CHAPTER 3

The Economic Basis for Arab/Jewish Accommodation

No one will deny that, whether based upon a specific document or not, the well-being of all the inhabitants of Palestine is a prime consideration. . . . Official bodies have consistently found that the development of the [Jewish] National Home has fostered rather than hindered the well-being of the whole population. The [Mandatory] Government in its recent Memorandum is forced to make the same admission.
—The Jewish Plan for Palestine; Memoranda and Statements, 1947

The Jews come to Palestine to execute not a colonial, but a colonization policy.
—ABRAHAM GRANOFSKY, 1931

ZIONISM achieved international recognition and legitimacy on the eve of Britain’s conquest of Palestine. The Balfour Declaration proclaimed in November 1917 that “His Majesty’s Government views with favour the establishment in Palestine of a National Home for the Jewish people.” The way appeared clear for the expansion and development of the Yishuv (the Jewish community in Palestine). However, the Balfour Declaration also maintained that “nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine.” The Covenant of the League of Nations reiterated the Balfour Declaration’s commitment that a Jewish “national home” would be built, while at the same time it stipulated
the obligation to safeguard “the civil and religious rights of all the inhabitants of Palestine, irrespective of race and religion.” Thus, Jewish rights and prospects were tied to those of Palestine’s Arab communities. Simple logic would suggest that as more Jews settled in Palestine and purchased more land, less land and opportunity would be available for Arabs. Zionist experts were challenged to prove that large-scale Jewish settlement could be accomplished without jeopardizing the rights of the Arab population.

Zionists assumed that confrontation with the Arabs could be avoided. Based on the experience of the Zionist village, experts calculated the land could become so productive that it would provide a good standard of living to both peoples. If the benefits of Zionist technology were made available to everyone in Palestine, causes of conflict rooted in competition could be eliminated. The common assumption of the early settlers was that Palestine could support both Arabs and Jews, and it appears that they were correct. The population of Palestine has grown by nearly tenfold in the course of the twentieth century, and the standard of living has continually risen. Nevertheless, by the 1920s it was becoming apparent that whatever theories Zionists might hold and whatever economic incentives they might offer, Palestine’s large Arab majority viewed their presence as a threat, and the very success of Jewish settlements was a source of anxiety.

The campaign to vindicate Jewish colonization proceeded on many fronts. Zionists laid claim to Eretz Israel by appealing to history and invoking the collective memory of Judeo-Christian civilization. At a time when the right of national self-determination had been consecrated into a paramount international principle, Jews, a people whose very existence was threatened, could demand the chance to resettle the land promised to the Children of Israel. Zionists also claimed Palestine as part of their reward for their role in the First World War and promised further support for the victorious side. They also invoked the ideal of the pioneer engaged through the “conquest of labor” in “redeeming the land” and “making the desert bloom.” Their rhetoric depicted them as virtuous settlers engaged in a heroic and moral enterprise. These arguments and others became part of the international discourse the Zionist movement engaged in through the establishment of the state. They are evident in wonderfully succinct and expressive form in the first part of Israel’s Declaration of Independence.

None of the above, however, dealt with the issue raised by the Balfour Declaration or the terms of the Mandate under the League of Na-
tions. Was there room in Palestine for two peoples? Was there any way to ensure that the development of the Yishuv would not impinge on the opportunities of Arabs for a good life? It must be pointed out that these international declarations neither mentioned nor recognized Palestinians as a distinct people with their own national rights. They were treated as “natives,” residents in the land but people whose political identity derived from membership in the larger Arab nation that had only recently been granted numerous states with the dissolution of the Ottoman Empire. From both the international and the Zionist perspective, then, justice to Arabs meant ensuring civil, religious, and economic rights within a non-Arab-dominated Palestine. It fell to Zionism’s large corps of planning experts to propose a persuasive formula to address the economic issue.

The question was defined in terms of the “economic absorptive capacity” of Palestine. Agricultural experts and planners had to prove that Palestine could be sufficiently productive to support immigrant farmers without compromising Arabs already settled on the land. Their challenge was not only to provide a technical solution. They also had to present their case in moral terms that could satisfy the scrutiny of the world community and even the doubtful among the Zionists. The “economic absorptive capacity” also figures in the effort to remodel Palestine into a modern, urban-industrial society capable of absorbing millions of Jewish immigrants in the generation following the Second World War. At that time, experts from a variety of fields including archaeology and history, geography, economics, and other social sciences were enlisted to prove a large number of refugees could be successfully absorbed. This topic is discussed in Chapter 8. Here, the emphasis is on how agricultural planners tried to establish a basis for accommodation with the Arabs by assuring mutual benefit. Indeed, the search for an economic or any other realistic framework for cooperation among Jews and Arabs continues through the present.

International Context

Zionist agricultural planners did not initially identify Palestine’s Arab population as an item of concern. From the 1880s through the establishment of Israel, their prime objective was to create vibrant and successful agrarian communities rooted in the land. The widespread appeal of this imperative among Jews was based on their collective historical memory,
a calendar of festivals, and everyday rituals intimately bound up with the land and the desire to return to Zion. Colonization was the realization of this desire, an internal affair to be debated within the world Jewish community.²

During the beginning stages of settlement, experts of the First Aliyah worked for a private individual such as the Baron and a loose international network of local Hovevei Zion societies. After the convening of the World Zionist Organization in 1897, their work was sponsored and controlled by an increasingly efficient international organization whose membership, though primarily European and led largely by German Jews, stretched across the Atlantic and the Mediterranean to include Jews and Jewish organizations in many countries. For most of this period, references to advantages for non-Jews from the Return to Zion were couched in Biblical or historical language largely anchored in the universalistic visions of the Hebrew prophets. No one thought to discuss with Palestine’s Arabs the problems and prospects of Zionist ambitions. When problems arose, Zionist leaders turned to officials of the Ottoman Empire, who were often located outside Palestine.

In the decade prior to the First World War, the needs and problems of Jewish colonization began to earn recognition and legitimacy beyond the world Jewish community. From its founding by Theodor Herzl, the WZO persistently sought and ultimately succeeded in obtaining international support and recognition without which re-creating a large, let alone independent, Jewish community in Palestine would have been impossible. Early achievements before the First World War were due to interventions negotiated through Germany, on which Zionist leadership had influence and which, in turn, had considerable influence with the Ottomans. The Balfour Declaration, issued by Britain toward the conclusion of the war, was the next and essential step in this process.³ Moreover, other countries including the United States, Italy, and France endorsed the declaration. The League of Nations, through the Mandate granted Britain in 1922, capped this development by establishing a specific framework that sanctioned the status of Zionist planners and set the terms for their mission of settling Jews in Palestine. Thus, by the 1920s, Zionist experts worked under the auspices, stipulations, and inspection of international authorities.

The frame of reference for their work was clearly defined by international agreements. The Mandate anticipated that Palestine would remain a country divided into Jewish and Arab communities living and working in separate villages. The country was clearly not intended to
become one of ranches, plantations, or even large farms as in other lands colonized by Europeans. Article 11 of the League of Nations’ Covenant enjoins the Mandatory government to “introduce a land system appropriate to the needs of the country, having regard, among other things, to the desirability of promoting the close settlement and intensive cultivation of the land.” A landscape of dense agricultural populations was envisaged for both Arabs and Jews.

The Covenant regarded the country as underdeveloped but assumed that Jews would be able to undertake a far larger share of their own development than the Arab population, who required extensive assistance. In language infected with claims to Western superiority, Article 22 enjoined the Mandatory government to nurture the independence of those “peoples not yet able to stand by themselves under the strenuous conditions of the modern world.” This was defined as “a sacred trust of civilisation.” It went on to assert that the “best method of giving practical effect to this principle is that the tutelage of such peoples should be entrusted to advanced nations who by reason of their resources, their experience or their geographical position, can best undertake this responsibility, and who are willing to accept it, and that this tutelage should be exercised by them as Mandatories on behalf of the League.” In practice this meant that the Mandatory government in Palestine worked through the local arm of the World Zionist Organization, which was charged with considerable responsibility. Article 4 viewed the WZO as the “public body for the purpose of advising and cooperating with the Administration of Palestine in such economic, social and other matters as may affect the establishment of the Jewish national home and the interests of the Jewish population in Palestine, and, subject always to the control of the administration, to assist and take part in the development of the country.” In 1929, this local body became the Jewish Agency for Palestine.

The Jewish Agency was the institutional forerunner of the State of Israel, with its officials assuming parallel positions after independence. For example, its Chairman, David Ben-Gurion, became Prime Minister. Similar continuities took place in law and security matters. Jewish Agency professionals in settlement work or economic planning continued in comparable official capacities after the state was created. Yitzhak Elazari-Volcani, for example, began his career as a planner and expert prior to the First World War in the employ of the Palestine Office of the private and voluntary World Zionist Organization, a body without recognition in the Ottoman Empire. With the Mandate, he became an
official in a recognized quasi-governmental body. At the end of his career, he worked for the independent and sovereign Jewish State of Israel.

It should be emphasized that colonization through rural settlement was but one function of the Jewish Agency. It was also charged with contributing to economic development in general. Article 11 enjoined the WZO to undertake “public works, services and utilities, and to develop any of the natural resources of the country, in so far as these matters are not directly undertaken by the Administration.” The Jewish Agency was also to engage in the provision of social services, including education, health, and welfare services to the Yishuv. In time, it would engage in defense activities that led to the formation of the Israel Defense Forces. Constant negotiations with the Mandatory and other international bodies required the development of officials with diplomatic skills and an international bureaucracy. In sum, the colonization activities of the Jewish Agency, in its manifold aspects and as sanctioned by international agencies and agreements, became the basis for the establishment of an independent Jewish state. Zionism directed its attention toward the outside world, primarily Britain and the Jewish Diaspora. The Arabs of Palestine existed in parallel and increasingly in competition with Jewish settlement. Contact occurred when there was friction between the two national groups.

Socioeconomic Division

In Zionist thought and policy, the Jewish state was envisioned as containing an Arab population. During the deliberations over partition by the Peel Commission, the British suggested transfer of Arabs from sectors designated for Jews and this possibility was explored by Zionist authorities. Then and subsequently, such scenarios occasionally appear. Nonetheless, Zionist planners worked on the assumption that a Jewish state would necessarily include an Arab population. When Zionist authorities accepted the United Nations plan for partition of Palestine, they accepted de facto that Arabs would constitute about 40 percent of the Jewish state, although it was expected that a sovereign Jewish state would open its borders to extensive Jewish immigration and thereby achieve a very substantial majority. Suggestions that Zionists secretly or privately sought the “transfer” of the Arab population out of Palestine are erroneous. Extended, active, and public discussion of how
Arabs could share in the development of the country belie such charges. During these years of the Mandate, Zionist experts developed arguments on how Arabs could improve their agriculture, their chief occupation, by emulating the Zionist example.

As we have seen, the 100-dunam allotment grew out of competing claims for land in what has become an extended Arab/Jewish conflict. Despite the growth of Arab and Jewish Palestine under the Mandate, the country remained underdeveloped and underpopulated with large unsettled and uncultivated areas. The British promise of support for a Jewish national homeland as expressed in the Balfour Declaration and in the terms of the Mandate did not include land grants. Jews continued to acquire land under the British as they had under the Ottomans, through purchase from wealthy and often absentee Arab landowners. As much as 90 percent of Jewish-owned land was acquired in this fashion. As Jewish pioneers moved into lands that were under cultivation, they necessarily uprooted Arab tenant farmers. Wherever this occurred it posed a moral dilemma as well as a political obstacle to Zionist colonization.

The prime proposition offered by Zionist experts was that much land was being poorly cultivated or not cultivated at all. Consequently, the country could support new Jewish villages without displacing Arabs. They reasoned that if Arabs improved their farming methods, they could limit a family’s holding to 100 dunams, even as Jews did, and still raise their standard of living. In this fashion, Palestine would have enough fertile land to support a far larger population of both Arabs and Jews. They argued that in the long term, Jewish agricultural development was advantageous to Arabs as well. Traditional techniques, including the use of the primitive plow, were already being superseded, and many Arab farmers had already adopted more modern methods of farming. Modern fertilizers, seeds, and irrigation systems could cross communal and sectarian boundaries. The citrus industry, whose best-known product was the Jaffa orange, was a prime example. Initially cultivated by Arabs, the industry had been enormously stimulated and developed by Jewish experts to the benefit of both Jewish and Arab growers.7

Statements about the superiority of Zionist farming predate the First World War, but they become more frequent during the Mandate in official suggestions that, with modern methods, both Jews and Arabs could cultivate lands in Transjordan and in other unsettled areas of Palestine.
These claims became urgent in response to a series of White Papers. Beginning with the Hope Simpson Report of 1930, which heralded a retreatment of the British commitment to Zionism, Britain moved to bar Jews fleeing Europe from entering Palestine and suspended the legal right of Jews to buy land. These official reports were in effect a reversal of the promise given Jews of a chance to build a national homeland. They justified limiting Jewish immigration and land purchases because they were said to be damaging to Arab interests. The British position raised a formidable challenge, and Volcani and his colleagues set out to undermine and disprove the evidence on which the White Papers were based.

The success of the Zionist village whose economy had been revolutionized provided an abundance of data to support Zionist claims. The Jewish cooperative marketing organization for dairy products and juices, Tnuvah, the Biblical term for produce, reported that between 1931 and 1938 milk production and citrus exports increased by 600 percent and eggs by 1,000 percent. Growth continued at substantial rates following the outbreak of the Second World War when transportation difficulties between Britain and the eastern Mediterranean led the British to use Palestine as their main supplier of many items, including foodstuffs. Zionist agriculture had by then come of age and was able to provide for a surging local population as well as the needs of a large military establishment. This burgeoning Jewish rural economy sustained steadily increasing numbers of settlements and settlers. By 1939, there were 140 settlements with a population of 32,000, or an average of 280 individuals each. During the next decade, or by Independence, about 100 more villages would be established.8

The settlements were maintained and stimulated by a host of institutions that built the physical infrastructure and provided financial and marketing support as well as agricultural research and training. These included water and electricity companies, banks and credit institutions, purchasing and marketing agencies, and research stations and schools. For example, in addition to Tnuvah, there were sixty-four rural credit societies and sixty-one cooperative local water societies. There were also national companies and associations that served a large number of individual settlements. Many directed their services to discrete and often competing segments of the Yishuv. Nevertheless, all operated under the comprehensive umbrella of political institutions created by the Jewish Agency that provided official representation before the Mandate authorities.9
A distinctive industrial sector complemented the achievements of rural colonization. The two largest nonpetroleum-related industrial firms in the Middle East—the Palestine Electric Corporation and the Palestine Potash Company, both established during the Mandate—developed so rapidly that they employed approximately 1,500 workers each by the end of the 1930s. The management of these companies were Jews and identified with Zionist purposes. Yet, unlike the rural settlements that were ideologically committed to exclusive use of Jewish labor, they had mixed Arab and Jewish labor forces, though these were typically separated by crafts organized along religious and national lines. A similar phenomenon took place in the large industries of Haifa, where apparent shared proletarian interests could not supersede national ones. As one student of the boundaries between Jewish and Arab workers concluded: “Class interests could not and did not transcend national interests.”

Smaller Jewish enterprises were also springing up in a multitude of areas that were new to Palestine: foods, textiles, clothing, metal goods, pharmaceuticals, optics, machinery, timber products, leather goods, printing and paper products, stone and cement, and electrical machinery. However, these smaller enterprises tended to be based on exclusively Jewish labor as found in the agricultural colonies. Arab firms did not compete in these areas but were concentrated in commodities that had been established before the Mandate—such as soap, cigarettes, shoes, and some articles of apparel—and they employed exclusively Arab labor. Virtually no competition or duplication existed between Jewish and Arab manufactures. Indeed, Arabs consumed only 10 percent of Jewish industrial production, most of it electricity.

Whether in agriculture, industry, or commerce, then, Palestine’s Arabs and Jews continued to occupy different niches. In the vivid expression coined by Moshe Lissak, a leading Israeli sociologist, nearly the entire organized Yishuv lived in a “Jewish bubble”—a discrete society that functioned in parallel to Arab society. In addition to working in separate economies, they lived in segregated urban neighborhoods and rural communities, participated in particularistic political institutions and ideological movements, and enjoyed the educational and health services they provided. Palestine, at least in socioeconomic terms, was already a partitioned country. The Jewish side of the divide was extraordinarily dynamic, far outstripping the Arab side in assets and prosperity. The magnitude of the challenge facing the experts was considerable.
Socioeconomic Inequalities

The succession of studies undertaken during the Mandate’s quarter century reported the steady and, in fact, spectacular development of the Yishuv. Its numbers were initially small, but the potential for rapid and significant growth was recognized. Indeed, it was the very success of the Yishuv that increasingly threatened the country’s Arab population. Jews represented one-tenth of Palestine’s population on the eve of the First World War, and one-third at the outbreak of the Second World War. Particularly during the years immediately preceding the Arab uprising of 1936–39, Jewish immigration numbers were very large. In 1929 Jews were but 17 percent of the population. After Hitler rose to power, the numbers swelled, especially from Central Europe. Sixty-one thousand entered legally in 1935 alone, and others entered without legal documents. By 1936, Jews constituted 31 percent of the population. At this rate, it appeared that in the foreseeable future Jews would become a majority in Palestine and would attempt to realize the Judenstaat Herzl had envisioned. This, in fact, was anticipated by world leaders including Lloyd George, Winston Churchill, Woodrow Wilson, and individual members of the League of Nations. The more concrete the achievements of Jewish colonization, the greater the expectation that a Jewish state or “commonwealth” would be established.

The gap between Jews and Arabs was evidenced in many indicators including geographic distribution and residence, levels of literacy and education, occupational structure, and income. For example:

- Rural communities were completely segregated. Although Arab and Jewish settlements might be quite close to each other, none had a mixed Arab-Jewish population.
- More than 50 percent of all Arab town dwellers lived in “all-Arab towns.” The remainder lived in “mixed” towns: Jerusalem, Jaffa, Haifa, Tiberias, and Safed. But even there, Jews and Arabs lived in separate neighborhoods. Tel Aviv, Palestine’s largest city by the end of the 1930s, as well as other rapidly growing towns were entirely Jewish.
- The Arab community remained primarily rural. In 1880, 79 percent of Palestine’s Arabs were rural. This proportion declined to 64 percent in 1946. At the same time, less than 1 percent of the Jewish population was rural in 1880, rising to 26 percent by 1931 and declining thereafter. In sum, despite the enormous effort in rural colonization, Jews came to the country as an urban people and so largely remained.
99.5 percent of all Jews worked in Jewish enterprises, were employed in Jewish institutions, or were self-employed. Less than one-half of 1 percent worked for Arabs or provided professional services only to Arabs. In contrast, large numbers of Arabs were employed in Jewish agriculture, commerce, and industry.

Thus, Palestine had become a divided country with a “dualistic” economy even prior to the Peel Commission’s recommendation in 1937 for partition. A network of relationships emerged that reflected this fact. Among its features was an intercommunal trade characterized by an Arab sector that provided unskilled labor, services, agricultural produce, and raw building materials as well as land to Jews, while Jews purchased land and provided manufactured goods, professional services, and wages to Arabs. This imbalance was expressed in the considerably greater per capita wealth among Jews than among Arabs. As early as 1931 the far smaller Yishuv had an income 15 percent higher than that of the Arab sector. By 1944, after the First World War had brought considerable prosperity to the country, the gap widened to 25 percent.

These figures must be placed against the background of a rapidly developing country during the interwar period. The Arab economy grew quickly, but the Jewish economy grew twice as fast: 13.2 percent annually as opposed to 6.5 percent. Indeed, the relative growth of Jewish Palestine ranks sixth in the world in a representative sampling of thirty-nine economies during the 1920s and 1930s. Only oil-producing Venezuela, France, Czechoslovakia, Finland, and Austria outperformed the Yishuv. As economic historian Jacob Metzer has concluded: “Mandatory Palestine was by far the most vibrant Middle Eastern economy in the first half of the twentieth century.”

The same disparities were reflected in social services. In 1921, of the physicians in Palestine, 44 percent were Jews; the figure had risen to 90 percent by the end of the decade. Indeed, Jews enjoyed a higher proportion of physicians per capita than any country in the world. The same sharp differentiation was found in education. Immigrant Jews recreated the educational system they had experienced in Europe. Around 75 percent of Jewish youth between ages 5 and 19 were enrolled in schools during the 1930s and 1940s. Among Arabs, the figures rose from 19 percent to about 25 percent in the same period. Moreover, Jewish institutions, from elementary schools to universities and research institutes, were funded by Jews in the Yishuv or by external Jewish sources. The Mandatory government or foreign ecclesiastical and charitable institutions provided for Arab schools. Arab Palestine had serious if declin-
ing rates of illiteracy, comparable to those in such then underdeveloped countries as India and Egypt, whereas Jewish schooling was at the high end of the European norm.

Potential Contribution to the Arab Population

It was precisely these disparities that challenged Zionist planners and politicians to bring economic advantages to the country’s Arab population. A wide spectrum of observers were certain this would happen. T. E. Lawrence (Lawrence of Arabia) predicted that “The success of their [the Zionists] scheme will involve inevitably the raising of the present Arab population to their own material level, only a little after themselves in point of time, and the consequence might be of the highest importance for the future of the Arab world.”19 Official British evaluations as well as many surveys and reports confirmed that this was taking place. Among items often cited were:

- Importation of significant capital for the country’s development from which all benefited.
- Extraordinary expansion of the Arab citiculture industry that followed from advances in technology, financing, and marketing introduced by Jews.
- Increased employment in urban areas and improved health standards and medical care throughout the country, including for Arabs.
- Greater revenues to the Mandatory government, of which a higher share was raised from the Jewish sector and redistributed to the Arab sector including greater investment in Arab education and, as a result, reduced illiteracy among Arab men and women.
- A very significant increase in the standard of living. Thus, even as the Yishuv came to enjoy the highest standard of living in the region, Palestine’s Arabs became better off than Arabs in neighboring countries.20

Data of this kind, supporting the assertion that Jewish settlement benefited the region, have been advanced from the first Zionist Congress in 1897 through the present. Herzl, in the utopian plan detailed in his book Alteuuland, typically imagined that Jewish science, experience, and enterprise would transform Palestine and the Middle East. Thus, toward the conclusion of the novel he locates his heroes in the “Peace Palace” situated in a modern, prosperous, and westernized Jerusalem: “Wherever in the world a catastrophe occurs—earthquake, flood,
famine, drought, epidemic—the stricken country wires to this centre for help.”

This theme was treated over the next generation by a host of writers including Ahad Ha-Am, Menachem Ussishkin, Leo Motzkin, Max Nordau, and Ber Borochov. It was discussed among intellectuals of the right and the left, religious and secular. Throughout is an explicit assumption that much of the country’s fertile soils were already under cultivation. Yitzhak Epstein, perhaps the first Zionist theoretician who, in 1907, wrote about the need for accommodation with Arabs, called for institutionalized cooperation wherein Jews would open to Arabs their hospitals, schools, research facilities, and all the other components of a modern society. Arabs would appreciate that their improved standard of living was due to the Zionist colonists, and this would lead to acceptance of an active Jewish presence in the country. Epstein was convinced that “this [Arab] nation occupies such a broad swath of territory that it can allow us, an ancient people so close to it in blood, language, and many spiritual traits, to occupy that part of the land of our fathers that it does not yet occupy. And it not only can, but also must for its own good, let the Jews into their country, because it is powerless to lift itself up alone and to end its poverty and ignorance, but with us alone it can overcome its deficiencies.”

Abraham Granovsky (Granot) and his generation of experts on this argument were to demonstrate that the amount of land available was far greater than originally believed and that it could be far more productively cultivated by Jews and certainly Arabs. By the 1930s, Zionist experts were propagating this more expansive view of Palestine’s potential wealth and prosperity. Also, the advantages of Zionist colonization to Palestine’s Arabs were quantified and no longer relied on declarations of good intentions.

At century’s end, Shimon Peres, a former Prime Minister and Foreign Minister, echoed these claims in his book The New Middle East (1993), which appeared at the time of the Oslo Accords between the Palestine Liberation Organization and the State of Israel. The book, a best-seller translated into more than thirty languages, heralds an era of peace and shared prosperity in which Zionist science, business acumen, and initiative will play the central role. While Granovsky and his generation offered a vastly expanded view of prosperity brought to an essentially agricultural Palestine, Peres evokes the picture of an advanced industrial society where wealth is no longer primarily set in fixed and limited resources such as land. Peres promises that Israel will share its human,
intellectual, and financial resources with neighboring peoples in creating an unlimited modern economy of continual growth. This activity will bring prosperity to all. Peace and harmony will thereby be a possible consequence.

The refrain Peres employed is repeated throughout the twentieth century: Zionism is not a threat to Arabs in Palestine or to the Middle East. On the contrary, the Yishuv should be viewed as a common resource that can improve the condition of all peoples. Moreover, a higher standard of living would encourage social and political change that would solidify a shared commitment to peace and accommodation. Peres advised that the proper view of the Oslo Accords is “as a historic commitment with an economic lining.” Under conditions of peace, the successfully established Jewish National Home would realize the promise of the Balfour Declaration and the Mandate to all of Palestine’s peoples.24

In retrospect, the difficulty with these expectations is that until the Oslo Agreements of 1993, Zionism did not treat Palestine’s Arabs as a people with aspirations for political independence in their own, exclusive homeland. This attitude was widely shared. As late as 1947, in the formal report of the United Nations that studied the problems of Palestine and again recommended partition, a discrete Palestinian national identity was treated as a recent development. The report claimed that a distinctive Palestinian consciousness did not appear until after the Balfour Declaration and the establishment of the Mandate, or only after Zionism emerged and gained recognition for its claims and programs. Paragraph 166 of the UNSCOP (United Nations Special Committee on Palestine) report provided a succinct summary of this view, arguing that the “desire of the Arab people of Palestine to safeguard their national existence is a very natural desire. However, Palestinian nationalism, as distinct from Arab nationalism, is itself a relatively new phenomenon which appeared only after the division of the ‘Arab rectangle’ by settlement of the First World War. The National Home policy and the vigorous policy of immigration pursued by the Jewish leadership has sharpened the Arab fear of danger from the intruding Jewish population.”25

Recent academic scholarship pushes the awakening of a discrete Palestinian identity perhaps to the decade before the First World War and locates the evidence for this in newspaper editorials and interpretation of the sometimes violent protests of Arab peasants on land Jews had begun to work. Other scholars find a distinctive Palestinian identity even earlier.26 Still, as these peasants lacked differentiated po-
political institutions based on an explicitly identifiable Palestinian polity, it is not surprising that both Zionists and the agencies of the international community viewed Palestine’s Arabs as integral parts of the larger Arab nation. Indeed, there is ample testimony that that is how they viewed themselves. The gamut of institutions and activities—raising taxes, maintaining democratically elected political institutions that performed many of the services of a modern national government, creating a discrete and manifest national culture with distinctive, visible symbols—had no parallel among Palestine’s Arabs. The development of such manifest and visible expressions of national identity came in large measure after the establishment of the State of Israel, and, some have suggested, in response to it. Palestinian Arabs have only relatively recently gained recognition in official Israeli consciousness as a separate nationality with political rights. Such recognition came slowly, over the course of a generation, spanning the activities of the Palestine Liberation Organization—who published a comprehensive and explicit Charter in 1968—through the intifada at the end of the 1980s.27

Sharing such widespread perceptions of Arabs in Palestine before the creation of Israel, Zionist advocates during the Mandate concentrated on providing evidence for the actual and potential advantages from Jewish colonization without reference to the impact of Zionist settlements on a Palestinian polity.

100 Dunams for Arab Farmers

A particularly precise statement of the advantages of Zionist settlement was articulated by Granovsky—like Volcani, an agricultural expert and economist. Using statistics to support his social and political analysis, Granovsky responded to the Hope Simpson Report of 1930 with the argument that Palestine had much room for development beyond the relatively concentrated settled areas in the hill country to the north and south of Jerusalem.28 He calculated that, west of the Jordan River, there was a potential for 156,012 agricultural families. In 1931, there were 55,429 Arab households and 7,325 Jewish ones, for a total of 62,754. Employing the 100-dunam-per-family formula, Granovsky concluded that 93,258 more families could be settled. Assuming each farming family included about six members, Palestine’s total agricultural population could be increased by approximately 600,000.29 In Granovsky’s words: “Palestine still has much land which is awaiting settlement, and
offers many opportunities for a substantial enlargement of its absorptive capacity. And, on the other hand, Jews and Jewish capital are waiting only for the call in order to transform the waste places of the land into fertile and closely settled areas.”

Granovsky refuted Hope Simpson’s assessment that Arabs needed more land. He claimed that the problems and the poverty of the fellahin (peasants) were a consequence of deficient methods rather than lack of land. For example, whereas Arab farmers had yields of only 105 pounds of wheat from a dunam, Jewish farmers achieved 158 pounds. The figures were similarly dramatic with other crops: 138 pounds per dunam for barley on Arab farms as opposed to 244 on Jewish farms; 97 pounds of Durra wheat as opposed to 141, and so on. Clearly, it was in the self-interest of Jews that Arabs would learn from and emulate Jewish agriculture by adopting the methods Jewish agronomists and other experts proposed. If this were done, they predicted, there would ultimately be an equalization of income and standard of living between Jews and Arabs. Thus, if, as Volcani and others argued, Jews could achieve a European standard of living on 100 dunams, so could the Arab population.

The Zionist intention to share their settlement experience had an explicit political element. According to Granovsky: “A distinction should be drawn between colonial policy and colonization policy. Colonial policy is aimed primarily at exploiting the natural resources of a country, and is little concerned with its settlement. It has prejudicial results in various respects: the enrichment of a small group of European immigrants who establish enterprises in which natives do all the work; exploitation of the aborigines and creation of deep-lying differences between the two classes of the population. In the end, all this tends to check the development of a country, especially if it is thinly populated. Colonization policy, on the contrary, is bound up with settlement on a large scale: room must be found for the largest possible number of immigrants who will take a personal share in every field of activity.”

Granovsky and his generation explicitly described themselves as engaged in colonization (establishing settlements), not colonialism (dominating another people): “The Jews come to Palestine to execute not a colonial, but a colonization policy.” This distinction was crucial in the political debates of that era, even as it is now in the controversies among pro-Zionist, anti-Zionist, and post-Zionist scholars. Zionism was a moral movement that could bring prosperity to everyone. Moreover, it could accomplish this without exploiting the native population.
As Granovsky’s statement and others like it demonstrate, Jewish settlement authorities were sensitive to the charge of usurpation and exploitation. Perhaps paradoxically, this led them to justify deepening the social and economic divide between Jews and Arabs. In this context, the ideological decision not to employ Arab labor at low wages was both a practical step to ensure there would be work for Jewish immigrants and an ideological position that valued labor and rejected exploitation. As Volcani insisted, Jews would do the hard work themselves. Jewish youth would engage in the most difficult and dangerous physical labor, from clearing land and drying swamps to cultivating fields and tending animals. Jewish labor was to “conquer” and, in an expression that resonates with Biblical promise, “redeem” the land.

The moshava, where bourgeois Jewish farmers had sometimes exploited cheap Arab labor rather than hire Jewish immigrants, was derogated. Not only was this form of settlement compromised by its failure to expand, it was morally tainted. The moshav and the kibbutz, in contrast, were designed to settle the maximum number of pioneering youth on a limited amount of land, at once transforming European Jewry into an honest peasantry and rooting Jews in the land as no mere legal document or political pronouncement could.

Zionists celebrated the fact that they neither made Arabs into tenant farmers nor exploited them as laborers. Unlike in other lands to which the Europeans came, in Palestine “natives” were not pushed off the land by force nor were they reduced to modern bondage by employment on colonial plantations. Abraham Granovsky claimed: “In no event is it possible to say that the economic position of Palestine has become worse because of the Jewish immigration. The Jewish immigrants have not crowded the Arabs out from any occupation. Not one enterprise can be pointed out where Arabs were employed before the Jewish colonization was begun, and were later displaced by Jews.”

It was on this basis that the WZO mobilized political and financial support from Jews throughout the world. This capital was not raised and expended for the profit of investors. Rather, it was used to enable Jews to return to the land and revive its ancient beauty and fertility. The end result of this process was to be not only a modern “Jewish national homeland” but an example, “a light unto the nations.” This message is reiterated throughout Zionist thought. Herzl’s Altneuland begins with a solution to the problems of a particular national group but concludes with a vision of Jewish/Arab harmony and cooperation that would radiate throughout the world. Paradoxically, the exclusive “Jew-
ish bubble” was designed to be economically productive, to advance Zionist interests, and, at the same time, to serve universal ends. Zionism held then, as now, that Jewish self-interest and the self-interest of its neighbors were compatible.

Limits and Necessity of Economic Analysis

This vision now appears at once naive and imperfect. Had Arab villages and early Zionist settlements been microcosms of late-twentieth-century individualistic, civil societies in which individuals are independent and equal, without reference to community of origin, tensions between Jews and Arabs might have been attenuated and a costly and painful human conflict might have been avoided. Having injected itself into a social and cultural landscape dominated by Arabs, Zionism incurs blame for setting political priorities on a sectarian basis. However, such a critique errs in two fundamental ways. It anachronistically privileges the rights of the individual over the needs of community and nation. It also delegitimizes the desire for collective rejuvenation through village life with a distinctive communal culture, which was so fundamental to Zionist pioneering. Even the sharpest critics within the Zionist camp, such as philosopher Martin Buber and his colleagues in Brith Shalom (Covenant of Peace, an association of largely Central European immigrant intellectuals) accepted the legitimacy of Jewish settlement. Buber praised the development of the exclusive “Hebrew village,” in particular the kibbutz, and proclaimed it the best example of a utopian community in the modern world.36

The moshav and the kibbutz, the two creations of Zionist planners that took shape during the postwar period, were homogeneous societies for cultural reasons. They were designed as communities in which an authentic, modern Jewish society would be regenerated. There were many versions of what this might mean. The history of settlement, and particularly of the kibbutz, is rife with ideological conflict and communal fragmentation. Nevertheless, the common bond was a commitment to re-creating modern Jewish culture, necessarily expressed in Hebrew and, to greater or lesser degrees, secularized and socialistic depending on the particular branch of the settlement movement. Zionist villages were intended as cradles and laboratories where modern Jewish culture might be nurtured and tested. In this sense, they remained covenantal societies even without the religious commitments of the first pioneers.
Zionism saw itself readily and naturally aligned to universal values and rights while at the same time holding to the validity of national identity. Many of Israel’s founders had grown up in Europe having witnessed how socialism had everywhere blended a commitment to universal class interests with the interests of nation states. Certainly no alternative, nonparticularistic model suggested itself in the Middle East, where Moslem societies gave primacy to religion and nationality. Mixed villages would have been as inconceivable to Arabs as they were to Jews. Partition of Palestine’s countryside by religion and nationality was but one instance of a wider phenomenon that afflicted Cyprus, India, much of Africa, and Europe itself. To try to resolve the Arab/Jewish conflict by dividing the country made perfect sense to the British, who initiated the process. By 1937, when the Peel Commission first proposed partition, the British, experienced with sectarian conflicts throughout the world, concluded that Palestine, too, would have to be partitioned. A decade later, the United Nations resolved that an Arab and a Jewish state should be established in Palestine. Today, more than a half-century later, Israelis and Palestinians are engaged in trying to negotiate terms for the same result. Domination by one of the parties over the other has proven impossible. Creating an admixture within the same national framework appears to be an elusive fantasy shared only by a limited group of largely Jewish intellectuals who would ask both communities to submerge national/religious identities and interests for the sake of an abstraction beyond the experience or desires of both peoples and, indeed, most peoples everywhere.

In the Middle East of the late nineteenth and early twentieth century, the model of the homogeneous Zionist village, employing only Jewish labor and operating within a “Jewish bubble,” was a normal and perhaps the only viable way of imagining settlement. In retrospect, Zionist planners were naive in expecting that if they limited land to 100-dunam allotments for Arabs and Jews and if they shared agricultural expertise they could persuade Arabs there was nothing to fear from the spread of Jewish settlements. However, the arguments of Zionist experts did have demonstrable impact on world opinion and on the international bodies that determined Palestine’s future, persuading them that Jewish colonization did not necessarily prejudice the economic well-being of Palestine’s Arabs. Ironically, seventy years after Granovsky’s writings and during the current controversy between Israeli and Palestinian negotiators over the “Right of Return” of Arabs to their former homes inside Israel, some Palestinian Arabs have adopted a min-
imalist view of how much land is necessary for the maintenance of a family. It is they who now argue that there is ample room for Jews and Arabs on the same land.39

Despite the success of their technical work and its moral and political value, Zionist agricultural planners came to recognize that the promise of shared economic productivity was not enough to ensure the survival of their villages. Armed attacks during the Arab uprisings of 1936–1939 demonstrated they could not persuade Arabs there was nothing to fear. However successful their arguments and convincing their data in the world arena, they could not mollify opposition in Palestine. To secure the fate of the Yishuv, Zionist planners began to redesign their villages as military outposts whose structure and locations were determined in strategic terms.