

German Industry Fails to Meet the Terms of the Forced Labor Settlement

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[1] In response to the wave of class action law suits in the United States aimed at the compensation of former National Socialist slave laborers, a number of German Industrial Firms proposed the pursuit of an alternative, private compensation scheme. The initiative slowly picked up momentum among big members of German industry and met with a will to cooperate from the newly elected Federal government. The result was the public/private agreement of 2000 that obligated the participating members of German industry to contribute the sum of DM 10 billion to a fund for the compensation of former slave laborers. Among the number of impediments to the agreement's conclusion figured primarily German industry's fear of on-going, potentially disastrous (financially and in public relations) litigation before American courts even after the "voluntary" founding of the compensation fund. After long debates and repeated meetings over the last one and a half years, the German and the United States governments signed, in July, 2000, an agreement that Germany industry make payments to the compensation fund while the U.S. promised the end of civil actions directed against German firms with respect to slave labor. The "statement of interest" issued by the White House with respect to the prohibition of future suits was, in essence, addressed to the Judiciary. On separation of powers grounds, among others, the power of such a "statement" remains in dispute. It is clear, however, that the German firms view the compensation fund agreement and reciprocal bar on future claims as the best way to assure peace before the courts.

[2] The contributions from German industry to the compensation fund are to be managed, as outlined in the bill passed by the German parliament in the summer of 2000, by a foundation for "Erinnerung, Verantwortung und Zukunft" (Memory, Responsibility and Future). Under the terms of the bill, the German government and German industry each are obligated to contribute the sum of DM 5 Billion towards the DM 10 Billion agreed upon in the settlement with the former slave laborers. Despite tenacious attempts from prominent representatives of Germany's industrial community, German industry has to date failed to raise and contribute more than roughly DM 3.3 Billion. It is expected, according to the announcement of the Foundation's Representative, that the remaining portion of German industry's contribution to the fund will be collected by the end of the year, the time by which first payments might be made to former victims.

For More Information:

The text of the German-American agreement can be found on the web at the following address by accessing "Aktuelle Themen" and then "Entschädigung für NS-Zwangsarbeiter":

<http://www.jura.uni-tuebingen.de/~hess/index.html>">www.jura.uni-tuebingen.de/~hess/index.html

The web site of the compensation foundation:

<http://www.stiftungsinitiative.de/eindex.html>">www.stiftungsinitiative.de/eindex.html

The web site of one of the plaintiffs' law firms, Cohen, Milstein, Hausfeld & Toll:

<http://www.cmht.com>"><http://www.cmht.com>