelphia, Pennsylvania)

For Immediate Release

February 13, 1998

STATEMENT BY THE PRESIDENT

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WILLIAM J. CLINTON