Introduction

“In Basle I founded the Jewish State. If I said this out loud today I would be greeted by universal laughter. In five years perhaps, and certainly in fifty years, everyone will perceive it.”¹

Theodor Herzl wrote those words in his diary regarding and shortly after the 1897 World Zionist Congress. At that point, Zionism was an unfocused idea, with no established colonization site, not to say anything of a leadership, strategy, institutional organization, or capital assets. During that Congress, the idea of a Jewish state lived only in the writings and heads of a few dreamers, with the Palestinian plantations of Baron Rothschild hardly a party to the concept, concerned as their owners were with financial solvency over political independence.² Nevertheless, Herzl’s prediction was met practically to the letter, with Israel unilaterally establishing her statehood in 1948, fifty-one years after that original Congress.

Consequently, that course of half a century, during which an idea became a nation-state through a process that had never occurred before and might never again, has naturally fixated historians bent on making sense of so unique a process of national formation. Key to understanding that undertaking is the question of how a people with almost no territorial basis in the proposed homeland at the turn of the century was able to construct a cohesive and defensible geographic range and agrarian economic nucleus; certainly other settlement movements have built states but rarely so quickly and without a dominant mother country.

¹ Makovsky, 56.
² The Rothschild project in Palestine is further explained in section IV.
For this reason, much historical wrangling revolves around the role and nature of various Zionist settlement and land acquisition organs. Among those, most important and exemplary of the specifically Zionist settlement urge is the Jewish National Fund, or Keren Kayemeth Leisrael in Hebrew, whose role as the largest single Jewish landholder and as an arm of the World Zionist Organization made it a semi-public, or at least non-private, symbol of organized Zionist attempts at the creation of a national Jewish trust in Palestine. In the history of the JNF, the most significant time period is that of 1920 to 1939, as British Mandatory control led the Yishuv\(^3\) from the de jure promise of a homeland to the de facto eventuality of a state, which was founded in 1948. The following work will be an analysis of the significance of the Jewish National Fund during that time period, from the foundation of the British Mandate in 1920 to the outbreak of the Second World War in 1939.

As I will note in the review of secondary literature, the following three historiographical debates will be confronted, and my solution to each one is a compromise based on context:

**Whose side were the British on?**

Notwithstanding the strenuous attempts by many to cast the British as partisans of the Jews or the Arabs, it remains that they demonstrated overwhelmingly that they were essentially partisans of the British. In this way the findings of Martin Bunton and others are useful in portraying the Mandatory administration as miserly and apathetic. Any depictions that stray too far from that characterization run the risk of making the empire a boogeyman for one side and an omnipotent patron for the other. Nevertheless, it is true

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\(^3\) In Hebrew, the collective term for Jewish residents of Palestine before Israeli statehood.
that certain administration officials and certain policies did benefit one or the other party. Overall, a discernible turn from careful sponsorship of the Zionist project to halfhearted advocacy for the indigenous Arabs took place during the time period in question, but always with caveats and never along a clear line.

More importantly, an analysis of any depth reveals that the consequences of British backing were counterintuitive. The more vigorously the British erected roadblocks to Jewish settlement, the more smoothly went the drive. This observation has important ramifications on the next two debates.

**Did the market aid or impede Jewish statehood?**

Again, a synthesis is in order. It is without a doubt that the homeland may have never become a reality without private investment and the profit motive. After all, the vast majority of Jewish land and capital during the Mandatory period came from private sources, contrary to the myth of the Jewish National Fund as sole founder of the Yishuv’s agrarian base. Especially in the 1920s, the JNF was little more than a side note to other, larger capitalist activities. However, the 1930s saw a substantial transformation, whereby the drawbacks of the JNF model quickly became assets as the marketplace faced grave challenges in Arab violence and British litigiousness. Thus, the importance of the free market for Zionist goals is ambiguous and contingent on the year in question.

**Was ideology or pragmatism the driving force behind Zionism?**

No dispute is more controversial or crucial than this, a disagreement indicated by Herzl’s bold and accurate prediction that points to the transformative power of naked will. Interpretations of this theoretical divide underpin how the British are viewed by scholarship during the Mandate and the emphasis placed on the role of official Zionist
colonizing bodies. For instance, the greater success of the Jewish National Fund during a
decade of heightened British tension, the 1930s, signifies a practical reaction to outside
forces, even as the growing prominence of such an ideologically-based organization over
other market-led groups demonstrates the creativity and dynamism of the Zionist ideal
over capitalist opportunism.

In the end, an analysis of the Jewish National Fund’s activities and interactions
with British and Arab actors during the Palestinian Mandate will demonstrate that
ideologically nationalist and anti-market considerations not only persisted throughout the
period but also were necessary sources for the construction of the Jewish state and nation.
However, such static principles found success in that they were pre-adapted to conditions
that ensued only well after their enshrinement in the Jewish National Fund, as evidenced
by the Fund’s irrelevance and near-failure in supposedly propitious circumstances during
the 1920s and the Zionist movement’s reliance on market-led, traditionally colonialist
organizations and practices at that time. The final serendipitous convergence of growing
British and Arab resistance to Jewish settlement and the nationalizing effect of that
resistance, as embodied by the experience of the Jewish National Fund, confirms that the
Jewish state was both forged from an ideal and molded by factors outside of its control.
I. Review of Literature and Primary Sources

If anything there is a glut of works on Palestinian land tenure and Jewish acquisition thereof before, during, and after the British Mandate period. The vast majority of those works, however, concentrate largely or exclusively on the nascent Arab-Israeli conflict and its contributing factors (illegal Jewish immigration, the class makeup of Arab land vendors, etc.). Therefore, it can be a painstaking process to filter out the debates on the comparative guilt or innocence of various parties in order to tease out analyses of the context, operations, and interior logic of Zionist instruments of settlement like the Jewish National Fund. Exemplar cases of this problem include Gershon Shafir’s *Land, Labor and the Origins of the Israeli-Palestinian Conflict, 1882-1914* (1989), Kenneth Stein’s *The Land Question in Palestine, 1917-1939* (1984), and Baruch Kimmerling’s *Zionism and Territory* (1983).

Shafir’s work takes a revisionist look at the foundational Ottoman decades of Zionism and recasts the events on the ground as symptoms of Jewish economic and colonial pragmatism rather than pure ideological conceit. In other words, he seeks to dispel notions of Palestine as a blank slate for socialist and religious national experimentation and argues that the state of the Jewish homeland before the First World War was a product of reactions to indigenous forces. That interpretation is instructive and this analysis of the following years under the British owes much, with qualifications, to that reading of history.

Where Shafir may have sought to enunciate it, Kimmerling’s work strives to reconcile the gap between economic and ideological explanations for Zionist activities and victory over the indigenous Arabs during the Mandate. His breadth and depth of
investigation makes the work invaluable for an understanding of territorial considerations in British Palestine, as evidenced by a deep array of Hebrew archival material.

While Stein concentrates on Jewish settlement as an aggravating factor to the coming Palestinian wars like his above peers, his focus is more on the British administration’s ambivalent influence on the land tenure structure. When the Arabs come up, it is because they are constituents of the Mandatory government; they are enemies of the Zionists primarily through the mediating influence of the colonial power. Such an approach exaggerates bureaucratic authority during a period when many interactions took place outside official government aegis. Nevertheless, the work is an important chronicle of the effects of constant British legal and practical oscillations between Jewish and Arab land interests. Stein’s 1984 article “The Jewish National Fund: Land Purchase Methods and Priorities, 1924-1939” takes a more precise look at Zionist land acquisition without cataloguing British attempts at refereeing the proceedings. While sacrificing breadth, as is the nature of a periodical piece, the work is effective in explaining the importance of the Zionist public sector in realizing statehood over the vendor Arabs.

As helpful as the above works are in providing the inter-partisan Palestinian context of the Jewish national project, they would be insufficient without other more exclusively Zionist-focused studies. Jacob Metzer, in his chapter in Essential Papers on Zionism (1996), examines Jewish colonization in Palestine as an instance of state building to be compared profitably to the construction of nationalism in other newly independent twentieth century (non-settlement) states. His political economy of this process will be examined more fully in the section of this thesis dealing with a theoretical framework for Jewish nationalism.
Ben Halpern and Jehuda Reinharz’s *Zionism and the Creation of a New Society* (1998) is indispensable as a comprehensive guidebook to the different complementary and competitive strains of Zionism from Herzl through the realization of statehood. As a stand-alone work, however, it tends towards ideological causation and is undoubtedly sympathetic to the Zionist cause, as is clear in its criticism of alleged British slights. Nevertheless, alongside other works, it is especially important in providing an in-depth look at economic nationalism and the significant struggle between private-capitalist and public-socialist urges in the Yishuv, as in the differences and similarities between the Rothschild plantation experience and the later prominence of the Jewish National Fund.

Most focused of all is Walter Lehn and Uri Davis’s *The Jewish National Fund* (1988), a biography of the organization in the title. In the same way that Halpern and Reinharz dedicate their time to a sympathetic portrait of the Zionist project, Lehn and Davis dedicate theirs to an antagonistic picture of this noteworthy component of the project. Moreover, they attribute much of the transformation of Palestine during the Mandate period to the initiative of ideology as well, differing only in their ethical judgment of that ideology. Much of that space for debate falls outside the scope of this thesis, as it concerns the guilt of that other party, the Arabs, who will play only a tangential role below, but the partisan angle no doubt damages some of the work’s findings.

Bunton’s work, *Colonial Land Policies in Palestine, 1917-1936* (2007), is distinct from those above in its treatment of the land issue. He is almost exclusively concerned with the British administration’s interactions with Palestinian Arabs and the legal ramifications of that relationship. Whereas Lehn and Davis, Halpern and Reinharz, and
Metzer all emphasize the singular importance of Jewish settlement on the Palestinian landscape to different degrees, and Kimmerling, Shafir, and Stein view them as equal to the British and Arabs as units of the agonistic Mandatory triangle, Bunton nearly avoids mention of the Zionists at all. In this way, his work is clearly not sufficient for those with an interest in Jewish settlement. It is, however, a tonic to the others as a reminder that despite the eventual preponderance of Jewish interests in the region with the creation of Israel, it is an anachronism to suppose that the small Jewish population (by Jewish Agency figures, about 84,000 in 1922 and 445,000 in 1939, rising from 11.1 percent of the total Palestinian population to 29.7 percent) during the Mandate figured as prominently in British land tenure machinations as did their intended effects on the Arab majority. Bunton implies that the consequences of British policy on the Jewish minority were usually no more than the side effects of broader goals in Palestine and in Parliament. His explicit analysis of Anglo-Arab relations is a monument to imperial inertia, and his argument that British parsimony actually decelerated Palestinian Arab land privatization provides a controversial complement to other authors’ examination of private property among the Zionists.

These works stress different chronological, theoretical, ideological, and topical notions. Though the tension among them runs in innumerable directions, the three most salient sources thereof are summarized in the three questions I ask in the introduction. First, there is the debate among the scholars on whether Zionism of the period was essentially ideological or pragmatic when it came to practices on the ground. Those who claim that ideology was supreme point to their observations that Jewish nationalism

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4 Gurevich, 46-47.
predates the “charter” of the Balfour declaration and note how closely the rules governing the Jewish National Fund, among other organizations, hewed to ideas developed in the abstract conversations that took place at the turn of the century in Basle during World Zionist Congresses. Others, however, credit figures such as Arthur Ruppin with the eventual success of the Zionist dream, figures who they claim reworked an unrealizable (and well into the Mandate, failing) ideal with knowledge gained from experiences in the field.

This debate on the relative initiative or reactivity of Zionist organizations is closely tied to the second on the proportional significance of the public sphere as opposed to private capitalism in crafting a geographical Jewish state. On one side is cited the importance of the Jewish National Fund, as an arm of the World Zionist Organization, in coordinating and setting precedent in the establishment of a nucleus of settlement without an overriding profit motive, while on the other is indicated the small share of land and capital that the JNF controlled in comparison to various middle-class and petty bourgeois settlers who obeyed the market instead of seeking to guide it. In this dichotomy, the public sphere is often conflated with the side of ideological import and the private sphere with incremental and practical experience.

Finally, the third source of scholarly disagreement is the role of the British Empire in the forging of a Jewish state. Some see the British as primarily a pro-Zionist and others as an anti-Zionist party, of course, citing conflicting laws and commissions as evidence. A less obvious corollary, however, is how each scholar views the assumed British affinity or antipathy, with many providing evidence that, contrary to original
impressions, imperial favor begat Zionist weakness while disapproval hardened the Yishuv into a more capable political agent.

Thus, the state of the question is anything but settled. The role of the scholar delving into this subject is as much to synthesize as it is to generate new ideas, as very little unprocessed data is extant yet very many disagreements in substance and style remain. I will therefore attempt in this work to provide the contextual basis for a compromise within all three debates, while making sure to note when one view is paramount.

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The most significant category of primary source materials employed in this work are the written accounts of different Zionist leaders involved directly in the settlement and cultivation of Jewish land during the Mandate period. Especially important are the writings of Abraham Granott (né Granovsky, 1890-1962) and Arthur Ruppin (1876-1943), Zionist figures who were directly and indirectly involved in the Jewish National Fund or the creation of land policy in general and left behind significant quantities of published material. Their compositions provide a look into both the appearances that the Zionist leadership wished to cultivate with varied British, Arab, Jewish, and foreign audiences, as well as that leadership’s inner contemplations and strategies during the creation of policy. A central challenge is, in fact, discerning genuine sentiments from those meant to be broadcast to interested parties.

Another instructive body of material is that of contemporaneous official publications of the Jewish National Fund, World Zionist Organization, and associated
Zionist corporations. Their papers showcase various statistics and figures that they employed in addition to examples of fundraising and recruitment methods.

The final category of materials is that of British legal and political texts. These include reports that were published widely at the time, such as the 1930 Hope-Simpson Report, as well as formerly secret correspondences between Mandate administration officials and various diplomatic personnel that reveal the concerns and motives of the Mandatory power.

A qualification must be featured alongside this description. Two shortcomings have limited the scope of the primary source research, both related to access. I lack the linguistic ability to analyze sources in Hebrew (as well as German and Russian) and was unable to reach those sources located in the Central Zionist Archives and other repositories of archival materials in Israel, Palestine, and the United Kingdom. Therefore, linguistics and geography have presented barriers unless filtered through the interpretations of other scholars.
II. A Theoretical Framework

If ideology had the power in Palestine, even in degree, to bend reality, that is, to manipulate demand and compel settlement, how can it be squared with the capitalist incentive structures of the land market? That dilemma may explain why so much of the literature on this topic forces one into either a normative or realist corner. I argue, however, that there is an alternative that can provide a powerful framework for squaring the circle, if Zionism is unhinged from exceptionalism and viewed in the context of other nationalizing schemes. Political economists beguiled by the apparently irrational choices of new and developing states have confronted the problem of fitting the intangibility of nationalism into a materialist narrative, insistent as they are to fit all inputs into a rational actor model. Their solution has been to treat nationalism as another good potentially worthy of investment over more traditionally viewed state assets. With nationalism regarded thus, the Jewish National Fund’s national capital can be examined in the context of other types of more palpable capital.

Central to this analysis is the work of Albert Breton, especially in his 1964 article “The Economics of Nationalism” in the Journal of Political Economy. In it, he distinguishes between “cultural” and “economic” nationalism, and then ventures that the latter type can be shown to be remunerative to aspects of the national group, usually derived from ethnic status.\(^5\) This profit-seeking essence of nationalism turns it into a piece of investment capital: no longer is the foregoing of opportunities for greater general welfare illogical, but rather it is an indication of another competitive and quite possibly more lucrative outlay.

\(^5\) Breton, 376-377.
Breton is careful to note, however, that nationalism is rarely a productive enterprise; it hardly ever generates value but instead redistributes it. Moreover, barring true confiscation of assets (whether they be jobs or property) from the (typically) foreign “out group,” the redistribution is not from the foreign to the national group, because the outsiders have been duly compensated.\(^6\) Rather, assuming that the former owners of nationalized enterprises and property were more efficient users of the capital than their replacements, the nationalization benefits the group of nationals taking over at the expense of other nationals who must consume the inferior or pricier goods and services. Therefore, nationalism in Breton’s view is most often characterized by a subsidy transferred within an ethnicity. In his case study of nationalist groups in Quebec, he notes that it is typically the middle class that receives the subsidy from the working class.\(^7\)

Harry Johnson and Manning Nash revise Breton’s theory to allow for the economic behavior of less well-established states in separate articles in the Johnson-edited Economic Nationalism in Old and New States. Most significant is their contestation of the idea that nationalism is a value-negative practice that succeeds in generating only relative gains for a minority group. For instance, in Johnson’s article “A Theoretical Model of Economic Nationalism in New and Developing States,” the author combines Breton’s findings with the disparate works of others who analyze the partisan functions of democracy and the economic reasoning behind racial discrimination, to fabricate a thesis on nationalism’s merits in “psychic income.”\(^8\) From this perspective, the effective national subsidy due to the acquisition of exogenous assets does not merely

\(^{6}\) Ibid, 377-378.
\(^{7}\) Ibid, 381-386.
\(^{8}\) Johnson, 3-4.
directly benefit the recipients, but also indirectly the entirety of the body politic which has developed a “taste” for nationalism. In this way, nationalization is not a coercive phenomenon; it is rather consensual throughout a national group that collectively waives maximal financial welfare for a psychological gain from discrimination.

For this reason, Johnson signals that this “taste” figures most prominently, and the resultant financial sacrifices are largest, under specific conditions for specific sectors of the economy. The conditions that foster a higher tolerance for nationalism, as well as its inherent costs, are those during intense competition from outside actors and a lack of natural economic advantage within the nation.\(^9\) During such periods, he agrees with Breton’s assertion that middle-class professionals benefit more than the working class. More distinctly, Johnson cites economic sectors that draw prestige by being associated with foreign ownership within the nation and those that are esteemed through observation of other nations’ prestige industries as being the ones sought during nationalist drives. For example, a country with foreign ownership of petroleum assets would seek to nationalize them, while a country would seek to develop a domestic steel industry if more developed nations were doing the same.\(^{10}\)

Hence, Johnson’s argument pushes beyond Breton’s in asserting that the working classes who underwrite a nationalist economic transformation do so willingly due to a preference for their co-ethnics’ ownership of prestigious property during periods of national disadvantage in the marketplace. Johnson stops short, however, of claiming that this choice, while assuredly an investment, is overall a better one than allowing

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\(^9\) Ibid, 9.

\(^{10}\) Ibid, 7-8.
commerce to proceed freely, stating only that it is for others to determine whether an interval of foregone economic opportunity is worthwhile for long-term growth.\(^\text{11}\)

One of those others who takes up the implications of Johnson’s theory is Nash in his article “Economic Nationalism in Mexico,” profiling the construction of Mexican state institutions and symbols from 1910 to 1940. The author portrays the erection of legitimizing edifices, running the gamut from protectionist trade measures, expropriation of the petroleum industry from foreign owners, central economic planning, and a propaganda campaign promoting mestizo ethnic traits and Native American anthropology, as investments in national capital.\(^\text{12}\) Moreover, he sees those investments as wise ones, claiming that although they suppressed economic growth for three decades, they also served to create a cohesive body politic with confidence in the government and fellow nationals.

By this reading, Nash is assuming that over the long term, perhaps a sixty year period, it was better for Mexican \textit{material} prosperity to spurn growth for half the time than to seek it the entire time due to considerations of “human capital” development under a nationalist program: “These social changes are costly operations . . . economic growth could not and would not have begun in Mexico if these . . . activities, which used nationalism as an input, had not been successful.”\(^\text{13}\) Prudently, Nash qualifies his contention by noting that such national investments must be applied carefully and will not be appropriate for all cases, depending heavily on other matters of context.

Regardless, his analysis is significant in its averment that even when nationalism is

\(^{11}\) Ibid, 16.
\(^{12}\) Nash, 71-76.
\(^{13}\) Ibid, 76.
chosen as a good by a state entity for reasons other than perceived comparative advantage (these cases fall more clearly into classical economics), the choice may contribute to that comparative advantage indirectly but perhaps necessarily.

Where does this investigation leave the Zionist program in Palestine? At first blush, it would seem that a framework that takes nationalism to imply the transfer of wealth to bourgeois manufacturers and service providers has little explanatory power for the working-class agrarian Zionist colonial movement. Jacob Metzer’s treatment of the above-stated theoretical discourse, however, enables comparisons between the Zionist formative experience and others, while still highlighting unique aspects of the Palestinian case. In “Economic Structures and National Goals—The Jewish National Home in Interwar Palestine,” a chapter to Reinhart and Shapira’s *Essential Papers on Zionism*, Metzer lays forth Breton, Johnson, and Nash’s ideas. He infers that in the Zionist case, land was the desired national capital, whose value to Zionist organizations was above its market value. This phenomenon makes sense in the context of Johnson’s observation that the property that attracts national investment is that which is in the hands of perceived foreigners within the ambit of the putative nation, i.e., Jewish nationalists desired an agricultural economic base because Arabs held it. In comparison, the typically prestigious capital-intensive and bourgeois trades were overrepresented by Jewish immigrants in Palestine and so held no above-market cachet. Accordingly, in Metzer’s view, Zionists sought agriculture in spite of their understanding that it would not give the greatest financial return for each pound spent.

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14 Metzer, 572-573.  
15 Ibid, 571, 576.
The peculiarities of the Jewish national condition in Mandatory Palestine, Metzer points out, led to other important divergences from the more typical cases examined by the other economic historians. For one, although nationalism in this instance still meant the subsidizing of one group by another within the national sphere, the transfer benefited the working class over the middle class in an atypical fashion. Secondly, Zionist institutions were not the government but instead had to deal with one. For this reason, Metzer notes that the “Zionist quasi-government” was institutionally weaker than in other cases and so had to act within the market more often, without the aid of a coercive apparatus. Therefore, ownership of real estate, in addition to encouraging the growth of a desired industry, gave the Zionist organizations rare leverage over otherwise completely autonomous private Jewish concerns in the territory and allowed them to mimic governmental authority.\footnote{The transfer of wealth within the national group only holds if the property acquired from the foreigners was duly paid for, or else it qualifies as confiscation and thus a net gain for the national group as a whole. Due to the controversial nature of that claim in this case, which is almost wholly outside the scope of this work, the use of the term “subsidy” should not imply an assumption that Arab land was at all points fairly obtained.}

Thus is the theoretical environment in which I will place the Jewish National Fund as a quintessential example of a proto-governmental enterprise trading in national capital. Some important modifications to Metzer’s framework are required, however. Though he alludes to geostrategic implications of the Zionist investment in land he stops short of a fuller engagement. More substantially, Metzer’s study does not consider the change in the JNF’s role over the Mandate period, and I contest that his neat assessment does not always square with evidence from the earlier part of the British administration in

\footnote{Ibid, 579.}
particular. With those and other caveats that will emerge throughout the presentation of historical data, the political economy espoused by the above scholars, especially Metzer, will be a serviceable guide to the potential minefield that is the course for any investigation into an institution that led to the creation of Israel.
III. Foundations: Palestine and Zionism at the Outset of the British Mandate

In 1920, as British military administration gave way to civil in Palestine, the 1917 Balfour Declaration was the most prominent of imperial promises setting the stage for Jewish National Fund activities in the Mandatory period. Indeed, it was enshrined in the Mandate for Palestine through reference in the preamble as well as obvious allusion in eight of its articles, codifying the guarantee of British protections for a “Jewish national home.” However, Palestine was not a blank slate that could be immediately transformed at the initiation of British control. Accordingly, a brief overview of the existing historical, legal, and imperial context should be given.

As British authorities sought to make sense of cadastral records inherited from the Ottoman Empire, they discovered a dense, complex, and often contradictory array of land tenure law. Much of this intricacy stemmed from relatively recent Ottoman attempts at reform and the reactions to those innovations. The first salient document is the Land Law of 1858, which was promoted in order to make land a more fluid and productive commodity in the hope that it would generate more tax revenue. For the first time in Palestine, under the letter of that law, a private individual could obtain title to miri land. Miri was the most common type of land in the territory and had hitherto been classified as untended state land whose usufruct could be rented to tenants alone. Consequent to the 1858 law, vast tracts of those state-owned lands gradually moved into the hands of a new class of agrarian notables throughout the late nineteenth century. Soon miri took on the characteristics of freehold even as the government nominally still owned it. By the

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18 Lehn, 43, 46.
19 Bunton, 31, 34.
opening of the twentieth century, many miri plots were nearly impossible to distinguish in their de facto status from true, and much rarer, private property, mulk.20

Nevertheless, intervening practice muddled the path to greater liquidity. For instance, although the Law of 1858 had banned collective ownership of miri land, in some districts a majority of miri was held in that way by village communities, a practice called musha’.21 Ottoman authorities made continual attempts to suppress such provincial resistance to the creation of a ‘modern,’ or at least European-style, entrepreneurial tax base right up to 1913. In that year, the environment of liberal reform initiated by the Young Turks in 1908 led to a spate of legislation that almost completely dissolved the difference between mulk ownership and miri usufruct, cutting down on requirements for miri holders to contact local officials before modifying the property.22 Those legal changes meant little on the ground, however, and musha’ continued as the dominant form of tenure within miri across most districts in Palestine.

Therefore, upon arrival of the British at the end of the First World War, Ottoman land tenure law on record was more liberal than in practice. What the legal reforms had actually accomplished was a bifurcation of the land tenure system. On one hand, the majority chunk of theoretically discrete miri plots was held in static and legally obscure village commons. Meanwhile, on the other, the smaller share of miri that had been “liberated” into the free market successfully was held as estates by a new class of entrepreneurs who were very quickly taking on the manners and appearances of the former local power brokers the land reforms had been designed to defeat.

20 Stein, 1984b, 11.
21 Ibid, 31; Kimmerling, 32.
22 Bunton, 37.
Hence, at the beginning of British civil authority in Palestine, the new rulers faced complex indigenous land rules and customs as they reviewed their intent to make good on the Jewish homeland promise by fostering land liquidity. Of course, there had been a few years of military rule during which some halting progress was made on the dilemma. At the arrival of General Allenby’s forces, the occupiers declared that “Ottoman law in force” was to govern the province. Over the next three years, the inherent conservatism of that pronouncement coupled with stifling parsimony fostered institutional inertia against Imperial prerogatives to reform and liberalize.

One key example of an early British reform is the Land Transfer Ordinance of 1920, one of the first actions of the civil administration.23 In writing, the ordinance increased government oversight by mandating its approval of all land sales as well as forbidding sale to non-residents.24 In practice, it facilitated land sales to Zionist groups by simplifying and cheapening the purchasing process.25 But if that ordinance is an example of British de facto commoditization of land, plenty of other cases reveal official hesitation to trifle with custom lest unseen expense be incurred. For instance, despite promises otherwise, the Mandatory government never dissolved the musha’ system, though it was inimical to British free-market values.26 In fact, Bunton claims that in the opening years of the Mandate, the administration turned back the clock on the Ottoman Land Law of 1858 by expanding government leasing of land as opposed to eliminating it, under the assumption that British control would drive up land values and accrue revenue for the

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23 Lehn, 47.
24 Kimmerling, 36.
25 Lehn, 47.
26 Stein, 1984b, 15.
taxpayer at home. To be sure, the 1920 Land Ordinance and other laws created a larger land market in Palestine than ever before, with a majority of tenure in musha’ in 1923 gradually declining to around 25 percent by 1933. But overall, the safety of the status quo prevented any sort of radical market reorganization, with British actions in the early years only pushing reality a bit closer to laws that were already on the books from the ante bellum era.

Just as the British civil government was grappling with a complex agrarian legacy in Palestine, the JNF and its associated nationalist organizations that will concern the majority of this investigation were not working from a tabula rasa. Modern Zionism was initiated by the convergence of two ventures not specifically concerned with founding a Jewish state: the utopian Hovevei Zion (“Lovers of Zion”) and the capitalist mission of Edmond Baron de Rothschild. The former group started flocking to Ottoman Palestine from persecution in Eastern Europe in the early 1880s and received the means to do so from the latter, a scion of the legendary banking family. Rothschild financed Rishon Lezion, the first major settlement, and from there bankrolled a network of intensive Jewish plantations powered by Arab labor throughout the end of the nineteenth century. Through his largesse, modern viticulture and citriculture sprang up in the region. The project was losing money, however, and Rothschild spun off his holdings into the ICA (Jewish Colonization Association; the abbreviation comes from the Yiddish) in 1899 after he had tired of subsidizing the project. Thus, upon the appearance of first the

27 Bunton, 30.  
28 Kimmerling, 32.  
29 Ibid, 73.  
30 Halpern, 85-86.  
31 Shafir, 154.
World Zionist Organization and then the British, Balfour Declaration in hand, in Palestine, there was a question as to the political dimensions an evolving Jewish national feeling would take, and whether expansive national dreams would align with practical success in a way that had evaded the precursors.

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As indicated above, the Jewish National Fund at its birth at the turn of the century was not alone as a Zionist organization for agrarian settlement in Palestine. It was, however, unique in its charter and practices as a distinctly politically inspired concern, and its resultant placement of national over economic priorities placed it in sharp contrast to the ICA (eventually PICA), the heir of Rothschild’s endowments. It was also unique in its slow but steady rise in significance. By the end of the Mandate, the JNF would exceed PICA in landholdings by almost two to one- 800,000 dunams\(^{32}\) to 420,000- as the largest single landholder in Palestine. From meager beginnings it would become an important, and then after 1936, practically the only, land-purchasing institution.\(^{33}\)

Those meager beginnings can be marked in 1897, when Zvi Hirsch Schapira lobbied for the World Zionist Organization to create a national landholding body at its first Congress in Basel, after he had already telegrammed this idea to the Hovevei Zion, of which he was a member.\(^{34}\) The idea caught on slowly, and it was not until three years later that the proposal was finally approved by the WZO, at the Fourth Zionist Congress in London in 1900. It was there that the contours of the Fund took shape (or a year later,

\(^{32}\) The dunam is an Ottoman land measure equal to approximately 900 m\(^2\).
\(^{33}\) Gurevich, 121.
\(^{34}\) Lehn, 14.
according to Shafir\textsuperscript{35}, among them the belief that the land should be inalienably Jewish and leased, never sold outright, to Jewish cultivators. Delays continued, and it was another seven years before the Fund existed as an entity on paper. The stipulation that the Fund raise £200,000 from donations before it began activity further slowed the transition from idea to reality.\textsuperscript{36}

The JNF’s elephantine gestation is attributable to the interminable debates at different Congresses over the exact delineations of its role in fostering a national home. The exchanges are irrelevant to this work, but the conclusions of those exchanges are important for understanding the Fund’s future behavior. One of the strongest impulses imparted to the Fund was that the land it acquired was in “trusteeship for the whole nation.”\textsuperscript{37} Thus, the land would not be sold again and the usufruct could not be transferred from the selected Jewish cultivator to a third party, Jewish or otherwise, under any arrangement. In this way, the framers of the JNF sought to establish a barrier between individual Jewish concerns and the interest of the putative and abstract “nation.” The arbiter of this barrier would be the WZO through its Fund. The conceit that the JNF (and, implicitly, the WZO) alone represented the Jewish nation is clear in Dr. Arthur Ruppin’s descriptions of the JNF’s practice of only granting leases: “The settler benefits only from his own work, while the JNF reaps the profits resulting from any increase in value caused by the progressive development of Palestine.”\textsuperscript{38} Later, he defines that profit accrued by the JNF as “a collective profit of the whole Jewish community.”\textsuperscript{39}

\textsuperscript{35} Shafir, 155.
\textsuperscript{36} Halpern, 84.
\textsuperscript{37} Shafir, 155.
\textsuperscript{38} Ruppin, 1926, 88.
\textsuperscript{39} Ibid, 197, emphasis in the original.
Coming to Palestine from Germany in 1908, Dr. Ruppin’s opinions on settlement issues were widely heeded, as he quickly established himself as an expert in those matters as a representative of the Jewish Agency and eventually became a longtime leader of the Agency’s Colonization Department.

Signaling the anti-market notions embedded in the JNF, Abraham Granott, secretary and then managing director of the JNF from 1919 on, pointed out that leasehold also prevented “speculation in landed property and price inflation” once land was in Jewish hands. In the words of Menachem Ussishkin, the longtime president of the JNF, “If we want to be 100 percent certain that the land redeemed by Jews will always remain in their hands—then only the JNF can grant this guarantee. There is no saint in Palestine on whom we can depend never, not even in times of speculation, to sell his land.”

For this reason, the JNF leases were for a period of 49 years, renewable only once so that the maximum tenure would be 98 years. Only one heir could inherit a plot, and only under the original leasing period. In order to keep the settler tied to the land, he had to agree to cultivate it himself and to live on it, among other restrictions.

Conceptually, the rights of the JNF over the tenant did not stop in its accumulation of profit and corresponding control of prices as the representative of the nation. It also would have the ability to rearrange the size and shape of a lessee’s plot

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40 Eventually the Zionist quasi-government in Palestine during the Mandate; when Ruppin was appointed it was still based in London.
41 Stein, 1984b, 93.
42 Lehn, 53.
43 Granott, 1952, 321.
44 Quoted in Kimmerling, 76.
45 Lehn, 50.
during “fixed period[s],” later specified to every seven years. The justification for this power was that as the skill and capital of a pioneer increased, an ever-smaller piece of land would suffice for him to support his family, but if he kept the entire original plot he would be forced to take on wage labor, a phenomenon too close to subleasing for the founders. In addition to this explicitly stated reason, there is also the implication that the JNF would be able to distribute and control demographic weight in its districts by regulating the density of plots, a possibility that speaks to its strategic national objectives even very early.

Although the primary concern in the creation of the JNF was to preserve the power of the national landlord, Granott enunciated clearly both the Biblical idealism (or rationale) behind its rules and the advantages bestowed upon the lessee. After describing the JNF as a manifestation of “lofty ideas” to “redeem the Land,” he notes that after a 49-year lease, JNF plots will devolve back to the landlord due to the religious law of the Jubilee, remarkably implying that the Fund is a representative of God on earth, quoting from the Bible, “for the land is Mine.” This theological underpinning to the very secular activities of the JNF is further suggested by the derivation of its Hebrew title, Keren Kayemeth Leisrael. It originates from ha-qeren qayemet (‘the principle remains’), an allusion to a daily morning prayer any Orthodox Jew would understand about the rewards that good deeds incur into the afterlife.

Later, Granott explains the benefits of leasing from the Fund, indicating that the lessor is nearly a charitable organization, in contrast to the exploitive private tenure of the

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46 Granott, 1952, 282.
48 Ibid, 315, 317.
49 Lehn, 24.
Arabs, among others. There was no cost to acquiring a plot, and the standard contractual
rent afterwards would be two percent of the value of rural land, so that not even the
original cost of the land, without interest, would be recouped by the JNF after a standard
49-year lease.\textsuperscript{50} Indeed, despite the low price of tenancy and regardless of other
descriptions of the JNF’s strong control over its plots, Granott insists that the tenant
practically possesses the rights of a freeholder, stating the Fund will “raise up a class of
Jewish peasants who should be their own masters.”\textsuperscript{51}

The anti-market, and sometimes counter-capitalist, implications of the JNF
charter were understood by its framers and applied purposefully. Adolf Böhm, a
Viennese member of the Fund’s board, stated his intent to abandon “the abuses that arise
out of private landownership.”\textsuperscript{52} His own personal experience with malignant landlords
came from the \textit{Landflucht} in the Habsburg Empire, during which peasants were thrown
off their land by the estate system.\textsuperscript{53} Other members of the JNF board cited similar
situations experienced by both Jew and Gentile in Prussia, Galicia, Dalmatia, Hungary,
and Sicily, and so altogether, the Fund’s mortmain “was inspired by solutions of
governments and social reformers to the agrarian crisis and frontier conflicts in central
Europe in which \textit{social and national questions were superimposed}.”\textsuperscript{54} Therefore, the
administrative officials of the JNF were of no mind to let economic considerations sink

\begin{flushleft}
\textsuperscript{50} Granott, 1952, 320.\\
\textsuperscript{51} Ibid, 318.\\
\textsuperscript{52} Quoted in Shafir, 156.\\
\textsuperscript{53} Ibid, 156.\\
\textsuperscript{54} Ibid, 156, emphasis added.
\end{flushleft}
their chance at nationhood, and the goal of acquiring the greatest share of land could not be limited by prices.55

As will be seen in later sections in more detail, the Fund’s disregard for market forces, when combined with the concurrent existence of private initiative and investment, meant that the two sectors’ buying cycles would be inverse to one another. Hence, during times of economic upswing, private capital abounded while the JNF could not compete as well against land bubbles. However, when prices were lower due to recession or crisis, the Fund could continue to acquire.56

Due to the minimal quantities of money that could be earned through rent from destitute novice farmers, the JNF was designed to draw funding from voluntary contributions across the Diaspora.57 Indeed, because the JNF was bound to never sell its land, it could not count on rising land prices to pay for further acquisitions, and so was almost completely reliant on donations.58 The methods of solicitation were manifold, including fundraising drives in synagogues and community centers, as well as sale of JNF stamps, Tree Certificates (to sponsor afforestation), and entries into the Golden Book, a ‘Book of Honour’ that was eventually accompanied by a Golden Book of Marriage, Children’s Book, and Bar- and Bat-Mitzvah Book, all of which were displayed in Jerusalem as chronicles of sizable contributions.59 Most important of all, however, was the blue box. Appearing in approximately 700,000 private residences across the Yishuv and Diaspora alike, the blue box was both a visual reminder of the Jewish national

55 Kimmerling, 73.
56 Gurevich, 186.
57 Kimmerling, 73.
58 Ibid, 75.
59 Lehn, 82-83.
movement and the most significant source of income for the Fund, supplying a total of nearly one million pounds by 1940. In addition, the JNF participated with other Zionist organizations in joint national charitable trusts like the United Palestine Appeal (Britain) and the United Jewish Appeal (US), taking anywhere from one to two fifths of proceeds.

The difference between these contributions and other colonial investments was that of intent and interest. While in other settlement enterprises, as with private Zionist settlement in Palestine at the same time, money was loaned at an interest rate, in the case of the JNF the money was in Palestine to stay. The lack of returns on investment, combined with the Fund’s participation in legally charitable organizations, added to its seemingly eleemosynary luster. Indeed, JNF leaders sought to exploit the symbolism of contributions, noting that giving money to the national cause paid its own psychological dividend. Thus, the struggle and the achievement of the JNF was in convincing benefactors of the importance of the undertaking while giving no opportunity for enrichment. As Ruppin wrote, “it is essentially Utopian from the standpoint of all ‘realists,’ who cannot understand that our actions may have been influenced by motives other than those of an economic nature.”

There was also a flipside, however. Freed of the burden of paying returns on investment, the Fund could make more effective use of the capital it did acquire.

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60 Kimmerling, 75.
61 Lehn, 84.
62 Gurevich, 233.
63 Kimmerling, 76.
64 Ruppin, 1926, 144.
IV. A Struggle for Relevance: The JNF at the Beginning of the Mandate

Naturally, at the beginning of British civil administration under the Mandate in 1920, the Jewish National Fund saw a great opportunity to more fully realize its ideals on the Palestinian soil. Expectations ran high that after years of scanty progress under the disapproving eye of the skittish Ottomans, the full power of the British Empire, pledged to the Zionist cause by the Balfour Declaration, would easily lead to massive settlement and the construction of a de facto state, if still referred to as a “homeland.” Never before had the purchase of land by Zionist organizations been so simple.\(^{65}\) Furthermore, the incoming government was abounding with Zionists and supporters. Typical diplomatic reports from the early 1920s brim with glowing references to the idealistic and hard-working Jews, and no wonder, because such reports also note that the import of Jewish capital and the corresponding tax revenue it represented offered the greatest opportunity to spare “the British taxpayer from the charges he bears in respect to Palestine.”\(^{66}\) The first two High Commissioners who together presided over eight years of the Mandate, Sir Herbert Samuel and Sir Herbert Plumer, were both sympathetic to the Zionists, with Samuel especially committed as a Jew who had pushed for the issuance of the Balfour Declaration during the Great War.\(^{67}\) Sir Norman Bentwich, Attorney General of the Mandate for over a decade, was a Jewish Zionist as well.

Such manifest affinity for the Jewish national project dovetailed neatly with the aforementioned British miserliness in the early years. A typical case of the period was the

\(^{65}\) Lehn, 61.


\(^{67}\) Stein, 1984b, 80.
fallout of the Beisan Agreement of 1921. Originally conceived to protect insolvent Arab peasants in the region from the predations of both acquisitive Arab estate-holders and Zionists, the compact granted tenants an extended period to buy their plots. By 1928, it had become clear that most peasants would not be able to purchase their land outright for thirty years at least. Because the Mandate lacked liquidity and so could not provide the peasants with the money to support them until then, the Agreement became a dead letter. In any case, the Mandate government had been allowing Zionists to purchase land from 1922, regardless of the prohibitions on paper. Over the greater part of a decade British administration functioned in this way. The imperial rulers would draw up a bureaucratic edifice to protect the interests of poor indigenes, only to allow the de jure buffer to dissolve owing to pragmatic fiscal interest or ideology.

British parsimony cut both ways, however. Zionists had been expecting vast grants of previously Ottoman state and sultanic lands from the liberators, and when they were denied all but the least promising wastelands there was a unified chorus of disappointment in the Yishuv. For their part, the Mandate administrators hoped to benefit from the prosperity that would assuredly arise from enlightened British occupation by leasing rather than selling, in the same fashion as the JNF was designed to take advantage of land prices by maintaining title. It is worth noting here that this instance of congruity between British and Zionist policy was no coincidence, as both (pseudo)national entities jockeyed for a preponderance of state property.

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68 Ibid, 62-64.
69 Ruppin, 1926, 72.
70 Bunton, 30. Although the JNF could not sell its land, it was looking forward to a time when it could lease to wealthier individuals, as provided for in the 98-year limit for leasehold, after which point there would hopefully be no need to subsidize poor and inexperienced settlers.
All the same, conditions were better than they had ever been for the Zionists and the Fund fully expected to be able to meet its goal of buying “as much as there is to buy and as much as we can buy,” assuming that those two criteria would be the same. In confidential documents, the JNF predicted it could acquire 5 million dunams in five years, from 1920 to 1925. What is significant, then, is the abject failure of the Fund to meet its objectives in those years, when it primarily had to concentrate instead on just surviving. One reason for the challenge was the poor state of agriculture in the world economy at large, regardless of capital investment or technique, as indicated in British internal diplomatic correspondence.

The Jewish National Fund experienced more difficulty than most, however. Jewish farms worked by the tenants alone, of the kind that were representative of JNF-leased plots, yielded at least fifty percent more crops than Arab farms by area. Even so, without Arab help, which was forbidden on Fund land, the Jewish farmer could not maintain a standard of living commensurate with other freeholders. Ruppin notes that much of this problem stemmed from the large capital Jewish colonizing organizations sunk into agriculture in comparison to Arab tenants, bringing modern irrigation, machinery, and fertilization technology to Palestine. Caught between the expense of that equipment and the higher tax burden incurred from greater crop yields, the farmer was in

71 Ruppin, 1926, 72.
72 Stein, 1984b, 39.
74 Granott, 1931, 44-45.
75 Ruppin, 1926, 24.
dire straits to start paying back his lease, with Ruppin predicting ten years at least before
costs were recouped by settlement groups.  

This commitment to advanced technology by the Zionists meant that institutional
land providers were last in line for repayment, after the taxman and the Jewish Agency.
Dedicated to settling Jews with no resources of their own, the Agency spent at least £600,
and more typically £700, on each settler over and above the JNF’s expenditure on land.
This was the practice during an era when only two communities on Fund land, Daganiah
A. and Tzrifin, were making a minimal profit.

Further restricting the JNF’s hand was its deafness to market logic and inability to
raise suitable funding, two phenomena associated through willful romanticism. In 1920 at
the London Convention, advocates of public sector land tenure sought to block any
private purchasing of land in favor of JNF monopoly. Fortunately for the Zionist
movement in this period, the attempt to forestall the profit motive failed. Indeed, after
that meeting, those same advocates of the Fund continued to dream unrealistically while
their enterprise descended into the red. Bravely but impractically, Ruppin declared that,
“on that day when the sole guiding principle in our work will have become the
percentage of profit, our movement can be proclaimed as dead, and no one will ever be
able to resuscitate it.” In another document, he insists that £3 is not much to pay for a
dunam of land despite its inability to recompense, remarking that no value can be placed

76 Ruppin, 1936, 177-178.
77 Ruppin, 1971, 261.
78 Ruppin, 1926, 113. Those settlements are examples of Jewish collective communities,
the kibbutzim and moshavim. Such left-wing settlements were first established in
Palestine at the beginning of the 20th century, and by the period in question constituted a
growing minority of the Zionist agricultural pale, overwhelmingly founded on JNF land.
79 Kimmerling, 78.
80 Ruppin, 1936, 155.
on Palestinian land by any “objective indications” while also stigmatizing market pricing as anathema to the cause.\textsuperscript{81}

These sentiments would not be problematic except that, as a JNF report acknowledged, “the nation failed to contribute the requisite funds.”\textsuperscript{82} Account after account from the 1920s describes the inability of public Zionist groups to solicit even negligible contributions. In his diary entry marked 26 February 1926, Ruppin relates a conversation with Ussishkin in which the JNF President indicates his lack of means to buy land when opportunities come along. He chastises “Zionists from abroad,” the primary benefactors, for their “theoretical point of view,” as though requiring a guarantee for the efficacy of one’s capital is more idealistic than buying immediately and asking questions later.\textsuperscript{83} The consequence of this dearth of funding meant that prospective settlers, when finally located, could not be subsidized. Ruppin cites an example when 2,000 families were on hand to be settled at a predicted expense of £1.6 million \textit{per year}.\textsuperscript{84} At the time, the Jewish National Fund, who in conjunction with Keren Hayesod, another Zionist Organization settlement institution often paired with the Fund, was to pay for both the land and the settlement, had only £400,000 at maximum on hand.\textsuperscript{85}

One option to remedy the Fund’s fiscal crisis was the settlement of colonists with their own capital. In fact, regardless of its professed intention to concentrate on the penurious, the Fund looked far and wide for such candidates yet did not find them.\textsuperscript{86}

\textsuperscript{81} Ruppin, 1926, 69-71.
\textsuperscript{82} Quoted in Lehn, 55.
\textsuperscript{83} Ruppin, 1971, 221.
\textsuperscript{84} This reference to an annual expenditure for settlement differs from pamphlets and figures meant for public audiences that implied a one-time cost.
\textsuperscript{85} Ruppin, 1926, 203.
\textsuperscript{86} Ibid, 161.
Again, the idealism and unprofitable nature of the Fund and its associated public Zionist organizations harmed their chances. Ruppin was left to dream, “at a later stage farming in Palestine will attract those . . who are wholly or to a large extent guided by economic motives,” acknowledging that at the time, only the desperate and the zealous found settlement on the JNF’s terms suitable.\(^{87}\) According to a Dr. Soskin dispatched to “all countries” by the Zionist Executive to find settlers with a mere £450 of their own, they could not be found.\(^{88}\) As an alternative, Ruppin attempted a model by which the needy would raise such a sum by working for a spell as wage labor in a plantation. Regrettably, however, the plan was a failure due to “psychological” causes. In another document Ruppin offers a justification for this lack of interest among all but the most ideological settlers, recognizing that a life as tenant in Palestine meant a reduction in almost anybody’s standard of living, and that similar positions in South America and Australia offered better remuneration for the young and restive.\(^{89}\)

Explanations owing to psychological or other subjective factors were also posited for the struggle of the tenant colonist in Palestine. Among the more shocking portrayals is Ruppin’s description of the Jew’s greater propensity for thought than manual labor, an observation he viewed as “unchangeable,” which is especially disconcerting considering that his life’s work was the transplant of just such a people to an agricultural lifestyle.\(^{90}\)

Capital outlays, lack of funding, and a sparse and inferior stock of candidates for settlement were not the only problems facing the JNF in the 1920s. Another was the style of farming selected for the Zionist mortmain. Before the arrival of the British, Ruppin

\(^{87}\) Ibid, 44.
\(^{88}\) Ruppin, 1936, 167.
\(^{89}\) Ruppin, 1926, 31.
\(^{90}\) Ibid, 125.
had decided that “mixed farming,” executed extensively when possible, was to be the rule on the Fund’s possessions.91 According to a Jewish Agency publication, mixed farming is defined as “a number of agricultural branches which complement each other . . . generally the dairy [as well as] poultry, vegetables, irrigated fodder, plantations, cereals, etc.”92 Extensive agriculture utilizes only water from precipitation, while intensive agriculture denotes the use of irrigation. These methods were chosen so that the settlers would cultivate the greatest area of land possible, with their profitability not included as a factor.93 In that way, the JNF could build up a land reserve while keeping the plots engaged so as not to risk the Mandate’s seizure of unoccupied property. Because the Fund possessed the contractual right to reassess the size of a tenant’s holding, at any time in the future it could institute intensive methods, determine that this new practice necessitated less land for the lessee to maintain his income, and open up its de facto reserve to more settlers.

The problem, of course, with this middle ground between encouraging intensive settlement immediately and letting land go uncultivated was that it was the most expensive alternative and gave no meaningful returns. In fact, through most of the Mandate period, cereal cultivation, a mainstay of the mixed farm, was the least profitable sector for agrarian Palestine.94 Adding to the already enumerated factors stacked against the Zionist tenant settler, Jewish cereal farmers in Palestine dealt with insuperable competition from other nations. On one hand, there were the great granaries of the world, including Australia, Canada, and Argentina, which prevented Palestine from breaking

91 Halpern, 201.
92 Gurevich, 125.
93 Ruppin, 1926, 156.
94 Gurevich, 125.
into any export markets.95 Even more menacing, however, was the competition from Palestine’s neighbors, especially Egypt, which undercut domestic prices even after the cost of transport and duties of 15 piastres per 100 kilograms of wheat.96

The other products of mixed farms did not fare much better. In 1924 alone, Egypt exported over 200,000 kilograms of tomatoes, 250,000 kilograms of onions, and 300,000 kilograms of potatoes, among other items cultivated in Jewish mixed farms, into Palestine at a net value of over £3,000.97 While those sums are not astronomical, they indicate a problem with the solvency of the mixed system, as the Egyptians were able to surmount an 8% duty to vend that produce. Interestingly enough, however, Ruppin insisted that this strong price competition necessitated the continuation of the mixed farm, because a farmer could support himself directly on his produce without resorting to the market and the cash economy.98 How that practice could sustain a middle-income lifestyle without subsidy in the then-foreseeable future, however, is not clear.

It would be one thing if the travails of public-sector settlement in Palestine were general to all Zionist colonizing experiences at the time. However, during the same years that the ideologically motivated Jewish National Fund was struggling to keep its head above water, economically minded Zionists were finding success. In contrast to a devotion to unprofitable and autarkic agricultural models concerned more with maximal land use, the intensive citriculture plantation concerned above all with the export market was attracting investment and settlers, even in the face of speculative land prices.99

95 Ruppin, 1926, 145.
96 Ibid, 103.
97 Ibid, 154.
98 Ibid, 104.
99 Gurevich, 124.
Ruppin observed, with chagrin, that oranges paid better than cereals, recognizing that
the public settlement organizations were forced to compete over land with enterprises
that could make four times as much money off of a dunam of land than a mixed farm.100

Indeed, the shamuti orange101 constituted the lifeblood of the Jewish economy in
Palestine in the 1920s and in that way it is not an exaggeration to say it was the crutch
upon which the entire Zionist project leaned. Certainly, most descriptions of the Jewish
settlement mission in that decade castigate the exploding citriculture industry for
introducing volatility and high prices to the land market, claiming that such phenomena
nearly sank the progress of the Yishuv’s agrarian base.102 In the first place, such
assertions unsurprisingly reveal an ignorance of basic supply and demand principles on
the part of public sector partisans: if the goal was indeed more land for sale in Palestine,
the private citriculture industry and its comparatively robust capital should have been
thanked for raising prices and thus increasing the incentive for Arabs to sell.

Even disregarding that point, there is additionally evidence that its private
plantation competitor made the mixed model that predominated on JNF land possible.
For instance, one of the more maligned examples of market excess was the “frenzy” of
1925-1926 that bid up land prices extraordinarily.103 However, the highest rate of
“capitalist” immigration during the entire Mandate period, as defined by the Jewish
Agency, was in the years 1924 and 1925, with the influx of 1925 not even surpassed

100 Ruppin, 1936, 219, 288.
101 A very sweet orange cultivated in Palestine since the 16th century, also called the Jaffa
orange.
102 Halpern, 198-199.
103 Ibid, 203.
numerically until a decade later. While there are uncountable accessory circumstances that affected the choice to immigrate, what that information suggests is that a significant stock of the moneyed Jewish population in Palestine was arriving in order to take advantage of the citiculture boom. I assume here that such bourgeois Jews, whether or not they stuck with the plantations, made up much of the domestic consumers of the comparatively overpriced Jewish produce from JNF land. In other words, the promise of riches from orange cultivation was probably an important “pull” factor that brought in those who had the money to purchase tenant-produced dairy and cereals.

Furthermore, the capitalists who did stick with citiculture were most definitely supporting the mixed farm system, whether directly by purchase of produce or indirectly by keeping the Yishuv economically viable and maintaining the homeland’s balance of payments. At the height of the land speculation years, in 1925, oranges alone made up 42.4 percent of the total value of the Yishuv’s exports, agricultural and otherwise. Even after the land booms, the importance of citiculture persisted, with the orange’s share in 1930, the next year for which there is specific data, increasing to 45.2 percent of all exports from Jewish Palestine. Assuming conservatively that oranges made up 55 percent of the total value of food, drink, and tobacco exports (a discrete classification in Jewish Agency tables) in the years when there is no data specifically on orange exports, the importance of the orange in the 1920s trade balance is clear:

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104 Gurevich, 103.
105 Ibid, 238-239, 248.
Oranges as a Share in Jewish Palestinian Exports, 1923-1930

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Exports (£1000)</th>
<th>Orange Exports (£1000)</th>
<th>% Share Oranges</th>
</tr>
</thead>
<tbody>
<tr>
<td>1923</td>
<td>1172.5</td>
<td>471.1</td>
<td>40.2</td>
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<td>1924</td>
<td>1231.6</td>
<td>472.7</td>
<td>38.4</td>
</tr>
<tr>
<td>1925</td>
<td>1330.8</td>
<td>565.2</td>
<td>42.4</td>
</tr>
<tr>
<td>1926</td>
<td>1308.3</td>
<td>559.5</td>
<td>42.8</td>
</tr>
<tr>
<td>1927</td>
<td>1899.7</td>
<td>821.7</td>
<td>43.2</td>
</tr>
<tr>
<td>1928</td>
<td>1487.2</td>
<td>578.0</td>
<td>38.9</td>
</tr>
<tr>
<td>1929</td>
<td>1554.2</td>
<td>605.8</td>
<td>39.0</td>
</tr>
<tr>
<td>1930</td>
<td>1896.1</td>
<td>857.2</td>
<td>45.2</td>
</tr>
</tbody>
</table>

Other citriculture products added to that share, including grapefruits and lemons, as well as other non-citrus private plantation products, including watermelons, wine, and olive oil.

Meanwhile, in 1927, the Yishuv was producing £220,000 worth of cereals and vegetables and £160,000 worth of dairy and eggs, with those mixed farming mainstays combined making up 60.4 percent of total Jewish agricultural production based on price. Assuming that that quantity of produce stayed relatively stable in the surrounding years, it is remarkable that in 1925 and 1930, dairy and vegetables are not even listed as significant exports, while the value of grain and flour exports is listed at £70,000 for 1925.

Of course, the mixed farms were never geared for an export market. Even so, as indicated by the complaints of leading public sector Zionists about foreign competition in the domestic market as earlier summarized, the mixed farms, most of which were on

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106 Calculated and compiled from data in Gurevich, 238-239, 248.
107 Except in 1925 and 1930, derived from an assumed 55 percent share of Class I exports. This assumption compares to the actual shares of 62.5 and 58.1 percent of Class I exports for oranges in 1925 and 1930, respectively.
108 Gurevich, 169.
Fund land, were failing the test to provide for the Yishuv as well. After all, in 1925 and 1930, the Jewish economy imported £860,200 and £384,500 worth of grain and flour, respectively.\textsuperscript{110} Both figures exceed the export of grain in those years, and while the gap in 1930 is negligible, the grain trade deficit of £790,200 in 1925 swallows the orange surplus of £565,200 and then some, despite citiculture’s outsize role as the primary export sector in that period. The dominance of foreign-grown grains in the Yishuv during the 1920s is highlighted by the fact that the value of cereal imports of 1925 was nearly four times as high as the \textit{total} value of the Jewish Palestinian cereal product from two years later in 1927.

It may be noted that there is not a perfect correspondence between the private sector and the success of the plantation in those years. To be sure, some intensive citiculture did take place on JNF land, despite the ideological dissonance, although the numbers are not of consequence. In 1941, the first year for which there is exact data, about 35 percent of all citrus groves were on JNF land.\textsuperscript{111} That percentage is a gross overstatement, however, because while 53 percent of all groves were under ten dunams in area, 86 percent of the Fund groves were. Only one JNF grove was over thirty dunams in area and none were over fifty, while nearly 12 percent of all groves were of such a large size. Thus, the acreage of JNF land devoted to citrus plantations paled in comparison to the private sector, even though Fund possessions were concentrated in the “orange belt.” In the 1920s, when the Fund was even more focused on mixed farming and before it had taken formerly private holdings into its possession, the makeup of its land use could only have been more decisively tilted away from intensive agriculture.

\textsuperscript{110} Ibid, 240.
\textsuperscript{111} Ibid, 182.
Naturally, not all Palestinian land was suitable for intensive plantations, whether due to the quality of the soil or the accessibility of water. There was never any way that citriculture could have taken over the Yishuv’s entire agrarian base under even the most permissive market conditions. However, approached the other way, there is both anecdotal and factual information that points to a campaign by the Fund and its allies to extirpate private initiative, and therefore the bulk of the resultant citrus industry, from Palestine. For one, there was the documented attempt by partisans in the WZO to institute a Fund monopoly on land purchase. Additionally, there are all the papers cataloguing the public sector leadership’s distrust and fear of capitalist mechanisms. Finally, there is the data on marked Fund underutilization of potential citriculture plots as highlighted in the above paragraph.

These indications are easy to understand when it is remembered that the Fund’s primary goal was the acquisition of a large land reserve and the land use of the two sectors is compared. In 1922, before the citriculture boom, field and garden crops occupied twenty-eight times as much land area as citrus in the Yishuv.112 Five years later, almost fifteen times as much land was still devoted to field and garden than citrus, despite citriculture’s ascendancy as the paramount good in the entire Jewish economy at that time in Palestine. Thus, it is clear that unbridled market forces in the 1920s were a clear threat to the JNF’s, and by association the Zionist Organization’s, nascent socialist-nationalism as manifested in land tenure. At the same time, however, that ideological commitment was a threat to the economic viability of the homeland it professed to serve.

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112 Ibid, 163.
V. British and Arab Resistance to Zionism in the 1930s

In the autumn of 1929 a dispute erupted in Jerusalem between Muslim worshipers at the al-Aqsa Mosque and Jews at the Wailing Wall that quickly rose into a deadly riot. Although the reasons behind this landmark event are outside the scope of this paper, its political and legal fallout, when combined with the simultaneous global economic calamity, were significant and instrumental in signaling a major shift between the 1920s and the 1930s for the Yishuv. If matters had been fraught beforehand, Zionists were convinced that the threats to their nascent homeland were quickly becoming practically insurmountable afterward. A speech delivered by Ruppin in 1931 before the seventeenth Zionist Congress betrays the newfound siege mentality that came over the leadership in the 1930s:

The death of Louis Marshall\(^{113}\) was followed by the riots in Palestine; then came the Arab boycott of Jewish goods; at the end of 1929 came the great banking crash in America, bringing in its train the world economic crisis which has affected the Jews more adversely than any other people . . . in 1930 we had a crop failure . . . the price of grain sank . . . we had the fight against the tariff duties . . . Apart from all this we had, in the course of these two years, no fewer than six investigation commissions or commissioners . . . The consequence of all these events was a shaking of our faith in the political attitude of the Mandatory Power.\(^{114}\)

The first British response to the 1929 riots was the Shaw Commission, which sought to uncover the ultimate reasons behind the Muslim Palestinians’ proximate reaction to minor issues of religious disagreement. That report blamed Arab landlessness for the anger against Zionist settlers and asserted that there was no more land left for Jewish settlers, and so for the first time the land question in the Mandate received the

\(^{113}\) A prominent Jewish American civil rights advocate and friend of Ruppin’s.

\(^{114}\) Ruppin, 1936, 229.
political attention that immigration had been receiving throughout the 1920s.\textsuperscript{115}

Additionally, the report was the most critical British document the Zionists had yet seen and indicated the influence of the new, more pro-Arab High Commissioner, Sir John Chancellor.\textsuperscript{116}

The newfound British concern for the insolvent Arab \textit{fellah},\textsuperscript{117} or perhaps the newfound British fear of that man’s ire, led to the promulgation of positive attempts to extend credit or at least provide legal stability for the peasantry. Inspired by the success of the kibbutzim and moshavim among the Yishuv and noting the small risk of Mandatory financial commitment, British leaders waved away the possibility of creating an agricultural bank in the early 1930s (counter to the recommendations of the High Commissioner’s advisers) and instead decided to encourage cooperative credit societies among the Arabs.\textsuperscript{118} For all of the talk of helping the poor \textit{fellahin}, however, in the eyes of British officials, the greatest benefit of founding these societies was the appearance of assistance. The societies were chosen not so much for merit as for the fact that they were cheaper than a bank, and even under the circumscribed goals of their charter they were no great success. Although one glowing report suggested that 200 villages had been set up as cooperative societies by 1936, two other analyses in 1938 found only 120 still left by then, and stated, “it is clear . . . that the Arab credit societies are \textit{still} small.”\textsuperscript{119}

Indeed, when a bank was finally created in Palestine in 1935, the Agricultural Mortgage Company was a “limited venture” that in practice “overwhelmingly supported

\textsuperscript{115} Bunton, 117; Kimmerling, 117.
\textsuperscript{116} Stein, 1984b, 82.
\textsuperscript{117} A settled Arab peasant, pl. \textit{fellahin}.
\textsuperscript{118} Bunton, 118.
\textsuperscript{119} Ibid, 122, emphasis added.
the Jewish community.”120 The Jews used their significant lobbying clout to push for “parity” in the extension of loans, meaning that the impression of equality between the two parties disproportionately benefited the smaller Jewish community, which in that year was still only twenty-seven percent of the Palestinian population.121 Meanwhile, the lone protection that persisted for the Arab peasant was a guarantee for a “lot viable,” which could not be legally mortgaged.

Despite the half-hearted actions that accompanied the newly anti-Zionist British rhetoric, the rhetoric alone was enough to make the Yishuv lose its sense of security. In this environment, the findings of Sir John Hope-Simpson in his October 1930 follow-up report to Shaw (which, in any case, took place before the Jews could witness the underwhelming actions taken after Shaw) induced a near panic. The most bombastic of Hope-Simpson’s findings was his estimate of the quantity of cultivable land in Palestine, which almost halved Lord Stanhope’s generous 1925 figure of 11,487,500 metric dunams to 6,544,000 metric dunams.122 To the chagrin of Jewish settlers, Hope-Simpson’s radically reduced number was derived from a new definition of “cultivable” that only covered land that an “average” fellah could tend with the equipment and training at his disposal. Issuing from this land estimate was the conviction that the Mandate had no obligation to finance Jewish settlement but did have one to protect the Arab indigenes.123 Along with Hope-Simpson came other broadly anti-Zionist commissions and policies, including the Passfield White Paper of October 1930, a document that amended

120 Ibid, 123, 125.
121 Ibid, 123; Gurevich, 46-47. There were about 355,000 Jews living in Palestine in 1935.
122 Stein, 1984b, 105.
123 Ibid, 117.
Churchill’s 1922 statement of policy and limited the promises of the Balfour Declaration in matters of land transfer as well as others.\textsuperscript{124} Clearly, although the British actions were short on punitive measures, the environment of tacit administrative support to which the Zionists had grown accustomed in the 1920s was dissolving in the 1930s as the need to mollify the disenfranchised Arabs grew.

If these halting steps were enough to enrage and threaten the Jewish interests in Palestine, as Ruppin’s quote along with a cavalcade of jeremiads attest, then the Arab Revolt of 1936 to 1939 shook the very foundations of the Zionist enterprise. Tensions had been rising in 1935 when the Islamist preacher ‘Izz ad-Din al-Qassam, a Syrian-born, Cairo-educated, Haifa-based revolutionary, took to the hills with a guerilla squad, the “Black Hand,” to overthrow the Mandatory order, convinced that the Zionist leadership was plotting an Arab genocide.\textsuperscript{125} Al-Qassam’s subsequent “martyrdom” at the hands of British policemen set off a lethal spiral of reprisals between Jew and Muslim that peaked at the funerals of two Jews killed by Arab terrorists on 15 April 1936.\textsuperscript{126}

From there, competing nationalist fervors stoked a bloody conflagration across the Mandate in 1936. Ad hoc Arab “National Committees” sprang up in the towns starting with Nablus and then coagulated into the Palestine-wide Arab Higher Committee staffed with notables from the great clans.\textsuperscript{127} Resistance efforts were organized into three commands based in Nablus, Haifa, and Tulkarm, and were based on irregular tactics of bomb-throwing, ambushes on Jewish and British transports, and destruction of Jewish

\begin{enumerate}
\item \textsuperscript{124} Ibid, 118. Churchill’s statement had betrayed rather clear pro-Zionist leanings.
\item \textsuperscript{125} Morris, 126-127.
\item \textsuperscript{126} Eyal, 23.
\item \textsuperscript{127} Morris, 128-130.
\end{enumerate}
crops, among other methods.\textsuperscript{128} Joining the amateur mobs was Fawzi al-Qawuqji, a hardened Syrian insurrectionist who entered Palestine in the summer with around one hundred Iraqi warriors.\textsuperscript{129} Such developments led the British to ship in three brigades under General John Dill. The British troops were quickly victorious once they forced al-Qawuqji into pitched engagements and they soon trapped him and his forces in the village of Bala’a. Nevertheless, the bureaucratic dithering between High Commissioner Wauchope (appointed in 1931) and General Dill prevented the army from neutralizing al-Qawuqji’s forces, who were instead permitted to leave the territory unmolested with their arms.\textsuperscript{130}

In fact, the disagreements between Wauchope, who recommended a conciliatory tack with the Arab rebels, and Dill, who insisted upon decisive military force, combined with the unclear authority conferred by Dill’s assignment, doomed any chance of a speedy resolution to the outbreak of violence. Although conditions cooled as both Jews and Arabs awaited the decision of Earl Peel’s Palestine Royal Commission, by the fall of 1937 violence was again spreading out of control.\textsuperscript{131} Over the next two years the civilian-military debacle, combined with the expense of building defense infrastructure (fences, forts, and roads that pierced deep into the hill country) and the specter of greater threats in the European theater allowed the Revolt to escalate into the largest interwar disturbance within the British Empire. Only when Whitehall was satisfied that Hitler had

\textsuperscript{128} Eyal, 24.
\textsuperscript{129} Ibid, 25.
\textsuperscript{130} Morris, 135.
\textsuperscript{131} Eyal, 27-29.
been placated in Munich in September 1938 were enough troops committed to
completely stamp out the insurgency.\textsuperscript{132}

The effects of those events on the Yishuv were vast, and at face value badly
damaging. In addition to the direct attacks on Jewish farms, the Arab Higher Committee
sought to undermine the Jewish economic base by declaring a national strike from April
to October 1936.\textsuperscript{133} Despite the strategic, temporary alignment of British and Jewish
defense forces that peaked in 1938, the Zionists perceived no succor from a party they
felt was always ready to sell them out to buy peace. With some caveats, the Jews
legitimately felt they were being assaulted on all sides.

There was, however, some silver lining for the Yishuv, especially concerning the
Arab general strike. For one, the strike was really never universal, with many Arabs
working in the most vital sectors (official administration, the Jaffa port, the railroads)
staying at their jobs.\textsuperscript{134} Additionally, it badly backfired both practically and symbolically,
as it permitted a consolidation of the Jewish national economy and steeled the Yishuv’s
resolve even as the Arabs suffered more.

One mark of the strike’s effect in meeting Jewish nationalist goals was the
spreading of the Hebrew Labor principle, as capitalist planters took to an economically
inferior model of only employing Jews in order to rid their lands of the Arab security
threat.\textsuperscript{135} Another was the creation of the Tel Aviv port amid fears that Jaffa was not
reliable in the heat of hostilities. Especially telling was the campaign for Jewish produce,
as the Association for Home Produce (AHP) became a prominent and persuasive voice

\textsuperscript{132} Ibid, 35.
\textsuperscript{133} Ibid, 24-25.
\textsuperscript{134} Morris, 130.
\textsuperscript{135} Black, 28-32.
during the Revolt. Beginning its campaigns with “Nine Days of Jewish Butter” in order to create demand for an oversupply of dairy, the organization spread its encouragement to buy the more expensive Jewish commodities until to buy Arab “became not far short of a crime.” Jewish children learned songs extolling the benefits of Jewish milk, read pamphlets describing how Arabs used their profits to make bombs, and entered contests to collect more Jewish proofs of purchase than their schoolmates. All in all, the creeping perception in the 1930s of being surrounded entirely by enemies was joined in the Jewish community with the notion that the Yishuv could make it entirely on its own anyway.

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136 Ibid, 41.
137 Ibid, 43-45.
VI. An Unpredictable Victory: The 1930s and the Redemption of the Fund

The growing political and economic insularity of the Yishuv in the 1930s meant a sea change in the role of public institutions, especially those involved in land, and no organization was better equipped to take advantage of this transformation of Zionist priorities in the market than the Jewish National Fund. To be sure, the private sector did not collapse after the 1929 riots and the issuance of the Hope-Simpson report, despite skittish worries otherwise. As Ruppin himself reported in an article in the early 1930s, the private orange industry remained a robust arm of the Jewish economy. While characteristically noting that the rapidly expanding production of Palestinian oranges might fall into decline as it faced stiffer competition from Spain and Florida, he acknowledged that citriculture remained the “most paying branch of Palestinian agriculture” and foresaw the possibility that growing global demand might continue to absorb the produce at good prices.138

Above all, oranges alone enabled capitalists, even in the lean times of worldwide depression, to make a profitable investment without any previous experience in agriculture, with shami oranges in 1935 besting their predominant role in the 1920s by contributing a staggering eighty-nine percent of total Jewish exports.139 In fact, due almost completely to the vigor of the citiculture industry, Mandatory Palestine not only avoided economic collapse in the opening years of the 1930s but also enjoyed a truly unique countercyclical surge.140

138 Ruppin, 1936, 244-245.
139 Calculations from data collected in Gurevich, 239, 249.
140 Ruppin, 1971, 262.
If Zionist private enterprise on private land could withstand the doubt sown by the
duo of a global recession and British investigative commissions, it still could not hold up
against the triad created with the addition of full-scale insurgency in 1936. As an internal
British diplomatic memo reported in the spring of 1937, protectionist imperial duties and
the fear of Arab aggression colluded to dissuade capital migration to the Mandate.
According to the document, “5,500 Jewish capitalists entered in 1935, and only 3,000 in
1936,” which was no surprise as the growers already living in Palestine were finding it
impossible to pay off their mortgages. At the same time, the document noted that
preference for homegrown vegetables was increasing radically, a mark of the Association
for Home Produce’s efforts. The effect of these market-averse conditions was a curbing
of the private Jewish citriculture industry. In the early 1930s as many as 30,000 new
dunams of citrus were planted each year, but by the end of the Revolt that rate had
dwindled to 500. Evidently, that limited growth was not enough to make up for the
dissolution or destruction of other groves, as the total area of citrus plantations began to
decline after 1936. To be sure, the impact was not immediate, and oranges alone still
made up sixty-four percent of all Jewish exports in 1938, a decline only in comparison to
even higher shares before the Revolt.

All of these factors that militated against market logic threw land tenure into the
realm of politics, a development that the Jewish National Fund had been designed around

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141 “Rt Hon W Ormsby-Gore, Secretary of State for the Colonies, presenting letter dated
27 April 1937 from Sir A Wauchope, High Commissioner for Palestine,” May 1937,

142 Gurevich, 179.

143 Ibid, 163.

144 Ibid, 239. Additionally, it must be remembered that in an environment of shrinking
exports all around, the continued high percentage of orange exports is deceptive.
even when private enterprise was the expedient way to settle Jews in the 1920s. Trained in arguing against the speculative dangers of a free land market from day one and mobilized in the early 1930s to debate and obfuscate the issue of Arab landlessness from 1929 onwards, the JNF was girded for the moment when individual initiative in the agrarian sector became irrelevant. Not only did the Fund continue to acquire land during this period, it did so with an eye toward future military and political necessities. In this vein, it sought the two ends of consolidating areas of principal Jewish habitation to facilitate defense and extending Jewish landholding to areas previously untouched to establish a precedent for later agreements, obtaining plots as far afield as Transjordan and Syria.\footnote{Stein, 1984b, 173.}

During these dire times the JNF was the only organization with the will or ability to purchase expensive land. Sensing that the time of national birth was approaching, the Fund decided to “suffer through the high prices” and high risks despite its tight supplies of money and against the wishes of some, including Granott, who wanted to wait until the dangers subsided.\footnote{Ibid, 177.} In any case, the Fund and its related organizations were having more financial success than ever before. Before the hostilities broke out, Ruppin wrote in his diary that Lloyd’s Bank granted an unprecedented £500,000 loan to the Keren Hayesod, the associated settlement arm of the JNF, a windfall that enabled the organization to pay off its debts.\footnote{Ruppin, 1971, 269.} Although he attributed the provision of credit to one banker’s personal Biblical belief in the rise of Zion, it is not coincidental that the loan was given at a time
when political organizations were quickly becoming safer bets for repayment of loans than private companies.

The Revolt hastened this rise in standing of Zionist institutions that held political clout. On 25 April 1936, the same day that he reported the escalation of disturbances in Jaffa, Ruppin gushed in his diary that £300,000 in shares of the Anglo-Palestine bank were oversubscribed nineteen times, an event that brought the Jewish Colonial Trust, an institution that underwrote the JNF along with other institutions, solidly back into the black.\(^{148}\) Jewish Agency figures support this impression of the Fund’s countercyclical financial success. From the early 1920s until the beginning of the Revolt, receipts from voluntary contributions (the blue boxes, Golden Book, etc.) hovered anywhere between £130,000 and £213,000 per year. However, upon the breakout of hostilities, those yearly contributions climbed steadily upward to £560,000 in 1939. Because the JNF derived 96.6 percent of its income from such contributions, it is no small matter that of all the donations collected from the end of the Great War to mid-1939, thirty-seven percent came during the Revolt.\(^{149}\) Consequently, JNF expenditures rose at the same time. They increased by fifty percent from 1936 to 1937, and then continued to elevate from there, breaking records every year.\(^{150}\)

Such circumstances enabled a coup in the contest between public and private institutions. The rise in prestige and means of the JNF was accompanied by a flight of private investment so dire that according to some sources, up to thirty percent of Fund purchases during the Revolt were from other Jews, to keep the land out of Arab hands as

\(^{148}\) Ibid, 277.
\(^{149}\) Calculations from data collected in Gurevich, 366-368.
\(^{150}\) Ibid, 372.
nervous capitalists left for the towns. That phenomenon was certainly not helpful as it tied up resources that could have been used to acquire new areas. On the other hand, by the end of the disturbances the JNF had become the only purchaser of land for Zionist settlement in Palestine. Therefore, the dearth of activity from independent landholding enterprises allowed the JNF to pursue its geographic priorities without interference, pushing for coterminous plots and stressing the defensibility of Jewish real estate. It is worth noting here that many of these strategic priorities had not been discussed or planned until after the Revolt broke out, as official documentation from the JNF or other Zionist organizations does not reveal contingency plans for the military use of Fund property until 1936.

All the same, the Fund responded quickly once it was clear that the Mandate had erupted into civil war, and its immediate conclusion was that the hostilities presented a perfect opportunity to create the nucleus for a cohesive Jewish state. Along those lines, the JNF planned a “thrust” into northern Palestine to tie together those communities with the demographic center along the coastal plain. Another goal, according to Granott, was the acquisition of territories that “provided control over communications, such as the area at the junction of highways.” Especially important to David Ben-Gurion, a rising star in the Jewish leadership and future Israeli prime minister, were the environs of the Tel Aviv-Jerusalem road, as well as property around Haifa and Acre, key ports that also

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151 Kimmerling, 121.
152 Stein, 1984b, 206.
153 Kimmerling, 175.
154 Stein, 1984b, 207.
155 Quoted in Lehn, 58.
served as the terminus of the Iraqi oil pipeline. The decision to purchase those regions during the Revolt despite high prices is credited with determining much of the physical layout of the modern state of Israel. Indeed, the JNF leadership saw the benefit of forcing *faits accomplis* when the partition plan given by the Peel Commission in the midst of the Revolt matched the layout of current Jewish holdings practically to the dunam.

By the end of the 1930s, it was clear that the Fund was the paramount Jewish landholding body and an instrumental force in tying together the Yishuv. In 1931, the JNF held about 289,000 dunams of land, 29 percent of the approximately 994,000 dunams held by all Jews in Palestine. In 1939, the JNF held about 566,000 dunams of land, 39 percent of the approximately 1.4 million dunams held by all Jews in Palestine. During a period of sustained tribulations for the Yishuv, it had more than doubled the area it owned ten years prior. While the JNF had made anywhere from thirty to forty percent of all Jewish land purchases in Palestine during the 1920s, by the end of the 1930s its acquisitions were exceeding the figures for total Jewish purchases due to the fact that it was buying private Jewish land back as well as Arab territory.

Jewish Agency figures, while differing slightly from the above data from Kimmerling, tell a similar story, especially regarding the Fund’s singular response to the Revolt. They report that of the ten percent growth in Jewish landholding from 1936 to 1939, fully two third of it was generated by the JNF. Broken down, this means that all other landholding expanded by only five percent while the Fund’s area swelled by over

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156 Stein, 1984b, 208.
158 Kimmerling, 43.
159 Calculations from data collected in Kimmerling, 43.
twenty-five percent.\textsuperscript{160} Moreover, a review of Fund acquisitions by region gives credence to its strategic importance in obtaining land in dangerous, market-averse realms, especially in the northern reaches of the Mandate. In 1936, the Fund reported no holdings in Samaria, while three years later it held about 16,290 dunams there. Similarly, if not quite as spectacularly, JNF possessions over that same period in the Galilee multiplied nearly twelvefold to 48,970 dunams, and grew by over forty percent in the Hills of Judea.\textsuperscript{161} All told, expansion in those high-risk areas accounted for two thirds of the Fund’s acquisitions during the Revolt. Therefore, if anything, the general JNF growth data, while impressive, understate the rise of its geographic significance.

Perhaps as important as the physical expansion of the Fund in that time period was its related increase in demographic weight. Seventy percent of all settlements founded on JNF land from its foundation to 1939 were started in the last ten years, and the majority of those during the five years of the Revolt. By 1929, 47 percent of all Jewish agrarian settlements were on Fund land. Ten years later, that figure had risen to 67 percent, two thirds of all Jewish settlements.\textsuperscript{162} In other words, the JNF not only robustly increased the number of settlements in spite (or because) of the disturbances, it also consolidated its share thereof and thus its political authority over the entire Jewish agrarian population. Clearly, new Jewish settlers in Palestine felt more than ever that a homestead on Fund land augured best.

Not that the challenges facing the Yishuv at the close of the decade were elementary. In 1939, fearing that the disgruntled Arabs would open up another front on

\textsuperscript{160} Calculations from data collected in Gurevich, 140.
\textsuperscript{161} Ibid, 192.
\textsuperscript{162} Calculations from data collected in Kimmerling, 45.
the side of the Axis as another World War loomed, the British authorities drafted a White Paper severely limiting the further transfer of land to Jewish settlers and providing for eventual majority rule in Palestine. At that time the Jewish National Fund, as the largest single Zionist landholder by a great margin, possessed only 1.6 percent of Palestinian territory.\textsuperscript{163} Nevertheless, the JNF put its newfound supremacy over the Jewish agrarian base and the nationalist mentality steeled by the Revolt to effective use. British duplicity and Arab anger had become operative assumptions of the Zionist enterprise, and a sense of urgency displaced any capitalist notions of market priorities. Above all, British laws were not going to hold back the Zionist leadership. As Ruppin noted in his diary the day he mentioned the publication of the White Paper, “I no longer believe in paper policies . . . The White Paper emanates from a certain political constellation (Arab united front, Britain’s fear of the Arabs) and will be equally short-lived.”\textsuperscript{164} In that new psychological and material environment, there was no tool better suited to establish political facts than the Fund. Less than a decade later Israeli statehood was achieved through the gauntlet of a World War, a civil war, and a war against the Arab states, and the JNF was the guarantor of Jewish geographic cohesion throughout.

\textsuperscript{163} Lehn, 61.  
\textsuperscript{164} Ruppin, 1971, 298.
Conclusion

The above review of the Jewish National Fund’s role during the civil Mandate administration provides clear evidence that it was a vital player in the development of a politically exoteric Jewish realm in Palestine. At the same time, it is worthwhile to review the questions posed in the introduction in order to get a better handle on how and when that vitality was demonstrated.

The first question asked what role the British played vis-à-vis the zero-sum game pursued by Arab and Jewish nationalists. Clearly, the conservation of financial resources was the overwhelming British incentive. However, while money was the static issue for the twenty years covered, the correlating policy solution was a moving target. As long as Jewish immigrants and landowners were quietly bringing in capital and providing an inordinate share of the tax base with little resistance from the poor Arabs, it made sense for the High Commissioner to bend laws for the Yishuv. Conversely, once the poor Arabs rose up against the Jewish community, the expense of importing troops to quell the violence drove the British to address Arab grievances.

British policy evolution during the period in question engendered a corresponding transformation in the subject of the second question, on the role of private enterprise in facilitating Jewish land settlement. From 1920 to 1939, it is beyond a doubt that the free market for land went from being the overriding force in Jewish agrarian settlement to an ineffectual side note, and then finally an illegality. Because the public land sector, particularly the Jewish National Fund, took the initiative in state building as the capitalist sector crumbled, it would be deceptively simple to assert that private enterprise was an
unqualified impediment to the foundation of the Jewish state. Indeed, Metzer suggests as much in his article establishing the Fund as the flagship of Jewish “national capital.”

Complications arise regarding that narrative when one confronts issues of causation. What started the chain of events that reduced the role of private enterprise while the British policy hardened against the Yishuv and the Fund rose in prominence? Metzer’s argument would be strengthened if the JNF’s growth in prestige and power had pushed out private investment and set off a British clampdown, a hypothesis that the evidence does not bear out. Instead, it is apparent that the Fund filled a void rather than making a place for itself.

This is not to say that Metzer’s article is not rigorous or useful, especially concerning the endgame starting in 1936. His interpretation of Johnson and Nash’s descriptions of economic nationalism largely follows through. In a way that synchronizes with Metzer’s view of the phenomenon, in the late 1930s the Fund took up a role as a coordinator of national strategic issues that far exceeded matters of pecuniary gain. From the outbreak of the Revolt onward, the Jewish National Fund occupied a psychological role as the homeland faced an existential crisis, e.g. as the prime beneficiary of the campaign to buy exclusive Jewish produce. No member of the Yishuv was ever forced to purchase the inferior and more expensive grains and dairy from Jewish farms by the letter of law. In fact, in the case of Palestine during the Mandate, it was impossible for the intentions of the Zionist leadership to be made into law. Instead, just as Johnson described, the Jewish produce customers, though cajoled, freely chose to diminish their numerical economic interest for “psychic income.” This investment, though clearly a trade-off at the dinner table, went into a more tangible good than most cases of national
consolidation. For every extra pound an urban family in Tel Aviv gave for Jewish grain in place of Arab, that family could read of another dunam of land being bought in the north that was part of the process of holding together the Yishuv as the threat of collapse loomed.

In the descriptions of other political economists, it is a characteristic of national capital that money is redistributed from one class to another, with the contributing class gaining in another way as depicted above. It has already been described how, due to the particular traits of the Yishuv’s commercial base and class makeup, it was the agrarian sector that benefited from a transfer of wealth rather than the typical bourgeoisie. But here there must be another step back. For even as the urban population sacrificed in order to create a terrestrial zone to build the Jewish state, the supposed class beneficiaries, the tenants of JNF land, were reaping no windfall profit. Of course, they were maintained in their position almost entirely by subsidy. But at the same time, during the Revolt, the settlers found their already scanty rights further limited as the Fund used its contractual prerogative to modify and often shrink the size of a plot that a family could cultivate. In other words, almost the entire Palestinian Jewish population was making a sacrifice to the Zionist leadership, which in turn was not accumulating vast wealth with the surplus funds but rather earning national prestige and legitimacy as an ur-government. That acute and general extent of material renunciation provides evidence for Johnson’s claim that the lower a national economy’s competitive advantage and the higher the risk from outside groups, the higher is the public tolerance for deep investment in national capital.

Prior to 1936, and most definitely prior to 1929, this conceptually clear alignment of material and ideological interests in the construction of the Jewish state was not
evident. After all, in the 1920s, private enterprise was not inhibiting the enlargement of the Jewish agrarian sector; it was rather the engine of growth in that area. At that time, citriculture, almost entirely the province of capitalist initiative, was keeping the homeland’s balance of payments sustainable and attracting investment from some of the wealthiest patrons of Zion. Meanwhile, the Jewish National Fund was hard-pressed to keep its accounts in the black even as it bought a comparative pittance of land. The Yishuv was not languishing in wait for the JNF to come to the rescue. Indeed, the Fund was one of the drains on the Zionist enterprise as it drew off precious money to invest in unproductive ventures, taking supposedly charitable contributions in order to raise the stature of its leadership with the typical logic of a bureaucracy.

Out of those observations one can begin to construct a useful narrative. In the first decade of the Mandate, capitalist mechanisms enabled the tiny Yishuv to expand into a larger area of land, against the inertia of socialistic organizations like the JNF. Increasingly in the second decade, even though it did not have the ability to create a Jewish agrarian range, the latent JNF became the only tool that could consolidate that range into something beyond a group of associated but autonomous holdings, into something like the “nucleus” that so many works depict it as.

But again to the chain of causation issue. It is contrary to the nature of capitalism to make universal designs, and I argue that the long-term plans of the JNF were for naught until circumstances permitted. So what provided the impetus for the transformation in the private-public mix of the Jewish agrarian sector? The answer is that the conditions on the ground, controlled above all by the Arab indigenes, animated everything that happened. British administrators danced to the tune played by the
Palestinian populace. And either through those British intermediaries, or directly through actions like the 1929 riots or the Revolt, both the Jewish capitalists and socialist-nationalists were responding to those cues and their implications. Arab weakness and division begat prime conditions for pacific capital investment, while Arab aggression and unity of purpose begat prime conditions for socialistic economic nationalism.

Of course, the focus of this work is on the internal functioning of the Yishuv’s land settlement organs. The Arabs have made sparse appearances and herein it was never the purpose either to cover the full complexity of the Arab-Jewish struggle or to contest the validity of Arab bitterness. Nevertheless, they are a causative presence that hovers just outside the pale, above all of the proceedings of the JNF, the citrus growers, and the other land settlement companies. That phenomenon informs the answer to the third question on whether ideology or pragmatism was predominant in the behavior of the JNF. Clearly, if the rise of the public nationalist sphere was contingent upon the actions of another party, the overriding nature of the Fund and the sector it typified was reactive and thus pragmatic.

At the same time, though, the inherent methodologies of the organization were non-materialist and its success, responsive as it was, derived from that fact. As indicated in the introduction, there is a way to square this circle. If the Zionist enterprise was a living organism, then the JNF was an evolutionary pre-adaptation, a vestigial mechanism that had proven obsolete for its original design in the 1920s but then, quite spontaneously, fit into a new niche as the environment changed. Both the surprise of the Zionist leadership at the outbreak of the Revolt and the consequent utility of the JNF in the aftermath thereof corroborate this claim of pre-adaptation, and thus provide evidence of
the inherently pragmatic makeup of the Zionist public land sector. Thus, it appears that
the uniqueness of the Zionist land acquisition project was not general; Jewish land buyers
and agricultural settlers made gains in Palestine in traditionally colonialist ways as
utopian methods foundered. Their singular success, however, derived from an
organization born of, but not circumscribed by, that utopian and ideological milieu.
Bibliography

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