

Israeli Diamond: The Israeli Diamond Industry Salutes the State of Israel on its Diamond Anniversary

Reminiscences about the Joint History of Israeli Diamond Industry and the State of Israel

June 1, 2008 - [PRLog](#) -- unquestionably proud of its diamond Industry, one of the country's leading and earliest exporters. The industry's indomitable spirit reflects the unique determination that has helped to make the State of Israel the unique country that it is today.

The Israeli Diamond Industry has an illustrious past whose foundations were laid in a beleaguered Land of Israel during the late 1930's and early 1940's. At the time the winds of the Second World War were already blowing; many diamantaires fled from Belgium and other parts of Europe; some settled in places like the United States and Cuba. Others chose to come to the land that was then called Palestine.

Yehezkel Goldman, who was named an Israeli Diamond Industry Dignitary in 1994, began his career as a bruter in the Ophir factory on Tel Aviv's Nahmani Street in 1941.

Shlomo Vainstein had attempted to establish a factory in 1910, with little success. In 1940 he finally set up a factory in Netanya called "Mazal U'Bracha," together with Baruch Friedberg. Despite the difficult conditions, the industry began to prosper: In 1940 there were only 5 factories, but by 1941 there were already 12.

"Those were difficult times," says Goldman. "In one case, The Irgun Resistance Group (IZL) proposed to a factory owner to stage a robbery so that the organization could use the diamonds to buy arms. The company was covered by insurance. In another instance the IZL robbed Barclay's Bank on Allenby Street in Tel Aviv. The British promptly came to the factory's offices to check for illegal activities."

"One of the workers at the Ophir factory – Yehiel Tresner – was later arrested by the British and hanged for involvement in an illegal organization," he adds.

"Workers had to pay a daily fee for their seat in the factories. And if a worker wanted to transfer to another factory, he had to receive authorization from the factory owner. Each worker was paid on a contracting basis according to the number of stones that he had cut or polished."

Goldman established his company in 1951 and was granted sightholder status by the DTC (the Diamond Trading Company) in 1954, until 1992 when he closed his factory.

The industry underwent ups and downs: "There were various crises, for example in the mid-40's and in the 80's, but nevertheless the industry prospered."

Despite the various obstacles and problems, Goldman looks back at those times with great nostalgia: "There was a feeling of brotherhood among the workers. There were soccer teams in the factories and we played against each other. In 1948, the diamond industry was declared essential so key workers were not called up for duty, but I did fight in the War of Independence."

He recalls that the first bank to finance the industry was Union Bank, headed by a Dutch immigrant named Ehrenfeld.

Birnbach was a member of the IZL, along with his lifelong friend, the late Moshe Schnitzer, and many

other colleagues. He vividly recalls the stormy Altalena Affair and the fact that an Egyptian bomb fell on his factory, called Nova, on the very first day of the War of Independence on May 14, 1948. The factory was completely demolished.

“After the War of Independence, I rebuilt the polishing factory and business flourished,” Birnbach says. “In 1947, the late Menachem Begin sent my brother, Max Birnbach, to the United States in order to raise funds for the resistance. He helped to raise funds in New York and also opened an office for the family diamond business.” Otto polished the stones here at the factory here in Bnei Brak and then sent them to his brother to be sold in New York.

“We were producing small stones at the time and large amounts were needed. We employed 250 workers at our factory,” Birnbach notes.

“I look back with pride at the development of the industry and see great changes. We started out as bruters and polishers. Now the Israeli Diamond Industry deals mainly in marketing of polished. Rough diamonds are sent for polishing to the Far East due to cheap labor.”

He continues: “I love diamonds. To me, each stone has a history, a special intrinsic value. There was a special fraternity within the industry, of comrades who followed a joint path for many, many years,” states Birnbach.

Maurice Gluck was only a child when World War II broke out. His diamantaire father, Yehuda, had moved from Transylvania to Belgium in 1928 and was unable to evade the Nazi Occupation. Yehuda and his wife were taken to the death camps and little Maurice was left with a Christian family. Only Maurice’s father survived the camps. In 1950, Yehuda, who had married his wife’s sister, decided to move to Israel with his new wife and young son.

Yehuda opened a stone quarry near Rosh Haayin which eventually failed. He then returned to Belgium and only came back to live in Israel in 1970. Maurice began his diamond internship in Antwerp in 1965, and in 1967, the family opened a polishing plant in Ramle.

In 1967, Maurice’s cousin, Arie Efrat, a partner in the company, was mobilized during the Six Day War and Maurice stayed at the factory, which was declared essential to the economy. “Our company employed mostly new immigrants. We taught them bruting and polishing, giving them a new profession.”

Maurice adds: “During the Six Day War the diamond community in Antwerp rose to the occasion and sent large donations to Israel. My father gave the first donation of \$20,000, a large amount of money at the time, and others followed his example.”

Maurice notes that his father was a leading expert in large stones, sometimes up to 100 carats or more. During the seventies, Maurice travelled around the world, particularly to Japan, Hong Kong and Singapore, to sell the family firm's output, which was quickly snapped up by wholesalers and a number of well-established jewelers. “Throughout the seventies there was a great deal of interest in large stones, sometimes seen as an investment, sometimes as a hedge against troubled times.”

He continues: “During the eighties we would also sell diamonds at private parties in the United States.

People would buy unset diamonds directly from us. In the late seventies, the price for a one carat of D flawless diamond at the Israel Diamond Exchange would sell for \$40,000. A four-room apartment in a good area in Tel Aviv at that time cost about the same. But within a short time the price per carat quickly dropped to \$15,000 and even \$10,000. Once the prices started dropping, customers held off until the prices dropped still further. The industry was in trouble.”

Maurice adds: “Up to 1981 we thought that normal economic rules did not apply to the diamond industry. We thought that diamonds would always maintain their value. But then reality set in.”

In 1989 Maurice started publishing lists of demands for the diamonds, called 'Keshet Yehalom' or Diamond-Link, an innovation in the diamond industry. Those lists subsequently evolved into the IDEX, the international diamond exchange online.

The Israeli Diamond Industry is indeed subject to ups and downs, and trends come and go. In the industry’s early years, only small stones were cut and polished in Israel. Then, until the eighties, large stones were popular and some of the biggest buyers came from the Far East. Thirty years later, the Israeli Diamond Industry no longer cuts and polishes small stones, but it again specializes in large stones. And once again, it is seeking new markets in the Far East.

Through it all, the Israeli Diamond Industry has always risen to the occasion and adapted itself to the necessary changes – much like the State of Israel.

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