

# Between Capital and Land

The Jewish National Fund's  
finances and land-purchase  
priorities in Palestine, 1939–45

Eric Engel Tuten



RoutledgeCurzon  
Taylor & Francis Group



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# Between Capital and Land

This book provides a detailed examination of the Jewish National Fund's (JNF) internal development and analyzes the relationship between Jewish National Fund finances and land-purchase priorities during the Second World War.

Six factors influenced Jewish National Fund decision-making concerning its finances and its land-purchase priorities in Palestine and also prompted JNF officials to be flexible in raising funds during the Second World War: lack of sufficient national capital; the almost complete withdrawal of private Jewish investment from the region; the possibility of partition; the Land Transfer Regulations; the loss of income from continental Europe; and existential urgency.

The author presents four case studies to explore the JNF's fund-raising and land-purchase efforts. The first two—the Joint Land Purchase Scheme and the Farm City Scheme—are examples of the JNF's policy of 'internal expansion.' The third and fourth case studies—JNF land purchase north of the Huleh and in the Negev—were part of the JNF's policy of 'outward expansion.' The case studies, and discussion of other JNF land purchases, illustrate the methods used to circumvent the Land Transfer Regulations and how the JNF came to control enough land in Palestine to influence, to the advantage of the Zionist movement, the UN's 1947 partition decision.

A valuable addition to recent reevaluations of Israeli history and institutions, this book will be of interest to those researching Palestinian history, Jewish and Israeli history and the history of the modern Middle East.

**Eric Engel Tuten** received his PhD from the University of Utah in Salt Lake City. He taught at Brigham Young University in Provo, Utah, from 1995 to 2003. Currently, he resides with his wife and two children in the state of Virginia.

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LONDON AND NEW YORK

First published 2005 by RoutledgeCurzon 2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

Simultaneously published in the USA and Canada by RoutledgeCurzon 270 Madison Ave, New York, NY 10016

RoutledgeCurzon is an imprint of the Taylor & Francis Group

This edition published in the Taylor & Francis e-Library, 2005.

“To purchase your own copy of this or any of Taylor & Francis or Routledge’s collection of thousands of eBooks please go to <http://www.ebookstore.tandf.co.uk/>”

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*British Library Cataloguing in Publication Data* A catalogue record for this book is available from the British Library

*Library of Congress Cataloging in Publication Data* A catalog record for this book has been requested

ISBN 0-203-30946-4 Master e-book ISBN

ISBN 0-714-65634-8 (Print Edition)



**To my parents, Raphael Oregon and Ruth Engel Tuten, my wife, Maryclare Maslyn, and my children, Marshall and Emerson, for inspiring me and enduring with me. Thank you for your patience, love, and support.**

**In blessed memory of Shimon Ben-Shemesh.**



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# Acknowledgments

I have learned from this experience that ‘it takes a village’ to write a book. Many people deserve my acknowledgment and gratitude for the completion of this project. Obviously, my PhD committee members played an indispensable role. Special thanks to my Chair, Professor Byron Cannon, for his encouragement from the day I stepped on the University of Utah campus as an MA student back in 1989. Dr Cannon should also be acknowledged for calling to my attention the topic of land tenure in Palestine/Israel during a graduate seminar early in my studies. He was very helpful at every stage of my master’s degree and doctoral studies. He has been a great mentor to me. I cannot thank Professor Kenneth W.Stein enough for the information and encouragement he gave me at the early steps of my research and writing. I also acknowledge his graciousness in coming to the University of Utah for my dissertation defense. The morning of my defense was the first day I officially met him after years of writing, emailing, and talking on the phone. He was congenial, helpful, and otherwise encouraging at that most stressful time of my life. Professors Peter von Sivers and Laurence D.Loeb were also with me at almost every step of my graduate and postgraduate education. I benefitted from their insights, suggestions, advice, and encouragement. Finally, Professor Ronald W.Smelser both gave me a solid foundation in modern European history and offered valuable suggestions in the early stages of my research and writing.

I also wish to acknowledge Mr Shimon Ben-Shemesh and Dr Gabriel Alexander (past President and current Manager, respectively) of the Jewish National Fund (KKL) Research Institute for Zionism and Settlement, located in Jerusalem, Israel. The Institute provided me research funding for my two stays in Israel (1993 and 1995) and they both gave me invaluable suggestions, advice, and continual encouragement. Furthermore, Dr Alexander was more than gracious in communicating with me by email to answer questions and in mailing sundry research materials to me at my request. Without the help of these two accessible individuals, this book would never have seen the light of day.

I also acknowledge and thank the director, Yoram Mayorek, and other employees at the Central Zionist Archives in Jerusalem, Israel. Avi Zabari and his photocopy staff were given full-time work from my requests alone (especially in 1995). The employees who worked in the reading room were also very congenial and helpful at every step of my research.

I also met or corresponded with several Israeli scholars who deserve mention. Professor Ruth Kark met with me a couple times early on to discuss my research project and to give me valuable suggestions and encouragement. She initially called to my attention the activities of the Sunduq al-Umma (Arab National Fund). Dr Kark and her

husband, Jeremy, also invited me to dinner during both of my stays in Jerusalem. These personal gestures have left me with wonderful memories. Professor Zvi Shilony also gave me support and suggestions during my research. He invited me to spend a day at Sde-Boker where he kindly showed me around Ben-Gurion University and Sde-Boker and allowed me to stay the night in his son's portable living quarters. The whole trip was one of the great experiences of my 1995 visit to Israel. My correspondence with Professor Walter Lehn in the early 1990s was also vital to my subsequent research. Furthermore, I benefitted from a 1995 visit with Professor Yossi Katz (in his home), during which I discussed my research project. Dr Katz helped me solidify my focus on the relationship between JNF finances and JNF land-purchase activities after 1939.

Finally, for the job of project managing this book—copy editing, book design, typesetting, and preparing the print files to go to the printers—I thank Richard Pickvance and John Button at Bookcraft Ltd. And for proofreading and indexing the book, I acknowledge Dr Graham Frankland and Eleanor Holme respectively. Although the above individuals played a very important role in the research and/or writing stages of this book, they did not always agree with the arguments I made and the conclusions I drew from my research. Thus, I accept full responsibility for the end-product found herein.

I am very grateful to many family members and friends for their encouragement and support. My father, Raphael Oregon Tuten, Jr, and my mother, Ruth Engel Tuten, were loving and supportive throughout my life and during my many years of schooling. I am ever grateful to them for all they did for me. My stepmother, Janet Howard Tuten, was also supportive in the final years of my PhD degree. I am very grateful to her for editing for grammar, clarity, and organization. My sister-in-law, Lauren Brixius, and good friends, Nate and Justin Crow, helped tremendously in preparing the maps. I would also like to acknowledge three additional friends. Gina Peterson gave much-appreciated help on technical formatting and also prepared the tables and Appendix. Deborah Christensen, PhD, provided emotional support and guidance throughout the duration of both my PhD studies and the research and writing process. Thank you again to all.

I have saved the best for last. My wife, Maryclare Maslyn, supported and encouraged me the whole way. Given the long and arduous task of pursuing a PhD and writing a book, her role in the whole affair cannot be underestimated. I appreciate her patience, love, constant encouragement, and hard work, all of which were key to my obtaining these much-desired goals in my life. My son, Marshall (9), is a great source of inspiration to me. I am grateful to him for his love, patience, and for the joy he brings me by his love for life. Finally, Emerson (4), is the newest joy in my life. I am so grateful he is a part of our family. I only hope I can make up for time lost with my family because of the rigors involved with my studies, research, and writing.

Eric Engel Tuten, 2004



# 1

## **Introduction and historical background to 1939**

The Jewish National Fund (JNF), the Zionist institution for land purchase in Palestine in the prestate period, has held an important position in the minds and hearts of most Jews. Almost every Jew who had an interest in Jewish settlement in Palestine contributed some money to the JNF cause, and therefore had at least a superficial knowledge of the institution. Many Jews today continue to contribute in several ways to the JNF; in fact, it is the only Zionist institution ‘about which songs were composed’ that are ‘sung in wide circles of the Zionist public.’<sup>1</sup> Financial contributions to the JNF and songs sung about its purpose and activities in Palestine have become part of the ‘mythology’ of the Zionist Movement.<sup>2</sup>

The first section of this chapter is historiographical, placing the topic of the study—JNF finances and Zionist land-purchase priorities in Palestine during the Second World War—in its setting within Zionist studies. In this section, I pose the questions addressed about the JNF during the research period covered in the study. The second section of the chapter includes both information on the significance of the study within the larger historical context and background information pertinent to this study of the JNF. In the third section, I introduce the four case studies presented in this book with the goal of preparing the reader for information given on these case studies during the core research period, 1939–45. The fourth and last section explains the organization of the subsequent chapters of the book.

### **HISTORIOGRAPHICAL SETTING**

Several works have been published on the JNF since its establishment in 1901. In the beginning, most of the works were in-house publications that described uncritically the activities of the JNF—and in some cases also glorified it.<sup>3</sup> But since the mid-1980s, more critical studies of the JNF have emerged.<sup>4</sup> These latter studies fit into the broader context of ‘revisionist’ history written about the Zionist Movement and its institutions and activities, although they represent a more ‘benign’ revisionism in the sense that they deal with issues that, at least on the surface, are less politically sensitive than the more controversial works of Shlaim, Morris, and associates.<sup>5</sup>

Writings of the seemingly omnipresent Abraham Granovsky (1890–1962) are vital to understanding the land question in Palestine, the Zionist conception of land, and the JNF.<sup>6</sup> Granovsky (later Granott) falls somewhere between in-house and outside researchers of the JNF. He was a loyal JNF supporter and official, thus making him an insider. However, his publications display great erudition and an acute understanding of land-related issues. Born in Russia and educated in law and economics in Germany and in Switzerland, Granovsky was appointed secretary of the JNF in 1919. In 1922, when the JNF head office was transferred to Jerusalem, Granovsky moved to Jerusalem to become its managing director. In 1941, Granovsky served on the executive committee that functioned as the head of the JNF Directorate (Board of Directors). Elected as chairman of the Directorate, he served in that position until he became president of the JNF in 1960. Pertinent to this study of the JNF, one Israeli author states that Granovsky ‘shouldered the day-to-day work of consolidating the national domain in the country [Palestine], examining the legal arrangements of each land purchase and looking into every detail of the [Jewish National] Fund’s financial policy.’<sup>7</sup>

Joseph Weitz (1890–1972) also wrote on the JNF’s activities (see bibliography). Weitz, born in Burmel, Volhynia, immigrated to Palestine from White Russia in 1908. After working as an agricultural laborer for several years he helped found the Union of Agricultural Laborers in Eretz Israel (Palestine). Between 1919 and 1932, he was inspector of plants and afforestation in the JNF settlements. He was appointed director of the JNF’s Land and Afforestation Division in 1932. Apart from his afforestation activities, he was also closely involved in JNF land purchase, and played an important role in helping the JNF increase its land ownership throughout Palestine. Weitz was respected by the Yishuv’s political leaders as ‘an expert on territorial, settlement, and Arab matters.’<sup>8</sup>

Much research remains to be done on the JNF, on other Zionist institutions, and on the innumerable private Jewish organizations and companies involved in Palestine during the period of the British Mandate (1920–48).<sup>9</sup> Historical reevaluations of the JNF to date have dealt largely with the period between its establishment in 1901 and the outbreak of world war in 1939.<sup>10</sup> In this book—the first to investigate JNF finances in some depth—I begin to address the important period between 1939 and 1948. An argument for focusing on the last decade of the Mandate as a whole (c. 1937–May 1948) is valid, especially from the perspective of the land issue: the first proposal of partition in 1937 influenced JNF land-purchase objectives in the 1940s and, in turn, Jewish land ownership (including JNF holdings) was a major contributing factor in the proposed borders of the UN partition plan of 1947.<sup>11</sup>

I deal only with the period of the Second World War for several reasons. The partition proposal of 1937 was a turning point in the Zionist Movement’s land-purchase and settlement objectives<sup>12</sup> and the JNF was the preeminent Zionist land-purchase institution from the late 1930s to the end of the Mandate in 1948, although it had to work under the restrictions of the 1939 White Paper and the 1940 Land Transfer Regulations. The outbreak of war in 1939 reduced JNF income from continental Europe, increased the urgency of Zionist work, and changed the political situation in Palestine and in the rest of the Middle East. Therefore, wartime conditions called for new measures in JNF financing and in land policy. These important changes account for the 1939 beginning date. The argument for 1945 as the end date for the study is based on the fact that the end of the

war again changed political circumstances in Palestine.<sup>13</sup> Consequently, the events of the last three years of the Mandate (1945–48) were very different and the circumstances much more complicated compared to the war years. Nevertheless, at isolated points in the book I will address the postwar years as well.

I categorize this book as a ‘new’ history, but it is not a ‘relational history,’ nor does it reevaluate a controversial set of events such as the 1948 war and its consequences. Rather it is an institutional history that reevaluates the JNF based on archival sources highlighting its inner workings (e.g., debates among JNF policy-makers and decisions made) and its activities (land purchase and development). A social history of the impact of the JNF’s activities on Palestinian Arabs and of the relationship between JNF workers and Palestinian Arabs ‘on the ground’—along the lines of Kenneth W. Stein’s book addressing the period from 1917–39—is yet to be written.<sup>14</sup>

Conceptually, I focus on the JNF with certain broad issues in mind: the importance of land to a national movement (in this case, Zionism); the role of land in the Zionist movement; the role of investment in land in the process of nation building; the relationship between national and private capital investment in nation building; and JNF land purchase in Palestine vis-à-vis similarities and differences with the larger topic of irredentist movements in the late nineteenth century and in the twentieth century. My research also sheds light on questions about JNF finances, JNF land-purchase policy, and JNF theoretical principles versus the realities of the war period. How, if at all, did the JNF fill the hole in its income left by the loss of revenue sources on continental Europe after the outbreak of the war? On the other side of the financial issue, what impact did the urgency of JNF work during the war have on JNF expenditures? What were the JNF’s land-purchase goals after the suggestion of partition in 1937? Did the JNF succeed in obtaining the goals set at the outbreak of the war? Furthermore, scholars generally know that the JNF succeeded in circumventing the Land Transfer Regulations during the 1940s, but how did the JNF accomplish this task? Yossi Katz begins to answer this question, showing that the Regulations were circumvented through the work of JNF lawyers who took advantage of loopholes in the law and by JNF land-brokers who searched for tracts of land all over Palestine and negotiated for their purchase.<sup>15</sup> Further research, cited in this book, provides additional information on specific ways the JNF circumvented the Land Transfer Regulations in the 1940s. Related to the question of circumvention is the complex process of negotiations over land, actual purchase of land, and the eventual transfer of land to the JNF. How did this process influence JNF land-purchase activity during the war?

Finally, a central topic of the study is the relationship between national and private capital in the JNF’s wartime activities.<sup>16</sup> The JNF never received enough money from contributions (the JNF ideal after 1920 for obtaining national capital) and therefore had to rely on other forms of income. By the outbreak of the Second World War in 1939, Arabs were offering more land for sale and private Jewish investors had largely withdrawn from the land market because of the uncertainties created by the Arab Revolt of 1936–39 and by approaching war. This situation, combined with the great Zionist urgency to increase land purchases in the late 1930s and the 1940s, made the JNF’s weak financial situation all the more salient. Faced with these circumstances, the JNF had to seek additional sources of revenue that were not strictly contributions.

One of the sources of revenue was to cooperate with private capital on certain land-purchase and land-development schemes. I do not deal comprehensively with the many ways the JNF cooperated with private capital during the war, but I present, as case studies, two specific schemes involving such cooperation—namely, the Joint Land Purchase Scheme and the Farm City Scheme. Two other sources of revenue that became increasingly important to the JNF were loans and ‘living legacies,’ the latter being part contribution, part investment. Loans and ‘living legacies’ were not new to the JNF, but the JNF placed greater emphasis on these financial sources after 1939. All these additional sources of revenue were still considered ‘national’ capital sources because they were funneled through the JNF, a Zionist ‘national’ institution. According to Mohilever and Weiss (JNF financial clerks), the ‘object’ of cooperation with private capital was to ‘redeem land with the help and on behalf of Jewish private capital, and to direct such investments through national channels.’<sup>17</sup>

However, the fact is that these additional sources of revenue represented a compromise of the JNF’s ideal of national capital based on contributions. Unlike contributions, loans and ‘living legacies’ had to be paid off with interest. The Joint Land Purchase Scheme required the JNF to apply its land-purchasing expertise on behalf of private investors, meaning the land came into private ownership rather than into JNF ownership. Furthermore, if an investor in the Joint Land Purchase Scheme decided to execute the option to withdraw from the scheme, the investment converted to an outright loan that had to be paid back with interest.

The JNF proved flexible in drawing on private capital sources for land purchase after 1939, largely because contributions alone were inadequate to carry out the urgent land-purchase needs of the Zionist movement in the last decade of the Mandate period. In allowing some land purchased by the JNF to come into private ownership (through the Joint Land Purchase Scheme for example), the JNF stepped away from a strict national land policy that called for all land purchased by the JNF to come into its perpetual ownership, never to be sold. JNF land purchase increased substantially during the war years, and thus set the trend for the postwar years as well; but to accomplish this feat the JNF had to broaden its definition of national capital.

## **SIGNIFICANCE OF THE CURRENT STUDY**

### **Land, capital, and nationalism**

Land ownership and usage and capital investment in land are important themes in world history.<sup>18</sup> ‘Land,’ as George Raymond Geiger put it, ‘is transformed by the magic of labor and industry into the subject of economics.’<sup>19</sup> But what ideology is driving the ‘transformation’? At different times and in different places, political systems and ideologies have determined how land and capital is employed to establish an economic basis for building empires and, in the modern era, for building states. Nationalism, in its several manifestations, has been one of these ideologies. The Zionist Movement (with the Zionist Organization as a national government-in-the-making) fits into the broader context of European nationalist movements focused on the development of a viable nation-state.<sup>20</sup> The obvious difference between the Zionist Movement and other European

nationalist movements of the nineteenth and early twentieth centuries was the Zionist focus on a 'common territory'—Palestine—from which the 'Jewish nation' was almost entirely alienated.<sup>21</sup> In other words, except for approximately 15,300 Jews resident in Palestine on the eve of the first modern Jewish immigration in 1882, the Jewish people as a 'nation-in-the-making,' was clearly a 'Diaspora nation.'<sup>22</sup>

For Jews, however, the 'national' problem was much more than simply being physically removed from Palestine. Jews residing in the Diaspora often were denied property rights (as in eastern Europe) and, more or less until the nineteenth century, they were barred from entering professional occupations.<sup>23</sup> An inverted triangle describes the Jewish economic structure in Europe. The triangle's point at the bottom represented involvement of Jews in agriculture, and the broad base on top represented Jewish employment in finance, in craft and artisan occupations, and in services.<sup>24</sup> In this light, the Zionist concept of the 'return to the land' was one of several rejections of Jewish life in the Diaspora (along with rejecting religion, Jewish powerlessness, and European language).<sup>25</sup> Thus, the focus on the importance of land redemption to create a Jewish nation in which the majority of individuals would be working the land (in other words, to invert the triangle) was viewed by Zionist leaders as a necessary goal to distinguish the 'new Jew' in Palestine from Jews in the Diaspora.<sup>26</sup>

Jewish 'alienation' from the land of Palestine made land purchase, land ownership and usage, and capital investment in land of paramount importance to the process of Jewish transformation. Granovsky succinctly summarized his view on the importance of land in human affairs:

The realization that the first step in the struggle for a Jewish Homeland is the *struggle for land* is one of the basic principles of Zionism. Land is the indispensable foundation of any human activity. Without it, there can be no agriculture, no industry, no urban settlement. The first task of a landless people is to provide this foundation for its existence.<sup>27</sup>

A study of how the Zionist Movement and the JNF viewed land and its uses and employed capital in building up the Jewish National Home in Palestine between c. 1900 and 1948 serves as a case study within the larger field of nationalist studies. And a very important aspect of this study is the JNF's investment of capital in land purchase. Thus, the JNF's successes and failures in capital investment serve as a case study in the larger analysis of capital investment in state-building.

Zionism was an irredentist movement of an unusual kind.<sup>28</sup> The Hebrew Bible points to a time when the Israelites conquered Eretz Israel (Palestine) at God's command.<sup>29</sup> On the other hand, modern Zionist irredentism in Palestine was unique in the sense that, at least up until 1948, it did not involve 'conquest' Rather, the JNF had to deal with British Mandatory authorities and had to purchase the land legally—although, in some cases, clandestinely.<sup>30</sup> In other words, up to about 1948, JNF activity in Palestine was not a case of 'land grabbing' in the irredentist-imperialist sense. Moreover, areas of little or no Jewish land ownership included in the Jewish state proposed in the 1947 UN partition plan might be deemed a 'gift' from the international community. The period of Israel's War of Independence, May 1948 to June 1949 (the 'trauma of 1948' for the Arabs) might be seen differently.<sup>31</sup> Israel's act of obtaining land during the war could be called 'land

grabbing,' although the fact that Israel was involved in what was viewed as a defensive war against the invading Arab countries qualifies somewhat the term 'land grabbing.'<sup>32</sup>

JNF land purchase in Palestine, then, was an example of a unique process of irredentism, involving land purchase, a 'gift' from the international community, and conquest of land through war. Unique to Zionist irredentism was the almost complete absence of an active 'antagonist' in the land market. The potential antagonists, the Arabs, were, in most cases, more than willing to sell their land to the JNF (either because they were in debt or because selling the land was more profitable in the long run). Three exceptions to the missing antagonist idea were Palestinian Arabs who profited financially from the wartime economy and thereafter began to invest in land; the land-purchasing institution called the Arab National Fund (discussed in Chapter 5); and private Jews (both individuals and organizations) who competed with the JNF in the land market. The JNF focused on the use of national capital (ideally from contributions) to purchase land, with the long-term hope (held by Granovsky and others) of bringing all Jewish-owned land under 'national' ownership in an independent Jewish state.<sup>33</sup>

## **LAND PURCHASE, CAPITAL, AND THE JNF IN PALESTINE: BACKGROUND INFORMATION TO 1939**

### **Focus on private capital, 1882 to c. 1930**

From the Zionist perspective, private land purchase and settlement before the First World War was considered experimental, a 'form of pioneering.'<sup>36</sup> Organizations such as *Hovevei Zion* (Lovers of Zion), several private societies that purchased land on behalf of Jewish investors in Europe and America, private individuals such as the philanthropist Baron Edmond de Rothschild, and the Jewish Colonization Association led this experiment in private investment.<sup>37</sup> Under the auspices of *Hovevei Zion*, the early east European pioneers who made up the First *Aliyah* (Jewish immigration) established six moshavot settlements between 1882–4.<sup>38</sup>

In 1883, when some of the settlements failed, Rothschild, a wealthy French banker, took some of them under his care.<sup>39</sup> Rothschild's main goal was to facilitate a Jewish return to the soil, with the purpose of creating Jewish farmers. On the advice of agronomic and horticulture experts under his employ, Rothschild switched from field crops to vineyards for the production and exportation of wine.<sup>40</sup> Success of the vineyards in the 1880s soon gave rise to private societies that bought land for vineyards on behalf of absentee Jewish investors. The vineyards were successful into the early 1890s. The activities of the investors, called the 'Societies of the Thousand,' in Palestine contributed to the rising problem of land speculation. In the 1890s, however, some Jews began to criticize Rothschild for making the farmers under his administration too dependent on him and on the bureaucracy he had created. The leading critic in this category was Ahad Ha'am, the father of cultural Zionism, who visited Palestine in the early 1890s.<sup>41</sup> Others criticized what they perceived as the negative effects of vineyard plantations—the plantations had 'distorted the social character of the moshavot' and had allowed the farmer to become an estate owner who employed large numbers of hired hands to plant and harvest the crops. Thus, hired labor was a deviation from the earlier vision of Jews

working the land themselves, and became a major point of criticism for the socialist Zionist immigrants of the *Second Aliyah* (1904–14) who supported Jewish ‘self-labor.’<sup>42</sup>

These criticisms were combined with economic deterioration caused by technical mistakes in planting and in crop choice, by errors in marketing, and, most importantly, by diseases in the vineyards. By 1899, the immense losses suffered, coupled with bad personal health, prompted Rothschild to turn the administration of his colonies over to the Jewish Colonization Association (hereafter the JCA).<sup>43</sup> In retrospect, Rothschild was a central figure in the Jewish settlement enterprise in Palestine between 1883 and the turn of the century.<sup>44</sup>

Baron de Hirsch<sup>45</sup> had established the JCA (incorporated in London in 1891) to serve several purposes: to assist Jews in emigrating from any part of Europe to any other part of the world; to purchase land and establish colonies in various parts of North and South America and other countries for agricultural and commercial purposes; and to accept gifts for the benefit of Jewish communities or individuals.<sup>46</sup> The JCA began work in Palestine as early as 1896, initially giving financial assistance only to settlements not helped by Rothschild. Eventually, the JCA began to purchase and settle land, focusing intensively on the Lower Galilee region, where it purchased about 75,000 dunams<sup>47</sup> within ten years and established seven moshavot settlements and a training farm (Sejera) for laborers and farmers. The JCA’s encouragement of citriculture—particularly oranges—was another very important contribution to building the Jewish communities in prewar Palestine. Between 1903 and 1914, the Jewish population of Palestine doubled from forty to eighty thousand. The population of the Rothschild and JCA colonies grew accordingly (from about 4,900 in 1903 to about 9,000 by 1913).<sup>48</sup> The JCA continued its work in Palestine into the Mandate period.

Starting in 1924, improved personal health brought Rothschild back into the picture, this time assisted by his son James. In that year, he registered a new company, the Palestine Jewish Colonization Association (PICA), which then took over management of all the settlements supervised by the JCA since 1896, including the original Rothschild colonies. All members of the JCA staff transferred to PICA, with James de Rothschild at the head. Thereafter, the JCA played no further role in Palestine, other than continuing its reports on the colonies in which it still owned land and which owed it large amounts of money. Furthermore, in 1933–34 the JCA established EMICA as its ‘subsidiary in Palestine.’<sup>49</sup> In the late 1930s, EMICA became a partner with the JNF in connection with the development of the Huleh concession.<sup>50</sup> PICA, along with managing the colonies, pursued land purchase in Palestine and remained the most important private institution of land acquisition well into the 1920s, holding about 460,000 dunams by 1930.<sup>51</sup>

In summary, the early focus on private capital investment in Palestine raised four main concerns that became issues for debate among Zionists after the First World War. First, the purely private venture of the Rothschild period encouraged lack of initiative on the part of Jewish settlers and was not conducive to the level of self-sufficiency necessary for nation-building. Second, Jewish farmers became middlemen between Rothschild’s bureaucracy and hired laborers (especially in the vineyard plantations), thus keeping the Jews from working the land themselves. Third, private ownership of land led to land speculation, resulting in rising land prices. Fourth, private initiative in land purchase and settlement before 1897 was ‘unregulated’ and lacked central planning.<sup>52</sup>

### **The First Zionist Congress of 1897 to the Zionist Conferences of 1919–20: the beginning of a national land and national capital policy**

Although prewar initiative had laid the foundation for a Jewish presence in Palestine, the Jewish land and settlement enterprise lacked a specific political aim. Jewish efforts toward establishing a land-purchase and settlement policy in Palestine became more organized with the convening of the First Zionist Congress in 1897. At the Congress, Zionist leaders officially founded what became the political Zionist Movement. However, Zionist thought, both before and after the rise of political Zionism in 1897, was not monolithic. Indeed, those who identified themselves as Zionists expressed a variety of opinions about issues of land, mobilization of capital, the ultimate goals of Zionism, and how to obtain those goals.<sup>53</sup> These important issues were largely hammered out between 1900 and 1921; but the formulation of a precise Zionist policy for land purchase and land settlement in Palestine extended into the Mandate period.<sup>54</sup> Moreover, the leaders of the Second *Aliyah* (1904–13), who helped both to lead the *Yishuv* toward statehood in 1948 and to lead the state of Israel itself for decades after 1948, greatly benefitted from the institutional developments that occurred after the formation of the Zionist Organization in 1897.<sup>55</sup>

Three developments shortly after the turn of the century were vital to planned Zionist work in Palestine. The first development was the establishment of the JNF in 1901 as the Zionist institution for the purchase of national land. The second development was the establishment of the Palestine Office in 1907 under the direction of the German-educated sociologist and member of the Zionist Executive, Arthur Ruppin (1876–1943). Thereafter, the Palestine Office became ‘the central office for all phases of Zionist settlement activities in Palestine.’<sup>56</sup> The third development involved the World Zionist Organization’s establishment of the Palestine Land Development Company, Limited (PLDC). Incorporated in the UK in 1909, the PLDC was a land-purchasing and development company that served as a ‘central purchasing agency for the JNF as well as for private individuals wanting to buy land in Palestine.’<sup>57</sup> Zionist leaders hoped the PLDC might control rising land prices, land speculation, and ‘random and unsystematic purchases of small and/or scattered parcels of land...’<sup>58</sup> Until 1935, the idea of centralizing and controlling land purchases in Palestine remained a Zionist goal. In 1935, at Lucerne, the Zionist Congress endorsed a JNF ‘demand’ that a Palestine central land-buying institution be established to ‘coordinate all the efforts of the principal [land] buyers’ in Palestine.<sup>59</sup> But this idea ultimately proved unworkable because the Zionist Organization simply did not have the authority to impose control on private investment. Thus, after 1935, the Zionist Organization focused on trying to coordinate, rather than control, the activities of private and Zionist land-purchase bodies.<sup>60</sup>

### **Establishment and organization of the JNF**

To the extent that a people fails to make the most of its opportunities for land acquisition, not to buy and sell but to have and hold, [that people] evidences its shortcomings in the art and science of nation-building.<sup>61</sup>



To address the vital issue of Jewish national land purchase, Zionist leaders at the Fifth Zionist Congress (1901) established the *Keren Kayemeth Leisrael* (literally the 'Perpetual Fund for Israel'), commonly translated as the Jewish National Fund (JNF).<sup>62</sup> The JNF's purpose was

to purchase, take on lease or in exchange, or otherwise acquire any lands, forests, rights of possession and other rights, easements and other immovable property in the prescribed region (which expression shall in this Memorandum mean Palestine, Syria, any other parts of Turkey in Asia [i.e., Ottoman-controlled land] and the Peninsula of Sinai) or any part thereof, for the purpose of settling Jews on such lands.<sup>63</sup>

Any land the JNF purchased became the inalienable property of Diaspora Jewry, never to be sold again but only leased for a period of forty-nine years (based on the Jubilee). JNF founders obtained the idea of inalienability from the Hebrew Bible. Leviticus 25:23 states, 'for the land is mine; for ye [Israel] are strangers and sojourners with Me.' The same biblical verse further instructs the ancient Israelites to 'grant a redemption for the land.' According to this biblical world-view, God owns all the land and no one can 'alienate any portion of [God's] land by selling it, exchanging it, or transferring permanent tenure to others.'<sup>64</sup>

Although JNF founders cited Leviticus 25 to give the JNF's work a religious underpinning, the JNF's secular nationalist significance was very obvious as well.<sup>65</sup> The secular Zionist reason for 'inalienability' of the land was twofold. The first reason was that Zionist officials believed land purchased with national capital (coming from Diaspora Jewry) should remain in perpetual ownership of Jews throughout the world; in this case, the JNF acted as perpetual owner of the land. The second reason was that inalienability protected the land from being resold to non-Jews.<sup>66</sup> Furthermore, because the majority of land in Palestine did not legally belong to the Jewish people, the JNF had the duty to purchase ('redeem') the land and, thus, turn the land into Jewish 'national' land.

The Zionist Movement based its land policy on creating a viable class of Jewish farmers who were tied to the land. This concept went hand in hand with the importance of a 'return to the land,' meaning, in Zionist terms, a return specifically to Palestine for the creation of a Jewish territory. Those Zionists who emphasized the importance of rural land purchase argued for a Jewish National Home based on the concept of a return to the soil to create a Jewish class of agriculturalists.<sup>67</sup> Granovsky explains the importance of the Jewish tie to the soil, saying 'the Return to the Land [capitalized here to indicate the Land of Israel or Palestine] is one of the basic principles of Zionism, and the creation of a Jewish peasantry has always been regarded as its most fundamental duty.'<sup>68</sup> Zionist ideologues further argued that the main economic goal of Zionism should be to establish a Jewish agricultural base, the economic element most vital, in their eyes, to nation-building. Ultimately, the Zionist Organization hoped that a modern Jewish 'land-loving peasantry,' living on land legally owned by the JNF (i.e., national land), would become the foundation for a Jewish 'homeland.'<sup>69</sup>

Between its establishment in 1901 and the outbreak of the First World War in 1914, the JNF went through several organizational stages.<sup>70</sup> At a convention held in August

1906, JNF officials turned control of JNF money and the determination of policy over to a new Executive Committee with Max Bodenheimer (1865–1940) as chair. A year later the Executive Committee became the first JNF Directorate (Board of Directors). Bodenheimer, a German Jew and close associate of Theodor Herzl (1860–1904), the founder of political Zionism, directed the JNF Head Office in Cologne until 1914. Just before the outbreak of the war, he succeeded in transferring the Head Office to The Hague in neutral Netherlands.<sup>71</sup> After the war, a new Directorate was appointed with Menachem Ussishkin as chair, and the Head Office moved to Palestine (1922), where the majority of JNF directors resided. Furthermore, Britain's control over Palestine after the First World War allowed the JNF to operate 'openly, legitimately, and with great impetus.'<sup>72</sup> By the Mandate period, the JNF Directorate was in place in Palestine and had obtained autonomous legal status, meaning the Directorate could 'decide the size and composition of its membership.' However, the JNF Directorate was still subordinate to the Zionist Congress plenum.<sup>73</sup>

My research sheds some light on the JNF's negotiations with land sellers (in some cases identified) in the Huleh region (Fa'ur), in the Sharon (Joint Land Purchase Scheme lands and the Falik concession), and in the Negev (Moshe Smilansky, a prominent early Jewish leader who immigrated to Palestine in 1890, and other Jewish and Arab sellers), although they are certainly not the main focus of this study.<sup>74</sup> Furthermore, interspersed throughout the study is information on the complex process of JNF land purchase in Palestine during the last decade of the Mandate. The 'hourglass' metaphor is useful in describing the key role the Directorate played in the whole process of discussion, decision, and implementation vis-à-vis JNF land-purchase priorities and land policy. The top of the hourglass represented all the factors feeding into specific topics placed before the Directorate for discussion and decision. For land purchase, these factors included JNF land-purchase agents searching for potential land deals throughout Palestine, making contacts with potential sellers, and negotiating the plot size and the price of the land. The narrow part of the hourglass (the bottleneck) represented the specific purchase proposals (including the size of the plot and the negotiated price) placed before the Directorate for discussion and decision. After the Directorate decided to pursue the specific land-purchase proposals (which was usually the case), the bottom of the hourglass represented the details of carrying out the sanctioned purchases (i.e., further negotiations, if needed, and the processes of actual land purchase and of official transfer of the land to the JNF in the Land Registry Office).<sup>75</sup>

Therefore, the full land-purchase process involved seeking out potential land purchases; contacting sellers about a certain purchase and initial negotiating of size and cost; presenting the particular offer before the Directorate for decision; negotiating further, if needed; actually purchasing the land; and eventually transferring the land title to the JNF in the Land Registry Office. Furthermore, Stein points out that before the JNF even considered a certain purchase, geographic, topographic, and hydrographic studies had to be conducted. In addition, recommendations were usually made about suitability for growing certain crops, estimates were sought both about amelioration costs and about the time needed to prepare the land for settlement, and questions of drinking water, road building, access to main highways or to the railroad, swamp drainage, etc. had to be considered.<sup>76</sup> This prolonged process, combined with the growing obstacles to land

purchase throughout Palestine in the last decade of the Mandate, commands at least some acknowledgment of what the JNF was able to accomplish in the 1940s.

The relationship between the JNF Directorate (Board of Directors; Hebrew *direktoriyon*) and the JNF Management (*hanhalah*) was problematic and hard to define. Weitz helps clarify the issue somewhat in his *Yomani* (My Diary). He verifies the decision-making role of the Directorate, calling it the 'decision organ.' The Directorate stood at the head of the JNF, its members being 'chosen by the [Zionist] Congress or by the Zionist Executive Committee' for one to three years. The JNF Management, on the other hand, worked to 'carry out the decisions' of the Directorate. The JNF Management had two divisions. The members of the first division, Management for Land and Settlement Affairs, were the Chair of the Directorate (Ussishkin), the treasurer (Granovsky), and the director of the JNF's Lands and Afforestation Department (Weitz). This first division dealt with concerns of land purchase, land partition, land amelioration, preparation and afforestation of land, and other matters related to land. After Ussishkin's death in 1941, a period of joint chairmanship passed until 1945, when Granovsky was appointed the new Chair of the Directorate. Therefore Granovsky and Weitz were members of the first division throughout the period covered in this study. The members of the second division, Management of Propaganda and Organizational Affairs, were the Chair of the Directorate and the treasurer (thus overlapping with the first division) and the directors of the JNF's Propaganda and Organization Departments.<sup>77</sup> This complicated setup thus made for overlapping of duties for Ussishkin and Granovsky, both of whom were members of the Directorate and of the two Management divisions.

Growth of JNF fundraising activities and projects called for the establishment of JNF offices in countries of the Diaspora, starting with the various European countries where the JNF was active. When the JNF's Head Office moved to Palestine (1922), correspondence to coordinate JNF work began between the Head Office and the Diaspora offices. As time passed and its work expanded, the JNF also established offices in the United States, South America, South Africa, and Canada, among other countries. The Head Office had the responsibility to disseminate to Diaspora offices information on Directorate decisions, JNF memoranda, etc. At times Diaspora offices might put forward ideas for discussion, as was the case with the Farm City Scheme discussed in this study. However, in such cases, the Directorate discussed the idea and made the final decision on whether to implement the idea. Therefore, the Head Office's dealings with the JNF office in London with regard to the Joint Land Purchase and Farm City Schemes act as a case study of the relationship among JNF offices in carrying out JNF prerogatives.

The Zionist Commission, established in March of 1918 to safeguard Jewish interests in Palestine and to act as a liaison with the British and the Arabs, evolved into the Palestine Zionist Executive (PZE) in 1920, and in 1928–29 became the enlarged Jewish Agency of Palestine (JA). The PZE, and later the JA of Palestine, 'formulated and implemented daily decisions regarding Jewish development in Palestine.' Zionist efforts in Palestine were enhanced as well by a London JA Executive that maintained communication with British politicians and with officials of the British Colonial Office and the Foreign Office. Several other Zionist bodies active in Palestine were affiliates of the JA: the JNF itself and the Palestine Land Development Company (PLDC); financial institutions such as the Keren Hayesod (Foundation Fund) and the Anglo-Palestine Bank; the Haganah (Jewish self-defense force); and the Histadrut (Jewish labor organization).<sup>78</sup>

### **The Zionist Conferences of 1919–20: continuing formulation of a national land and national capital policy**

Of particular importance in the analysis of capital investment in state-building is the relationship between national and private capital investment. JNF work in Palestine took place within the broader context of Zionist economic prerogatives. Jacob Metzger identified the period 1918–21 as the crucial period of debate on fundamental issues of Zionist political economy.<sup>79</sup> Positions expressed at important Zionist conferences held in 1919–20 represented the ‘broad economic convictions prevailing in the Zionist movement at the time.’<sup>80</sup> Positions ranged from those supporting allocation of financial resources in ‘accordance with profit-maximizing criteria,’ on one hand, to socialist Zionists who ‘wished to create an economy with non-private ownership of factors of production’ on the other hand. Socialist Zionists ‘assumed...the realization of their socialist ideology would rely predominantly on national capital.’ Arthur Ruppin, a leading Zionist settlement expert, represented a compromise between these two poles—he favored a private sector alongside a public-Zionist sector, the latter drawing on national capital resources. The majority of participants at the 1920 London Conference ultimately agreed with Ruppin’s idea of a ‘mixed economy.’<sup>81</sup> Metzger sums up nicely the economic program the Zionists decided upon in 1920:

the accepted position in the Zionist movement favored a mixed economy where the Jewish public sector was supposed to allocate national resources in order to, on the one hand, provide incentives for private economic activity and, on the other, to *guide it so as to guarantee compliance with Zionist ideology*. This [goal] was supposed to be achieved by *imposing effective constraints on the private uses of national capital...* According to the accepted Zionist view, the nationalization of labor was to be realized by making the private use of national capital *conditional upon adherence to the Jewish labor provision*.<sup>82</sup>

The JNF was not prohibited from soliciting private capital for land purchase. In fact, to have ‘adequate means’ to ‘enlarge its sphere of operations’ in Palestine, the JNF was authorized to ‘raise loans, of which the interest...[was] to be paid off through its leasehold rentals.’ Furthermore, to accelerate the purchase of ‘large portions’ of land in Palestine, the JNF was authorized to ‘devise means by which... private capital [could] also be utilised for the purchase of land...’ This proviso, however, came with a stipulation important to one aspect of the JNF’s cooperation with private capital during the Second World War—the JNF was to employ private capital for land purchase only under conditions that would ‘assure the subsequent transference of land so bought into the national possession.’<sup>83</sup> In other words, the JNF had to assure that land bought with private capital would eventually come under JNF ownership. How the JNF was to adhere to this stipulation was not clear. What was clear was Granovsky’s and other Zionists’ support for the idea of ultimately having all Jewish-owned land in Palestine, whether privately or publicly held, come into national ownership.<sup>84</sup>

Dissimilar to the purely economic definition of national capital,<sup>85</sup> the broader Zionist concept referred to ‘the flow of economic resources,’ given voluntarily by Diaspora Jewry and placed ‘at the disposal of the Zionist Organization operating as a public sector

in Palestine.’ The allocation of national capital, therefore, was fully controlled by the Zionist Organization. In this sense, national capital was viewed as the ‘antithesis of private capital.’<sup>86</sup> The obvious absence of a Jewish sovereign state in Palestine during the British Mandate period limited the Jewish community’s capital investments. Sovereignty, however, was not prerequisite for investments in such areas as infrastructure, public works, public services, and, of course, land purchase. These fields of endeavor became the focus of the Zionist Organization, and national capital was the major financial resource used in pursuing those endeavors.<sup>87</sup>

Zionist leaders also decided part of the national capital should be devoted to ‘the creation of a stock of physical capital, primarily land, owned by Zionist institutions.’<sup>88</sup> Metzger explains clearly the importance of national capital and national land in Zionist strategy:

A particularly important component of national capital was land. The idea of national land was an extension of the notion that Jewish possession of the Land of Israel was both a prerequisite and, for the time being, a substitute for Jewish political sovereignty. Nationalizing the land would reflect the collective right of the Jewish people as a nation to Palestine, as distinct from individual private property rights.<sup>89</sup>

Therefore, from 1920 forward, official Zionist land policy favored the idea of national land purchased with national capital. The JNF became the main instrument of the national land policy, and Zionist leaders widely agreed that contributions would be the major source for funding JNF land purchases.<sup>90</sup> Furthermore, Menachem Ussishkin, president of the JNF Directorate from 1921 to 1941, argued that JNF rural land (the main focus of JNF purchase to facilitate the Jewish ‘return to the soil’) should be set aside for moshavim (smallholders’ settlements) and for kibbutzim (communal settlements).<sup>91</sup> Because the moshav and the kibbutz fostered a close settlement of the land by Jews and were theoretically opposed to hiring non-Jewish labor, these settlements were the most numerous types established, and received priority in gaining access to JNF land throughout the Mandate period.<sup>92</sup> In other words, Ussishkin’s hopes were fulfilled.

## **The JNF and the British Mandate, 1920–39**

### *The Keren Hayesod and JNF finances*

The Zionist Organization established the Keren Hayesod (Foundation Fund, hereafter KH) at the 1920 Zionist conference in London to deal with the institutional and operational aspects of national capital (the KH was officially sanctioned at the Twelfth Zionist Congress in September 1921). The sphere of the KH’s work was in financing immigration and settlement. The KH had an initial capital of £25 million raised through contributions from Diaspora Jewry. Twenty percent of this money went to the JNF.<sup>93</sup>

The 1920s and 1930s were important in the JNF’s coming-of-age, both institutionally and financially. During the 1920s, the JNF’s financial base was limited because it ‘possessed neither independent status nor prerogative’ and Zionists viewed the JNF as a ‘stepchild’ compared to other Jewish institutions such as the PZE and the KH. The JNF

also faced increasing difficulties in raising funds in eastern and western Europe and in America. In short, because of the JNF's minor status within the Zionist Organization, its representatives were 'rebuffed by members of the local Zionist Organizations.' Overall, the Zionist Organization did not give the JNF any special priority in the competition over scarce financial resources. Therefore, throughout the 1920s the JNF lacked sufficient funds to pursue potential land-purchase proposals. The assets the JNF had were tied up in loans, mortgages, and other previous commitments. One commitment, the Sursock lands in the Jezreel Valley, tied up JNF capital for much of the decade. In the early 1930s, however, the JNF's financial situation improved and its public image within the Jewish community was enhanced in 1933–34 when, through the PLDC, it acquired the Huleh concession.<sup>94</sup>

In 1935, the JNF and the KH made an agreement to coordinate their activities in several countries, thus allowing the JNF to 'plan and implement a national land-purchase strategy.'<sup>95</sup> The Twentieth Zionist Congress (August 1937) renewed the agreement between the two institutions. According to the agreement, the KH was supposed to wind up its annual fundraising campaigns in most countries by the end of April so the JNF could run its campaigns in May. This system generally ran smoothly, although independent fund-drives carried on by Zionist groups and Jewish Palestinian organizations impeded KH and JNF campaigns in 1937.<sup>96</sup> And despite the agreement between the two funds, throughout the Mandate period the JNF had to compete aggressively with the KH in soliciting national capital.<sup>97</sup>

Apart from the 20 percent cut received from KH funds, the JNF maintained its own fund-raising enterprise. JNF annual income steadily increased between 1935 and 1938 (from about £P348,414 to about £P403,085 respectively: £P=Palestinian pound), a trend that continued throughout the war and beyond. By the late 1930s, the JNF was seeking additional revenues from several other sources. The first and most important source was contributions, including collections from the famous 'Blue Boxes' Jews kept in their homes and into which they dropped excess change for JNF land purchase.<sup>98</sup> Other sources included 'Golden Book,' tree, and land contributions, special campaigns (e.g., fund-raising for the Galilee campaign of 1936–37), and income from bequests and 'living legacies,' from bazaars and other public functions, and from JNF stamps and telegrams. The JNF also obtained loans.<sup>99</sup> Some of these sources of revenue are discussed in depth in later chapters.

### *British colonial and Mandate history*

Charles S.Kamen speaks of the 'controversy' over whether Palestine was a British 'colony'. He gives two major differences between the colonial status of Palestine and other British colonies (such as India and colonies in Africa). First, British enterprises found 'few investment opportunities' in Palestine because it lacked natural resources that could be profitably exploited. Furthermore, other than Jewish investment, the Mandate 'hindered' foreign investment that might have caused harm to the economic position of the Arab population. Second, Palestine was not a target of British settlement. Any interest in British settlement in Palestine had been limited by Ottoman resistance in the pre-First World War period; by the postwar period, the 'great age of colonization' was over. Finally, unlike Europeans in other colonies, the growing Jewish population in Palestine

did not consider Britain to be the 'mother country' for which Jews were acting as 'the vanguard for an expected wave of additional [British] settlers.'<sup>100</sup>

British sponsorship of Jewish settlement made the case of Palestine unique from both a colonialist and a nationalist perspective—namely, a world power facilitated the economic development and settlement of a people, mostly non-British citizens, who supported a non-British nationalist movement, political Zionism.<sup>101</sup> The scenario becomes even more unique if one considers the religious dimension of the Zionist movement, with all its Judeo-Christian implications.<sup>102</sup> Although the uniqueness of Palestine within the broader context of British (or other) colonial administration should not be overemphasized,<sup>103</sup> I argue that the Jewish nationalist and religious dimensions at least need to be mentioned.

Overall, British interests in Palestine were largely strategic rather than economic. Barbara J. Smith concludes that the Balfour Declaration of 1917 was not motivated primarily by 'sentimental and religious sympathies' but rather by 'immediate political expediency in the midst of war and longer-term considerations of Britain's position in the Middle East' Britain's main concern was protection of Egypt, and especially the Suez Canal. British rule in Palestine acted as a buffer to guard Egypt from the east. The Mandate also facilitated construction of an oil pipeline from Mesopotamia to Haifa and helped secure Britain's air routes to the east.<sup>104</sup> As holder of the Mandate for Palestine (1920–48), Britain had the responsibility to watch over and guide the process of 'transformation' that took place in Palestine, with its majority Arab and its growing Jewish populations.<sup>105</sup> Strategic interests in Palestine account, to some extent at least, for changing British policies toward the Jews and Arabs. The early years of the Mandate (up to about 1935) have been described as a British alliance with the Zionist movement,<sup>106</sup> whereas concerns caused by the Arab Revolt of 1936–39 and the possibility of war in Europe prompted the British to change course after 1939 in an attempt to appease Arab demands.<sup>107</sup>

### *JNF land purchase during the mandate*

Although the JNF was established in 1901, its main success in purchasing land came only during the Mandate period, particularly in the last decade (c. 1937–48). Kenneth W. Stein mentions five reasons for the success of Jewish land purchase during the first two decades of the British Mandate: the inherited Ottoman land regime, retained by the British after 1920, was quite vulnerable to manipulation; Palestinian Arab society was socially and politically divided, thus allowing the Zionists to move into the sphere of land acquisition largely without opposition; Palestine's rural economy was weak before, during, and after the First World War, and, therefore, left many Arab landowners susceptible to Zionist land purchases; the British acted only as an 'umpire' in Palestine and did nothing to strengthen the Palestinian peasantry's condition; and, finally, before 1939, the Zionists were able to use their special status under the Mandate to obtain their goals.<sup>108</sup> This last point was obviously not as true after the implementation of the Land Transfer Regulations starting in 1940.

A major factor facilitating the JNF's circumvention of British restrictions and regulations during the Mandate was the number of Arab landowners willing, and even eager, to sell their land. The JNF received land-purchase opportunities from large and

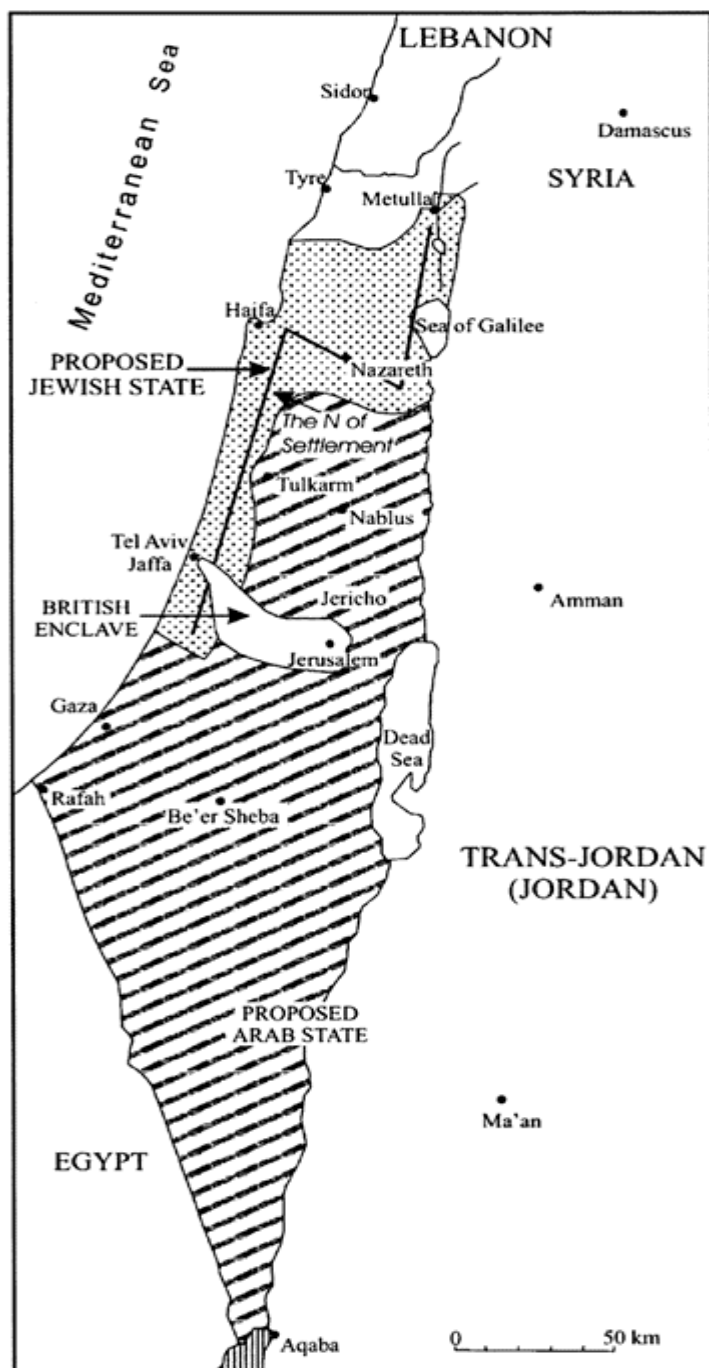
small Arab landowners despite strong Arab opposition in four periods: in 1918, following issuance of the Balfour Declaration; in 1930, when land transfer regulations were broached; in 1934–35, when public condemnation of land sales to Jews rose; and in 1940, when the Land Transfer Regulations were enacted.<sup>109</sup> To these dates can now be added the period 1944–45 when the Arab National Fund was making efforts both to stop Arabs from selling land and to impede JNF land purchase. Throughout the Mandate, the majority of these lands were purchased from absentee landowners,<sup>110</sup> although Stein clarifies that the Palestinian Arabs themselves—including many of those who led the nationalist cause in the 1920s and early 1930s—also made an ‘overwhelming contribution.’<sup>111</sup> Many of these Palestinian Arabs sold land under cover while verbally opposing Zionist aims.<sup>112</sup> Apparently, the only major limiting factor for Jewish land purchase before and after institution of the Mandate was, as mentioned throughout this study, insufficient funding.

National land purchased with national capital was the Zionist preference, but in accordance with the 1920 decision to have private and national capital work side by side (the ‘mixed economy’ compromise), private capital continued to pour into Palestine up to the late 1930s.<sup>113</sup> Lack of sufficient national capital at the disposal of the JNF between 1920 and c.1936 made private capital investment crucial to the ‘speedy redemption of the soil’ in Palestine.<sup>114</sup> In fact, as late as 1937, the JNF owned only about 385,000 dunams (30.5 percent of all land held by Jews in Palestine).<sup>115</sup> Therefore, after thirty-six years of land-purchase activity, the JNF still had far to go to obtain the goal of nationalizing Jewish land in Palestine.

### *The changing political scene, 1936–39*

The last decade of the British Mandate for Palestine was a crucial period for the British, for the Zionist movement, and for the work of the JNF. During the period 1920–36, Jewish land purchase had focused on the valley and coastal regions of Palestine (referring to the shape on Map 1.1).<sup>116</sup> Two major factors compelled the Zionists to rethink their land-purchase priorities. The first factor was the Peel Commission’s short-lived recommendation in 1937 to partition Palestine between Arabs and Jews. This recommendation led to the publication of a partition map, creating dividing lines that clearly indicated the importance of Jewish land purchase and settlement up to that date and, by extrapolation, for the future (see Map 1.1). The second factor—security considerations sparked by the Arab Revolt of 1936–39—highlighted the Zionist need to create contiguous territorial regions.<sup>117</sup> Therefore, after 1937 Zionist land purchasers consciously broadened their land-purchase priorities to focus on areas of Palestine previously neglected totally or at least underemphasized. From the mid-1930s until the end of the Mandate, the JNF played the central role in the purchase of land. Ussishkin articulated clearly the direction JNF policy should follow after 1937:





Map 1.1 Peel Partition Plan, 1937

We have to do our utmost to acquire distant tracts of land to insure the borders of our country as much as possible. It is the only way to create sound political facts...It is not only the question of agriculture which faces us now; first and foremost we must strike to assure the nation of adequate borders.<sup>119</sup>

The late 1930s also brought challenges and new opportunities in the realm of capital investment. The Arab Revolt of 1936–39 and the indication of approaching war in Europe made uncertain the profitability of private investment in Palestine. Granovsky points out that this turbulent period, combined with economic depression after 1929, prompted ‘the almost complete withdrawal of the private investor from the land market’ On the positive side, by 1939 Arab landowners were offering to sell more and more land. All these factors pushed the JNF to the forefront as the main Jewish land-purchasing institution.<sup>120</sup> Notwithstanding the JNF’s rise to prominence from the late 1930s onward, the ever-present challenge of obtaining sufficient financial contributions to purchase all the land offered for sale still remained.<sup>121</sup> The combination of almost complete withdrawal of private capital from the land market, insufficient national capital resources, the urgent need for strategically located land, and the increase in land-purchase proposals prompted JNF officials to consider other potential sources of revenue, including cooperation with private capital investors during the Second World War.

### CHANGES IN BRITISH POLICY IN 1939–40

The consequences of the Arab Revolt and of impending war in Europe also contributed to changes in Britain’s Mandatory policy during the last decade of the Mandate, especially regarding its obligations to the Jewish National Home in Palestine. The ‘pressure of strategic considerations’ weighed heavy on the British Government by the late 1930s, thus leading it to ‘ignore Jewish opinion and [to] meet Arab demands’ in Palestine. To counter past criticism, the British decided to implement a policy that would allow time both for the ‘evolution of participatory institutions’ and for a ‘degree of self-government.’<sup>122</sup>

To allow for such an ‘evolution’ to take place, the British needed to guarantee internal stability in Palestine. Therefore, they forged a new policy that promised to restrict Zionist aspirations. The new policy was embodied in the White Paper of 1939.<sup>123</sup> This document stipulated that within ten years Palestine would become an independent state with a constitution under which Arabs and Jews would share authority. The 1939 White Paper placed restrictions on Jewish immigration into Palestine, allowing 75,000 Jewish immigrants to enter Palestine over a period of five years (10,000 per year for five years plus immigration permits for 25,000 Jewish refugees fleeing Europe). Immigration after the end of the five years would require Arab approval. These were the same restrictions High Commissioner Chancellor sought but failed to impose on the Zionists as early as the 1929–31 period.<sup>124</sup> The White Paper also placed restrictions on the sale of land to Jews, a policy that became official with the February 1940 publication of the Land Transfer Regulations (hereafter LTR). The LTR divided Palestine into three zones in which Jewish land purchase was prohibited, strictly curtailed, or allowed to continue (see Map 1.2).<sup>125</sup>

The prohibited and strictly curtailed areas of Palestine were those areas in which Jewish land ownership patterns up to that point were minimal or nonexistent. The 'free zone' (where Jews could continue to purchase land) was the smallest of the zones. Covering some 319 square miles in the coastal plain, but including also the land around Jerusalem, the 'free zone' was identifiable as an area of dense Jewish land settlement before 1940.<sup>126</sup>

The implications of the LTR for JNF activities after 1940 were obvious. Specifically, JNF and Jewish Agency policy makers faced the question of whether to circumvent the LTR; and, if they made a decision to circumvent the LTR, they would need to determine how to proceed. Ultimately, the LTR notwithstanding, the JNF succeeded in purchasing land in both Zones A and B. The JNF also continued its land-purchase efforts in the free zone. As a result, the percentage of JNF land ownership vis-à-vis total Jewish ownership rose from about 34 percent in 1940 to about 51 percent by 1945.

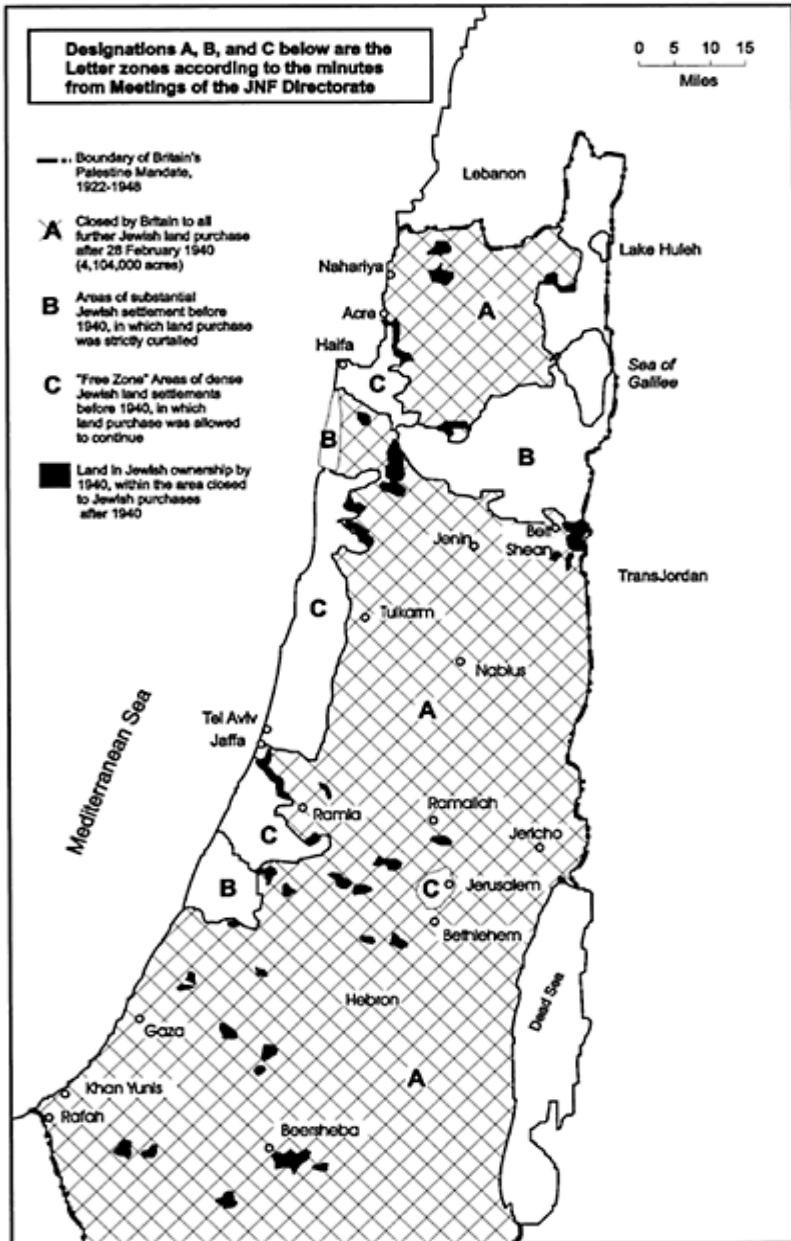
## **THE FOUR CASE STUDIES**

To discuss in more concrete terms the successes and failures of the JNF's financial policy and land-purchase priorities in Palestine during the Second World War, I present four case studies in the subsequent chapters of this book. These four studies are the JNF's Joint Land Purchase Scheme and its Farm City Scheme, and the JNF's activities both in the Huleh and in the Negev regions. Some explanation is needed as to why the case studies were chosen and how they fit into the overall topic.

### **The Joint Land Purchase Scheme and the Farm City Scheme**

Although the JNF held firmly to its ideal of obtaining contributions as the main source of national capital, the rising need for more land from the late 1930s onward demanded additional sources of revenue.<sup>127</sup> Therefore, starting about 1937, the JNF decided to solicit participation of private capital investors in several land-purchase and land-development schemes.<sup>128</sup> The Joint Land Purchase Scheme and the Farm City Scheme were two different approaches to cooperation with private capital during the war. The former was an actual investment; the latter involved a unique form of financial contribution.<sup>129</sup>

The Joint Land Purchase Scheme (JLPS) gave private individuals the opportunity to invest in land purchase jointly with the JNF. Individuals signed an agreement to invest a certain amount toward the JNF's purchase of a plot of land, with the eventual goal to have the land transferred to their private ownership. If the individual decided he/she wanted to withdraw from the scheme, the money invested converted to a loan to be repaid by the JNF over a period of time specified in the agreement. The JLPS was unique because part of the land the JNF purchased under the scheme became private rather than national land. Apparently Granovsky, and others who supported the idea of all Jewish land eventually becoming national land, believed the short-term advantage of having more capital for JNF land purchase outweighed the potential long-term disadvantage of losing plots of land to private ownership. The JLPS was introduced to potential investors in several countries. Although Jews in Romania and Belgium showed some interest in the scheme, the outbreak of war in Europe and the JNF's failure to obtain firm investment



*Map 1.2 Restrictions on Jewish land purchase according to the Land Transfer Regulations of 1940*

commitments ended the possibility of implementing the scheme in those countries. The JLPS eventually took root only in the UK. Although successful at first, the JLPS had failed by the end of the war for reasons that will be delineated in later chapters.

The Farm City Scheme (FCS)—based on an idea proposed initially by a British businessman named Fred Netler—invited individuals to contribute a specified amount of money (nonrefundable) to the JNF Charitable Trust<sup>130</sup> in return for the right to lease either 2½ or 5 dunams of JNF-owned land. The JNF also received £P5 from each participant. The individual then invested more money for the building of a small farm on his/her plot. Many such individual farms made up a ‘Farm City.’ The individual farm was to be for self-subsistence only, and lands leased for the FCS were close to cities such as Netanyah and Haifa so the individual could find outside employment. However, the fact that the exact nature of the FCS was not as clearly spelled out as was the JLPS led to some confusion and debate (discussed in Chapters 3 and 4) that FCS organizers had to iron out during the war. For example, because the contributors were middle-class individuals ‘with means,’ by 1942–43 some began to push for private industry in the Farm Cities proper. Although private industry was not part of the original vision, FCS organizers, after some debate on the issue, acceded to the FCS participants’ wishes. The JNF Directorate approved of the scheme and began to sign FCS ‘covenants’ (or agreements) with participants in 1941. Cessation of construction during the war and slowdowns caused by initial organizational problems delayed the development of the scheme throughout the war and into the postwar period. Thus, implementation of the FCS carried over into the period of Israeli statehood.

### **The Huleh and Negev regions**

The Huleh region and the Negev represented the territorial extremes in the north and south of Mandatory Palestine.<sup>131</sup> JNF interest in these regions was based both on Zionist land-purchase objectives in the wake of the partition plan of 1937 and, in the case of the Huleh, on agricultural and settlement potential. Interest in the Huleh region and the area north of the Huleh fit into the larger ‘On to Galilee’ campaign launched in 1937. The possibility that the British might restrict the northern borders of a proposed Jewish state, including the possibility of eliminating ‘the entire western section of the Upper Galilee,’ obligated the Zionists to view the north much more seriously. One JNF official stated, ‘we must arm ourselves by establishing “*fait accomplis [sic]*”, particularly as concerns the Jewish-owned area in Upper Galilee where our standing has hitherto been so precarious.’<sup>132</sup> The establishment of Hanitah on the northern border in western Upper Galilee (a stone’s throw away from Lebanon) was very important to Zionist activities in the north.<sup>133</sup> Strengthening the Jewish presence in the Huleh region to secure the northern border was also vital to Zionist policy in the north.

The JNF became involved in the Huleh region both through its involvement in two ‘consortiums’ and through independent land purchase. The JNF and the Africa-Palestine Investment Company organized ‘Consortium A’ for purchase of land in the Huleh Plain. ‘Consortium B,’ composed of the JNF and EMICA (JCA subsidiary in Palestine), focused on purchasing land north of the Huleh concession area. The JNF and the JCA/EMICA were also involved in negotiations over purchasing the Huleh concession

from the PLDC. These consortiums serve as other examples of JNF cooperation with private capital in the 1930s and 1940s and are worthy of further research. One official shared his opinion of the importance of national capital to Zionist efforts in the north: The investments of the [JNF] itself is [*sic*] the foundation of all land-purchase transactions in Upper Galilee. If national capital is not available all the schemes for cooperation with private capital must come to naught.<sup>134</sup> Although this opinion is a little overstated, private investors certainly did benefit from the Zionist organization's more centralized efforts in the north.

In early 1938, Consortium B was experiencing serious difficulties in its land-purchase efforts north of the Huleh. Most of the landowners, Arab residents of Syria, were 'apprehensive' to come to Palestine to conduct land negotiations and to arrange land transfer, a problem that would plague land-purchase efforts into the 1940s. Furthermore, negotiations with tenants on the lands being purchased were involved and drawn out. Nevertheless, the relationship between the JNF and the JCA/EMICA was in place for what was to come in the period covered in this book.<sup>135</sup>

The Negev to the south was excluded entirely from the Jewish state proposed in the 1937 partition plan. Thus, establishing a greater Jewish presence in the Negev through land purchase and settlement also became a very important Zionist objective into the 1940s. In the early years of the war, the JNF focused mostly on purchasing land in the northern Negev. In 1943, however, David Ben-Gurion encouraged JNF officials to look further south to Eilat. Expansion of JNF activity to the southern extremities of the Negev starting in 1943 was important to later developments that ultimately helped secure the Negev as part of the Jewish state proposed in the UN partition plan of 1947.

## **ORGANIZATION OF SUBSEQUENT CHAPTERS OF THE STUDY AND THE DEFINITION OF 'FISCAL YEAR'**

Four chapters (2–5), dealing with the period of the war (1939–45), make up the core of this study. In Chapter 2, I focus on key debates among the JNF Directorate members over JNF finances and land policy prospects at the beginning of the war (*c.* September 1939–April 1940). Chapter 2 also includes a discussion of the Land Transfer Regulations (LTR), published in February 1940, and of the decisions the JNF made to try to deal with the threatening restrictions. I have organized chapters 3–5 according to the same basic format, with each chapter covering two fiscal years organized under three main sections, each with a major heading. The first section deals with JNF finances, covering both income and expenditures. The second section presents information on JNF land purchase and other matters of land policy for the two years covered. The third section explores the four case studies highlighted in the study. For readers who desire to skip the first sections of each chapter and read only one or more of the case studies, I have presented the information with some sense of continuity from one chapter to the next. In chapter 6, I review the main conclusions reached in the study.

The Jewish year runs from 1 October to 30 September. The JNF's 'fiscal year' was based on the Jewish year. As a result, the Minutes of the JNF Directorate meetings usually present year-end financial and land-purchase information anywhere between September and November of each year. I use the same fiscal year system to present information on JNF finances and on land purchase. Consequently, fiscal year 1940 (or simply 1940) runs from 1 October 1939 to 30 September 1940, 1941 runs from 1 October 1940 to 30 September 1941, and so on.

## 2

### **Preparing for the challenge**

#### **Prospects at the outbreak of the Second World War, September 1939–April 1940**

The outbreak of the Second World War and the new political situation in Palestine created by the 1939 White Paper and the 1940 LTR required a new JNF strategy. During several meetings held between September 1939 and April 1940, Directorate members debated the main issues vital to the JNF's mission and made important decisions about its financial future and its land-purchase prospects and goals for the 1940s. Although faced with plenty of land-purchase opportunities at the end of 1939, the JNF's weak financial situation meant the Directorate would have to devise new sources of revenue and to prioritize land purchases. Granovsky introduced potential new sources of revenue (living legacies, sale of debentures, and participation of private capitalists in land purchase jointly with the JNF) to supplement free-will contributions, the JNF's main source of income. The decision was also made to increase efforts to obtain loans. For increased contributions and large loans, most Directorate members looked with great hopes to the Jewish population in the USA.

The JNF Directorate established two main objectives for the 1940s. The first objective, called 'outward expansion,' referred to the JNF's goal to expand its land holdings into regions of Palestine that, prior to 1940, had been either under-emphasized or altogether neglected. These regions included Galilee to the north (including the area north of the Huleh), Samaria and Judea (the modern-day West Bank), and the south (taking in both the northern Negev and the vast Negev itself). 'Internal expansion,' the second objective, involved purchasing more land in areas where the JNF already owned land to increase the Jewish presence throughout Palestine (either through land-development projects or through actual settlement), strengthening already-existing Jewish settlements, and 'filling in the gaps' between lands already owned by the JNF.<sup>1</sup>

Concomitant with the challenge of having to work within the confines of its financial limitations, the JNF also had to prepare for its struggle against the LTR restrictions. After much discussion, the Directorate decided to circumvent the LTR in every way possible but specifically formulated a plan to take advantage of four apparent exceptions allowed by the LTR in relation to Zones A and B—namely, the purchase of land from private Jewish landowners; the consolidation of JNF holdings; the purchase of land for which



land-files were opened before publication of the White Paper and the LTR; and the purchase of mortgaged lands put up for public auction.

### **JNF'S FINANCIAL AND LAND-PURCHASE PROSPECTS AT THE OUTBREAK OF WAR**

October and December meetings of the JNF Directorate and a speech given by Weitz in December 1939, spelled out the JNF's financial and land-purchase prospects at the outbreak of the war. In the October meeting, Ussishkin (Chair of the JNF Board of Directors) lamented over what he perceived to be the most serious problem the JNF faced at the time—i.e., the JNF had many opportunities for land purchase but lacked the financial resources needed to take advantage of them. Ussishkin placed before the JNF Directorate three possible courses of action to remedy this dilemma. The JNF could take 'brave and energetic' steps to 'redeem' large tracts of land in regions of Palestine perceived as important to the future of the 'people of Israel.' This step would require the JNF to take upon itself burdensome new debts without the immediate means to pay for them. The JNF could cease new land purchases for a period long enough to pay its outstanding debts and to gain more financial stability. To take this course of inaction would mean the cessation of the JNF's principal duty, land purchase, during a period that was crucial for the Zionist movement and for European Jewry. The last option would be for the JNF to seek what Ussishkin termed the 'golden course' (or the 'golden mean'): to take upon itself enough new financial obligations to 'rescue' as much land as possible under the difficult wartime and political conditions, but without placing upon the JNF an 'unbearable' financial burden. Ussishkin urged the Directorate to decide on one of these alternatives, based on the financial and land-purchase reports to be given by Granovsky and Weitz respectively. In doing so, he encouraged the Directorate to take into consideration the question of which of the three alternatives would be 'preferable for the future of the People of Israel' and would not 'endanger' both the JNF's financial position and its 'moral standing' as a Zionist institution representing world Jewry.<sup>2</sup>

#### **JNF finances at the outbreak of the war**

##### ***JNF budget of expenses for fiscal year 1940***

In the October meeting of the Directorate, Granovsky delivered the JNF's projected budget for the period from September 1939 to the end of October 1940. According to the budget report, JNF expenses during this period covered six major budgetary requirements. The first requirement was for the JNF to make a payment of £P523,500 to service its debts. The second requirement was to pay a total of £P270,000 both for the evacuation of Arab tenants from its lands and for land registration. The third budgetary requirement, totaling £P106,000, included payments the JNF had to make to the Keren Bitzaron (Fortification Fund—set up to fund security needs in Palestine) for fiscal years 1939 and 1940 (£P36,500 and £P15,000 respectively), for holding of lands and participation in new settlement (£P28,000), as investments in plantations (£P15,000), for land reclamation projects (£P6,500), and as a special allocation for a political fund to be

given to the chairman of the Jewish Agency in Palestine (£P5,000). The fourth budgetary requirement was for JNF organization, propaganda, and administration (£P50,000). The fifth requirement included payments for 'taxes, misc, etc.' (£P4,000). The sixth and final budgetary requirement was for 'other payments not included in the above' (£P50,000). The nature of these 'other payments' was not delineated in the meeting Minutes. Based on these six requirements, the total budget projected for all JNF expenses for fiscal year 1940 (September 1939 to October 1940) was about £P1,003,500. This total was substantially more than the total budget for fiscal year 1939 (£P600,000).<sup>3</sup>

### *Paying for the projected budget*

The important question was how to find the revenue to pay for the proposed budget. Granovsky made it clear that, although the JNF had worked for several years within a 'broad framework' financially, it did not have the liberty to enter into 'new and burdensome [financial] obligations' during fiscal year 1940. He held firmly to this stance throughout the Directorate's discussion of JNF finances and land-purchase policy at the beginning of the war. On the positive side, Granovsky pointed out that the 'crises' suffered by European Jewry (especially German and Polish Jewry) between the *Kristallnacht* of November 1938 and the onset of the war in September 1939 had translated into a financial blessing for the JNF—compared to the previous year (1938), net income for fiscal year 1939 rose 38 percent (from £P403,000 to £P557,000). The financial increases had come principally from the United States, the British Empire, and Palestine itself, an important trend that continued through the war and beyond.<sup>4</sup>

This positive financial development led to rising expectations for 'no less than half a million Palestinian pounds net' for expenditures in 1940. Nevertheless, Granovsky was worried about the financial prospects for covering the £P1,003,500 in budgetary expenses during fiscal year 1940. Between September and 8 October 1939, the JNF had reduced its financial obligations by £P106,000. With only £P 100,000 in its coffers, the JNF faced the challenge of coming up with the remaining £P800,000 or so. Up to 1939, the JNF had obtained its non-traditional financial income from several sources—sale of JNF debentures,<sup>5</sup> credit from banks, or through private lenders who, during the preceding three years (1936–39), had 'come often to the JNF and proposed loans for 3–5 years at 4–5 percent interest' However, the unstable situation caused by the outbreak of the war changed the financial scene. Banks stopped giving credit, and private lenders were wary about offering loans.<sup>6</sup> Furthermore, whereas private lenders had been flexible about the terms of loan repayment—sometimes even proposing to extend the time of the loan for one to two years—they quickly became 'punctilious to receive the payment on the due date.' According to Granovsky, the concern of private lenders did not arise from a lack of confidence in the JNF, but rather from a lack of confidence in 'the future stability of the lira [i.e., the £P].' Therefore, the JNF obviously would not be able to rely as much on credit from banks and private lenders, at least for the duration of the war. Granovsky concluded:

If, in fiscal year 1940, the JNF receives an income amounting to £P500,000 net and spends [it] for payments of its [outstanding] obligations (amounting to £P800,000), a burdensome obligation of

£P300,000 will still remain—not even taking into account new [land] purchases. This conclusion is a ‘stick with two extremes:’ at one end, the continuation of land purchases also makes necessary the continuation of the JNF’s organizational and propaganda work; at the other end, if the JNF doesn’t fulfill the financial obligations it has taken upon itself up to now, it will not be able to maintain [its financial] status.<sup>7</sup>

By December 1939, the JNF had paid £P250,000 on its debts using money from its own treasury (£P100,000), from outside donations, principally from America (£P97,000), and from other sources.<sup>8</sup> However, Granovsky, who had been more optimistic in the October meeting, declared that the JNF’s overall financial situation by December 1939 was ‘disheartening.’<sup>9</sup> Indeed, financial straits, caused largely by the uncertain investment market and by the fact that European sources of revenue were quickly drying up because of the wartime situation, forced the JNF to reduce certain areas of its budget by 20 percent.<sup>10</sup> Reductions included cutting several of its propaganda publications, ceasing altogether the translation of propaganda publications into other languages for their distribution abroad, and dismissing six ‘temporary’ workers at the Head Agency and in the JNF’s nationwide committee, plus several other reductions that were not delineated. Savings from these reductions helped decrease the JNF’s expense budgets for organization, propaganda, and administration by £P10,000 and were projected to bring a still further reduction of £P2,000.<sup>11</sup>

### *New sources of revenue*

Granovsky spelled out potential revenue sources available to the JNF at the end of 1939, suggesting, for example, that the JNF seek credit from banks in Palestine and small loans from private individuals willing to risk investment. In this regard, Granovsky reminded the Directorate of the rising difficulty of obtaining loans from eastern Europe because of both the political situation and the complications of transferring money out of that region. The USA, however, remained a viable source for obtaining loans. In fact, during fiscal year 1939, the JNF had arranged a \$1,000,000 loan in the USA but had received only half that total amount by October 1939.<sup>12</sup>

Granovsky introduced a proposal for three new revenue sources to help pay JNF debts and expenses. The first source was to obtain immovable property from ‘living legacies.’ In a real sense, the living legacy was a form of capital fundraising ‘on the border-line between the purely financial loan method and voluntary donations.’ A donor could give capital to the JNF and, in return, receive from the JNF interest in the form of a lifetime annuity. The living legacy idea applied to immovable property as well—e.g., the individual could transfer a plot of land or some other property to the JNF in return for a lifetime annuity. The JNF and the donor of a given living legacy sealed the ‘donation’ by signing a formal contract.<sup>13</sup> The living legacy program was first suggested in 1929 for implementation in the UK. Thereafter, the program became popular in Europe generally, and especially in Germany, where it was one of few ways the Jews could ‘save part of their property from the Nazis’ and ‘ensure an income in Palestine or elsewhere.’ The living legacy had an advantage over the traditional bequest because it avoided the difficulties that sometimes arise over the execution of wills.<sup>14</sup>

The JNF had access to land in Mt. Carmel and Haifa and to houses in Jerusalem and Tel Aviv, all acquired in the form of living legacies from donors in Germany and from residents of Palestine respectively. By late 1939, these properties had not yet officially been registered in the JNF's name because the donors, who were not yet deceased, hoped to use the value of the properties for purchase of agricultural land through the JNF. Furthermore, half of another living legacy (contributed in the form of real estate by a family named Goldberg) belonged to the JNF, the value of which would also 'serve the JNF for purchase of agricultural lands.' Professional assessors valued all these living legacy properties at £P150,000, although Granovsky estimated they were probably worth 30–35 percent more than that amount. The JNF could not sell the Goldberg property at the time, but it could 'receive on [the property] £P100,000 from capitalists through their participation in this property.' 'Participation' appears to have involved a loan from capitalists to the JNF for which the potential selling of the Goldberg legacy in the future would act as collateral. The General Manager of the Anglo-Palestine Bank, Mr Hopin, approved of this financial loan on behalf of interested capitalists.<sup>15</sup>

The second form of revenue enhancement was the issuance of debentures in US dollars. During the years 1937–39, the JNF received close to \$1,900,000 (about £P475,000) from the sale of debentures in the USA. Granovsky therefore proposed issuing a series of debentures for sale in Palestine and in other countries on condition that the JNF would pay the value of said debentures in dollars during a twenty-five year period after the war. During the war, the JNF would pay, in Palestinian pounds, only interest on the debentures. Granovsky estimated that this proposed scheme would bring £P300,000–350,000 into the JNF treasury. However, he warned that the debenture program might turn out to be a 'mixed blessing' if the British Government were to interpret the JNF's redemption of the debentures in *dollars* as a lack of its confidence in the British *pound*.<sup>16</sup> Granovsky was concerned such an interpretation would prompt the British to 'forbid issuance of the debentures' altogether.<sup>17</sup> Mr Hopin shared this concern and expressed his additional fear that the British Government might see the sale of debentures as 'unpatriotic' and thus overlook its potential to 'improve the economic situation in Palestine.'<sup>18</sup>

The third and last of Granovsky's proposals to increase JNF revenues was to solicit private capitalists to participate with the JNF in land purchase. The contract signed in this scheme would require the participating investor to give half or more of the cost of a certain plot of land that the JNF was about to purchase. The land would then be registered jointly in the name of the JNF and the participating investor, 'in shares appropriate to the amount invested.' The investor then received a three-year option to either receive his/her share of land when it was separated from JNF land or to receive the amount of money invested in the purchase plus 5 to 6 percent interest 'for the time that passed since the investment until reception of the money.'<sup>19</sup> The first area targeted for this particular financial scheme—eventually called the Joint Land Purchase Scheme—was the land of Wadi Kabani in the Sharon plain. Wadi Kabani consisted of 7,000 dunams at a cost of £P13.5 per dunam (amounting to a total of £P94,500). According to projected contracts between the JNF and private investors, the JNF would purchase 3,000 dunams of Wadi Kabani land at a total cost of £P40,500 and the private investors would purchase the remaining 4,000 dunams at a cost of £P54,000.<sup>20</sup>

### JNF land-purchase priorities at the outbreak of the war

Aside from revenues, a second issue of vital importance the JNF at the outbreak of the war was its land-purchase priorities. On two different occasions, Weitz shed important light on the JNF's overall land policy and on its land-purchase priorities at the outbreak of the war and for the early years of the 1940s. In an October 1939 report given before the JNF Directorate, he summarized JNF land purchases during fiscal year 1939. During that year, the JNF purchased and had transferred to its name more than 52,000 dunams. Of this total, 40,000 dunams were 're-deemed' from Arabs (compared to 31,000 a decade earlier, 1929).<sup>21</sup> The only year that equaled 1939, in terms of land 'redeemed' from Arabs, was 1921 when the JNF also purchased about 40,000 dunams. However, in 1921 the JNF had purchased most of the land from one landowner, the Sursuk family. In contrast, Weitz stressed that in 1939 the JNF 'redeemed' the 40,000 dunams from many different Arab landowners. He further highlighted the JNF's great land-purchase accomplishment in 1939 by comparing the very different political situations in 1921 and 1939. Although the JNF's purchase of 40,000 dunams in 1921 had come in the wake of the Balfour Declaration, in 1939 it had purchased 40,000 dunams despite the difficult circumstances created by the White Paper and by the last year of the 'Arab terror on the Jewish Yishuv.'<sup>22</sup>

Weitz also discussed yet unrealized land-purchase deals the JNF was negotiating by the end of 1939.<sup>23</sup> The lands in this category, totaling 43,295 dunams, were located in the Upper Galilee (8,300 dunams), the area north of the Huleh (19,742 dunams), the area bordering Acre (Akko) (1,400 dunams), the Bet Shean region (5,200 dunams), the Sharon Valley (4,453 dunams), and southern Judea-northern Negev (4,200 dunams). The projected total cost for these lands was £P375,280, of which the JNF had already invested £P23,520 by October 1939. The JNF projected investing the remaining £P351,760 during the next three years (1940–42), with the largest payment (£P225,260) to be made during fiscal year 1940.<sup>24</sup>

Apart from these financial obligations, the JNF was also conducting negotiations in October 1939 for the purchase of about 19,500 dunams (at a projected cost of £P114,000) spread throughout many of the aforementioned areas, with the largest area (10,000 dunams) in the Upper Galilee. Weitz projected completion of the purchase of these 19,500 dunams during fiscal year 1940. He pointed out that the JNF could pull out of these purchases, even 'at the last minute,' if it saw the need.<sup>25</sup>

Finally, Weitz put forward another list of about 120,000 dunams not hitherto brought before the Directorate, the purchase of which would require about £P1,000,000 beyond the costs already mentioned. These lands were located in the northern Negev, the Sharon and Jezreel valleys, near Acre, and north of the Huleh. The lands in the northern Negev included Iraq el-Manshiya, Somail, and Barbara, and land-purchase proposals in Huj and Bureir put forward by Moshe Smilansky.<sup>26</sup> The latter were 'close to being realized' and the Arab owners were 'ready to deliver the lands' by December 1939.<sup>27</sup>

In the region north of the Huleh, 25,300 dunams of land had already been transferred to the JNF and to its partners, EMICA and the Africa-Palestine Investment Co. (the larger part—21,000 dunams—coming specifically into JNF ownership), and a further 10,000 dunams were being prepared for transfer. The JNF was also interested in 12,000 dunams owned by Amir Fa'ur (a large landowner of the al-Fadl tribe in the Golan)<sup>28</sup> but had not yet arranged negotiations for their purchase. Furthermore, it had entered into negotiations

on new purchase proposals adding up to another 18,000 dunams. Altogether, these areas north of the Huleh amounted to 65,000 dunams. Combined with the 42,000 dunams included in the Huleh concession proper, the grand total came to about 107,000 dunams, 'in other words, most of the Huleh Valley.'<sup>29</sup>

Weitz forecasted a two-year time period to carry out the preceding purchases, barring unexpected political obstacles. He argued that pursuing these land acquisitions would greatly strengthen the position of JNF landownership. He warned against repeating the mistake made during the First World War, when the Zionist Organization refrained from purchasing lands in Palestine except for isolated cases (such as the purchase of land in Mt. Carmel). Furthermore, he recalled the 'lesson' learned up to 1939 that 'salvation' does not come through 'declarations' (referring to the Balfour Declaration) but rather through 'strengthening the land foundation' that, from the Zionist perspective, was the political foundation for a potential Jewish State. He suggested that the JNF, in its land redemption efforts, should focus on all of Palestine but specified the Upper Galilee, the region north of the Huleh, the northern Negev, and the Sharon Plain as special areas of importance.<sup>30</sup>

In a December 1939 speech given to the workers of the JNF's Department of Propaganda, Weitz further clarified the JNF's overall land-policy priorities for coming years. He explained the JNF's dual policy to penetrate underemphasized or new regions of Palestine ('outward expansion') and to strengthen existing settlements ('internal expansion'). He further emphasized the many land-purchase opportunities the JNF was negotiating by the end of 1939 that, if realized, would help it to carry out the dual policy of expansion.<sup>31</sup>

For 'outward expansion,' Weitz placed a priority on northern Palestine, especially the critical region north of the Huleh in the eastern Galilee. In the western Upper Galilee (the Hanitah Bloc), the possibility of purchasing several thousand more dunams would allow the JNF to complete its goal of creating a bloc of 25,000–30,000 dunams in one contiguous unit with Hanitah serving as the center.<sup>32</sup>

In the northern Negev as well, 'new horizons' were opening up to the JNF that presented the opportunity to 'insert stakes' in that region, stakes that Weitz believed would serve as holding points for 'expansion of [the] borders of settlement' in the south as a whole. For example, certain Jewish capitalists (headed by Moshe Smilansky) who had invested capital in land purchases in the Gaza District were not able to complete the land deals before the outbreak of the Arab Revolt. By the end of the revolt, the investors had withdrawn from the land market altogether; and, as a result, the Arab landowners failed to hold the Jewish investors to their previous obligations to purchase the lands involved. The JNF's concern about losing the lands and the private money already invested led to a desire to purchase the lands. These lands, combined with new land-purchase proposals in the same region by the end of 1939, amounted to 46,000 dunams. About half of the lands offered were in the border area between the south and the Negev—the place where, according to Weitz, 'permanent Arab settlements stop and the area of the bedouin tribes begins.' Weitz emphasized the great importance of a large portion of these lands (about 20,000 dunams) for the JNF's political-settlement work and specifically for the creation of four to five Jewish settlement points in the southern region.<sup>33</sup>

The JNF also faced the opportunity to open for land purchase and settlement the previously unmentioned Nablus-Jenin-Tul Karm region, also known as the ‘dangerous triangle.’<sup>34</sup> Land offered for sale in this region totaled 60,000 dunams and did not consist of small noncontiguous plots, but rather of united blocks of 10–20,000 dunams. Weitz mentioned that one of these blocks was a 20,000-dunam tract of land adjacent to the Nablus-Jenin highway. This area was, in Weitz’s words, ‘saturated with memories from the days of our Samaria [apparently referring to the days of ancient Israel] that, whenever we passed through it in the good days [before the Arab Revolt] on our way from Jerusalem to the north, the heart was saddened that we did not have any hold on it [i.e., did not own or control it].’ A second proposal was for a plot on the Nablus-Tul Karm highway. Weitz also talked about the Ramallah-Jerusalem highway as an area that was beginning to be mentioned in the list of land sale proposals.<sup>35</sup>

‘Internal expansion,’ the second land-policy objective, referred to the further expansion of large blocs of JNF-owned land located in the main centers of Jewish settlement—the Zebulun Valley, the Jezreel Valley, the Bet Shean region, and the Sharon. For example, the borders of JNF land ownership in the Zebulun Valley could be extended northward toward the Galilee. Moreover, land-purchase proposals were being offered near Mishmar Ha-Emek (in the Jezreel), stretching from the hills of Ephraim to Jenin. JNF ownership in the Bet Shean region also stood to be extended by thousands of dunams. Finally, land proposals in the Sharon amounted to 29,000 dunams, including the important Wadi Kabani—the purchase of which was close to realization (see JLPS in Chapter 3)—and several smaller plots in the areas of Tel Mond, Haderah, and Even Yehudah. Although smaller, the latter plots of land were important because they bordered already existing agricultural settlements that, without these new purchases, would be ‘stricken with deficiency, blemishes, and undesirable neighbors.’<sup>36</sup>

In summary, the land-purchase proposals before the JNF by December 1939 amounted to a total of about 246,000 dunams, at a projected cost of £P1,750,000. Weitz emphasized that 246,000 dunams was a large figure, the likes of which ‘had not been spoken of for many years, and perhaps not in the whole history of [the JNF’s] work.’ ‘Nestled in my heart,’ Weitz concluded in his address to the JNF workers, ‘is an anxiety... I have not known during all the years of my work with the JNF, and it is very painful.’ His anxiety was caused by the ‘tragedy’ of an ‘empty fund’ that meant the JNF would only be able to realize a small part of his vision for land redemption.<sup>37</sup> Given the immense possibilities for land purchase in the first months of the Second World War, the JNF’s weak financial situation was unfortunate indeed.

### **Discussion and decisions concerning the JNF’s land-purchase goals and financial status**

At an October 1939 meeting, at which David Ben-Gurion was present, members of the JNF Directorate discussed both the financial and land-purchase issues and made specific decisions on how the JNF should proceed. The interrelationship between JNF finances and JNF land-purchase goals meant that any decision reached about the JNF’s course of action for land purchases during 1940 and beyond would be affected by the JNF’s financial situation. All Directorate members agreed on the importance of the various regions Weitz mentioned in his October report. Rabbi Meir Berlin added the region Weitz

identified in his address to JNF workers as the 'dangerous triangle.' He emphasized the need to 'conquer the "opening" between Jerusalem, Haifa, and the Jezreel Valley,' and argued for including this region with the coastal region and with the Upper Galilee as the focus of JNF efforts. Ultimately, however, the reality of the JNF's weak financial position forced Directorate members to lower their sights a little. Ussishkin's pragmatic suggestion to pursue a 'golden mean' came to the fore as the most viable option. He argued adamantly that the JNF should not cease the 'redemption' of Palestine, 'even for one day.' Nevertheless, recognizing the JNF's financial limitations, he proposed a plan to purchase new lands only for the first half of fiscal year 1940, and called for another Directorate meeting to be held sometime in 1940 to discuss what to do in the second half of the year. Ussishkin admitted that, in light of all the land the JNF had the opportunity to purchase, his proposal was, unfortunately, a 'minimalist scheme.'<sup>38</sup>

In specific terms, he proposed purchasing 30,000 dunams at a cost of about £P250,000, of which the JNF would pay £P118,000 during fiscal year 1940. This plan represented a mere one-quarter of the total land-purchase proposals put forward by Weitz in his October report (i.e., 120,000 dunams at a total cost of about £P1,000,000). Ussishkin declared his readiness 'to venture in making this step,' if all Directorate members would support him in taking upon themselves part of the responsibility. Assuming the Directorate's acceptance of his pragmatic 'golden mean,' Ussishkin argued that the JNF should focus on three regions. He emphasized first and foremost the coastal region, especially the Wadi Kabani, the land of Abdullah Samara (including the natural port of Abu Zevura to act as an important 'bridge' between Haderah and the Hefer Valley), and land south of Netanyah. Next, he highlighted the importance of the Upper Galilee region, where the JNF needed land to strengthen the settlements of Hanitah and Eilon so they would not 'degenerate.' Finally, he mentioned the region north of the Huleh, specifically the land of Amir Fa'ur.<sup>39</sup>

Three Directorate members either opposed this view or had reservations. Shocken believed Ussishkin's proposal was good, but needed more details both about the JNF's financial status at the time and its financial prospects for one to two years into the future. Yitzhak Wilkansky, an agronomist and chief advisor on agriculture to the Jewish Agency, suggested that the Directorate should not discuss the affairs and needs of the JNF in isolation from the economic needs of the Yishuv as a whole.<sup>40</sup> He feared that the Yishuv faced imminent economic collapse, and therefore believed the JNF should take into account the larger picture and focus on a broader 'network inclusive of all the Yishuv,' to buoy the region up economically. Although Wilkansky's suggestion was no doubt heartfelt, Granovsky argued for separating the general longer-term economic needs of the whole Yishuv from the more immediate and expedient political need for land. Both concerns, of course, were valid and important Zionist priorities; but, in hindsight, to obtain the goal of a Jewish state (or homeland), *purchase of land did prove to be more immediately important*. Granovsky also opposed Ussishkin's plan outright because, given the JNF's need to pay its outstanding obligations, he could not see where the money would come from to pay for the new land purchases even if based on a 'minimalist scheme.' Therefore, in consideration of the JNF's financial situation, Granovsky proposed that the Directorate discuss each specific land-purchase proposal to clarify options for its realization.<sup>41</sup>



In the end, however, Ussishkin pushed for his plan, placing great hope in the 'people of Israel' to come through financially to pay both for the JNF's outstanding obligations and for the new land purchases proposed in his plan. He then put his proposal to the vote since his plan was the first presented to the Directorate. Acceptance of his proposal by the majority would indicate the Directorate's rejection of Granovsky's and Wilkansky's proposals. Ussishkin, Ben-Gurion, S.Juchovitsky (a Polish farmer who had formerly lived in Russia), Berl Katznelson (a leading personality in the Jewish labor movement), and Hermann Struck (a Zionist-oriented graphic artist) voted for Ussishkin's proposal.<sup>42</sup> Granovsky and Wilkansky opposed. Shocken, because of lack of more details on JNF finances, abstained from voting.<sup>43</sup> This vote to go forward with Ussishkin's proposed scheme set the stage for land purchase in 1940.

In the area of JNF revenues, the Directorate decided to pursue living legacies and participation with private capital as sources for JNF budget support during the 1940s (although in a specific case of participation of private capital—the Joint Land Purchase Scheme—some concerns would be raised at a later date). Furthermore, the Directorate accepted 'in principle' the idea of issuing debentures to be paid in dollars after the war, although members voiced mixed opinions about the plausibility of realizing the idea. Unfortunately, the whole question of debentures became academic once the Government of Palestine finally spoke on the issue. It prohibited 'all issues of debentures except with special permission.' The 'small' chance of securing permission was 'reduced still further' after publication of the Land Transfer Regulations of 1940.<sup>44</sup> Although the Directorate Minutes speak of income from debentures in the early 1940s, ultimately this source of JNF revenue petered out.

Some Directorate members shared their opinions on the importance of America in the future of JNF finances. Of those who commented—Berlin, Juchovitsky, Katznelson, and Ben-Gurion—Berlin and Ben-Gurion were the most optimistic about the prospects of fundraising in America. Berlin viewed America as a 'great refuge' for Jewry. He was pleasantly surprised to learn the JNF had obtained \$500,000 (about £P125,000) in loans from American Jewry, a fact that confirmed his hopes and led him to believe the JNF could obtain even \$1,000,000 (about £P250,000) in loans. The 'proof he gave for his optimism was the fact that the \$500,000 loan had not reduced the income of other fundraising activities in America. Therefore, he placed great hopes in America and even viewed the world war as an advantage to JNF fundraising efforts among Jews there.'<sup>45</sup>

Ben-Gurion acknowledged that the situation of Zionism in the countries of the Diaspora, including America, was not very 'bright.' However, he assured Directorate members that the Jews in the Diaspora clearly understood that 'no prisoner releases himself from prison.' Ben-Gurion also believed Palestine acted as a 'moral lighthouse' that was capable of waking up the Jews in the Diaspora generally, and in America—the center of the Diaspora—specifically. He held the JNF management in Jerusalem at least partially responsible for the fact that American Jewry gave only \$500,000 of the \$1,000,000 solicited in fiscal year 1939, claiming the JNF management 'did not give all the needed encouragement to the managers of the undertaking there.' Juchovitsky also expressed some hope in the possibility of arranging loans both in Palestine and abroad, but principally in America. Katznelson was more skeptical. In his travels abroad (he had only recently returned to Palestine), he saw no sign anywhere of a Jewish or Zionist 'awakening.' He stressed that no one anywhere asked questions about what was

happening in Palestine. As a result, Katznelson doubted that the Jews of America would help the JNF in its efforts in Palestine. Indeed, he believed that American Jews might 'stand aloof' from the JNF or even oppose it outright.<sup>46</sup> In the long run, however, the 1940s justified Berlin's and Ben-Gurion's optimism about the role of America. Indeed the United States especially increasingly became the greatest contributor (including granting of loans) to JNF efforts in Palestine, overshadowing the contributions and loans from all other English-speaking and non-English speaking countries of the Diaspora.

### **CHALLENGING THE JEWISH NATIONAL HOME: THE LAND TRANSFER REGULATIONS**

Lack of funds was not the only challenge the JNF faced entering the 1940s. On 29 February 1940, the British Government published the Land Transfer Regulations (LTR), the official statement of policy alluded to in the British White Paper of May 1939 that restricted land transfers to Jews (see Fig. 1.2).<sup>47</sup> Just as the JNF's weak financial situation had forced the Directorate to reevaluate its land-purchase goals at the end of 1939, the LTR now compelled Directorate members to rethink, in the most general of terms, both the JNF's land-purchase goals and its methods of land purchase. The LTR complicated and, in many cases, impeded the JNF from achieving all its land-purchase goals up to 1948, but notwithstanding this obstacle, the JNF would succeed in purchasing lands both in the forbidden zone (Zone A) and in the restricted zone (Zone B). It also continued its activities in the free zone—where no restrictions were placed on Jewish land purchase (hereafter called Zone C).<sup>48</sup> As a result of continued land-purchase efforts, the JNF established 'stakes' in previously ignored and underemphasized regions of Palestine, most notably in eastern Upper Galilee and in southern Judea and the Negev. In fact, the extension of JNF land ownership to new regions ('outward expansion') and its success in creating contiguous Jewish areas by purchasing lands near settlements already under Jewish ownership ('internal expansion') would actually influence the borders of the United Nations partition scheme passed in November 1947.

Two important meetings took place to consider how the JNF should deal with the LTR. The first, held on 3 March 1940 (less than one week after publication of the LTR), brought together the JNF Directorate and all managers of JNF Departments, members of the Jewish Agency management (including assistants and the Jewish Agency Attorney General), and members of Va'ad Leumi, the Jewish National Council in Palestine. The second meeting, involving the JNF Directorate and Weitz only, was held on 11 April 1940. Participants in these two meetings addressed several questions. Given the fact that the LTR applied retroactively, being 'deemed to have come into force on the eighteenth day of May, 1939,' Ussishkin raised the question of whether the JNF should seek the High Commissioner's official approval concerning 32,300 dunams that had been registered in the JNF's name during the nine months between the publication of the White Paper (19 May 1939) and the publication of the LTR (29 February 1940). Most of these dunams were in Zones A and B (about 27,080 dunams combined) and had been purchased almost equally from Palestinian and non-Palestinian Arabs. The remaining dunams (about 5,200) were in Zone C. Negotiations for all these lands (excluding 600 dunams in the south) had begun before publication of the White Paper.<sup>49</sup>

M.Rutenberg (member of Va'ad Leumi) argued that the JNF should not consult the High Commissioner, but instead should settle the said lands immediately 'without commotion and without publication in the newspapers.' Weitz pointed out that one obstacle to the settlement option was that some of the areas in Zones A and B were *musha'a* (lands under communal ownership held by the villagers in undivided shares).<sup>50</sup> The JNF-owned shares could not be settled because they were 'scattered among the Arab plots,' thus making the reception of these lands impossible 'without prior agreement with the Arabs who worked these plots previously.' Nevertheless, agreeing with Rutenberg, Ben-Gurion and Ussishkin supported immediate settlement of the lands. Ben-Gurion exclaimed, 'If the land is in Jewish hands, it will not be easy for the government to expel them from it.' The final decision made on the issue sanctioned not seeking the High Commissioner's approval on the question of registration of the 32,300 dunams. Participants in the meeting also decided to support the settlement of all vacant Jewish-owned lands (both JNF and private) in Zones A and B.<sup>51</sup>

The second question discussed during this period, raised anew by Rutenberg, was whether the JNF should refrain from land purchases for a time. The JNF's lack of funds had prompted this question at the end of 1939. The financial concern persisted but was now accompanied by the legal issues of land purchase raised by the LTR. Rutenberg opined that the JNF should abstain from new land purchases, even suggesting that the Jewish Agency should instruct the Jewish community not to buy land in any zone of Palestine. Rutenberg believed ceasing land purchases would cause economic damage to the Arabs and would reduce the Government of Palestine's treasury. Apparently Rutenberg hoped such ill effects of the LTR would help bring an end to the land transfer restrictions or at least force the Government of Palestine to be more lenient in executing the LTR. 'Meanwhile,' he continued, the JNF should 'collect money and create a financial reserve for purchase of land in the future.'<sup>52</sup> Both Berlin and Katznelson opposed Rutenberg, claiming he founded his reasoning on mere 'political speculation' and 'assumption.' Katznelson further argued that ceasing land purchases would lead to the 'impoverishment' and 'degeneration' of the JNF's work in particular and of the Zionist movement in general. As earlier, Ussishkin also opposed stopping land purchase 'even for a limited period.' Once again, Ussishkin's opinion won the day, and participants accepted the decision to continue land purchases.<sup>53</sup>

The decision to continue land purchases raised other questions for discussion. For example, should the JNF work within the framework of the LTR or should it attempt to circumvent the law? And if discussants supported circumvention, how should the JNF proceed in its work? The answer to the question of circumvention led into the discussion on where the JNF should focus its land-purchase activities. The latter question was not new, but the JNF Directorate concluded that the land transfer restrictions warranted reopening the question for discussion. Granovsky identified circumvention as the 'principal question' he wanted members of the joint meeting held in March to address. Ussishkin seemed somewhat uncertain on the question. Although he believed the JNF should attempt to circumvent the LTR, arguing that the JNF should buy in all zones whether the purchases were legal or not, he remained skeptical about the possibilities for success in these efforts. At the time of the joint meeting in March 1940, he could not see a 'practical and serious' possibility for illegal land purchase because the precarious nature

of land bought in illegal areas would 'endanger much money.' In the March meeting, therefore, he pushed for not establishing a fixed policy on the question.<sup>54</sup>

By the April 1940 meeting, Ussishkin (along with Granovsky and Weitz) had met with Zionist legal authorities on the question of circumvention. Although they discovered possible loopholes in the LTR,<sup>55</sup> Ussishkin was concerned that if the JNF tried to take advantage of those loopholes to purchase and transfer land, the courts would surely declare the transfers illegal and ultimately the Government of Palestine would be forced to amend the LTR to stop such activities. Ussishkin also foresaw a potential 'danger' in transacting clandestine land deals with Arabs in Zone A—namely, after receiving the money for his land, the Arab in a given deal might reveal the land deal to the Government. In this scenario, the JNF would lose the money paid for the land and, very likely, the land as well. Therefore, by April 1940, Ussishkin was convinced the JNF should 'continue along the legal path.'<sup>56</sup>

Granovsky, like Ussishkin, had concerns about the added complications circumvention might cause for the JNF but still remained open-minded on the question of whether the JNF should attempt circumvention. He revealed that in the legal meetings held to identify possible loopholes in the LTR, he, Ussishkin, Weitz, and the lawyers had discussed making two possible arrangements with Arab landowners. The first arrangement would be to purchase land in Zone A clandestinely 'without receiving, for the time being, certificates of registration.' According to the second arrangement, the JNF would create 'Jewish tenancy on Arab land[s]' it was interested in purchasing, with the idea that if and when the legal-political situation improved, the JNF would legally purchase the land and have it transferred to its name. Granovsky warned that these arrangements, if pursued, might lead to more problems for the JNF that would only contribute to the difficult political situation the JNF already faced in 1940. If the main goal was to 'cause the lands law [LTR] to fail,' Granovsky maintained the method to accomplish that goal remained open for discussion.<sup>57</sup>

Ruppin, Berlin, Juchovitsky, and Shmorek gave short and to-the-point opinions on the issue. Ruppin wanted to protest the LTR, even before the 'King's Council' if necessary, but seemed to support working within its confines. Berlin believed that the Jewish Agency's Political Department should decide the means to circumvent the LTR, whereas the JNF would do 'the actual deed' through purchase of land. Juchovitsky suggested the Government of Palestine might not forbid purchase of illegal lands (according to the LTR) if the JNF purchased such lands 'at a slow pace.' If, on the other hand, the JNF purchased illegal lands too quickly, the Government would 'certainly issue an additional law that would prevent retroactively circumvention of the lands "law".' Finally, Shmorek supported circumvention and believed that, if such efforts succeeded, the JNF should go forward with its land-purchase objectives.<sup>58</sup>

Ben-Gurion, agreeing with Ussishkin's more flexible approach held that the JNF should not be 'dogmatic' in its land policy but rather should appraise any potential land purchase according to its political, settlement, security (specifically of Jewish-owned lands), and strategic importance. Because Ben-Gurion believed no other institution was willing to engage in illegal land purchases ('and especially not a private Jew'), he argued for the JNF to fill the void—i.e., if the JNF truly believed its goal to 'redeem the land' was a divine 'commandment,' it should feel duty-bound to redeem illegal land as well. He placed great importance on the need for a well-calculated plan to fulfill this duty.<sup>59</sup>

For the immediate future, however, Ben-Gurion reminded participants that the British Parliament was scheduled to discuss the LTR on Wednesday 6 March (three days after the JNF's 3 March meeting). Although he conceded, perhaps somewhat naively, that the JNF should not 'engage in Zionist politics,' he understood fully that the success or failure of JNF activities 'depended on politics.' Therefore, he urged Directorate members and JNF supporters to do all they could in the three days before the parliamentary debate to 'assist the friends of the people of Israel and the Zionists' (i.e., pro-Zionist members of the British Parliament) in their battle against the LTR. Ben-Gurion again supported creating a *fait accompli* by settling lands in Zones A and B. However, he suggested the JNF 'postpone for several days the usual land problems until after the debate on the new lands "law".'<sup>60</sup> Ruppin, in an impassioned reply to Ben-Gurion's invitation, attempted to prick the conscience and play on the sympathies of parliamentary members debating the LTR by reminding them of the Jewish plight:

Our friends in Parliament [should understand that] for two thousand years our enemies and opponents blamed us for staying away from [or avoiding] the land and accused us of not being capable of agriculture. And behold, after two thousand years they forced us [*sic*] to return, overtake, and cultivate the land of our birth, and we [therefore] focused our principal strengths in creating a great rural settlement [Yishuv]. And now the new land 'law' is likely to paralyze our enterprise.<sup>61</sup>

Ultimately, however, neither strong protests nor appeals to conscience on the part of the Jewish Agency and pro-Zionist MPs changed the course of the British Government in implementing the LTR.<sup>62</sup>

On the question of circumvention, Wilkansky, for his part, opposed entering the areas forbidden by the LTR, not for fear of losing money but rather for fear of a conflict with the Palestine Government that might likely lead to losing the right to purchase land in Zone C. Furthermore, he feared circumvention would provoke the High Commissioner to 'take revenge' on the JNF and thus reject land purchases that he might otherwise permit.<sup>63</sup> Katznelson suggested establishing Jewish settlers on state lands<sup>64</sup> and proclaimed that 'if the government denies the Jews the possibility to purchase land with money, the Jews will conquer government [state] lands through the force of labor.' He believed that the same Zionist political-settlement plan used to purchase and hold the land of Hanitah could be used on state lands as well. He foresaw a 'war' in the area of 'conquest of government [state] lands,' and advised the JNF and the Jewish Agency to set apart the 'appropriate means' for such a contingency.<sup>65</sup> Finally, Weitz did not see the need to work illegally in Zones A and B, given the fact the JNF could purchase lands in those zones 'in accordance with the lands "law".' However, if the JNF did indeed decide to circumvent the LTR, Weitz emphasized the importance of pursuing several purchase proposals along the Jerusalem—Tel Aviv highway (amounting to about 10,000 dunams at a sum of £P50–60,000), negotiations for which had begun after 18 May 1939.<sup>66</sup> After all Directorate members had voiced their opinions about circumvention, the JNF decided to appoint a committee to clarify legal and practical possibilities and impossibilities for land purchase under the LTR. The JNF also took upon itself the responsibility to arrange accurate research on the situation of lands in Zones A and B to distinguish which lands

were owned by non-Palestinian or Palestinian Arabs, which lands were mortgaged, and which were state lands.<sup>67</sup>

### **PROPOSED JNF LAND-PURCHASE POLICY UNDER THE LTR**

Discussants in the March and April meetings addressed other questions related to the course of JNF land policy under the LTR. These questions included where the JNF should focus its land-purchase activities and what specific methods of land purchase the JNF should use in Zones A and B. The 3 March 1940 meeting's discussion demonstrated the variety of ideas under consideration vis-à-vis LTR restrictions and the JNF's weak financial situation. Greenbaum, Ussishkin, Katznelson, Shmorek, Kaplan, Weitz, and Wilkansky all shared their opinions on the importance of prioritizing JNF land-purchase efforts. First, all participants agreed that the purchase of land in Zones A and B was a top priority. They based their opinions on certain requirements to fulfill Zionist strategic land-purchase, economic, and settlement goals: the need to create urban settlements in Arab cities like Gaza, Beersheba, Nablus (Shechem), Tul Karm, and Jenin both to 'break the "out-of-bounds-settlement" attitude' regarding Jewish settlement in those zones and to establish new Jewish industrial branches in Arab cities (Ussishkin and Greenbaum respectively); the 'practical need' for land ownership in Zones A and B to expand areas adjacent to existing Jewish holdings (Katznelson); the need to fulfill Zionist political 'strategic-technical' goals in Palestine (Kaplan); the importance of prioritizing the 'redemption' of large tracts of land along the Jerusalem-Tel Aviv highway (to create a corridor between Jerusalem and the coast), near Ramallah, along the Hebron highway, and on the road to Nablus (Berlin); and the need to strengthen the national economy by purchasing, cultivating, and settling new lands (Wilkansky). Furthermore, Weitz stressed the importance of the Negev and the area north of the Huleh (Zone A) and Greenbaum emphasized the need for land purchase in Western Galilee (Zone A).<sup>68</sup>

The second topic addressed by participants was the JNF's land-purchase priorities vis-à-vis Zone C. All except Wilkansky, and perhaps Weitz, held some reservations about Zone C purchases. Ussishkin argued that Zone C should be secondary to Zones A and B but added that, if an offer was made for an important land purchase in Zone C, and if the means were available, the JNF should make the purchase. Katznelson acknowledged that the JNF should not make Zone C its central focus but argued for the need to purchase land in that zone based on his fear that the JNF might be 'forbidden' to purchase land there in the future. Shmorek suggested that if the Zionist need arose for land purchase in Zone C, the responsibility should 'be given to private Jews.' Kaplan pushed for a reduction of land purchases in Zone C. Weitz informed the Directorate about the JNF's outstanding land-purchase obligations in Zone C; but lack of funds made it 'impossible to carry them out as yet.' Finally, Wilkansky once again opined that a strong national economy demanded that the JNF purchase land in Zone C. At the conclusion of the March discussion, the Directorate voted to continue land purchases in Zones A and B. In Zone C, it decided to continue to purchase 'urgent lands' and to carry out purchases for which contacts had already been made.<sup>69</sup>

In the April meeting, the Directorate focused on three interrelated issues. The first issue was the importance of the Huleh region in northern Palestine (a point on which all

Directorate members agreed), with the special need to create a 'Jewish zone' there (Granovsky). Weitz noted that creating a large block of 120,000 dunams north of the Huleh was 'important from an agricultural-settlement perspective' and from a 'Jewish-strategic perspective.' Along with the importance of creating a 'Jewish zone' in the north, Granovsky pointed out the lands there were owned by non-Palestinian Arabs and therefore would require no special license from the High Commissioner for their purchase. In agreement, Katznelson held that purchase of land both in the valley and in the mountains north of Huleh justified 'maximum effort' The importance of a Jewish zone in the north was connected to the second issue—the vital need to consolidate JNF land holdings wherever possible (a point of collective agreement). Weitz supported consolidation of the lands of Kefar Mazar, Tamara, Teivah (Taivah), and Na'ura (all in Zone B). Furthermore, he informed the Directorate of prospects for completing the registration of the Wadi Kabani lands and for transferring 3,000 dunams from the land of Wadi Samarah. Finally, he highlighted potential small land purchases in the Sharon Valley (totaling 3,000 dunams), all located near existing settlements.<sup>70</sup>

The third and final issue had to do with the political, settlement, security, strategic, and economic significance of land purchases (Ben-Gurion, Juchovitsky, Katznelson, Wilkansky, and Weitz). Wilkansky, sticking with his favorite theme, was the only Directorate member to stress the economic importance of land purchases. Weitz opposed Wilkansky's economic concern, arguing that the JNF should not stress economic power over political power in its purchase of land. Weitz held to his opinion on the political importance of the south, stressing the importance of five small plots of land in that region (previously brought before the Directorate for discussion) that would serve as a 'political hold' from which the JNF could expand and gain a hold on other lands in the surrounding environs. Katznelson, on the other hand, opposed Weitz on the issue of these five small land purchases because he believed they were too small to serve as the basis for important 'points of settlement.'<sup>71</sup>

### Methods of land purchase under the LTR

In conjunction with the important debate about where to purchase land vis-à-vis the LTR, participants in the March and April meetings also discussed four potential methods of land purchase under the LTR, all of which the LTR seemed at some level to permit. The main obstacle to each of the four methods was the power vested in the High Commissioner by the LTR to reject any given land transfer proposal in Zones A and B. The first method of land purchase—initially introduced in the March meeting but discussed in both the March and April meetings—was to focus on purchase of land from private Jewish landowners in Zones A and B.<sup>72</sup> Many members of the JNF Directorate presumed this method of land purchase to be legal, based on the LTR provision granting the High Commissioner authority, 'in the case of land within [Zone A] *owned by persons not being Palestinian Arabs*,' to '*permit the transfer of such land to persons not being Palestinian Arabs*.'<sup>73</sup>

Ruppin and Berlin were the only two members of the Directorate who expressed some opposition to the proposal to purchase land from private Jews. They based their argument on the premise that such purchases would not constitute true 'redemption' of land because they were made from Jews rather than from non-Jews.<sup>74</sup> Ussishkin rebutted

Ruppin's and Berlin's argument. He openly acknowledged that purchase of Jewish land was a diversion (he called it 'breaking the dogma') from the JNF's main priority to 'redeem' lands from non-Jews. However, he stressed that given the difficult political situation, such purchases constituted 'redemption' because if the JNF did not purchase the lands, they might be sold to non-Jews instead and, thus, would be 'lost from Jewish ownership altogether.' Juchovitsky and Wilkansky also acknowledged the importance of purchasing Jewish lands. According to Wilkansky, the JNF was 'duty bound' to purchase plots of land from Jews that would be useful to the JNF in fulfilling its goals. And Weitz, for his part, supported purchase of land from Jews, especially in Zone A.<sup>75</sup> The second method of land purchase was partially related to the purchase of land from Jews—namely, the importance of consolidating the JNF's land holdings. The LTR sanctioned the consolidation of lands, stating that if the High Commissioner found it 'desirable' to do so, he could 'permit the transfer of [land in Zone A] to persons not being Palestinian Arabs *if, in his opinion, such transfer is necessary for the purpose of consolidating existing holdings*'. The JNF Directorate approved unanimously this method of land purchase. In fact, in his December 1939 address to JNF workers, Weitz highlighted consolidation of JNF lands as an important part of the JNF's 'internal expansion' policy.<sup>76</sup>

The third and fourth land-purchase methods are discussed together. The third method was to focus on lands for which files were opened in the Office of Land Registry before the publication of the LTR; and the fourth method was to attempt to purchase 'mortgaged lands' put up for public auction. The LTR stated that the High Commissioner 'may, if he considers it desirable so to do, authorize the transfer of any land situated within [Zone A] to persons not being Palestinian Arabs, *if application of the registration of such transfer was lodged in the Land Registry before the date of publication of these regulations in the Gazette*.' Furthermore, commenting both on open land files and on mortgaged lands, the LTR provided

that this regulation shall not apply to any transfer of land made in the execution of any judgment or order of a Court, Chief Execution Officer, or Land Settlement Officer:

- (a) in satisfaction of a mortgage executed and registered before the date of the coming into force of these regulations, or
- (b) delivered or made before the date of publication of these regulations in the *Gazette*.<sup>77</sup>

Weitz clarified the issue of open land files and mortgaged lands based on research carried out between the March and April 1940 meetings. 'It is our opinion,' he declared, that the 'opening of a file before the publication of the LTR' meant the 'right to carry out the purchase' of the given plot of land.<sup>78</sup> The research revealed that 81,000 dunams belonging to non-Palestinian Arabs in both Zones A and B (about 76,000 and 5,000 dunams respectively) fell under the 'open file' category. A little more than one-fourth (22,800 dunams) were located in the Acre district (Zone A). The remaining dunams were dispersed throughout Palestine. For example, 'hundreds of dunams' lay east of the Zebulun Valley. In the Bet Shean district files had been opened for another 8,800 dunams (about 3,000 in Zone A and the remainder in Zone B); some of these files were 'in the



name of private Jews.' About one-fourth (22,000 dunams) were in the Gaza district (Zone A). Another 24,000 dunams in the 'open file' category were located in the Beersheba district, with some files opened in the name of the Palestine Land Development Company and others in the name of private Jews. Finally, the remaining 6,200 dunams were found on the Jerusalem-Tel Aviv highway.<sup>79</sup>

Some of the owners of these lands were planning to request transfer permits from the High Commissioner. For example, one member of the 'Alami family of Gaza presented his request to the High Commissioner, by means of the District Commissioner, to transfer to certain Jews 6,000 dunams (out of 10,000) situated twenty-two kilometers from Gaza. Two reasons Weitz gave for the transfer request were that Mr 'Alami had contacted the Jewish purchasers before the publication of the LTR and he owed £P39,000 to Various banks' and feared losing all his property if he failed to meet his financial obligations. A second Arab who owned lands in Bet Jivrin and Zeita requested permission to transfer 4,000 dunams, offering the same two reasons given by 'Alami and adding a third—namely, 'part of his lands were mortgaged.'<sup>80</sup>

Certain peasants (*fellahin*) from the village of Yafi'a in the Jezreel Valley (Zone B) also requested from the district governor permission to sell 1,000 dunams (out of 2,800 dunams). Their principal reason was they would not be able to pay their debts without selling some of their land. Weitz highlighted the importance of purchasing some of these lands because they 'bordered Jewish land.'<sup>81</sup> The only reason these Arabs gave that was anywhere close to fulfilling the requirements of the LTR was the fact they had contacted the potential Jewish purchasers before publication of the LTR. But did 'contacting' the purchaser about a land sale fulfill the LTR's requirement to 'lodge' an 'application of the registration of such transfer...before the date of publication of these regulations [LTR] in the *Gazette*'? Because the issue was somewhat ambiguous, some members of the Directorate, including Ussishkin, who in this case clung to his skeptical stance, doubted whether the High Commissioner would authorize this land-purchase method.<sup>82</sup>

The last method of land purchase was to focus on mortgaged lands put up for public auction. Weitz identified 'mortgaged' or 'attached' lands in ten places in Zone A that totaled 23,350 dunams and were valued at about £P144,650.<sup>83</sup> Five of these lands—totaling 7,650 dunams—were in the south. The first, the land of Breir (Boreir) (500 dunams), was mortgaged for £P2,500 (£P5 per dunam) to Moshe Smilansky and Gad Machnas before publication of the White Paper. The second, 2,250 dunams located southeast of Gaza, belonged to the Mayor of Gaza. The land was mortgaged for £P5,500 on behalf of a group of Jews represented by a Dr B. Joseph. The third plot of land, Irbiya (2,500 dunams near Barbara), belonged to 'an old Arab' from the 'Alami family. The land was good and abundant in water and was, in Weitz's estimation, prime for settlement of Jews. At £P7 per dunam, the total cost for the land was £P17,500. The fourth plot of land, Ha-Ma'ama, a village south of Ashdod on the border of Zone B (1,200 dunams), belonged to an Arab from Zarnuga. The 1,200 dunams—good land with an abundant water source—were mortgaged to Jews from Rehovot and cost £P9,600 (£P8 per dunam); however, the landowner had requested permission to transfer an area of 3,000 dunams. This area was not consolidated but rather 'dispersed in various sections.' The fifth was the land of Zeita (1,200 dunams) lying close to Iraq el-Manshiya; at £P6.250 per dunam, the total cost for this land was £P7,500. Furthermore, prior contacts

made by the JNF for the purchase of 2,800 dunams in Iraq el-Manshiya, if carried through, would bring the total in the area to 4,000 dunams.<sup>84</sup>

The sixth plot of land that Weitz categorized as mortgaged was a 1,000-dunam plot in the Bet Shean region. According to an agreement with the landowner, 'steps were taken for the carrying out of the mortgage on this land.' The estimated amount the JNF would need to invest in this land was £P11,000. The last four mortgaged areas were located in the Galilee region. The 800 dunams in Khirbat-Jedin, located in the hills of Galilee, were mortgaged for £P2,800 (£P3,500 per dunam)—the whole area of Khirbat-Jedin was 8,600 dunams, of which 3,350 were already registered in the JNF's name. The second and third areas, located in the villages of Sejur and Inan on the Acre-Safed highway, amounted to 10,000 dunams (out of a total of 14,000 dunams in the two villages). The 10,000 dunams were mortgaged on behalf of both the Arab Agricultural Bank for £P4,200 and some Jews from Baghdad for £P6,000. According to an agreement, the Arab Agricultural Bank was to execute the mortgage for public auction at the agreed price of £P6,500 per dunam. Based on that price, the total for the 10,000 dunams came to £P65,000. The fourth area, 3,900 dunams in Irvin, was mortgaged to an Arab from Syria. In a reciprocal agreement, the landowners and the Syrian Arab prepared the needed documents to execute the mortgage for public auction at the price of £P3,850 per dunam; thus, the total cost of the land was £P15,000. The lands in the Bet Shean region and in the Galilee totaled 15,700 dunams.<sup>85</sup>

To further clarify the issue of mortgaged lands, Weitz gave the Directorate an example of JNF involvement in the purchase of 430 dunams near Ramallah (Zone A). Half the cost of the 430 dunams (£P40,000) was mortgaged to the Geffen brothers through an agreement between them and the Arab seller. According to the agreement, the Geffens paid £P20,000 up front and mortgaged the remaining £P20,000. Because the Geffens had not come up with the remaining £P20,000 to redeem (*padah*) the mortgage, the Arab seller was about to put the land up for public sale. By the time of the Directorate's April meeting, the Geffens were proposing to pay the Arab seller another £P12,000 (beyond the £P20,000 they had already paid him), thus hoping to 'free' the land from the mortgage. At this stage, the brothers proposed that the JNF pay the £P12,000 and receive the 430 dunams for itself with no obligation to repay the £P20,000 they had relinquished to the seller. Although the Geffens' offer was attractive, Weitz pointed out that 430 dunams were not enough to 'establish an intensive agricultural settlement;' a viable settlement required an area of at least 1,000 dunams. Next to the plot of land under discussion was an area of 600 dunams belonging to one Alfred Rock<sup>86</sup> who had mortgaged the land to a lessee for a sum of £P15,000. According to Weitz, the lessee was willing to sell the land for £P12,000. By uniting the two plots of land, the JNF would own 1,030 dunams, enough for an intensive agricultural settlement that could support seventy to eighty agricultural families. The total investment for the whole area was estimated at £P25,000 (£P12,000 for the Geffens' 430 dunams, £P12,000 for the 600 dunams, and £P1,000 in estimated expenses).<sup>87</sup> The Directorate agreed on these methods of land purchase, notwithstanding the opposition related to the purchase of Jewish lands. Given the requirements of the LTR, Ussishkin remained skeptical about the success of the open-land files and mortgaged lands. Nevertheless, the JNF pursued all four methods in its land-purchase efforts during the 1940s.

## **CHAPTER SUMMARY**

In summary, the greatest challenge the JNF faced during the war (and up to 1948) was to maintain financial solvency while at the same time purchasing as much land as possible and preparing the land either for settlement or for other development projects. By deciding to pursue new sources of revenue and by putting forward a specific land-purchase policy for the 1940s, the JNF Directorate prepared the way in the early months of the war for the vital work the JNF would carry out in succeeding years. Whether the JNF succeeded in its work will be addressed in succeeding chapters.

### 3

## **Overcoming early wartime challenges, 1940–41**

### **JNF finances and land purchase for fiscal years 1940–41**

During fiscal years 1940–41, JNF income from contributions, testaments/wills, and living legacies increased greatly. However, increased expenditures because of its expanded activities also marked these years. Consequently, the JNF faced having to come up with additional funds, beyond contributions, to balance its accounts. The majority of the additional funds came from loans taken out in Palestine and abroad, the latter mostly in the USA. This course of action was in accordance with the Directorate's decision at the outbreak of the war to seek more loans to fund its activities. The JNF's Joint Land Purchase Scheme (JLPS) and Farm City Scheme (FCS) brought in additional funds, but at this early date they were not very substantial. Furthermore, 1940–41 saw a rise in leasehold fee payments as another source of JNF income.

JNF land purchases also increased during 1940–41, despite the complications caused by the LTR and the JNF's lack of funds. The JNF implemented the land-purchase goals set by the Directorate at the outbreak of the war, successfully purchasing land in Zones A and B, both from Jews and from non-Palestinian Arabs, in accordance with exceptions allowed by the LTR. The two most important regions for this policy of 'outward expansion' were the Huleh region and the northern Negev. The JNF also purchased land in Zone C (some of it for the JLPS and the FCS) as part of its efforts to create one contiguous area of JNF land ownership in the Sharon Plain. Purchases in Zone C, coupled with land purchases in the northern Negev to strengthen already-existing settlements, partially fulfilled the JNF's policy of 'internal expansion.'

### **JNF INCOME AND EXPENDITURES FOR FISCAL YEAR 1940**

Granovsky reported both on JNF income and on expenditures for fiscal year 1940 in a JNF Directorate meeting held on 26 September 1940. Table 3.1 gives information on income for 1940.<sup>1</sup> The amount of £P595,000 from donations, wills, and living legacies represented a new peak for the JNF (even compared with the recent peak of £P560,000 in

*Table 3.1* JNF income for fiscal year 1940

| <i>Source of income</i>              | <i>FY 1940 (£P)</i> |
|--------------------------------------|---------------------|
| Donations, wills and living legacies | 595,000             |
| + 'reserve'                          | 13,000              |
|                                      | <hr/> 608,000       |
| Leasehold fees                       | 12,200              |
| Special payments to JNF              | 19,300              |
| Debentures                           | 10,000              |
| Total net income                     | <hr/> 649,500       |

Source: Minutes, 26 September 1940.

*Table 3.2* JNF expenditures for fiscal year 1940

| <i>Itemized Payments</i>   | <i>FY 1940 (£P)</i> |
|--|---------------------|
| Lands  |                     |
| previous obligations and new lands   | 407,200             |
| new land contacts, evacuation of tenants, holding of unsettled lands, preparation of lands, etc. | 52,000              |
| 'conquest' of lands and participation in expenses of new settlement                              | 53,050              |
| <i>Subtotal</i>  | <hr/> 512,250       |
| Plantations  | 17,300              |
| Institutions of water supply and buildings   | 3,925               |
| Loans to agricultural farms and investments  | 87,250              |
| Repayment of loans in:   |                     |
| Palestine  | 379,750             |
| America  | 15,850              |
| remaining countries  | 10,700              |
| Repayment of debentures  | 12,750              |
| Interest payments  | 31,625              |
| JNF organization, propaganda, and administration   | 58,500              |
| Payments to the Jewish Agency (part from the Keren Bitzaron)                                     | 37,050              |
| <i>Subtotal</i>  | <hr/> 654,700       |
| <i>Grand total</i>   | <hr/> 1,666,950     |

Source: Minutes, 26 September 1940.

fiscal year 1939). Of this income, 59 percent came from the United States, 19 percent from the 'British Empire,' 16 percent from remaining countries outside of Palestine where the JNF was active, and 6 percent from Palestine itself. The £P19,300 in special payments to the JNF consisted of payments in exchange for lands in the Zebulun Valley expropriated by the Government of Palestine for the pipeline of the the Iraqi Petroleum Company (the government paid £P5,000 and the Company paid £P14,300). A published JNF report notes the Government of Palestine expropriated the 761 dunams needed for the pipeline sometime between April 1935 and April 1937.<sup>2</sup> Obviously, the £P19,300 was

compensation for the land. Since the JNF's Articles of Association strictly forbade selling of JNF land and said nothing about expropriation of land by a government authority, this incident led to a discussion over how the JNF should deal with the apparently unforeseen situation.<sup>3</sup>

Table 3.1 also includes JNF income from leasehold fees. This and succeeding chapters will show that increasing income from this source was a sign that settlements established on JNF land were becoming more economically viable. Table 3.2 gives the breakdown of total JNF expenditures for fiscal year 1940. The table shows the great emphasis the JNF placed on land purchase and other land-related issues. Of total JNF expenditures for fiscal year 1940 (£P1,166,950), the JNF used about 44 percent (£P512,250) for land purchase and for other expenses related to land preparation and settlement. Furthermore, the JNF used nearly 80 percent of the £P512,250 for previous obligations on land purchases and on new land purchases. The next largest expense, representing about 35 percent of the total, was repayment of loans from Palestine, America, and remaining countries (equaling altogether £P406,300).

The balance of expenditures over income from traditional JNF sources for fiscal year 1940 (£P1,166,950 and £P649,500 respectively) was £P517,450. Granovsky projected payment of this balance would come from the following sources: JNF deposits in banks (£P64,900); loans in Palestine (£P291,930), America (£P35,500), and remaining countries (£P55,170), for a total of £P382,600; the JLPS (£P82,600), for purchase of the Wadi Kabani and 'other' unspecified lands; and from issuance of debentures (£P9,800). The four sources combined totaled £P539,900. Combined with JNF income from traditional sources (£P649,500), the grand total income for 1940 was £P1,189,400. The additional financial sources covered the balance of JNF expenditures over income (leaving a positive balance of £P22,450). However, a full 71 percent (£P382,600 in loans) of this additional income (£P539,900) was money the JNF was obligated to pay back (loans represented 32 percent of the total income). The number rises to 86 percent of the additional income (39 percent of total income) if the £P82,600 obtained from the JLPS—money the JNF would have to pay back if private investors exercised their sale option—is added to the loan amount. Regardless of this fact, Granovsky reiterated that the level of income during fiscal year 1940 was 'extraordinary' in the history of JNF finances.<sup>4</sup>

### **JNF INCOME AND EXPENDITURES FOR FISCAL YEAR 1941**

Granovsky addressed the financial prospects for fiscal year 1941. Because of the war, JNF income from Europe had decreased, with the largest decrease occurring in incomes from 'Britain proper' (i.e., excluding the colonies of the British Empire). Therefore, Granovsky, in agreement with many other Directorate members, placed the 'principal hope' for JNF income in the United States. However, Granovsky expressed uncertainty about the financial situation for fiscal year 1941. Indeed, he declared that for the JNF to receive a net income of £P500,000 in 1941 would be a 'great achievement'. His projected budget of expenditures for fiscal year 1941 was £P750,000. He believed obtaining from Palestine the extra £P250,000 needed to cover projected expenditures would be a difficult task. Furthermore, he doubted the possibility of obtaining the extra income from outside of Palestine. The difficult financial situation fed his concerns about the JNF's solvency

should it attempt to ‘enter into new land purchases’ in 1941. Ussishkin seemed to share Granovsky’s concerns and remained hesitant about projections for JNF work in 1941. ‘For the present,’ he stated, ‘the situation throughout the world demands certain caution in establishing a land work scheme for the JNF.’<sup>5</sup> Although the uncertainty of wartime conditions warranted caution on the part of the JNF Directorate, the positive results that came from JNF fundraising during fiscal year 1941 assuaged some concerns. But the great urgency in carrying out its goals in 1941 forced the JNF to seek substantial loans.

### **JNF income for fiscal year 1941**

JNF income from contributions, special projects, testaments/wills, and living legacies during fiscal year 1941 amounted to £P620,000 (£P558,750 plus £P61,250 reserve from previous years). Thus, JNF income from traditional sources was almost £P59,000 more (excluding reserve) than the £P500,000 Granovsky had projected in September 1940. On the other hand, the 1941 income of £P558,750 was £P36,250 less than the JNF’s income of £P595,000 from traditional sources in 1940. Combined with additional sources of income discussed below, the grand total income for fiscal year 1941 (excluding the £P61,250 reserve) was £P1,134,394.<sup>6</sup> Compared to the 1940 grand total income (£1,189,400), £P1,134,394 represented an absolute decrease of £P55,006 (almost 5 percent). Nevertheless, JNF income for 1941 was much higher than Directorate members had hoped for. Table 3.3 compares JNF income from traditional sources for fiscal years 1940 and 1941, highlighting 1941 increases and decreases in the various countries where the JNF was active.<sup>7</sup> Table 3.3 shows that the English-speaking countries and Palestine increased funding of JNF activities, the USA again leading the way with almost 64 percent of total contributions. The notable decrease in funding from most countries in continental Europe attests to the difficult wartime conditions there. The exceptions were Hungary, Italy, Bulgaria, and Scandinavia. Needless to say, the JNF Head Agency entertained no hope of obtaining more money from continental Europe anytime soon—indeed, ‘continental Europe ceased to exist for the JNF.’<sup>8</sup>

### ***JNF income by country (based on Table 3.3)***

The 9 percent increase from the United States was important but, according to Granovsky, ‘not sufficient’ given the size and population of the country. Fundraising in the USA in the early part of fiscal year 1941 (from about September 1940 to February 1941) was impeded because the United Jewish Appeal (UJA)—made up of the United Palestine Appeal (UPA, an exclusively Zionist fundraising organization created in 1925), the Joint Distribution Committee (JDC), and the Refugees Assistance Committee (RAC)—dissolved after a long-running quarrel over allocation percentages.<sup>9</sup> As a result, these three fundraising bodies conducted independent fund drives between October 1940 and February 1941, each ‘working for an edge’ in its appeal to American Jewry. Although all three bodies reorganized the UJA in March of 1941, they had lost the opportunity for a unified fundraising effort (proven in previous years to be more effective than independent efforts) during the first half of fiscal year 1941.<sup>10</sup>

*Table 3.3 Comparison of JNF income by country from contributions, special projects, testaments/wills and living legacies for fiscal years 1940–41*

| <i>Country</i>                | <i>FY 1940</i>       | <i>FY 1941</i>       | <i>Increase FY 1941</i> | <i>Decrease FY 1941</i> |
|-------------------------------|----------------------|----------------------|-------------------------|-------------------------|
| USA                           | 359,221              | 396,000              | 36,799                  | —                       |
| England [i.e., British Isles] | 48,911               | 68,000               | 19,089                  | —                       |
| South Africa                  | 53,010               | 57,000               | 3,990                   | —                       |
| Canada                        | 15,547               | 19,000               | 3,453                   | —                       |
| Palestine                     | 34,759               | 44,000               | 9,241                   | —                       |
| <i>Subtotals</i>              | 511,448              | 584,000              | 72,572                  | —                       |
| <i>Europe</i>                 |                      |                      |                         |                         |
| Yugoslavia                    | 8,823                | 8,400                | —                       | 423                     |
| Hungary                       | 166                  | 2,500                | 2,334                   | —                       |
| Italy                         | 650                  | 1,900                | 1,250                   | —                       |
| Bulgaria                      | 793                  | 1,400                | 607                     | —                       |
| Switzerland                   | 3,199                | 1,400                | —                       | 1,799                   |
| Legacies                      | 3,996                | —                    | —                       | 3,996                   |
| Scandinavia                   | 1,071                | 1,100                | 29                      | —                       |
| Legacies                      | 15,056               | —                    | —                       | 15,056                  |
| Czechoslovakia                | 20,579               | 1,000                | —                       | 19,579                  |
| Germany                       | 13,000               | 1,000                | —                       | 12,000                  |
| Romania                       | 14,335               | 100                  | —                       | 14,235                  |
| Holland                       | 4,183                | —                    | —                       | 4,183                   |
| Lithuania                     | 2,048                | —                    | —                       | 2,048                   |
| Other European countries      | 3,138                | 400                  | —                       | 2,738                   |
| <i>Subtotals</i>              | 91,037               | 19,200               | 4,220                   | 76,057                  |
| <i>Other countries</i>        |                      |                      |                         |                         |
| Australia                     | 1,748                | 4,600                | 2,852                   | —                       |
| Argentina                     | 5,781                | 3,500                | —                       | 2,281                   |
| Chile                         | 836                  | 3,500                | 2,664                   | —                       |
| Remaining countries           | 6,444                | 5,200                | —                       | 1,244                   |
| <i>Subtotals</i>              | 14,809               | 16,800               | 5,516                   | 3,525                   |
| <i>Grand total</i>            | 617,294 <sup>a</sup> | 620,000 <sup>b</sup> | 82,308                  | 79,582                  |

Source: Minutes, 25 November 1941.

Table 3.3

a This figure does not square with the £P608,000 figure given in Table 3.1. The inclusion of 'special projects' in this table (not delineated as a separate category in the Minutes) might account for the £P9,294 difference.

b The table in the Minutes misprints this figure as £P620,000. The rounded-off figures in this column apparently represent estimates for fiscal year 1941. Also, the total of £P620,000 (£P620,069 according to the official account in the Appendix) is the 'published amount.' The 'treasury amount,' meaning 'the amount that actually entered' into the treasury from contributions, etc., came to £P558,750; the remaining £P61,250 came from reserve from previous years.



Notwithstanding the difficulties for JNF fundraising caused by the competition for contributions from US Jewry, Table 3.3 makes abundantly clear the importance of the USA in JNF fundraising efforts. As expected, continental Europe was an insignificant contributor to the JNF. On the other hand, the United States more than fulfilled the expectations Directorate members had expressed in 1940. In fact, excluding the relatively small increases from Hungary, Italy, Bulgaria, and Scandinavia (totaling £P4,220), the increase in funds from the USA, combined with increases from the UK, South Africa, Canada, and Palestine (altogether totaling £P72,572), more than offset the decrease in funds from Europe by £P735. Moreover, the increase in funds from the USA accounted for almost 51 percent of the total increase from the English-speaking countries and from Palestine.

Granovsky deemed the 39 percent rise in income from the UK to be significant given 'England's present situation and the difficult...conditions in which JNF employees in England are working.' The £P68,000 came from contributions (£P31,000), from the land of Gezer (£P14,000), as gifts from individuals given to the JNF through the Council on Behalf of German Jews (£P13,000), and from income for the JNF's Farm City Scheme (£P10,000). Granovsky seemed satisfied as well with the income from Chile, South Africa, and Palestine, and expressed his optimism, especially about the growing JNF success in South Africa. In contrast, he was less satisfied with JNF work in Argentina, Australia, and Canada. He believed the relatively low income from Australia (£P4,600—although representing a 62 percent increase over the previous year—was 'not enough for a country with 25,000 Jews, most of them well-to-do.' Likewise, JNF income from Canada—up 18 percent over the previous year—was, according to Granovsky, 'insufficient.'<sup>11</sup>

*Table 3.4 Comparison of JNF income from leasehold fees for fiscal years 1939–41*

| <i>Type</i>     | <i>FY 1939</i> | <i>FY 1940</i> | <i>FY 1941</i> |
|-----------------|----------------|----------------|----------------|
| Urban (city)    | 4,206          | 5,217          | 6,163          |
| Rural (village) | 5,107          | 3,806          | 6,410          |
| Industry        | 1,803          | 3,183          | 3,771          |
| Totals          | 11,116         | 12,206         | 16,344         |
| Total due       | 20,633         | 24,793         | 27,316         |
| % paid          | 54             | 49             | 60             |

Source: Minutes, 25 November 1941.

### *JNF income from specific sources*

With the outbreak of the war the JNF placed greater emphasis on its living legacy program. A special fifteen-member committee gathered in Tel Aviv (no date given) with the responsibility to clarify the program for, and to advise, potential living legacy donors. The representative of the Anglo-Palestine Bank stood at the head of the committee. Other committee members consisted of bank managers and representatives of national organizations (in Germany, Poland, etc.). Furthermore, the JNF established a special department—located in the Head Office in Jerusalem—to take care of concerns dealing both with living legacies and with wills/testaments. Granovsky pointed out that he had

dedicated 'special attention' to, and had invested 'much thought, energy, and work' in, the living legacy program. Consequently, he hoped that in succeeding years the program would be a 'very important source of income for the JNF'.<sup>12</sup>

JNF income from living legacies for fiscal years 1940 and 1941 was £P47,500 and about £P18,000, respectively. The £P47,500 received in 1940 came from Europe (£P33,500, mostly from Germany), from Egypt (£P1,000), and from Palestine (£P13,000). For reasons not specified by Granovsky, the living legacy program (or a similar program) never 'struck roots' in the UK nor in America. And when the war cut off the JNF's source for living legacies in continental Europe, Palestine was left to carry the burden of the program. Thus, in 1941, more than 90 percent of the JNF's living legacy income (£P17,000 out of about £P18,000) came from Palestine.<sup>13</sup> The JNF received £P26,400 in wills/testaments during 1941, compared to £P7,750 in 1940 (about a 240 percent increase). Large wills/testaments came from South Africa (3,000+5,000+7,000=£P15,000), from the USA (1,400+2,000=£P3,400), and from Palestine (£P4,000). Smaller wills/testaments came from South Africa (£P500), from Egypt (£P500), and from several other sources (a total of £P3,000).<sup>14</sup>

Several other sources of JNF income also became increasingly important. For example, Table 3.4, which compares JNF income from leasehold fees for fiscal years 1939–41, shows that income from that source increased 47 percent between 1939 and 1941.<sup>15</sup> Granovsky gave two reasons that settlers under JNF leasehold contracts paid only part of the total fees due over these three years (i.e., 54, 49, and 60 percent respectively): the inability to pay because of the difficult economic situation in Palestine and reluctance to pay. He emphasized that the first was the 'principal reason.' For instance, JNF leaseholders in the citrus-growing region were experiencing economic 'hardship' because of wartime conditions, and therefore owed about £P8,500 of the total £P27,316 fees due in 1941 (or about 31 percent). To decrease the financial burden on leaseholders who were stressed economically (village leaseholders and urban leaseholders 'of little means'), the JNF had to be flexible by allowing them to make part of their payment through purchase of JNF debentures at about 70 percent of normal value. The JNF excluded industrial leaseholders from this arrangement.<sup>16</sup>

A second source of additional income in fiscal year 1941 came from the JNF's collection on financial obligations owed to it by 'various companies' (£P20,450) and from land taxes on agricultural farms (£P2,600). Joseph Weiss provided a third source of income. He had transferred to the JNF a sum of £P40,250, which, according to Granovsky, Weiss had obtained from several European countries while he was in Geneva and Lisbon. At the time, the 'nature' of the £P40,250 was not clear, but Granovsky speculated that the funds came from sources such as contributions and living legacies. By November 1941, the JNF had received in all £P80,000–85,000 through Weiss' work in Europe, including the large sum of £P65,000 that Joseph Fischer (manager of the JNF's international agency in France) had transferred to Weiss. Demonstrating his dedication to the JNF, Fischer chose to stay in France despite the fact that he and his family had received visas to the USA.<sup>17</sup>

From a fourth source, the JLPS, the JNF received £P67,000 from the UK, though at this early date the amount accounted for less than 1 percent (0.06) of the JNF's total income for fiscal year 1941. Finally, the JNF obtained credit 'in all kinds of forms'—totaling about £P429,000—to finance its work in Palestine: more than £P380,000 in loans

(this figure included £P30,000 in loans obtained by Weiss from foreign capitalists); and about £P49,000 from a ‘new operation’ implemented in fiscal year 1941, involving loans from the pension funds of several companies and institutions, such as the Palestine Electric Company, the Teachers’ Organization (*histadrut hamorim*), and the Workers’ Organization (*histadrut ha’ovdim*). The JNF had to pay a 4–6 percent interest rate on all these loans. At the time, Granovsky noted: ‘We must emphasize that the work of mobilizing loan monies in the amount of close to £P430,000 in a time of war—and almost all in Palestine—[was] not the easiest thing [to do],’<sup>18</sup> Thus, this accomplishment could be described as a great triumph for the JNF.

### JNF expenditures for fiscal year 1941

Table 3.5 gives JNF expenditures for fiscal year 1941.<sup>19</sup> According to the table, the JNF put a little over 50 percent (£P511,700) of total enumerated expenditures for fiscal year 1941 (£P1,016,400) toward the purchase, development, and settlement of land. Furthermore, the JNF spent 77 percent of that amount (or £P395,500) on land purchase specifically. In summary, based on the overall income and expenditure figures for fiscal year 1941 (£P1,134,394 and £P1,016,400 respectively), the JNF ended up with a positive balance of £P117,994 at year’s end.<sup>20</sup> However, as in the previous fiscal year, about £P575,644 of additional income outside of contributions, testaments/wills, and living legacies made up the difference. The JNF obtained 75 percent of the additional income (about £P429,000) from credit sources it was obligated to pay back, with loans representing almost 38 percent of total income for 1941). Finally, if the £P67,000 received from the JLPS is added to the £P429,000 obtained from credit, the percentage of what the JNF might have to pay back over a period of years rises to 86 percent of the additional income, or almost 44 percent of total income for 1941. Therefore, although JNF income from traditional sources continued to rise, increased expenses for expanded JNF activities, coupled with this characteristic credit factor, kept it financially at a disadvantage.

*Table 3.5 JNF expenditures for fiscal year 1941*

| Categories  | <i>Expenditure</i><br>(£P) |
|---|----------------------------|
| Purchase and development of land (transfer of 45,472 d. of agricultural and 7 d. of urban)                                    | 360,000                    |
| Lands to be transferred in fiscal year 1942   | 35,000                     |
| <i>Total for these categories</i>   | 395,500 <sup>a</sup>       |
| Holding and amelioration of land, government taxes on already settled lands and lands not yet delivered for settlement, misc. | 65,200 <sup>b</sup>        |
| Participation in expenses of new settlement   | 28,500                     |
| Plantations (holding of existing and plantation of new)   | 16,350                     |
| Loans to settlements (village and city)   | 4,250                      |
| Misc. investments   | 2,400                      |

|   |                        |
|---|------------------------|
| <i>Total for these categories</i>   | 116,700                |
| <i>Subtotal for above</i>   | 511,700 <sup>c</sup>   |
| Payment of loans, debentures, interest  |                        |
| Loans from Palestine  | 365,600                |
| Loans from the USA  | 10,600                 |
| <i>Total for these categories</i>   | 376,200                |
| Payment of debentures   | 16,525                 |
| Payment of interest   | 42,100                 |
| <i>Total for these categories</i>   | 58,625                 |
| <i>Total for above two</i>  | 434,825 <sup>d</sup>   |
| Payments for organization, propaganda, administration (of the Head Agency and partially of several international JNF agencies), and for a special annual installment for the management of the Zionist Organization (Histadrut) in London | 47,450                 |
| Payment of 40 percent of the JNF's participation in the Bitzaron Fund   | 22,425                 |
| <i>Total for these categories</i>   | 69,875                 |
| <i>Grand total for all categories</i>   | 1,106,400 <sup>e</sup> |

Source: Minutes, 25 November 1941.

Notes

a The figure given here—£P395,500—appears to be a calculation error made by the preparer of the Minutes. The Minutes are unclear whether the cost of the 7 dunams of urban land is included in the £P360,000 figure at the top of the table. If not, the extra £P500—after adding the £P360,000 and the £P35,000 figures together—may account for the cost of the urban land. However, this attempt at reconciling the numbers would mean the average cost of the urban was £P71.5 per dunam—a very high cost compared to other costs per dunam of urban land given in the Minutes and in other sources.

b In the case of taxes on settled lands, the Minutes clarify that the JNF paid only for settlers who could not pay for themselves. In such cases, the government would collect the taxes directly from the JNF.

c The Minutes round this figure to £P512,000 (a difference of £P300).

d The Minutes round this figure to £P435,000 (a difference of £P175).

e The Minutes give the grand total figure of £P1,016,950. I could find no way to reconcile this figure with the calculated grand total based on the figures in the table as presented. Adding to the grand total the extra money from the rounded figures in footnotes c and d immediately above (equaling £P475) brings the figure to £P1,016,875. Adding the extra £P500 from footnote a to the grand total brings the figure to £P1,016,900. Finally, adding all the extra money (475+500 = £P975) to the grand total renders the figure £P1,017,375.

### JNF DEBT PAYMENT SCHEDULE THROUGH FISCAL YEAR 1946

Some members of the JNF Directorate, Granovsky most adamantly, had expressed concern about going into greater debt. However, the conflict between urgent Zionist needs in Palestine (more land and land prepared for Jewish settlement) and the JNF's weak financial situation compelled it to seek credit. Table 3.6 gives a comparison of JNF debts in 1940 and 1941. The data indicate that JNF debts rose only £P24,090 during 1941. Given the 'great scope' of JNF work in 1941, this relatively small increase in debts

pleased Granovsky. Unfortunately, the Minutes do not clarify certain confusing figures in the table. The £P24,090 figure is substantially less than the debt increase for 1941 reported earlier, i.e., close to £P430,000.<sup>21</sup> Granovsky also presented a payment schedule both for JNF debts and for interest on JNF debts through fiscal year 1946 (see Table 3.7). According to the projected repayment schedule, the JNF would have to pay £P119,300 in interest on its debts by the end of fiscal year 1946.

*Table 3.6 Comparison of JNF debts at end of fiscal years 1940–41*

| <i>Type of debt</i>                 | <i>1940 (£P)</i>       | <i>1941 (£P)</i>     |
|-------------------------------------|------------------------|----------------------|
| General loans                       | 806,648                | 857,895              |
| Loans through JNF agency in America | 64,045                 | 53,415               |
| Debentures                          | 261,915                | 245,380 <sup>a</sup> |
| <i>Totals</i>                       | 1,132,608 <sup>b</sup> | 1,156,690            |

Source: Minutes, 25 November 1941.

Notes

a The JNF's payment of £P16,525 on debentures during fiscal year 1941 accounts for the decrease between 1940 and 1941. However, the difference between the two figures in the table is £P16,535. I do not know how to account for the discrepancy.

b The Minutes misprint this figure as £P1,132,600.

*Table 3.7 JNF payment schedule for debts and interest on debts through fiscal year 1946*

| <i>Type of debt</i>                   | <i>1941/42</i> | <i>1942/43</i> | <i>1943/44</i> | <i>1944/45</i> | <i>1945/46</i> | <i>Total</i>           |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------|
|                                       | <i>(£P)</i>    | <i>(£P)</i>    | <i>(£P)</i>    | <i>(£P)</i>    | <i>(£P)</i>    | <i>(£P)</i>            |
| General loans                         | 314,200        | 177,365        | 210,660        | 50,830         | 104,840        | 857,895                |
| American loans                        | 18,000         | 18,000         | 17,415         | —              | —              | 53,415                 |
| Debentures                            | 11,800         | 11,800         | 17,000         | 17,000         | 187,780        | 245,380                |
| <i>Totals</i>                         | 344,000        | 207,165        | 245,075        | 67,830         | 292,620        | 1,156,690              |
| Interest on loans and living legacies | 16,700         | 10,800         | 7,300          | 3,100          | 2,100          | 40,000                 |
| debentures                            | 8,000          | 7,500          | 6,800          | 6,000          | 51,000         | 79,300                 |
| <i>Totals</i>                         | 24,700         | 18,300         | 14,100         | 9,100          | 53,100         | 119,300                |
| <i>Grand totals</i>                   | 368,700        | 225,465        | 259,175        | 76,930         | 345,720        | 1,275,990 <sup>a</sup> |

Source: Minutes, 25 November 1941.

Note

a The Minutes give the figure £P1,275,900—an apparent miscalculation.

### JNF LAND PURCHASE FOR FISCAL YEARS 1940–41

Weitz and Granovsky jointly reported on the JNF's land purchase for fiscal years 1940–41. Weitz reported that the JNF purchased a total of 43,180 dunams during fiscal year 1940, 99.9 percent of which was agricultural land. Moreover, the JNF 'redeemed' 33,100

dunams (close to 77 percent) from Arabs in various regions of Palestine and acquired the remaining 10,044 dunams (about 23 percent) from Jews (mostly in Zone A, but also in Zones B and C). Weitz proclaimed the overall figure of 43,180 dunams to be an ‘important achievement,’ even though this figure represented 20 percent less than the JNF had purchased in 1939 (53,499 dunams).<sup>22</sup> Weitz identified two main obstacles that impeded greater JNF accomplishments during 1940: the LTR and lack of financial means. He gave the example of the Huleh region, where the JNF had the opportunity to purchase tens of thousands of dunams and thus to ‘realize [its] land scheme in that region;’ however, because of lack of financial means, the JNF was able to obtain only a small part of its goal in that region. Lack of means also hindered the JNF from obtaining all its goals in the Zone C.<sup>23</sup>

*Table 3.8 Comparison of JNF purchases of agricultural land for fiscal years 1940–41*

| <i>Zone</i>   | <i>FY 1940<br/>(in<br/>dunams)</i> | <i>FY 1941<br/>(in<br/>dunams)</i> |
|---|------------------------------------|------------------------------------|
| Zone A (forbidden zone)   | 17,007                             | 10,323                             |
| Zone B (severely restricted—permission from High Commissioner required) | 12,566                             | 24,060                             |
| Zone C (free zone) (open to purchases)                                  | 13,571                             | 11,089                             |
| <i>Totals</i>   | 43,144                             | 45,472                             |

Source: Minutes, 25 November 1941.

As shown in Table 3.8, which compares JNF purchase of agricultural land in fiscal years 1940 and 1941 in the three zones established by the LTR, the JNF’s land-purchase activities improved marginally over the previous year. The JNF purchased land in all three zones but focused especially on Zones A and B. In fact, close to 76 percent of the lands purchased were in those two zones. The greatest increase overall was in Zone B, where the JNF almost doubled total purchases compared to 1940. Of the total 45,472 dunams, the JNF purchased about 18,300 dunams (or 40 percent) from Jews, a substantial increase over 1940 (23 percent).<sup>24</sup>

Regarding successful land purchase in Zone A, Granovsky declared that the JNF had ‘found legal paths to “break the wall” of the lands law [LTR].’ The ‘legal paths’ were twofold: the JNF took advantage of mortgaged lands put up for public sale; and, as an example of the second, the JNF would go before the Office of Land Settlement and ‘demand’ ownership and registration of a certain plot of land. According to the Minutes, in some cases the Office of Land Settlement fulfilled such demands—e.g., in the south (see the case study on the Negev in this chapter). Granovsky affirmed that these two methods opened up many possibilities for purchase of lands in Zone A, both from Arabs and from Jews.<sup>25</sup> Overall, he heralded the significance of JNF land-purchase achievements during 1941 and announced that in fiscal year 1942 the JNF planned ‘to continue to strengthen the concentration of lands’ in Zones A and B.<sup>26</sup>

## THE FOUR CASE STUDIES

### The Joint Land Purchase Scheme, 1939–41

Despite some early complications that slowed down implementation of the JLPS, overall the years 1939–41 marked a period of success. Indeed, interest in the JLPS among middle-class Jews in the UK translated into rather substantial investments in the scheme by late 1941. Attempts at cooperation between the JNF and private investors in the form of a joint land purchase scheme began at least as early as 1938 among Romanian Jews. Mr de Shalit, a ‘not unknown Zionist worker thoroughly conversant with Palestinian land problems,’ was sent to Romania sometime before June 1938 to ‘deal specially with the question of enlisting private capital for purchases of land jointly with K.K.L. [JNF].’<sup>27</sup> Romanian interest in the JLPS was short-lived, however, because of the difficult situation created by the outbreak of the war. And although prospective Romanian investors were ‘sympathetic to the scheme,’ ultimately they ‘failed to commit themselves to actual investment.’<sup>28</sup> The Romanian ‘experiment’ also failed because investors placed ‘exaggerated demands’ on the JNF, such as demanding that the JNF ‘promise them the market price of the sterling pound.’<sup>29</sup> A bid for potential investors in Belgium also failed. After receiving several letters from the JNF office in Anvers, Granovsky communicated with that office in a letter dated 21 April 1940 to convey the particulars of the JLPS with the hopes of attracting Jewish capital investment. A month later, however, the Belgian government capitulated to Germany.<sup>30</sup>

A letter sent to JNF offices included an explanation of the advantages of the scheme both for the JNF and for the potential investors. For example, in a July 1940 letter to the JNF of America in New York, Granovsky detailed two advantages for the JNF and multiple advantages for the private investors. The first advantage for the JNF would be having ready cash available, with which the JNF could ‘contract for larger areas’ in regions of Palestine that would be more ‘advantageous’ to its ‘internal expansion’ and ‘outward expansion’ objectives. The second advantage would be the JNF’s opportunity to purchase plots of land that, drawing from its traditional sources alone, it otherwise might not have the means to purchase.<sup>31</sup>

Granovsky listed the advantages for investors in contrast to a major difficulty that Jewish capitalists experienced who previously had attempted to purchase land in Palestine either by themselves or through private agencies—namely, that they were often ‘prevented from doing so by not knowing the country’ and thus quite easily fell into the hands of speculators or ‘other unreliable individuals or companies exploiting the ignorance of the purchasers.’ On the other hand, the benefits of working with the JNF would be sixfold: the private purchaser would be ‘ensured of fair treatment’ because the JNF, a non-profit institution, would charge him/her no more for the land than it would pay itself; the JNF’s land-purchase experts were well informed of the value of any potential land purchase and would prevent inflated land prices; the JNF had many years of experience in Palestine in handling complicated land-purchase procedures, surveying, partitioning, and land parcellation; anytime the JNF cared for its own lands—i.e., guarding against trespassing and other infringements, taking measures to provide water supply, or draining and developing the land—it would do the same for the investors’ lands; and if the JLPS did not meet the investors’ expectations, or if they chose to use the

invested money for other purposes, according to a signed agreement, they retained the option to sell the land to the JNF.<sup>32</sup>

### Official announcement of the JLPS

AJNF memorandum dated July 1940 officially announced the JLPS.<sup>33</sup> Under the heading 'Essence of Scheme' the memorandum begins: 'The [JNF] is ready to invite individuals to join it in making land purchases in Palestine on the following terms.' The memorandum then continues with these details:

The individual, or group of individuals, who becomes the partner of the [JNF] in the transaction, undertakes to acquire a certain portion, say a third, or a fourth, or an eighth of a specific area which the [JNF] is about to purchase. The land when acquired is registered jointly in the name of the [JNF] and the private partner or partners (or a trust company acting for them) in a specified proportion (say 1:2, or 1:3 or 1:7). When the time comes to divide the land between the [JNF] and the private partner or partners, the partition will be carried out accordingly.

To make such transactions more attractive to investors, the [JNF] is prepared to grant the private partner an option to re-sell the land to the [JNF] during a certain period. In such case the [JNF] would take over his share of the area and after a given period, say 5 or 10 years, return to him the money invested by him, plus a certain interest.

In this way the private partner is insured against any risk in the event of the investment not coming up to his expectations or in the event of his needing the money for other purposes.

The above form of cooperation is possible, of course, only on the understanding that the private partner is able to place the money of the investment at the disposal of the [JNF] in cash as soon as the agreement between them is signed.

Furthermore the [JNF] could not consider any investment by a private partner of less than £P.500 [*sic*; £P500].

The remainder of the memorandum fills in the details of the arrangement. The prospective land for purchase, situated in the Sharon Plain on the Mediterranean coast, would be in Zone C, with no land transfer restrictions and in close proximity to the Haifa-Tel Aviv highway. The memorandum classifies the projected JLPS land as being of good agricultural quality, 'suitable for plantations and all branches of mixed farming, etc.' The memorandum explains that twenty-five dunams would be sufficient for a complete farm and that plenty of well water would be available for irrigation needs. Finally, the memorandum announces that the JNF would offer the land at cost—a moderate price 'considering the situation and quality of the land'—and would cover the costs of compensation to Arab claimants to the land, of legal fees connected therewith, and of fees for the initial registration of the land.<sup>34</sup>

The memorandum also presents five stages for the registration and partition of JLPS land. In the first stage, to effect registration, the private investor(s) would issue power of



attorney to somebody in Palestine to sign the necessary documents in the Land Registry Office. In the second stage, the land would then be officially registered at the Land Registry Office in the joint names of the JNF and the investor(s) 'in proportion to the amount invested by each.' The third stage would involve issuance of joint ownership title deeds (*musha'a kushan*) to the investor(s). The fourth stage required partitioning the land into definite plots for each investor. In the fifth and final stage, after partitioning, each investor would obtain a private ownership title deed (*mafruz kushan*).<sup>35</sup>

The memorandum offers an alternative for the private investor to register the land in the joint names of the JNF and the Hemnutah Ltd (a trust company affiliated with the JNF) until the investors were ready to have the land transferred to them.<sup>36</sup> The Zionist Organization first discussed the need for Hemnutah in the mid-1930s when it was negotiating for the transfer of Jewish capital out of Germany. German Jews wanting to immigrate to Palestine at the time preferred to own their land rather than to rent JNF land. The JNF wanted to help facilitate these Jews but, according to its own Memorandum of Association, could not sell land to them. Therefore, Hemnutah was established in 1938 to 'buy with the transferred capital of the German Jews land in Palestine and to hold it on behalf of these prospective immigrants until their immigration could be effected.'<sup>37</sup> According to the alternate plan offered in the JLPS, then, Hemnutah seemingly would serve the same purpose for Anglo-Jewish investors.

The memorandum includes the terms for the option to sell the land to the JNF. According to the terms, the private investor could exercise the option only during a period of two years from the date of registration of the land in the purchaser's name or 'during a period commencing with such registration and ending six months after the cessation of [war] hostilities—whichever period shall be the longer.' Should the investor exercise the option to transfer the specified land to the JNF, the cost price and other expenses paid (as delineated) would be refunded 'without delay.' In the event that the investor might want to sell his/her land to a third party, the memorandum stipulates that the land would have to be offered to the JNF first 'on equal terms less 10%.' Finally, the memorandum specifies that JLPS agreements signed by investors residing in Palestine should be sent, together with the payment check for the investment amount, to the Anglo-Palestine Bank in Jerusalem, including instructions to credit the JNF with the investment amount on the said agreement. The JNF would then countersign the agreement and deliver it to the aforementioned Bank for return to the investor. On the other hand, private investors residing abroad were asked to make arrangements by telegraph because of the 'dislocation of postal communications during wartime conditions'.<sup>38</sup>

### Implementation of the JLPS in the UK

Of the many countries targeted by the JNF Head Office for implementation of the JLPS, the United Kingdom was most receptive to the idea. One reason for the receptiveness of Anglo-Jewry may have been the favorable position enjoyed by British Jews because of British control over the Palestine Mandate; this favorable position facilitated capital transfer, even under the difficult conditions caused by the outbreak of the war.<sup>39</sup> The context in which some British Jews were willing to cooperate with the Zionist Movement by the Second World War was unique. The period between the Balfour Declaration of 1917 and the Peel Commission's partition proposal of 1937 saw a shift among Anglo-

Jewry from an anti-Zionist stance to a position of 'non-Zionism.'<sup>40</sup> During the nineteenth century, wealthy British Jews had given generously to the impoverished Jewish communities of Palestine, but the Jewish nationalist position embodied in political Zionism (with its focus on a Jewish state) was a position 'against which the Anglo-Jewish gentry instinctively rebelled.' Most Anglo-Jewish leaders were repelled by the idea of Jewish nationality because 'they regarded being Jewish simply as having a religious connotation.'<sup>41</sup> Ultimately, though, the entrance of Russian and Polish Jews into the UK in the late 1800s provided a 'new audience' for the political Zionist message, and slowly an 'ascendant' Zionism accompanied and even shaped the non-Zionist position that emerged in the 1930s and 1940s.<sup>42</sup> By the 1940s, therefore, the Anglo-Jewish community seemed more open to Zionist overtures.

Notwithstanding this more favorable environment, the investors who ultimately participated in the JLPS were not necessarily all 'Zionists' who had supported the movement prior to their involvement in the JLPS. In fact, Leopold Schen, the JNF representative in London who headed up the JLPS in the UK, commented that the JNF had acquired 'new friends and supporters' through the JLPS. A large number of these supporters, in Schen's words, were 'non-active Zionists' or even 'non-Zionists.' What is most surprising, perhaps even ironic, is the apathy toward the JLPS shown by the JNF Honorary Officers themselves (who made up a committee established to help carry out JNF activities in the UK). They declined to participate in the JLPS 'under various pretexts,' including 'excuses and reasons' that Schen does not elucidate. According to Schen, in the initial stages of implementing the JLPS, the apathy of JNF officers 'nearly killed the scheme.' In fact, he revealed that few Zionists in the UK, including 'recognized leaders,' were 'planning their future in Palestine.'<sup>43</sup> Although the involvement of 'non-Zionists' in the JLPS may seem odd, the short-lived participation of 'non-Zionists' in the Jewish Agency between 1929 and 1937 proved that such Jews were not opposed to the Zionist cause in Palestine; opposition, in fact, was reserved strictly for those who took an anti-Zionist stance. Apparently, non-Zionists who invested in the JLPS saw the scheme for what it was, namely, a private investment in property in Palestine. And although investments were funneled through a Zionist institution, the end result of the scheme, if successful, would be private ownership of a plot of land in Palestine that the investor could either develop and settle him- or herself or could lease out, or even sell, to someone else.

Growing interest in the scheme sparked correspondence between Schen and Granovsky, starting as early as mid-1938, with the goal of working out the details of the JLPS.<sup>44</sup> By June 1940, the JNF Directorate in Jerusalem passed a resolution giving Schen authority to sign JLPS contracts in its name with 'such variations as he may think expedient.'<sup>45</sup> In April of the same year, Schen had assured Granovsky that the JLPS 'would have considerable possibilities in England' but he then expressed a concern about possibly harming another JNF scheme that was already underway in the UK. The Nettler Scheme—named after Anglo-Jewish investor Fred Nettler who had proposed it in the UK—was, in effect, the JNF's Farm City Scheme. Schen believed the Nettler Scheme and the JLPS would both suffer if they were promoted concurrently. The letter does not specify Schen's reasons for this belief; however, he probably feared either that propaganda in support of the newly introduced JLPS would distract attention from the Nettler Scheme or that Anglo-Jewish investors would opt for the JLPS over the Nettler

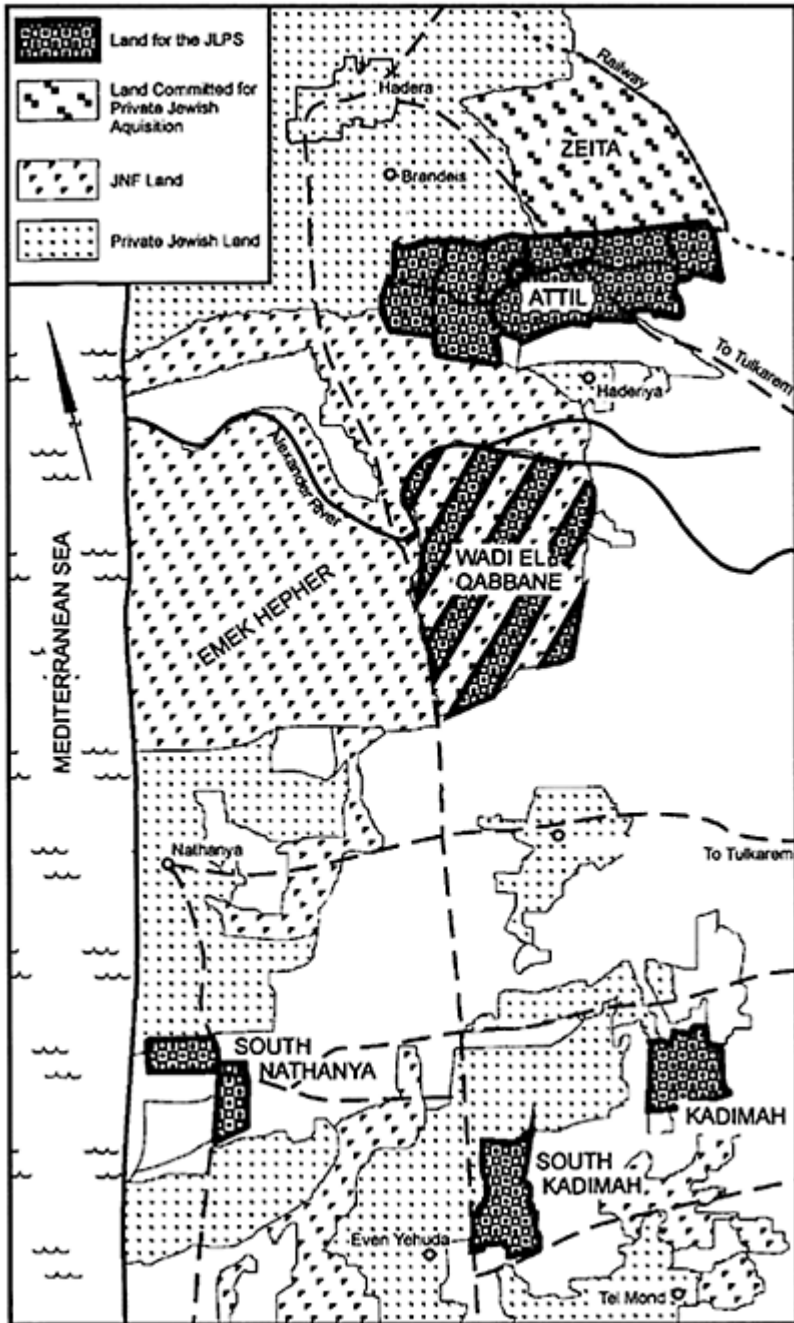
Scheme because the former offered actual ownership of land whereas the latter offered only the possibility of leasing a tract of JNF land. By the time the JNF decided to go forward with the JLPS, Schen believed he had found a way to introduce the new scheme in the UK ‘without damaging the possibilities of the Nettler Scheme.’ Schen’s solution was to suggest that investors in the JLPS also participate in the Nettler Scheme.<sup>46</sup> A few weeks later Schen reiterated this point:

I am connecting this business with the “Nettler Scheme,” and have every hope that it will work, but in some cases where the Nettler Scheme will be of no interest to the person at all, I intend making a condition the signing of a covenant with the J.N.F. Charitable Trust for an appropriate amount which should have some relation to the amount of the purchase. In those cases where the [investor in the JLPS] will enter into the Nettler Scheme I suggest giving them the option to receive their 2½ or 5 dunams of land on lease either in the area reserved for the Nettler Scheme, or, at their option, (which should be declared at an early stage) adjoining their land which they will have acquired under the Joint Land Purchase scheme.<sup>47</sup>

Apparently based on feedback from individuals interested in the scheme, Schen emphasized to Granovsky that investors would only be interested in land in Zone C.<sup>48</sup> Overall, his comments indicate that, in order to keep both schemes alive, he had to be somewhat flexible in his desire to connect them; and because of his efforts, by 1943 a ‘considerable number’ of investors in the JLPS also were taking part in the Nettler Scheme.

### **Wadi Kabani and the JLPS**

One focus for the JLPS was the Wadi Kabani, an area of good agricultural land in the Sharon Plain (see Map 3.1). In his land-purchase report for 1940, Weitz pointed out that of the 43,150 dunams of agricultural land purchased by the JNF in that year, 4,035 dunams were in Wadi Kabani (Zone C). Success in purchasing land in Wadi Kabani alleviated JNF fears that the LTR would entice potential Arab sellers into land speculation in Zone C. Weitz declared: ‘We feared that after the publication of [the] “law” the Arabs would not want to sell their land in Zone C and would wait for a period of abundance or, if they were to sell, would demand too high prices; to our joy, our fears were proven false.’ ‘In fact,’ he proclaimed, ‘after publication of the lands “law” we managed to redeem 9,000 dunams from the Wadi Kabani “bloc”.’<sup>49</sup>



Map 3.1 Coastal Palestine near Netanyah emphasizing the JLPS lands.

Purchase of the Wadi Kabani was important in helping to fulfill the JNF's goal of 'internal expansion' by creating one contiguous section of national land in the 'heart of the Sharon.' However, the JNF's difficult financial situation complicated plans to 'redeem' the Wadi Kabani, because Directorate members knew that the cost of the land would force the JNF to go into further debt, thus adding to its already burdensome financial situation. The Directorate decided to avoid greater debt and therefore faced having to choose one of three possible options: to withdraw completely from the Wadi Kabani purchase; to postpone the purchase and perhaps lose the land; or to find partners to help purchase the land. The JLPS allowed the Directorate to pursue the third option. Consequently, the JNF, in accordance with the JLPS agreement, purchased the 9,000 dunams of Wadi Kabani and divided it into 4,000 dunams for the JNF and 5,000 dunams for JLPS investors. The 5,000 dunams purchased by the JLPS investors were registered in the name of Hemnutah.<sup>50</sup>

### **Complications for the JLPS in the UK**

The seeming success of the JLPS early in the war was negatively affected both by German air attacks on the UK, starting in September 1940, and by Italy's entrance into the war, which, by involving the Mediterranean sphere, threatened Palestine. These momentous events significantly slowed progress of the JLPS (and the Nettler Scheme/FCS) in two ways. The bombings made working conditions in the UK unsafe; in fact, sometime in late September, German bombs damaged the JNF office in London twice. The entrance of Italy into the war made potential Anglo-Jews apprehensive about investing their money in a venture that, at the time, seemed to have an uncertain future. Notwithstanding these complications, Schen was able to resume work on behalf of the JLPS in late November or early December 1940.<sup>51</sup>

Problems with obtaining clear maps of the areas purchased on behalf of investors also slowed the early development of the JLPS. Specifically, Schen expressed concern about the potential investors' unwillingness to invest in the JLPS without knowing pertinent details. 'It is really impossible,' he argued, 'to expect people to buy something without knowing what they are buying.' Bad experiences with prior attempts by Anglo-Jews to purchase land in Palestine further added to the problem.<sup>52</sup> By way of summary, Schen gave four reasons for the JLPS's stunted beginnings: the apathy of Zionists (including leaders) toward the JLPS; the 'absence of sufficient information about the land' purchased under the scheme; the inadequate assistance in personnel; and the fact that he had not been 'flexible enough in negotiations.' The main example Schen gave of inflexibility was his insistence that investors accept the JNF's conditions for the JLPS rather than impose their own conditions on the scheme. 'It is true,' he explained to Granovsky, 'that I lost some business on account of [my inflexible] policy, but on the whole I maintain that my attitude was justified. In this respect I believe I interpreted correctly your own policy.'<sup>53</sup>

### **Discussion of the JLPS by the JNF Directorate**

The JNF Directorate did not officially discuss the JLPS until 27 February 1941. Granovsky introduced the scheme to the Board of Directors and emphasized the need for

the program because of the almost complete withdrawal of private capital from the land market in preceding years. Granovsky explained some of the details of the scheme, stressing that the private investor, if he/she decided to sell the land, had to offer it first to the JNF before considering any sale to private individuals. In such a case, the JNF would not be obligated to return the money 'immediately,' but rather 'over a period of some years.' Demanding the preemptive right of the JNF seemed to address an implicit concern of some Directorate members that JLPS investors might indulge in land speculation, a perennial concern for JNF leaders. Granovsky also highlighted the financial benefit of the scheme—namely, that the money obtained from the private investors, which had to be paid up front, could be used immediately for the purchase of tracts of land that were then being offered for sale. All the lands mentioned in the meeting were in the Sharon Plain, the main focus of the JLPS.<sup>54</sup> One concern Granovsky voiced about the JLPS was the possibility that several investors might simultaneously execute their option to sell, leaving the JNF with heavy financial obligations. However, Granovsky firmly believed that the immediate financial advantages of the JLPS outweighed any potential problems. These advantages included the increased possibility for land purchase and the possibility that some of the land purchased by the JNF's 'partners' might be transferred eventually to the JNF in the form of living legacies.

After Granovsky concluded his remarks, several board members expressed their opinions about the JLPS. Ussishkin acknowledged the positive points about the scheme but then expressed some reservations. For example, he feared that a fluctuating land market might influence the investors' loyalty to the scheme: if land prices went up, he argued, the investors, realizing the increasing value of their land, would have little motivation to exercise the option to sell; on the other hand, falling land prices might prompt them to exercise the option and leave the JNF little choice but to purchase the land at the original purchase price plus interest. He also feared tying up the JNF's financial resources in the Sharon Plain, a region where the land was of good quality but was also expensive and scarce. He believed focusing on the quantity of land purchased rather than on its quality was a higher priority. Apparently he did not see the usefulness of the scheme in helping the JNF fulfill its goal of 'internal expansion.' Although Wilkansky agreed with Ussishkin on the importance of prioritizing the purchase of large tracts of land, he expressed support for any scheme that would make more private capital available for investment in land purchase.<sup>55</sup>

Another board member, Juchowsky, endorsed the JLPS, pointing out that because the JNF emphasized the importance of 'redemption of land in all its forms,' the scheme was necessary in fulfilling its *raison d'être*. He assumed that if the JNF eventually had to purchase the land, the cost certainly would not be any higher than the original purchase price. He based this assumption on his belief that because private capitalists desiring to purchase and settle land were few, land prices would not be artificially driven upward.<sup>56</sup> Katznelson emphasized what he perceived to be the negative side of the JLPS—namely, the JNF's obligation of preemption. He believed that after the war many of the investors in the JLPS, finding themselves under financial stress, might desire to sell, thus obligating the JNF to purchase their lands. However, as with Granovsky, this concern was overshadowed by the JNF's immediate financial limitations that impeded it from purchasing the many lands offered for sale at the time. Thus, he accepted the JLPS proposal as 'the commandment of the hour,' made expedient by the JNF's financial

situation. Two remaining Directorate board members, Meir Berlin and Hermann Struck, endorsed the JLPS proposal without reservations.<sup>57</sup>

To summarize, the Directorate's overall assessment mandated that the JLPS should go forward because of the JNF's lack of financial means to purchase land offered for sale during this most crucial period. Nevertheless, a lingering reservation persisted, namely, the potential burden of having to purchase options or lands from JLPS investors at a later date. Despite the reservation, Granovsky deemed the immediate benefits for the JNF to be worth the risk because the investors' money could be used immediately for 'land redemption.'<sup>58</sup> In the UK, notwithstanding the initial problems and hesitations, by February 1941 certain wealthy Jews had already invested £P 130,000 in the JLPS, thus making possible the purchase of the 9,000 dunams in Wadi Kabani. By June 1941, Anglo-Jewry had invested close to £P150,000 in the JLPS.<sup>59</sup> And by the end of that same year, the JNF had purchased (in addition to the 9,000 dunams of Wadi Kabani) about 2,600 dunams on behalf of JLPS investors—1,100 dunams near Netanyah and 1,500 dunams near Kadimah.<sup>60</sup>

### **The JLPS, the Land of Attil, and the Supreme Muslim Council**

Another important purchase in the Sharon Plain involved JNF negotiations with the Supreme Muslim Council. In October–November 1941 the JNF made initial contact for the purchase of 5,000 dunams of the land of Attil (southeast of Haderah), an important area that was eventually included in the JLPS (see Map 3.1). Weitz clarified that the land of Attil belonged—in certain proportions—both to the village of Attil and to the Supreme Muslim Council. Although he did not classify the land as *musha'a* in the meeting Minutes, given the joint ownership between the village (apparently meaning villagers) and the Supreme Muslim Council, the land offered for purchase apparently was in that category.<sup>61</sup> The Supreme Muslim Council (hereafter SMC) was formed in 1922 with the Grand Mufti Hajj Amin al-Husayni at its head. It administrated Muslim community affairs in Palestine and, until October 1937, when it was dissolved and its members dismissed by the Mandatory government, played a central role in Palestinian–Arab politics. From late 1937 to the end of the Mandate, the SMC came under 'a measure of British control' (its members being appointed by the Mandatory government) and was 'reduced to a purely administrative body.' Although the SMC was politically less important after 1937, it continued its management of *waqf* affairs after that date.<sup>62</sup>

The SMC had planned for the purchase of land in Attil (and in the villages of Tira and Tayba-Tulkarm district) as early as 1929 as part of its goal to 'redeem' (*istinqadh*) lands and turn them into *waqf*. The SMC also supported the purchase of Attil, Tayba, Tira, and some other large tracts of land as part of its 'campaign against sale of lands to the Zionists.' The purchase was realized only in 1934–35, after the SMC reorganized its finances.<sup>63</sup> After 1935 certain private Jewish companies tried to buy the land of Attil but failed to carry out the transaction because the SMC placed obstacles in the way of arranging ownership of its portion of the land. At this point, the JNF's entrance into the issue provides some insight into the type of machinations it used to obtain land under the restrictions of the LTR. The JNF attempted to purchase the SMC land but failed to strike an acceptable agreement with the institution. Hence, in 1940, the JNF decided to focus instead on purchasing the land owned by the villagers of Attil. To do so, it invited several

Jewish capitalists in the UK to participate in the JLPS by joining it in purchasing the 4,000 dunams. When they agreed, the JNF purchased the land and transferred it to Hemnutah.<sup>64</sup>

However, the SMC's 1,531 dunams remained as a 'wedge' of land in the midst of the 4,000 dunams owned by the JNF and its partners. The JNF was not forbidden to exchange one plot of land for another of equal value and size; therefore, it proposed to obtain the 1,531 dunams through exchange with the SMC for a plot of land of equal size. This proposal seemed to be the only option because the SMC was forbidden to sell *waqf* lands. Since part of the land of eastern Attil was located in Zone A, where the LTR forbade Jewish land purchase, the JNF planned to buy another appropriate plot in eastern Attil (not in Zone A) and give it to the SMC in exchange for its 1,531 dunams. JNF Directorate members decided unanimously to go forward with this proposal; and because the JNF needed money immediately for the purchase, the Directorate decided to obtain a loan of £P12–15,000 from 'Matmon' in Tel Aviv (a company of Zionist capitalists from Italy) at 6 percent interest to be repaid over a two-year period.<sup>65</sup> Therefore, Anglo-Jewish investment and JNF land purchase on behalf of the JLPS by the end of 1941 seemed to put the JLPS on solid ground for success. However, as shown in Chapter 4, starting in 1942 the JLPS began to face complications that would eventually thwart future prospects.

### The Farm City Scheme, 1940–41

In conjunction with the JLPS, the JNF Head Agency also solicited Anglo-Jewish private capital for its Farm City Scheme (hereafter FCS).<sup>66</sup> The FCS differed from the JLPS in that participants in the FCS paid money to the J.N.F. Charitable Trust as a nonrefundable contribution that entitled them not to private land ownership but rather to a 49-year lease of a certain JNF plot of land.<sup>67</sup> On the other hand, like the JLPS, the FCS was under the care of Leopold Schen, working in conjunction with British businessman Fred Nettler, and did require a more straightforward capital investment—in this case to build a home on and to develop the leased land.

Preliminary to marketing and implementing the FCS, the JNF concluded an agreement (Deed of Trust) with the J.N.F. Charitable Trust in a meeting on 24 September 1941. The J.N.F. Charitable Trust (hereafter the Trust) had been incorporated in the UK on 21 July 1939 to 'promote within the Region of Palestine and Trans-Jordan or any part thereof any objects which shall be charitable and which in the opinion of the Trust would be either directly or indirectly beneficial to persons of Jewish religion, race, or origin.' Furthermore, the Trust could 'enter into agreements or arrangements with Associations, Organizations, Institutions, or individuals' that 'might be conducive to the attainment or furtherance of the objects of the Trust.' Specifically, the Trust aimed at providing land in Palestine for 'the settlement thereon of poor Jews, the building of Synagogues, the building of Schools, the building of Hospitals, the provision of Recreation Grounds, and for other Charitable purposes.'<sup>68</sup>

The Trust lacked the organization and personnel to carry out its goals. Furthermore, the expenses needed to create a bureaucracy would 'seriously entrench [*sic*] on the funds of the Trust and greatly diminish its charitable activities.' Therefore, the JNF and the Trust agreed that, 'free of expense,' the Trust would avail itself of the JNF's already-existing organization (including building facilities) and personnel. Accordingly, the JNF



would control and manage the ‘proper development’ of the Trust’s lands, seeing to it that ‘the settlers thereon develop and turn to account the land to the best possible purposes.’ The JNF also agreed to acquire land from the Trust ‘at the request of the Trust and when an opportunity presents itself,’ and either to lease it to poor Jews for settlement or to make it available for purposes in keeping with the objects of the Trust. The JNF was to use all money it received from the Trust (up to 24 September 1941 and thereafter) for the charitable purposes approved by the Trust. Furthermore, the JNF agreed to appropriate all income obtained from any land acquired through the funds of the Trust for the purpose of acquiring more land (approved by the Trust) for the settlement of poor Jews or for other charitable purposes. If the JNF breached the Deed of Trust or defaulted in expending Trust money, it would have to repay all unused money plus 5 percent per annum interest, which sum would ‘become a debt owing by the [JNF] to the Trust payable on demand.’ To finalize the agreement, both the Trust and the JNF ‘affixed’ their Common Seals to the Deed.<sup>69</sup> Participants in the FCS entered into a ‘deed of covenant’ for their contribution of £245 to the Trust (paid in installments over a certain number of years). The participants made a further payment of £5 to the JNF.<sup>70</sup> In return, they received an option for a 49-year hereditary leasehold on a 2½-dunam plot of JNF land in the coastal plain for which they had to pay a limited ground rent. Participants also had the option to donate £500 for a 5-dunam plot of land.

### **Fred Nettler heads up the FCS in the UK**

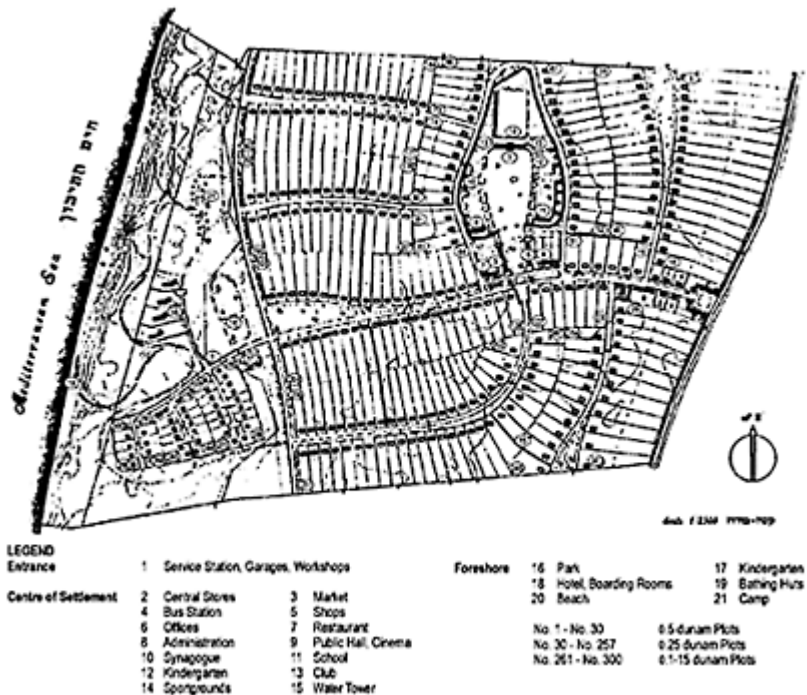
The JNF entered into FCS agreements with participants starting as early as July 1941.<sup>71</sup> At a luncheon of the Glasgow Farm City Committee in September 1941, Fred Nettler explained that the plans for Farm City I, located on the coast south of Netanyah, sixteen miles north of Tel Aviv, were complete and every plot had been sold (see Maps 3.2 and 3.3). He also announced that participants had already paid for fifty plots in Farm City II, located south of Kadimah in the Tul Karm subdistrict. Nettler clarified that the layout, buildings, houses, and other amenities in Farm City I would be the ‘most up-to-date in Palestine.’ Furthermore, Farm City I would extend to about 75 dunams (17 acres) and would include a school, a synagogue, a shopping center, and a beach with facilities for recreation. Nettler announced that city planners projected a cost of £350 for a ‘comfortable house of three apartments [rooms],’ a kitchen, and a bathroom, thus making it possible for people with ‘a moderate amount of money’ to participate in the scheme.<sup>72</sup> According to Nettler’s vision, each Farm City would have its own association and would nominate representatives to the National Farm City Association. The Association would create a financial corporation in which the settlers could participate. The corporation would seek concessions for urban development of the Farm Cities, with any profits from such enterprises returning to the settlers. Finally, Nettler explained that each Farm City would have a modern communal dairy and cowshed, and modern machinery. Since the Farm City was set up for self-subsistence agriculture only, settlers who desired would be able to obtain work in large towns such as Netanyah.<sup>73</sup>

Nettler submitted his self-proclaimed ‘Nettler Scheme’ to Ussishkin and Granovsky shortly before Ussishkin’s death near mid-September 1941. In a confidential letter to Granovsky the following month, he expressed dissatisfaction about having to work

through the JNF office in London for 'everything' related to the FCS. For this reason, therefore, he sent a letter expressing the following sentiments concerning his proposal:

I am not sure whether you really felt this was a good proposal. I never had any doubt that it was. Frankly, the reason why it took so long to get it into stride was that apart from myself, no one was really pushing it. There were only halfhearted attempts. Only when your Office realised that there were no other ways of raising Funds did they take my Scheme seriously, and from then on, the progress was rapid.<sup>74</sup>

In the same letter, Nettler noted opposition in the UK from 'old Zionists who sniffed at my proposal, saying that when a Zionist gives money to the JNF, he [or she] wants nothing in return' (i.e., the person does so as a free-will contribution and, therefore, does not expect any return). Nettler, convinced that people 'always want something in return,' had great confidence in the potential success of his idea. By the time of Nettler's October 1941 letter to Granovsky, fifty more plots had been sold for Farm City II (equaling one hundred plots altogether). The growing



Map 3.2 Plan for Farm City I, south of Netanyah.



and plan of the first Farm City.

success of the FCS seemed to be proof that his confidence was justified.<sup>75</sup> Indeed, as one JNF official stated, part of the FCS's 'attraction' was that it allowed the JNF to approach potential contributors who were 'not affected by the ordinary appeal for donations for Geulath Haaretz [land redemption].'<sup>76</sup> In other words, the FCS appealed to individuals who expected something in return.'

In keeping with his enthusiasm for the FCS, Nettler voiced the hope that this 'limitless' scheme would be launched in the USA, Canada, South Africa, Australia, and beyond. Consequently, Nettler, both as 'Father of the Scheme' and as the newly appointed President of the Farm City Association in the UK, expressed his desire to go to the USA to help operations there.<sup>77</sup> What became of this particular desire is unclear but, as I will show hereafter, the FCS certainly became popular among some Jews in the UK and, alongside the JLPS, added to the JNF's revenues during the war.

## The FCS and housing needs in Palestine

Granovsky responded to Nettler early in 1942. He congratulated him on the progress of the FCS and expressed the hope of seeing 'hundreds of new houses and farms in the Plain of Sharon' after the war. Granovsky was gratified to learn from Nettler that the majority of the FCS participants intended to build as soon as circumstances in Palestine permitted. To Granovsky this intention meant 'presumably immediately after the War.' 'In that case,' Granovsky explained, 'matters at this end would be much facilitated and the

possibility of a serious obstacle—that of absentee lessees and vacant plots—[which was] obstructing the smooth and planned development of the farm cities—and the first farm city in particular—would be to a large extent removed.’<sup>78</sup>

Granovsky also addressed the ‘housing problem’ created by the temporary cessation of building in Palestine during the war. He hoped the FCS could play a role in solving the problem. He based his hope on the ‘weighty’ problem of those lessees who, ‘though intending to have houses built for them,’ did not contemplate settling in Palestine themselves nor letting relatives settle on their FCS plots. He expressed the desire to include in the FCS either ‘suburban land or land in the immediate vicinity of big settlement,’ preferably near Tel Aviv. However, in early 1942 land near Tel Aviv was three times as expensive as land south of Netanyah (the site of Farm City I). Therefore, believing that 2½ dunams near Tel Aviv would be ‘an unnecessary luxury,’ Granovsky proposed that suburban holdings for the FCS, if obtained, should be confined to about one dunam.<sup>79</sup> The ‘considerable demand’ for housing in the towns and large settlements was the driving factor behind Granovsky’s interest in suburban and urban areas. He believed increased immigration after the war would only make the already-existing housing problem more acute. In focusing on suburban and urban land to meet the demand, he assumed leaseholders of such FCS lands would not ultimately settle in Palestine, and thus would be ‘in a position to sublet their houses...on quite reasonable terms.’<sup>80</sup>

Schen shared both Granovsky’s concern about the potential housing problem after the war and the hope that the FCS could help alleviate the problem. In a May 1942 letter, Schen declared: ‘we can confidently expect that those participants who will not settle in Palestine...can be induced to build and develop their plots either for sub-letting on a long-term lease, or for selling [their leases] on a 20 years’ mortgage based on a low rate of interest’ On the other hand, Schen disagreed with Granovsky’s proposal to limit suburban FCS plots to one dunam because he feared the draw of competition from the private sector. He observed:

To ask for a donation of £250 for such a plot, when the Palestine Investment Company offers plots north of the Yarkon at anything between £100 and £150 a dunam freehold, would be most unwise. It would only drive the would-be participants from the Farm City Scheme to purchasing freeholds through the [Palestine Investment] Company. Hence, either we offer 2½-dunam plots there as well, or we reduce the donation to a smaller figure. Personally I would rather see the donation maintained at £250 and allot a larger area than 1 dunam.<sup>81</sup>

In identifying competition from the Palestine Investment Company, Schen was pointing to a problem the JNF would increasingly face during the war.

### **Discussion of the FCS by the JNF Directorate**

Growing interest in the FCS by October 1941 and interest in the land in Attil sparked a discussion among the members of the JNF Directorate.<sup>82</sup> Granovsky made three points in his presentation of the FCS before the Directorate: first, he explained that the JNF had

already received from the UK much of the money contributed for the purchase of land for Farm City I (south of Netanyah); second, he informed the Directorate that Anglo-Jews had made commitments for Farm City II near Kadimah; third, he reported that the JNF office in the UK had requested a proposal for Farm City III. As the JNF had recently received an offer to purchase the land of Attil near Haderah (near Hibat Tziyon, Hagala, Givat Haim, and Ein-HaHoresh), Granovsky proposed Attil as a possible site for Farm City III. But when the purchase of the land of Attil went forward, the JNF decided to reserve the land strictly for the JLPS. The JNF ultimately located Farm City III east of Haifa further to the north (see Map 3.3).

In November 1941, the Directorate again broached the topic of the FCS in a discussion about JNF income for the fiscal year. As shown earlier, JNF income from the UK (donations, special projects, wills/testaments, and living legacies) during 1941 increased £P19,089 from 1940 to reach a total of £P68,000. FCS donations accounted for £P10,000 of the increase. This money went toward purchase of 1,200 dunams near Netanyah for Farm City I and toward 1,500 dunams near Kadimah.<sup>83</sup> The November meeting also addressed, for the first time, open criticism of the JNF and the FCS. The initial criticism was sparked by something not directly related to the FCS—namely, the JNF Head Agency's proposal to arrange a fundraising scheme in the UK called the 'Ussishkin enterprise' to aid in the establishment of the 'Menachem Ussishkin Fortresses' in northern Palestine. The National Bureau of the *I* (Foundation Fund, hereafter KH) in UK opposed the 'Ussishkin enterprise,' arguing that it would likely interrupt the KH's fund drive in the UK. The secretary of the Zionist Federation in the UK, Lavy Bakstansky (1904–71), got involved in the dispute by sending a telegram to the Directorate of the Jewish Agency in Jerusalem both protesting the 'Ussishkin enterprise' and hurling accusations against the FCS itself.<sup>84</sup> In response to Bakstansky's telegram, the JNF Head Agency and the Directorate of the Jewish Agency sent a telegram to the UK proposing that officials of the Zionist Federation and the KH arrange the 'Ussishkin enterprise' jointly for the JNF and the KH. The JNF and the Jewish Agency for Palestine never received any response to this suggestion. In fact, KH officials placed their accusations about the JNF and the FCS before Chaim Weizmann and Simon Marks, two leading Zionist statesmen.<sup>85</sup> Weizmann and Marks had previously promised to speak positively on behalf of the FCS in a special conference to be organized on the subject of Zionist activities in Palestine. However, when the conference took place, Weizmann and Marks ignored the FCS altogether and addressed only the JLPS.<sup>86</sup>

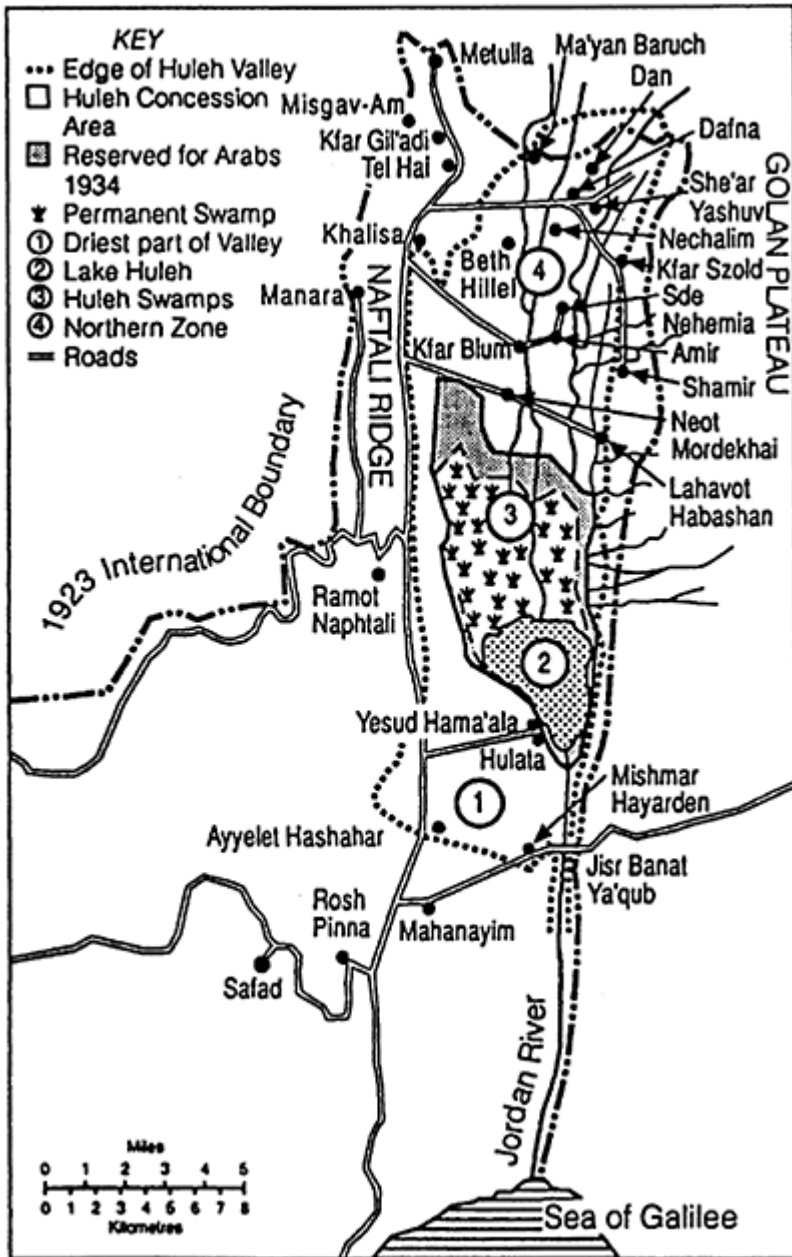
This incident revealed both the inter-institutional scuffles within the Zionist movement over access to limited financial resources (in this case in the UK) and the keen competition for the endorsement of prominent Zionist leaders for this or that fundraising project. Unfortunately for FCS organizers, criticism of the scheme did not end with this incident, but criticism did not stifle the success of the scheme either. By the end of 1941, the JNF was working on the purchase of two more plots of FCS-related land. The first was the plot of 1,200 dunams near Netanyah slated for Farm City I. Granovsky reported that the JNF had already received most of the £P20,000 needed for this purchase. For purchase of the second plot of land—the 1,500 dunams near Kadimah—the JNF had received only a 'portion' of the £P20,000 needed.<sup>87</sup> In summary, by the end of 1941, the FCS was well on its way to full implementation. However, criticism of the FCS in the UK, starting in November 1941 with Bakstansky as the principal opponent, continued in

force into fiscal year 1942. Bakstansky based his main criticism of the FCS on his perception that JNF workers in the UK were misleading Anglo-Jews about the nature of their investment in the scheme. Discussion of the criticism, how the criticism was rebutted by about mid-1942, and the impact the criticism had on the FCS are addressed in the next chapter.

### **The Huleh concession and its environs, 1939–41**

While the JNF was implementing the JLPS and the FCS in England, it was also involved in negotiations and land purchase in the Huleh region. The period from February 1939 to June 1940 was particularly important to negotiations over the Huleh concession and to the question of financing the Huleh reclamation project (see Map 3.4). W.P.N.Tyler has identified two interrelated ‘problems’ associated with the Huleh concession during this period. First, in February 1939, High Commissioner Sir Harold MacMichael concluded that the Palestine administration could not finance its share of the reclamation project, thus making it necessary to seek a grant from the British Treasury. Second, the Jewish Colonization Association (JCA), EMICA (JCA subsidiary in Palestine under the direction of Charles Passman), and the JNF were in the middle of negotiating a one-year renewal of the option to purchase the rights to the concession from the Palestine Land Development Company (PLDC). The first and second ‘problems’ were bound together because the success or failure of the EMICA/JCA/JNF negotiations rested on whether the Palestine administration would find a way to help finance the Huleh reclamation scheme. In addition, the question arose as to how the outbreak of war, and succeeding events, would affect the Huleh negotiations. In July 1939, EMICA and the JCA informed the British Colonial Secretary that they would renew the option only if approval for the British government’s participation in the scheme would be forthcoming within the one-year renewal period; if not, EMICA and the JCA threatened to ‘renounce all further interest in the project.’<sup>88</sup>

In early August 1939, the British Treasury, contingent upon parliamentary approval, decided to authorize a grant of £P235,000 to allow the Palestine administration to participate in draining the northern region of the Huleh. Later in August, officials concluded negotiations to revise the terms of the Huleh concession; and by 23 August, a ‘draft concession committing the government to share costs’ was ready for signature. But when war broke out in September, the British Government reneged on its £P235,000 offer, forcing all parties involved ‘to extract something tangible from the current impasse to keep hopes alive’ during the war.<sup>89</sup>



Map 3.4 The Huleh Valley and Concession Area.

Weighed down with debt, the PLDC regretted giving in to the Jewish Agency's request to dismiss its private partners of 1934–35 so that Jewish national organizations—the JNF and the JCA/EMICA—could arrange colonization of the Huleh. The JCA, for its part, remained adamant into 1940 about not entering into 'a binding agreement with the JNF to buy the PLDC's concession' without the British Government's participation in the scheme.<sup>90</sup> Yet, despite the withdrawal in September of the British Government's financial participation in the scheme, the JCA apparently stuck to a 23 August 1939 agreement with the JNF for a one-year renewal of option to purchase the PLDC's concession. According to information presented by Ussishkin to the JNF Directorate on that date, the JNF and the JCA had held an 'urgent' meeting on the Huleh concession in Geneva. Specific circumstances led to the meeting. The JCA had earlier promised to loan the JNF £P350,000 to assist in carrying out its work in Palestine. By the latter half of 1939, however, great demands were being placed on the JCA to help finance Jewish relief efforts in Europe. Hoping to free itself from its financial obligation to the JNF, the JCA presented an alternative to the JNF—namely, it offered to pay £P15,000 at the beginning of October 1939 to cover its share toward the one-year renewal of the option to purchase the PLDC's concession. If the JNF did not accept the offer, the JCA threatened to withdraw completely from the concern of the Huleh concession. Withdrawal would mean the JCA would not even pay the £P15,000. Given this ultimatum, the JNF Directorate called for the 23 August meeting, and after detailed discussion of the JCA's offer, the JNF Directorate (excluding Ben-Gurion, Wilkansky, and Struck, who were not present) decided to free the JCA from its financial obligation altogether.<sup>91</sup>

Nevertheless, on 1 October 1939, the JCA and the JNF each paid £P15,000 and signed a third agreement that extended the option, thus giving them the right of priority until 1 July 1940 to purchase the Huleh concession. According to Ussishkin, the combined JCA/JNF payment of £P30,000 also accomplished a second important goal—the money helped pay off the previous Arab owners of the concession, thus leaving the concession completely in the hands of the PLDC.<sup>92</sup> Therefore, by October 1939, EMICA had paid £P105,000 (£P90,000 plus the £P15,000 from JCA) to the PLDC to extend the option. Combined with the £P66,600 paid by the JNF and the Jewish Agency (by December 1935) and the £P15,000 paid by the JNF in October 1939, the total amount paid to the PLDC by October 1939 came to £P186,600.<sup>93</sup>

Meanwhile, the Jewish Agency urged the JCA chairman, Sir Osmond d'Avigdor Goldsmid, to stick with the Huleh project. Moreover, seeing the Huleh project as a way of implementing the 'constructive' side of the White Paper policy (the pledge to support development schemes that benefitted both Arabs and Jews), the British Colonial Secretary, backed by the High Commissioner, continued to push for the British Government to participate financially in the Huleh scheme. Seemingly, the issue of the Huleh concession was moving in a positive direction on all accounts until June 1940, when German forces entered Paris and the JCA lost contact with its headquarters for an extended period. Tyler points out that the next Colonial Office file concerning the Huleh project was dated 1944.<sup>94</sup> However, negotiations related to the Huleh concession continued in Palestine during the war. The JCA's administrative officers, having left continental Europe in 1940, took up residency in the Americas (New York, Buenos Aires, and Brazil) and in London. The JCA decided its offices in Canada, Brazil, and Argentina would report to Louis Oungre in New York. The new situation left Charles Passman,



director of EMICA, ‘free to act on his own’ during the war.<sup>95</sup> Accordingly, on 6 October 1940, EMICA, not having exercised its option by 1 July 1940, informed the PLDC that its cash advances to the PLDC would convert into a loan. Consequently, EMICA requested the fulfillment of the obligations of the agreement signed in October 1939 with payment of interest to begin on 1 January 1941 and of principal on 1 January 1943. The concession would ‘be assigned to EMICA as security for the debt.’<sup>96</sup>

EMICA’s demand was apparently ‘extremely unpleasant’ to the PLDC for two reasons: the PLDC was concerned its shareholders might conclude that EMICA had ‘finally ceased to be a partner in the [Huleh] enterprise’ and was now ‘merely a creditor of the PLDC;’ and at the time, the PLDC found itself with frozen assets because war conditions had interrupted sales in Europe that were ‘of great importance for the work of the PLDC’ (for example in Holland, Belgium, Scandinavia, Romania, and France, among other countries). Furthermore, the PLDC faced ‘limited sales’ in Palestine because its building activities had been severely restricted since the outbreak of the Arab Revolt in 1936. Therefore, Eliezer Kaplan (treasurer of the Jewish Agency) and Arthur Ruppin ‘warmly’ recommended that EMICA ‘reinstate and renew the option agreement’ by signing an agreement to extend the date of the termination of the option period until six months after cessation of war hostilities. To apply some pressure on EMICA, Kaplan and Ruppin emphasized that the main creditors of the PLDC (i.e., the JNF, the Anglo-Palestine Bank, and a company named ‘NIR,’ among others) had, for the time being, refrained from ‘pressing their claims’ on the PLDC.<sup>97</sup>

Ultimately Kaplan’s and Ruppin’s recommendation, coupled with developments in the area of formulating the new agreement, forestalled EMICA’s plan to claim the concession as security for debt. As early as December 1940, negotiators had drafted two new agreements. The first agreement replaced the older Ottoman concession and did not contain any reference to the British Government’s participation in the drainage project. The second agreement, to take the place of the first agreement if the British Government decided to participate, set the Government’s share for work north of the concession at £P235,000. But, because of currency depreciation and increasing costs for equipment and labor, negotiators quickly realized that £P235,000 would not be enough to complete the projected drainage work. Therefore, in early 1942, negotiators further modified the second draft agreement to exclude a set share to be paid, thus obligating the Government to ‘meet the actual cost of the work in the northern zone.’ Ultimately, though, finalizing the agreement was difficult because the PLDC and the JCA (and its subsidiary EMICA) could not come to an agreement with the Palestine Electric Corporation (or PEC, headed by Pinchas Rutenberg) over disputed water rights in the Upper Jordan.<sup>98</sup> This difficulty aside, in February 1942, Passman informed the PLDC that the JCA management had authorized him to renew the option agreement under the condition that at any time within six months after the end of war hostilities, the JCA could either acquire the concession or, without stating reasons for doing so, withdraw from it altogether. The parties renewed the option agreement based on this condition.”<sup>99</sup>

### *Land purchase in the Huleh Region, 1939–41*

At the same time the JNF was involved in these convoluted negotiations, it earnestly pursued land-purchase activities in the Huleh region. The Huleh was located in Zone B,

where the LTR severely restricted land purchases. Nevertheless, in this case the several exceptions allowed by the LTR (i.e., in the cases of approval of the High Commissioner, mortgaged land, and land owned by non-Palestinian Arabs) worked to the JNF's advantage. This advantage was especially true in the case of non-Palestinian Arab landowners because Lebanese and Syrian Arabs owned 'much of the land in the Huleh valley.'<sup>100</sup>

Weitz reported on the status of JNF landownership in the region north of the Huleh. By October 1939, a total of 25,300 dunams had passed to the ownership of the JNF (21,000 dunams) and its partners EMICA A and the Africa-Palestine Investment Company (the remaining 4,300 dunams). Another 10,000 dunams were in the process of transfer. The lands of Amir Fa'ur amounted to 12,000 dunams; however, by October 1939, the JNF had not yet succeeded in arranging the purchase of his lands. Furthermore, at that same time, the JNF had entered negotiations for new land purchases equaling 18,000 dunams. Altogether, these lands (the 25,300 dunams in the ownership of the JNF and its partners plus potential purchases) totaled 65,300 dunams. Weitz stressed that, combined with the 42,000 dunams of the Huleh concession itself, the total area that could potentially come into Jewish ownership was over 100,000 dunams, or 'most of the Huleh Valley.' By September 1940, however, only an additional 11,000 dunams north of the Huleh (all agricultural land) had transferred to JNF ownership.<sup>101</sup>

In May 1940, Weitz highlighted the problem of lack of funds that continued to plague the JNF's land-purchase efforts throughout Palestine. The JNF desired to 'increase the scope' of its activities in Palestine, including in the north and the south, but because of the financial situation could not enter into details of purchases 'in several places in the south and the north.' The difficulties caused by lack of finances accompanied a delay in the settlement activities of the Department of Agricultural Settlement. Delay in settlement concerned the JNF because unsettled lands were left uncultivated and therefore were susceptible to Arab encroachment. However, settlement delays were not a problem for the lands acquired north of the Huleh because, according to Weitz, the lands there could be 'handed over for temporary cultivation' by already-existing Jewish settlements.<sup>102</sup>

The Minutes of the Directorate meeting that record discussions of land purchase during the whole of 1941 do not specify any land purchases in the Huleh region. But in December 1940, Weitz reported on land transferred to the JNF between October and December 1940 (the first three months of fiscal year 1941). He included in his report 2,598 dunams north of the Huleh (1,998 dunams in the plain and 600 dunams in the mountains). These transfers represented purchases of land in Khirbat-Suman and Ein Za'arah in the plain and in Kadesh Naphtali in the mountains. In the case of Kadesh Naphtali, Weitz clarified that the whole area came to 12,850 dunams, of which the JNF already owned about 5,350 dunams, thus leaving 7,500 dunams yet to be purchased. He pointed out that in the near future a 'motion' would be taken on 2,000 dunams out of the remaining 7,500 dunams that would require about £P15,000. Weitz then concluded: 'According to what we supposed previously, it was our responsibility to arrange the transfer of these "files" this December [1940] and in January [1941]. But because the transfer of these plots was bound up with the payment of about £P15,000, we postpone[d] the transfer.'<sup>103</sup>

In February 1941, Weitz reported that the JNF had purchased 375 dunams in the land of Ein Za'arah, north of Huleh on the Palestine-Syria border. In answer to a question

from Ben-Gurion about Kadesh Naphtali, Weitz informed the Directorate that prospects for purchase in the near future were still for only 2,000 dunams. By February 1941, the JNF apparently had the £P15,000 needed to purchase the 2,000 dunams, but progress continued at a slow pace because the landowners were located in Syria, which, because of the changed political situation there after Germany's occupation of France, was 'closed and locked' to JNF land agents. Conversely, Syrian landowners could not come to Palestine. These restrictions indicate the difficulties the JNF faced in pursuing its land-purchase priorities in the Huleh region. However, the JNF continued to make attempts to contact the Syrian landowners.<sup>104</sup> The difficult situation notwithstanding, by September 1941 the JNF held between 34,973 and 44,973 dunams in the Huleh region, a great accomplishment compared to the mere 644 dunams held by the JNF at the outbreak of the Arab Revolt in 1936.<sup>105</sup>

### **The Negev: background and the beginnings of JNF interest**

Concomitant with its activities in the Sharon plain and in northern Palestine, the JNF also had ambitions in the Negev to the south. Ruth Kark divides Jewish settlement in the Negev into three periods: the 'period of vision' (1880–1917); the 'period of sobriety' (1918–32); and the 'period of implementation' (1933–47).<sup>106</sup> Initiators of settlement in the Negev during the 'period of vision' were private individuals or groups who viewed the area as a potential settlement region because of the sparse local population and cheap land costs. However, by the end of the Ottoman period the visionaries had not realized the 'Vision' because of 'objective difficulties and the limitations imposed by the Turks, as well as...the lack of knowhow, capital, and manpower.'<sup>107</sup> The period from Britain's military occupation of Palestine, consolidated by 1918, to 1932 saw the 'sobering and freezing of initiative,' despite some feelings of optimism sparked by the new administrative situation. Arthur Ruppin and Jacob Akiva Ettinger submitted a memorandum in 1921 highlighting both the Negev's climatic, agricultural, security, and topographical drawbacks, and the Zionist institutions' lack of the necessary experience to undertake settlements on an extensive scale. During the 1920s and early 1930s, the Zionist institutions focused on the regions to the north because they were 'more centrally located and less agriculturally-problematic.'<sup>108</sup>

In 1933, the PLDC decided to renew activities in the Beersheba district in the south. After Italy's invasion of Abyssinia in 1935, uprisings occurred in Egypt and Syria. Furthermore, the Arab Revolt (1936–39) led to the Peel Commission's suggestion of partition in 1937, and the Nuremberg Laws of September 1935 and Hitler's order to occupy the demilitarized zone of the Rhineland in March 1936 presaged coming problems for the Jews and moved Europe closer to war. The PLDC's new initiative in the south, combined with these political events on the international and local levels, motivated Zionist institutions to include the Negev in their expansion of activities throughout Palestine.<sup>109</sup> The Zionist Movement made full-fledged efforts in the south between 1939 and 1947.<sup>110</sup> The JNF already held a 6,000-dunam bloc of land in the Dorot-Ruhamah region that it had purchased from the Bedouin in 1911. Renewed efforts in the south meant the JNF needed to expand its land-purchase activities in that region of Palestine (see Map 3.6).<sup>111</sup>

### *Land purchase in the Negev, 1940–41*

In a meeting held in December 1939, the Directorate faced a decision to purchase lands in the Negev from private Jewish investors (private companies in Palestine and abroad, certain wealthy individuals, and Benei Ha'am) who had decided to withdraw from their land investments. Moshe Smilansky stood at the head of this group of investors. The proposal was for three plots of land totaling 7,600 dunams —Huj (3,800), Boreir (Breir) (2,200), and a plot in Beersheba (1,600)—all located on the border between southern Judea and the Negev, with Huj and Boreir (Breir) lying east to northeast of Gaza (see Map 3.6). According to the proposal, the JNF would not have to invest money right away but could wait a few years, and payment conditions would be 'sufficiently pleasant'. The private investors had purchased the land at various prices (from £P5 to £P6.5 per dunam). Some of the investors in Palestine wanted to keep the lands they had purchased, whereas others wanted to withdraw. All of the investors from abroad wanted to withdraw from their purchases. Members of Benei Ha'am simply did not have the financial means to pay the remainder of what they owed on their plots. Finally, the private companies, which had given to Smilansky 'a large part' of the money to purchase lands in the Negev, decided ultimately to withdraw. Therefore, Smilansky proposed that the JNF acquire the unwanted lands.<sup>112</sup>

A committee made up of several individuals, including Weitz, visited the plots of land and concluded that the land was good for extensive agriculture, that some water sources were available (but not enough for irrigation), and that the land was of strategic importance for political and settlement purposes. Based on these conclusions, the Directorate decided to purchase 5,000 out of the 6,000 dunams of the land of Huj and Boreir (Breir) on condition that the JNF would pay the sum of the cost over a three-year period, beginning one year after the transfer of the land to the JNF. The Directorate also decided that if the Jewish Agency would allocate, 'with conviction,' £P6,000 for the 'conquest' of the 5,000 dunams, the JNF would match the allocation from the Keren Bitzaron. The Jewish investors who so desired would pay the outstanding balance on the remaining 2,600 dunams at a price of £P6.5 per dunam (thus paying off the Arab landowners) and would pay back those investors who chose to withdraw from their purchases.<sup>113</sup>

By September 1940, the JNF was still involved in negotiations for purchase of the land of Huj and Boreir (Breir) (now totaling 7,500 dunams) at £P5 per dunam. The JNF was also negotiating a purchase of land in Iraq el-Manshiya, located south of Kefar Menahem (4,000 dunams), in Sumil (2,500 dunams), in Sumsum (10,000 dunams), and in Barbara (6,000 dunams). These lands totaled 30,000 dunams at a cost of about £P160,000 (including transfer costs of 3 percent). Certain private Jews, who had connections with the Arab landowners selling these lands, had already invested money in them, part of which the Arabs had received, according to contracts on the lands.<sup>114</sup>

Although Weitz believed the most important thing the JNF could do was to settle these lands, he acknowledged the impossibility of taking that step at the time because of the JNF's perennial lack of funds. Thus he supported what was, in his opinion, the next best thing, namely, 'to cultivate extensively both the lands that [would] be bought and other lands that [were already] under the JNF's authority and that [had] not yet been delivered for settlement.' This plan would involve 'plowing, sowing, harvesting, and protecting' the lands.<sup>115</sup>



*Map 3.5 Jewish lands and settlements in the northern Negev, April 1936.*



*Map 3.6 Jewish lands and settlements in the northern Negev, April 1947.*

Ussishkin and Juchovitsky (the latter a Polish farmer who had formerly lived in Russia), among others, agreed with Weitz on the importance of the lands in the south. The only member of the Directorate who had reservations was Granovsky, who also recognized the importance of the south but believed the JNF simply could not bear the

additional financial burden the land purchases would bring. Notwithstanding Granovsky's concerns, the majority of Directorate members believed the creation of a 'land center' in the south was very important and even 'urgent' from the political, national, and settlement perspective, and therefore voted for the JNF to pursue redemption of the said lands.<sup>116</sup>

In December 1940, Weitz had believed the JNF could delay the purchase of 2,000 dunams in Kadesh Naphtali (in the north) because the JNF lacked the £P15,000 required for the purchase. In contrast, he expressed a greater urgency concerning lands in the south. Ostensibly, the High Commissioner granted the settlement official of the Office of Land Settlement the legal authority to establish the registration of rights on lands in the south if the lands were settled. Therefore, Weitz concluded that the JNF should cultivate as much land as possible in the south in hopes the settlement official would allow the JNF to register the land in its name. He also supported special efforts to find funding sources to pay for the 30,000 dunams in the south.<sup>117</sup>

By February 1941, the JNF was close to signing a contract for purchase of 5,000 dunams in Sumsum at a cost of £P4.5 per dunam (totaling £P22,500). Weitz informed the Directorate that the JNF would demand rights on the land of Sumsum from the Office of Land Settlement, but warned that the 'proclamation' of the 'table of rights' by that office would probably take six to eight weeks (or to the end of the summer). The JNF was also close to obtaining 5,000 dunams of the land of Iraq el-Manshiya for £P25,000 (£P5 per dunam). The 5,000 dunams were divided into 1,500 dunams owned by Jews and 3,500 dunams owned by Arabs. Weitz projected that the JNF would receive right of ownership on these two separate lands in two ways: through the work of the Office of Land Settlement (the 1,500 dunams owned by Jews); and through public sale of mortgaged lands by the Execution Office (the 3,500 dunams owned by Arabs).<sup>118</sup>

In August 1941, Weitz reported that the JNF had succeeded in purchasing only 1,316 dunams of the land of Iraq el-Manshiya. The JNF's goal was to concentrate enough land in Iraq el-Manshiya to establish a 'point of settlement' there. According to decisions made by the Directorate in earlier meetings, the JNF was ultimately trying to purchase 4,000 dunams from Arabs and to acquire 3,000 dunams from Jews. The JNF had purchased the 1,316 dunams of Iraq el-Manshiya from Jews. This purchase represented 'the first purchase of Jews from Jews' in that area and required a special license from the High Commissioner for transfer of the land to the JNF. The JNF paid £P5 per dunam in the form of 'promissory notes,' the payment of which was required after a period of three to five years. According to Weitz, the purchase of the 1,316 dunams was 'only the beginning of land purchases' in Iraq el-Manshiya. He reported that, over succeeding months, the JNF hoped to purchase another 4,200 dunams in the area, all of which were at various stages of the licensing process. Finally, Weitz reported that the JNF had also purchased land for Kibbutz Kefar Menahem (672 dunams), for Kibbutz Negbah (240 dunams), and for Moshav Bitzaron (64 dunams).<sup>119</sup> In summary, by the end of 1941 the JNF was in the early stages of establishing or strengthening the Jewish presence ('points of settlement') in the northern Negev. Most of the lands the Directorate had decided to purchase in the south (totaling 30,000 dunams) were not yet under JNF ownership, but many were passing through various stages in the process of eventual transfer to the JNF.

## CHAPTER SUMMARY

JNF income from traditional sources rose during 1940–41, but the JNF had to seek loans to cover its expanded activities. When income from continental Europe was cut off because of wartime conditions, other countries—most importantly the English-speaking world led by the United States—filled the gap. This trend would continue throughout the war and into the postwar era. During 1940–41, the JNF began to implement its dual land-purchase policy of ‘internal expansion’ and ‘outward expansion.’ Land purchase was increasing throughout Palestine, and the JNF had penetrated the zones where the LTR restricted Jewish land purchase (Zones A and B). The JNF also continued its land-purchase activities in Zone C. Total land purchased for 1940–41 was 88,640 dunams (43,180 dunams and 45,460 dunams respectively). The individual figures for 1940–41 represented a drop from the 1939 figure of 53,499 dunams. The difficulty of adjusting to LTR restrictions probably accounts for the decrease. The JLPS and the FCS, although both in the formative stage during 1940–41, looked to be successful fundraising schemes for the JNF in coming years. As Chapter 4 shows, 1942–43 would bring new challenges and new successes.

## 4

### Rising hopes, expanding vision, 1942–43

JNF income continued to rise during 1942–43. Fiscal year 1943 was the most significant year, characterized by an upward trend in all branches of income, but especially from contributions (68 percent increase over 1942), from leasehold fees, from the JLPS, and from loans arranged largely in the United States. Leasehold fees were a very small part of overall income (1.2 percent of the total for 1943), but the steady increase from this source portended the growing viability of JNF-sponsored settlements. Income from the JLPS for 1942 represented 14 percent of the total income for that year. Loans continued to form a vital part of JNF income (26 percent and 39.9 percent of total income for 1942–43 respectively). Improvement of the JNF's overall financial situation by 1943 allowed it to lower the interest rate on its loans (from 6 to 5 percent) and to convert from short-term to long-term loans.

The positive trend in JNF income can, perhaps, be attributed to two developments in the international sphere between July 1942 and May 1943. The first development had to do with the difficult situation of Jews in Europe. A report released to the Allied governments by the Polish government-in-exile detailed the Nazi massacre of 700,000 Polish Jews. Then, in August 1942, the British Foreign Office received evidence (confirmed over following weeks) that the massacre of Jews was not confined to Poland. In early December, the full account of a more insidious plan of massacre was published in *The Times*. Needless to say, these revelations 'evoked widespread public sympathy' and, no doubt, prompted some Jews to increase contributions to the Zionist cause.<sup>1</sup> The second development was the course of the war itself. Between October 1942 and May 1943, the Axis powers (Germany and Italy) were weakened and suffered major defeats—the Germans capitulated at Stalingrad in February 1943 and the German and Italian troops were outmaneuvered in north Africa and eventually surrendered in May 1943. The latter Allied victory was especially significant because it ended the Axis threat to the Middle East.<sup>2</sup>

The expansion of JNF activities during 1943 also brought the need for increased expenditures, the largest expenditure (as in 1942) going to land purchase and related land concerns. The next highest expenditure, at least in 1943, was for repayment of JNF debts (16.6 percent of total expenditures). Fiscal year 1943 also saw an increase in the overall scope of expenditures (the JNF spent 48 percent more than it did in 1942). The JNF experienced great success in land purchase in spite of rising land prices and mounting government opposition.<sup>3</sup> It continued land purchases in Zones A and B, including in the



Huleh and Negev regions, and acquiring the Falik concession (6,000 dunams) between Netanyah and Herzliyyah in Zone C was acquired.

The JLPS and the FCS both encountered obstacles that slowed implementation in 1942–43. The obstacles to the JLPS, although overcome in 1942–43, forced all sides involved in the scheme to be more flexible, and presaged greater problems in 1944–45. The main difficulty for the FCS, namely, the challenge of satisfying the great demand for Jewish investment in the scheme, almost forced Schen to end the scheme, but ultimately worked to its advantage by compelling the JNF to find locations for Farm Cities III and IV. Land purchase in the Huleh region and in the Negev continued afoot. Although JNF negotiations with JCA/ EMICA and Palestine Electric Company (PEC) over the Huleh concession were stalled during this period, and throughout the remainder of the war, the JNF succeeded in purchasing 3,946 dunams in the Huleh region and optimistically decided to purchase another 8,800 dunams. The JNF was moving steadily toward its goal of establishing a contiguous block of Jewish land in the region. Finally, in the Negev the JNF focused mainly on land purchase in Beersheba and its environs, in Barbara, and in Iraq el-Manshiya; and urged on by Ben-Gurion, the JNF began to look more seriously at the importance of the southern Negev, including its most southern extremity—the Gulf of Eilat.

### **JNF INCOME AND EXPENDITURES FOR FISCAL YEAR 1942**

The Minutes from a November 1942 meeting of the Directorate do not give detailed information on JNF income for fiscal year 1942 as a whole. Table 4.1 gives information that is available for the ten-month period from October 1941 to July 1942, highlighting increases obtained from the various contributing countries. The USA accounted for more than half of the overall increase of £P85,874. The second most important country in this respect was South Africa, which provided 30 percent of the total overall increase.

In the November 1942 meeting of the JNF Directorate, Granovsky gave the total income from donations, wills, living legacies, etc., for the whole of fiscal year 1942 as £P682,500, representing an increase of £P62,500 (10 percent) from the previous year's income (£P620,000).<sup>4</sup> The USA continued to play a pivotal role in contributions. Although Granovsky reported an apparent 10 percent decrease of income from the USA for 1942—compared to 1941—it was not an actual decrease because the true overall income from the USA would 'come later in the account of the first months of fiscal year 1943.'<sup>5</sup> Granovsky pointed out the importance of increased income from countries outside the USA. For example, the United Kingdom showed a 'great increase' to £P105,000, compared to £P66,000 in 1941, the increase of income from South Africa resulted from a biennial fund drive, and contributions from Australia, Canada, and Palestine increased as well.<sup>6</sup>

*Table 4.1 JNF Income, October 1941 to July 1942*

| <i>Country</i>        | <i>1940/41</i> | <i>1941/42</i>     | <i>Increase 1941/42</i> | <i>Decrease 1941/42</i> |
|-----------------------|----------------|--------------------|-------------------------|-------------------------|
| USA                   | 242,522        | 291,384            | 48,862                  | —                       |
| Whole British Empire  |                |                    |                         | —                       |
| England <sup>a</sup>  | 51,749         | 53,454             | 1,705                   | —                       |
| South Africa          | 48,898         | 74,686             | 25,788                  | —                       |
| Canada                | 14,753         | 24,521             | 9,768                   | —                       |
| Remaining territories | 4,372          | 7,422 <sup>b</sup> | 3,050                   | —                       |
| Palestine             | 31,844         | 40,631             | 8,787                   | —                       |
| Remaining countries   | 22,860         | 10,774             | —                       | 12,116                  |
| <i>Totals</i>         | <i>416,998</i> | <i>502,872</i>     | <i>85,874</i>           |                         |

Source: Adapted from Minutes, 20 August 1942.

Note

a i.e., British Isles, incorrectly including the Irish Republic as part of the British Empire.

b At this point, the Minutes, 20 August 1942, give the totals for the British Empire as a whole (UK, Canada, South Africa, and the remaining countries): £P119,722 and £P160,083 for fiscal years 1941 and 1942 respectively, representing an overall increase of £P40,361 (34 percent).

The substantial increase from within Palestine itself came largely from living legacies. Granovsky reported that the net income from Palestine for the year consisted of £P40,000 from 'general incomes' and £P20,000 from living legacies and other forms of legacies (totaling £P60,000). Likewise, income from South Africa during July 1942 included £P8,000 from the Ochberg Legacy (representing almost 11 percent of the total income from October 1941 to July 1942). Furthermore, Granovsky projected that an added income of £P25,000 from the Ochberg Legacy was due to arrive in August 1942. Therefore, the significance of income in the form of legacies, at least in 1942, attests to the importance of the JNF's 'legacy' program.<sup>7</sup>

In fiscal year 1942, JNF income from leasehold fees rose to £P25,610—a 57 percent increase over the previous year's total of £P16,344. The £P25,610 represented a 63 percent increase in leasehold fees from the village areas in Judea, in the Sharon, Hefer, Zebulun, Jezreel, and Jordan valleys, in Samaria, in the Galilee, and in areas bordering Acre, among others; a 40 percent increase from the urban areas of Jerusalem and Tel Aviv and their environs, Haifa, the Zebulun Valley, etc.; and a 72 percent increase from the industrial zones, principally in the Zebulun Valley. Granovsky considered that the leasehold fee income for fiscal year 1942 was substantial, taking into account the war-induced economic crisis occurring at the time in the citrus-growing branch of agriculture.<sup>8</sup>

Granovsky expressed enthusiasm in general about the rising income from this source. He was especially pleased that leasehold fees from village areas were on the rise in proportion to fees from urban areas. In fact, the rise from village areas was, in his words, 'a good sign both for the agricultural Yishuv [settlement] and for us [the JNF].' Granovsky attributed the increased village fees to the 'great demand' for agricultural products (except citrus) during wartime that improved the situation of agricultural villages based on a mixed economy.<sup>9</sup> Given the JNF's ideological focus on the importance of agricultural land, Granovsky's enthusiasm about the rise in village fees

was warranted, namely, because the income from urban and industrial fees was, proportionate to the JNF's urban and industrial land ownership, typically much higher than from village fees. Figures from Granovsky's August 1942 report to the Directorate are illustrative. Table 4.2 shows the substantial 82 percent increase in total fees between the first ten months of fiscal year 1941 and the same period of fiscal year 1942. Income from village fees increased 62 percent and from urban fees 41 percent; and, amazingly, industrial fee income increased over 5½ times. Income from urban fees was higher in relation to village fees. Given that by the end of 1942 the JNF owned 566,561 dunams in rural areas and only 22,258 dunams in the cities, proportionately urban lands were much more lucrative in producing leasehold fees.<sup>10</sup> Based on the ever-increasing income from leasehold fees, Granovsky put forward the optimistic goal for fiscal year 1943 to increase income to £P40,000, an amount that he estimated was needed to cover the JNF Head Agency's expenses for organization, propaganda, and administration.

In 1942, the JNF obtained £P166,600 from the JLPS and £P312,100 from loans. Most of the credit was for one year, the rest for two to three years or longer. The JNF also successfully collected 'more than £P25,000' toward payments of its debts. Therefore, total JNF income for 1942 amounted to about £P1,211,810. The income from the JLPS (£P166,600) and from loans (£P312,100) accounted, respectively, for about 14 percent and 26 percent of the total income for 1942.

Table 4.3 gives a summary of JNF expenditures for fiscal year 1942. In keeping with its main purpose, the JNF spent more than half of its financial resources on land purchase and development. Unfortunately, the year summary does not indicate how much the JNF spent specifically on land purchases, as opposed to land development and amelioration. The substantial debt and interest payments (£P372,785) were in line with the repayment schedule put forward by Granovsky the previous year—according to which the JNF was to pay £P368,700 (see Table 3.7). The JNF also laid out a substantial sum toward its joint involvement with the Jewish Agency in the Keren Bitzaron (£P102,110). In summary, according to the figures given in the Minutes, the JNF finished 1942 with a positive balance of £P13,655, but once again the income surplus was achieved only by taking out substantial loans (£P312,000). Notwithstanding this fact, toward the year's end (August), Granovsky declared the income from 1942 to be 'a great blessing.' Fortunately, income from traditional sources was consistently on the rise. The JLPS also brought in a substantial sum during 1942 (£P166,600). Although income from leasehold fees was still quite minuscule (0.02 percent of the total income), the substantial increase from that source did seem to give reason for optimism.<sup>11</sup>

*Table 4.2 Comparison of JNF income from leasehold fees for the first ten months of fiscal years 1941–42*

| <i>Source of fees</i> | <i>Oct. 1940 Jul. 1941 (£P)</i> | <i>Oct. 1941–Jul. 1942 (£P)</i> |
|-----------------------|---------------------------------|---------------------------------|
| Village               | 4,171                           | 6,766                           |
| Urban                 | 5,060                           | 7,156                           |
| Industrial            | 598                             | 3,921                           |
| Totals                | 9,829                           | 17,843                          |

Source: Minutes, 20 August 1942.

Table 4.3 JNF expenditures for fiscal year 1942

| <i>Expenditures</i>   | <i>FY 1942<br/>(£P)</i> |
|---|-------------------------|
| Purchase of lands   |                         |
| new lands   |                         |
| completion of previous purchases  |                         |
| advanced payments for new lands   |                         |
| Development and amelioration  |                         |
| development of lands  |                         |
| holding of lands  |                         |
| drainage of lands and anti-malarial works                                 |                         |
| ‘conquest’ of lands and road building                                     |                         |
| buildings (funds taken from the Keren Bitzaron)                           |                         |
| plantations   |                         |
| land taxes  |                         |
| <i>Subtotal</i>   | 668,725                 |
| Payment of debts  |                         |
| promissory notes/bills and obligations/liabilities                        | 310,785                 |
| loans (included in above?)  |                         |
| debentures  | 12,770                  |
| interest payments   | 49,230                  |
| <i>Subtotal</i>   | 372,785                 |
| Payments to the JA for Keren Bitzaron                                     | 102,110                 |
| Expenses of organization  |                         |
| propaganda and admin.—generally the allocation to the Zionist             | 50,360                  |
| Organization in London  | 360                     |
| Investments in securities/bonds, stocks, and payments on account of funds | 4,175                   |
| <i>Subtotal</i>   | 156,645                 |
| <i>Grand total</i>  | 1,198,155               |

Source: Minutes, 20 August 1942.

### JNF INCOME AND EXPENDITURES FOR FISCAL YEAR 1943

In the first months of fiscal year 1943 (October to mid-November), the JNF introduced several changes to its financial operation. The first change was that issuance of JNF promissory notes was reduced despite the ‘great demand’ for them; and the JNF announced the desire to publish promissory notes for periods of two years or more. The second change was the successful reduction of its interest rate to 5 percent from the 6 percent it had declared at the beginning of fiscal year 1943 (i.e., in October 1942).

The general improvement of the JNF’s financial position by late 1942 facilitated both this reduction in interest rate and a reduction in overall JNF financial obligations by early 1943. By April 1943, Granovsky was able to declare that the JNF’s success in establishing a 5 percent interest rate had helped to place JNF finances on a ‘firm basis.’<sup>12</sup> The JNF Directorate hoped the financial changes made in late 1942 would lead to

additional improvements in the JNF's financial situation for years to come.<sup>13</sup> The JNF wished to take advantage of its improving financial situation going into fiscal year 1943 by converting from short-term to long-term loans. The JNF Directorate believed that the reduction of interest rates, combined with extension of loan periods, would 'bring a great blessing to the JNF' after the war when, the Directorate projected, the JNF likely would have to take upon itself even greater financial obligations to expand its work of land redemption.<sup>14</sup>

### **JNF INCOME FOR FISCAL YEAR 1943**

Fiscal year 1943 brought more good news as JNF revenues continued in an upward trend in all branches. Total published income from contributions during fiscal year 1943 rose to £P1,146,000, representing an impressive 68 percent increase over the previous year's income from the same source (£P681,000). Combined with another £P214,000 of JNF reserve funds, the total figure recorded in the JNF's official ledger came to £P1,360,000.<sup>15</sup> Granovsky explained that the annual amount recorded in the JNF's ledger was typically higher than the figure it published for public consumption (as in the above example). The JNF would hold the remainder, in this case the £P214,000, as 'reserve' and would consider it as an 'advance payment' from the contributing countries to be applied to the next year. The JNF held reserve funds from year to year, according to Granovsky, so that if a decrease did occur in a given year ('God forbid!'), money would be available to 'fill the deficit.'<sup>16</sup>

The rise in income from the USA, Palestine, South Africa, UK, Canada, Australia, Latin America, Sweden, and other countries may have been largely because of the weakening threat of the Axis powers in Europe and in North Africa, though active fundraising efforts made on behalf of the JNF in these countries also had an impact. Increases from some of these countries were indeed quite substantial. The Minutes do not give detailed information by country for the whole of fiscal year 1943; however, Table 4.4 compares the JNF's income from contributions received from the various countries in the first half of fiscal years 1942–43. Although the table shows the JNF's income from the first half of fiscal year 1943 only, the general trend in contributions from the various countries is apparent. Significantly, the USA still accounted for more than half of the total income from contributions, even though work on behalf of the JNF was less intensive there. Notwithstanding the continued importance of US contributions to the JNF, Granovsky once again expressed the general disappointment of Directorate members that the USA was not yet attaining its full financial potential.<sup>17</sup>

*Table 4.4<sup>a</sup>* Comparison of JNF income from contributions (by country) in the first half of fiscal years 1942–43.

| <i>Country</i>                | <i>Oct. 1941–</i> | <i>Oct. 1942–</i> | <i>Increase</i> |                   |
|-------------------------------|-------------------|-------------------|-----------------|-------------------|
|                               | <i>March 1942</i> | <i>March 1943</i> |                 |                   |
|                               | <i>(£P)</i>       | <i>(£P)</i>       | <i>£P</i>       | <i>Percentage</i> |
| USA                           | 173,600           | 218,350           | 44,750          | 26                |
| South Africa                  | 44,685            | 56,080            | 11,395          | 26                |
| England [i.e., British Isles] | 31,635            | 49,624            | 17,989          | 57                |
| Palestine                     | 26,945            | 42,378            | 15,433          | 57                |
| Canada                        | 11,322            | 15,468            | 4,146           | 37                |
| Australia/New Zealand         | 1,638             | 2,888             | 1,250           | 76                |
| Argentina                     | 1,560             | 2,979             | 1,419           | 91                |
| Chile                         | 470               | 2,612             | 2,142           | 350+              |
| Uruguay                       | –                 | 1,422             | 1,422           |                   |
| Mexico                        | 879               | 1,347             | 468             | 53                |
| Sweden                        | 500               | 4,215             | 3,715           | 700+              |
| Remaining countries           | 3,417             | 3,651             | 234             | 7                 |
| <i>Totals</i>                 | 296,651           | 401,014           | 104,363         | 35                |

Source: Compiled from Minutes, 29 April 1943.

Note

a The minutes from the 27 September 1943 meeting do not include a year-end summary.

Table 4.5 presents detailed information on the several sources of JNF income for the first half of 1943. The amounts reported in Table 4.5 were those that had actually entered into the JNF treasury. For example, by April 1943 the JNF had ‘received definite news’ of contributions in the amount of £P401,000. This total amount apparently had not fully materialized by the time of Granovsky’s report. The table shows that, in the first half of fiscal year 1943, the large majority of JNF income came from contributions and loans (91.9 percent combined), the latter actually overshadowing the former. The JNF’s successful arrangement of a huge loan in America accounts for the large income from that source (see below under loans). The JLPS was the next highest source of income, but only made up 3.4 percent of the total.<sup>18</sup>

In the April 1943 meeting, Granovsky gave a breakdown of income from living legacies that were included in the broader category of contributions shown in Table 4.4. The total received by the month of March from Palestine, the UK, and Sweden amounted to £P25,000.<sup>19</sup> The £P14,485 contributed by Palestine represented 34 percent of the total income from Palestine (£P42,378) for the first half of fiscal year 1943. Furthermore, Palestine contributed another £P3,845 (specifically from securities on the Y.L.Goldberg legacy) that were not included in the income reported in Table 4.4 (this income presumably came from April 1943). Thus, overall Palestine contributed £P18,330 in living legacies by the end of April 1943. The UK contributed £P2,550 in living legacies, or 5 percent of its total contributions (£P49,624) through March 1943. And Sweden contributed £P3,670, or 87 percent of its total contributions (£P4,215) from the same period.<sup>20</sup>

*Table 4.5 JNF income from several sources for the first half of fiscal year 1943*

| <i>Branch of income</i>         | <i>Amount in £P</i> | <i>Percentage of the amount</i> |
|---------------------------------|---------------------|---------------------------------|
| Contributions                   | 376,992             | 36                              |
| Loans                           | 588,320             | 56                              |
| JLPS                            | 35,998              | 3.4                             |
| Refund of payments <sup>a</sup> | 4,601               | 0.4                             |
| Collection of debts             | 28,104              | 2.7                             |
| Leasehold fees                  | 13,294              | 1.2                             |
| Sale of forest trees            | 1,104               | 0.1                             |
| Collection of taxes             | 2,598               | 0.2                             |
| <i>Totals</i>                   | 1,051,011           | 100                             |

Source: Minutes, 29 April 1943.

Note

a This category is a translation of the Hebrew *hahzarat tashlumim*. Granovsky gives no explanation of this branch of income.

The legacies from Palestine were divided as follows: three living legacies, one in the amount of £P5,000 and two each in the amount of £P3,000; and £P3,485 on account of securities from the Goldberg legacy. In regard to the Goldberg legacy, Granovsky reported that from the time of Goldberg's death up to April 1943, the JNF had received a total of £P28,100. The Goldberg legacy consisted of securities in the amount of about £P11,000 and lands on Mt. Carmel, the value of which the JNF and the Goldbergs—in an agreement in November 1942—had fixed at about £P13,000. After the agreement, however, JNF assessors had placed the lands' value at £P18,000, and Granovsky estimated that by April 1943 the value had 'certainly doubled'.<sup>21</sup>

Palestine also contributed substantially in the second half of fiscal year 1943. Granovsky saw 'singular importance' in the fact that, by September 1943, Jews in Palestine had given £P122,000 net to the JNF (£P72,000 in contributions and £P50,000 in bequests and one living legacy). The living legacy came in the form of 1,430 dunams in Nahalat Yehudah in the environs of Rishon Le-Zion. The JNF designated the sandy Nahalat Yehudah land to 'serve as an important nucleus for urban housing operations near Tel Aviv.' Granovsky reported that the living legacy agreement had set the value of this land at £P50,000, but in reality, he believed, it was 'worth much more.' The JNF decided to set aside this land (apparently meaning its value in pounds) as 'reserve' for future use.<sup>22</sup>

### **Additional sources of revenue in 1943**

Early in fiscal year 1943, Granovsky reported that up to November 1942 the JNF had received a 'great portion' of its leasehold fee income in the form of JNF debentures. In 1943, he reported that the JNF cancelled the practice of selling debentures to lessees and laid the groundwork for leasehold fee payments to be made in 'cash' so that the JNF would not have to repay the money in the future. This financial improvement was more

evidence of the JNF's improving financial situation in general.<sup>23</sup> Consequently, income from leasehold fees increased during 1943 to £P39,600 (compared to £P25,600 the previous year), with 50 percent coming from the village areas. Leasehold fees from industrial areas amounted to 14 percent; the remaining 36 percent came from urban areas. Granovsky was again pleased with the continuing increase in fees from the agricultural zone, pointing out that agricultural fee increases, vis-à-vis industrial and urban percentages, represented a reverse from the pre-war period and helped 'wipe out many debts.' Increasing income from agricultural fees attested to the general improvement of the agricultural situation in Palestine (except for in the citrus branch) because of the wartime need for agricultural products.<sup>24</sup>

The Minutes do not give a year-end figure for loans taken out by the JNF in fiscal year 1943. However, in February 1943, Granovsky reported that sometime about October 1942 the JNF had successfully arranged for a \$2,500,000 loan (about £P625,000) in America and, by February 1943, had received \$800,000 of the loan amount (or about £P200,000).<sup>25</sup> By April 1943, the amount received from all loans came to £P588,320 (see Table 4.5). Also, for the first time the JNF arranged for loans in the amount of £P20,000 from Jews in Iran and Iraq, two countries that until 1943 had not participated in the work of the JNF. Furthermore, by April 1943, the JNF was conducting loan negotiations with the Anglo-Palestine Bank in Tel Aviv. The JNF continued to receive loans from several associations and companies and from the pension funds of public organizations and institutions in Palestine, all of which the JNF earmarked for investment in the purchase of land for 'much-needed workers' housing in villages and in city suburbs.<sup>26</sup>

### **Income summary for 1943**

In summary, according to the incomplete figures Granovsky provided in September 1943, the JNF's total income for the year is difficult to ascertain. As stated, the JNF received £P1,146,000 in contributions (the figure actually published by the JNF). To this figure can be added the £P39,600 received from leasehold fees and another £P200,000 received from the JLPS, as reported by Schen himself in September 1943.<sup>27</sup> All these figures added together amount to £P1,385,600. However, beyond this information one has to go by the income figures reported in Table 4.5, covering the first half of 1943 only. Adding these figures—£P588,320 (loans), £P4,601 (refund of payments), £P28,104 (collection of debts), £P1,104 (selling of forest trees), and £P2,598 (collection of taxes)—brings the incomplete total to £P2,010,327. A plausible estimation, then, might bring total income for fiscal year 1943 to about £P2,500,000. Annual income of somewhere between £P2–2.5 million in 1943 was a major milestone in JNF history. Indeed, Table 4.5 shows that JNF income for the first half of fiscal year 1943 alone (£P1,051,011) almost equaled its income for all of fiscal year 1942 (£P1,211,810). Even given the fact that £P588,320 of the total for 1943 came from the loans (plus however much more the JNF received in the second half of 1943), the overall income for 1943 was still quite impressive.<sup>28</sup>



### **JNF EXPENDITURES FOR FISCAL YEAR 1943**

Meeting Minutes provide no detailed accounting of JNF expenditures for all of fiscal year 1943. Tables 4.6 and 4.7 give what information is available for the first half of fiscal year 1943.<sup>29</sup> Granovsky noted that the scope of JNF financial operations in 1943 had increased substantially. Overall, it spent about £P1,778,670 (an average of about £P148,222 a month)—a 48 percent increase compared to £P1,198,155 (99,846 a month) in 1942. The JNF spent about £P1,282,000 of the total £P1,778,670 (or 72 percent) on land purchases and ‘all the operations connected with them.’ Furthermore, about £P1,012,780 (79 percent) of this total amount was spent on new lands and only about £P269,220 (21 percent) to pay off previous land purchases. In summing up the overall importance of 1943 for the JNF, although expenses rose greatly, Granovsky pointed out that ‘in every instance, the amount required for the realization of an important land purchase was available to us.’<sup>30</sup>

### **JNF LAND PURCHASE FOR FISCAL YEARS 1942–43**

Although the JNF strengthened its financial situation and benefited from everincreasing incomes, it faced growing challenges in fulfilling its land-purchase priorities. Beginning in 1942, the JNF confronted stricter government regulations based on the LTR, and rising land prices throughout Palestine. In spite of these obstacles, however, JNF land purchases peaked again in relation to the previous year’s purchases. The JLPS and the FCS continued to go forward as well, and the JNF’s activities both north of the Huleh and in the Negev (specifically in the Beersheba district) progressed. In 1942, the JNF succeeded in purchasing 48,948 dunams of agricultural land and 33 dunams of urban land (compared to 45,472 dunams and 7 dunams respectively in the previous year). Added to this total was another 4,800 dunams acquired on behalf of JLPS investors, bringing the total to 53,781 dunams. The JNF purchased only 13,625 dunams (25 percent) of this grand total in Zone C. Of the remaining 40,156 dunams, 14,920 dunams (37 percent) were purchased in Zone A and 25,235 dunams (63 percent) in Zone B. In addition, of the 53,781 dunams, the JNF ‘redeemed’ 36,500 dunams—31,700 for the JNF and the 4,800 dunams for JLPS investors—from Arabs (representing 68 percent). The JNF purchased the remaining 17,281 dunams (32 percent) from Jews. Overall, the total 53,781 dunams purchased in fiscal year 1942 exceeded the land-purchase goal of 50,000 dunams set at the beginning of the year.<sup>31</sup>

*Table 4.6 JNF expenditures for the first half of fiscal year 1943*

| <i>Branches of expenditures</i>   | <i>Amount</i> |                   |
|---|---------------|-------------------|
|   | <i>£P</i>     | <i>Percentage</i> |
| Land purchase/other land concerns (broken down in Table 4.7)  | 546,603       | 68                |
| Payment to the JA on account 40% of the Keren Bitzaron  | 31,867        | 4                 |
| Repayment of debts  | 132,221       | 17                |
| Interest on   |               |                   |
| loans, promissory notes, etc.   | 29,403        |                   |
| debentures  | 2,944         |                   |
| living legacies   | 7,200         |                   |
| <i>Subtotal</i>   | 39,547        | 5                 |
| Redemption of debentures  | 8,466         | 1                 |
| Investments in securities   | 11,514        | 1                 |
| Administration, organization, and propaganda, including strengthening of the Zionist Organization in London | 28,286        | 4                 |
| <i>Total</i>  | 798,504       | 100               |

Source: Minutes, 29 April 1943.

*Table 4.7 JNF expenditures for land purchase and other land concerns for the first half of fiscal year 1943*

| <i>Category</i>                           | <i>Amount</i> |                   |
|---|---------------|-------------------|
|   | <i>£P</i>     | <i>Percentage</i> |
| Land purchase                             | 434,476       | 79.5              |
| Strengthening of unsettled lands          | 28,511        | 5.2               |
| Preparation, cultivation, and development | 6,782         | 1.2               |
| Loans to farms for seeds and tools        | 59,629        | 10.9              |
| Conquest and roads                        | 1,261         | 0.2               |
| Drainage of lands                         | 1,511         | 0.3               |
| Afforestation                             | 10,950        | 2                 |
| Land taxes                                | 3,483         | 0.6               |
| <i>Total</i>                              | 546,603       | 100               |

Source: Minutes, 29 April 1943.

Granovsky reiterated the JNF's goal to focus on purchase of land in Zones A and B. He also viewed JNF achievements during 1942 as remarkable, given the various forms of opposition to JNF work in Palestine—namely, the LTR, the 'special attention' the Government paid to JNF land operations, and the 'frightful increase' in land prices. On the other hand, Granovsky was pessimistic about prospects for 1943, because in November 1942 these same hindrances to JNF operations were 'working with even greater strength.'<sup>32</sup> The challenge of rising land prices that emerged during 1942 would

cause the JNF problems throughout the remainder of the war and beyond.<sup>33</sup> In March 1942, Granovsky reported a decrease in JNF land purchases caused by growing competition from Arab purchasers. 'In many cases,' he related, 'we had to withdraw at the last minute [from certain purchases] because of Arab competition.' For example, a 306-dunam citrus plantation in the land of Beit Hanun was priced originally at £P10,000. The Arab sellers raised the price to £P13,000 because of the 'public competition' that ensued over purchase of the land. Concerned about rapidly rising prices, Granovsky proclaimed: 'This matter should make us concerned for the future. Prices are rising from week to week by 10–20 percent and perhaps even more.'<sup>34</sup>

### **Mounting challenges to land purchase**

Four major factors contributed to rising land prices in Palestine by 1942–43. The first factor was land speculation among Arab landowners, who, in Granovsky's words, would 'sit and hope for rising [land] prices.'<sup>35</sup> The second factor was the improvement of the economic situation of rural Palestinian Arabs as a result of the war. Some found work with the British Army, some gained profits through increased crop sales to the army, and still others leased plots of land to the Government for military purposes. Some Palestinian Arabs who in Granovsky's words, took advantage of the opportunity to 'enrich themselves,' began to invest money in land purchases in Zone A (Upper Galilee and in the south), in Zone B (Jezreel Valley and north of the Huleh), and in Zone C (especially in the Sharon Valley). In the case of Zone C, the key region of Jewish land ownership and development, the JNF was already very concerned about rapidly rising land prices, and anticipated even greater increases after the war.<sup>36</sup> The third factor contributing to rising land prices, this time specifically in the Sharon Plain, was the 'panic' caused by Jews over the purchase of semiurban land in the environs of Tel Aviv. This 'price panic' spread to the agricultural areas of the Sharon, to Even Yehudah and Tel Mond, and even to Netanyah. The fourth and final factor was the competition the JNF faced from other Jews who were interested in purchasing land in several 'key' places. For example, certain 'important Jews' from Tel Aviv 'interfered' with JNF attempts to purchase a large plot of land—located on the borders of Acre—over which the JNF had negotiated for 'several years.' As a result of the competition, the price of the land 'almost doubled.'<sup>37</sup>

More than any other factor, Granovsky blamed the Government of Palestine for attempting to thwart Zionist goals in general and JNF 'land redemption' activities specifically. He regarded efforts to carry out the LTR as a culmination of the 'tendency' of the Government of Palestine, since the beginning of the Mandate in 1920, to pass and execute legislation inimical to Zionist aims in Palestine. Moreover, this 'tendency,' he claimed, was 'especially prominent and apparent' in 1943. Granovsky complained that affairs he believed should have taken government offices only a few weeks to resolve took many months or even years, and ultimately ended 'without result.'<sup>38</sup> He gave the example of 2,000 dunams of government land near Kefar Menahem that the JNF wanted to purchase to consolidate farmland for that village. The land was located in Zone A. The JNF negotiated with Mandate authorities to have the land transferred to its name, based on the stipulation in the LTR that permitted transfer of land in Zone A to Jews if the land in question was needed 'for the purpose of consolidating existing holdings.' In this case, the 'existing holding' was the JNF-owned land upon which Kefar Menahem stood.

According to Granovsky, after proposing payment of £P5 per dunam, negotiations with the Mandate authorities were dragged out. Ultimately, to the JNF's disappointment, the Government sold the land for a meager £P2 per dunam to an Arab who, in Granovsky's words, 'had no economic need.'<sup>39</sup>

Weitz also gave two examples of how the Government of Palestine placed obstacles in the way of JNF activities both in the south and in the north (Zone A): the government rejected a JNF proposal to make land exchanges with an Arab in Bet Shean—exchanges the Government probably would have permitted before 1943; and near Gaza, the Government contemplated the *de jure* transfer of a plot of land to an Arab who had held the land *de facto* for some thirty years, but the Lands Department hindered the transfer, believing the land would 'be put up for public sale' and the Jews would purchase it.<sup>40</sup> The LTR permitted such a scenario, but in this case, the Government may have suspected a pre-arranged, clandestine agreement between the JNF and the Arab in question—a JNF land-purchase strategy that was not unprecedented. The JNF occasionally used such strategies both to protect its land purchases and to protect the identity of the Arab vendor.<sup>41</sup> Nevertheless, such attempts of the Government of Palestine to hinder JNF land purchases led to frustration and to a loss of confidence in the ability of Mandate authorities to faithfully carry out their obligations to the Jews as spelled out in the Articles of the Mandate generally and in the LTR specifically.

### **The JNF overcomes challenges**

Despite these growing challenges, at the beginning of fiscal year 1943, the JNF, remaining optimistic, proposed an ambitious scheme for JNF land purchases. Positive thinking paid off because, although the JNF faced increasing obstacles, it reached a new peak in land purchases during 1943. In a report at the end of the year, Granovsky divided the lands purchased during 1943 into two categories. The first included lands that passed completely into JNF ownership and upon which the JNF received 'certificates of purchase and registration.' According to Granovsky, the JNF could officially 'publicize' these land purchases. The JNF hoped that, after all the numbers came in, lands in this category would amount to about 52,000 dunams—compared to 49,000 dunams in the previous year, a figure that excludes the 4,800 dunams purchased for the JLPS in 1942. The second category comprised lands that 'actually passed to [JNF] authority and were being cultivated, but upon which the JNF had not yet received certificates of purchase and registration.' The JNF could not officially 'publicize' these latter land purchases. Lands in the second category, most of them 'in the south and in the Negev,' amounted to about 27,000 dunams. Both categories together amounted to 79,000 dunams—'a definite peak' in the history of JNF land purchases.<sup>42</sup>

Granovsky was disappointed that the JNF could not publicize this overall 'peak' figure; presumably he wanted to use the figure to give a boost to JNF propaganda work abroad. However, he reported that all the land purchases (in both categories) were, according to his understanding, 'recorded in the JNF ledgers.' Granovsky further expressed his disappointment that the JNF had purchased 30,000 out of the 79,000 dunams from Jews, clarifying that most of the 30,000 dunams had been Jewish lands only in theory. 'In reality,' he declared, the lands were 'held by Arab tenants' and the JNF had to 'redeem them [*padah*] from their holders.'<sup>43</sup>

### The Falik concession

Weitz reported on the Falik concession in April 1942, but the actual transfer of the concession to the JNF did not take place until January 1943. The Falik concession consisted of about 6,000 dunams located north of the Falik River between Netanyah and Herzliyyah.<sup>44</sup> In the early 1930s, several groups had laid claim to ownership of this area: the *waqf* that bordered the area; several prominent Arabs in the neighborhood (the mayors of Tul Karm and Nablus and the Hanun family from Tul Karm, among others);<sup>45</sup> residents of Netanyah who, in the 1930s, had introduced the idea of developing the Netanyah coastline; and the Government of Palestine.<sup>46</sup>

A collaborative agreement between the Government and residents of Netanyah had stipulated that the latter would not interfere with the Government's claim of right of ownership to the whole Falik area on the condition that the Government would grant Netanyah a concession on part of the area. As part of the deal, the mayor and the Hanun family of Tul Karm conceded part of their claims. In return, they received certificates of registration of ownership on the remaining areas of their claim. The Government then granted to the newly formed Netanyah Coastline Development Company (NCDC) a ninety-nine-year leasehold right on an area of some 5,100 dunams. The Government and the NCDC worked out the details concerning leasehold fees, with the understanding that the NCDC would develop both Netanyah and the adjacent coastline.<sup>47</sup>

Over time, the NCDC invested about £P50,000 in the development project, but never succeeded in carrying out any development scheme. The NCDC, now more or less bankrupt, had obtained the majority of the investment money through a loan from the Anglo-Palestine Bank, and faced having to pay the debt. In early 1942, the NCDC turned to the JNF with a proposal to hand over the concession for £P50,000. After the JNF turned down this first proposal, it and the NCDC entered prolonged negotiations that eventually led to an agreement for the JNF to pay £P7.75 per dunam over a period of ten years at 5 percent interest. Weitz said of this agreement: 'If we take into account that the land in the neighborhood of the concession area [typically] costs up to £P15 per dunam and that the annual interest rate [the JNF will pay] is not great, the price of £P7.75 per dunam is not high at all.' Weitz informed the Directorate of plans to develop the area for the purpose of building a 'semiurban settlement' that would stand as 'a signpost' for the region extending from Netanyah to Herzliyyah (an area of about 100,000 dunams). He believed the JNF could 'interest private capital in a scheme to develop this area.'<sup>48</sup>

After a visit to the Falik concession area on 12 May 1942, Directorate members were better informed to discuss the proposal in more depth. Granovsky, Berlin, Samuel Ussishkin (son of Menachem, attorney, and member of the Directorate), Wilkansky, Weitz, and Juchovitsky all shared their thoughts on the issue. Granovsky began by clarifying some issues. The whole area of the concession amounted to 5,045 dunams. At £P7.75 per dunam, the total cost came to about £P39,100. The JNF was to pay this sum to the Anglo-Palestine Bank over a ten-year period at 5 percent interest. Beyond this cost, the JNF promised to make yearly leasehold fee payments to the government that would increase after every ten-year period until fulfilment of the ninety-nine-year lease—in the first ten-year period £P213 a year, in the second £P852, in the third £P1,704, in the fourth £P2,556, and in the last nineteen years £P3,400 a year. Granovsky listed three reasons for the importance of the concession: it was a large tract of land on the coastline; the land connected several Jewish lands in general, and JNF lands specifically, to make one

contiguous tract totaling about 22,000 dunams; and the concession area presented many possibilities for the realization of 'broad-scale' development schemes and for the establishment of 'industrial and manufacturing enterprises.' Given these many advantages of the concession, Granovsky supported purchasing the concession rights from the NCDC.<sup>49</sup>

Berlin agreed with the purchase proposal but expressed three concerns. His first concern was he did not like the fact that the JNF would have to go into further debt to purchase the land. As a second concern, he emphasized that the purchase was not in keeping with the JNF's principle of true land redemption. The purchase, he argued, did not really 'redeem land' because it represented an acquisition of land leased from Jews rather than from Arabs. The third concern was that he simply did not believe the JNF should get involved in such purchases even if, as argued by some, they might serve as 'a crown on the prevention of speculation.'<sup>50</sup>

In response to Granovsky, Samuel Ussishkin (Menachem Ussishkin's son and member of the Directorate) mentioned the fact that the JNF had acquired 4,500 dunams in Emek Hefer thirteen years earlier (May 1929) but by 1942 still had not even made the attempt to establish there either an urban quarter or manufacturing and industrial enterprises like those foreseen for the area of the Falik concession. He argued that, if the JNF Directorate was really serious about establishing an urban-industrial area, it should consider doing so in the Emek Hefer before rushing to acquire the Falik concession. Granovsky retorted that sound land policy did not require knowing in advance the 'A to Z' of what will be done with a certain plot of land. He pointed out that the JNF's invitation for P. Abercrombie (a British engineer and city planner) to draw up a building scheme that would 'take into account all of the JNF's urban land areas' in the Haifa Bay area had resulted in the establishment there of three towns. Although no scheme had been drawn up yet for the Emek Hefer, Granovsky was optimistic that a 'great blessing' would yet come from the settlement of the JNF's 'sand dunes' there. At any rate Granovsky, believing that the Emek Hefer situation should not keep the JNF from acquiring the Falik concession, emphasized that no other 'broad place' existed between Tel Aviv and Haderah that had such great potential for urban housing and industrial development. Moreover, regarding the concern about acquiring the concession from Jews rather than from Arabs, Granovsky shared a view very much in keeping with JNF land policy: that by 'receiving the concession from these Jews,' the JNF was 'removing the *barrier* from a sound economic development of the [concession area]—namely, *a private Jewish company interested above all in selfish profits.*'<sup>51</sup> The last two Directorate members, Wilkansky and Juchovitsky, both favored the proposal to acquire the concession.<sup>52</sup>

In keeping with the general consensus, the Directorate decided to go forward with the proposal to acquire the Falik concession from the NCDC. Accordingly, the JNF would take upon itself, vis-à-vis the Government of Palestine, the obligations and rights resulting from the concession. Furthermore, it agreed to pay the NCDC the £P7.75 per dunam agreed upon in exchange for NCDC's investments in the concession area. The total amount (£P39,100) would be paid to the Anglo-Palestine Bank over a ten-year period at a 5 percent interest rate.<sup>53</sup> Transfer of the concession to the JNF was carried out on the 22 January 1943. 'It is possible to say,' proffered Granovsky concerning acquisition of the Falik concession, 'that we did an important thing on behalf of the

enterprise of building Jewish Palestine.’<sup>54</sup> By obtaining the concession, the JNF was also fulfilling, in a grand way, its goal of ‘internal expansion.’

## THE FOUR CASE STUDIES

### The Joint Land Purchase Scheme, 1942–43

The JLPS continued to receive substantial support among wealthy Anglo-Jews during fiscal years 1942–43. This support helped further the JNF’s land-purchase operations. According to Schen’s and Paul Singer’s reports to Granovsky, the attractive terms of the JLPS contract—namely, the investor’s right of option to sell his/her land to the JNF after the war, and therefore have the JLPS investment turn into a loan to the JNF to be repaid after a certain time at 3–3.5 percent interest—was ‘a lever for mobilization of money for redemption of land in Palestine [*Eretz Israel*].’ Such positive reports from the UK prompted Granovsky to instruct Schen and Singer to ‘enlarge the framework’ of the JLPS. Granovsky reported that mobilization of money through the JLPS created more opportunities to purchase land from Jews in Zone A (such as the lands of Olam and Ma’adar) and from non-Jews in Zone C (such as the lands of Attil and Zeita near Haderah). These lands were appropriate in some parts for intensive agriculture and in others for housing. Concerning the long-term ownership status of these said lands, Granovsky stated nonchalantly, ‘If the...lands transfer afterwards to private Jewish capitalists, very well.’ If, on the other hand, they were to remain in JNF hands, it would also be ‘a good thing.’<sup>55</sup>

In the latter half of fiscal year 1942, however, potential obstacles to the successful implementation of the JLPS materialized both in the UK and in Palestine. In the UK, a private company called the Palestine Investment Company began to compete with the JLPS in attracting Anglo-Jewish investment in land purchase. The Palestine Investment Company’s perceived advantage vis-à-vis the JNF—its ‘trump card’—was that it ‘promised immediately’ to the investor a *mafruz kushan* (private ownership title deed), meaning the potential investor was ‘assured of a definite [land] purchase.’ The JLPS agreement, on the other hand, was uncertain in this respect, using the vague words ‘to use our best endeavors to purchase.’ Schen reported that ‘from time to time’ potential JLPS investors had pointed out this Vagueness’ of the JLPS agreement and, as a result, ‘many a transaction [had] been lost on account of it.’<sup>56</sup>

Schen reported that by January 1943 the activities of the Palestine Investment Company had ‘definitely interfered with [JNF] work.’ In addition to offering building plots in Bat Yam, near Tel Aviv, the Palestine Investment Company was also offering building plots on Mt. Canaan and had even begun to offer agricultural land in 10-dunam plots at a cost of £250. Schen believed the latter offer was ‘obviously an attempt to compete with the Farm City [Scheme].’<sup>57</sup> Given stiff competition, Schen suggested the JNF make its best effort to ‘satisfy the [JLPS] participants at the earliest possible moment that the land has been actually purchased by us for them.’<sup>58</sup>

On the Palestine side of the equation, the JNF informed Schen that, starting as early as June 1942, the possibilities for land purchase had begun to ‘deteriorate.’ On the supply side, land transactions were complicated by rising land prices caused by ‘raised prices of

agricultural products'; on the demand side, the transactions were complicated by 'bids by local, Syrian and Egyptian Arab profiteers and war contractors seeking investment in real estate.'<sup>59</sup> Consequently, in October 1942, the JNF decided to suspend operation of the JLPS in two areas—the signing of new agreements with investors and the resale of purchased options to new investors.<sup>60</sup>

On the positive side, the emerging obstacles to the JLPS did not affect the interest of potential Anglo-Jewish investors. In fact, the JNF could not keep up with the demand for investment in the scheme. Schen continued to receive many inquiries concerning the JLPS and, by November 1942, he had sold more agreements than the JNF Head Office—based on its new policy—had sanctioned.<sup>61</sup> Quite possibly, Schen was ignorant of the new policy established only one month before. As a result, by late 1942, apparently not enough land was available for purchase to match investment interest in the JLPS, at least in the Sharon Plain. The dilemma created by the growing interest to invest in Palestine was quite a contrast to the JNF's earlier predicament of not having sufficient national capital to purchase all land offered for sale. Ultimately, the JNF seemed to be unprepared to respond effectively to this changed situation. The inability to respond was mainly because of the difficulties involved in the land-purchase process in Palestine.<sup>62</sup>

Notwithstanding the great demand for investment in the JLPS, talk was circulating in late October-early November 1942 of perhaps eliminating the program altogether.<sup>63</sup> About mid-October 1942, A.L. Mohilever (JNF financial officer) determined that the only way the JLPS could continue would be if the JNF were given more flexibility in its land transactions. For instance, rising land prices meant the JNF needed freedom to purchase land at higher prices, indeed 'by a very considerable margin.' The JNF also wanted, if necessary, the option of substituting one locality in Palestine for another.<sup>64</sup> The JLPS agreement, as it stood in late 1942, was not flexible in either regard.

Schen, for his part, could not contemplate eliminating the JLPS. In an airgraph to Granovsky, dated 5 November 1942, he proffered a campaign to solicit investment to the tune of £1,000,000. He acknowledged the difficulty of expecting such a huge investment but believed that a grandiose proposal was 'more psychological than anything else.' 'You know,' he continued, 'that in the nature of things people like to be associated with big schemes, which always impress them.' He closed his letter with this plea:

I am most anxious not to interrupt the private purchase scheme. It will do us a lot of harm if we do not continue with same... After having made the propaganda for the scheme, if we have nothing to offer the people who are interested, they will be driven into the hands of private firms, which is not in our interest, and not in the interest of the purchaser. We had enough of this sort of thing in the past. You know only too well that everything that goes wrong in the way of investment in Palestine, with private individual [*sic*], the national Funds [JNF and Foundation Fund] are usually blamed and our income suffers accordingly.<sup>65</sup>

Along with Schen's very real concern that Anglo-Jewish investors not 'be driven into the hands of private firms,' his letter reveals the importance of maintaining a good public image for JNF fundraising efforts in the UK. Schen also expressed interest in land offers other than in the Sharon Plain, but he did not detail any specific areas.<sup>66</sup>



### **Out with the ‘old’ JLPS, in with the ‘new’**

In November 1943, over a year after suspending the signing of JLPS agreements, the JNF decided to proceed with the JLPS in a ‘new form.’ The decision no doubt pleased Schen, who did not want to bring the JLPS to an untimely end. The ‘new’ plan included the decision to shift the focus of the JLPS away from the Sharon to Zones A and B, where land prices were lower. This shift of focus answered Schen’s request of a year earlier that the JLPS should include land outside of the Sharon Plain. In conjunction with the new form of the scheme, the Directorate set the goal for fiscal year 1944 to purchase 22,100 dunams for the JLPS at a cost of about £P437,000. Unfortunately, the Minutes do not specify where the 22,100 dunams were located.<sup>67</sup>

The ‘new’ JLPS allowed the JNF the much-needed flexibility to accept investments ‘without reference either to [the] locality or to [the] price of the land to be purchased.’ Subsequent to the JNF’s completion of ‘some definite purchase,’ the JLPS investors would then have the option either to ‘apply their investment to the purchase concerned’ or to ‘reject the offer (without impairing their right to be offered a participation in subsequent purchases).’ Finally, under the new JLPS, the JNF could purchase more land in the Sharon Plain only if the price did not exceed £P30 per dunam.<sup>68</sup>

In February 1944, Schen and other Honorary Officers of the JNF in London met to discuss the new JLPS. In the meeting, Schen informed those present that about £P334,000 had been received from JLPS investors under the ‘old’ scheme. Of this total, about £P22,000 had been sold back to the JNF, thus leaving an overall balance of about £P312,000. Because of continually rising land prices, the JNF had not succeeded in completing certain land purchases related to the JLPS. Altogether, the amount of land available by February 1944 for investment by JLPS investors was valued at about £P250,000. This cost left an investment balance of about £P62,000 that certain investors could put toward JNF purchases under the new scheme.<sup>69</sup>

At the end of the discussion, the Honorary Officers agreed to three points to spark new interest in the JLPS and to retain those who had already invested. They agreed that the JNF in London should advise JLPS investors to ‘authorize’ the JNF Head Office to apply the £P62,000 investment balance due them to ‘purchase land at the present higher prices’ rather than request a refund of their money according to the terms of the JLPS agreement. In such a case, each investor would retain the right to make his/her own final decision whether the money would be applied to a specific purchase. The Honorary Officers also agreed that if specific areas of land were available at an average cost of £P30, the JNF in London was to encourage new investors in the scheme to acquire such land. Finally, they agreed to encourage JLPS investors to consider investment in land purchases ‘beyond the coastal plain.’<sup>70</sup>

In summary, total income from the JLPS represents the great interest shown by Anglo-Jewry in the scheme. From the inception of the JLPS (about 1940) to about February 1944, total income amounted to about £P312,000 (excluding the £P22,000 sold back to the JNF). This figure represented an average of about £P78,000 a year invested in the JLPS through fiscal year 1943.<sup>71</sup> The income success of the JLPS was offset by the various complicating factors in the UK and in Palestine that eventually brought an end to the signing of new agreements and forced the need for more flexibility in working with the JLPS investors already under agreement. For example, the JNF needed more flexibility both to purchase land in various areas of Palestine and to pay higher prices for

the land. In turn, the JNF had to concede to JLPS investors the right to either apply or not apply their investments to a given plot of land purchased for the scheme. By the end of fiscal year 1943, the JLPS was still on solid ground for those who had already signed agreements. However, problems that had begun in 1942 continued in force in 1943. Chapter 5 shows that in 1944–45 these problems would actually prove insurmountable for the JLPS.

### **The Farm City Scheme, 1942–43**

The FCS was on solid ground by the beginning of 1942, notwithstanding continuing criticism of the scheme that had begun to mount in late 1941. In November 1941, the JNF in London sent a telegram (signed by Schen, Singer, and Wright) to the JNF Head Office, telling of two men with last names Simon and Charles who condemned the FCS because those supporting it ‘prevented the scheme as investment.’<sup>72</sup> Schen did not give further explanation of this criticism, but apparently Simon and Charles were questioning the nature of the money Anglo-Jews were investing in the FCS. This same question, combined with the legality of the scheme, was at the root of criticisms put forward by Mr Bakstansky, the secretary of the Zionist Federation in the UK.<sup>73</sup>

### ***Criticism of the FCS continues***

A discussion held in February 1942 at the JNF Head Office—involving a Mr Kollek (likely Teddy Kollek), Granovsky, Weitz, Epstein, and Mohilever—helped shed further light on Bakstansky’s two principal criticisms of the FCS. Bakstansky claimed that, in their desire to recruit numerous participants to the scheme, JNF workers in the UK misled the public by misrepresenting the FCS. ‘In several cases,’ state the Minutes from the meeting, ‘it was not properly explained to the participant that his participation is actually a donation to the JNF and not an investment, and that he pays £P250 as the price of a plot of land that is actually worth less than 1/5 this sum.’ Furthermore, Bakstansky argued that JNF workers did not explain to potential participants that a plot of 2½ dunams was not large enough to support its occupant(s). Kollek, speaking in defense of the FCS, admitted that some JNF workers and other supporters possibly had emphasized the ‘pleasant’ aspects and deemphasized the ‘unpleasant’ aspects of the FCS, but he argued that the charge of deception had no foundation because an accurate summary of the FCS was published openly in the weekly *Jewish Chronicle*.<sup>74</sup>

Bakstansky’s second criticism was about the £P245 contribution the FCS required the participant to pay to the J.N.F. Charitable Trust. According to British income tax law, tax officials returned to the taxpayer the amount of tax paid on contributions to charitable organizations because such contributions were ‘without value,’ i.e., the donor received nothing in return for charitable contributions. Bakstansky feared that income tax authorities in the UK would not view the FCS contribution as ‘without value’ because donors received, in return, what appeared to be ownership of a plot of land. According to Bakstansky, such a misunderstanding on the part of income tax authorities would not only hurt the FCS but would ‘likely place a shadow on Zionist institutions in England.’<sup>75</sup>

In May 1942, Schen revealed that the Committee of Inquiry established to look into accusations against the FCS reported that ‘no fault was found with the scheme.’

However, the Committee did warn that ‘every possible precaution should be taken not to convey in any shape or form that this scheme was anything in the nature of an investment.’<sup>76</sup> Schen admitted the time spent addressing the attacks against the FCS had slowed down FCS work considerably in the first five months of 1942 and had put a damper on the enthusiasm for the scheme demonstrated in November 1941. A second factor that slowed down FCS progress was the Keren Hayesod (Foundation Fund) campaign that started in March of 1942. ‘We could not possibly expect good results,’ Schen conceded, ‘as our [JNF] workers in the Provinces [of the UK] are the same people who are working for the Keren Hayesod.’ Nevertheless, Schen expressed the hope that ‘by the time our own [JNF] campaign is opened the Farm City work will again be in full swing.’<sup>77</sup>

After resolving the initial criticism directed at the FCS, organizers and JNF workers in the UK desired to move forward with the scheme. Unfortunately, those involved with the FCS spent 1942–43, and beyond, trying to work out the details of the scheme so they could move from the planning to the implementation stage. Wartime conditions in the world and in Palestine proved to be a major obstacle to implementation of the FCS.<sup>78</sup> In fact the long, drawn-out process of planning and implementation was destined to last into the period of Israeli statehood.

### *Phases for the realization of a proposed Farm City*

Some other developments occurred during 1942–43 that deserve some explanation. The JNF had established locations for Farm Cities I and II as early as September 1941. By that date, Farm City I (on the coast south of Netanyah) had been planned and FCS participants had already purchased all the plots there. The process of selling plots for Farm City II (south of Kadimah in the Tul Karm district—adjoining the Haifa—Tel Aviv highway) was well underway by the end of 1941 and was accelerated during fiscal years 1942–43. Schen reported that by December 1942, 423 plots had been taken up in Farm City I, 300 plots in Farm City II, and that work had begun in selling plots for Farm City III (scheduled for the Zebulun Valley).<sup>79</sup> By September 1943, the total number of participants in Farm Cities I–IV was 891 (holding 1,023 plots altogether).<sup>80</sup> The JNF chose for Farm City IV a location on the River Alexander, on the coast between Netanyah and Haderah (see Map 3.2).<sup>81</sup>

The realization of a Farm City had four main stages. In the first stage, the land upon which the Farm City was to be developed needed to be purchased by the JNF and transferred to its ownership (if the JNF did not already own the land). In the second stage, professional surveyors carried out a topographical survey of the land to establish its physical configuration. The third stage involved an engineer drawing up a town plan for the Farm City. In the fourth and final stage, the town plan had to be submitted to the appropriate government Regional Planning Commission for approval. Apart from leasing the land needed for a given Farm City, the JNF worked closely with a Mr Klein to provide the town plan; gave advice and technical guidance; and built roads (both within the Farm City and to connect the Farm City with main roads running north and south and eastward). The JNF also solicited the help of the Agricultural Experiment Station in Rehovoth to prepare information on what a 2½- or 5-dunam plot of land could produce. The FCS participants themselves, who in this sense acted more as investors, had to have

‘considerable means’ at their disposal to build ‘communal offices, amenities, or services’ and ‘to sink a further sum in the erection of his house and [in] the layout of his small farm.’<sup>82</sup>

### *The Palestine Farm City Association Limited (PAFCAL)*

In October 1941, Nettler had informed Granovsky that he (Nettler) had been chosen as the President of the Farm City Association (FCA).<sup>83</sup> Between October 1941 and May 1942, Nettler and others involved in the FCA (Schen and Singer among possible others) worked toward solidifying the organization of the association. Sometime before May 1942 (possibly April), Schen had a meeting with Nettler and Singer to discuss the final suggestions for formation of the FCA. Arthur Benjamin and Cohen were entrusted with drafting the Articles of the FCA to ‘put the Farm City Association on a proper basis.’ The FCA was to replace any ‘binding’ influence of the special committee elected at a June 1941 conference, ‘when the total number of plot holders was only 150.’<sup>84</sup> In the last stages of its formation (at least as early as September 1942), the FCA was renamed the Palestine Farm City Association. By the last quarter of 1942, the Association was temporarily housed at the JNF office in London and the Honorary Secretary, M. Altmann, was using a rudimentary letterhead for correspondence in the name of the Palestine Farm City Association, Limited (hereafter PAFCAL).<sup>85</sup>

In September 1942, Altmann declared that the ‘Farm City Movement’ had entered a new phase and that he would establish direct contact with the JNF Head Office on behalf of the PAFCAL Council. He informed the JNF that about thirty-five delegates to a PAFCAL conference in Manchester, England, had shown a ‘clear determination...to work through [PAFCAL] with a business-like efficiency towards realisation of the [FCS].’ Furthermore, all the delegates concluded that it was ‘no longer sufficient to talk about the Scheme but to start practical concrete planning if not actual work.’ Finally, although ‘a small minority’ of the delegates were ‘treating the [FCS] as a mere money raising enterprise of the [JNF],’ the majority, according to Altmann, had expressed ‘full confidence’ that, with the guidance and collaboration of the JNF, the FCS would ‘be carried out properly and become an important factor in the economic life of the participants and of Palestine.’<sup>86</sup>

### *The question of industry and the Farm City*

Because the Farm City was largely a residential scheme for self-subsistence only, some FCS organizers, including Schen, assumed that participants in the scheme, being mainly middle-class persons of means, might be interested in industrial endeavors. That assumption, however, ran contrary to the ideal of some JNF officials and led to a debate over the purpose of the FCS. The issue first was raised when, in 1942, the JNF decided to extend Farm City I by adding more agricultural and building plots. In conjunction with this decision, Schen wrote to Granovsky requesting ‘any reserve land’ that might be available in the vicinity of Farm City I. ‘It stands to reason,’ Schen mused, ‘that the participants in the Scheme who are mainly composed of merchants and manufacturers, once they get to Palestine, would probably consider industrial enterprises.’ He admonished, therefore, that the JNF would be wise to ‘have ready in reserve an area of

land for future industrial development.<sup>87</sup> As long as the JNF had no available land, Schen and Nettler did not encourage the idea of industry on the Farm City or on adjoining land. However, when the JNF purchased more land for Farm City II, the question arose over the possibility of allocating part of the extended area for an industrial zone.<sup>88</sup> Specific inquiries about industry made by FCS participants had spurred Schen's initial request. Apparently PAFCAL's Honorary Secretary, Altmann, was also a supporter of industry.

But some opposed the introduction of industry into the FCS. For example, Schen had mentioned his JNF colleague, Paul Singer, in this context.<sup>89</sup> And E.M. Epstein reminded Schen that the introduction of industry was 'a distinct change' in the idea of the Farm City that Nettler originally had put forward and that he himself (Schen) had supported. Indeed, Schen and Nettler had made it clear to participants that the 'basis' of planning for the Farm City was 'residential' and that if participants desired to invest in industrial efforts, they would have to do it either in Netanyah or in Tel Aviv. The initial impression was that the FCS would be a scheme for 'well-to-do individuals' who would 'not seek to derive from it their livelihood,' but instead would desire to 'obtain pleasure rather than profit from their house and plot' Epstein blamed Altmann for changing the view of the FCS to one in which the Farm City would 'compete with Nathania [*sic*] in the economic sense, and would be largely if not chiefly based on industry.' Therefore, Epstein concluded that the introduction of industry—a 'new development' in the Farm City conception—would overly complicate the scheme; but if the JNF decided to accommodate the participants' wishes, Epstein argued that FCS industrial efforts should take into account and be compatible with 'the industrial possibilities of Palestine' as a whole.<sup>90</sup> Regardless of Epstein's and others reservations, from 1942 forward, the question of industry became important in the development plans of the FCS.

The subtext of the debate over industry seems to reveal a Zionist assumption held by some JNF faithful: that those participating in the FCS would more or less accept the Zionist ideology of 'return to the land,' and thus be content with a simple life of self-subsistence—a life of 'pleasure rather than profit,' to use Epstein's apropos phrase. This assumption was unrealistic for one principal reason, namely the nature of the group targeted for participation in the FCS. In 1941, Nettler—in response to 'old Zionists' in the UK who had belittled his plan—said that people 'always want something in return' for their financial investments.<sup>91</sup> His assessment was apparently correct in this regard; at least some FCS participants were not won over by the idea of self-subsistence from a small farm and, as 'non-Zionists,' were not committed to any pure Zionist ideal. Rather they wished to make a profit from their 'investment,' and industrial ventures were a good avenue to fulfill that wish.

The first quarter of 1943 brought still more confusion over the nature of the Farm City. Perhaps related generally to the misunderstanding over industry, and much to Schen's displeasure, by April 1943, a Mr Danin was promoting the idea that participants in the FCS could make a living by cultivating their Farm City plot. Danin's misconception caused Nettler 'quite a lot of anxiety'—no doubt because of Schen's concern, based on earlier criticism, that the FCS might be misunderstood. Schen was firm about correcting Danin's mistaken idea: 'I do not think,' he ventured, 'that Mr Nettler could have ever conveyed [such an idea] to Mr Danin... On the contrary, the whole scheme of Mr Nettler was based on the plot being a kind of auxiliary to other occupations

[the FCS participant] will have either in the immediate vicinity, or in the nearest town.' Schen went on to clarify that the term 'Farm City,' which he obviously believed could potentially be misleading, was no more than a 'fancy name' the JNF in London had adopted in agreement with the JNF Head Office in Jerusalem. Schen urged that Danin's misconception be 'cleared up immediately.'<sup>92</sup>

### *Additional problems and concerns with the FCS*

In addition to the confusion over the question of industry and the FCS, Schen identified other problems and concerns that hindered the success of the scheme. The first was the problem of 'absenteeism.' According to the FCS lease, the participants did not have to build on or occupy their plots until after the war. As early as February 1942, Granovsky pointed out that the 'essential problem' of absenteeism and unbuilt plots was 'interfering with the organic unity' of the FCS; making the town plan 'unbalanced;' and 'creating the problem of waste' of JNF land. He suggested that every participant should either start building 'within a reasonable number of years after the war' (as stipulated by the FCS lease) or 'dispose of his lease' altogether. Furthermore, Granovsky proposed that 'expensive land' near Tel Aviv be included in the FCS to 'increase the marketability of the [FCS] lease' and to enable absentee participants of prospective Farm Cities to dispose of or to sublet their leases 'on favorable terms.' In such a case, he argued, a plot of FCS land near Tel Aviv should be restricted to one dunam but should still require the same donation amount of £250.<sup>93</sup>

Schen broached a second problem that was not new—namely, competition, or potential competition, from other investment groups. As mentioned, Schen blamed the Palestine Investment Company for interfering with the JNF's work on the FCS by offering building plots at Bat Yam and on Mt. Canaan and by offering agricultural land in 10-dunam plots at a cost of £250. The latter offer was, in Schen's opinion, a direct attempt to compete with the FCS. Schen complained of 'several cases' in which participants who were initially interested in the FCS ultimately 'preferred to buy the 10 dunams instead of taking up Farm City plots.' Nevertheless, he remained optimistic about the progress of the FCS.<sup>94</sup>

Schen also expressed concern about the Yaaroith Hacarmel Settlements Company. This company, he noted, had 'done very little in England.' His explanation for the company's lack of activity was that it apparently 'did not have the courage to proceed owing to the war.' 'But,' he warned, 'should they come into the field here it would be a direct competition with the Farm City' because of 'how favourably their terms compare with our conditions in the Farm City Scheme.'<sup>95</sup>

On a different note, Schen expressed disappointment, early in 1942, about the poor quality of maps for the FCS. For instance, he pointed out that a sketch-map of Farm City III (in Emek Zebulun) was 'not much use to [him] in propaganda' because it did not show important points of settlement in the area (such as Haifa and Acre), the railway, or the roads. Schen's concern on this point mirrored his concern about map problems with the JLPS—namely, that not having good maps was hindering FCS propaganda efforts.<sup>96</sup> Furthermore, by October 1942, the FCS had grown to such great proportions that Schen suggested the Head Office appoint a special man 'to deal with this work from every aspect.' Notwithstanding the success, Schen also mentioned that the JNF in London was

‘handicapped’ by the general ‘lack of information of all kinds of which we should receive a regular flow.’<sup>97</sup>

Map problems related to Farm City III and lack of needed information represented relatively small, and ultimately easily resolvable, glitches in the overall FCS. However, a bigger problem surfaced in early 1943 and seemed to reveal that the FCS was on much less stable ground in the UK than hitherto thought. By late 1942–early 1943, the JNF had run into difficulties in carrying forth its work on Farm City III. The JNF faced ‘extremely heavy compensation’ demands from certain Arab claimants living on the Zebulun Valley land allotted for the Farm City. The same land was ‘under occupation for emergency purposes’ for the duration of the war (e.g., for British military bases and installations).<sup>98</sup> Consequently, on 19 January 1943 the JNF Head Office sent a telegram to Schen asking him to stop disposing of further plots for Farm City III.<sup>99</sup> Speaking on behalf of the FCS in the UK, Schen informed Granovsky that the telegram ‘came to us somewhat as a shock’ He reminded the Head Office of all the work the JNF in London had put into Farm City III, and complained that to stop disposing of plots for that Farm City would be ‘impossible without jeopardizing the whole scheme.’ He then revealed how important the FCS had become to the whole JNF enterprise in the UK, stating, ‘Our entire apparatus is based for this year on a 40 to 50 percent income from the Farm City. To replace this revenue by something else is beyond me.’ Schen argued for waiting until the war ended, assuming that then the land would be freed from British military occupation, thus allowing the work for Farm City III to go forward. Finally, expressing his optimism for the continuation of the scheme, he proclaimed the immediate need for another area for a Farm City IV that would allow for at least 300 to 500 more plots. ‘The Farm City Scheme,’ he exclaimed, ‘is getting more and more popular, and it would be fatal to our work not to be able to follow with one area after another.’<sup>100</sup>

Apparently, the hope that the Zebulun land would become free after the war was unrealistic, and the JNF decided to find an alternate location for Farm City III. Between February and April 1943, the JNF offices in Jerusalem and London exchanged telegrams in an attempt to resolve the situation. By mid-April 1943, however, the whole question of Farm City III was still up in the air. Schen wrote the Head Office in desperation, exclaiming,

We have now reached a stage when we cannot possibly continue with the Farm City activity anymore, unless we have at latest by 30<sup>th</sup> April (a) your final confirmation of the site of the third Farm City...and (b) full particulars of an area for at least four hundred 2½-dunam plots suitable for intensive cultivation, for a fourth Farm City.

If the JNF in Jerusalem did not meet the 30 April deadline, Schen warned that the JNF in London would have to ‘entirely abandon the Farm City scheme.’ Again, his main reason for the ultimatum was that the JNF in London had ‘built up a costly machinery for raising funds through the Farm City scheme’ and he had concluded that his JNF office could not ‘continue with this machinery’ unless it was assured of ‘uninterrupted activity for some time to come.’<sup>101</sup>

Much to Schen’s relief, by May 1943, the JNF in Jerusalem had resolved this most serious problem. Granovsky sent a telegram to Schen sanctioning the disposal of 250

plots in a 'new' Farm City III (eventually dubbed Farm City IIIb) to be located in the Haifa Bay area. In response, Schen wrote a letter stating that he was 'glad to hear' of the new Farm City. He was also pleased that the JNF Head Office had accepted the proposal that each participant who contributed toward  $2\frac{1}{2}$  dunams in the new Farm City would receive two leases for  $1\frac{1}{4}$  dunams each with the understanding that participants would build on the plots within three years and six years (respectively) from the date of the signing of the leases. By May, the JNF Head Office had also chosen the location for Farm City IV and had agreed to improve the sandy soil and turn it into 'good agricultural land.'<sup>102</sup>

In summary, by the end of fiscal year 1943, important preparations for realization of the FCS were in place. All parties involved with the scheme had worked out the basic stages needed to carry the FCS from the initial phase of selling plots, through the planning and development phases, and finally to the phase of actual implementation of the scheme. The war was the main obstacle to the realization of these stages; and Schen, at least, had pretty much conceded that the scheme would not be able to go forward fully until after the war ended.<sup>103</sup> PAFCAL, the representative body organized to help promote the FCS in the UK, was also up and running.

Under pressure from certain participants and even from some PAFCAL officials, FCS organizers had also decided, some reluctantly, to allow in the Farm Cities the possibility for industrial endeavors. The JNF's role was, wherever possible, to purchase more land as an extension to a given Farm City. Furthermore, 1942–43 were important years in identifying certain problems and concerns that would need to be addressed and, if possible, resolved to allow the FCS to go forward unimpeded. By mid-1943, the JNF Head Office and Schen had resolved the major problem surrounding Farm Cities III and IV and thus had saved the FCS from total failure.

Schen and Singer both participated in the 27 September 1943 JNF Directorate meeting. In that meeting, Schen reported on total income from both the JLPS and the FCS for the period from 1941–43. In 1941, the JNF received £P90,000 from both schemes; in 1942, it received £P135,000; and in 1943, £P200,000, a total of £P425,000 for the whole period.<sup>104</sup> The great increase in income each year from 1941 to 1943 showed the importance of the two schemes to the JNF's land-purchase and development activities during the war. Thus, going into fiscal years 1944–45 the FCS, although really still only in its formative stage, was on a good footing in regard to its organization, planning and development, and in terms of the interest generated in the scheme in the UK.

### **The Huleh region, 1942–43**

In the Huleh region to the northeast, the JNF continued to pursue its wartime goals. JCA/EMICA renewed the option to purchase the Huleh concession in early 1942, but negotiations between the consortium and the PEC in the remaining war years were 'fruitless' because of 'conflict of interests' between the two parties. Nevertheless, the JNF did succeed in acquiring more land and in facilitating Jewish settlement of the Huleh region.<sup>105</sup> In November 1941, the JNF received word that the High Commissioner had granted it the license to purchase—in cooperation with PICA—1,800 dunams of land in Telil-Hosini'at (owned by Palestinian Arabs) that bordered both the settlement of Yesud



Ha-Ma'alalah in the Huleh Valley and Lake Huleh itself. The total cost for the 1,800 dunams was £P14,000, about £P7.3 per dunam plus 'sundry expenses' and a registration tax. The total area of Telil-Hosini'at was 4,500 dunams. PICA had made arrangements for the purchase of 3,000 dunams prior to 1941, but over time received only about 1,200 dunams. PICA asked the JNF to complete its earlier arrangement by purchasing the remaining 1,800 dunams. The other 1,500 dunams would remain in Arab ownership, at least for the time being. In December 1941, the JNF Directorate agreed unanimously to purchase the 1,800 dunams according to PICA's request.<sup>106</sup>

### *The land of Amir Fa'ur*

In February 1942, Weitz presented to the Directorate some details about the JNF's continuing attempt to purchase 12,000 dunams north of the Huleh (zone 4 in Map 3.4) from Amir Fa'ur (of the al-Fadl tribe in the Golan). The original contract between the two parties granted Fa'ur one year to sell the 12,000 dunams to the JNF for the price of about £P150,000 cash. The first clause established that, if one side violated the contract, it would be obligated to pay the other party £P2,000 in damages. When the first time set by the contract for transfer of the land passed without Fa'ur fulfilling his side of the contract, the JNF granted him an extension. However, Fa'ur again failed to transfer the land. In May 1941, on the eve of Britain's invasion of Syria, Fa'ur finally transferred to the JNF an area of 1,800 dunams; in return, the JNF paid Fa'ur £P27,000. The two parties then agreed to keep the contract 'in force' until Fa'ur's delivery of the remaining 10,200 dunams. In late 1941 or early 1942, Fa'ur informed the JNF he was prepared to transfer the remaining land for payment in cash. Meanwhile, he traveled to Mecca on the invitation of Ibn Sa'ud. When he returned from his trip in early February 1942, he expressed his wish to finish the deal.<sup>107</sup>

Fa'ur's desire to complete the land deal in early 1942 caught the JNF by surprise. Weitz pointed out that the JNF had budgeted only £P10,000 for purchase of land north of the Huleh during fiscal year 1942. Completing the purchase of Fa'ur's lands would require another £P84,000. Because most of the land remaining to be transferred was located 'near the Menachem Ussishkin Fortresses' and would 'complete the areas' owned by the JNF in that particular region, the purchase was important to the JNF's land policy of 'internal expansion' in the area north of the Huleh. Granovsky reminded Directorate members that the settlement and strategic importance of the lands had initially prompted the decision to purchase the land in October 1939. Notwithstanding the Directorate's earlier decision, by 1942 financial constraints left some members with 'many doubts' about finishing the purchase.<sup>108</sup>

To assuage remaining doubts, Granovsky reiterated the reasons for the need to purchase the land: the land was good overall; he considered the lands 'vital' to completion of the Menachem Ussishkin fortresses; the lands were strategically located in the region north of the Huleh 'on the border of Syria;' and Granovsky was concerned that the 'tendency to raise prices' might lead Fa'ur to withdraw from the agreement, pay the £P2,000 in damages, and thereafter 'sell the lands to Palestinian Arabs.' If Fa'ur pursued this course, Granovsky argued, 'the legal possibility to purchase these lands would be lost' and the lands would 'slip from [JNF] hands completely.' His concern was warranted, given rising land prices during the war and growing competition from Arabs

in the land market. Out of expediency, the Directorate decided to purchase the remaining land at the total cost of £P84,000.<sup>109</sup>

### Other JNF activities in the North

Along with the Huleh region, the JNF pursued its interests in other areas of northern Palestine. As in the previous year, the JNF spent most of its money budgeted for land amelioration and development on the Bet Shean region and on the area north of the Huleh, and it planned to spend more than half of the money budgeted for fiscal year 1943 (i.e., more than half of £P7,645) for the same purposes.<sup>110</sup> These expenses show the strategic importance of northern Palestine in the JNF's land amelioration and development activities. In the Upper Galilee, the JNF focused on areas such as Ein Zetim, Safed, Biriyyah, and Meron, all southwest of Lake Huleh. Ein Zetim, for example, consisted of an area of about 5,000 dunams. The land, registered in the name of PICA, was owned by Jews 'scattered in Palestine and abroad.' According to Weitz, the land was desolate, the houses there were mostly in ruin, and the Arab cultivators of the land—who held usufruct rights—had damaged some of the olive trees and had uprooted others. Apparently, the land became a potential target for purchase by Arabs. This possibility, combined with the bad condition of the land, made it a priority area for the JNF; and also, by providing the opportunity to save the land from 'ruin' and from coming under Arab ownership, the purchase would allow the JNF to fulfill two of its main responsibilities. Thus, in February 1942, the Directorate decided unanimously to purchase land in Ein Zetim to 'redeem [it] from its desolation, to rescue it from foreigners, and to recover this settlement from ruin.'<sup>111</sup>

In November 1942, Weitz reported that the JNF had 'acquired back' 1,453 dunams north of the Huleh from EMICA (728 dunams of the land of Na'ami) and from the Africa-Palestine Investment Company (725 dunams of the land of Zuk-Tahtani). The two companies had purchased these lands (plus others) in partnership with the JNF with the understanding that they reserved the right to withdraw from the purchases when they wanted. The JNF's projected land-purchase scheme in the north for 1943 also included land purchases in the districts of Tiberias and Safed totaling 47,196 dunams (11,000 dunams in Zone A and 36,196 dunams in Zone B). Moreover, by November 1942 the JNF was negotiating purchase of more than thirty plots of land varying in size from 120 dunams to 6,000 dunams (in Olam and Ma'adar, and again in Biriyyah and Ein Zetim).<sup>112</sup> By June 1943, however, the JNF had acquired only 693 additional dunams in the north—413 dunams in the Zebulun Valley (Zone B) transferred to the JNF from a Jewish company and 280 dunams acquired from Arabs.<sup>113</sup> The Minutes do not present information on specific JNF acquisitions in the north (including the Huleh region) for the last quarter of fiscal year 1943. In summary, the total amount of land in the Huleh region potentially in JNF ownership at the end of fiscal year 1943 was between 47,719 and 57,719 dunams. This conclusion is based on the amount of land in JNF ownership at the end of fiscal year 1941 (between 34,973 and 44,973 dunams—see previous chapter) combined with the lands that transferred to JNF ownership in the north during 1942–43 (3,946 dunams), and on the lands the JNF decided to purchase in that region during the same period (8,800 dunams).<sup>114</sup>

### The Negev, 1942–43

In southern Palestine, unlike in the north, the JNF confronted Arab active opposition to its land-purchase activities. For example, Weitz reported on opposition from Ahmad Hilmi Pasha, an *Istiqlal* party member and president of the Arab Bank.<sup>115</sup> Hilmi made clear his intent to ‘fight against the entry of the Jews—and especially [of] the JNF—into the southern district, and particularly into Beit Hanun’ north of Gaza (see Maps 3.5 and 3.6). Beit Hanun was important to Hilmi because he had great political influence there, and thus had a real interest in thwarting the growth of JNF influence in the region. Weitz provided one example in which Hilmi placed ‘many difficulties’ in the way of the JNF’s attempt to purchase a 306-dunam citrus plantation in the region. Many more ‘difficulties’ were to follow. The JNF also faced the problem of rising land prices caused by opposition from Arabs who competed with it for purchase of land put up for public auction. In one case, an Arab offered a JNF representative £P150 to get the JNF to withdraw from the purchase of a plot of land up for public auction. In an interesting twist of events, the JNF, in the end, succeeded in convincing the Arab to accept a payment of £P125 to stop competing with it in the purchase of the land. Only then did the court of law issue the order for the land to be transferred to the JNF. Because of these experiences, Weitz records, the JNF became ‘afraid to purchase lands in the south’ and realized it would have to prepare for great opposition to its activities after 1942.<sup>116</sup> These obstacles, which were not much different than those impeding JNF land-purchase activities in other regions of Palestine in the mid-1940s, may have slowed and complicated JNF work in the south, but they did not succeed in stopping JNF land purchase.

### Land purchase in fiscal year 1942

The southern Judea/northern Negev region was one of four main areas the JNF Directorate decided to target during fiscal year 1942 (the other three were the north, Haifa, and the Sharon). Specifically, the Directorate planned to purchase a total of 25,160 dunams in the south at a cost of £P128,330 to be paid over a period of several years. This total area included 2,380 dunams needed for ‘completion of previous land purchases’ and purchase of new lands amounting to 22,780 dunams. The Directorate earmarked a total of £P57,850 (23 percent of the total £P255,500 budgeted) for expenses in the south during fiscal year 1942: £P5,120 for debts on lands transferred to the JNF and for compensation of tenants, and £P52,730 for the first installment toward the aforesaid land purchases (£P37,430 for the lands themselves and £P15,300 for registration and obligatory fees).<sup>117</sup>

These relatively high expenses were part of the JNF’s goal to ‘reach a peak’ in its financial investment in the south during fiscal year 1942. The focus on the south (Zone A) was part of the JNF’s broader aim to purchase as much land as possible in Zones A and B and to fulfill its policy of ‘external expansion.’ Weitz stated that another reason the JNF decided to focus on the south by the end of 1941 was because the Office of Land Settlement was working there at the time and ‘with the agreement of the land sellers’ it would be possible to register JNF ownership claims on lands purchased there and, thereafter, to actually ‘receive ownership rights’ on the lands. Several lands the JNF was in the process of purchasing had been put up for public auction because of debts owed by the landowners. Such public auctions worked to the JNF’s advantage because the

purchase of the lands through the Execution Office in charge of public auctions was, according to the LTR, permissible. Weitz reminded the Directorate that if the lands put up for public auction were sold to Arabs, it would then become illegal for the JNF to purchase them.<sup>118</sup>

The Beersheba district was one specific area of focus for JNF land-purchase activities in the south (see Maps 3.5 and 3.6). For example, in February 1942 the JNF Directorate decided to purchase 1,700 dunams of Wadi Al-Kaha at £P6.5 per dunam.<sup>119</sup> And in a June 1942 meeting of the Directorate, Weitz gave background information on the activities, starting in 1932, of Moshe Smilansky and the PLDC in purchasing substantial lands in the Beersheba district (ultimately totaling 62,900 dunams) on behalf of various Jews living abroad and in Palestine. By 1942, 36,400 of the 62,900 dunams were registered in the names of the investors. Although the remaining 26,500 dunams were not registered, 'files had been opened' on them.<sup>120</sup>

A representative of Smilansky, along with a number of workers residing in Beersheba, cultivated and took care of the lands until the outbreak of the Arab Revolt, after which they left Beersheba. In the wake of the Arab Revolt, the Jewish landowners complained that they were left without money or land even though they had purchased their lands through the presumably safe means of a 'Zionist institution'—i.e., the PLDC. In an attempt to salvage something from their investment, some of the Anglo-Jewish landowners proposed that the JNF purchase their registered lands at a price of £P2 per dunam 'in payments for ten years without interest' However, the difficulty remained of the 26,500 dunams that had not yet been registered in the names of some of the investors. Weitz argued that if the JNF purchased the registered lands it should, 'despite all the difficulties,' purchase the unregistered lands as well, though he felt the need to 'clarify the question' of the unregistered lands before proceeding. The point that remained unclear was how much the unregistered lands would cost per dunam. The JNF, for its part, also needed to take into account the cost of compensation to tenants evacuated from the unregistered lands—a cost that according to Weitz 'should amount presently to a small sum.' After a short discussion, the Directorate decided in favor of pursuing negotiations with Anglo-Jews over the purchase of their registered lands for £P2 per dunam to be paid during ten years without interest. Moreover, based on a suggestion made by Granovsky, the Directorate decided that once the negotiations with the Anglo-Jews were finished, negotiations should be pursued with the South African Jews for purchase of their registered lands. The Directorate made no decision in the June 1942 meeting about the 26,500 dunams of unregistered lands. ds.<sup>121</sup>

The unique situation of these private lands worked to the advantage of the JNF in pursuing its efforts in the south. The near-desperation of the private Jews to gain some return on their investments allowed the JNF to purchase the land at a low rate per dunam and without having to pay any interest. Furthermore, although the JNF was 'redeeming' the lands from Jews (*padah*) rather than from Arabs (*ga'al*)—the former increasingly would be perceived more negatively...—at least the plots of land were large and helped the JNF fulfill its broader goal of 'nationalizing' more land in Palestine. A propagandistic benefit to the deal was the opportunity to leave a 'good taste' in the mouths of the investors, who earlier had complained about their negative experience in dealing with a 'Zionist institution,' in this case the PLDC.

A third example of the JNF's land-purchase activities in the Beersheba district involved Leopold Schen. In November 1942, Schen began work on behalf of the JNF to negotiate with the London-based Judaeon Land Company over the purchase of land in Beersheba. A few of the directors of the company residing in London, including Aaron Wright, agreed to sell their land for £11,500 (amount of dunams unspecified). According to the potential transaction, the JNF would pay £500 on signing the agreement and, thereafter, would pay the balance plus 3 percent simple interest in twenty equal annual installments. Other company directors residing in Palestine (including men named Frederick Lawrence and Cyril J. Ross) were apparently against selling the land. Eventually the company board decided to cable a lawyer in Palestine, Mr Horowitz, to seek his legal opinion on the issue. When Schen found out about the board's cable, he sent a telegram to Epstein at the Head Office in Jerusalem advising him to contact Horowitz to try to convince him to give a favorable opinion so the transaction might go through.<sup>122</sup> By December 1942, Schen was still waiting to hear the final decision. The London directors who remained favorable to the deal (including Wright), sent a telegram to company directors in Palestine to obtain their approval. Schen remained optimistic the transaction would be completed. Although primary sources do not reveal the ultimate outcome in this particular case, the scenario serves as a good example of the kind of politicking the JNF was involved in with Jews in its land-purchase efforts in the south.<sup>123</sup>

Along with its focus on the Beersheba district, the JNF continued to pursue consolidation of land in Iraq el-Manshiya (see Maps 3.5 and 3.6). As is well known, the JNF's Articles of Association forbade it from selling land. However, the Articles did not forbid the JNF from exchanging one plot of land for another of equal or greater value. In fact, the JNF Minutes are replete with exchanges made between the JNF and other parties (e.g., the PLDC and numerous private companies and individuals). The freedom to exchange one or more plots of land for other plots of equal value afforded the JNF the flexibility to give up isolated land for land helpful to the consolidation of its land holdings elsewhere. In March 1942, the Directorate agreed to make one such exchange in Iraq el-Manshiya. As an example of the pattern of language used in an exchange of land, the agreement for the exchange of 600 dunams in Iraq el-Manshiya is quoted here in full:

The Directorate of the Jewish National Fund Company, Ltd. agrees to arrange exchanges of land with private individuals in Iraq el Manshiya in the following manner:

The Jewish National Fund Company transfers, in exchanges to private individuals, plots [*halakim vehelkei halakot*] that belong to it [JNF] in Iraq el Manshiya up to a total area of about 600 dunams.

As against this, private individuals transfer, in exchanges to the Jewish National Fund Company, Ltd., plots that belong to them in Iraq el Manshiya up to a total area of about 600 dunams.

The Directorate finds that the above land exchanges assist the Jewish National Fund Company, Ltd. in carrying out its principal goal [of land redemption], and the land in Iraq el Manshiya that the Jewish National Fund Company receives in exchange from private individuals is equal in value to the land in Iraq el Manshiya that the Company transfers to the above Messrs.<sup>124</sup>

In April 1942, the JNF acquired several other relatively small plots of land in the south (all in Zone A): 345 dunams in Iraq el-Manshiya, 10 dunams in Tel-Tza'afi, and 83 dunams in Kalandiya (or, perhaps, Kalnadiya). Altogether the acquisitions came to a mere 438 dunams.<sup>125</sup> In summary, during fiscal year 1942, the JNF purchased more land in the south than in any other region of Palestine; lands purchased there accounted for 30 percent of all land purchased that year. Weitz projected the same trend for fiscal year 1943. For instance, the JNF planned to complete twelve land purchases—totaling 12,540 dunams—that were already underway by November 1942. The cost for these lands was £P99,590, of which the JNF was to pay £P80,090 during 1943. The JNF also planned seven new land purchases, totaling 71,250 dunams at a cost of £P255,200 (of which the JNF was to pay £P163,200 during 1943). Altogether, then, the JNF projected the purchase of 83,790 dunams in the south at a total cost of £P354,790.<sup>126</sup>

### Land purchase in fiscal year 1943

#### *A new focus: the southern Negev*

In the 12 November 1942 meeting of the JNF Directorate, Rabbi Berlin read a letter sent by Ben-Gurion regarding the importance of the Negev. Ben-Gurion could not make it to the meeting.<sup>127</sup> The fact that Ben-Gurion was the Zionist leader to highlight the importance of the Negev is not surprising. He, Katznelson, and Eliahu Epstein (of the Political Department) made a trip to the southern Negev as early as April 1935, specifically visiting Aqaba and Um-Rashrash (in March 1949 renamed Eilat), about five kilometers west of Aqaba. Ben-Gurion and Katznelson were 'not only among the first Eretz-Israelis [Palestinian Jews] to visit these reaches of Palestine...but also, and more important, they were the only Zionist leaders who saw fit to do so.'<sup>128</sup> Moreover, Ben-Gurion had firmly made up his mind as early as 1935 that 'the entire Negev was perfectly suited for Jewish settlement.'<sup>129</sup> Ben-Gurion's letter was very important in the sense of shifting the JNF's focus even further south to the extremities of the southern Negev. The letter read:

The Negev is increasingly becoming a central question in the Zionist settlement and political enterprise of the near future. One key for the Negev—the political and strategic key—is the Gulf of Eilat [*sic*]... I propose the [JNF] management appoint either an expert or a special committee, to begin to clarify immediately the possibilities of acquiring land near the Gulf, in the eastern part [Transjordan] and especially in the western part, the conditions of ownership (if any ownership exists), rights of pasture, land quality, etc. This seems to me to be one of the most central and urgent duties of land policy (and of Zionist policy as a whole), and the JNF needs to deal with the concern as fully as it can; and the Political Department of the Jewish Agency, including the [JA] Directorate, and all the rest of the Zionist institutions need to help this work. *But this is first of all a concern of the instrument of land redemption* [the JNF]. I propose [you] discuss this with urgency and with conviction.<sup>130</sup>

In the same letter, Ben-Gurion chastised the JNF Directorate for not including the Negev on its agenda of important issues for discussion. In the JNF's defense, Weitz declared that the Beersheba district 'is [in] the Negev,' and that by discussing that region, the JNF was discussing the Negev. Wilkansky added that the Zionist Movement had already taken some steps in the direction urged by Ben-Gurion. For example, by the last quarter of 1942 the JA's Institute for Agricultural Research (based at Rehovot) had already made inspections of millions of dunams in the Negev and had prepared maps of the areas that were inspected.<sup>131</sup> Apparently, though, the Directorate acknowledged, in accordance with Ben-Gurion's plea, that more could and should be done in the area further south. About five months later (April 1943) when Ben-Gurion (this time present in the meeting) asked the Directorate what had become of his letter, Granovsky informed him that the JNF had arranged a research expedition to the Negev consisting of twelve people, including Granovsky and Weitz, botanists and chemists from the Hebrew University, an irrigation specialist, a surveyor, and others. The group spent five days in the Negev, including some time at Eilat. However, by April 1943, the research report was still in the editing and preparation stage.<sup>132</sup>

### *The northern Negev*

During the period from December 1942 to May 1943, the JNF continued its land-purchase efforts in the northern Negev, focusing on Beersheba, Barbara, and other areas. In December 1942, the Directorate decided to purchase from the PLDC some lands in Beersheba and its environs. Because of the difficult wartime conditions, the PLDC had contracted a debt with the JNF of £P38,500. Seeking to rid itself of the debt, the PLDC proposed that the JNF 'receive from it [PLDC] several plots of land' and take upon itself other PLDC land-purchase commitments in the environs of Jerusalem (Mitzpah), in Beersheba, and in the Zebulun Valley. According to the proposal, the JNF would pay for the lands partly in cash and would charge the rest.<sup>133</sup> In return, the PLDC would pay its outstanding debt to the JNF over a period of two and a half years 'at new payment rates.' Granovsky highlighted two reasons the JNF agreed to this arrangement with the PLDC: the JNF was interested in the particular areas where the lands were located (Jerusalem, Beersheba, and the Zebulun Valley) and the agreement created a possibility for the PLDC to eliminate its debt to the JNF and to meet its other obligations, mostly to the Huleh concession.

The lands in Beersheba and its environs were in two parts. The first part, consisting of 410 dunams, belonged fully to the PLDC and were located in Beersheba proper; although it was not a large plot of land, Granovsky emphasized its importance as a 'foothold' in the city. The second part was 5,056 dunams in the environs of Beersheba that the PLDC had a commitment to purchase and in which it had already invested £P8,700. Granovsky expressed his belief that this second area would serve a strategic purpose 'as a holding point and [as] a springboard' to the purchase of other lands in the region.<sup>134</sup> The JNF also continued to acquire land from Jews. Sometime between October 1942 and March 1943, the JNF purchased 1,343 dunams in the environs of Beersheba. Although the land apparently belonged to Anglo-Jews, the JNF rationalized that in reality it was 'redeemed' (*ga'al*) because the Arab tenants working the land had held them for 'many years.'<sup>135</sup> This interesting definition of 'redeem' may have been the JNF's way of avoiding the

growing criticism (mentioned in the next chapter) of certain JNF supporters who believed it should focus solely on purchasing land from Arabs.

Sometime in early 1940, the JNF had faced the possibility of purchasing 5,000 dunams in Barbara (between Beer Tuviya and Gaza), but the purchase was never realized because the Arab landowner, who was £P40,000 in debt to various banks and did not want to put the land up for public auction, did not succeed in obtaining from the High Commissioner a permit to sell the land—as required by the Land Transfer Regulations. The High Commissioner did, however, convince the banks to grant the landowner an extension on his debts. After about a year and a half had passed, the JNF commissioned some ‘Arab notables’ to explain to the landowner that holding on to the land was financially detrimental because of the ever-increasing interest on his debts. The Arab landowner therefore consented to sell 2,000 dunams to the JNF at a cost of £P15 per dunam, close to double the cost agreed upon in 1940 (£P8 per dunam). The fact that the High Commissioner had not consented to the transaction made the land deal technically illegal. The JNF agreed to the risky deal for three reasons: the land was good for growing fodder and vegetables (in the plain) and for plantations (in the hills); the land area was sufficient to establish an intensive settlement of eighty families (25 dunams per family); and the purchase of the area opened up possibilities for the concentration of several thousands of dunams in the village proper. The JNF seemingly construed a plan whereby the landowner’s bank creditors agreed to take a risk themselves by arranging for the public sale of 1,700 of the dunams, at which the JNF apparently made the winning bid, and by receiving and holding the certificate of registration on behalf of the JNF. Thus, the JNF gained ownership of the 1,700 dunams without the High Commissioner becoming privy to the deal. The JNF hoped to obtain the remaining 300 dunams sometime during fiscal year 1943.<sup>136</sup>

In April 1943, Granovsky gave a report on lands purchased during the period from October 1942 to March 1943. In his review of the northern Negev, he highlighted lands the JNF purchased from Jews. He included in his list 2,069 dunams in the land of Ruhamah and 25 dunams near Negbah. But again, the JNF counted these lands ‘redeemed’ because Arab tenants had held them ‘many years.’<sup>137</sup> Finally, in May 1943 Granovsky reported the purchase of 9,331 dunams in the ‘south.’ Unfortunately, he did not specify exactly where these lands were located. Of the total 9,331 dunams, the JNF purchased 6,083 dunams (65 percent) from Arabs and 3,248 dunams (35 percent) from Jews.<sup>138</sup> In summary, the JNF made great progress in its land-purchase efforts in Negev during 1942–43. It continued to negotiate with and buy from both Jews and Arabs in the region and, at least in one recorded case, used clandestine methods to circumvent the Land Transfer Regulations. By the end of 1943, although the JNF was actually holding and cultivating certain lands it had purchased, it was still waiting for the official certificates of purchase and registration on the lands.<sup>139</sup> Most important for Zionist political-strategic efforts in the Negev in the last decade of the Palestine Mandate, the JNF heeded Ben-Gurion’s urgent plea to look even further south to the southern Negev—specifically to the Gulf of Eilat. This decision helped broaden the JNF’s view of the importance of the whole Negev desert.



## CHAPTER SUMMARY

Overall, 1942–43 were successful years for the JNF. Improvement of the JNF's financial situation allowed for a more favorable interest rate and strengthened the JNF's position in obtaining loans. As usual, rising expenditures accompanied these improvements. Notwithstanding complications caused by rising land prices and by government opposition, the JNF also moved steadily forward in the realm of land purchase (including in the Huleh region and in the Negev). Total land purchased for 1942–43 was 116,246 dunams (48,981 dunams and 67,265 dunams respectively). Furthermore, problems that arose with the JLPS and the FCS were successfully overcome during 1942–43. However, by the end of 1943 the FCS, although not fully underway because of construction complications caused by wartime conditions, was on more solid footing than the JLPS. Unfortunately, problems plaguing the JLPS specifically, and JNF land purchase in general, worsened in 1944–45.

## 5

# **Success and failure in the face of growing obstacles, 1944–45**

## **JNF finances and land purchase for fiscal years 1944–45**

Fiscal years 1944–45 were years of success and victory for the Allied war effort in Europe. Soviet offenses westward (in the north, center, and south) put the Germans on the defensive and ultimately led to Soviet victories and even to occupation of part of eastern Germany by September 1944. Meanwhile, in June and August 1944, the Western Allies successfully invaded and occupied northern and southern France. The German Ardennes offensive in December 1944, aimed at Antwerp, had failed by early January 1945 because of allied counterattacks. Finally, the conquest of Germany by the Allies from the west and the Soviets from the east (meeting at Torgau on the River Elbe on 25 April) forced the capitulation of Berlin on 2 May 1945.

Great increases in JNF income during 1944–45 were seemingly tied to these fortunate international events. Yet, once again the marked increases in JNF income were offset by new peaks in JNF expenditure during the same period. The more money became available, the more the JNF was obligated to use the money to carry out Zionist land purchase, land reclamation, and land-development objectives. The last year of the war also gave rise to a debate over the JNF's future financial status. The debate, initiated in the USA by Eliezer Kaplan (treasurer of the Jewish Agency), had to do with whether the JNF should be allowed to continue independent fundraising efforts in the USA along with its joint efforts with American fundraising institutions.

Obstacles to JNF land purchase reached a peak in 1944–45 with the emergence of the Arab National Fund. The crescendo of opposition brought about by government regulation, rising land prices, and the Arab National Fund (resorting, in some cases, to intimidation of Arab sellers by 1945) impeded the JNF from purchasing as much land in 1945 as it had purchased in 1943–44. In 1945, the JNF confronted complications in the actual transfer of land to its name, mainly because of the difficult and slow process of preparing written transfer documents. By July 1945, only a small percentage of the land the JNF purchased had transferred to its name. And the majority of the land transferred by that date had been purchased from Jews, thus raising concerns about public perceptions of the JNF's land-purchase activities.

The JLPS slowly failed during 1944–45, and by 1947 was officially ended altogether. The FCS continued in strength but, because of lack of building activities during the war, did not progress much. In fact, the FCS remained a work-in-progress into the period of Israeli statehood (after 1948). Land purchase in the Huleh region and in the Negev continued in force during 1944–45. Compared to stalled negotiations between the PLDC, the JCA/EMICA, and the PEC over the Huleh concession and water rights, JNF land purchase and Jewish settlement in the Huleh region were bright spots. In the Negev, the JNF continued to purchase land in the north and, encouraged by Ben-Gurion, also made concerted efforts to look further south (specifically to the Gulf of Aqaba).

### **JNF INCOME AND EXPENDITURES FOR FISCAL YEAR 1944**

As was the case in 1943, the Minutes from JNF Directorate meetings for fiscal year 1944 do not give detailed information on the JNF's income and expenditures. The little information that is available deals with the first half of the year only (October 1943–March 1944). Because of the lack of information in the Minutes, no tables are presented here, and the JNF's income and expenditures for fiscal year 1944 are combined under the same heading.<sup>1</sup> Granovsky reported a continuing rise in all branches of JNF activity except in land purchase. JNF income experienced an 'enormous increase,' amounting to £P716,230 compared to £P402,253 in the first half of fiscal year 1943. Increases occurred in all countries actively involved in JNF fundraising efforts, especially in Palestine, where a 'multiplication in incomes together with living legacies' occurred. The substantial results in the first half of 1944 gave Granovsky great expectations for obtaining the JNF's optimistic goal, set at the beginning of the fiscal year, to bring in £P2,000,000 by the end of 1944.<sup>2</sup> The income from leasehold fees also rose 20 percent to £P16,800, compared to £P14,267 the first half of 1943. The JNF took out loans to the amount of £P1,000,000 (compared to £P400,000 the previous year). This loan amount, combined with increasing funds transmitted to the JNF from several pension funds, brought the JNF's liabilities by January 1944 to less than £P2,000,000.<sup>3</sup> Rising JNF expenditures accompanied the continuing rise in incomes, reaching a 'new peak' in the first half of 1944 at about £P1,200,000 (averaging about £P200,000 a month). The JNF used two-thirds of the total sum of expenses, or about £800,000, for land purchases and related expenses, and put £P250,000 (about 21 percent) toward payment of its debts.<sup>4</sup>

### **JNF INCOME AND EXPENDITURES FOR FISCAL YEAR 1945**

The Minutes do not present a year-end summary of the JNF's finances and land-purchase activities for fiscal year 1945. Granovsky gave the latest and, therefore, most complete report in July 1945, covering the nine-month period from October 1944 to June 1945. In the European sphere, this period saw the liberation of Europe from the Nazis and the occupation of Germany by the Allied forces (between September 1944 and April 1945) and the official end of the war on 8 May 1945. During this nine-month period, JNF income from contributions made a substantial leap to £P1,700,000 net, a 28 percent increase over the same period of fiscal year 1944. The large majority of the £P1,700,000–

over £P1,000,000 net—came from the USA (a 37 percent increase over US contributions from the previous year).<sup>5</sup>

Contributions from Palestine amounted to £P190,000, making Palestine second only after the USA in supporting the JNF. Living legacies made up almost £P47,000 (or about 24.7 percent) of this total figure. Increased efforts in the Latin American countries, spearheaded by Nathan Bistrizki, helped bring another £P50,000 in contributions into the JNF's coffers. The remaining English-speaking countries (mainly the UK and South Africa) decreased marginally in their contributions to the JNF, but Granovsky placed great hope in a 'special fund drive' that was being conducted on behalf of the JNF in South Africa. 'There is no doubt,' he proclaimed, that South Africa will 'seize again the place it deserves' in contributions to the JNF. Furthermore, Granovsky projected that the JNF would receive a total of £P2,225,000 in contributions by the end of fiscal year 1945.<sup>6</sup>

The increase in JNF income during 1945 applied also to leasehold fees; it received £P32,000 from that source during the first nine months of fiscal year 1945. Granovsky saw in this steady increase 'a key to the JNF's financial development' Although JNF income from leasehold fees was minimal compared to its income from contributions, according to Granovsky, the rise in leasehold fees was 'decisive proof [that] the JNF is a living institution and its property is living property.' Most important to Granovsky, and to Zionist ideology, was the fact that more than half of the income from leasehold fees came 'from the village' rather than from the JNF's urban and semiurban properties as in previous years.<sup>7</sup> Along with leasehold fees, the JNF also collected almost £P80,000 on its debts. The total of all the JNF's sources of income during the first nine months of 1945 (contributions, leasehold fees, and collection of debts) came to £P1,812,000.<sup>8</sup>

During the same nine-month period of fiscal year 1945, the JNF spent £P2,700,000 (about £P300,000 a month). Of this total, 85 percent (or £P2,295,000) was used on land purchase, settlement work, and 'everything involved in these [activities].' Granovsky pointed out that part of the £P888,000 the JNF spent above its income (£P1,000,000 if taking into account income from contributions only) came from the JNF's financial reserve. The JNF also obtained more than £P600,000 in the form of credit from several unspecified sources. Granovsky highlighted the overall improvement of the JNF's financial situation during the years of the war particularly from 1943 forward. By 1945, the JNF was receiving long-term loans (that did not have to be paid for ten years or more) at a low rate of 4 percent interest. The 4 percent interest rate was another improvement over the 5 percent rate established in 1943. According to Granovsky, the financial improvement indicated a 'great advance' in the JNF's work.<sup>9</sup>

## DEBATE OVER THE FUTURE STATUS OF JNF FINANCES

In the same 10 July 1945 meeting, Granovsky spoke of 'unhappy news' from the USA. The unhappy news began a debate over the future status of JNF finances and, after 1948, over the existence of the JNF itself.<sup>10</sup> Apparently, Eliezer Kaplan proposed that the JNF should 'renounce all its rights outside the [joint] fund drive' if it continued to be involved in united fundraising efforts with the Keren Hayesod in the USA. Granovsky argued that for the JNF to give up its rights to any independent fundraising efforts in the USA would mean the 'elimination of the JNF in America.'<sup>11</sup> Granovsky was concerned that Kaplan, a

‘big fan of the Keren HaYesod,’ would take his proposal before the Zionist conference in London. When JNF officials in London sent a telegram to the Head Office in Jerusalem asking Granovsky to come to the conference, he resolved to go and challenged every other member of the Directorate who might go as well to ‘unite for the sake of a defense of our [funding] rights.’ All members of the Directorate agreed with Granovsky on the importance of defending the JNF’s rights to independent fundraising. Rabbi Berlin summed up his feelings on the issue by telling Directorate members who would be in London for the conference that they were ‘obliged to preserve the complete autonomy of the JNF in its functions and in the management of its affairs.’<sup>12</sup> Apparently, Directorate members’ arguments won the day as the JNF retained financial independence into the post-1948 period.

### **JNF LAND PURCHASE FOR FISCAL YEARS 1944–45**

The JNF set very high land-purchase goals for fiscal years 1944–45 but was not able to realize them for either year, because obstacles continued to impede its activities in Palestine. Most of the obstacles to JNF land purchase have been introduced in previous chapters, such as the LTR, rising land prices, and opposition from the Government of Palestine. If those complicating factors were not enough, the beginning of 1944 brought the greatest challenge the JNF had yet faced with its land operations in Palestine—the activities of the Arab National Fund.

#### **Land purchase for fiscal year 1944**

Weitz divided JNF land purchase for 1944 into three categories. The first category consisted of 55,849 dunams purchased and transferred (with a certificate of registration) to the JNF. These purchases represented an increase of 4,279 dunams (8 percent) over the previous year’s 51,570 dunams for this category. The second category included 5,250 dunams the JNF had purchased through its land-purchase contacts but, for ‘Various reasons’ that Weitz did not specify, were not yet officially transferred to the JNF. This figure of 5,250 dunams represented a substantial decrease (75 percent) compared to the previous year’s 21,400 dunams. Under the third category, Weitz listed 3,450 dunams purchased for private individuals and registered in the name of Hemnutah. Altogether, these lands totaled 64,549 dunams. This figure was not as large as the total land purchased the previous year (about 72,000 dunams). However, given the growing difficulties the JNF faced in the land market, 64,549 dunams was still a significant accomplishment.<sup>13</sup>

*Table 5.1* Comparison of land purchased from Arabs and Jews during fiscal year 1944

| <i>Land category</i>    | <i>Total (in dunams)</i> | <i>From Arabs</i>    | <i>From Jews</i>      |
|-------------------------|--------------------------|----------------------|-----------------------|
| Agricultural settlement | 48,437 (86.7%)           | 5,480 (9.8%)         | 42,957 (76.9%)        |
| Agricultural housing    | 2,707 (4.8%)             | 792 (1.4%)           | 1,915 (3.4%)          |
| Urban housing           | 4,705 (8.5%)             | 1,930 (3.5%)         | 2,775 (5.0%)          |
| <i>Grand total</i>      | <i>55,849 (100%)</i>     | <i>8,202 (14.7%)</i> | <i>47,647 (85.3%)</i> |

Source: Minutes, 14 November 1944.

*Table 5.2* Comparison of sums paid to Arabs and Jews for the 55,489 dunams purchased by the JNF during fiscal year 1944

| <i>Land category</i>    | <i>Total (£P)</i>     | <i>To Arabs</i>        | <i>To Jews</i>         |
|-------------------------|-----------------------|------------------------|------------------------|
| Agricultural settlement | 422,349 (43%)         | 85,882 (8.7%)          | 336,467 (34.3%)        |
| Agricultural housing    | 145,876 (14.9%)       | 30,611 (3.1%)          | 115,265 (11.8%)        |
| Urban housing           | 412,979 (42.1%)       | 230,434 (23.5%)        | 182,545 (18.6%)        |
| <i>Grand total</i>      | <i>981,204 (100%)</i> | <i>346,927 (35.3%)</i> | <i>634,277 (64.7%)</i> |

Source: Minutes, 14 November 1944.

Tables 5.1 and 5.2 give information on land purchased from Jews and Arabs and how much the JNF paid for the land (based on the 55,849 dunams transferred by the end of 1944). The Directorate must have been disappointed with the fact that 47,647 of the total 55,849 dunams actually transferred during the whole of 1944 were acquired from Jews (representing 85.3 percent of the total) rather than from Arabs. In April 1944, Granovsky had expressed his ‘displeasure’ that the JNF had ‘redeemed’ the vast majority of its land in the first half of 1944 from Jews rather than from Arabs. According to Granovsky, JNF achievements by mid-1944 represented land ‘redemption’ (*padah*), in the sense of ‘saving property’ that otherwise would have slipped from Jewish ownership altogether, but it was not ‘complete redemption’ (*ge’ulah shleimah*), meaning the ‘saving’ of more land from the hands of Arabs.<sup>14</sup>

### The Arab National Fund

Weitz attributed the failure to purchase more Arab land to Various reasons’ that forced the JNF to ‘reduce [its] direct work for “redemption” of lands from foreigners.’<sup>15</sup> Weitz’s Various reasons’ no doubt included the LTR, rising land prices, and opposition from the Government of Palestine. These ongoing concerns were complicated greatly starting in early 1944 with the interference of the National, or People’s, Fund (*sandug al-umma*), often referred to as the Arab National Fund. In fact, by the end of 1944 Weitz designated the Arab National Fund’s intrusiveness as the ‘principal cause’ of the decrease in the JNF’s work of land ‘redemption.’ Furthermore, Weitz opined that the Arab National Fund was restricting the JNF’s activities even more than the LTR.<sup>16</sup>

Very little is known about the Arab National Fund (hereafter ANF) because of lack of scholarly work on the topic to the present. Established in 1931, the ANF worked closely with the Arab National Bank (established in 1930) as ‘part of the new attempt’ by the Arabs to pressure Palestinian Arab landowners not to sell their land to Jewish purchasers.<sup>17</sup> Furthermore, the ANF was a ‘central fund raising body of the [Palestinian Arab] national movement and became a land buying company on behalf of the Arab Executive.’ Its main purpose was to ‘prevent Arab land from falling into Jewish hands’ and to ‘function like the Zionist land buying organizations of the Jewish Agency.’ Although officially registered as a company as early as 1935 to ‘purchase, acquire and manage lease land and immovable property in order to cultivate and build upon it,’ the ANF became inactive a year later with the outbreak of the Arab Revolt in 1936. The ANF was revived in 1943–44, however, to combat ‘intensified Zionist activity to purchase land.’<sup>18</sup> According to Weitz, the ANF was founded specifically to ‘redeem land.’ He saw in this idea an attempt to ‘imitate’ the JNF. Granovsky supported this opinion, apparently based on an ANF document stating that it would not sell land that came into its ownership except to ‘arrange something in a way that corresponds to the operations of the JNF.’ Granovsky interpreted this statement as meaning some sort of leasehold agreement akin to the JNF leasehold.<sup>19</sup>

### ANF activities in Palestine

The ANF added to the problem of rising land prices by attempting to purchase land in Palestine. Indeed, it focused on the areas where the JNF was most actively involved in land purchase, and earnestly attempted to interrupt land deals made between the JNF and Arab sellers.<sup>20</sup> The ANF not only competed with the JNF in purchasing land at public auctions but, according to Weitz, also interfered in other specific ways with ‘all land operations of the JNF.’ For example, it arranged ‘right of preemption’ trials on behalf of Arabs everywhere the JNF purchased portions of *musha’a* land. In fact, by July 1944, twenty-two legal cases dealing with right of preemption were being presented against the JNF in the Sharon Plain alone.<sup>21</sup> Weitz also claimed that the ANF ‘instructed’ Arabs to cancel contracts and irrevocable powers of attorney made with the JNF, to inform both the JNF and the government of such actions, and to return to the JNF the money they had received as advanced payment in exchange for land. Weitz gave the example of 3,000 dunams of *musha’a* in the Bet Shean Valley in which the ANF interfered in this way. In the case of these 3,000 dunams, the JNF was working within the confines of the LTR based on the exceptions of ‘open files’ and consolidation of its holdings. The ANF went so far as to fund Arab owners of *musha’a* land to present legal cases against the JNF.<sup>22</sup>

These concerns aside, the ‘most dangerous’ threat of the ANF, according to Weitz, was its competition with the JNF in the purchase of land put up for public auction in Zones A and B. The JNF’s purchase of land put up for public auction was also permitted under the LTR. The ANF’s competition with the JNF in this realm contributed to such a high rise in land prices that the JNF simply could not afford to compete with it in the land market. Weitz gave an example of 72 dunams of land north of the Huleh (Zone A) that belonged to a Palestinian Arab. The JNF was about to purchase the land in a public auction when the ANF entered the scene and, by competing with the JNF, caused the price of the land to rise. When the price of the land hit £P3,500 (£P49 per dunam), the

JNF had to withdraw from the competition and the land was ultimately transferred to the ANF.<sup>23</sup>

The ANF also resorted to intimidation of Arabs who sold or were willing to sell land to Jews.<sup>24</sup> For example, the JNF made an agreement with an Arab in the south to purchase 300 dunams at a cost of £P20 per dunam, and then tried to have the land transferred at the Land Registry Office in Gaza to the name of an Arab from Jaffa (i.e., transfer from an Arab to an Arab, thus making it legal under the LTR). According to Weitz, shortly before the transfer was made, ANF Directors called the Arab seller to the ANF office in Jerusalem and ‘forced’ him to sell the land to the Arab National Bank for £P19 per dunam. The Arab conceded and transferred his land to the ANF despite the fact that the JNF tried to entice him by offering as much as £P25 per dunam. Therefore, Weitz concludes, ‘under the pressure of threats from the “Fund” [ANF], the Arab agreed to a loss of £P1,800 and sold the land to the Arab [National] Bank.’<sup>25</sup> Weitz mentioned one last ‘danger’ posed by the ANF’s interference in the land market—namely, its plan to ‘divide each plot of land it purchase[d] into many small portions and to sell [them] to a number of [Arab] buyers.’ These divided lands, according to the ANF’s plan, would not be offered again for sale; thus, Weitz feared, it would be difficult, if not impossible, for the JNF to acquire them thereafter.<sup>26</sup>

The activities of the ANF caused enough concern to prompt the Directorate to hold a special joint meeting with the Political Department of the Jewish Agency (JA) to discuss ‘appropriate ways’ to fight against this major challenge to its land-purchase efforts.<sup>27</sup> When the meeting was held (probably in July 1944), Granovsky, Weitz, and three local managers of JNF land acquisition operations in the south and in the north of Palestine (Nahmani from Tiberias, Wolf from Haifa, and Zuckerman from Gederah-Tel Aviv) participated. All five JNF representatives presented to the Political Department of the JA proposals on how to deal with the ANF. However, by November 1944, the Political Department had not made any decision on the matter. Granovsky asked Ben-Gurion—who had made the JA responsible for handling the matter—to ‘urge the Political Department of the JA to hasten its work on the matter.’ Granovsky expressed great urgency in the matter, proclaiming that ‘every day that passes without work is a loss both from the political perspective and from the perspective of land [purchase],’<sup>28</sup> Given the heightened responsibilities the JNF took upon itself in the last years of the war, the problems caused by the activities of the ANF came at a most inopportune time.

*Table 5.3 Proposed land purchase for fiscal year 1945 and estimated cost*

| <i>Category</i>                 | <i>Amount in dunams Cost in £P</i> |           |
|---------------------------------|------------------------------------|-----------|
| Agricultural land               | 215,621                            | 3,103,200 |
| Land in Sharon                  | 6,720                              | 284,300   |
| Land for housing in settlements | 2,552                              | 186,400   |
| Land for urban settlement       | 2,311                              | 414,400   |
| Totals                          | 227,204                            | 3,988,300 |

Source: Minutes, 14 November 1944.



*Table 5.4 Average cost per dunam of land proposed for purchase during fiscal year 1945 compared to average cost from fiscal year 1944*

| <i>Category</i>                 | <i>Cost per dunam in £P</i> |                     |
|---------------------------------|-----------------------------|---------------------|
|                                 | <i>1944</i>                 | <i>1945</i>         |
| Agricultural land               | 7.420                       | 14.400 <sup>a</sup> |
| Land in Sharon                  | 28.600                      | 42.306 <sup>b</sup> |
| Land for housing in settlements | 60                          | 73                  |
| Land for urban settlement       | Not available               | 179.3 <sup>c</sup>  |

Source: Minutes, 14 November 1944.

Notes

a Rounded up from 14.391.

b The Minutes give the average as 42.400; the actual average is 42.306 as indicated here.

c The Minutes give the average as 180; the actual average is 179.316, which I have rounded down here.

### **Land purchase for fiscal year 1945**

Despite the determined activities of the ANF (or perhaps because of them), the JNF set a high land-purchase goal of 227,204 dunams for fiscal year 1945, although the Directorate knew that the political and land market situation in Palestine would make obtaining the goal difficult if not impossible.<sup>29</sup> The projected cost of these purchases was estimated at £P3,988,300. Table 5.3 gives a breakdown of the categories of land planned for purchase and the estimated cost. The table reveals the JNF's continuing emphasis on the purchase of agricultural land over town or urban land. Table 5.4 shows the growing need for acquisition of land for housing purposes, a need caused by the growing influx of Jewish immigrants during the war. The fact that land purchased specifically for housing is one of the categories included in these tables points toward the importance of the housing issue during 1944–45.<sup>30</sup>

Table 5.4 also gives evidence of the rising land prices that had begun at least as early as 1942. The average price for agricultural land almost doubled between 1944–45 (a 94 percent increase); the average for land in the Sharon rose 48 percent during the same period; and the average price for land in the settlements rose about 22 percent. One reason for the exorbitant rise in prices of agricultural land was the increased importance of produce during the war, which drew into the land market Arab land purchasers who competed with the JNF. A related reason was that the JNF's focus on the purchase of agricultural land gave potential sellers the incentive to raise prices. Granovsky added a third reason for rising land prices that had a direct impact on the JLPS: 'I know very well,' he declared, that Various private agencies—some of them unreliable—have been selling land abroad at prices higher than those prevailing here.'<sup>31</sup> Apparently, certain private agencies that owned land in Palestine were making a profit by selling land to uninformed private individuals interested in land investments.

JNF Directorate meeting Minutes do not give a year-end summary of JNF land purchases for fiscal year 1945. The most complete information comes from two Directorate meetings, one in March and one in July. Unlike the JNF's improving

financial situation, the realm of land purchase continued to be much more complicated. In the March 1945 meeting, Granovsky reported that the JNF had purchased an area of 42,500 dunams. For a period of five-and-a-half months (October 1944 to mid-March 1945), the purchase of this substantial area was ‘an achievement unlike any other up to now in the history of the JNF’s practical work’ of land redemption. However, one difficulty the JNF apparently faced during 1945 was the actual transfer of land into JNF ownership. Whereas the JNF had purchased 42,500 dunams by March 1945, only 11,000 dunams had been registered in the JNF’s name.<sup>32</sup> Difficulties of land transfer continued to plague the JNF. By July 1945 the JNF had purchased about 52,000 dunams but only about 19,000 dunams had been officially transferred to the JNF (compared to 35,000 dunams by the same time in the previous year). The JNF purchased 15,000 dunams (or 79 percent) of the 19,000 dunams that had officially transferred to JNF ownership from Jews. These land-purchase figures indicate that the JNF continued to succeed in its principal activity even though Granovsky, in July, reported that purchase opportunities were dwindling. Along with the difficulty of transferring land, the problem of ‘partial redemption’ of land from Jews (*padah*), as opposed to ‘full redemption’ from Arabs (*ga’al*), remained a concern for the JNF into 1945.<sup>33</sup>

### Concern over public perceptions of JNF purchase of Jewish lands

Adding to the Directorate’s concern about the JNF’s increasing purchase of Jewish land was the public perception that the JNF was not fulfilling its *raison d’être*—redemption of land from Arabs. In March 1945, Granovsky believed it necessary to ‘refute the incorrect opinion’ increasingly prevalent among the Jewish public that the JNF was ‘not advancing in its principal work to redeem [*ga’al*] Eretz Israel’ and that the lands it purchased were ‘acquired only from Jews.’ In defense of the JNF, he explained that apart from the 11,000 dunams registered in the JNF’s name in the government land registry offices (purchased mostly from Jews), 31,500 more dunams—or 65 percent—had been purchased from Arabs, though they had not yet been registered in the JNF’s name.<sup>34</sup>

Yet, criticism mounted. In April 1945, Epstein (JNF Head Office in Jerusalem) was forced to respond to a letter from a Laura K. Remington in which she expressed a concern about the JNF’s purchase of land from Jews and requested a report on the ‘land buying situation’ in Palestine in early 1945. In response, Epstein mentioned the problems caused by the LTR and detailed the various ways the JNF was taking advantage of loopholes to continue its land-purchase activities. Epstein explained the JNF’s reasoning on this sensitive issue:

It is true that we [the JNF] have in recent years bought more land from Jews than previously. But such purchase has in most cases been the only means of retaining the land in Jewish hands. For example, the lands bought by individual Jews in the south [mentioned in the previous chapter], before the [land transfer] Restrictions were imposed, would have been encroached upon and lost if the JNF had not taken them over from their Jewish owners. These [kinds of] purchases constitute a substantial proportion of the land acquired during the war.<sup>35</sup>

Epstein also explained to Ms Remington that the JNF was purchasing land from Jews in some moshavot 'for the purposes of housing.' He claimed that such land purchases were 'inevitable' because 'lands suitable [for] a housing scheme...were owned by Jews.'<sup>36</sup> Epstein's explanation reveals some key points about JNF policy during the war: its obligation to 'redeem' (i.e., to 'rescue') as much land as possible from Arab ownership; its obligation to act as a 'safety net' for land owned by Jews that, if sold, might fall under Arab ownership; and its obligation to help alleviate the housing crisis. The first two points were crucial to the JNF's role to 'nationalize' land in Palestine on behalf of worldwide Jewry. Its role in housing, not a specific responsibility laid out in the JNF's Articles of Association, demonstrated its ability to be flexible in time of need. Nevertheless, concern over the purchase of Jewish land and the harm it might cause to the JNF's public image may have contributed to a Directorate decision not to pursue a potential land purchase in the Sharon in July 1945. Weitz discussed the possible purchase of 2,365 dunams close to JNF-owned land and private Jewish land. The Litvinsky brothers (Jews) owned 1,700 of the dunams and the remaining 665 dunams belonged to Arabs. The area, if purchased, would have served a great strategic purpose by uniting all JNF plots in the area and by constituting 'a bridge from the main road to the sea.' Notwithstanding the apparent importance of the land, all JNF Directorate members voted against the purchase, arguing that the land was already in Jewish hands (!) and thus the 'large sums' required for the land made the investment 'unjustified.'<sup>37</sup>

### **Continuing obstacles: The Government and the ANF**

Granovsky acknowledged that the JNF's achievements in the first nine months of fiscal year 1945 were great. However, he again highlighted the challenges created for the JNF by the Government of Palestine and by the ANF. He complained of the 'evil tendency' of the Government toward JNF activities.<sup>38</sup> He does not give specifics, but the intensified activities of the ANF in 1945 may have played an important role. Indeed, the ANF was the more immediate threat to the JNF's land-purchase activities. In keeping with its goal to discourage and even disrupt Arab land sales to the JNF, the ANF, in Granovsky's words, worked to create 'a spirit of terror and fear among the Arabs' during 1945. Pressure placed on the Government of Palestine concerning the land issue, apparently by Palestinian Arabs and the ANF, compelled it to appoint a special committee to investigate more efficient ways to implement the LTR. The JNF, after consulting with the Political Department of the Jewish Agency, turned down an invitation to testify before the committee. Why the JNF turned down the invitation is unclear, especially given concerns that the committee's conclusions might lead to a 'change for the worse' in the LTR. In any case, Granovsky feared that the committee would likely cause the JNF 'additional difficulties' in its land-purchase activities.<sup>39</sup>

## **THE FOUR CASE STUDIES**

In this final section on the four case studies, I cover the last two years of the war, 1944–45. However, because all the case studies carried over, in one way or another, into the

postwar period, general information is presented to describe how the case studies ‘panned out’ in the longer run.

### **The Joint Land Purchase Scheme, 1944–45**

The JNF’s decision to cease signing new JLPS agreements did not free it from obligations toward those participants who had invested under the old JLPS. Consequently, during fiscal years 1944–45 and beyond, the JNF offices in London and Jerusalem made efforts to satisfy the interests of the JLPS investors based on the new JLPS. Those who wanted to pursue their investments had two options. They could either authorize the JNF to purchase the additional land required to fulfill their investment (at the higher prices that were ruling the day because of land speculation) or they could apply their outstanding balances to other areas allotted to the JLPS where the JNF had already succeeded in purchasing the land. On the other hand, those who chose to back out of the JLPS could sell their interests in the JLPS to the JNF according to the agreement. The work of trying to accommodate JLPS investors, whether they chose to pursue their investment or to sell their interest, was complex and difficult. Mohilever commented on the very difficult task the JNF faced and emphasized the patience that would be required of investors who chose to pursue their JLPS investment:

Once the position as it actually [stands] is revealed to the [JLPS] participants and all the relevant particulars disclosed to them, they will be able to judge for themselves and decide as to whether they are willing and prepared to wait for the time when it will be possible to finalise [JLPS] matters by exchange and partition [of land], and deliver to each participant a compact area having a definite location and being contiguous as far as possible to other Jewish land.<sup>40</sup>

The task of exchanging and partitioning lands (many of which were under *musha’a* ownership) to obtain a ‘compact area having a definite location and being contiguous’ proved challenging and was ultimately impossible for the JNF to carry out.

### **The JLPS and suburban land**

In April 1944, Schen proposed a plan he believed would help the JNF fulfill its obligations to JLPS investors. He wrote to the JNF Head Office proposing to extend JLPS agreements to suburban land in the Tel Aviv area. Granovsky, Mohilever, and J. Weiss discussed the proposal, but rejected it on the basis that it was ‘unjustified and unpractical.’<sup>41</sup> Subsequently, Mohilever and Weiss wrote Schen a letter delineating three specific reasons for rejecting the suburban proposal. The first reason was that land prices in suburban areas were steadily rising because of the prevalence of the ‘settler’s market’ Mohilever and Weiss gave no explanation of what constituted a ‘settler’s market;’ however, the term likely referred to rising land prices caused by settlement in the Tel Aviv area (and other urban areas) by Jews escaping war-torn Europe.<sup>42</sup> The second reason specified was that the JNF deemed Schen’s suburban proposal impractical because most of the land in the Tel Aviv area was already owned by Jews, thus leaving a

‘considerable shortage of non-Jewish suburban land offered for sale’ there. The third reason, Mohilever and Weiss explained, was that land prices had soared to ‘unprecedented heights’ in suburban areas, thus making it ‘unwise to extend the JLPS to suburban land.’ The JNF had a legitimate concern about what high land prices might mean vis-à-vis the repurchase clause in the JLPS agreement:

Moreover, should the Repurchase Clause be retained (and we understand that this is the main attraction), [the JNF], by buying suburban land at excessive prices, would expose itself to an unnecessary risk of having to foot the bill, should prices of suburban land decline after the War. Should, however, the Repurchase Clause be eliminated, then our role would be merely reduced to that of non-profit agents.

To sum up: as far as very expensive suburban land is concerned, in the immediate vicinity of towns, the proposal is unworkable as long as the Repurchase Clause forms part and parcel of the plan.<sup>43</sup>

Granovsky warned that if the JNF omitted the repurchase clause from the JLPS agreement to safeguard against having to ‘foot the bill’ for expensive suburban land, JLPS investors might expect the JNF to insure their investment. Granovsky opined that ‘in spite of any warnings to the contrary,’ individuals abroad who purchased expensive suburban land might interpret the JNF’s ‘good offices’ as a ‘guarantee of the inherent soundness of the [land] investment’ Consequently, if prices fell the investors might hang on the JNF the ‘moral responsibility’ for their loss.<sup>44</sup> Because such a scenario likely would have damaged the JNF’s public image—an apparent perennial concern of JNF officials—the JNF Head Office dismissed Schen’s suburban land proposal as an unviable solution for the JLPS.

### **Competition for land, rising prices, and the JLPS**

Moving into fiscal year 1945, the JNF encountered increased competition in the land market, a factor that added to the problem of rising land prices in general and, as a result, affected the JLPS. Competition came both from Jewish and from Arab investors. Private Jewish land agencies continued to compete with the JNF in the land market by investing in land and then offering it for sale abroad at higher prices than those current in Palestine at the time. This form of competition sparked a desire to control such ‘unauthorized’ private sales abroad, a suggestion of which Granovsky was skeptical. He did not believe the attempt to control private investors would succeed because ‘the only weapon’ the JNF had at its disposal, given the lack of any kind of Jewish political sovereignty in Palestine, was ‘moral influence, which can hardly deter either those determined to make profits or those bent upon being duped.’<sup>45</sup>

Granovsky was also aware of the ‘much wider question’ that might be raised if the JNF tried to interfere with private initiative. ‘I doubt,’ he continued, ‘whether [the JNF], even in cooperation with some other [Zionist] national institutions, can entertain such negative activities, which are hardly compatible with its structure, composition of its supporters, methods of appeal, etc.’ Granovsky seemed concerned that any JNF attempt to intimidate private agencies to get them out of the land market might offend potential

JNF supporters and sully the JNF's good name.<sup>46</sup> Because most JLPS participants in the UK were middle-class non-Zionists, who previously had been at best uninterested in Zionist involvement in Palestine, this concern was, perhaps, justified.

In reality, because the Zionist Organization (and, therefore, the JNF) lacked sovereignty in Palestine, the JNF simply did not have the legal authority to thwart the activities of private land agencies. As Granovsky pointed out, the only means at the JNF's disposal was 'moral influence,' meaning the JNF would have to convince private agencies of the greater moral good of Zionist priorities in trying to create a Jewish nation living on nationalized land. From the Zionist nationalist perspective, private land agencies, by openly competing against the JNF and causing land prices to rise, might be considered 'immoral' because they were impeding the hastened land acquisition necessary to build the Jewish national home in Palestine.<sup>47</sup>

In an April 1945 letter to Schen, the JNF Head Office reported that private purchasers in the land market also included Arabs who saw the purchase of 'rural land' as 'a sound financial proposition' and, therefore, were 'ready to pay quite exorbitant prices therefor.' A major factor that continued to complicate the JNF's land-purchase efforts was the 'interference' of the ANF in the land market.<sup>48</sup> According to the letter, the ANF was trying 'by all means at its disposal' to prevent Arab land sales to the JNF. All these factors brought new challenges that slowed the progress of the JLPS. The letter concluded in these words: 'Despite all these obstructing factors and negative influences, we have been doing our best to advance our [JLPS] plans, but from the nature of things the rate of progress can only be slow, and not such as imagined by some of the participants in the J.L.P. Scheme, who naturally have not the slightest idea of the difficulties encountered by us.'<sup>49</sup> Similar conditions to those already mentioned were also prevalent in 'many other places' not connected with the JLPS.<sup>50</sup>

Improvement of some Palestinian Arab peasants' financial position played a role in rising prices of land. During the war, Palestine became a major base for British and other Allied military forces, thus stimulating demand both for manufactured goods and for agricultural produce. This demand, combined with other factors of war, brought about an economic boom in Palestine that significantly affected the rural economy. Indeed, the war brought 'considerable prosperity to the Arab rural economy as wage rates for agricultural labor rose, the government paid high prices for produce, and rural indebtedness declined somewhat.'<sup>51</sup> As a result of the high wartime prices paid for agricultural products some Palestinian Arab peasants were 'reluctant to part with [their] land at any but excessive price.'<sup>52</sup> By 1945, therefore, the JNF continued to face major difficulties that impeded its land-purchase activities throughout Palestine. The challenging land situation in Palestine did not bode well for the JLPS.

### **Bringing an end to the JLPS**

Between June 1944 and early 1947, JNF attempts to fulfill its obligations toward the investors in the JLPS failed because of growing obstacles that ultimately were beyond the JNF's control. By the end of the war and thereafter, the JNF's main goal vis-à-vis the JLPS was to purchase the interests of JLPS investors, a process that for Schen (who had to negotiate personally with each investor) was long and arduous.<sup>53</sup> Needless to say, Schen was concerned about the now almost certain failure of the JLPS. In a March 1945

letter to the JNF Head Office, he expressed his foreboding about the impact a failed JLPS would have on the JNF's public image and prestige in the UK: 'do not expect me to tell participants to whom we have definitely allocated land that we cannot carry out our undertaking. This, to my mind, would be fatal to the prestige of the JNF'.<sup>54</sup>

Nevertheless, by July 1945, specific obstacles were hampering the success of the JLPS. In a March 1947 letter to Schen, Weitz delineated the specific problems that proved insuperable and encouraged Schen to end the JLPS in a timely manner:

We should like to request you again to bring the following report on the Joint Land Purchase Scheme to the notice of the participants in that Scheme, in order to finalise negotiations with them in one way or another.

Below follows a review of our activities in places where the Joint Land Scheme was in operation, together with suggestions of [*sic*] bringing our partnership to an end.<sup>55</sup>

Weitz discussed the areas targeted for the JLPS and gave three principal reasons why the scheme could not be realized (see Map 3.1). The first reason was the JNF's failure to evict Arab tenants from some of the land purchased in the scheme (in this case Wadi Kabani). 'In fact,' Weitz states, 'we went as far as suggesting to pay indemnity and damages to the Arab tenants to the extent of £P8 per dunam and even so, we failed to obtain their consent to leave the land.' Under these conditions, it was 'impossible to estimate when the land [would] be freed for allocation to the participants.' Weitz suggested that Schen contact the remaining participants to 'sell their interest in the agreement...for the amount they paid at the time, plus 25%'.<sup>56</sup>

The second reason the JLPS failed was because the JNF encountered difficulties related to *musha'a* lands (in Kadimah A, Beit Lid, Zeita, and Kfar Halima). The *musha'a* lands in question came under the coownership of, on one side, the JNF and private investors, and, on the other side, the Arab owners who chose not to sell their shares. Attempts to purchase the remaining Arab-owned shares failed. In Weitz's opinion, JNF attempts failed because the 'terror and fright' that was 'raging' among the Arabs of Palestine by 1947 was 'so great' that they were 'afraid of entering into negotiations in any matter concerning land.' The JNF took the question of Arab-owned shares to the land court, but that avenue failed as well.<sup>57</sup> The JNF also considered the possibility of having the purchased shares transferred from the name of Hemnutah to the name of the JLPS participants; however, transfer was not an option in the case of *musha'a* land because the Arab coowners were entitled to 'raise a claim for preemption towards the shares to be transferred.' Given the uncertain situation in JLPS areas under *musha'a* tenure, Weitz suggested again that the participants sell their interests for the amount they paid plus 25 percent.<sup>58</sup>

The third and final reason the JLPS failed was that some of the lands reserved for participants (for example, land south of Netanyah) were occupied by the British military. JNF officials hoped for the quick evacuation of the lands after the war so they could be allocated to the private investors, but their hopes were in vain. In fact, after 1945, the British military 'strengthened [its] hold by erecting some new buildings, etc. on the land.' Regarding this problematic situation, Weitz instructed Schen as follows:

In order that the participants in the above Scheme should not be disappointed, we suggest that the money they have invested in this purchase be refunded to them, on lines to be agreed upon between you [and the investors]. But if they still wish to keep the land, they must be prepared for the fact that the Military Authorities might expand on these lands by requisitioning the whole area altogether, and in such a case would pay compensation on a low scale. [In] any case the participants should be aware of the fact that the [JNF] bears no responsibility as to the time when the land may be freed and handed over to us and them.<sup>59</sup>

Notwithstanding the call to finalize the JLPS 'as quickly as possible,'<sup>60</sup> by as late as July 1949, an investor named Sydney Finegold still had not sold his JLPS interest in the Attil/Zeita area. The JNF informed Finegold that land could not be parceled in Attil/Zeita because the land was still 'co-owned with Arab owners, from whom [the JNF] did not succeed to purchase their share.' The JNF suggested that Finegold wait until 'a way [could] be found to parcel the land' or until a settlement could be worked out in an alternate area, 'where title to the land could be immediately granted.'<sup>61</sup>

Finegold was not the only investor who refused to sell his interest in the JLPS. The JLPS agreement with a Mr Samuels of Liverpool (dated 5 May 1941) serves as another case in point. Samuels had his eye on the land of Kfar Halima where the JNF faced the problems of *musha'a* land and preemption.<sup>62</sup> On 10 June 1947, Schen requested that the JNF Head Office help him finalize the JLPS with his 'difficult customers,' of which Samuels was one example.<sup>63</sup> Six days later, Weitz himself wrote to Samuels informing him of the 'urgent' need to bring an end to the JLPS. By June 1947, 84 percent of JLPS investors had transferred their interests. Samuels made up part of the 14 percent of investors who, for several reasons, had not transferred their interests. Weitz expressed regret to Mr Samuels that the JNF had not succeeded in completing JLPS purchases but offered as an excuse the 'special difficulties' the JNF faced in its 'struggle for land.'<sup>64</sup>

Weitz then moved to the main point of his letter. He told Samuels he did not wish to 'approach' him on the basis of his JLPS agreement with the JNF. Rather he appealed to Samuels on 'national grounds'—as a 'leading Zionist' in northern England, as a 'great friend' of the JNF, and as one who had made 'great sacrifices' for the JNF's cause—to transfer his interests in the JLPS to the JNF. By this late date, the JNF had upped the ante by offering participants 35 percent (rather than 25 percent) 'over and above the amount actually utilised out of their participation in making these [JLPS] purchases.' In Samuels' case, the 'amount actually utilised' was £P1,200. With the addition of 35 percent, the total Samuels stood to receive was £P1,620.<sup>65</sup> The plea on 'national grounds' was tied to the fact the JNF needed as much land as possible for Jewish settlement in the early postwar years. In fact, one important motivation for several investors to sell their interests in the JLPS was the JNF's shortage of land for settlement purposes, especially for the settlement of ex-servicemen.<sup>66</sup> Thus, several factors, by the end of the war and thereafter, caused the JLPS to fail. For Schen, the failure of the scheme meant the beginning of a difficult and time-consuming process of purchasing interests from JLPS participants. The purchase process continued into the period of Israeli statehood after 1948.



### The Farm City Scheme, 1944–45

In 1942–43, the stages leading to the development of the Farm Cities had been laid out, the issue of the FCS and industry had been addressed, and the possible termination of the FCS had been averted by finally settling on locations for Farm Cities III and IV. In early fiscal year 1944, participants in a special meeting at the JNF Head Office decided to designate the northeastern part of Kiryat Amal (also known as Bet She'arim) for Farm City V.<sup>67</sup> The standard plot in Farm City V would be either two dunams or two plots of one dunam each. Those taking up two plots would be offered two leases (like in Farm City III), 'so that two houses will be erected—one for themselves and the other to be sold or sublet' The contribution amount remained £250, plus a ground rent of £P3 for each two-dunam plot.<sup>68</sup> Because land in Palestine that was 'suitable' for Farm Cities was limited, Kiryat Amal became the last area designated for the FCS.<sup>69</sup>

During fiscal years 1944–45, the JNF continued to work out various details of the FCS. For example, the JNF had to prepare the leasehold agreement to be signed by FCS participants. The leasehold agreement for Farm City V (Kiryat Amal) was a particular topic of discussion. Schen pointed out that one important clause in the leasehold agreement for Farm City V would limit the period in which the participant could build on his/her plot. The JNF felt the need to place a time limit on building for the sake of the 'national interest' because of the 'shortage of land...for building in suburban areas.' Schen continued: 'Imagine what would be the effect if we gave a long period in which to build after signing of the lease *at a time when the Yishuv is crying out for houses.*' To grant a long period, Schen argued, would 'create an artificial blocking of development.' Such concerns led to an extended debate during and after the war about the details of the leasehold agreement.<sup>70</sup>

### *Private endeavors and the FCS*

Industry and other private endeavors in the Farm City were a second topic of concern. The main focus was Farm Cities I and IV. Participants in Farm City I were interested in gaining concessions for industrial, commercial (shops and stores), and tourist development (cafes, hotels, holiday camps, etc.). Nettler had requested a formal letter from the JNF stating that Farm City I participants, and/or 'development enterprises' that 'might be formed by them in [the] future,' would receive the right of first refusal' (during a prescribed time period) vis-à-vis any concessions.<sup>71</sup> The JNF granted Nettler's request with the proviso that it could disapprove of any scheme that was financially unsound or that did not give 'sufficient guarantees to safeguard public and national interests.' However, the JNF promised not to withhold approval 'unreasonably.'<sup>72</sup> The concern about financial viability and the word 'safeguard' indicate that although the JNF had approved of private ventures in the FCS, albeit somewhat reluctantly, it reserved the right to proceed cautiously regarding the nature of such ventures.

One unique case, related to Farm City I, involved a Mr Oiserman, who had purchased land south of Netanyah under the JLPS. After the JLPS failed, the JNF tried to purchase the land from Oiserman but found he was 'very loath' to part with it. However, when Schen told him the JNF required the land for the settlement of ex-servicemen, Oiserman, 'as a good and loyal Zionist and supporter of the JNF,' decided he would not withhold his land. But because Oiserman and his wife were intent on settling in the region south of

Netanyahu, he and Schen worked out an agreement whereby he could transfer his interests to Farm City I. Schen was eager to have Oiserman participate in Farm City I for three reasons: he believed Oiserman would be 'among the first to build' in the Farm City; because Oiserman was 'a man of wealth,' Schen believed he could contribute to the development of Farm City I (in fact, Oiserman was 'toying with the idea of building a hotel' there); and Schen believed the JNF stood to benefit 'a considerable extent' from Oiserman's will.<sup>73</sup> Negotiating an agreement, then, worked to the advantage of the JNF by helping it to meet the needs of one of its supporters (which was good for its public image and, as a result, for its continued propaganda efforts); by advancing its land-development plans for Farm City I; and by establishing a positive working relationship with a potential future contributor to its cause.

In a second case, participants had the opportunity to exploit the 'medicinal mud' found on the banks of the Alexander River that lay close to Farm City IV. The JNF's statement on concessions to FCS participants had granted PAFCAL a period of sixty days either to accept a plan for exploitation of the mud or to propose an alternate plan.<sup>74</sup> By early 1944, the Tiberias Hot Springs Company put forward such a plan. Schen asked for the full details so he could place it before PAFCAL for decision. Schen had 'no doubt' that some of the Farm City IV participants would be interested in joining with the Tiberias Hot Springs Company. But by November 1944, he still awaited a 'definite proposal' and did not want to solicit investment capital from the Farm City IV participants without a firm plan in place.<sup>75</sup> This issue was still unresolved by the end of the war.

### *Negotiating the development of Farm City I*

Fiscal years 1944–45 were also important for making preparations for the development of Farm City I, south of Netanyah. In April 1944, PAFCAL decided to go forward with the development of Farm City I.<sup>76</sup> About two months later (June 1944), the Board of Directors for PAFCAL passed a resolution stating that the members of the Association and participants in Farm City I were to pay £P125 for each 2½-dunam plot for which they held an option in Farm City I. The payment, made to the Treasurer of PAFCAL, was for water installation, for building roads, and for other preliminary development work, and to enable the Association to contract for the initial developments and to pay for the work as it progressed. The PAFCAL Treasurer was to place 'all such monies' into a special account at the Anglo-Palestine Bank, Ltd, London, called the Water, Road and Development Account. The money was to be used only for the purposes so specified.<sup>77</sup>

Starting in April 1944, PAFCAL entered into negotiations with the Rural and Suburban Settlement Company (RASSCO) for the development of Farm City I, and by November was still involved in those negotiations. The agreement under discussion by the two parties in 1944 was to put RASSCO in charge of the 'whole development and building works in connection with the farm cities to be set up by FCA [PAFCAL] in Palestine.'<sup>78</sup> However, by as late as October 1945, the development of Farm City I was not yet underway. According to Schen, by that late date, the JNF had run into 'difficulty' in its efforts to add an 'eastern extension' to Farm City I, an addition Schen claimed was much needed before development works fully could go forward.<sup>79</sup> In the meantime, propaganda

on behalf of the FCS had been suspended in September 1945 to ‘see how the actual development would work out.’<sup>80</sup>

*Table 5.5 Comparison of FCS plots disposed of with FCS plots available in the first Farm Cities as of September 1945*

| <i>Farm City</i> | <i>Original number of plots disposed</i> | <i>Number of plots disposed of by 30 Sept 1945</i> | <i>Number of plots available by 30 Sept 1945</i> |
|------------------|--|--|--|
| I                | 433                                      | 424  | 296  |
| II               | 298                                      | 273  | 263  |
| IIIA             | 188                                      | 44   | –  |
| IIIB             | –  | 420  | 408  |
| IV               | –  | 291  | 301  |
| IVB              | –  | 24 <sup>a</sup>                                    | 37 <sup>a</sup>                                  |
| Totals           |  | 1,476  | 1,305  |

Source: Schen to ‘Colleagues,’ 11 October 1945, CZA, KKL 5/file 15575.

Note

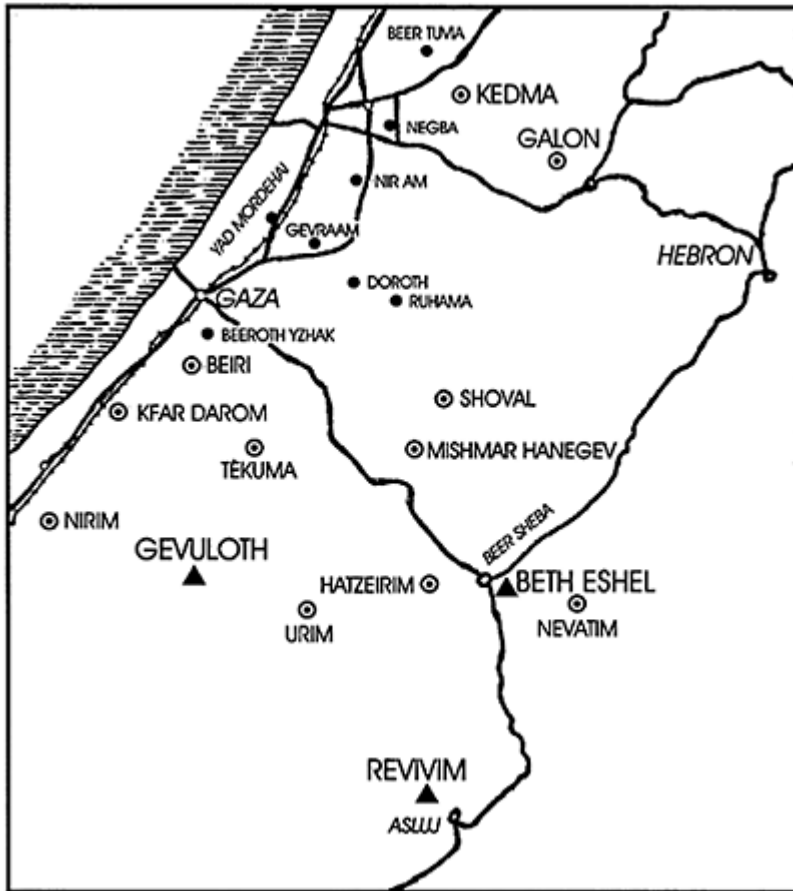
a 1¼-dunam plots

Difficulties continued to impede development progress into 1946–47. In December 1946, representatives of all parties involved in the FCS (JNF Head Office, PAFCAL, a housing and mortgage corporation called Kereth, RASSCO, and the JNF of the UK) met in Basle to discuss how to ‘revise’ the FCS so as to move forward more quickly with development. The Honorary Officers of the JNF in the UK discussed the issue further in a May 1947 meeting. Although the Honorary Officers decided, with the approval of PAFCAL, to make revisions to ‘accelerate’ the FCS and to ‘make it more economical,’ by the outbreak of the 1948–49 war the FCS was still a work in progress.<sup>81</sup>

### *The state of the FCS by the end of fiscal year 1945*

Table 5.5 compares the number of FCS plots disposed of with the number of FCS plots available in the first four Farm Cities as of September 1945. The table reveals that Schen had oversold plots in most of the Farm Cities—and especially in Farm City I. The problem of oversold plots meant that, in the postwar years, the JNF would have to do some shuffling of FCS participants to even out the scheme. Land purchased from JLPS investors who had decided to exercise their option partially helped to resolve the issue of oversold plots. For example, to resolve the uncertainty over the eastern extension for Farm City I, Schen suggested planning 135–150 agricultural plots on land south of Netanyah that had been purchased from JLPS participants. By following this suggestion, he argued, the JNF would be able to cover its commitments for Farm City I, plus have ‘a number of agricultural plots in reserve.’<sup>82</sup> In summary, three months before the end of the war, plans for the five Farm Cities that made up the FCS were at various stages.<sup>83</sup> Furthermore, the JNF and FCS participants were still in the middle of working out details of the FCS leasehold and the industrial and other private profit-making ventures. The desire to pursue such private ventures seemed to be a natural result of the middle-class

investment attitude of some Farm City participants. Although PAFCAL had decided in April 1944 to go forward with the development of Farm City I, nothing tangible had been realized by as late as 1947.



*Map 5.1* Map of the Negev showing Gevulot, Bet Eshel and Revivim.

### **The Huleh region, 1944–45**

The period 1944–45 was characterized by continuing negotiations between the PLDC and the JCA/EMICA on one side (Huleh concession interests) and the PEC on the other (water-use rights on the Jordan and Yarmuk rivers granted in 1926). The main issue was what impact, if any, the drainage of the Huleh region would have on the flow of water. When the two sides failed to reach an agreement by the end of 1944, the British Colonial

Office took up the issue and held a series of conferences in London in which the three bodies (PLDC, JCA/EMICA, and PEC) were able to explain their positions. Most significantly, in August 1945 the Attorney-General of Palestine, L.B. Gibson, reminded the PEC it only had usufruct rights and did not own the waters of the Jordan. Thus, the PEC would not be able to challenge the drainage of Lake Huleh unless water supply was diminished. The PLDC, the JCA/EMICA, and the PEC reached an interim agreement in April 1947; and, in the same month, High Commissioner Sir Alan Cunningham expressed his commitment to revise the concession and pushed for negotiations to go forward, even though Britain had deferred the Palestine question to the United Nations only a month earlier. Unfortunately, these positive developments were offset by the general turmoil of the last three years of the Mandate, especially the Jewish struggle with the British. The United Nations' November 1947 decision to include the Huleh region in the future Jewish state brought some certainty to Jewish interests in the area.<sup>84</sup> However, in the wake of the UN decision, small-scale hostilities broke out in Palestine that escalated to full-fledged war between Arabs and Jews during 1948–49.<sup>85</sup>

Meanwhile, the JNF continued to do what it could to reclaim and develop the Huleh region. At the outset of fiscal year 1945, the JNF budgeted for three areas of work in the Huleh: agricultural drainage to decrease rain water and ground water in Kfar Blum, in the collective settlement of Holiyot, and in Kfar Sa'alad; regulation of springs and canals located on Jewish lands such as Kfar Blum, and on Arab lands adjacent to JNF lands; and antimalarial works in Kfar Blum and other areas. The JNF also budgeted for the plantation of new forest areas in Kadesh Naphtali.<sup>86</sup>

The Minutes do not mention any land purchases in the Huleh region during fiscal year 1944. In the second half of fiscal year 1945, however, the JNF decided to purchase about 8,800–9,000 dunams in the Huleh region. This area was made up of 2,800–3,000 dunams near Kadesh (at £P7 per dunam) and another 3,000 dunams near Kfar Blum north of the Huleh (at £P31 per dunam). The remaining 3,000 dunams were in a village in the plain north of the Huleh. The 3,000 dunams in the plain were owned by one Arab family residing in Lebanon. The Directorate faced the decision to purchase 2,200 of the total 3,000 dunams of land and hoped to purchase the remaining 800 dunams 'in the near future.' Weitz predicted that payment of the £P31 per dunam (apart from a £P2–3 compensation to Arab tenants) would be difficult because the money would have to be paid in Lebanon, where the Palestine pound was not valid currency. But because the JNF had plans to found a settlement for eighty families on the 2,200 dunams and Granovsky deemed the land to be 'very important,' the Directorate decided unanimously to purchase the 2,200 dunams.<sup>87</sup>

By the end of fiscal year 1945, then, the JNF had purchased or decided to purchase a total of about 52,719 and 62,719 dunams in the Huleh region; and by 1946, the JNF claimed to own a total of 84,000 dunams there. The JNFs land-purchase success and the 18 new Jewish settlements established in the Huleh region in the last decade of the Mandate period were 'bright spots' in contrast to the prolonged and difficult negotiations between the PLDC, the JCA/EMICA, and the PEC.<sup>88</sup> The long-awaited drainage of the Huleh was not carried out until 1958, after EMICA had turned the project fully over to the JNF.<sup>89</sup>

### The Negev, 1944–45

Weitz reported that the Negev remained relatively ‘unknown territory’ until late 1943 and early 1944, when the JNF and the Settlement Department of the Jewish Agency set up three observation posts in various locations that differed in soil and climate. The three posts were Gevulot, Bet Eshel east of Beersheba, and Tel Zofim (later renamed Revivim) to the south near Asluj wells (see Map 5.1). Several studies were carried out at these posts before the end of the war to evaluate the soil, climatic conditions, and subterranean water sources. Methods of soil cultivation and the growth of a variety of plants were also tested. Based on the studies and tests, by 1945 Weitz was confident enough to ‘outline a plan for the settlement of the Negeb.’ The JNF also saw the need to focus on afforestation in parts of the northern Negev. The advantages to afforestation were several: forests suited all kinds of soil, prevented wind erosion and wandering sands, and added greenery to the landscape.<sup>90</sup>

Ben-Gurion’s emphasis on the southern Negev influenced the JNF’s land-purchase priorities in the south. In July 1944, the Directorate had a short discussion about purchasing land in Aqaba and concluded that the JNF should focus mainly on land on the coast of the Gulf of Aqaba. In accordance with this conclusion, the Directorate decided to purchase from non-Palestinians (Aqaba was included in Zone A) ‘as much land as possible’ on the coast.<sup>91</sup> JNF land-purchase activities continued in the northern Negev as well. At the end of 1944, the Directorate decided to purchase land in the Gaza district. One plot, consisting of from 740 to 1,050 dunams (broken into several blocs at a cost of £P30 per dunam), was deemed important as a ‘point of settlement’ in Be’erot Yizhak. The land was good for agriculture but lacked water for irrigation. A second plot of 3,000 dunams (at £P25 per dunam) lay east of Gaza. This land got about 350 millimeters of rain a year and thus was good for growing both winter crops and summer crops. In 1942, the JNF had purchased 1,300 dunams in the same region east of Gaza at a cost of £P11 per dunam. Therefore, this purchase served as an example of rising land prices in the northern Negev (the price more than doubled over a two-year period). Finally, the Directorate decided unanimously to purchase 2,200 dunams (at about £P11.5 per dunam) near the observation post moshav Bet Eshel, southeast of Beersheba.<sup>92</sup>

The total amount of Negev land in JNF ownership by the end of the war is difficult to ascertain. However, according to Weitz, by 1947 the JNF held a total of 158,000 dunams in the northern and in the southern Negev combined. Considering the JNF held a mere 8,000 dunams in 1936, ownership of 158,000 dunams (an increase of a little less than twenty times) was a great accomplishment for the JNF. Jewish settlement of the Negev, another important goal of the Zionist Movement, was also successful. In June 1939, less than one month after the publication of the White Paper, Kibbutz Negbah was established in the northern Negev. During the war, six more settlements were established (Dorot, Gat, Gevaram, Nir Am, Be’erot Yizhak, and Yad Mordekhai) and one was renewed (Ruhamah). All these kibbutzim settlements were located on JNF land.<sup>93</sup>

## CHAPTER SUMMARY

The years 1944 and 1945 were very significant, both in the international sphere (the slow defeat of the Axis powers and the end of the war) and for the JNF. JNF income continued to increase during this period, but so did expenditures. The positive side of the financial situation during the war was that the JNF was able to increase its activities with each passing year. It continued forward in the area of land purchase, notwithstanding the fact that the reemergence of the Arab National Fund in 1944–45 led to a peak in opposition to JNF activities. In fact, total land purchased for 1944–45 was 133,001 dunams (67,357 dunams and 65,644 dunams respectively). A combination of the peak in opposition to the JNF and the difficulty in actual transfer of land in 1945 probably accounts for the small decrease in total acquisition in 1945 compared to 1944. These years were also characterized by the purchase of increasing areas of land from Jews, which raised some public criticism that the JNF had to confront.

By the end of the war, the FCS, the Huleh region, and the Negev all remained works in progress. In the Huleh and the Negev, the JNF had played a very important role in establishing a greater Jewish presence. The JNF's work in these and other important regions of Palestine (a work that continued during 1945–48) helped influence the UN partition plan of November 1947. On the downside, 1945 saw the beginning of the failure of the JLPS and, as a result, Schen had to begin the long process of purchasing the participants' interests in the scheme.

## 6

# Conclusion

### Summary, conclusions, points worthy of research

Events preceding the Second World War made the work of the Zionist movement more urgent. The Arab Revolt of 1936–39 heightened the importance of establishing security for Jewish settlements in Palestine. The Peel Commission's suggestion in 1937 to partition Palestine into Arab and Jewish states, although rejected by 1938, made the Zionist Organization rethink its land-purchase and its land settlement priorities. If partition was going to be the long-term solution to the Palestine problem, Zionists saw the need to expand the Jewish presence into most regions of Palestine with the hope of influencing (to the Jews' advantage) the borders of the future Jewish state and to create territorial contiguity between existing settlements. Finally, events in Germany between 1933 (when Hitler seized power) and 1935 (the passing of the Nuremberg Laws) boded ill for German Jewry. Germany's incipient expansionist policy in 1938–39, apparently perceived at the time as being benign, raised questions about the welfare of Jews living in other areas of eastern Europe as well. The influx of German Jews into Palestine (a prominent part of the Fifth *Aliyah* of 1929–39) increased the Zionists' view of Palestine as an important refuge. All these events caused the Zionists to augment their imperative for land acquisition, land development, and land settlement.

Although faced with numerous land-purchase options before the outbreak of the Second World War, the JNF's financial situation at the time revealed its severe limitations in Palestine. Land-purchase proposals in the north included an offer that would allow the JNF to complete the Hanitah Bloc in western Upper Galilee; offers for land north of the Huleh; and offers around Acre. In the southern Judea/northern Negev region, proposals were on the table that would give the JNF a stronger foothold for greater expansion southward. The JNF also faced land offers in the Sharon Plain, in the Bet Shean and Jezreel Valleys, and even in the so-called 'dangerous triangle' (the Nablus-Tul Karm-Jenin region). Lack of finances, however, forced the JNF to choose a 'minimum scheme' of land purchase for 1940. The need for more money to allow the JNF to 'maximize' its land-purchase scheme in Palestine was clear. To meet the great task, the Directorate decided to expand the JNF's sources of revenue. Along with the traditional contributions (the JNF's ideal source for obtaining national capital), the Directorate decided to pursue more actively the living legacy program, the issuance of debentures, cooperation with private capital, and loans. The reality the JNF had faced



from early in its existence—lack of national capital—became more acute with the urgent need to expand JNF activities in Palestine.

Adding to this challenge, the British Government issued the White Paper of 1939, announcing that within ten years Palestine would become independent under a constitution with Arabs and Jews sharing political power. The White Paper also severely restricted both Jewish immigration to Palestine and Jewish land purchase in most of Palestine. The publication of the Land Transfer Regulations (LTR) in February 1940 made the proposed land-purchase restrictions official and prompted the JNF Directorate to decide to do everything possible to circumvent the new law. The JNF succeeded in this task by focusing on four specific methods of circumvention (all four seemingly allowed by the LTR): purchasing land from private Jews (the lesser form of ‘redemption’); purchasing land that would consolidate areas already in JNF possession; purchasing land for which land files had been opened before the publication of the LTR; and purchasing mortgaged land put up for public auction. By actively pursuing these methods in Zones A and B and by continuing land purchase in Zone C (free zone), the JNF expanded significantly its holdings in Palestine.

### INCOME AND EXPENDITURES, 1939–45

JNF income both from contributions and from several additional sources of revenue steadily increased during the war years, with 1942–43 being pivotal years. Improvements in the JNF’s financial apparatus by the end of 1942 allowed for more positive changes in its financial structure in early 1943—such as lowering the interest rate on loans from 6 to 5 percent. The year 1941 was the great ‘fall off’ year for income from continental Europe because of wartime conditions. The decrease in income raised the question of how the financial gap might be filled. At the outbreak of the war, Directorate members had placed great hopes in US Jewry to come through in the ‘hour of decision.’ This hope was fulfilled, starting in 1941, as the inflow of capital from the English-speaking world as a whole (and from the USA especially) more than filled the gap left by the loss of capital from continental Europe. In fact, contributions from the USA represented half, sometimes more, of total JNF income from contributions.<sup>1</sup> Dramatic increases in contributions occurred, starting in 1943, and lasted through the rest of the war and beyond.

Loans also played an important role for the JNF during the war. When foreign credit sources dried up in the first few years of the war (except in the USA), the JNF concentrated on Palestine and on the USA for loans of from five to ten years at a ‘reasonable’ interest rate.<sup>2</sup> One JNF report makes clear the difficulty the JNF faced to ‘accustom the public to this type of investment:’

Apart from a small element, the financial institutions and individual capitalists were not anxious for prolonged or any other investments in a *national institution which was not a normal investment body*. They feared...[that] their money would be frozen for a long time as [the JNF] could not borrow by debentures, and the duration and results of the war were uncertain.<sup>3</sup>

Nevertheless, the JNF triumphed by borrowing a total of £P3,414,000 between 1 October 1942 and 30 September 1946, mostly from Palestine. Total outstanding debt by the latter date, after repayment of installments, was £P3,088,000.<sup>4</sup> On the downside, loans were not the ideal source for national capital (unlike contributions, they had to be paid back). But the willingness of capitalists to give the JNF loans showed the 'degree of confidence' the public in Palestine and abroad had in the JNF. The confidence displayed was especially encouraging 'seeing that all loans... were obtained against the signature of the [JNF] alone without recourse to any guarantee, lien or mortgage.'<sup>5</sup>

The living legacy program also worked well for the JNF. The idea, first suggested in 1929, came to play an important role in Germany during the years 1933–40. Again, most living legacies came from Palestine (in the form of land and property) but South African Jews and the small Jewish community in Sweden also gave substantial living legacies. Overall, between 1929 and 1946, the living legacy 'investment' had reached about £P430,000.<sup>6</sup> Finally, leasehold fees rose steadily throughout the war (totaling £P249,622 for the period 1939–45), thus showing the increasing viability of settlements, mostly agricultural, established on JNF land.<sup>7</sup>

How should we assess the JNF's cooperative ventures with private capital? The Joint Land Purchase Scheme (JLPS) sparked substantial Anglo-Jewish investment during the war—about £P350,000 overall. However, land-purchase and land transfer complications brought the scheme to an untimely end by about 1945. The Farm City Scheme (FCS) also succeeded in attracting investment interest among Anglo-Jewry. The vast majority of the capital contributed to this scheme (in exchange for leasing a plot of JNF land) went toward the purposes of the J.N.F. Charitable Trust. But the fact that participants were willing to invest additional capital in building their individual 'farms,' and in developing the Farm City as a whole, proved they could be successfully solicited for money. One of the main challenges the JNF faced with the FCS was ideological: squaring the original vision of establishing a semi-rural settlement type—the principal goal being 'self-subsistence'—with the aggressive investment interests of some of the middle-class Anglo-Jews who bought into the scheme. The FCS was still in the development stage by the end of the war; in fact, the realization of the scheme carried into the period of Israeli statehood after 1948.

The private investment successes of both the JLPS and the FCS highlight the weakness of relying on contributions as the ideal source for national capital. The JNF perennially lacked the requisite national capital resources (especially from contributions alone) to carry out its land objectives in Palestine. On the other hand, private interest and investment in the JLPS and the FCS exceeded the JNF's ability to meet its clients' needs. In the case of the JLPS, private interest was so great that the JNF had trouble keeping up with capital investment, for five reasons: complications of land purchase and transfer caused by the LTR; rising land prices; problems with the archaic *musha'a* land tenure system; problems caused by the Arab National Fund; and the British military occupation of certain JLPS lands during the war. These ultimately insurmountable obstacles—rather than the claim that the scheme was somehow 'incompatible' with basic JNF principles—caused the failure of the JLPS.<sup>8</sup> The 'incompatibility' argument, however, can be more easily made for the FCS because of the incongruity between JNF ideology on one hand and the investment desires of the participants on the other. The success achieved through joint ventures with private capital might have been greater if JNF (and Zionist) ideology

had been more open to such ventures. But as early as the 1920 London conference, Zionist leaders had established contributions as the ideal source for funding the JNF's activities. On the positive side, the willingness of private individuals to invest in the JLPS and/or in the FCS showed that they had some level of confidence in the JNF.

As I stated in the introduction to this study, the JNF was not prohibited from drawing on private capital to purchase land. Indeed, the Zionist Organization authorized the JNF to 'devise means by which...private capital [could] also be utilised for the purchase of land.' However, the stipulation that the JNF should 'assure the subsequent transference of land so bought into the national possession' made the JLPS problematic.<sup>9</sup> JNF officials hoped that the land purchased by private investors under the JLPS might eventually come into JNF ownership, but they had no way of 'assuring' it would. In the case of the JLPS, JNF officials took a chance and proved flexible in a time of great financial and political expediency. Fortunately for the JNF, through Schen's hard work, most investors' interests in the scheme were eventually purchased.

At the same time JNF annual income was increasing, wartime conditions led to greater demands on the JNF to purchase land (the most important emphasis), to develop the land, and to prepare the land for settlement.<sup>10</sup> These demands translated into growing expenditures that, because of lack of revenues from other sources, forced the JNF to take out larger loans. Even with loan money, however, the JNF still had difficulty balancing its financial books. The dramatic rise of income starting in 1943 helped the JNF balance its books in 1944 and 1945.<sup>11</sup> Loans, however, were still needed to realize this accomplishment. Unfortunately, national capital based on contributions simply was not sufficient to the task. Michael Berkowitz sums up the crux of the Zionist fundraising challenge in these words: 'Zionism never possessed the authority to force a compulsory taxation on all of the world's Jews, whom they [the Zionists] claimed as their citizenry. Therefore, the financial basis of the movement *had to be erected voluntarily*.'<sup>12</sup>

### JNF LAND PURCHASE, 1939–45

Two broad objectives informed JNF land purchase after 1939. Weitz called the first objective 'internal expansion,' meaning expansion of JNF-owned land largely within the 'N of settlement,' with the goal of creating contiguous areas of land ownership. Internal expansion also involved expanding JNF land ownership in and near existing Jewish settlements. The second objective, 'outward expansion,' aimed at moving into regions of Palestine in which land ownership was minimal or nonexistent. Both objectives were part of the Zionist goal to influence future partition borders to the advantage of the Jews—if indeed Palestine was to be partitioned. The four case studies I have presented act as examples of both objectives—the JLPS and FCS as 'internal expansion' and the Huleh and Negev as 'outward expansion'—but they certainly do not represent a comprehensive coverage of JNF land-purchase priorities during the latter part of the Mandate. More research remains to be done on this subject.<sup>13</sup>

JNF land purchase jumped substantially between 1938 and 1939, from 34,223 dunams to 53,499 dunams respectively.<sup>14</sup> During 1940–42, land purchase decreased in relation to the milestone achieved in 1939, although the numbers rose annually during that period (43,180/45,460/48,981 respectively). The decrease can probably be explained by the

JNF's financial struggles during these years and by the adjustment the JNF had to make to the new land-purchase situation after the publication of the LTR in 1940. During the period 1943–45, land purchase rose substantially to new levels (67,265/67,357/65,644 respectively). The JNF's improved financial situation starting in early 1943 seems to have translated into more land purchases. The figures for 1943–45 show that, although rising land prices, increased government opposition and the ANF impeded JNF activity in the last years of the war, the challenges were not insurmountable. By 1945, the JNF owned about 50 percent of all Jewish-owned land in Palestine. These figures reveal the very significant role the JNF played in Zionist land purchase during the war years. Although the JNF did not obtain its goal of nationalizing all Jewish-owned lands, it did obtain the major land-purchase objectives the Directorate had set at the outbreak of the war.

Those who know something of JNF land-purchase efforts in Palestine all seem to acknowledge that the JNF 'never had enough money to purchase all the land offered for sale.' My research definitely bears out this claim. However, this maxim implies that if enough money had been available, the JNF would have purchased all or most land offered for sale. The case study dealing with the JLPS (serving as a microcosm for all of Palestine) may indicate otherwise. For such a relatively small-scale scheme, the JLPS brought in substantial capital investment, but ultimately the problems delineated earlier (LTR, rising land prices, problems of *musha'a* land, the ANF, and British military occupation of land) impeded fulfillment of the scheme. The same or similar obstacles hindered JNF land purchase in general during the latter part of the Mandate period. Therefore, the process of land purchase and land transfer in Palestine during the last decade of the Mandate was seemingly too complicated and too drawn-out to allow the JNF to purchase all land offered for sale.

In conclusion, Granovsky encapsulated succinctly the significance of JNF activities in the critical period from 1940 to 1945: 'The policy of buying land in strategic areas, regardless of cost and effort, had created political facts which could not be ignored.'<sup>15</sup> Although JNF land ownership patterns by 1937 did not influence the Peel partition plan,<sup>16</sup> the political, strategic, as well as economic, importance of JNF land acquisition patterns established between 1939 and 1948 played a crucial role in influencing the United Nation's partition scheme of November 1947—the suggested borders followed the boundaries of the outlying Jewish settlements established on JNF land.<sup>17</sup>

The percentage of JNF land—as compared to total Jewish-owned land—increased considerably during the period 1920–48. Between 1920 and 1929 JNF purchases represented an average annual rate of 24,500 dunams. The years 1930 and 1938 were turning points for the worse, with the annual rate dropping to 15,400 dunams between the years 1930–37. Beginning again in 1938, the average annual rate increased sharply to 55,500 dunams. By May 1948, the total amount of land in JNF ownership was between about 928,240 and 936,000 dunams, representing between about 46.4 and 54 percent of all Jewish-owned land up to that date (Map 6.1).<sup>18</sup>

In the end, the ideal of national land owned by the JNF was only about half realized.<sup>19</sup> Clearly, then, the goal of establishing a Jewish state was brought about through a joint effort of both private and national investment. Yet the importance of the JNF's national land policy, with its focus on establishing Zionist-oriented kibbutzim and moshavim, cannot be played down. After all, the increase of JNF land-ownership to about 50 percent

of all Jewish land held by 1948 represented an impressive increase compared to the 4 percent of all Jewish land held in 1914. Furthermore, 76 percent of Jewish rural settlements and 87 percent of all Jewish settlements and establishments were on JNF land, the majority of these being kibbutzim and moshavim.<sup>20</sup> Some might argue that the real shortcoming of the Zionist land-purchasing enterprise is to be seen in the small percentage of Jewish land ownership as compared to the total land area of Palestine. JNF-owned land represented less than 4 percent of that total area. It is crucial, however, to remember that the land in Jewish ownership by the end of the Mandate was the most agriculturally productive land in Palestine. In the end, though, much of the land that ended up in Jewish hands came as a gift in the UN partition plan of 1947. But the ‘gift’ was not free; rather the newly born state of Israel had to win the land through war with its Arab neighbors. As a result of the war, the Jews came to control not only the land granted to them in the UN partition plan, but also some lands allotted for the proposed Palestinian state.

Why is any of this important? The first reason is academic: this study is one in a small, but growing, body of literature seeking to fill a gap in Zionist history—namely, the JNF’s finances and land-purchase priorities in the last decade of the Palestine Mandate. Furthermore, the research raises questions for future scholars to probe and grapple with. The second answer is that the book provides a case study for scholars interested in the general question of land tenure in the modern Middle East or in the relationship between national and private capital in nation-building. The third significance of the book is the additional light it sheds on how the Jews were successful in gaining control of the majority of Palestine by 1948.

Finally, more applicable to the Israeli-Palestinian peace negotiations of the last decade, the issue of land purchase and ownership in general, and the role of the JNF in the process, has important implications for any Palestinian state that may emerge in the future. Although the Israeli government has not officially annexed the West Bank and Gaza, since 1967 the JNF has pursued land-purchase activities and has carried out land reclamation and land development works in these territories. With land purchase no longer an issue within Israel itself after 1948, the JNF’s main activity has been land reclamation and land development. Both within Israel and in the West Bank and Gaza, the JNF has built roads, has reclaimed areas for agriculture and other development projects, and has carried out extensive afforestation projects.<sup>21</sup> If JNF-controlled or JNF-owned areas in the territories come under a future Palestinian state, the status of those areas will come into question. Will they remain in the ownership of the JNF? Or will the Palestinian Authority be allowed to, or perhaps simply try to, expropriate the JNF’s lands, not unlike the way the Israeli government did with many Palestinian-owned lands in the early years of Israeli statehood after 1948? The future may yet bring a great debate over these questions and others related to land.



*Map 6.1* Lands redeemed by the JNF from its foundation until 1948.

# Appendix

## JNF BALANCE SHEETS AND GENERAL INCOME AND EXPENDITURE ACCOUNTS FOR YEARS 1940–45

The following balance sheets and financial accounts have been reproduced from the *Report on the Activities of the Keren Kayemeth Leisrael Limited (Jewish National Fund) for the Period 5700 to 5706 (October 1939 to September 1946)*, submitted to the 22nd Zionist Congress, Basle, Switzerland, December 9, 1946 (published Jerusalem, October 1946). Because of the poor photocopy quality of the balance sheets and financial accounts, the footnotes in the original have been excluded.

### KEREN KAYEMETH LEISRAEL LIMITED BALANCE SHEET AS AT

30TH SEPTEMBER, 1940

#### LIABILITIES

|   | £P            | £P            |
|---|---------------|---------------|
| Donation Capital Account and other funds  | 4,012,799.363 |               |
| Tree Donation Fund  | 262,794.724   |               |
| Funds held on trust   |               |               |
| Contributions subject to payment of interest for various periods  | 183,402.044   |               |
| J.N.F. Charitable Trust   |               |               |
| Amounts received for purchase of land in Palestine to be used solely for the settlement of Jewish refugees, <i>per contra</i>   | 12,422.232    |               |
|   |               | 4,471,418.363 |
| Debentures and interest accrued secured by a floating charge on all the undertakings and assets of the Association              |               |               |
| (1) 2½% debentures; redeemable 1934–53  | 44,832.000    |               |
| (2) 2½% debentures; redeemable 1936–55  | 64,752.000    |               |
| (3) 4% debentures; redeemable 1939–58   | 74,380.000    |               |
| (4) 4% debentures; redeemable 1943–58   | 77,950.000    |               |
| Interest accrued thereon  | 5,879.244     |               |
| (3,548 2½% debentures of £6 each which have been redeemed are available for reissue)  |               | 267,793.244   |
| Sundry creditors and credit balances  |               | 61,246.215    |
| Including £P40 due to subsidiary companies (of which an amount of £P3,053.148 mil is secured by mortgage on land and buildings) |               |               |

|  |             |                      |
|--|-------------|----------------------|
| Loans, bills and engagements payable   | 881,312.420 |                      |
| <i>less</i> : interest in advance  | 28,020.119  |                      |
|  |             | 853,292.301          |
| Advances and remittances from branch committees against future donations or held in suspense |             | 120,430.873          |
| Rents of lands received in advance   |             | 19,371.384           |
|  |             | <u>5,793,557.380</u> |

| <b>ASSETS</b>   | <b>£P</b>  | <b>£P</b>            |
|---|------------|----------------------|
| Land, building and water installations in Palestine (including payments on account of purchases being negotiated)             |            |                      |
| At cost, including cost of amelioration, Land Tax, and proportion of interest, <i>less</i> depreciation written off buildings |            | 5,003,960.188        |
| Forests and plantations, at cost  |            | 217,763.382          |
| Funds held on trust   |            |                      |
| J.N.F. Charitable Trust, <i>per contra</i> amount expended on purchase of land  | 9,573.492  |                      |
| Balance of cash held by K.K.L. pending further purchase of land   | 2,848.740  |                      |
|   |            | 12,422.232           |
| Office furniture and fittings, library and Golden Books, etc., at cost <i>less</i> depreciation                               |            | 704.704              |
| Securities and investments  |            |                      |
| At cost   | 57,262.363 |                      |
| At a nominal valuation  | 0.015      |                      |
| Investments in associated water supply companies, at cost   | 36,772.648 |                      |
| Investments in subsidiary companies, at cost  | 40.000     |                      |
|   |            | 94,075.026           |
| Discount on and expenses of issue of debentures, <i>less</i> amounts written off  |            | 17,927.843           |
| Loans granted   |            | 196,005.905          |
| Sundry debtors and debit balances   |            | 156,382.696          |
| Bills receivable  |            | 36,196.930           |
| Cash at banks and in hand   |            | 55,113.474           |
|   |            | <u>5,793,552.380</u> |



**GENERAL INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR  
ENDED 30 SEPTEMBER, 1940**

**Cr.**

|  | £P                 |
|--|--------------------|
| By net amount of donations, etc., received   | 617,294.431        |
| "Income from rents in Palestine  | 12,206.504         |
| "Non-recurring receipts from land in Palestine   | 18,372.295         |
| "Interest and dividends received on securities and investments, plus depreciation thereon previously written off | 2,189.596          |
|  | <u>650,062.926</u> |

**Dr.**

|   | £P               | £P                 |
|---|------------------|--------------------|
| To administrative, head office and general expenses   | 26,617.648       |                    |
| "Propaganda expenses  | 28,645.221       |                    |
| "Contributions to the Zionist Organisation  | <u>7,100.000</u> |                    |
|   | 62,362.869       |                    |
| <i>less: amounts capitalized under land, buildings and plantations</i>                                | 5,764.256        |                    |
|   |                  | <u>56,598.613</u>  |
| "Interest on loans, debentures, funds held on trust, etc  | 66,073.533       |                    |
| "Discount on and expenses of debenture issues written off   | <u>2,464.557</u> |                    |
|   | 68,538.090       |                    |
| <i>less: interest capitalized under land in Palestine</i>   | 64,101.000       |                    |
|   |                  | <u>4,437.090</u>   |
| "Amounts written off:   |                  |                    |
| depreciation of buildings and stock of fittings   | 2,053.066        |                    |
| bad debts and claims relinquished   | 1,783.985        |                    |
|   |                  | <u>3,837.051</u>   |
| "Expenses, transfers and depreciation charged to various funds, <i>less</i> interest received thereon |                  | 2,279.331          |
| "Balance (being excess of income over expenditure) carried to the balance sheet as follows:           |                  |                    |
| Donation Capital Account and other funds  | 503,817.104      |                    |
| Tree Donation Fund  | 19,132.909       |                    |
| Funds held on trust   | 59,960.728       |                    |
|   |                  | <u>582,910.741</u> |
|   |                  | <u>650,067.926</u> |

**KEREN KAYEMETH LEISRAEL LIMITED BALANCE SHEET AS AT 30  
SEPTEMBER, 1941**

| <b>LIABILITIES</b>  | <b>£P</b>     | <b>£P</b>            |
|---|---------------|----------------------|
| Donation Capital Account and other funds  | 4,542,877.928 |                      |
| Tree Donation Fund  | 282,627.308   |                      |
| Funds held on trust   |               |                      |
| Contributions subject to payment of interest for various periods  | 200,674.415   |                      |
| J.N.F. Charitable Trust   |               |                      |
| Amounts received for purchase of land in Palestine to be used solely for the settlement of Jewish refugees, <i>per contra</i> | 27,931.712    |                      |
|   |               | 5,054,111.363        |
| Debentures and interest accrued, secured by a floating charge on all the undertakings and assets of the association           |               |                      |
| (1) 2½% debentures: redeemable 1934–53  | 42,216.000    |                      |
| (2) 2½% debentures: % debentures: redeemable 1936–55  | 54,684.000    |                      |
| (3) 4% debentures: redeemable 1939–58   | 66,380.000    |                      |
| (4) 4% debentures: redeemable 1943–58   | 77,950.000    |                      |
| Interest accrued thereon  | 9,095.521     |                      |
| (5,524 2½% debentures of £6 each which have been redeemed are available for reissue)  |               | 250,325.521          |
| Sundry creditors and credit balances  |               |                      |
| (of which an amount of £P47,671.494 mil is secured by mortgage on land and buildings)   |               | 113,156.792          |
| Loans, bills and engagements payable  | 923,183.432   |                      |
| less: interest in advance   | 27,692.305    |                      |
|   |               | 895,491.127          |
| Advances and remittances from branch committees against future donations or held in suspense                                  |               | 123,449.926          |
| Rents of lands received in advance  |               | 21,701.571           |
|   |               | <u>6,458,236.300</u> |
| <b>ASSETS</b>   | <b>£P</b>     | <b>£P</b>            |
| Land, building and water installations in Palestine (including payments on account of purchases being negotiated)             |               |                      |
| At cost, including cost of amelioration, Land Tax, and proportion of interest,  |               | 5,501,713.807        |
| less depreciation written off buildings   |               |                      |
| Forests and plantations, at cost  |               | 233,616.764          |
| Funds held on trust   |               |                      |
| J.N.F. Charitable Trust, <i>per contra</i> amount expended on purchase of land  |               | 27,931.712           |
| Office furniture and fittings, library and Golden Books, etc., at cost less depreciation                                      |               | 512.184              |

|  |            |                      |
|--|------------|----------------------|
| Securities and investments   |            |                      |
| At cost  | 72,688.493 |                      |
| At a nominal valuation   | 0.015      |                      |
| Investments in associated water supply companies, at cost                        | 33,037.648 |                      |
| Investments in subsidiary companies, at cost                                     | 40.000     |                      |
|  |            | 105,766.156          |
| Discount on and expenses of issue of debentures, <i>less</i> amounts written off |            | 14,374.178           |
| Loans granted  |            | 221,917.045          |
| Sundry debtors and debit balances  |            | 155,480.238          |
| Cash at banks and in hand  |            | 196,924.216          |
|  |            | <u>6,458,236.300</u> |

**GENERAL INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR  
ENDED 30TH SEPTEMBER, 1941**

| Cr.   | £p                 |                    |
|---|--------------------|--------------------|
| By net amount of donations, etc., received  | 620,069.134        |                    |
| "Income from rents in Palestine   | 16,343.83          |                    |
| "Interest and dividends received on securities and investments  | 3,124.122          |                    |
|   | <u>639,537.097</u> |                    |
| Dr.   | £P                 | £P                 |
| To administrative, head office and general expenses   | 25,199.097         |                    |
| "Propaganda expenses  | 24,489.709         |                    |
| "Contributions to the Zionist Organisation  | 5,834.000          |                    |
|   | <u>55,522.806</u>  |                    |
| <i>less:</i> amounts capitalized under land, buildings and plantations                                | 5,770.057          |                    |
|   |                    | 49,752.749         |
| "Interest on loans, debentures, funds held on trust, etc  | 71,621.063         |                    |
| "Discount on and expenses of debenture issues written off   | 2,740.458          |                    |
|   | 74,361.521         |                    |
| <i>less:</i> interest capitalized under land in Palestine   | 70,666.060         |                    |
|   |                    | 3,695.461          |
| "Amounts written off:   |                    |                    |
| Depreciation of buildings   | 1,433.066          |                    |
| Bad debts and claims relinquished   | 61.219             |                    |
|   |                    | 1,494.285          |
| "Expenses, transfers and depreciation charged to various funds, <i>less</i> interest received thereon |                    | 1,901.592          |
| "Balance (being excess of income over expenditure) carried to the balance sheet as follows:           |                    |                    |
| Donation Capital Account and other funds  | 530,078.565        |                    |
| Tree Donation Fund  | 19,832.584         |                    |
| Funds held on trust   | 32,781.851         |                    |
|   |                    | <u>582,693.000</u> |
|   |                    | <u>639,537.087</u> |

**KEREN KAYEMETH LEISRAEL LIMITED BALANCE SHEET AS AT 30TH  
SEPTEMBER, 1942**

| <b>LIABILITIES</b>  | <b>£P</b>     | <b>£P</b>     |
|---|---------------|---------------|
| Donation Capital Account and other funds  | 5,096,154.200 |               |
| Tree Donation Fund  | 301,823.518   |               |
| Funds held on trust   |               |               |
| contributions subject to payment of interest for various periods  | 216,203.065   |               |
| J.N.F. Charitable Trust   |               |               |
| Amounts received for purchase of land in Palestine to be used solely for the settlement of Jewish refugees                    | 89,273.124    |               |
|   |               | 5,703,453.907 |
| Debentures and interest accrued secured by a floating charge on all the undertakings and assets of the Association            |               |               |
| (1) 2½% debentures: redeemable 1934–53  | 38,430.000    |               |
| (2) 2½% debentures: redeemable 1936–55  | 50,664.000    |               |
| (3) 4% debentures: redeemable 1939–58   | 62,380.000    |               |
| (4) 4% debentures: redeemable 1943–58   | 77,950.000    |               |
| Interest accrued thereon  | 10,616.990    |               |
| (7,203 2½% debentures of £6 each which have been redeemed are available for reissue)  |               | 240,040.990   |
| Sundry creditors and credit balances  |               |               |
| (of which an amount of £P50,075.900 mil is secured by mortgage on land and buildings)   |               | 210,318.575   |
| Loans, bills and engagements payable <i>less</i> : interest in advance  |               | 833,136.878   |
| Advances and remittances from branch committees against future donations or held in suspense                                  |               | 203,143.526   |
| Rents of lands received in advance  |               | 19,084.110    |
|   |               | 7,209,177.986 |
| <b>ASSETS</b>   | <b>£P</b>     | <b>£P</b>     |
| Land, building and water installations in Palestine (including payments on account of purchases being negotiated)             |               |               |
| At cost, including cost of amelioration, Land Tax, and proportion of interest, <i>less</i> depreciation written off buildings |               | 6,170,850.990 |
| Forests and plantations, at cost  |               | 246,706.978   |
| Funds held on trust   |               |               |
| J.N.F. Charitable Trust, <i>per contra</i> amount expended on purchase of land  |               | 89,273.124    |
| Office furniture and fittings, library and Golden Books, etc., at a nominal valuation   |               | 1.125         |
| Securities and investments  |               |               |
| At cost   | 75,005.493    |               |
| At a nominal valuation  |               | 0.015         |
| Investments in associated water supply companies, at cost   | 36,113.940    |               |

|  |             |                      |
|--|-------------|----------------------|
| Investments in subsidiary companies, at cost   | 40.000      |                      |
|  |             | <hr/> 111,159.448    |
| Discount on and expenses of issue of debentures, <i>less</i> amounts written off       |             | 11,457.888           |
| Loans granted  |             | 249,331.571          |
| Sundry debtors and debit balances including £P11,800.000 due from a subsidiary company |             | 162,592.330          |
| Cash at banks and in hand  |             |                      |
| Ordinary funds   | 51,664.497  |                      |
| Held for third party investments   | 116,140.035 |                      |
|  |             | <hr/> 167,804.532    |
|  |             | <u>7,209,177.986</u> |

**GENERAL INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR  
ENDED 30TH SEPTEMBER, 1942**

| <b>Cr.</b>  | £P                |                   |
|---|-------------------|-------------------|
| By net amount of donations, etc., received  | 680,655.436       |                   |
| ”Income from rents in Palestine   | 25,610.484        |                   |
| ”Interest and dividends received on securities and investments                              | 2,856.577         |                   |
|   | <hr/> 709,122.497 |                   |
| <b>Dr.</b>  | £P                | £P                |
| To administrative, head office and general expenses   | 27,564.378        |                   |
| ”Propaganda expenses  | 23,566.278        |                   |
| ”Contributions to the Zionist Organisation  | 5,832.000         |                   |
|   | <hr/> 56,962.656  |                   |
| <i>less:</i> amounts capitalized under land, buildings and plantations                      | 5,966.471         |                   |
|   |                   | <hr/> 50,996.185  |
| ”Interest on loans, debentures, funds held on trust, etc                                    | 70,666.781        |                   |
| ”Discount on and expenses of debenture issues written off                                   | 1,146.298         |                   |
|   | <hr/> 71,813.079  |                   |
| <i>less:</i> interest capitalized under land in Palestine                                   | 68,630.618        |                   |
|   |                   | <hr/> 3,182.461   |
| ”Amounts written off:   |                   |                   |
| Depreciation of buildings   | 1,433.066         |                   |
| Bad debts and claims relinquished   | 30.859            |                   |
|   |                   | <hr/> 1,463.925   |
| ”Expenses and depreciation charged to various funds, <i>less</i> interest received thereon  |                   | 4,137.382         |
| ”Balance (being excess of income over expenditure) carried to the balance sheet as follows: |                   |                   |
| Donation capital account and other funds  | 553,276.272       |                   |
| Tree donation fund  | 19,196.210        |                   |
| Funds held on trust   | 76,870.062        |                   |
|   |                   | <hr/> 649,342.544 |

709,122.497

**KEREN KAYEMETH LEISRAEL LIMITED BALANCE SHEET AS AT 3 0TH  
SEPTEMBER, 1943**

| <b>LIABILITIES</b>   | <b>£P</b>     | <b>£P</b>            |
|--|---------------|----------------------|
| Donation capital account and other funds   | 6,083,888.349 |                      |
| Tree Donation Fund   | 330,326.092   |                      |
| Funds held on trust  | 236,530.452   |                      |
| contributions subject to payment of interest for various periods   |               |                      |
| J.N.F. Charitable Trust  |               |                      |
| Amounts received for purchase of land in Palestine to be used solely for the settlement of Jewish refugees             | 186,289.242   |                      |
|  |               | 6,837,034.135        |
| Debentures and interest accrued secured by a floating charge on all the undertakings and assets of the Association     |               |                      |
| (1) 2½% debentures: redeemable 1934–53   | 31,266.000    |                      |
| (2) 2 ½ % debentures: redeemable 1936–55   | 45,852.000    |                      |
| (3) 4% debentures: redeemable 1939–58  | 62,380.000    |                      |
| (4) 4% debentures: redeemable 1943–58  | 73,260.000    |                      |
| Interest accrued thereon   | 12,096.343    |                      |
| (9,199 2½% debentures of £6 each and 469 4% debentures of £10 each which have been redeemed are available for reissue) |               | 224,854.343          |
| Sundry creditors and credit balances   |               | 210,158.202          |
| Loans, bills and engagements payable   |               | 1,310,140.202        |
| less: interest in advance  |               |                      |
| (of which an amount of £P59,717.164 mil is secured by mortgage on land and buildings)                                  |               |                      |
| Advances and remittances from branch committees against future donations or held in suspense                           |               | 557,321.582          |
| Rents of lands received in advance   |               | 17,278.933           |
|  |               | <u>9,156,787.397</u> |
| <b>ASSETS</b>  | <b>£P</b>     | <b>£P</b>            |
| Land, building and water installations in Palestine (including payments on account of purchases being negotiated)      |               |                      |
| At cost, including cost of amelioration, Land Tax, and proportion of interest, less depreciation written off buildings |               | 7,305,249.232        |
| Forests and plantations, at cost   |               | 263,185.827          |
| Funds held on trust  |               |                      |
| J.N.F. Charitable Trust, <i>per contra</i> amount expended on purchase of land   |               | 186,289.242          |
| Office furniture and fittings, library and Golden Books, etc., at a nominal valuation                                  |               | 1.125                |
| Securities and investments   |               |                      |

|   |             |               |
|---|-------------|---------------|
| At cost   | 80,065.543  |               |
| At a nominal valuation  | 0.015       |               |
| Investments in associated water supply companies, at cost                           | 39,173.677  |               |
| Investments in subsidiary companies, at cost  | 40.000      |               |
|   |             | <hr/>         |
|   |             | 119,279.235   |
| Discount on and expenses of issue of debentures, <i>less</i> amounts written off    |             | 8,754.897     |
| Loans granted   |             | 318,500.213   |
| Sundry debtors and debit balances including £P850.000 due from a subsidiary company |             | 166,645.322   |
| Sundry funds  |             |               |
| Uninvested specific Funds   | 357,401.839 |               |
| Held for third party investments  | 108,631.361 |               |
|   |             | <hr/>         |
|   |             | 466,032.200   |
| Cash at banks and in hand   |             |               |
| Ordinary funds  |             | <hr/>         |
|   |             | 322,849.104   |
|   |             | <hr/>         |
|   |             | 9,156,787.397 |

**GENERAL INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR  
ENDED 30TH SEPTEMBER, 1943**

| Cr.   | £P         | £P            |
|---|------------|---------------|
| By net amount of donations, etc., received                                |            | 1,146,064.400 |
| "income from property in Palestine:                                       |            |               |
| rents   | 37,535.773 |               |
| other   | 2,076.971  |               |
|   |            | <hr/>         |
|   |            | 39,612.744    |
| "Interest and dividends received on securities and investments            |            | 3,850.998     |
| "Non-recurring receipts from land in Palestine                            |            | 19,649.925    |
| "Sundry income  |            | 1,222.953     |
|   |            | <hr/>         |
|   |            | 1,210,401.020 |
| <b>Dr.</b>  | £P         | £P            |
| To administrative, head office and general expenses                       | 37,873.340 |               |
| "Propaganda expenses  | 32,914.194 |               |
| "Contributions to the Zionist Organisation                                | 5,832.000  |               |
|   | <hr/>      |               |
|   | 76,619.534 |               |
| <i>less:</i> amounts capitalized under land, buildings and plantations    | 7,930.353  |               |
|   |            | <hr/>         |
|   |            | 68,689.181    |
| "Interest on loans, debentures, funds held on trust, etc.                 | 86,725.946 |               |
| "Discount on and expenses of debenture issues written off                 | 2,746.485  |               |
|   | <hr/>      |               |
|   | 89,472.431 |               |
| <i>less:</i> interest capitalized under land in Palestine                 | 84,534.530 |               |
|   |            | <hr/>         |
|   |            | 4,937.901     |
| "Amounts written off:   |            |               |
| Depreciation of buildings   |            | 2,195.800     |
| "Expenses and depreciation charged to various funds, <i>less</i> interest |            | 997.910       |

received thereon

"Balance (being excess of income over expenditure) carried to the balance sheet as follows:

|  |             |                      |
|--|-------------|----------------------|
| Donation capital account and other funds | 987,734.149 |                      |
| Tree Donation Fund                       | 28,502.574  |                      |
| Funds held on trust                      | 117,343.505 |                      |
|  |             | <u>1,133,580.228</u> |
|  |             | <u>1,210,401.020</u> |

**KEREN KAYEMETH LEISRAEL LIMITED BALANCE SHEET AS AT 30TH  
SEPTEMBER, 1944**

| <b>LIABILITIES</b>  | <b>£P</b>     | <b>£P</b>             |
|---|---------------|-----------------------|
| Donation Capital Account and other funds  | 7,549,821.825 |                       |
| Tree Donation Fund  | 407,244.027   |                       |
| Funds held on trust   |               |                       |
| Contributions subject to payment of interest for various periods  | 272,368.016   |                       |
| J.N.F. Charitable Trust, <i>per contra</i> amounts received for purchase of land in Palestine to be used solely for the settlement of Jewish refugees         | 331,768.296   |                       |
|   |               | <u>8,561,202.164</u>  |
| Debentures and interest accrued secured by a floating charge on all the undertakings and assets of the Association  |               |                       |
| (1) 2½% debentures: redeemable 1934–53  | 28,608.000    |                       |
| (2) 2½% debentures: redeemable 1936–55  | 37,446.000    |                       |
| (3) 4% debentures: redeemable 1939–58   | 58,380.000    |                       |
| (4) 4% debentures: redeemable 1943–58   | 69,660.000    |                       |
| (5) Debentures drawn for redemption, not yet claimed  | 5,852.000     |                       |
| Interest accrued thereon  | 14,381.938    |                       |
| (10,421 2½% debentures of £6 each and 1,017 4% debentures of £10 each which have been redeemed are available for reissue)                                     |               | 214,327.938           |
| Sundry creditors and credit balances  |               | <u>118,360.193</u>    |
| Loans, bills and engagements payable <i>less</i> : interest in advance (of which an amount of £P57,826.353 mil is secured by mortgages on land and buildings) |               | 2,122,648.582         |
| Advances and remittances from branch committees against future donations or held in suspense  |               | 554,564.891           |
| Rents of lands received in advance  |               | <u>13,449.275</u>     |
|   |               | <u>11,584,553.043</u> |
| <b>ASSETS</b>   | <b>£P</b>     | <b>£P</b>             |
| Land, building and water installations in Palestine (including payments on account of purchases being negotiated)   |               | 8,792,608.055         |
| At cost, including cost of amelioration, Land Tax, and proportion of interest, <i>less</i> depreciation written off buildings                                 |               |                       |



|   |            |                             |
|---|------------|-----------------------------|
| Forests and plantations, at cost  |            | 281,402.441                 |
| Funds held on trust   |            |                             |
| J.N.F. Charitable Trust, <i>per contra</i> amount expended on purchase of land        |            | 331,768.296                 |
| Office furniture and fittings, library and Golden Books, etc., at a nominal valuation |            | 1.125                       |
| Securities and investments  |            |                             |
| At cost   | 97,908.543 |                             |
| At a nominal valuation  | 0.015      |                             |
| Investments in associated water supply companies, at cost                             | 66,870.079 |                             |
| Investments in subsidiary companies, at cost  | 40.000     |                             |
|   |            | <hr/> 164,818.637           |
| Discount on and expenses of issue of debentures, <i>less</i> amounts written off      |            | 7,044.184                   |
| Loans granted   |            | 447,426.317                 |
| Sundry debtors and debit balances including £P2,660.000 from a subsidiary company     |            | 201,975.872                 |
| Specific funds on deposit in the name of a subsidiary company                         |            | 619,775.265                 |
| Ordinary funds  |            |                             |
| Cash on deposits, at banks and in hand  |            | <hr/> 737,732.851           |
|   |            | <hr/> <u>11,584,553.043</u> |

**GENERAL INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR  
ENDED 30 SEPTEMBER, 1944**

| Cr.   | £P         | £P                  |    |
|---|------------|---------------------|----|
| By net amount of donations, etc., received                                  |            | 1,766,353.255       |    |
| "Income from property in Palestine:   |            |                     |    |
| rents   | 43,995.881 |                     |    |
| other   | 1,126.068  |                     |    |
|   |            | <hr/> 45,121.949    |    |
| "Interest and dividends   |            | 14,116.106          |    |
| "Non-recurring receipts from land in Palestine                              |            | 57.450              |    |
| "Sundry income  |            | 343.750             |    |
|   |            | <hr/> 1,825,992.510 |    |
| <b>Dr.</b>  |            | £P                  | £P |
| To administrative, head office and general expenses                         |            | 44,343.211          |    |
| "Propaganda expenses  |            | 42,234.498          |    |
| "Contributions to the Zionist Organisation                                  |            | 5,832.000           |    |
|   |            | <hr/> 92,409.709    |    |
| <i>less</i> : amounts capitalized under land, buildings and plantations     |            | 8,760.796           |    |
|   |            | <hr/> 83,648.913    |    |
| "Interest, commission, etc., on loans, debentures, funds held on trust, etc |            | 139,076.950         |    |
| "Discount on and expenses of debenture issues written off                   |            | 1,982.890           |    |
|   |            | <hr/> 141,059.840   |    |

|   |               |                      |
|---|---------------|----------------------|
| <i>less</i> : interest capitalized under land in Palestine                                  | 126,674.670   |                      |
|   | <hr/>         | 14,385.170           |
| "Amounts written off:   |               |                      |
| Depreciation of buildings   | 1,570.460     |                      |
| Bad debts   | 21.198        |                      |
|   | <hr/>         | 1,591.658            |
| "Expenses and depreciation charged to various funds, <i>less</i> Interest received thereon  |               | 2,198.740            |
| "Balance (being excess of income over expenditure) carried to the balance sheet as follows: |               |                      |
| Donation Capital Account and other funds  | 1,465,933.476 |                      |
| Tree Donation Fund  | 76,917.935    |                      |
| Funds held on trust   | 181,316.618   |                      |
|   | <hr/>         | 1,724,168.029        |
|   |               | <u>1,825,992.510</u> |

**KEREN KAYEMETH LEISRAEL LIMITED BALANCE SHEET AS AT 3 0TH  
SEPTEMBER, 1945**

| <b>LIABILITIES</b>   | <b>£P</b>     | <b>£P</b>      |
|--|---------------|----------------|
| Donation Capital Account and other funds   | 9,487,357.589 |                |
| Tree Donation Fund   | 506,012.829   |                |
| Funds held on trust  |               |                |
| Contributions subject to payment of interest for various periods   | 299,669.601   |                |
| J.N.F. Charitable Trust, <i>per contra</i> amounts received for purchase of land in Palestine to be used solely for the settlement of Jewish refugees  | 475,268.296   |                |
|  | <hr/>         | 10,768,308.315 |
| Debentures and interest accrued secured by a floating charge on all the undertakings and assets of the Association   |               |                |
| (1) 2½% debentures: redeemable 1934–53   | 26,694.000    |                |
| (2) 2½% debentures: redeemable 1936–55   | 32,688.000    |                |
| (3) 4% debentures: redeemable 1939–58  | 54,380.000    |                |
| (4) 4% debentures: redeemable 1943–58  | 66,420.000    |                |
| (5) Debentures drawn for redemption, not yet claimed   | 4,818.000     |                |
| Interest accrued thereon   | 13,591.404    |                |
| (11,927 2½% debentures of £6 each and 1,608 4% debentures of £10 each which have been redeemed are available for reissue)  |               | 198,591.404    |
| Sundry creditors and credit balances   | <hr/>         | 154,402.468    |
| Loans, bills and engagements payable <i>less</i> : interest in advance (of which an amount of £P57,000.256 mil is secured by mortgages on land and buildings) advances and remittances from branch committees against future donations or held in suspense |               | 2,488,646.620  |
|  |               | 529,789.343    |
| Rents of lands received in advance   |               | <hr/>          |
|  |               | 13,003.109     |

|   |             |                       |
|---|-------------|-----------------------|
|   |             | <u>14,152,741.259</u> |
| <b>ASSETS</b>   | <b>£P</b>   | <b>£P</b>             |
| Land, building and water installations in Palestine (including payments on account of purchases being negotiated)             |             |                       |
| At cost, including cost of amelioration, Land Tax, and proportion of interest, <i>less</i> depreciation written off buildings |             | 11,668,604.395        |
| Forests and plantations, at cost  |             | 309,058.497           |
| Funds held on trust   |             |                       |
| J.N.F. Charitable Trust, <i>per contra</i> amount expended on purchase of land  | 415,906.486 |                       |
| Balance of cash held by K.K.L. Ltd pending further purchase of land   | 59,361.810  |                       |
|   | <hr/>       | 475,268.296           |
| Office furniture and fittings, library and Golden Books, etc., at a nominal valuation   |             | 1.125                 |
| Securities and investments  |             |                       |
| At cost   | 121,842.043 |                       |
| At a nominal valuation  | 0.015       |                       |
| Investments in associated water supply companies, at cost   | 73,620.400  |                       |
| Investments in subsidiary companies, at cost  | 1,040.000   |                       |
|   | <hr/>       | 196,502.458           |
| Discount on and expenses of issue of debentures, <i>less</i> amounts written off  |             | 6,133.300             |
| Loans granted   |             | 628,542.325           |
| Sundry debtors and debit balances including £P2,620.000 due from a subsidiary company   |             | 313,888.404           |
| Specific funds, etc.  |             |                       |
| Investments and cash on deposit and at banks<br>(of which £P310,390.470 mil is in the name of a subsidiary company)           |             | 424,534.000           |
| Ordinary funds cash on deposits, at banks and in hand   |             | 130,208.459           |
|   |             | <u>14,152,741.259</u> |

**GENERAL INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR  
ENDED 30 SEPTEMBER, 1945**

|  |            |                      |
|--|------------|----------------------|
| <b>Cr.</b>   | <b>£P</b>  | <b>£P</b>            |
| By net amount of donations, etc., received   |            | 2,284,956.622        |
| "Income from property in Palestine:  |            |                      |
| rents  | 51,949.823 |                      |
| other  | 262.094    |                      |
|  | <hr/>      | 52,211.917           |
| "Interest and dividends, less loss (£P 1,303,217 mil) on realization of securities |            | 19,770.263           |
|  |            | <u>2,356,939.902</u> |
| <b>Dr.</b>   | <b>£P</b>  | <b>£P</b>            |
| To administrative, head office and general expenses                                | 62,631.399 |                      |
| "Propaganda expenses   | 67,477.266 |                      |

|   |                      |             |
|---|----------------------|-------------|
| "Contributions to the Zionist Organisation  | <u>7,332.000</u>     |             |
|   | 137,440.665          |             |
| <i>less:</i> amounts capitalized under land, buildings and plantations                      | 12,158.578           |             |
|   | <u>158,596.841</u>   | 125,282.087 |
| "Interest, commission, etc., on loans, debentures, funds held on trust, etc                 |                      |             |
| "Discount on and expenses of debenture issues written off                                   | <u>1,046.801</u>     |             |
|   | 159,643.642          |             |
| <i>less:</i> interest capitalized under land in Palestine                                   | 139,528.814          |             |
|   | <u>20,114.828</u>    |             |
| "Amounts written off:   |                      |             |
| Depreciation of buildings   | 1,471.429            |             |
| Bad debts   | 116.039              |             |
|   | <u>1,587.468</u>     |             |
| "Expenses and depreciation charged to various funds, <i>less</i> interest received thereon  |                      | 2,848.268   |
| "Balance (being excess of income over expenditure) carried to the balance sheet as follows: |                      |             |
| Donation Capital Account and other funds  | 1,937,535.764        |             |
| Tree Donation Fund  | 98,768.802           |             |
| Funds held on trust   | 170,801.585          |             |
|   | <u>2,207,106.151</u> |             |
|   | <u>2,356,939.802</u> |             |

# Notes

## 1

### Introduction and historical background to 1939

- 1 Zvi Shilony, *Ideology and Settlement: The Jewish National Fund, 1897–1914*, trans. from the Hebrew by Fern Seckbach (Jerusalem: The Magnes Press, The Hebrew University, 1998), 11.
- 2 Michael Berkowitz, *Zionist Culture and West European Jewry Before the First World War* (Cambridge: Cambridge University Press, 1993), 8–39, discusses the importance of myth-making, of ‘symbols,’ and of the creation of ‘national heroes’ in the pre-First World War Zionist congresses. Furthermore, he highlights the JNF’s role as ‘a source and transmitter of Zionist national culture’ and as ‘an important component of the history of the Zionist Movement and modern Jewish history’ (165).
- 3 Walter Lehn, in association with Uri Davis, *The Jewish National Fund* (London and New York: Kegan Paul International, 1988), viii, explains that these in-house publications were ‘designed for the information of supporters and tend to be long on slogans but short on facts’ (viii). JNF in-house publications are numerous. Here only a few are cited as examples. For specific JNF activities in Palestine, see Franz Oppenheimer, *Merchavia: A Jewish Co-operative Settlement in Palestine* (Neumarkt, Cologne: Head Office of the Jewish National Fund, 1914); *The Emek* (Jerusalem: Head Office of the Jewish National Fund, 1930); *The Huleh and the Upper Jordan Region* (Jerusalem: Youth and Hechalutz Department of the WZO and the JNF, 1954); *A Vision Come True: The Story of Emek Zebulun* (Jerusalem: Keren Kayemeth Leisrael, n.d.). As examples of in-house and/or sympathetic histories of the JNF, see Adolf Boehm and Adolf Pollak, *The Jewish National Fund* (Jerusalem: Head Office of the Jewish National Fund, 1939); Joshua Ziman, *The People’s Land: The Story of the Jewish National Fund Briefly Told* (New York, 1945); Moshe Levin, *The Story of the Jewish National Fund* (Jerusalem: The Head Office of the Jewish National Fund, 1957); Musa Goldenberg, *And the Fund Still Lives: Memoirs* (Israel: Merhavayah, 1965, in Hebrew); Ira Hirschmann, *The Awakening: The Story of the Jewish National Fund* (New York: Shengold Publishers, Inc., 1981); Shlomo Shva, *One Day and 90 Years: The Story of the Jewish National Fund* (Jerusalem: Jewish National Fund, 1991).
- 4 Kenneth W. Stein and Walter Lehn and Uri Davis were some of the early pioneers of outside (i.e., not in-house) JNF research. In 1984, Stein published an important article on the JNF and a seminal work on the land question in Palestine that included valuable information on the JNF—see *The Jewish National Fund: Land Purchase Methods and Priorities, 1924–1939*, *Middle Eastern Studies* 20 (April 1984), 190–205, and *The Land Question in Palestine, 1917–1939* (Chapel Hill and London: The University of North Carolina Press, 1984). Both of Stein’s publications raised important questions that have sparked further research. The groundbreaking book by Lehn and Davis (hereafter cited as Lehn), *The Jewish*

*National Fund*, has also raised important questions worthy of more research. In a letter to me dated 8 January 1991 (in my possession), Stein delineates what he perceives as some of the source limitations of Lehn and Davis: (1) they either overlooked or failed to acknowledge certain sources, such as the *Peel Report* and the *Survey of Palestine*, among others; (2) they did not consult his research (article and book); and (3) they either overlooked or did not have access to the British Colonial Office 733 series on Palestine and/or the JNF archives. In fairness to Lehn (related to point 2), he informed me in a letter dated 15 July 1990 that he completed his book manuscript at the end of 1983. He blamed the publisher for the delay in its publication (1988). I do not know what the status of Lehn's manuscript was between 1983 and 1988. If he had access to the manuscript to update and/or revise it, the question still remains why he did not at least cite Stein's research. I submit that both Lehn's book and Stein's publications contain helpful and insightful information. As for Stein's ultimate assessment of Lehn's book, in the January 1994 letter to me, he stated: 'This book is a clever polemic. It is not a piece of scholarship which will withstand the test to *[sic]* time and future research.'

Other reevaluations of the JNF include: Shilony; Yossi Katz, 'The Establishment of Tel Aviv with the Assistance of the Jewish National Fund,' *Jewish Social Studies* XLIX, nos 3–4 (Summer–Fall 1987): 293–302, and *Between Jerusalem and Hebron: Jewish Settlement in the Pre-State Period* (Ramat-Gan: Bar-Ilan University Press, 1998). Several Israeli scholars have also done research on the JNF, many in conjunction with the Research Institute for the History of the Jewish National Fund, located in Jerusalem, Israel—see, for example, Hagit Lavsky, 'Jewish National Fund (K.K.L.), Theory and Practice during the British Mandate,' transcript from a meeting of the Research Institute for the History of the Keren Kayemeth LeIsrael (Jewish National Fund), Land and Settlement, vol. 8 (December 1993).

A more comprehensive, and the most recent, study to be published is Katz, *The Battle for the Land: The Jewish National Fund (K.K.L.) Before the Establishment of the State of Israel* (Jerusalem: The Hebrew University Press, 2001), in Hebrew (publication of this book in English is forthcoming from Magnes Press). I should point out that Katz does not refer to himself as a 'new historian,' but because his book is based on a variety of previously untapped, understudied, or overlooked primary sources, including vital JNF sources, it represents—along with my book—an important critical reevaluation of the role and activities of the JNF during the Mandate period.

5 Benny Morris, *1948 and After: Israel and the Palestinians* (Oxford: Clarendon Press, 1990), 7, pinpoints two factors he believes have led to the new history: (1) Since the early 1980s, Israel's Archives Law (passed in 1955, amended in 1964 and 1981) has opened seemingly innumerable state documents; (2) the historians themselves, born around 1948, 'have matured in a more open, doubting, and self-critical Israel' than the 'old historians.' Groundbreaking, though controversial (see later in this note), historical monographs were

published by Benny Morris, *The Birth of the Palestinian Refugee Problem, 1947–1949* (Cambridge: Cambridge University Press, 1987) and Avi Shlaim, *Collusion Across the Jordan: King Abdullah, the Zionist Movement and the Partition of Palestine* (New York: Columbia University Press, 1988), the latter ‘drastically abridged’ and ‘extensively revised’ (p. ix) in a paperback edition as *The Politics of Partition: King Abdullah, the Zionists and Palestine, 1921–1951* (New York: Columbia University Press, 1990). Shlaim changed the title of his monograph because much of the criticism of *Collusion Across the Jordan* ‘focused on the use of the polemic word “collusion”’ (*Politics*, ix); but in a more recent article titled ‘The Debate About 1948,’ in *The Israel/ Palestine Question*, ed. Ilan Pappé (London and New York: Routledge, 1999), 186, he has stated, ‘On reflection, I rather regret that I changed the title of my book [for the paperback edition].’ See also Michael J. Cohen, *Palestine and the Great Powers, 1945–1948* (Princeton: Princeton University Press, 1982); Uri Bar-Joseph, *The Best of Enemies: Israel and Transjordan in the War of 1948* (London: Frank Cass and Co. Ltd, 1987); Ilan Pappé, *Britain and the Arab-Israeli Conflict, 1948–1951* (London: Macmillan, 1988); Gershon Shafir, *Land, Labor and the Origins of the Israeli-Palestinian Conflict 1882–1914* (Cambridge: Cambridge University Press, 1989); Anita Shapira, *Land and Power: The Zionist Resort to Force 1881–1948* (New York: Oxford University Press, 1992); Zachary Lockman, *Comrades and Enemies: Arab and Jewish Workers in Palestine, 1906–1948* (Berkeley: University of California Press, 1996); Zeev Sternhell, *The Founding Myths of Israel: Nationalism, Socialism, and the Making of the Jewish State*, translated by David Maisel (Princeton, New Jersey: Princeton University Press, 1996). The first volume of Uri Milstein’s *History of the War of Independence*, a projected twelve-volume work, was published in 1989. Numerous articles also have appeared in academic journals—*Middle Eastern Studies*, *Studies in Zionism*, and *The Middle East Journal*. Finally, Morris, *1948 and After*, 8, provides a partial list of books in Hebrew published in Israel.

To this shortlist can be added, perhaps, Yehoshua Porat’s two works, both anticipating the 1980s: *The Emergence of the Palestinian-Arab National Movement 1918–1929* (London: Frank Cass, 1974) and *The Palestinian Arab National Movement 1929–1939* (London: Frank Cass, 1977). Importantly, Rashid Khalidi, *Palestinian Identity: The Construction of Modern National Consciousness* (New York: Columbia University Press, 1997), 91, 203, 259n84, 264n48, calls Porat’s books ‘standard works on the period’ and ‘pioneering efforts in terms of historical discourse inside Israel about the Palestinians.’

A year or so after the publication of *Birth*, Morris published an article on the new historiography in the November-December 1988 issue of *Tikkun*. The article was later revised and published as ‘The New Historiography: Israel and its Past’ in Benny Morris, *1948 and After*, Ch. 1 (pp. 1–34). Less than a year after publication of Morris’ article in *Tikkun*, a heated debate began over the merits and/or demerits of the new scholarship; the debate has continued to the present in various formats, including in the Israeli media. For the beginning of the debate, see Shabtai Teveth, ‘Charging Israel With Original Sin,’ *Commentary* 88, no. 3 (September 1989): 24–33 and Benny Morris, ‘The Eel and History: A Reply to Shabtai Teveth,’ *Tikkun* 5, no. 1 (January-February 1990): 19–22, 79–86; see also editorial letters written by Shlaim, Morris, and Teveth in *Commentary* 89, no. 2 (February 1990): 2–9. Zachary Lockman, ‘Original Sin,’ in *Intifada: The Palestinian Uprising Against Israeli Occupation*, eds. Zachary Lockman and Joel Beinin (Boston, MA: South End Press, 1989), 185–203, also serves as a helpful introduction to the historical ‘revisionist’ tendency that started in the 1980s.

For more recent discussion on the ‘new history’ and its publications, see Efraim Karsh, *Fabricating Israeli History: The ‘New Historians’* (London: Frank Cass and Co. Ltd, 1997), which offers an important critique of the new history. See also Abraham Sela, ‘Transjordan,

- Israel and the 1948 War: Myth, Historiography and Reality,' *Middle Eastern Studies* 28, no. 4 (October 1992): 623–88; Norman G. Finkelstein, *Image and Reality of the Israel–Palestine Conflict* (London: Verso, 1995) and 'Disinformation and the Palestine Question: The Not-So-Strange Case of Joan Peter's *From Time Immemorial*', in *Blaming the Victims: Spurious Scholarship and the Palestinian Question*, eds. Edward W. Said and Christopher Hitchens, 33–69 (London: Verso, 1988). Yoram Hazony, *The Jewish State: The Struggle for Israel's Soul* (New York: Basic Books, 2001), offers a stimulating, in-depth analysis of the broader intellectual milieu within which the 'new historians' are working. Finally, some 'new historians' have begun to reevaluate the post-1948 period based on new or overlooked historical sources. See Benny Morris, *Israel's Border Wars 1949–1956: Arab Infiltration, Israeli Retaliation, and the Countdown to the Suez War* (Oxford: Clarendon Press, 1993) and Jerome Slater, 'Lost Opportunities for Peace: Reassessing the Arab-Israeli Conflict,' *Tikkun* 10, no. 3 (May–June 1995): 63. Slater's article is problematic because he offers no citation of sources, leaving the reader to wonder about the validity of his speculative arguments.
- 6 See especially *The Land System in Palestine: History and Structures* (London, 1952); *Land Policy in Palestine* (New York: Bloch Publishing Company, 1940); *Land for the Jewish State* (Jerusalem: Head Office of the Jewish National Fund, 1948); *Agrarian Reform and the Record of Israel* (London: Eyre and Spottiswoode, 1956); see bibliography for more publications.
- 7 Efraim Orni, *Agrarian Reform and Social Progress in Israel* (Jerusalem: Head Office, Keren Kayemeth LeIsrael, 1972), 23.
- 8 Morris, 1948., 91. Morris, 89–144, argues that Weitz's expertise in these areas, combined with his connections with JNF offices, with the district, area, and battalion commanders of the Haganah, and with settlements throughout Palestine, qualified him to oversee the transfer of Arabs out of the area of the Jewish state created by the UN partition plan. Yossi Katz, *Partner to Partition: The Jewish Agency's Partition Plan in the Mandate Era* (London: Frank Cass, 1998), 85–109, discusses the issue of the transfer of Arabs within the larger context of population transfers (e.g., Greece, Turkey, and the Balkans).
- 9 A very important standard introduction to the Mandate period is J.C. Hurewitz, *The Struggle for Palestine* (New York: Schocken Books, 1976). For the most recent comprehensive study of the period (in this case by one of the 'new historians'), see Tom Segev, *One Palestine Complete: Jews and Arabs Under the British Mandate*, trans. Haim Watzman, second reprint ed. (New York: Henry Holt, 2001).
- 10 However, more research is needed on the 1901–39 period. Shilony's work on the JNF up to 1914 is seminal for the early period. Moreover, as of 1995 Shilony was researching the period from 1914–c. 1929 but, to my knowledge, no publication has yet resulted from his research. Lehn and Katz are the exceptions for the 1939–48 period. Lehn deals with the expansive period from 1901 to c. 1980, covering 1937–48 within that larger context (see pp. 69–80). However, Lehn did not access any archival sources, including, most importantly, JNF sources themselves. Yossi Katz's very recent study, *Battle for the Land*, deals comprehensively with the whole period from 1901–48; he also discusses the JNF in his book *Between Jerusalem and Hebron*.
- 11 Lehn, 84–91, especially 88–9; Stein, *Land Question*, 221; Granovsky, *Agrarian Reform*, 37.
- 12 Aharon Kellerman, *Society and Settlement: Jewish Land of Israel in the Twentieth Century* (Albany: State University of New York Press, 1993), 55–60, highlights the 'transition to territory as the preferred objective' during the period 1936–48. However, Stein, *Land Question*, 65, 174–6, has pointed out that the 1929 disturbances and their aftereffects in the 1930s set the precedent as an important turning point for Zionist strategic concerns.
- 13 For a general study of Jewish Palestine during the war, see Yehuda Bauer, *From Diplomacy to Resistance: A History of Jewish Palestine, 1939–1945* (Philadelphia: The Jewish Publication Society of America, 1970).



- 14 The phrase 'relational history' comes from Lockman, *Comrades and Enemies*, 8. Lockman places himself in the company of a body of scholars dealing with the Mandate period who challenge the 'conventional approach' that includes the 'dual society' paradigm. Explaining his 'relational history' approach, he states that 'Palestine can only be grasped by studying the ways in which both [the Arab and Jewish] communities were to a significant extent constituted and shaped within a complex matrix of economic, political, social, and cultural interactions.'
- 15 Katz, *Jerusalem and Hebron*, 13. For an example of the general knowledge about circumvention, see Ronald W. Zweig, *Britain and Palestine During the Second World War* (London: The Boydell Press for the Royal Historical Society, 1986), 2, where he states: 'Of all the provisions of the White Paper, the land regulations were the most clearly defined, the most liberally administered and were in any case *so widely circumvented* that after the initial controversy which followed the promulgation of the necessary legislation...they were no longer the subject of much debate.'
- 16 An important study on the cooperation between national and private capital in developing the southern Sharon region during the interwar period is Irit Amit, 'Jewish Land and Settlement Policy in the Southern Sharon Between the Years 1918 and 1929: The Role of National Capital and Private Enterprise in Shaping the Region' (Ph.D. diss., Hebrew University, January 1993). Amit, ix (from the English summary), argues that 'various levels of cooperation between the two forms of capital' helped shape the Sharon into a 'core area' that was 'at the heart of the country' of Palestine and 'served as a driving force and focal point for settlement growth in the adjacent regions.' Amit further summarizes the three stages of capital cooperation: 'It began with the struggle over [purchase of] land, continued with both forms of capital needing one another in the promotion and development of the regions [*sic*] and finally a shared effort in working out a regional plan.' See also, Iris Graicer, 'Cooperation of Private and Public Capital in the Development of the Zebulun Valley (Emeq Zevulun), 1925–1936,' in *Studies in the Geography of Israel*, vol. 13, eds. Shalom Reichman and Ruth Kark, in honor of Professor Dov Nir (Jerusalem: Israel Exploration Society, 1992), 159–78 (Hebrew). The Zebulun project involved JNF and Histadrut capital in cooperation with the capital of several other private organizations and companies. On the role of private capital in the pre-World War I period, see Yossi Katz, *The 'Business' of Settlement: Private Entrepreneurship in the Jewish Settlement of Palestine, 1900–1914* (Jerusalem: Magnes Press, Hebrew University, 1994).
- 17 Mohilever and Weiss to unidentified recipient, 31 July 1945, CZA, KKL 5/file 13892.
- 18 For literature on land tenure issues in various regions of the world, see University of Wisconsin-Madison Land Tenure Center, *Land Tenure and Agricultural Reform in Africa and the Near East: An Annotated Bibliography*, compiled by the staff of the Land Tenure Center Library under the direction of Teresa J. Anderson, librarian (Boston: G.K. Hall, c. 1976), and *Land Tenure and Agricultural Reform in East and Southeast Asia: An Annotated Bibliography*, compiled by the staff of the Land Tenure Center Library under the direction of Teresa J. Anderson, librarian (Boston: G.K. Hall, 1980); Kenneth H. Parsons, et al., eds., *Land Tenure: Proceedings of the International Conference on Land Tenure and Related Problems in World Agriculture*, held at Madison, Wisconsin, 1951 (Madison, Wisconsin: University of Wisconsin Press, 1956).

On the Middle East, see Tarif Khalidi, ed., *Land Tenure and Social Transformation in the Middle East* (Beirut: American University of Beirut, c. 1984); Haim Gerber, *The Social Origins of the Modern Middle East* (Boulder, Colorado: Lynne Rienner Publishers, 1987); Doreen Warriner, *Land and Poverty in the Middle East* (London and New York: Royal Institute of International Affairs, 1948), 52–74 deal with Palestine, and *Land Reform and Development in the Middle East* (Oxford, 1962); Raymond E. Crist, *Land for the*

*Fellahin: Land Tenure and Land Use in the Near East* (New York: Robert Schalkenbach Foundation, 1962).

- 19 George Raymond Geiger, *The Theory of the Land Question* (New York: Macmillan, 1936), 14.
- 20 Sternhell, 318–45, discusses the Zionists' success in moving from a state-in-the-making to a nation-state; Shafir, 193, names the Histadrut—the shortened Hebrew term for the General Federation of Jewish Workers in Eretz Israel (the general Jewish trade union and cooperative organization established at Haifa in 1920)—as the 'Israeli-state-in-the-making.' The literature on nationalism in Europe and other areas of the world is extensive. Some representative monographs include: Hans Kohn, *A History of Nationalism in the East* (New York: Harcourt, Brace, 1929) and *The Idea of Nationalism*, 2nd edn (New York: Collier-Macmillan, 1967); Hugh Seton-Watson, *Nations and States: An Enquiry into the Origins of Nations and the Politics of Nationalism* (London: Methuen, 1977); Ernest Gellner, *Nations and Nationalism* (Oxford: Basil Blackwell, 1983); Benedict Anderson, *Imagined Communities: Reflections on the Origins and Spread of Nationalism* (London: Verso Editions and New Left Books, 1983); Eric J. Hobsbawm, *Nations and Nationalism since 1780: Programme, Myth, Reality* (Cambridge: Cambridge University Press, 1992 (1990)); E.J. Hobsbawm and Terence Ranger, eds., *The Invention of Tradition* (Cambridge: Cambridge University Press, 1983); several works by Anthony D. Smith, including *Theories of Nationalism* (London: Duckworth, 1971), *National Identity* (London: Penguin, 1991), and *Nations and Nationalism in a Global Era* (Cambridge: Polity Press in association with Blackwell Publishers Ltd, 1995); John Breuilly, *Nationalism and the State* (Manchester: Manchester University Press, 1982); Montserrat Guibernau, *Nationalisms: The Nation-State and Nationalism in the Twentieth Century* (Cambridge: Polity Press in association with Blackwell Publishers Ltd, 1996); T.V. Sathyamurthy, *Nationalism and the Contemporary World: Political and Sociological Perspectives* (London: Frances Pinter, 1983).
- 21 Gideon Shimoni, *The Zionist Ideology* (Hanover and London: Brandeis University Press, 1995), 5, 47–9, 51, argues that Zionism (or in his words, 'Eretz Israel-oriented nationalism') was fully born only after 'ethnicism,' meaning the 'heightened valuation and active promotion of ethnic attributes' (i.e., rebirth of the Hebrew language, Jewish historical memory, and Jewish destiny linked to Zion—*Eretz Israel* or Palestine) was 'transformed' into nationalism (congruence of the ethnic unit—'the nation'—and the polity). One of Shimoni's important clarifications is that those Jews who eventually 'defected' to the nationalist solution (e.g., Eliezer Ben-Yehuda, Moshe Leib Lilienblum, Leo Pinsker, and, finally, Theodor Herzl, Max Nordau, and Max Bodenheimer, among others) were 'integrationists' not 'assimilationists.' The latter—e.g., Leon Trotsky, Pavel Akselrod, and Lev Martov in Russia—continued their assimilationist course 'despite such reactionary setbacks as the 1880s pogroms and the failure of the 1905 revolution' (49).
- 22 On 'Diaspora nations,' see Hugh Seton-Watson, *Nations and States: An Enquiry into the Origins of Nations and the Politics of Nationalism* (London: Methuen, 1977), 383–415. Seton-Watson, 383, using the Chinese for comparison, characterizes the Jewish situation thus: 'the Jews are the only people beside the Chinese who possess a cultural identity unbroken for more than three thousand years [?]. Whereas the Chinese suffered many foreign invasions which their culture absorbed, the Jews had for over 1,800 years no homeland; but at the end of that period their Diaspora was itself split when a large minority of the Jews in the world returned to Palestine and created the state of Israel, and in it a new Israeli nation.' For the figure of 15,300 Jews living in Palestine, see Justin McCarthy, *The Population of Palestine* (New York: Columbia University Press, 1990), Table 1.4D, 10. McCarthy, 13, points out the 15,300 Jews of the Old *Yishuv* ('Old Settlement') comprised Ottoman subjects and immigrants who settled in Palestine for religious reasons. They lived primarily in Jerusalem, Safad, Hebron, and Tiberias. A small number of Jews lived on the

land but most either depended on the charity of world Jewry (*halukka*) or earned a meager living as craftsmen and merchants.

- 23 This exclusion included as well exemption from schools, universities, public service, and the army. See Shlomo Avineri, *The Making of Modern Zionism: The Intellectual Origins of the Jewish State* (New York: Basic Books, Inc., Publishers, 1981), 5–6. In discussing one of the Zionist goals, Baruch Kimmerling, *Zionism and Economy* (Cambridge, MA: Schenkman Publishing Company, Inc., 1983), 3, 149, highlights ‘the desire to “cure” the “unhealthy” occupational and stratification structures of Diaspora Jewry, which had been mostly involved in non-productive occupations.’ The ‘cure,’ according to the Zionist return-to-the-land ideology, was for Jews to pursue ‘natural’ occupations, principally agriculture.
- 24 For the stereotype of Jew as moneylender, see Harold Pollins, *Economic History of the Jews in England* (London and Toronto: Associated University Presses, 1982), 237. Pollins points out that more recent research has shown Jews were occupied in various jobs other than finance (as printers, goldsmiths, textile workers, tailors, glassblowers, etc.).
- 25 On Jewish powerlessness, see Shapira, *Land and Power*, 6–52. On the ‘negation of the Diaspora’ (Jewish rejectionism), see Sternhell, 47–51.
- 26 S. Levenberg, *The Jews and Palestine: A Study in Labour Zionism* (Westport, Connecticut: Hyperion Press, Inc., 1976), 323, cites a Labour Party memorandum titled ‘The War and the Jewish People,’ noting that Jewish ‘normalization’ involved labor activity in ‘all branches of productive work, agriculture, industry, transport, etc.’ Furthermore, ‘Zionism, in transplanting the Jewish masses into Palestine, aim[ed] at transforming them into a normal people, free from all the anomalies of Jewish economic life in the Diaspora.’ For discussion of the ‘new Jew’ idea, see Berkowitz, 99–118, and Oz Almog, *The Sabra: the Creation of the New Jew*, trans. Haim Watzman (Berkeley: University of California Press, 2000).
- 27 Granovsky, *Land Policy*, 3; emphasis Granovsky’s. See also *The Struggle for the Land*, selected papers by Joseph Weitz, Head of the Land and Afforestation Department of the Jewish National Fund (Tel Aviv: Lion the Printer, 1950), CZA, catalog no. 12.934.
- 28 Hedva Ben-Israel, ‘Irredentism: Nationalism Reexamined,’ in *Irredentism and International Politics*, ed. Naomi Chazan (Boulder: Lynne Rienner Publishers, 1991), 33, calls the Jewish claim to Palestine ‘one of the classic cases of irredentism.’ See Raymond L. Hall’s comments in his introduction to Raymond L. Hall, ed., *Ethnic Autonomy—Comparative Dynamics: The Americas, Europe and the Developing World*, Pergamon policy studies on ethnic issues (New York: Pergamon Press, 1979), xxii. Hall defines irredentism as a policy of advocating ‘the recovery of land or territory once held by a state, or the annexation of a geographic area historically or culturally related to it’ Greece and Turkey have been discussed in this context—see Theodore George Tatsios, *The Megali Idea and the Greek-Turkish War of 1897: The Impact of the Cretan Problem on Greek Irredentism, 1866–1897* (Boulder: East European Monographs, distributed by Columbia University Press, New York, 1984) and Jacob M. Landau, *Pan-Turkism: From Irredentism to Cooperation* (London: Hurst & Company, 1995). For other problems of irredentism in the twentieth century, see Chazan’s edited work cited above.
- 29 Ben-Israel, 33. The Hebrew Bible actually presents two fairly distinct versions of the Israelite occupation of Canaan, one of conquest (see Joshua 6–12) and the other of slow infiltration, fighting, and eventual cohabitation with existing population groups (Judges). For a critical archaeological discussion of Israelite settlement, see Israel Finkelstein, *The Archaeology of the Israelite Settlement* (Jerusalem: Israel Exploration Society, 1988). For an intellectually stimulating and interesting perspective on the formation of the ancient Israelite federation (out of a hodge-podge of different groups) and on the establishment of Yahweh as royal ruler, landlord, warrior, magistrate, and economist, see George E. Mendenhall, *Ancient Israel’s Faith and History: An Introduction to the Bible in Context*, ed. Gary A. Herion (Louisville: Westminster John Knox Press, 2001), 73–100.

- 30 Stein, *Land Question*, 65–76. Shafir, 24, says: ‘Paradoxically, Jewish colonization of Palestine... was, more than any of the other settlement colonies, dependent on the purchase of privately owned land on the open market.’ For further information on this issue, see *ibid.*, 42–3.
- 31 The phrase, ‘trauma of 1948’ comes from Ilan Pappé, *Britain and the Arab—Israeli Conflict, 1948–1951* (Oxford: Palgrave Macmillan, 1988), viii.
- 32 Baruch Kimmerling, *Zionism and Territory: The Socio-Territorial Dimensions of Zionist Politics* (Berkeley: Institute of International Studies, University of California Press, 1982), 145–6, describes how the Jewish settlers shifted from the position of converting ‘money into land’ during the Mandate period to acquisition of land ‘by military force’ during the War of Independence. Shapira, *Land and Power*, 219–352, identifies the Zionist shift to an ‘offensive ethos’ beginning as early as the period of the Arab Revolt of 1936–39.
- 33 Several political terms were used to describe the ultimate Zionist goal for sovereignty in Palestine: ‘Jewish Homeland,’ ‘federation,’ member of the ‘British Commonwealth of Nations,’ binational state, and Jewish state. The goal to obtain a Jewish state in Palestine existed before the Peel Commission’s suggestion of partition in 1937, although the Zionist discussion of and vote on the partition plan at the twentieth Zionist Congress at Zurich (held August 1937) certainly gave further impetus to the push for a Jewish state.  
  
Katz, *Partner to Partition*, brings to light the Jewish Agency’s partition plan formulated in 1937–38 in response to the Peel plan. Moreover, the Jewish Agency ‘entered into negotiations with the authorized British bodies on most components of its plan’ (x). Though never implemented, the Jewish Agency’s plan had a short-term and long-term impact on events after 1938. According to Katz, the plan ‘affected the direction of settlement policy’ and, in the long term, exerted ‘an impact on various elements connected to the partition of Palestine in the late 1940s, and on the first steps taken by the fledgling State of Israel’ (x). For more details on how the Peel partition scheme influenced Zionist land-purchase and settlement policy and the eventual partition boundaries, see Katz, *Partner*, 163–76. Shabtai Teveth, *Ben-Gurion: The Burning Ground, 1886–1948* (Boston: Houghton Mifflin, 1987), 586, points out that a Jewish state was Ben-Gurion’s desire since ‘his earliest days.’ Furthermore, the rise of Hitler and Nazism in Germany, the Arab Revolt of 1936–39, and the resultant suggestion by the Peel Commission to partition Palestine between Jew and Arab, drove Jabotinsky and the Revisionists to seek a Jewish state ‘on both sides of the Jordan’—see Teveth, *Ben-Gurion*, 399, and Yaacov Shavit, *Jabotinsky and the Revisionist Movement, 1925–1948* (London: Frank Cass, 1988), 181–202. For further description of the complex debate among Zionists over the issue of sovereignty and the ultimate goal of Zionism in Palestine, see Ben Halpern, *The Idea of the Jewish State* (Cambridge, Massachusetts: Harvard University Press, 1961), 20–51; Teveth, *Ben-Gurion*, 556–630; and Itzhak Galnoor, *The Partition of Palestine: Decision Crossroads in the Zionist Movement* (Albany: State University of New York Press, 1995), 123–203.
- 34 See *Report of the Jewish National Fund for Great Britain and Ireland for 5706 (1946)* (London: Williams, Lea and Co., n.d.), 26ff.
- 35 Lehn, 68, mentions these particular companies in passing (although he says more about Mekorot Water Co.—see pp. 68, 82, 161–2, 356n). Suffice it to say that more research remains to be done on these companies.
- 36 Adolf Boehm and Adolf Pollack, *The Jewish National Fund* (Jerusalem: Head Office of the Jewish National Fund, 1939), 45.
- 37 Ran Aaronsohn, *Rothschild and Early Jewish Colonization* (Lanham, Boulder, and New York: Rowman and Littlefield; Jerusalem: The Hebrew University Magnes Press, 2000), is a recent and very thorough study of Rothschild’s investment activities to about 1890.
- 38 *Moshavot* is the plural of *moshava*, a private village, ordinarily rural, based on private land ownership and private enterprise. See D. Weintraub, M. Lissak, and Y. Azmon, *Moshava*,

- Kibbutz, and Moshav* (London: Cornell University Press, 1969). For an important study on the involvement of private companies and associations in land investment in Palestine before World War I, see Katz, *'Business' of Settlement*.
- 39 Aaronsohn, 68–86. Yossi Ben-Artzi, 'Changes in the Agricultural Sector of the Moshavot, 1882–1914,' in *Ottoman Palestine 1800–1914*, ed. Gad G. Gilbar (Leiden: E.J. Brill, 1990), 132, gives three reasons for the initial failure of the settlements: (1) the absence of a central settlement body; (2) structural weaknesses of the private societies investing in the settlements; and (3) unfamiliarity with the laws and customs of Palestine. For this early period, see also Dan Giladi, 'The Agronomic Development of the Old Colonies in Palestine (1882–1914),' in *Studies on Palestine During the Ottoman Period*, ed. Moshe Ma'oz (Jerusalem: The Magnes Press, 1975), 175–89.
- 40 Giladi, 177; Ben-Artzi, 144–5.
- 41 Asher Ginzberg (1858–1927), a Ukrainian Jew educated at several West European universities, published an article in a Hebrew journal under the pen name Ahad Ha'am ('One of the People'). The article, entitled '*Lo Zeh Ha-Derech*' ('This is not the Way'), was critical of the emphasis on the physical rebuilding of Palestine and on the physical safety of the Jew. Ha'am argued instead for reviving the Jewish people culturally and spiritually. He believed settlement in Palestine should focus on founding a 'national spiritual center' for the Jewish people. For this information and the quote from Ha'am, see Howard Morley Sachar, *The Course of Modern Jewish History*, updated and expanded edition (New York: Dell Publishing Co., Inc., 1977), 275–6.
- 42 Ben-Artzi, 144–7.
- 43 Ibid., 135, 146–7. Rothschild was not left completely out of the picture after 1900. The agreement of transfer to the JCA established the *Commission Palestinienne* to set the future policy of the Rothschild colonies. The Commission consisted of three members selected by the JCA and two selected by Rothschild. The sixth member and president for life was Rothschild himself. Therefore, as Theodore Norman, *An Outstretched Arm: A History of the Jewish Colonization Association* (London: Roudedge and Kegan Paul, 1985), 61, puts it, 'while [the] JCA might administer, the Baron still held the purse strings.'
- 44 See Simon Schama, *Two Rothschilds and the Land of Israel* (London: Collins, 1978) and Yoram Mayorek, 'Between East and West: Edmond de Rothschild and Palestine,' in *The Rothschilds: Essays on the History of a European Family*, ed. Georg Heuberger (New York: Boydell and Brewer, 1994), 129–45.
- 45 Norman, 19. Baron de Hirsch was a wealthy German businessman who believed in the 'regenerative' powers of the soil. Concerning his altruistic view of philanthropy, Hirsch wrote: 'I contend against the old system of alms-giving, which only makes so many more beggars; and I consider the greatest problem in philanthropy is to make human beings who are capable of work, who would otherwise become paupers, into useful members of society' (as quoted in Norman, 19).
- 46 Ibid., 21–2.
- 47 One dunam is equal to about one-quarter acre or 0.09 hectare.
- 48 Norman, 56–9, 63–6; Ben-Artzi, 135–6. On the growing of oranges in Palestine, see Roger Owen, *The Middle East in the World Economy 1800–1914* (London and New York: Methuen, 1981), 271; Harry Viteles, *The Status of the Orange Industry in Palestine* (Tel Aviv, 1930).
- 49 Norman, 227.
- 50 Ibid., 152–61. For a more comprehensive discussion of JNF involvement in the Huleh concession, see Warwick P.N. Tyler, *State Lands and Rural Development in Mandatory Palestine, 1920–1948* (Brighton and Portland: Sussex Academic Press, 2001), 98–116.
- 51 The actual figure for PICA land holdings, given in the Hope-Simpson Report, is 454,840 dunams—as cited in John Ruedy, 'Dynamics of Land Alienation,' in *The Transformation of Palestine*, ed. Ibrahim Abu Lughod, with a foreword by Arnold J. Toynbee (Evanston:

- Northwestern University Press, 1971), 125. For more on the Hope-Simpson Report, see Stein, *Land Question*, 90–114.
- 52 Abraham Granovsky, 'New Settlement Financing,' reprinted from *Palestine and Middle East Economic Magazine* (January 1939, Tel-Aviv): 9. Here is the full quote from Granovsky: 'Proceeding in an unregulated manner [private land purchase] was often not directed to areas most needed from the national and colonisation points of view...' (ibid.).
- 53 For an important recent evaluation of the diversity of Zionist thought see Shimoni, *Zionist Ideology*, particularly pp. 85–266. Speaking of the Mandate period, Lockman, *Comrades and Enemies*, 363–4, concludes: '...in Palestine neither Jewish nor Arab nationalisms were unitary and static objects. They need to be disaggregated, their complex forms and contents unpacked and contextualized. They were not self-contained objects with a singular meaning, nor did they exist in any authentic, original, or pure form, an ideal against which we may measure conformity or deviation. They, and the ideologies and movements they spawned, were constructed from diverse, sometimes even contradictory, elements within a particular social, cultural, political, and economic field and a particular historical conjuncture' (my emphasis).
- 54 Stein, *Land Question*, 66, argues that the lack of a specific Zionist land policy up to c. 1930 'contributed to keeping the land question in a politically nascent form' during the early years of the Mandate.
- 55 Shafir, 1, says the 'small stratum' of Jewish agricultural workers who arrived from eastern Europe in the Second *Aliyah* (e.g., Ben-Gurion, Itzhak Ben-Zvi, Joseph Shprintzak, Berl Katznelson, Itzhak Tabenkin, etc.) 'shouldered the major burden of Israel's creation.' He further states that these Second *Aliyah* leaders, along with their political heirs of the Third *Aliyah* of 1918–23 (e.g., Golda Meir and others), gave 'determinate shape to emerging Israeli society and simultaneously fashioned its labor movement into the dominant political force until 1977' (ibid.).
- 56 Lehn, 34; Arthur Rupp, *Three Decades of Palestine: Speeches and Papers on the Upbuilding of the Jewish National Home* (Jerusalem: Schocken, 1936).
- 57 Lehn, 35; Rupp, *Three Decades of Palestine*, 40–3, 92.
- 58 Lehn, 35.
- 59 The Jewish National Fund Conference and After,' September 1935, CZA, KKL 5/file 7354.
- 60 Granovsky, *Land Policy*, 81.
- 61 Comment by Israel Goldstein in the Foreword to Granovsky, *Land Policy*, xiii.
- 62 Hermann Shapira (1840–1898) had proposed the idea for the JNF as early as the First Zionist Congress of 1897. However, the idea for an institution like the JNF had even earlier antecedents—see Hannah Bodenheimer, 'The Statutes of the Keren Kayemeth: A Study of Their Origin, Based on the Known as Well as Hitherto Unpublished Sources,' in *Herzl Year Book: Essays in Zionist History and Thought*, Volume VI, ed. Raphael Patai (New York: Herzl Press, 1964–65), 153–81. For a brief biography of Shapira, see Shilony, 38–40. For more information on the JNF's origins, establishment, incorporation, and early activities, see Shilony's book and Lehn, 1–42.
- 63 'Memorandum of Association of Keren Kayemeth Leisrael, Limited,' section 3, subclause (1), CZA, KKL 5/file 12756.
- 64 Norman C. Habel, *The Land is Mine: Six Biblical Land Ideologies*, with a foreword by Walter Brueggemann (Minneapolis: Fortress Press, 1995), 98. See Habel, 97–114, for a more detailed interpretation of the Leviticus verses in their biblical context. On page 4, Habel states that his study was provoked 'in part by the way isolated biblical passages, usually very brief, are quoted by commissions, institutions, or individuals promoting a contemporary theological, ecological, or social justice position.' 'In spite of generations of biblical theology,' he continues, 'passages are still cited in isolation as proof texts with little consciousness or acknowledgment of the theological or ideological orientation of their original literary context.' Although Habel does not cite as an example the Zionist use of

- Leviticus to justify the work of the JNF, his comment about certain passages being 'cited in isolation as proof texts' might certainly apply in this context. See also, Jeffrey A. Fager, *Land Tenure and the Biblical Jubilee: Uncovering Hebrew Ethics Through the Sociology of Knowledge* (Sheffield, UK: JSOT Press, 1993).
- 65 Nachman Ben-Yehuda, *The Masada Myth: Collective Memory and Mythmaking in Israel* (Madison: University of Wisconsin Press, 1995), 98–100, 131–6, argues that for some Jews secular Zionism took on a 'civil religious' aspect based on perceptions of danger to the emerging Jewish nation during the Mandate period. See also Charles S. Liebman and Eliezer Don-Yehiya, *Civil Religion in Israel* (Los Angeles: University of California Press, 1983).
- 66 Jacob Metzger, *National Capital for a National Home, 1919–1921* (Jerusalem: Yad Izhak Ben-Zvi Publications, 1979), from English summary, ix. In 1929, Ussishkin expressed well the general concern among JNF Directorate members about the possibility that private land might be sold to non-Jews—see 'Jewish National Fund World Conference: Workers from all Countries Discuss Programme and Methods for Next Two Years,' 28 July 1929, CZA, KKL 5/file 2235 II: 'We have no interest in hindering private land purchase,' Ussishkin explains. He continues: 'There were colonies of private land which employ exclusively Jewish labour. The difference of Jewish National Fund land was that it remained the perpetual possession of the Jewish people, whereas private land might ultimately pass into other hands.'
- 67 The ideal of the Jewish farmer and of the return to the soil goes all the way back to Herzl himself: 'If we call on the downtrodden to set their hands to the plow, do we even have to ask if they prefer work to defenselessness and misery? Just ask them! On the day when the plow again rests in the toughened hands of the Jewish farmer, the Jewish Problem will be solved' (as quoted in Berkowitz, 37).
- 68 Granovsky, *Land Policy*, 95. For some, the use of 'Jew' and 'peasant' together may seem odd given both the 'negative' connotations associated with the word peasant and the fact no Jewish peasants existed in the European Diaspora. However, here 'peasant' is used in the positive sense of a 'farmer' who works the land directly, without hired labor. A JNF report submitted to the 13th Zionist Congress in 1923 brought together the ideas of 'return to the soil' and creating Jewish farmers: 'The Zionist Organization which dutifully upholds the ideal of the return of the people of Israel to its soil...cannot follow a momentary point of view, but [must] blaze the trail to the national goal—a settlement of a working farming people, the first and main for the creation of which is—rural estates' (as quoted by Lavsky, 10). See also Alex Bein, *The Return to the Soil* (Jerusalem: The Youth and Hechalutz Department of the Zionist Organization, 1952).
- 69 Boehm and Pollack, 19. Metzger, viii, says that, according to the Zionist ideal, agricultural settlement 'widely distributed over the entire country' would be the 'dominant industry in both employment and output.' This agriculturally based economic structure would: (1) help serve the 'practical' need of absorption of Jewish immigrants to Palestine; (2) adhere to the Zionist ideology of 'revitalizing the attachment of the Jewish people to the Land of Israel [Palestine];' and (3) serve as a 'key factor' to transform the Jewish occupational structure 'from the predominance of services typical in the Diaspora to material production.' Points (2) and (3) are closely related as demonstrated in Shlomo Avineri, *The Making of Modern Zionism: The Intellectual Origins of the Jewish State* (New York: Basic Books, Inc., 1981), 5–6; in Kimmerling, *Zionism and Economy*, 3, 149; and in Pollins, 237.
- 70 See Shilony, 387–91.
- 71 Ibid., 16,388.
- 72 Ibid., 16.
- 73 Ibid., 393.
- 74 Born in Telepino, a village in the province of Kiev, Smilansky (1874–1953) was a Hebrew writer and an agricultural pioneer in Palestine. He was one of the founders of Haderah in 1890. In 1893, he settled in Rehovot and owned orange groves and vineyards. An active Zionist, he saw himself as a disciple of the cultural Zionist Ahad Ha'am.

- 75 I credit Zvi Shilony for suggesting this hourglass metaphor to me during my stay in Israel/Palestine in 1995.
- 76 Stein, 'The Jewish National Fund,' 195. See also, Shilony, 397. Stein (ibid.) further states about the 1920s and 1930s: 'A simple land purchase took anywhere from one to six months or more to complete. But evaluations, negotiations, purchase and transfer sometimes took years, even decades to complete as in the cases of the Sursock [1921–25], Wadi Hawarith [1929], and Huleh area purchases [1934].'
- 77 Joseph Weitz, *Yomani ve-igrotai la-banim (My Diary and Letters to the Children)* (Tel Aviv: Masadah, 1965–73), xviii. In an email message to me (hard copy in possession), Dr Gabriel Alexander (at that time Secretary of the Research Institute for the History of the JNF, Land and Settlement, located in Jerusalem, Israel; now Director of the Research Institute for the History of the JNF, Jerusalem, Israel) clarified that Weitz was invited to Directorate meetings but, much to his displeasure, was never officially appointed a member of the Directorate. According to Alexander, Weitz 'never ever forgot that injustice...done to him.' Alexander also noted that the JNF Directorate is still in existence today, with each member carrying the title 'director,' and that since January 1998 the JNF Management (also still in existence) has also been 'an official forum.'
- 78 For all information presented here, including the quote, see Stein, *Land Question*, 29. For discussion of the enlarged JA, see Michael Heymann, former Director of the Central Zionist Archives, 'The Enlarged Jewish Agency of 1929—Its Establishment and its Disintegration,' (unpublished address given to the Presidium of the Zionist General Council, January 9, 1985), CZA, card catalog # 58.040a. See also *Constitution of the Jewish Agency for Palestine* (London: Office of the Jewish Agency for Palestine, 1929), CZA, card catalog # 3521a. la.
- 79 See Jacob Metzer, 'The Concept of National Capital in Zionist Thought, 1918–1921,' *Asian and African Studies* II, no.3 (1977): 305–36, and Metzer, *National Capital*, vii–xi.
- 80 Metzer, 'National Capital,' 307.
- 81 Ibid., 308–11. Kimmerling, *Zionism and Economy*, 27–36, mentions the negative attitude toward private capital that developed 'mostly within the more left-wing factions of the workers' groups' (27). In the larger context, Sternhell, 7, 9, points out that nationalist socialism (of which socialist Zionism was one example) developed in Europe in the late nineteenth and beginning of the twentieth centuries as an 'alternative to both Marxism and liberalism.' His comments on the attitude of European nationalist socialism toward private capital apply to the case of Zionism as presented in this chapter. Nationalist socialism, he argues, 'detested the owners of fortunes and abhorred uncreative, egoistic, and speculative capital' but it 'never objected to private capital as such...the fault lay with unproductive capitalists, not private capital itself.' Nationalist socialism, according to Sternhell, deemed private capital 'productive' only if it was invested in 'enterprises serving national objectives.'

Among members of the JNF Directorate, Berl Katznelson (1887–1944), one of the foremost personalities of the Jewish labor movement and of the Histadrut (Labor Federation), best represented the love/hate relationship with private capital. In a 1937 JNF Directorate meeting, he commented on the difference between land in national ownership and land in private ownership—see 'Mr Berl Katznelson Remarks at the Meeting of the Board of Directors of the Jewish National Fund, 28 October 1937, in the JNF Office,' CZA, KKL 5/file 8823: The nation uses the land for the benefit of the nation whereas the individual utilizes it for his own interests, since the individual looks out for his investment primarily and the nation is secondary.' Katznelson then made clear that he had no objection to private investment in Palestine (he even welcomed it), as long as private capital did not 'decrease national capital' and, thus, cause 'harm to the nation as a whole.' For biographical information on Katznelson, see Anita Shapira, *Berl: The Biography of a Socialist Zionist*,



- Berl Katznelson, 1887–1944* (Cambridge: Cambridge University Press, 1985) and Shimoni, *Zionist Ideology*, 309–12. Contrary to Katznelson's (and others) concerns about the motives of private capitalists, Katz, '*Business*' of *Settlement*, 311, indicates that, at least for the pre-World War I period, that private investors 'came from national-Zionist circles' and, in their investment activities, were driven largely by 'the ideological consciousness that they were performing a national deed.'
- 82 Metzer, *National Capital*, viii–ix (emphasis mine).
- 83 Publicity Department of the 'Keren ha-Yesod,' ed., *The Keren Ha-Yesod Book: Colonisation Problems of the Eretz-Israel (Palestine) Foundation Fund* (London: Leonard Parsons, Ltd, 1921), 47–8. See also Granovsky, *Land Policy*, 115.
- 84 Abraham Granovsky, *Land Problems in Palestine* (London: George Routledge and Sons Ltd, 1926), 9. Metzer, *National Capital*, ix, claims that the idea of 'eventual nationalization of all land in Palestine' gained 'general approval' in the Zionist Organization.
- 85 Metzer, 'National Capital,' 305, defines national capital (or wealth) as the 'net value of the stock of reproducible productive assets owned by *all* units in the national economy.' Compare Metzer's definition to the strictly Zionist definition given by Lavsky, 'Jewish National Fund,' 2: 'the disposition of economic resources at the discretion of the Zionist organization in order to build a Jewish national home in Eretz Israel [Palestine] and all that this entailed.' National capital was 'not meant to replace private initiative.' Rather, it was seen as 'a means of accelerating and channeling private economic activity.'
- 86 Metzer, 'National Capital,' 305–6. For the voluntary aspect of national capital, see Metzer, *National Capital*, x. Furthermore, Granovsky (Granott) discusses the importance of national capital in many of his works.
- 87 Metzer, 'National Capital,' 330.
- 88 *Ibid.*, 306. Metzer further states that the 'creation of a stock of physical capital' meant 'mainly purchasing land from non-Jews.' The fact that Jewish land was 'rightly considered a reproducible factor of production,' justified its inclusion in the 'stock of national capital' (*ibid.*).
- 89 Metzer, *National Capital*, ix. Lavsky, 'Jewish National Fund,' 4, reinforces Metzer's point: 'territorial ownership was meant to constitute a temporary substitute for political ownership...it was to demonstrate the intention of Jewish sovereignty over Eretz Israel [Palestine].'
- 90 Metzer, *National Capital*, x, and Metzer, 'National Capital,' 320–1, 327. See also Efraim Orni, *Agrarian Reform and Social Progress in Israel* (Jerusalem: Head Office, Keren Kayemeth Leisrael, 1972), 21–2. Berkowitz, 175, 180–7, points to the seeming 'affinities' between contributions to the JNF and the Jewish tradition of *zedakah*, even going as far as to claim the JNF 'emerged as a secularization and nationalization of *zedakah*.' 'The Zionists,' he continues, 'made *zedakah* more centralized, pragmatic, and nationalistic through the JNF' (187).
- 91 The singular for both these terms is moshav and kibbutz, respectively. The moshav (a settlement type produced by the Labor movement also called moshav ovdim) was developed to answer certain social and economic needs not found in the earlier moshava or the kibbutz. The moshav is a workers' cooperative smallholders' settlement founded on the principles of mutual aid and equality of opportunity between the members. The kibbutz was a settlement based on collective ownership of land and of all means of production. Production and consumption were organized collectively and domestic and social services were provided communally. For a discussion of all settlement types mentioned here, see Weintraub et al. See also Michal Oren, 'Development of the Moshav Ovdim Idea,' in *The Land That Became Israel*, ed. Ruth Kark, trans. Michael Gordon, 215–32 (New Haven and London: Yale University Press, 1990), and Oren, *The Policy of the Settlement of 'Moshavei Ovdim' (Smallholders—Settlements) during the 'Tower-and-Stockade' Period (1936–1940)*,

- transcripts of a lecture given at the Research Institute for the History of the Keren Kayemeth LeIsrael (Jewish National Fund), Land and Settlement, pamphlet No. 6 Jerusalem, February 1993); Paula Rayman, *The Kibbutz Community and Nation Building* (Princeton, NJ: Princeton University Press, 1981).
- 92 Boehm, 71, points out during the period c.1918–39, the number of Jewish settlements in Palestine grew from 43 to 248, of which 142 (more than half) were established on JNF land. Granovsky, *Agrarian Reform*, 125, states the census of 1950 showed 91.5 percent of Jewish farms were on JNF land (and some on PICA land); Alfred Bonne, 'Major Aspects of Land Tenure and Rural Structure in Israel,' in ed. Parsons et al., *Land Tenure*, 113, gives the number of 524 Jewish villages at the end of 1950, of which 460 (84 percent) were on JNF land.
- 93 Yakir Plessner, *The Political Economy of Israel: From Ideology to Stagnation* (Albany: State University of New York Press, 1994), 63.
- 94 For all quotes and information in this paragraph, see Stein, 'The Jewish National Fund,' 192–4. For more information on the PLDC's purchase of the Huleh concession (on behalf of the JNF), see Tyler, *State Lands*, 98–100. Concerning the improving status of the JNF in the 1930s, Stein, 'The Jewish National Fund,' 194, further notes: 'Internally, the JNF's stature rose in the early 1930s as its legal experts, purchasing agents, and accumulated expertise were judiciously used by the JA Jewish Agency] to disprove publicly that Jewish land purchase led to the creation of a land less Arab population.' On the Sursock lands, see: Stein, *Land Question*, 49, 54–9, 65, 79; and Lehn, 35–6.
- 95 Ibid.
- 96 See the section on the JNF in *Report of the Executives of the Zionist Organization and of the Jewish Agency for Palestine*, submitted to the Twentieth Congress (August 1937), 243, and in *Report of the Executives of the Zionist Organization and of the Jewish Agency for Palestine*, submitted to the Twenty-First Congress (August 1939), 190. A Central Committee of Three, representing the JNF, the KH, and Zionist Executive, was set up to try to stop independent drives, but the attempt failed.
- 97 Simcha Kling, *The Mighty Warrior: The Life-Story of Menahem Ussishkin* (New York: Jonathan David Publishers, 1965), 78–80.
- 98 Berkowitz, 166, points out that in some cases the 'Blue Box' was 'the most worthy receptacle for spare change and money won from friendly wagers.'
- 99 *Report of the Executives* (August 1937), 242–8, and *Report of the Executives* (August 1939), 188–93. For explanation of some of these sources of income (e.g., 'Blue Boxes,' JNF stamps, tree donations, and 'Golden Book'), see Berkowitz, 165–81. Lehn, 82–4, also discusses JNF fund-raising. Katz, *Jerusalem and Hebron*, 21, mentions the Nahalat Herzog campaign (launched in late 1939), a fundraising effort in North America in honor of Rabbi Yitzhak Halevi Herzog (Chief Rabbi of Palestine). Furthermore, Katz adds that in late 1937 the JNF had established a Religious Department to handle contributions from religious Jews. Katz's explanation: 'Since expanding its activities in 1936, the JNF had been on the lookout for new sources of revenue' (ibid.).
- 100 Charles Kamen, *Little Common Ground: Arab Agriculture and Jewish Settlement in Palestine, 1920–1948* (Pittsburgh: University of Pittsburgh Press, 1991), 112–13. In Kamen's opinion, the goal of political Zionism before the Balfour Declaration and the subsequent establishment of the Mandate 'may be seen...as the search for a European power...willing to act in the role of a "mother country" for Jewish settlers.'
- 101 Kamen, 113–14, interprets the same view from the Zionist perspective: 'Political Zionism represented an attempt to fit Jewish settlement in Palestine into the existing framework of colonial expansion.' In his opinion, the attempt failed for three reasons: (1) the 'wave of settlement colonization' the Zionists hoped for ebbed; (2) potential Jewish colonists did not have a 'natural' European guardian; (3) many potential Jewish settlers 'rejected the colonial model' apparently accepted by the Zionist leadership.

- 102 Paul Charles Merkley, *The Politics of Christian Zionism, 1891–1948* (London and Portland, OR: Frank Cass, 1998); Joseph Adler, *Restoring the Jews to their Homeland: Nineteen Centuries in the Quest for Zion* (Northvale, NJ: J.Aronson, 1997); Michael J. Pragai, *Faith and Fulfilment: Christians and the Return to the Promised Land* (London: Vallentine, Mitchel, 1985); Lawrence J. Epstein, *Zion's Call: Christian Contributions to the Origins and Development of Israel* (Lanham: University Press of America, 1984).
- 103 Kamen, 100, 131; Roger Owens' introductory comments in *Studies in the Economic and Social History of Palestine in the Nineteenth and Twentieth Centuries*, ed. Roger Owens (Carbondale: Southern Illinois University Press, 1982), 1, 4.
- 104 Barbara J. Smith, *The Roots of Separatism in Palestine: British Economic Policy, 1920–1929* (London and New York: I.B. Tauris and Co., 1993), 5. Other scholars concur with Smith. Stein, *Land Question*, 6–7, states that the establishment of the Jewish national home was 'part of the context within which His Majesty's Government (HMG) was attempting to protect its strategic interests in the Middle East' Ylana Miller, *Government and Society in Rural Palestine, 1920–1948* (Austin: University of Texas Press, 1985), 168, opines that the British in Palestine played 'the role of a world power seeking to ensure its interests in the region.' See also Bernard Wasserstein, *Britain and the Jews of Europe, 1939–1945* (Oxford: Clarendon Press, 1979), 3–4, and Ted Swedenburg, *Memories of the Revolt: The 1936–1939 Rebellion and the Palestinian National Past* (Minneapolis and London: University of Minnesota Press, 1995), xxi–xxii.
- 104 For discussion of the complex process of economic transformation (involving land, labor, and industry) that occurred in Mandate Palestine, see Samih K. Farsoun with Christina E. Zacharia, *Palestine and the Palestinians* (Boulder, Colorado: Westview Press, 1997), 72–97; Ran Greenstein, *Genealogies of Conflict: Class, Identity, and State in Palestine/Israel and South Africa* (Hanover, NH, and London: Wesleyan University Press, 1995); Kimmerling, *Zionism and Economy*; Lockman, *Comrades and Enemies*; Shafir, *Land, Labour and the Origins*; Smith, *Roots of Separatism*. The debate over the 'dual economy' and 'dual society' paradigm for Palestine during the Mandate period is outside the purview of this study. For some discussion on the debate, see Kamen, 123–30; Kimmerling, *Zionism and Economy*, 36–95; Lockman, 3–20; Smith, *Roots of Separatism*, 7–8f.
- 106 Esco Foundation, *Palestine: A Study of Jewish, Arab and British Policies*, Vol. 1 (New Haven: Yale University Press, 1947), 74. For the period 1920–29, Smith, *Roots of Separatism*, 4, argues that British policy provided 'a propitious environment for the growth of a larger and more homogeneous Zionist enclave...'
- 107 Wasserstein, 1–31, gives information on the British Mandate up to 1939, showing how events in Europe changed Britain's attitude toward Palestine. On the increased strategic importance of Palestine to the British from the mid-1930s onward, see Ann Mosley Lesch, *Arab Politics in Palestine, 1917–1939* (Ithaca and London: Cornell University Press, 1979), 41–2. For a political overview of the Palestine Mandate, see Miller, 3–15. The most interesting recent study on the Arab Revolt of 1936–39, and its long-term implications, is Swedenburg, *Memories of the Revolt*. For a political overview of the revolt, see Tom Bowden, 'The Politics of the Arab Rebellion in Palestine, 1936–39,' *Middle Eastern Studies* 11, no. 2 (May 1975): 147–74.
- 108 As delineated in Stein, *Land Question*, 212. For the Palestinian rural situation, see Stein, 'Palestine's Rural Economy 1917–1939,' *Studies in Zionism* 8 (Spring 1987): 25–49, and Miller, *Government and Society*. For a discussion of the Ottoman land law of Palestine, see Frederic M. Goadby and Moses I. Doukhan, *The Land Law of Palestine* (Tel Aviv, 1935). Furthermore, Raja Shehadeh, 'The Land Law of Palestine: An Analysis of the Definition of State Lands,' *Journal of Palestine Studies* XI, no. 2 (Winter 1982): 82–99, discusses the Ottoman land system and the changes made during the Mandate period and during the period of Jordanian rule of the West Bank.

109 Stein, *Land Question*, 37.

110 Ruedy, 'Dynamics of Land Alienation,' 134. Ruedy cites the following percentages: by 1929, 90 percent; during the 1930s, 80 percent; and during the last decade of the Mandate, 73 percent. He then concludes with the following statement: 'While these figures make it clear that some Arabs, especially the so-called feudalists, are directly and personally responsible for the alienation of the Palestinian patrimony, the analyst should not ignore the fact that the overwhelming majority of Arabs did not sell their land.' It must be pointed out, however, that for those 'feudalists' who did sell their land, the process of land transfer which occurred was collusive rather than intrusive.

111 Stein, *Land Question*, 67 (for further discussion and examples, see 67–70). Appendix 3 of Stein's book (pp. 228–39) contains a partial list of Palestinian Arabs (politicians and notables) who transferred land to Jews between 1918–45.

112 Ibid., 65–79, discusses in detail both the motives for Palestinian land sales and the methods of Jewish land purchase; see also Orni, *Agrarian Reform*, 54–5.

113 Kimmerling, *Zionism and Economy*, 30, Table 2.6, presents figures indicating private capital represented 70–79 percent of total Jewish capital flow into Palestine during 1918–37. See also Plessner, 61–78. Plessner, 72, notes that the successful showing of private capital in the 1930s was attributed mainly to the large amount of capital resources German Jews brought with them to Palestine—indeed, between 1932 and 1937 private capital investment in Palestine accounted for more than 87 percent of all investment.

114 Ussishkin to 'All Representatives of the JNF,' 16 August 1928, CZA, KKL 5/file 3273.

115 Yair Aharoni, *The Israeli Economy: Dreams and Realities* (London and New York: Routledge, 1991), 65; Chaim Gvati, *A Hundred Years of Settlement: The Story of Jewish Settlement in the Land of Israel* (Jerusalem: Keter Publishing House, 1985), 94. A document titled 'From Royal Commission to UN S.C.O.P.: Some New Facts Created by the Yishuv,' n.d. (c.1947), p. 3, CZA, KKL 5/file 15559, puts JNF holdings, by the beginning of 1937, at 375,000 dunams and total Jewish holdings at 1,412,000 dunams. Thus, according to these numbers, JNF holdings represented only 26.5 percent of total Jewish holdings.

116 The Zionist focus on the coastal and valley regions of Palestine represented what Shafir, 24, calls 'a remarkable territorial shift of the Jewish homeland.' In other words, 'in antiquity Jews [*sic*] inhabited mostly the hilly regions of the West Bank,' whereas in modern times 'Jewish settlers did not penetrate into [the West Bank] area until some years after 1967.' According to Shafir, the main reason for the modern Zionist 'shift' was that from the nineteenth century forward, the hilly region of the West Bank and the Galilee was more densely settled by Palestinians than were the coastal and valley regions. According to Khalidi, *Palestinian Identity*, 95, 97, the coastal and valley regions were less populated because these regions had 'suffered most from the depredations of nomads in the late eighteenth and early nineteenth centuries before the Ottoman government reestablished its authority' over Palestine. However, after 1850, the coastal plain (much of it sandy soil and parts of it marshy and swampy) proved ideal for citrus culture for export. Investment in this labor- and capital-intensive form of agriculture expanded cultivation in the plain and 'drew [Arab] workers to these areas,' thus increasing the Arab population in the plain. Similar processes of population growth and expanded cultivation occurred in the Jezreel Valley and in the eastern Galilee after the 1860s. Thus, by the early twentieth century (before 1914), these same areas were 'already fairly populated by Arabs, although often less so than the hill regions.' Consequently, the increased Arab population in the coastal and valley regions before 1914 set the stage for the first 'collisions' there between Arabs and Jews.

- 117 Yair Paz, 'The Attempts to Establish Jewish Territorial Continuity Between Tel Aviv and Jerusalem During the Mandate,' in *Jerusalem in Zionist Vision and Realization*, ed. Hagit Lavsky (Jerusalem: Zalman Shazar Center for Jewish History; Historical Society of Israel; Center for the Study of Zionism and the Yishuv; Hebrew University of Jerusalem, 1989), 279–300 (in Hebrew), discusses the JNF's strategic land-purchase shift in the Jerusalem Corridor during 1936–47.
- 118 For the quote on security concerns, see Granovsky, *Agrarian Reform and the Record of Israel* (London: Eyre and Spottiswoode, 1956), 34. For discussion of the impact of the Arab Revolt and the Peel partition scheme on Zionist land policy considerations, see Itzhak Galnoor, *The Partition of Palestine: Decision Crossroads in the Zionist Movement* (Albany: State University of New York Press, 1995), 241–5. See also W.P.N.Tyler, 'The Huleh Concession and Jewish Settlement of the Huleh Valley, 1934–48,' *Middle Eastern Studies* 30, no. 4 (October 1994): 840.
- 119 As quoted in Moshe Levin, *The Story of the Jewish National Fund* (Jerusalem: The Head Office of the Jewish National Fund, 1957), 37–8.
- 120 Granovsky, *New Settlement Financing*, 9; see also Stein, *Land Question*, 206–7, and Stein, 'The Jewish National Fund: Land Purchase Methods and Priorities, 1924–1939,' *Middle Eastern Studies* 20 (April 1984): 194. Epstein, 'Confidential Circular' titled 'The Political Significance of Land Purchase,' sent to JNF offices in New York, London, Johannesburg, and Montreal, and to other influential Diaspora Jews, 31 December 1937, CZA, KKL 5/file 8837, p. 2, gives the Zionist leaders' perception of Arab motives, by late 1937, for wanting to sell more land: (1) fear that 'new political developments' (i.e., particularly the Peel partition plan) would reduce potential profitability if they held on to their land; (2) reduced financial resources available to landowners; (3) landowners' 'apprehension that they might be prevented by legislation from selling later on.'
- 121 Granovsky, *New Settlement Financing*, 3: 'The public funds of the Jewish people, drawn almost entirely from self-imposed donations, have in spite of the increasing receipts of the two Funds of the Zionist Movement [Foundation Fund and JNF] always been inadequate to permit the utilisation of all the possibilities which have presented themselves.'
- 122 Ronald W.Zweig, *Britain and Palestine During the Second World War* (Woodbridge: The Boydell Press, 1986), 177. On Arab demands and their influence on the changes in British policy that culminated in the White Paper of 1939, see Ran Greenstein, *Genealogies of Conflict: Class, Identity, and State in Palestine/Israel and South Africa* (Hanover, NH, and London: Wesleyan University Press, 1995), 149–50, and Y.Porath, *From Riots to Rebellion: The Palestinian Arab National Movement, 1929–1939* (London: Frank Cass, 1977), 162–6. Shapira, *Land and Power*, 233, points out that Britain's reluctance to respond with force to Arab violence during the revolt was seen as 'a Palestinian version of the policy on nonintervention in Spain;' even more damning, however, was the view that Britain's 'retreat' from support for a partition scheme and the movement to the 'pro-Arab stance' expressed in the May 1939 White Paper, was explained by some Zionists to be 'part of her global surrender to the forces of violence.'
- 123 For the text of the White Paper, see *Great Britain and Palestine, 1915–1945* (London: Royal Institute of International Affairs, 1946; reprint, Westport, CT: Hyperion Press, 1976), 167–74 (Appendix VI).
- 124 Stein, *Land Question*, 80–81. See also Gabriel Sheffer, 'Intentions and Results of British Policy in Palestine: Passfield's White Paper,' *Middle Eastern Studies* 9, no. 1 (January 1973): 43–60.
- 125 For the text of the Land Transfer Regulations, see *Great Britain*, 174–5.
- 126 Ibid., 59, 130–31, 174–5.

- 127 Land made possible the settlement of Jews flocking into Palestine between c. 1935–39 as a result of anti-Semitic Nazi policies in Germany. The *Keren Hayesod* (Foundation Fund) and the Jewish Agency had the main responsibility for funding Jewish settlement. Kimmerling, *Zionism and Economy*, 33, Table 2.7, indicates that, between 1921 and 1945, these institutions spent 30 percent or more of their income on agricultural and urban settlement of Jews. Needless to say, settlement remained an urgent task throughout the Mandate period and into the early years of Israeli statehood—see Granovsky, ‘The Measure of the Task,’ number five of a series, an address given by Granovsky at a conference of the JNF of America, 4–6 March 1949 (issued by The Jewish National Fund of America in New York, c.1949), 7–9, CZA, card catalog no. 16.993.
- 128 Epstein, ‘The Political Significance of Land Purchase,’ 31 December 1937, CZA, KKL 5/file 8837, p. 3, notes that at a 12 December 1937 joint meeting of the JNF Directorate and the Executive of the Zionist Organization (including Ben-Gurion and Weizmann), the ‘possibility and desirability of stimulating private individuals to purchase land’ was ‘stressed and generally agreed upon.’
- 129 Granovsky to Weiss, 30 December 1940, CZA, KKL 5/file 11792, explains the differences between the two schemes: ‘The money paid to the Keren Kayemeth in respect of the Joint Land Purchase Scheme is to all intents and purposes an investment, entitling the investor either to receive a plot of land in his own and unrestricted private ownership, or alternately to have his money (plus interest) refunded to him. It is thus a purchase of land with option to turn it into a loan to the Keren Kayemeth. Unlike this, the money paid to the Keren Kayemeth under the Farm City Scheme is a contribution which is not to be refunded. The option to which the donor is entitled in this connection is that of a lease of Keren Kayemeth land and no question of private ownership is therefore involved.’
- 130 Lehn, 336n201, explains that the J.N.F. Charitable Trust was set up in Britain in 1939, as a body legally distinct from the JNF, after the English courts decided some JNF activities were not charitable under British law. Therefore, contributions the J.N.F. Charitable Trust received through the FCS had to be used for charitable purposes (i.e., settling of poor Jews, building of synagogues, schools, hospitals, etc.).
- 131 For background information on the Huleh Concession up to 1936, see Jewish Agency for Palestine, *Memorandum on the Huleh Concession Submitted to the Palestine Royal Commission* (Jerusalem, 1936), CZA, card catalog no. 7217, and Tyler, *State Lands*, 81–111.
- 132 Harry Levin (JNF English Department) to JNF offices in New York, London, Johannesburg, and Montreal, and to influential Diaspora Jews, 1 February 1938, CZA, KKL 5/file 8837. On the importance of the Galilee to intensive Zionist settlement after 1937–38, see Katz, *Partner to Partition*, 170–73.
- 133 According to Shapira, 253, Hanitah was established in the middle of an Arab area, ‘on the route taken by the armed bands filtering down from Lebanon to Palestine,’ during the height of the Arab Revolt (March 1938). Arabs attacked the settlement the first night and killed two Jews. However, the next attack was staved off by the Jewish field guards (including ‘all the important figures in the Hagana’ at the time). Thereafter, Hanitah became a symbol of Jewish defense against Arab aggression. Shapira calls Hanitah the ‘central myth’ of the period 1936–47 and the ‘symbol of the adaptation of the defensive myth’ to the new political circumstances of the late 1930s. See also Ben-Zion Dinur et al, eds., *Sefer Toldot ha-Hagana* (Tel Aviv, 1954–73), 2:872–80. For a JNF view of events related to Hanitah, see the information circular and supplement (with map) sent by Harry Levin (secretary, JNF English Department) to unidentified recipients, 21 and 22 March 1938, CZA, KKL 5/file 8837.
- 134 Harry Levin (JNF English Department) to JNF offices in New York, London, Johannesburg, and Montreal, and to influential Diaspora Jews, 1 February 1938, CZA, KKL 5/file 8837.
- 135 Ibid.

## 2

**Preparing for the challenge, September 1939-April 1940**

- 1 Stein, *Land Question*, 174, makes clear that the acquisition of lands 'coterminous with existing Jewish settlements' became important in the wake of the 1929 disturbances and, therefore, was not a new concern in the late 1930s.
- 2 Minutes from Meetings of the Jewish National Fund Directorate, 18 October 1939, CZA, KKL 10 (hereafter, Minutes).
- 3 Minutes, 18 October 1939.
- 4 Ibid. In Granovsky's words, the period between November 1938 and October 1939 was 'a time of trouble and hardship for the people of Israel,' unlike any in the history of the Jewish people and the Zionist movement since World War I.
- 5 An information circular sent by Harry Levin (secretary, English Department of JNF Head Office) to unidentified 'Sir,' 15 May 1938, CZA, KKL 5/file 8837, mentions that the JNF's 'first step' in issuance of debentures was taken in Germany in 1933 (at the beginning of the 'German Aliya'). The amount of £P40,000 in debentures was 'taken up' very quickly. This positive experience prompted the JNF to issue more debentures in 1935; in this case, £P80,000 in debentures 'were realised.' These successes laid the groundwork for the JNF to issue £P100,000-worth of debentures in Prague, Czechoslovakia, in 1938, all of which were 'taken up in a few days.'
- 6 Levin, *ibid.*, informs that before mid-1938, the JNF had 'influence [d]' certain institutions and individuals to 'place at [its] disposal loans on easy terms' to assist the JNF in its land activities. The most important such loans were received from three private individuals, two in Palestine who supplied loans of £P25,000 and £P30,000 and one in London whose loan was for £P10,000. The money from these loans was intended mostly for unidentified 'special purchases in Galilee.'
- 7 Minutes, 18 October 1939.
- 8 For example, South Africa contributed £P15,000, and another £P10,000 came from a loan on account of the Hochberg Legacy.
- 9 Minutes, 19 December 1939.
- 10 For the problem of dried-up credit sources at the outbreak of the war, see *Report on the Activities of the Keren Kayemeth LeIsrael Limited (Jewish National Fund) for the Period 5700 to 5706 (October 1939 to September 1946)*, submitted to the 22nd Zionist Congress, Basle, Switzerland, December 9, 1946 (Jerusalem, 1946), 85.
- 11 Minutes, 18 October 1939.
- 12 Ibid.
- 13 See Granovsky, *New Settlement Financing*, 7–9. For an example of a case in which a Haifa resident gave 1362 dunams on Mt. Carmel as a living legacy, see Epstein to Levin, 24 July 1942, CZA, KKL 5/file 12688.
- 14 *Reports of the Executives Submitted to the Twenty-Third Zionist Congress at Jerusalem.*, August 1951 (Jerusalem: The Executives of the Zionist Organization and of the Jewish Agency for Palestine, 1951), 93. 'Legators' were usually professional men (i.e., teachers, officials, etc.) but others were not excluded (such as merchants, industrialists, estate owners, and bankers). The living legacy was especially attractive to seniors 'whose family or heirs are not in need.'
- 15 Minutes, 18 October 1939. The sources to which I had access were not clear about the meaning of the financial option put forward here in connection with the Y.L.Goldberg Legacy.
- 16 An alternate of the Hebrew translated here as 'mixed blessing' is: 'fly in the ointment' (literally, 'fat tail with a thorn in it').
- 17 Minutes, 18 October 1939.

- 18 The Hebrew word here translated as 'sale' (as in 'sale of debentures') is *pidyon*, which can also be translated as 'redemption' or 'delivery sale (in cash).'
- 19 Minutes, 18 October 1939.
- 20 Ibid. See discussion of the Joint Land Purchase Scheme (JLPS) in succeeding chapters.
- 21 'Redeemed' as used in this paragraph is translated from the Hebrew *ga'al*, signifying land purchased from Arabs. In contrast, the Hebrew *padah*, also translated as 'redeemed' or 'ransomed' (see note 17), refers to the purchase of land from Jews, which was perceived by JNF officials as being a lesser form of land 'redemption.' See the document in Hebrew titled 'Another Year of Struggle (Review)' (Hebrew: *od shnat ma'avak(skirah)*), 2 February 1947, CZA, KKL 5/file 15907, for the use of *ga'al* and *padah* to distinguish the two kinds of land purchase. See also *Redemption of the Land of Eretz-Israel: Ideology and Practice*, ed. Ruth Kark (Jerusalem: Yad Izhak Ben-Zvi, 1990) (Hebrew).
- 22 Minutes, 18 October 1939. Weitz did not delineate where the JNF purchased the 52,000 dunams for the whole of fiscal year 1939, but he did give details for the period from June to September 1939. He reported that the JNF purchased land in: 'southern Judea' (1,300 dunams, including more than 1,000 dunams near Kefar Menahem for 'expansion of the settlement' and 210 dunams near Benei Brak for workers' housing); the Sharon Valley (about 800 dunams 'near Kefar Sava,' Even Yehudah, etc.); Samaria (close to 1,000 dunams near Ein Ha-Shofet); the environs of Mt. Tabor, east of Nazareth (more than 600 dunams); the Jordan Valley, Bet Shean region (about 900 dunams); the area bordering Acre (Akko), near Nahariyyah (more than 700 dunams); and in Kadesh Naphtali in the Upper Galilee (600 dunams). Weitz pointed out that the purchase in Kadesh Naphtali was 'special' because the JNF already owned about 4,750 dunams there (out of a potential 12–13,000 dunams).
- 23 The Hebrew phrase used in the Minutes referring to these land purchases is *hitkashruiyot al kniyat karka'ot*, roughly translated as 'connections/contacts for land purchases.'
- 24 Minutes, 18 October 1939.
- 25 Ibid.
- 26 Ibid. The only one of these lands I am not able to locate on any map is 'Somail.'
- 27 Ibid. For further discussion of Huj and Bureir in relation to Smilansky's proposals, see Minutes, 26 April 1939.
- 28 Stein, *Land Question*, 201; Tyler, 'Huleh Concession and Jewish Settlement,' 842.
- 29 Minutes, 18 October 1939.
- 30 Ibid.
- 31 'An Hour of Immense Works—Will We Delay/Miss It?: One Quarter of a Million Dunams of Land Available for Acquisition in War Time,' Joseph Weitz's words before workers of the JNF's Propaganda Department, 19 December 1939, KKL5/file 10576. *Report of the Executives of the Zionist Organization and of the Jewish Agency for Palestine*, submitted to the 21st Zionist Congress and the 6th Session of the Council of the Jewish Agency at Geneva, August 1939 (Jerusalem: Executives of the Zionist Organization and of the Jewish Agency for Palestine, 1939), 188, delineates three broad land-policy objectives supported by the Zionist movement on the eve of the war, all of which coincide with the overall policy laid out by Weitz: to enlarge already-existing centers of Jewish settlement; to strengthen isolated Jewish points of settlement; and to expand the frontiers of Jewish settlement to new areas.
- 32 Weitz, 'An Hour of Immense Works.'
- 33 Ibid. On Smilansky's involvement in these land investments, see 'Address of Mr M.Ussishkin at a Conference of Journalists held at the Head Office of the Jewish National Fund,' 24 April 1938, CZA, KKL 5/file 8837.
- 34 Swedenburg, *Memories of the Revolt*, 24, 82, and 88, identifies the Nablus-Jenin-Tul Karm region variably as the 'Israeli Triangle,' simply the 'Triangle,' or the 'Triangle of Terror' respectively.



35 Weitz, 'An Hour of Immense Works.'

36 Ibid.

37 Ibid.

38 Minutes, 18 October 1939.

39 Ibid.

40 His full name was Yitzhak Avigdor Wilkansky, better known as Elazari-Volcani (1880–1955). For Wilkansky's secular socialist-Zionist views, see Shimoni, *Zionist Ideology*, 295–7.

41 Minutes, 18 October 1939. Rafael N. Rosenzweig, *The Economic Consequences of Zionism* (Leiden: E.J.Brill, 1989), 100–1, points out that after 1937, when the decision to buy and settle land became 'predominantly a political one,' economic considerations were 'put aside.' Likewise, Kark, 'Jewish Frontier Settlement,' 350, highlights the 'strategic-political objective' that led to the establishment of 11 settlements as 'outposts' in the Negev on 6–7 October 1946. The 'economic aspects,' she continues, were of 'secondary importance.' See also Katz, *Jerusalem and Hebron*, 266. Wilkansky seemed to be bucking the trend by emphasizing the economic importance of land purchase. The veracity of Rosenzweig's and Kark's comments, at least as applied to the case of land-purchase priorities presented here, seems to be borne out by the fact that Wilkansky was the only Directorate member who emphasized the importance of the economic question. Viewing the economic issues in retrospect, Plessner argues in *Political Economy of Israel*, that in the long run the Zionism and Israel have paid a hefty economic price for what he perceives as an earlier misguided and ideologically flawed economic philosophy.

42 Hermann Struck (1876–1944), born into an Orthodox Berlin family, was a graphic artist (taught graphic techniques to his fellow artist Chagall) who joined the Zionist movement at an early age and eventually immigrated to Palestine in 1923. Berkowitz, 131, points out that Struck's profile portrait etching of Herzl came to be 'the most popular and enduring single image of Zionism from 1897 to 1914.' For more on Struck, see Berkowitz, 129, 131–3, 135, 150.

43 Minutes, 18 October 1939.

44 *Report on the Activities of the Keren Kayemeth Leisrael Limited (Jewish National Fund) for the Period 5700 to 5706 (October 1939 to September 1946)*, submitted to the 22nd Zionist Congress, Basle, Switzerland, December 9, 1946 (Jerusalem, October 1946), 85. See also 'Private Investments with Keren Kayemeth Leisrael, Ltd,' 18 September 1938, CZA, KKL 5/file 10475, pp. 3–7.

45 Minutes, 18 October 1939.

46 Ibid.

47 For the text of both policy statements, see *Great Britain and Palestine, 1915–1945* (London: Royal Institute of International Affairs, 1946), Hyperion reprint edition 1976, 167–75.

48 In the Minutes, JNF Directorate members refer to the 'free zone' as Zone C.

49 Minutes, 3 March 1940. For the quote from the LTR, see *Great Britain and Palestine*, 173–4.

50 *Musha'a* lands were under communal ownership (undivided land held in common ownership) with the villagers holding undivided shares in the lands. For more information on *musha'a* as a land category and on its economic ill-effects, see Stein, *Land Question*, 14–15, 20–2, 71–2, 142–3, 212, 216, 220, 260n72; Haim Gerber, *The Social Origins of the Modern Middle East* (Boulder, Colorado: Lynne Rienner Publishers, 1987), 77–8, 147–8; Kamen, 135–43; Ya'akov Firestone, 'The Land-equalizing *musha'a* village: A Reassessment,' in *Ottoman Palestine 1800–1914*, ed. Gilbar, 91–129; Raphael Patai, 'Mush'a Tenure and Cooperation in Palestine,' *American Anthropologist* 51 (January–March 1949): 436–45; George Post, 'Essays on Sects and Nationalists of Syria and Palestine—Land Tenure,' *Palestine Exploration Fund Quarterly Statement* 23 (April 1891): 99–147; and Tyler, *State Lands*, 8–9, 11, 80, 149, 171–4, 178.

51 Minutes, 3 March 1940.

52 Ibid.

53 Ibid.

54 Ibid. See also Minutes, 11 April 1940.

55 Unfortunately, the meeting Minutes do not specify what the possible loopholes were.

56 See Minutes from the 11 April 1940 meeting. In the March meeting, Eliezer Kaplan (treasurer of the Jewish Agency) had suggested the appointment of a legal committee to assess what would and would not be possible under the LTR and to reveal possible loopholes in the LTR. The involvement of Ussishkin, Granovsky, and Weitz in legal discussions by the time of the April meeting seems to indicate they were appointed to the proposed legal committee. For more on the JNF's lawyers, loopholes in the LTR, and the land-brokers who searched for tracts all over Palestine and negotiated for their purchase, see Katz, *Jerusalem and Hebron*, 13; J. Weitz, *Creating a Land Legacy: Chapters from a Diary*, in Hebrew (Tel Aviv, 1951), 9–26; Elhannan Orren, *Settlement Amid Struggles: The Pre-State Strategy of Settlement, 1936–1947* (Jerusalem: Yad Izhak Ben-Zvi, 1978), 96–101; S. Reichman, *From Foothold to Settled Territory: The Jewish Settlement, 1918–1948: A Geographical Interpretation and Documentation*, in Hebrew (Jerusalem: Yad Izhak Ben-Zvi Publications, 1979), 64–5; N. Bistrizky, ed., *In the Path of Zionist Fulfillment*, selected studies in honor of Joseph Weitz's 60th birthday, in Hebrew (Jerusalem, 1946), 157–65.

57 Minutes, 11 April 1940.

58 Juchovitsky's words found in the Minutes, 11 April 1940; comments by Ruppin, Berlin, and Shmorek found in the Minutes, 3 March 1940.

59 Minutes, 11 April 1940.

60 Minutes, 3 March 1940. The fact that the Zionists in London had close relations with certain British officials and with the British bureaucracy in Palestine is no secret. Stein, *Land Question*, 80, states: 'A major reason for the ultimate success of the founding of the Jewish national home was the Zionists' ability to influence policymaking for Palestine.' Zionist political activity included helping draft important documents pertaining to the Mandate and influencing appointment of individuals who affected the 'design and management of the Mandate.' Stein, 220, went as far as to say the Zionists 'manipulated the British bureaucracy in Palestine.' A.J. Sherman, *Mandate Days: British Lives in Palestine, 1918–1948* (New York: Thames and Hudson, 1997), 53, points out that the fact that Zionists had ties with British officials was well known among Mandate officials in Jerusalem: 'British officers in Jerusalem were uncomfortably aware that the Zionists in London had access to the home government at the most senior levels, and [that the Zionists] were not slow to mobilize pressure against any measures taken in Palestine that did not accord with Zionist policies.'

61 Minutes, 3 March 1940.

62 Sherman, 150. Sherman further explains that the High Commissioner in Palestine was 'equally unmoved' by strikes and violent demonstrations that broke out in Tel Aviv and Jerusalem.

63 Minutes, 11 April 1940.

64 Presumably former Ottoman *miri*, or 'State Lands, usually agricultural, held in leasehold tenure for the purposes of cultivation.' See Robert H. Eisenman, *Islamic Law in Palestine and Israel: A History of the Survival of Tanzimat and Shari'a in the British Mandate and the Jewish State* (Leiden: E.J. Brill, 1978), 144–6, 289. For a study of the state lands issue during the Mandate, see Tyler, *State Lands*, particularly 21–145.

65 Minutes, 3 March 1940. Weitz reminded Katznelson that the myth of state lands had been proven false long ago, pointing out that, apart from some lands in the Bet Shean Valley ('Ashrafiyya' and 'Om-'Ajrah') that were 'soon to be delivered to the JNF,' most state lands had been delivered to the Arabs. Any remaining state lands, he argued, were 'only suitable for pasture.' For an assessment of the four major charges leveled by the Jews against British officials over the handling and administration of state lands, see Tyler, *State Lands*, 39–48.

66 Minutes, 3 March 1940.

67 Kaplan (in the 3 March 1940 meeting) put forward both of the suggestions mentioned here.

68 Ibid.

69 Ibid. For Katznelson's comments on the free zone and for Berlin's comments, see Minutes, 11 April 1940.

70 Minutes, 11 April 1940. At the time of the April meeting, the JNF was considering three land-purchase proposals in the valley for 35,000, 13,000, and 32,000 dunams (equalling 80,000 dunams) and three proposals in the mountains for 7,000, 12,000, and 20,000 dunams (equalling 39,000 dunams).

71 Ibid.

72 Ibid.

73 *Great Britain and Palestine.*, 174–5, italics added.

74 Minutes, 3 March 1940.

75 Minutes, 11 April 1940.

76 For the LTR text, see *Great Britain and Palestine*, 174, italics added; for Weitz's address to workers of the JNF's Propaganda Department, see 'An Hour of Immense Works,' 19 December 1939, KKL 5/file 10576. Stein, 'The Jewish National Fund,' 200–1, notes that land purchased by the JNF before the application of the LTR 'provided the JNF with opportunities to expand these holdings after the regulations came into effect.' See also Minutes, 25 December 1940.

77 *Great Britain*, 175, italics added.

78 Minutes, 11 April 1940.

79 Ibid.

80 Ibid.

81 Ibid. Weitz talks of the lands in these three examples as being sold to 'Jews' but he does not make clear who the Jews were. Apparently, the JNF was not involved in these particular land deals.

82 Ibid.

83 The Hebrew adjectives used here are *memushkan*, meaning 'mortgaged' and *me'ukal*, meaning 'attached' by a court (attach=to seize legally in order to force payment of a debt—in this case payment of debt on land); the Shimon Zilberman *Hebrew-English Dictionary* translates *me'ukal* as 'confiscated.' *The McGraw-Hill Dictionary of Modern Economics* (New York: McGraw-Hill, 2nd edn., 1973), 28, defines 'attachment' thus: 'A legal means taken by a creditor to stop financial loss to him. Attachment is a temporary expedient for use in an emergency situation. It could result from an action on the part of a debtor, such as fraud, insolvency while goods are in transit, or assignment of goods to a third party. In order to satisfy his claim, the creditor must obtain a writ of seizure of property. This writ is served on the debtor by a sheriff or other levying officer.'

84 Minutes, 11 April 1940.

85 Ibid.

86 Or, perhaps, Ruke or Roke.

87 Minutes, 11 April 1940. The JNF Minutes do not give any explanation as to how a lessee who has mortgaged land from the owner then has the right to 'sell the land' (a direct translation from the Hebrew *muchan linkor et hakarka*). Most likely 'sell the land' meant 'sell the mortgage on the land.'

## 3

**Overcoming early wartime challenges, 1940–41**

- 1 See Minutes, 26 September 1940. For the reader's information, I have included official JNF General Income and Expenditure Accounts and Balance Sheets for the period 1940–45 in the Appendix to this study. Where appropriate, information from these accounts and balance sheets will be included in footnotes throughout the study (for the sake of easy comparison). Because this official financial information was published months after the information reported in the Minutes, the reader will notice many discrepancies between the figures and financial categories obtained from the Minutes and those published in the Appendix. For example, according to the General Income and Expenditure Accounts, the JNF balanced its books every year between 1940–45. The Minutes, however, do not always make clear how the JNF accomplished this task. At this stage in my research on JNF finances, By the time of publishing this book, I was not able to fully reconcile the differences in figures and categories—if, indeed, it is even possible to reconcile them.
- 2 See the section on the JNF in *Report of the Executives of the Zionist Organization and of the Jewish Agency for Palestine*, submitted to the Twentieth Zionist Congress and the Fifth Session of the Council of the Jewish Agency at Zurich, August 1937 (Jerusalem: Executives of the Zionist Organization and of the Jewish Agency for Palestine, 1937), 254. The Hebrew verb used in the Minutes is *hifki'a*=to confiscate, requisition. The report cited above uses 'expropriated.'
- 3 For the JNF's Articles of Association, see a copy in KKL 5/file 12756. For the discussion about how to deal with government expropriations of JNF land (including legal questions), see the correspondence (in both Hebrew and English) between Granovsky, Schen, and Samuel Ussishkin (an attorney and son of Menachem Ussishkin) between c. December 1937 and March 1938, CZA, KKL 5/file 8829.
- 4 Minutes, 26 September 1940.
- 5 Ibid.
- 6 Minutes, 25 November 1941. This grand total figure is the best I can calculate given the income information reported in the Minutes. The Minutes themselves give the figure £P1,137,650. The two figures cannot be reconciled with the information currently available to me. Both figures exclude the £P61,250 reserve from previous years given in this paragraph. The official General Income and Expenditure Account (see Appendix) gives the 1941 income from contributions, from leasehold fees, and from interest and dividends received on securities and investments as £P639,537.
- 7 Ibid.
- 8 Ibid. Rosenzweig, 107, states that the 'financial links' with central and eastern Europe had 'sustained most of the Zionist development effort' in the 1930s. With the outbreak of the war, however, those same links were weakened and 'the flow of capital and of manpower from those areas diminished.' Based on Table 3.3, the countries of continental Europe combined contributed a mere £P19,000 in fiscal year 1941; compared to the contribution of £P91,037 during fiscal year 1940, the decrease amounted to a significant £P72,037. Granovsky, in Minutes, 25 November 1941, pointed out that the £P 19,000 were 'saved' through the 'capable work' of Dr Joseph Weiss, the representative of the JNF Head Agency in Geneva, who had only recently returned to Palestine. 'It is interesting,' Granovsky clarified, 'that the said amount [£P19,000] includes considerable sums from the countries that were already occupied by the enemy in 1941.'
- 9 The United Palestine Appeal was the central agency providing American support for the Jewish Agency for Palestine, for the Keren Hayesod (Foundation Fund), and for the JNF.

- 10 Quotes in this paragraph found in Minutes, 25 November 1941. For the creation of the UJA, subsequent quarreling between the three bodies over allocation percentages, and UJA successes, see Marc Lee Raphael, *A History of the United Jewish Appeal, 1939–1982*, Brown Judaic Studies 34 (Rhode Island: Scholars Press, 1982), 1–13; Abraham J. Karp, *To Give Life: The UJA in the Shaping of the American Jewish Community* (New York: Schocken Books, 1981), 67–107; Charles E. Schulman, ‘Fund-raiser Par Excellence,’ in *Understanding American Jewish Philanthropy*, ed. Marc Lee Raphael (New York: Ktav Publishing House, Inc., 1979), 97–101. For a thorough discussion of Nazism’s impact on American Jews, see David H. Shapiro, *From Philanthropy to Activism: The Political Transformation of American Zionism in the Holocaust Years 1933–1945* (Oxford: Pergamon Press, 1994). Raphael, 13, gives total UJA income during the war, 1939–45: \$119,889,000. Of this total JDC received \$64,376,000 (53.7 percent) for its program in many lands; UJA received \$42,058,000 (35.1 percent) for the ‘upbuilding, defense, and war mobilization of the Jewish National Home in Palestine;’ the NRS received \$13,455,000 (11.2 percent) for integration of newcomers in the USA.
- 11 Minutes, 25 November 1941. Granovsky was disappointed that only ‘some years’ after Ussishkin had successfully organized a project in Canada for the redemption of the Hefer Valley, work in Canada on behalf of the JNF was ‘being conducted in a routine way.’ After several unsuccessful attempts to better organize JNF work in Canada, the Zionist Federation finally appointed the ‘good Zionist’ Rabbi Goldenblum to conduct JNF affairs there. As a result of Goldenblum’s efforts, JNF work steadily improved. The JNF, the Keren Hayesod, and the Bitzaron Fund each received one-third of the United Canadian Appeal’s collected funds.
- 12 Ibid.
- 13 Ibid.
- 14 Ibid. The actual total amount given in the Minutes is £P26,250, but the subsequent rounded figures given in the Minutes (and reproduced in this paragraph) add up to £26,400.
- 15 Ibid.
- 16 Ibid.
- 17 Ibid.
- 18 Ibid. The phrase ‘[was] not the easiest thing [to do]’ is a translation of the Hebrew, *hi’ mehadavarim bilti-hakalim beyoter*. For the Directorate’s decision to borrow ‘45,000 Sterling Liras’ from the Palestine Electric Company, see Minutes, 31 July 1941.
- 19 Granovsky added to the grand total from Table 3.5 another £P120,700 without giving clear explanation of its nature. The addition of the £P120,700 brought Granovsky’s grand total to £P1,137,650 (assuming his figure of £P1,016,950 found in Table 3.5, footnote e). The Minutes report that the £P120,700 were ‘found in the bank to the JNF’s account in the depression/oppression of 1941.’ This translation is the best I could muster for the Hebrew *nimtza’ bebank leheshbonah shel hakeren hakayemeth leisrael basikuf tash’a*. Note: the Hebrew *basikuf* is possibly a misspelling of what should be *besof*, which would thus render the more understandable translation, ‘found in the bank to the JNF’s account at the end of 1941.’ However, why Granovsky would add the £P120,700 (that the latter translation might indicate is a bank *credit* for the JNF) to JNF *expenses* rather than subtract the amount from his subtotal of £P1,016,950 is entirely unclear.
- 20 The income figure here does not include the £P61,250 of reserve money (see Table 3.3, footnote b).
- 21 Minutes, 25 November 1941. No conceivable calculation can reconcile the apparently incongruous figures reported here. Initially, it seemed possible that Granovsky was offsetting the £P430,000 figure by the amount the JNF paid on its debts (including interest payments) during the same year. However, the latter figure amounted to £P434,825, thus showing that in reality the JNF paid more on its debts than it received in new debts during fiscal year 1941.

- 22 Minutes, 26 September 1940. Before 1939 only one year equaled the 1940 accomplishment (1920 with 43,021 dunams) and one approached it (1924 with 40,225 dunams). Purchase of land from Jews in the three zones was as follows: Zone A—7,150 dunams; Zone B—1,230 dunams; free zone—1,675 dunams. Note: In the division of the agricultural lands between lands ‘redeemed’ from Arabs and those acquired from Jews, Minutes, 26 September 1940, round off the 43,144 figure to 43,150 dunams; therefore, the numbers reported here do not always add up. However, they are not so radically far off as to make a difference.
- 23 Ibid.
- 24 Minutes, 25 November 1941. For some reason, the Minutes exclude JNF purchase of urban land.
- 25 Minutes, 14 August 1941. For the examples of Sumsum and Iraq el-Manshiya in the south alluded to here, see Weitz’s comments in Minutes, 27 February 1941. Eisenman, 146–51, examines the process of land settlement between 1928 and 1948. Concerning the Office of Land Settlement set up under the Land (Settlement of Title) Ordinance of 1928, Eisenman, 147–8, clarifies that the Settlement Officer heard ‘all suits regarding land tenure’ according to the Ottoman and/or Palestinian law applied under the Mandate and was ‘given sweeping powers to demarcate boundaries, public roads, and rights-of-way, [to] order exchanges, compensation, arbitration, or partition, and [to] correct errors in the Land Registry.’
- 26 Minutes, 25 November 1941.
- 27 See ‘Private Investments with the Keren Kayemeth Leisrael [JNF] Ltd.,’ 18 September 1938, CZA, KKL 5/file 10475. For correspondence concerning de Shalit, see Granovsky to Schen, 3 June 1938, CZA, KKL 5/file 10475; see also a document in Hebrew titled ‘Absolutely Secret’ and signed by de Shalit in which he gives details of his visit to Romania, 9 October 1938, CZA, KKL 5/file 10474, and a de Shalit memorandum to Granovsky and Yosef Weitz, ‘Cooperation of Private Capital and the Jewish National Fund in the Acquisition of Land in Palestine,’ 13 May 1938, CZA, KKL 5/file 10475; Granovsky to Weiss, 30 December 1940, CZA, KKL 5/file 11792, states: ‘Considerable interest was evoked at that time [1938] in Rumania, but the practical results were nil.’
- 28 Granovsky to Juedischer Nationalverband Fuer Transylvania, 9 May 1940, CZA, KKL 5/file 11793.
- 29 Minutes, 27 February 1941.
- 30 Granovsky to JNF Colleagues, 9, 10, 11, 21 April 1940, CZA, KKL 5/file 11791; see also Granovsky to Weiss, 30 December 1940, CZA, KKL 5/file 11792. The Head Office also was unsuccessful in targeting other JNF affiliate offices and individual Jewish investors for participation in the scheme—in South America (Chile, Argentina), South Africa, Australia, Egypt, Palestine, the United States, America, Canada, Italy, Transylvania, Yugoslavia, and in the UK.
- 31 Abraham Granovsky, member of JNF Board of Directors, to the JNF office, New York, 10 July 1940, CZA, KKL 5/file 11786. Granovsky explained that ‘very often’ the JNF was ‘prevented from buying a certain area on account of its lack of means,’ and, therefore, had to wait until the means were available, by which time the desired plot was often no longer available.
- 32 Ibid.
- 33 ‘Joint Land Purchase Scheme,’ Jerusalem, July 1940, CZA, KKL 5/file 12693.
- 34 Ibid. However, the memorandum also delineates additional costs to the investor, beyond the initial cost of the land, including the following services and fees: payment of expenses if the investor wanted the JNF to safeguard and to look after his/her land; government registration fees payable on transfer of the land in the name of the investor and possibly a ‘partition fee’ to be paid at the Land Registry Office; and costs of survey, parcellation, and development of the land (if needed).
- 35 Ibid.
- 36 Ibid.

- 37 Lehn, 65; Gabriel Alexander, 'Establishment of Hemnutah Company Ltd. and its First Functions (1938–40),' originally published in *Cathedra*, copy without reference in possession of the author, 80–97 (Hebrew).
- 38 'Joint Land Purchase Scheme,' Jerusalem, July 1940, CZA, KKL 5/file 12693.
- 39 For the difficulties in Europe encountered by the JNF, see 'J.N.F. Work in Europe Under Present Conditions,' n.d. (c. June 1940), CZA, KKL 5/file 10566.
- 40 Gideon Shimoni, 'From Anti-Zionism to Non-Zionism in Anglo-Jewry 1917–1937,' *The Jewish Journal of Sociology* 28, no. 1 (June 1986): 19–47; Shimoni, 'The Non-Zionists in Anglo-Jewry, 1937–1948,' *The Jewish Journal of Sociology* 28, no. 2 (December 1986), 89, describes non-Zionism as 'ideological disagreement with Zionism but willingness to cooperate with the Zionist Organization in certain practical and political spheres.'
- 41 Geoffrey Alderman, *The Jewish Community in British Politics* (Oxford: Clarendon Press, 1983), 90–1; Shimoni, 'Non-Zionists in Anglo-Jewry,' 107, says: 'The assimilationist ideology posited that in modern times the Jews had become purely a religious group and so should remain.'
- 42 Shimoni, 'Non-Zionists in Anglo-Jewry,' 91–102, and Alderman, 91; see also Shimoni, 'Selig Brodetsky and the Ascendancy of Zionism in Anglo-Jewry (1939–1945),' *The Jewish Journal of Sociology* 22, no. 2 (December 1980): 125–61.
- 43 See Schen to Granovsky, 10 May 1940, CZA, KKL 5/file 11791, and two other letters from Schen to Granovsky both dated 27 January 1941, CZA, KKL 5/file 11789.
- 44 Schen to Granovsky, 24 May 1938; Granovsky to Schen, 17 June 1938; Schen to Granovsky, 24 June 1938, all in CZA, KKL 5/file 10475.
- 45 Minutes, 16 June 1940. A letter from Schen (dictated to and signed by S.Gavion) to Granovsky, 17 June 1940, CZA, KKL 5/file 11790, confirms receipt of a cable quoting the resolution.
- 46 Schen to Granovsky, 22 April 1940, CZA, KKL 5/file 11791.
- 47 Schen to Granovsky, 7 May 1940, CZA, KKL 5/file 11791. The J.N.F. Charitable Trust, legally distinct from the JNF, was established in Britain after the law courts ruled that some JNF activities were not charitable under the law—see Lehn, 336n201.
- 48 Ibid.
- 49 Minutes, 26 September 1940.
- 50 Ibid., and Minutes, 27 February 1941.
- 51 Schen to Granovsky, 10 December 1940, CZA, KKL 5/file 11789; Schen to Granovsky, 5 July 1940, CZA, KKL 5/file 11790. For the bombing incident, see telegraph quoted in Granovsky to Schen, 1 October 1940, CZA, KKL 5/file 11789.
- 52 For examples of map problems, see Schen to Granovsky, 20 September 1940, CZA, KKL 5/file 11789; Schen to Granovsky, 10 December 1940, CZA, KKL 5/file 11789.
- 53 Schen to Granovsky, 27 January 1941, CZA, KKL 5/file 11789.
- 54 Minutes, 27 February 1941.
- 55 Ibid.
- 56 Ibid.
- 57 Ibid.
- 58 Minutes, 25 November 1941.
- 59 For the £P130,000 figure, see Minutes, 27 February 1941. For the £P150,000 figure, see letter from Abraham Granovsky to the Jewish Agency, 9 June 1941, CZA, KKL 5/file 11786. Minutes, 25 November 1941, report that the amount invested in the JLPS for the whole of fiscal year 1941 was £P67,000. It is unclear how much of that total is included in the overall figure of £P150,000 invested by June 1941.
- 60 Minutes, 25 November 1941.
- 61 Ibid.
- 62 Uri M.Kupferschmidt, *The Supreme Muslim Council: Islam Under the British Mandate for Palestine* (Leiden: E.J.Brill, 1987), xi, 129–67. *Waqf* (plural: *awqaf*) is an Islamic religious

- foundation or endowment, for either public, charitable, or private use. For general discussion of the SMC, the Mandatory government, and the *waqf*, see: Yitzhak Reiter, *Islamic Endowments in Jerusalem Under British Mandate* (London: Frank Cass, 1996), 17–43; Eisenman, 77–8; and Michael Dumper, *Islam and Israel: Muslim Religious Endowments and the Jewish State* (Washington DC: Institute for Palestine Studies, 1994), 18–24.
- 63 Kupferschmidt, 49, 139, 180, 245.
- 64 Minutes, 21 October 1941.
- 65 Ibid.
- 66 The Hebrew term used in meeting Minutes is *Ir-Ganim*, literally translated ‘City of Gardens’ or ‘Garden City,’ but most JNF documents in English use the translation ‘Farm City.’
- 67 See Granovsky to Weiss, 30 December 1940, CZA, KKL 5/file 11792.
- 68 For this information on the J.N.F. Charitable Trust and the details of the agreement, see Minutes, 24 September 1941.
- 69 Ibid. The agreement further obligated the JNF, ‘when called upon so to do by the Trust,’ to supply a full account of the following information: land acquired and the purpose for which said lands were being used; usage of Trust money; names and addresses of settlers on Trust lands; rental amounts paid by the settlers; and ‘all such further reasonable and proper information which the Trust shall require.’ The JNF agreed to this obligation to ‘satisfy the Trust that the moneys [*sic*] entrusted to the [JNF] by the Trust have been used for the purposes aforesaid and for no other purpose.’
- 70 Schen to Epstein, 4 May 1942, CZA, KKL 5/file 12688.
- 71 E.M.Epstein to unidentified ‘colleague,’ 22 January 1942, CZA, KKL 5/file 12688; ‘Counterpart/Agreement,’ CZA, KKL 5/file 13860.
- 72 Copy of a newspaper article (newspaper not identified) titled ‘Farm City Scheme Explained,’ CZA, KKL 5/file 13860.
- 73 Ibid. In his letter, Nettler calls it the National Farm City Association, but later sources refer to it simply as the Farm City Association. In its final stage of organization it was officially called the Palestine Farm City Association Limited (or PAFCAL).
- 74 Nettler to Granovsky, 29 October 1941, CZA, KKL 5/file 13860.
- 75 Ibid.
- 76 E.M.Epstein to unidentified ‘colleague,’ 22 January 1942, CZA, KKL 5/file 12688.
- 77 Nettler to Granovsky, 29 October 1941, CZA, KKL 5/file 13860.
- 78 Granovsky to Nettler, 13 March 1942, CZA, KKL 5/file 12688.
- 79 Ibid. For concerns brought on by the cessation of building activity, see ‘The Kiryath Bialik Co-operative Society Ltd.,’ 12 July 1944, CZA, KKL 5/file 13866, p. 3, and a Hebrew document written by Dov Patishi (Founder of Kiryath-Amal), n.d. (c. January 1944), CZA, KKL 5/file 13868, p. 1.
- 80 Granovsky to Nettler, 13 March 1942, CZA, KKL 5/file 12688.
- 81 Schen to Granovsky, 1 May 1942, CZA, KKL 5/file 12688.
- 82 Minutes, 21 October 1941.
- 83 Minutes, 25 November 1941.
- 84 Ibid. Minutes, 2 November 1941, give more information on the ‘Ussishkin Enterprise.’ See also Michal Oren, *The Policy of the Settlement of “Moshavei Ovdim” (Smallholders-Settlements) during the ‘Tower-and-Stockade’ Period (1936–1940)*, Lectures pamphlet No. 6 (Jerusalem: Institute for the Research on the History of the JNF, Land and Settlement, February 1993), 45–7. V.D.Lipman, *A History of the Jews in Britain Since 1858* (New York: Holmes and Meier, 1990), 247: Lavy Bakstansky, born in Slonim, Lithuania, was taken to Palestine as a child, obtained his education at the Herzlia Gymnasium and the London School of Economics, and became assistant secretary (1928–30), then general secretary (1930–71) of the Zionist Federation of Great Britain and Director of the Joint Palestine Appeal.



- 85 Lipman, 253: Simon Marks (1888–1964), 1st st Baron Marks of Broughton, was the secretary of the Zionist delegation to the Versailles Peace Conference in 1919. He also served, at different times, as chairman of the Keren Hayesod Committee, as vice-president of the Zionist Federation, as a member of the Zionist Executive, and as president of the Joint Palestine Appeal. Marks was knighted in 1944 and created a peer in 1961.
- 86 Minutes, 25 November 1941.
- 87 Ibid.
- 88 Tyler, 'The Huleh Concession and Jewish Settlement,' 835–6. Tyler refers to the 'British Secretary of State', not making clear whether it was the Foreign Secretary or the Colonial Secretary: the latter has been assumed. For information on the JCA, EMICA, the JNF, and the Huleh region, see: Tyler, *State Lands*, 98–116; and Norman, 155–60, 227: in 1932, the JCA entered into an accord with the trustees of the Palestine Emergency Fund (set up in the wake of the 1929 disturbances for relief of Jewish victims and to rebuild their houses) to establish an agency called EMICA Association (incorporated in the UK in 1933) for economic development in Palestine—namely, settlement and/or irrigation projects. EMICA, in conjunction with the JCA and the American Refugee Economic Corporation, became interested in the Huleh in the mid-1930s, and by 1937 the development of the Huleh was an important part of its planning. EMICA eventually drew in the JNF as a partner in its plans for development of the Huleh.
- 89 Tyler, 'Huleh Concession,' 836.
- 90 Ibid. For the Jewish Agency's request that the PLDC dismiss its private partners of 1934–35, see 'The Huleh Concession' (6-page memorandum), CZA, S25/file 6926.
- 91 See Ussishkin's words in Minutes, 18 October 1939. For JCA involvement in relief efforts in Europe, see also Tyler, 'Huleh Concession,' 837.
- 92 Ussishkin's words in Minutes, 18 October 1939.
- 93 'The Huleh Concession' (memorandum), 2.
- 94 Tyler, 'Huleh Concession,' 836–8.
- 95 Norman, 227.
- 96 'The Huleh Concession' (memorandum), 2; Passman (EMICA) to the PLDC, 6 October 1940, CZA, KKL 5/file 11784; and Passman (EMICA) to the JNF Head Agency, 22 December 1940, CZA, KKL 5/file 12678. The PLDC's debt to EMICA by December was £P120,000.
- 97 For the first reason stated here, see Kaplan and Ruppin to Hexter, 22 January 1941, CZA, KKL 5/file 11784. For the second reason and for the plea for EMICA to sign a new agreement, see Kaplan and Ruppin to Hexter, 23 January 1941, CZA, KKL 5/file 11784.
- 98 Tyler, 'Huleh Concession,' 843–5. The Huleh concession of March 1926 granted to the PEC rights to use the waters of the rivers Jordan and Yarmuk to generate and supply electric energy.
- 99 Ibid. See also 'The Huleh Concession' (memorandum), 2–3.
- 100 Tyler, 'Huleh Concession,' 841.
- 101 Minutes, 18 October 1939. A proposal was also before the JNF for purchase of the Jurdah/Jordah Adamit lands in the environs of Eilon—an area of about 6,500 dunams at £P3.5 per dunam (= about £P22,750). For the 11,000 dunam figure, see Minutes, 26 September 1940.
- 102 Minutes, 30 May 1940.
- 103 Minutes, 25 December 1940.
- 104 Minutes, 27 February 1941.
- 105 For the land-purchase report for fiscal year 1941, see Minutes, 25 November 1941. For the figure of 644 dunams, see Tyler, 839. The estimate between 34,973 and 44,973 excludes the 42,000 dunams of the Huleh concession itself. The 10,000 dunam difference accounted for here is based on the uncertain status of the 10,000 dunams that were being prepared for transfer by October 1939. The Minutes do not make clear whether the 11,000 dunams

- reported in the 26 September 1940 meeting (see footnote 101 immediately above) included or were in addition to the 10,000 dunams.
- 106 Ruth Kark, 'Jewish Frontier Settlement in the Negev, 1880–1948: Perception and Realization,' *Middle Eastern Studies* 17, no. 3 (July 1987): 1981: 334–56.
- 107 Ruth Kark, 'The Agricultural Character of Jewish Settlement in the Negev: 1939–1947,' *Jewish Social Studies* XLV, no. 2 (Spring 1983): 158; Kark, 'Jewish Frontier Settlement,' 336–9.
- 108 Kark, 'Agricultural Character,' 158, 162, and 'Jewish Frontier Settlement,' 339–40.
- 109 Eliezer Kaplan, 'A Report on Seven Years,' 11, notes that the activities of Joshua Hankin (PLDC land-purchase specialist) and Moshe Smilansky (both of whom 'penetrated the Negev and acquired substantial stretches') also acted as a 'new stimulus' to involvement in the Negev.
- 110 Kark, 'Agricultural Character,' 162, and 'Jewish Frontier Settlement,' 342–53.
- 111 For the 6,000 dunams in Dorot-Ruhamah, see Hanina Porat and Shaul Krakover, *Land Reclamation and Agricultural Experiments in the Dorot-Ruchama Region as the Basis for New Settlement in the Northern Negev, 1941–1956*, Transcript from the Academic Forum of the Research Institute for the History of the Keren Kayemeth LeIsrael (Jewish National Fund), Land and Settlement, Vol. 24 (December 1995), iii (English translation of Porat's comments). For the most extensive study on land purchase and settlement in the Negev, see Chanina (Hanina) Porat, *From Wasteland to Inhabited Land: Land Purchase and Settlement in the Negev, 1930–1947* (copublished by Yad Izhak Ben-Zvi Press in Jerusalem and Ben-Gurion University of the Negev Press in Sde Boker, 1997). See also 'Symposium on the Occasion of the Appearance of Dr Chanina Porat's Book *From Wasteland to Inhabited Land*,' held on Monday, 10 March 1997 in the Ben-Gurion University of Negev's Campus, vol. 32 (Jerusalem: Research Institute for the History of the Keren Kayemeth LeIsrael (Jewish National Fund), Land and Settlement, February 1998).
- 112 Comments of Ussishkin and Weitz in Minutes, 19 December 1939. Moshe Smilansky had requested an invitation to attend the Directorate meeting to discuss the situation, but Ussishkin refused the request because, he argued, inviting outsiders to Directorate meetings was not 'customary.' He did, however, agree to read aloud a letter from Smilansky on the issue.
- 113 Ibid.
- 114 Weitz's comments in Minutes, 26 September 1940. Weitz gave an intermediate report on potential land purchases in the south in Minutes, 30 May 1940: all the lands totaled 32,250 dunams and included most of the areas mentioned in the 26 September meeting (except Sumil, unless the 2,500 dunams of Sumil was the same as the '2,250 plot in the neighborhood of Gaza') plus some other lands not mentioned (in the neighborhood of Gaza—2,250 dunams, and in Ha-Ma'ama near Ashdod—1,500 dunams). For the 2,250 dunams in the neighborhood of Gaza—which, by the way, were mortgaged—the landowners agreed to execute the mortgage for public sale. According to the customary arrangement regarding public sale of mortgaged land, Weitz estimated that three to four months would pass before termination of the affair.
- 115 Ibid.
- 116 Ibid.
- 117 Minutes, 25 December 1940.
- 118 Minutes, 27 February 1941. The translation 'Execution Office' (the office that discharged lands for public sale) is from the Hebrew, *misrad hahotza'a lepo'al*.
- 119 Minutes, 14 August 1941.

### Rising hopes, expanding vision, 1942–43

- 1 Zweig, *Britain and Palestine*, 135. Samantha Power, “A Problem from Hell:” *America and the Age of Genocide* (New York: Perennial, HarperCollins, 2003), discusses the difficult and complex (at best) and shameful (at worst) issue of the United States’ weak response to genocide in the twentieth century.
- 2 Rosenzweig, 121.
- 3 Between 1943 and 1945, the JNF Minutes mention problems caused by the LTR and an increase in government opposition to land purchase. The JNF Minutes give few, if any, specifics on what the problems and government opposition entailed. I do not probe this topic any further in the present study. However, I am aware that the British Colonial Office ‘733 Series’ contains information on these and related issues. Future research on the topic at hand will require a close perusal of this historical source.
- 4 The General Income and Expenditure Account for 1942 (see Appendix) gives total income from contributions, etc., as £P680,655.
- 5 Minutes, 12 November 1942.
- 6 Comparing this £P105,000 figure to income from contributions from the UK through July 1942 (£P53,454—see Table 4.1) makes apparent that the UK contributed £P51,546 (49 percent of the total) in the last two months (August and September) of 1942. Unfortunately, the Minutes do not give any details on this huge contribution. To open his brief report, Granovsky simply states: ‘I have spoken on other occasions about the [income] amounts for 1942 and they have been published.’ I have not yet found where this income information was published. Neither Table 4.1 nor Granovsky (in the 12 November meeting) gave a figure for Australia.
- 7 For the Ochberg legacy see Minutes, 20 August 1942; for Palestine see the Minutes, 12 November 1942.
- 8 See Granovsky’s words in Minutes, 12 November 1942. For more information on the income from leasehold fees for fiscal year 1942, see Minutes, 24 March, 23 April, 28 May, 25 June, and 20 August 1942.
- 9 For Granovsky’s first statement, see Minutes, 24 March 1942. For his comments on the demand for agricultural products, see Minutes, 23 April 1942.
- 10 For the Table and all other statistical information in this paragraph, see Minutes, 20 August 1942. On the issue of the Zionist focus on rural-agricultural development over urban-industrial development, Rosenzweig, 109, points out this focus was ‘an ideological decision’ that ‘proved to be in direct contradiction to the mainstream of economic development.’ Along the same lines, Kimmerling, *Zionism and Economy*, xiii, contends that Zionism was not a ‘profitable concern.’ Kimmerling offers three specific reasons for this contention: land in Palestine was both more expensive and more scarce than in other potential target areas; ‘political and ideological limitations’ existed for the exploitation of the cheap local Arab labor force; and the Zionists had to invest considerable resources in managing the conflict between Jews and Arabs. For more details on some of these issues, see Kimmerling, *Zionism and Territory*; on the impact of the Zionist ‘ideology’ on economic development in Palestine and Israel, see Plessner, *Political Economy*.
- 11 For Granovsky’s words, see Minutes, 20 August 1942.
- 12 Minutes, 29 April 1943.
- 13 See Granovsky’s comments in Minutes, 12 November 1942 and 18 February 1943.
- 14 See Granovsky’s comments in Minutes, 18 February 1943.
- 15 These figures are fairly close to the General Income and Expenditure Account for 1943 (see Appendix)—income from contributions, etc., is reported as £P1,146,064; combined with income from JNF property in Palestine (leasehold fees and ‘other’), with interest and dividends received on securities and investments, with nonrecurring receipts from land in Palestine, and with ‘sundry income,’ the total for 1943 came to £P1,210,401.
- 16 Minutes, 27 September 1943.

- 17 See Granovsky's comments in Minutes, 29 April 1943 and in 27 September 1943.
- 18 For all information here see Granovsky's report in Minutes, 29 April 1943.
- 19 Ibid.
- 20 Ibid.
- 21 Ibid. For the November 1942 agreement between the JNF and the Goldbergs, see Minutes, 12 November 1942.
- 22 Minutes, 27 September 1943. For the projected use of the living legacy land for urban housing purposes, see Granovsky's comments in Minutes, 31 August 1943.
- 23 Granovsky's words in Minutes, 12 November 1942.
- 24 Granovsky's comments in Minutes, 27 September 1943.
- 25 Minutes, 18 February 1943.
- 26 Granovsky's comments in Minutes, 29 April 1943. For an example of purchasing land near Tel Aviv for housing needs, see Granovsky's comments in Minutes, 29 July 1943; for purchase of land for housing needs in villages (or in moshavot), see the discussion by members of the Directorate in Minutes, 31 August 1943.
- 27 Minutes, 27 September 1943.
- 28 A report of JNF income published in 1946 supports the general tenor of rising JNF income based on the Minutes presented here. *Report on the Activities of the Keren Kayemeth Leisrael Limited (Jewish National Fund) for the Period 5700 to 5706 (October, 1939, to September, 1946)*, submitted to the 22nd Zionist Congress, Basle, Switzerland, December 9, 1946 (published Jerusalem, October 1946), 86, shows that the JNF's income for fiscal years 1942 and 1943 was, respectively, £P741,000 and £P1,276,000. The report does not specify all that is included in these income figures. However, the figures represent apparently JNF income from contributions only, and exclude leasehold fees, loans, etc.
- 29 Granovsky's comments in Minutes, 29 April 1943.
- 30 Minutes, 18 February 1943.
- 31 See both Granovsky's report on land purchases and Weitz's comments in Minutes, 12 November 1942. Of the total 40,156 dunams acquired in the Zones A and B, the JNF purchased 13,675 (34 percent) from Jews. For the JNF's goal to purchase 50,000 dunams, see Weitz's comments in Minutes, 25 November 1941.
- 32 Minutes, 12 November 1942.
- 33 Rising land prices were a recurring problem in Palestine. The introduction to this study mentioned the problem in the pre-Mandate period. Furthermore, Stein, *Land Question*, 65, 173, 176–7, discusses rising prices before 1929 caused by competition between private and Zionist purchasers (65) and in the early 1930s caused by 'competition for decreasing amounts of unoccupied land' (173).
- 34 Minutes, 24 March 1942.
- 35 Minutes, 12 November 1942.
- 36 See Granovsky's comments, Minutes, 29 April 1943. For Arab interest in purchasing land, see also Granovsky's comments in Minutes, 18 February 1943.
- 37 Minutes, 29 April 1943.
- 38 Ibid. Granovsky also comments on the restrictions of the LTR in Minutes, 18 February 1943.
- 39 Minutes, 29 April 1943. For the LTR text, see *Great Britain and Palestine*, 174.
- 40 See Weitz's comments in Minutes, 29 April 1943.
- 41 For further explanation and some examples, see Stein, *Land Question*, 71–6.
- 42 Minutes, 27 September 1943.
- 43 Ibid.
- 44 Tyler, *State Lands*, 38, points out that the Falik was state land and gives the more specific figure of 5,046 dunams for the area.
- 45 Stein, *Land Question*, 232: the Hanun family was a notable family that had sold plots of land to Jewish purchasers (including the JNF) from the late 1920s into the 1930s.
- 46 Minutes, 23 April 1942.

- 47 Ibid. The Minutes do not provide a date for the agreement.
- 48 Ibid. See also Minutes, 28 May 1942: because Weitz viewed the Falik area as an important 'opening' to the whole region from Herzliyyah to Netanyah, he argued that it was important that the concession be in JNF hands.
- 49 Minutes, 28 May 1942.
- 50 Ibid.
- 51 Ibid., emphasis mine.
- 52 Ibid. Wilkansky emphasized 'the need to see not only the present but also the future' in establishing JNF land policy. In response to Ussishkin, Juchovitsky saw the JNF's ownership of 4,500 dunams in the Emek Hefer as a compelling reason to acquire the Falik concession, arguing that the concession would 'strengthen even more our position along the coastline and will create the possibility of opening a second highway between Tel Aviv and Haifa along the coast.'
- 53 Ibid. Minutes, 18 February 1943, indicate that the story of the Falik acquisition did not end here. Heated opposition arose on the part of the 'concession owners' and certain Sephardic Jews over the JNF's acquisition of the concession. In fact, the Sephardic Jews even voiced 'various warnings and threats' (not specified in the Minutes) against the JNF over the issue. The affair eventually ended, but not without causing 'bitter feelings' among the Jewish Sephardic community both 'inside and outside Palestine.' Throughout the whole affair, the JNF never 'surrendered its principles;' however, the 'interference' of the opponents cost the JNF financially—in the end, it had to pay £P46,500 for acquisition of the concession (£P7,400 more than the original agreement). The Minutes simply do not supply sufficient information to make full sense of the nature of the opposition.
- 54 Minutes, 28 May 1942. See also Minutes, 29 April 1943, in which Granovsky mentions transfer of the 5,045 dunams of the Falik concession within the context of lands the JNF acquired from Jews in Zone C. The JNF would later consider leasing 1,000 dunams of the Falik area to the Financing, Manufacture, and Building Company, Ltd.—see Minutes, 23 August 1944. The Rural and Suburban Settlement Company (RASSCO) and certain private individuals also had desires to lease land for development purposes—see Minutes, 18 September 1945.
- 55 Minutes, 24 March 1942.
- 56 Schen to Granovsky, 21 August 1942, CZA, KKL 5/file 12691. Schen to Granovsky, 2 September 1942, CZA, KKL 5/file 12688, points out: 'Certain bigger transactions which we were negotiating fell through because the prospective buyers were approached by the Palestine Investment Co. [which is] offering the land of Batyan, which to the ignorant, looks such [*sic*] an attractive proposition. Generally speaking, people are enquiring for land near Tel Aviv.'
- 57 Schen to Granovsky, 29 January 1943, CZA, KKL 5/file 12689.
- 58 Schen to Granovsky, 21 August 1942, CZA, KKL 5/file 12691.
- 59 Mohilever to Schen, 18 October 1942, CZA, KKL 5/file 12691.
- 60 Ibid. See also Epstein to Harry Levin (Johannesburg, South Africa), 9 July 1943, CZA, KKL 5/file 12693—although, by July 1943, some pundits believed that 'the peak of land speculation [had] been reached,' E.M.Epstein still argued that 'some time' would be needed before conditions would 'return to normal.'
- 61 Copy of airgraph from Schen to Granovsky, 5 November 1942, CZA, KKL 5/file 12693.
- 62 A comment made by E.M.Epstein to Schen in an airgraph, 17 February 1943, CZA, KKL 5/file 12689, concerning the FCS shows the difficulties the JNF faced in trying to match its land-purchase efforts with investor interests: 'We do appreciate the possibilities of the Farm City, but you must realise that we cannot here always act as quickly as you might wish. *The tempo of propaganda cannot always be matched by tempo in practical matters like land*' (emphasis added).
- 63 Copy of airgraph from Schen to Granovsky, 5 November 1942, CZA, KKL 5/file 12693.

- 64 Mohilever to Schen, 18 October 1942, CZA, KKL 5/file 12691.
- 65 Copy of airgraph from Schen to Granovsky, 5 November 1942, CZA, KKL 5/file 12693.
- 66 Ibid.
- 67 'Pro-Memoria: Joint Land Purchase Scheme,' signed by Granovsky, 21 November 1943, CZA, KKL 5/file 13884. For the land-purchase goal for fiscal year 1944, see Granovsky's comments in Minutes, 9 November 1943. Granovsky gives two conflicting figures for the projected cost of the 22,100 dunams—£P431,500 and £P441,650. The £P437,000 figure is the average of these conflicting figures, rounded up to the nearest thousand.
- 68 'Pro-Memoria: Joint Land Purchase Scheme.' In this document, Granovsky stated that the JNF had already purchased about 1,250 dunams under the new JLPS and could purchase 1,000 dunams more and offer them during fiscal year 1944.
- 69 'Extract from Minutes of 34th Meeting of Honorary Officers of JNF London, Held 14th February, 1944 (Private and Confidential),' CZA, KKL 5/file 13884.
- 70 Ibid.
- 71 Ibid. See Weitz's report in Minutes, 12 November 1942 for information on income from the JLPS through fiscal year 1942. Minutes, 23 April 1942, report the figure £P250,000 for the total income from the JLPS up to March 1942. To obtain the JLPS income from April–September 1942, I subtracted the amount received in the first half of fiscal year 1942 (October 1941–March 1942) as reported in the Minutes, 23 April 1942 (a figure of £P111,250) from the total amount reported for all of fiscal year 1942 (October 1941–September 1942) as reported in Minutes, 12 November 1942 (a figure of £P166,600), and ended up with £P55,350. I obtained a total income of £P305,350 through fiscal year 1942 by adding the £P55,350 to the £P250,000 total reported up to March 1942 (£P250,000+£P55,350=£P305,350). Schen comments in Minutes, 27 September 1943, that income from both the JLPS and the FCS for 1941–43 came to about £P425,000, but he does not separate the income from the individual schemes.
- 72 Telegram from the JNF in London to the JNF Head Office in Jerusalem, 22 November 1941, CZA, KKL 5/file 13860. JNF sources do not clarify who Simon and Charles were. However, the former was likely Sir Leon Simon (1881–1965), British civil servant and Zionist leader (knighted in 1944). He was influenced by Chaim Weizmann and supported Weizmann's First World War efforts that led to the Balfour Declaration (Simon wrote the Hebrew version of the Declaration). Simon, also influenced by Ahad Ha'am (whose works Simon translated into English), took part in laying the cornerstone of the Hebrew University in Jerusalem and, while living in Jerusalem during 1946–53, served as Chair of the university's Executive Council (1946–49) and of its Board of Governors (1950–53). No information is available on Charles.
- 73 For discussion of Bakstansky's initial accusation against the FCS, see Minutes, 25 November 1941.
- 74 'Discussion with Mr Kollek at the JNF Head Office Concerning the Farm City and the Joint Land Purchase Scheme, 1 February 1942,' (in Hebrew), CZA, KKL 5/file 12688. Participants in the discussion included Mr Kollek, Dr Granovsky, Mr Weitz, Mr E.M.Epstein, and Mr Mohilever.
- 75 Ibid.
- 76 Schen to Granovsky, 4 May 1942, CZA, KKL 5/file 12688
- 77 Schen to Epstein, 4 May 1942, CZA, KKL 5/file 12688.
- 78 Schen to Epstein, 16 October 1942, CZA, KKL 5/file 12689. In this letter, Schen stated: 'I leave for the moment the future of the Farm City in Palestine to take care of itself. It is obvious to me that nothing can be done till the war is over. It is only then that we will be clear about the possibilities in Palestine, and what is equally important, as to the number of participants who will really want to go out and settle there.'
- 79 Schen to Lowy, 22 December 1942, CZA, KKL 5/file 12686.

- 80 'J.T.A. Bulletin: Palestine Farm City Association Holds First General Meeting,' 22 September 1943, CZA, KKL 5/file 12687. Ruth Abelsdorff to Schen, 31 August 1943, CZA, KKL 5/file 12687, reported the following numbers by August 1943: 862 participants holding 990 plots in Farm Cities I-IV.
- 81 'Fourth Farm City,' pamphlet put out by the JNF in London, n.d., CZA, KKL 5/file 13867.
- 82 E.M. Epstein to unidentified 'colleague,' 22 January 1942, and Granovsky to Nettler, 13 March 1942, CZA, KKL 5/file 12688.
- 83 Nettler to Granovsky, 29 October 1941, CZA, KKL 5/file 13860.
- 84 Schen to Epstein, 4 May 1942, CZA, KKL 5/file 12688.
- 85 Altmann to the Board of Directors of the JNF in Jerusalem, 22 September 1942, CZA, KKL 5/file 12688.
- 86 Ibid. Schen to Epstein, 4 May 1942, CZA, KKL 5/file 12688, explains that in practical terms, PAFGAL had three main objectives: to promote the FCS in the UK; to represent FCS participants in all matters vis-à-vis the JNF; and to advise, help, and encourage FCS participants in planning the construction and development of the Farm City itself. The Articles of Association for PAFGAL were completed sometime in May 1942. The Articles required the approval of the British Board of Trade, a process that Schen expected to take many months. Therefore, Schen had suggested that PAFGAL hold a conference in June 1942—acting 'as if [it had] already been finally registered'—to revive the drive for the FCS, which had been weakened by the attack against it in the first months of 1942.
- 87 Schen to Granovsky, 1 May 1942, CZA, KKL 5/file 12688.
- 88 Schen to Granovsky, 19 August 1942, CZA, KKL 5/file 12688. See also the document 'Notes for Farm City Commission,' 7 February 1943, CZA, KKL 5/file 12689, which reports that 'a number of members' had inquired about industrial possibilities in the 'neighborhood' of a Farm City; and Schen to Epstein, 9 December 1942, CZA, KKL 5/file 12689.
- 89 Schen to Granovsky, 19 August 1942, CZA, KKL 5/file 12688.
- 90 Epstein to Schen, 21 October 1942, CZA, KKL 5/file 12689.
- 91 Nettler to Granovsky, 29 October 1941, CZA, KKL 5/file 13860.
- 92 Schen to Epstein, 16 April 1943, CZA, KKL 5/file 12687. In his letter, Schen also pointed out the confusion over the difference between a Farm City and a Garden City. See 'Visit to Farm City Sites,' n.d. (c. early 1943), CZA, KKL 5/file 12689, for mention of the 'Carmel Garden City.'
- 93 Telegram from Granovsky to Schen, 20 February 1942, CZA, KKL 5/file 12688. Epstein to unidentified colleague, 22 January 1942, CZA, KKL 5/file 12688, warned of the 'grave difficulties bound up with unoccupied land in Palestine' saying that 'it would not be in the interests of the Keren Kayemeth or Palestine to encourage absentee landlords.' Furthermore, he said that 'settlement would not be healthy unless begun by all or the great majority of the settlers simultaneously.' Mass settlement would 'not only reduce communal expenditure for roads and public buildings, but would avoid the gaps of empty plots which [he argued were] a serious drawback to all development.'
- 94 Schen to Granovsky, 29 January 1943, CZA, KKL 5/file 12689. In his letter, Schen quoted the Palestine Investment Company's advertisement: 'OFFER: 1000 dunams of excellent land, suitable for intensive agricultural development, richly watered and excellent communications. This land is situated in the midst of a Jewish district, along the sea-coast, 20 miles south of Haifa, and less than 2 miles west of the main Haifa-Tel Aviv highway and the Haifa-Lyddah Railway. This land is suitable for mixed farming on the pattern of Naharia. This area can be sold in in [*sic*] units of 10 dunams. Price £250 per unit.'
- 95 Schen to Granovsky, 1 May 1942, CZA, KKL 5/file 12688.
- 96 Schen to JNF Head Office in Jerusalem, 30 January 1942, CZA, KKL 5/file 12688.
- 97 Schen to Epstein, 16 October 1942, CZA, KKL 5/file 12689.
- 98 Mohilever to Schen, 25 January 1943, CZA, KKL 5/file 12689. See also 'Memorandum: Conclusions of the Consultation Concerning the Farm City Scheme that was Arranged in the

- Office of Dr Granovsky on 5 January 1943 with the Participation of Dr Granovsky, Mr Weitz, Mr Epstein, Mr Borochov, and Mr Mohilever' (in Hebrew), CZA, KKL 5/file 12689. According to this memorandum, the Arabs were demanding £P5.5 for the Arab tenants on the land, £P0.25 for the Arab lawyer who would deal with the concern, £P800 for the Mukhtar, and an additional £P2400 (£P800 each) for three unnamed 'notables.' Lockman, *Comrades and Enemies*, 292–303, 335–9, discusses the British military camps (bases and installations) within the context of Jewish and Arab workers employed there.
- 99 For the JNF's telegram to Schen, see Mohilever to Schen, 25 January 1943, and Schen to Granovsky, 29 January 1943, CZA, KKL 5/file 12689.
- 100 Schen to Granovsky, 29 January 1943, CZA, KKL 5/file 12689.
- 101 Schen to Epstein, 16 April 1943, CZA, KKL 5/file 12687.
- 102 Schen to Granovsky, 13 May 1943, CZA, KKL 5/file 12687.
- 103 Schen to Epstein, 16 October 1942, CZA, KKL 5/file 12689. See note 78 above.
- 104 Minutes, 27 September 1943.
- 105 Tyler, 'Huleh Concession,' 842–3, 856.
- 106 See Weitz's comments in Minutes, 25 November 1941, and the JNF Directorate discussion and decision in Minutes, 18 December 1941.
- 107 See Weitz's comments in Minutes, 24 February 1942.
- 108 Granovsky's comments in Minutes, 24 February 1942. The Directorate decided to purchase Amir Fa'ur's lands even though the price he was demanding (£P12 per dunam) was 'without exception high' given the fact that the area included 'marginal land.' For the Directorate's earlier discussion and decision on Fa'ur's lands, see Minutes, 18 October 1939.
- 109 Granovsky's comments and Directorate decision in Minutes, 24 February 1942. Note that the total amount the JNF paid Fa'ur (£P27,000 for the initial 1,800 dunams and £P84,000 for the remainder) does not add up to the original price of £P150,000 agreed upon. Two possibilities may explain the discrepancy: (1) the fact that Fa'ur failed to transfer the land at the time established by the original agreement may have led to a readjustment of the cost (although no source at my disposal clarifies this point); (2) by February 1942 the Office of Land Settlement had not yet 'settled' the issue of Fa'ur's land (i.e., demarcated boundaries and/or corrected possible errors in the Land Registry). Weitz, in Minutes, 24 February 1942, estimated that the 'net' area of Fa'ur's remaining land (the 10,200 dunams mentioned earlier) would possibly have been only about 7,000 dunams after the Office of Land Settlement finished its assessment ('net' area, according to Weitz, excluded canals, streams or rivers, roads, etc.).
- 110 Minutes, 24 August 1942.
- 111 Minutes, 24 February 1942. For more information on JNF land purchase in Ein Zetim and in Biriyyah and Meron, see Minutes, 23 April 1942.
- 112 Weitz's comments in Minutes, 12 November 1942.
- 113 For the 413 dunams, see Minutes, 29 April 1943. The name of the Jewish company was Mush'al for the Need of Land Exchanges. For the 280 dunams, see the table of JNF acquisitions in the various agricultural zones in Palestine during May 1943 presented by Granovsky in Minutes, 17 June 1943.
- 114 The lands transferred: 1,800 dunams from Amir Fa'ur, 1,453 dunams acquired from EMICA and APIC, and 693 dunams from a Jewish company and from Arabs (= 3,946 dunams). The lands the JNF decided to purchase: 1,800 dunams from PICA and 7,000 dunams from Amir Fa'ur (= 8,800 dunams). Of course, the overall total would be less if some or all the lands the JNF decided to purchase during 1942–43 (8,800 dunams) did not actually transfer during this period.
- 115 For the most recent in-depth study of the *Istiqlal* party in the early part of the Mandate, see Don Matthews, *The Arab Istiqlal Party in Palestine, 1925–1934*' (Ph.D. diss., University of Chicago, Department of Near Eastern Languages and Civilizations, 1997). See also Lesch, 105–6, 113–16.



- 116 Minutes, 24 February 1942.
- 117 Weitz's comments in Minutes, 25 November 1941. The Minutes distinguish between the 'south' (including Beersheba and surrounding areas) and the Negev. However, Weitz, Minutes, 12 November 1942, points out that the 'Beersheba district is the Negev.' Therefore, I discuss the 'south' and the Negev together here.
- 118 Weitz's comments in Minutes, 25 November 1941.
- 119 Minutes, 24 February 1942.
- 120 See Weitz's comments in Minutes, 25 June 1942. The PLDC had purchased the 36,400 dunams on behalf of Jews from the UK (17,000 dunams) and from South Africa (9,000 dunams). For some unexplained reason, Weitz does not clarify the status of the remaining 10,400 dunams that supposedly were also owned by British and South African Jews. The PLDC purchased the 26,500 dunams for other Jews from the UK, South Africa, and Palestine. Most of the 26,500 dunams belonged to British and South African Jews.
- 121 See Granovsky's and Weitz's comments in Minutes, 25 June 1942.
- 122 Schen to Epstein, 16 November 1942, CZA, KKL 5/file 12689.
- 123 Schen to Granovsky, 31 December 1942, CZA, KKL 5/file 12689.
- 124 Minutes, 24 March 1942.
- 125 Minutes, 23 April 1942.
- 126 Weitz's comments in Minutes, 12 November 1942. During fiscal year 1943, the JNF was to pay £P243,290 of the total £P354,790, plus £P4,520 in obligations and compensation to the Arab tenants on the lands, and another £P21,240 in unidentified 'general expenses' (£P269,050 altogether for 1943).
- 127 Minutes, 12 November 1942.
- 128 Teveth, *Ben-Gurion*, 494–5.
- 129 Ibid., 497.
- 130 Minutes, 12 November 1942.
- 131 Ibid.
- 132 Minutes, 29 April 1943.
- 133 The Hebrew phrase for the idea of the JNF charging some of the cost is *helek bizekifat heshbonot*.
- 134 Minutes, 24 December 1942.
- 135 See Granovsky's comments in Minutes, 29 April 1943.
- 136 Minutes, 18 February 1943.
- 137 Minutes, 29 April 1943.
- 138 Information and table presented by Granovsky in Minutes, 17 June 1943. The Hebrew phrase recorded in the Minutes in this case is *bedrom-hanegev*; the best translation I can conceive for this phrase is 'southern Negev.'
- 139 Granovsky's comments in Minutes, 27 September 1943.

## 5

### Success and failure in the face of growing obstacles, 1944–45

- 1 Official JNF reports, giving year-end information, are published in the Appendix. Where appropriate, figures from these reports will be given in the footnotes.
- 2 Minutes, 25 April 1944. Granovsky, Minutes, 10 July 1945, indicates that total JNF income from contributions alone for the first nine months of fiscal year 1944 (October 1943 to June 1944) was about £P1,225,000. Granovsky did not give the £P1,225,000 figure but he recorded that the income from contributions for the first nine months of fiscal year 1945—a total of £P1,700,000—was a 28 percent increase over the same period of fiscal year 1944 (£P1,225,000 would make £P1,700,000 a 27.9 percent increase). The General Income and

Expenditure Account for 1944 (see Appendix) places the JNF's final income for the year at £P1,825,993 (last digit rounded off), barely shy of the JNF's £P2,000,000 goal. According to the official account, the majority of this income (£P1,766,353 or 96.7 percent) was from contributions.

- 3 Minutes, 25 April 1944. How Granovsky derives the £P400,000 figure is unclear. The Minutes, 18 February 1943, report that the JNF arranged a \$2,500,000 loan in America, the equivalent of about £P625,000. For the Directorate's acceptance of an agreement to obtain a loan of £P300,000 from the Anglo-Palestine Bank, see Minutes, 29 February 1944. On pension funds to the amount of £P150,000 entrusted to the JNF, see Minutes, 23 August 1944, under 'Arrangement by the JNF of funds in trusteeship.' The JNF was to repay £P100,000 of the sum after five to six years; the remaining one-third was designated for housing purposes. The Balance Sheet for 1944 (see Appendix) gives the JNF's liabilities from 'Loans, Bills, and Engagements Payable' as £P2,122,649, and the JNF's total liabilities by the end of 1944 amounted to £P11,584,553. Therefore, Granovsky's figure of £P2,000,000 apparently refers to the first figure.
- 4 Minutes, 25 April 1944.
- 5 Minutes, 10 July 1945. The only other report given in fiscal year 1945 is found in Minutes, 20 March 1945, wherein Granovsky reports that during the first five months of fiscal year 1945 (October 1944 to mid-March 1945), the JNF spent £P1,450,000, of which £P1,250,000 (86 percent) went to land purchase and other concerns related to land. For a basic chronology of the events leading to an end of the war in Europe, see Peter Gay and R.K. Webb, *Modern Europe Since 1815* (New York: Harper and Row, 1973), 1080–6.
- 6 Minutes, 10 July 1945. The General Income and Expenditure Account for 1945 (see Appendix) gives the figure of £P2,284,957 obtained from contributions, etc., so Granovsky's estimate was quite accurate. Total income given in the account for 1945 is £P2,356,939.
- 7 Minutes, 10 July 1945. The General Income and Expenditure Account for 1945 (see Appendix) gives the final income from leasehold fees as £P51,950.
- 8 Ibid.
- 9 Minutes, 10 July 1945.
- 10 The establishment of the state of Israel in 1948 placed the World Zionist Organization (WZO) and the JNF (as a WZO agency) in a new political context. The question arose as to whether the WZO and the JNF were needed anymore. Between 1952 and 1961, the Israeli Knesset passed laws keeping the WZO and the JNF intact and defining their new status within Israel. The single best source on this issue is Lehn, 96–130. I also have addressed the issue—see Eric Engel Tuten, 'The Role of the Jewish National Fund in Formulating Zionist National Land Development Policies' (Master's Thesis, University of Utah, 1992). For the text of the World Zionist Organization-Jewish Agency (Status) Law passed by the Knesset in 1952, see Joseph Badi, ed., *Fundamental Laws of the State of Israel*, with a foreword by Leo Kohn (New York: Twayne Publishers, 1961), 285–6. For a sampling of primary sources related to the status of the WZO and the JNF vis-à-vis the state of Israel after 1948, see: CZA, KKL 5/file 15911; 'State and Keren Kayemeth,' an interview with Granovsky (Granott), Chairman of the Board of Directors of the JNF, n.d. (c. 1952), CZA, A202/ file 149. For secondary sources on the issue, see: Uri Davis, *Israel: An Apartheid State* (London: Zed Books, 1987), 39–49; David Kretzmer, *The Legal Status of the Arabs in Israel* (Boulder: Westview Press, 1990), 49–76; Ian Lustick, *Arabs in the Jewish State: Israel's Control of a National Minority* (Austin, TX, and London: University of Texas Press, 1980), 97–109; Efraim Orni, *Agrarian Reform and Social Progress in Israel* (Jerusalem: Head Office, Keren Kayemeth Leisrael, 1972), 27–9, 77–80; Ernest Stock, 'The Reconstruction of the Jewish Agency: A Political Analysis,' in *American Jewish Year Book, 1972*, ed. Morris Fine and Milton Himmelfarb, executive ed. Martha Jelenko (New York: The American Jewish Committee, 1972), 187–8.

- 11 Minutes, 10 July 1945. Complaints about the JNF's fundraising activities in the USA emerged as early as 1943. Raphael, *History of the United Jewish Appeal*, 15, points out that in December 1943 Isaac Levy (of the Joint Distribution Committee, or JDC) complained about the JNF's 'traditional' sources of revenue that were 'beyond the framework of the UJA [United Jewish Appeal].' Furthermore, Levy complained that the JNF had breached a contract by raising funds 'for one partner exclusively [i.e., the United *Palestine* Appeal, or UPA], an act that was 'outside the [UJA] contractual agreement' (emphasis mine).
- 12 Information and quotes in this paragraph taken from Minutes, 10 July 1945 and 13 July 1945.
- 13 For Weitz's information on land purchase for 1944, see Minutes, 14 November 1944. See Minutes, 25 April 1944, where Granovsky expresses disappointment about the results of JNF land purchase in the first half of fiscal year 1944. He reported that the achievements in land purchase by April 1944 were 'less encouraging' in contrast to the JNF's improving financial situation. Granovsky must have been more pleased with the final outcome for 1944.
- 14 Minutes, 25 April 1944.
- 15 Minutes, 14 November 1944. The Hebrew word translated here as 'foreigners' referred mostly, if not wholly, to Arabs.
- 16 Weitz's comments, *ibid*.
- 17 Ylana N. Miller, *Government and Society in Rural Palestine, 1920–1948* (Austin: University of Texas Press, 1985), 19. Epstein to unidentified recipient, 14 March 1944, CZA, KKL 5/file 12766, calls the ANF the 'child of the Arab Bank which finances its operations.' Issa Khalaf, *Politics in Palestine: Arab Factionalism and Social Disintegration, 1939–1948* (Albany: State University of New York Press, 1991), 98, differs on the date for the establishment of the ANF, stating that it came into existence in 1932 or 1933. The exact relationship between the ANF and the Arab National Bank is not clear. However, a document titled 'Kupath Ha'umah Ha'aravith,' n.d. (c. early 1946), CZA, KKL 5/file 15551, witnesses to Epstein's claim immediately above, that sometime before December 1945, the Arab National Bank had contributed £P6,685 toward the ANF's efforts to purchase land.
- 18 Khalaf, 98–9. For more information on the Arab National Fund, see Y. Porath, *The Palestinian Arab National Movement: From Riots to Rebellion* (London: Frank Cass, 1977), 16–19, 93–4; Uri M. Kupferschmidt, *The Supreme Muslim Council: Islam Under the British Mandate for Palestine* (Leiden: E.J. Brill, 1987), 219–20, 226n, 246–7; and 'The Arab Land Fund,' CZA, KKL 5/file 15551. On the question of the ANF's inactivity between 1935 and 1943, 'Kupath Ha'umah Ha'aravith,' n.d. (c. early 1946), CZA, KKL 5/file 15551, states: 'The Arab National Fund was registered as a company limited by guarantee in 1935, but has actually started operations at the end of 1943 only, when a Board of Directors, comprising 41 members, was elected and branch offices opened in several Palestinian towns.'
- 19 Comments of Weitz and Granovsky in Minutes, 14 November 1944. See also Epstein to unidentified recipient, 14 March 1944, CZA, KKL 5/file 12766, who states the ANF 'might be considered a counterpart of the Keren Kayemeth.' The line 'arrange something in a way that corresponds to the operations of the JNF' is placed in quotes in the Minutes, but Granovsky does not give any indication where he obtained the quote. In the same letter cited above, however, Epstein claims that the ANF was using 'similar phraseology' to that used by the JNF. Because of the lack of detailed scholarly work on the ANF, the validity of Weitz's and Granovsky's argument that the ANF was an imitation of the JNF is difficult to ascertain. However, Porath, 18–19, supports the argument when he emphasizes the 'difference between the poor showing of the Arab National Fund and [that of] the [JNF], many of whose methods had been imitated by the Arab National Fund.' Furthermore, Kupferschmidt, 138–9, 226 (and footnote 28 on same page), identifies what he sees as a pattern of Arab copies of Zionist ideas and institutions: 'It is a well-known phenomenon,' he states, 'that in the struggle of the Palestinian-Arab national movement against the Jewish National Home, some of the Zionist material, organizational, or tactical attributes were copied—intentionally or

- unintentionally—by the Arab side.’ He includes the ANF-JNF in his list of perceived copies. Finally, Greenstein, 143, views the ANF as a ‘model’ based on the JNF.
- 20 Weitz’s comments in Minutes, 14 November 1944.
- 21 See Weitz’s comments in Minutes, 6 July 1944.
- 22 Ibid. The full quote regarding this point is as follows: ‘It [the ANF] gives instructions to the Arabs who had made contracts with the JNF for sale of their lands, who had given to the JNF irrevocable powers of attorney...for the transfer of their lands, and [who] received advanced payment for their lands, to cancel the contracts and the powers of attorney, to inform the JNF and the Government of these actions, and to return the money to the JNF in exchange for their lands.’
- 23 Ibid.
- 24 For discussion of a similar atmosphere of threats against Arabs and land brokers involved in land sales in the early to mid-1930s, see Stein, *Land Question*, 180–4.
- 25 See Weitz’s comments in Minutes, 6 July 1944. Epstein to unidentified recipient, 14 March 1944, CZA, KKL 5/file 12766, states, ‘The immediate effect of the creation of this instrument [ANF] has been to render actual and prospective Arab vendors nervous.’ Moreover, an untitled and undated document in English found in the CZA, KKL 5/file 13845, attests to two of Weitz’s claims about the Arab National Bank. The document paraphrases a report originally published in the Palestinian nationalist newspaper ‘Filistin’ about a ‘general convention’ of representatives of the Arab National Bank held on 19 January 1944 under the chairship of Ahmad Hilmi Pasha. In his convention address, a Dr Rashid Hajj Ibrahim proposed that the Arab National Bank declare its preparedness to ‘give a hearing to the requirements of those who must sell their land, with a view of buying such holdings instead of the Jews acquiring them’ and that the members of the convention declare that the ‘sale of land through a middleman to Jews does not save anybody from the reproach of being a traitor.’ The convention ended with the passing of the following four resolutions: (1) Arabs who sold land to Jews would be declared ‘traitors to the homeland and enemies of the nation’ and would be ‘boycotted and expelled from the community;’ (2) the Bank would demand that the Government of Palestine enforce the LTR in Zone A and ‘prepare the promulgation of these laws for the country as a whole;’ (3) Arabs should ‘defend the rights of the poor’ and ‘protect their land possessions;’ and (4) the Bank would ‘demand the dissolution of the Jewish National Fund.’ Assuming that this summary of the convention was accurate, clearly the JNF’s concerns about the ANF and the Arab National Bank were warranted. In one case, heightened threats led one JNF official to suspect ANF involvement in the ‘mysterious’ murder of one of the JNF’s Arab intermediaries—see Harry Levin to an unidentified recipient, 12 November 1945, CZA, KKL 5/file 13994.
- 26 Weitz’s comments in Minutes, 6 July 1944.
- 27 Ibid.
- 28 Minutes, 14 November 1944.
- 29 Ibid. Granovsky mentioned that Weitz had presented the land-purchase scheme for 1945 only so the Directorate would be aware of the JNF’s goal, not because the JNF could carry it out in reality—in Granovsky’s words, ‘since to our grief we do not have the possibility...to carry out even a small portion of it.’ Granovsky’s pessimism about realizing the goal was caused by reasons ‘independent’ of the JNF. He assured the Directorate that ‘every time one of the purchase proposals included in the [1945 land purchase] scheme is to be actualized it will be brought before the Directorate for discussion and decision.’
- 30 JNF Minutes contain many references to the JNF’s efforts to help alleviate the housing problem, whether by purchase of specific plots of land for housing (new immigrants’ housing and workers’ housing) or by supplying land for housing and/or to prepare land for housing. For example, see Minutes, 19 December 1944, in which the Directorate discussed the JNF’s need to participate, in some way, with the Shikun Company (*shikun* means housing) in a project to build 1,000 units for the housing of new immigrants. Up to

December 1944, Shikun had focused solely on workers' housing in urban and suburban areas. When Shikun decided to expand into the area of housing for immigrants, Granovsky argued that the JNF should 'bless [Shikun] for its preparedness' and should 'assist' in its efforts. The Directorate decided to assist by offering land 'in the city, in the proximity of the city, and in the village' for the building of the housing units, and by offering to prepare the land for said housing. Shikun requested financial assistance from the JNF to build the housing units themselves, but the Directorate decided that such involvement was outside the JNF's purview—or in Weitz's words, a 'deviation from the JNF's sphere of work.' Furthermore, Samuel Ussishkin (son of Menachem, attorney, and member of the Directorate) urged the JNF to carefully scrutinize its financial involvement because he believed such involvement would 'open a new chapter in the history of the JNF's work' that would bring in its wake 'large and weighty obligations for the JNF.'

31 Granovsky to Schen, 25 December 1944, CZA, KKL 5/file 13883.

32 Minutes, 20 March 1945.

33 See Granovsky's comments in Minutes, 10 July 1945.

34 Minutes, 20 March 1945.

35 Both Ms Remington's letter and Epstein's response are quoted in Walter Gross to unidentified 'colleagues,' 13 April 1945, CZA, KKL 5/file 12766.

36 Ibid.

37 See Minutes, 13 July 1945.

38 Minutes, 10 July 1945.

39 Ibid.

40 See the 8-page memorandum signed by Mohilever titled 'Joint Land Purchase Scheme,' 18 July 1945, CZA, KKL 5/file 13885, p. 4.

41 Mohilever and Weiss to Schen, 15 October 1944, CZA, KKL 5/file 13883.

42 For a possible precedent to this problem, see Stein, *Land Question*, 65, in which he discusses the soaring urban land prices in the late 1920s caused by the 'predominance of Jewish middle-class urban-oriented families' of the Fourth *Aliyah* (1924–29) that 'settled in towns and cities such as Jerusalem, Tel Aviv, and Haifa.'

43 Mohilever and Weiss to Schen, 15 October 1944, CZA, KKL 5/file 13883.

44 Granovsky to Schen, 25 December 1944, CZA, KKL 5/file 13883.

45 Ibid.

46 Ibid.

47 Ibid.

48 Mohilever and Weiss to Schen, 5 April 1945, CZA, KKL 5/file 13883.

49 Ibid.

50 Ibid.

51 Lockman, 268. Khalaf, 37, says that during the war the rural economy of Palestine witnessed 'increased prosperity as never before.' Roger Owen, 'Economic Development in Mandatory Palestine: 1918–1948,' in *The Palestinian Economy: Studies in Development Under Prolonged Occupation*, ed. George T. Abed (London: Routledge, 1988), 27, likewise declares that the war 'rescued the Palestinian economy from recession and catapulted it into a major role in the British Middle Eastern military effort.' For more information on the wartime economy, see also Farsoun, 93–7, and Rosenzweig, 112–31.

52 Mohilever and Weiss to Schen, 5 April 1945, CZA, KKL 5/file 13883.

53 On the difficult task of bringing the JLPS to an end, see Schen to Granovsky, 28 June 1944, CZA, KKL 5/file 13884, in which he discloses: 'I am afraid I will have to give much more time to liquidating this [JLPS] business than I thought at first'

54 Extract from Mr Schen's air letter, 27 March 1945, CZA, KKL 5/file 13883.

55 Weitz to Schen, 21 March 1947, CZA, KKL 5/file 15600. A detailed delineation of the obstacles that led to the failure of the JLPS appeared as early as July 1945 in a memorandum

- signed by Mohilever titled 'Joint Land Purchase Scheme,' 18 July 1945, CZA, KKL 5/file 13885.
- 56 Weitz to Schen, 21 March 1947, CZA, KKL 5/file 15600.
- 57 Ibid. On the difficulties faced by the Government of Palestine in persuading Arab villagers to partition *musha'a* land, see M.F.Abcarius, *Palestine Through the Fog of Propaganda* (London: Hutchinson, 1946; reprint, Westport, CT: Hyperion Press, 1976), 128–9 (page citations are to the reprint edition), and Stein, *Land Question*, 15. Abcarius points out that, although in the mid-to late 1920s the Government succeeded in persuading some villagers to 'agree to an amicable partition made by the villagers themselves,' the villagers thereafter refused to register their respective holdings even though 'every one had taken possession of one or more plots clearly demarcated.' Refusal to register left *musha'a* land in undivided ownership (as in the case discussed here), thus making it more difficult to sell.
- 58 Weitz to Schen, 21 March 1947, CZA, KKL 5/file 15600. Mohilever, in his memorandum titled 'Joint Land Purchase Scheme,' 18 July 1945, CZA, KKL 5/file 13885, clarified the issue of preemption: 'it may be pointed out many Arab co-owners, holding shares in those parcels in which shares have been acquired by us, brought actions against us in Land Courts, claiming preemption (i.e., right of priority in respect of the purchase of the shares concerned). According to the Ottoman law [still in force in Mandate Palestine], in the event of a co-owner selling his share (to a non-co-owner), other co-owners (who are not selling their shares) are entitled to acquire, at market price, the share so sold. Some of these court cases have been lost by us [the JNF], with the result that we have had to give up some of the newly acquired land for the amounts lower than those paid by us, if costs of litigation are taken into account.' See also Mohilever and Weiss to unidentified recipient, 31 July 1945, CZA KKL 5/file 13892. On the question of land and Islamic law in general during the Mandate period, see Eisenman, 136–51; on preemption specifically, see Eisenman, 57, 68, 145–51, 166, 240, 262.
- 59 Weitz to Schen, 21 March 1947, CZA, KKL 5/file 15600. For verification of Weitz's suggestion, see 'Minutes of the 63rd Meeting of the Honorary Officers of the Jewish National Fund, held at 65 Southampton Row, London, W.S. 1, on Tuesday, 20 May 1947, at 4:30 p.m.,' CZA, KKL 5/file 15571.
- 60 Capell to Epstein, 29 May 1947, CZA, KKL 5/file 15600.
- 61 G.Turner (JNF Head Office in Jerusalem) to Philip Shraga Finegold, 19 July 1949, CZA, KKL 5/file 17159. For various repurchase scenarios in the case of Wadi Kabani, see 'Extract from J.N.F.'s, London, letter dated 11 December 1945,' CZA, KKL 5/file 15601: (1) Mr Pepperman was prepared to sell if he could get £P700 instead of the £P625 the JNF was offering him and if the JNF could recommend another plot of land he could buy; (2) J.C.Gilbert expressed concern that the JNF, by repurchasing his interest in the Wadi Kabani, was 'destroying the stake which he [had] in the country.' For an example of a repurchase agreement between the JNF and one Henry Freedman signed 22 May 1947, see CZA, KKL 5/file 15600. More examples of such repurchase agreements abound in the JNF archives dealing with the JLPS.
- 62 Wright to Samuels, 5 June 1947, CZA, KKL 5/file 15599.
- 63 Schen to Weitz, 10 June 1947, CZA, KKL 5/file 15599.
- 64 Weitz to Samuels, 16 June 1947, CZA, KKL 5/file 15599.
- 65 Ibid. The sources to which I have access do not reveal how the cases of Finegold and Samuels panned out in the long run. For another specific case of one Mr Oiserman who had participated in the JLPS south of Netanyah, and the difficulties of bringing the deal to completion, see Mohilever and Weiss to Schen, 4 March 1946, CZA, KKL 5/file 15600.
- 66 See the untitled document in Hebrew dated 18 September 1946, CZA, KKL 5/file 15599.
- 67 'Pro Memoria: Farm City V,' 18 November 1943, CZA, KKL 5/file 13868. See also document titled 'Bet She'arim (Kiryath Amal),' December 1943, CZA, KKL 5/file 13868. Kiryat Amal is located about 16 km from Haifa and 'situated on the hills separating Emek

- Zebulun from Emek Jezreel.' The Haifa-Nahalal (Haifa-Nazareth) highway runs through the settlement.
- 68 'Pro Memoria: Farm City V,' 18 November 1943, CZA, KKL 5/file 13868. The participants in the meeting were Granovsky, Schen, Paul Singer, E.M.Epstein, Joseph Weiss, A.L.Mohilever, and E.Borochov. In this same meeting, the said participants announced the launching of the 'Garden City Scheme' as an 'intermediate form between the Farm City and Housing Investment Schemes' (see 'Pro Memoria: Garden City Scheme,' 18 November 1943, CZA, KKL 5/file 13870, and 'Pro Memoria: Housing Investment Scheme,' 30 November 1943, CZA, KKL 5/file 13861). The Garden City was to be based on the Farm City idea with the following two modifications: the plot offered would be a suburban plot (about 1 dunam) and the area of the Garden City would be in the vicinity of an urban center such as Tel Aviv, Haifa, or Jerusalem. Of the three possible locations, the JNF favored Tel Aviv because a Farm City had already been established near Haifa and because the JNF had run into difficulties in purchasing land near Jerusalem. The donation would remain at £250 per plot and the ground rent would be 4 percent of the value of the land, with no reassessment to be effected in the first forty-nine years.
  - 69 'Extract from Minutes of 34th Meeting of Honorary Officers of JNF, London, Held 14th February, 1944 (Private and Confidential),' CZA, KKL 5/file 13868. It should be noted that the JNF set aside fifty plots in Farm City V for Australian investors—see Schen to Lowy, 13 April 1944, CZA, KKL 5/file 13869.
  - 70 Schen to Lowy (JNF in Australia), 13 April 1944, CZA, KKL 5/file 13869. On Farm City V, see also Schen to Granovsky, 5 March 1945, CZA, KKL 5/file 15579. For examples of detailed discussion of the FCS leasehold, see Capell (JNF London) to Granovsky, 5 June 1945, CZA, KKL 5/file 15574, and 'Memorandum on Farm City and Kiryat Amal Lease,' 1 October 1945, CZA, KKL 5/file 15574. Finally, for a legal opinion on the Farm City V leasehold, see 'Keren Kayemeth Leisrael Ltd., Kiryat Amal Lease, Opinion,' n.d. (c. December 1945/January 1946), CZA, KKL 5/file 15573.
  - 71 'Minutes of Meetings Regarding Farm City Scheme,' held at the JNF Head Office, 12 and 20 November 1945, CZA, KKL 5/file 15571, p. 2. See also Schen to Borochov, 13 April 1944, CZA, KKL 5/file 13868.
  - 72 'Pro Memoria' signed by Granovsky, 2 December 1943, CZA, KKL 5/file 15571. A letter from Mohilever to Nettler, 27 November 1945, CZA, KKL 5/file 15571, confirmed this statement.
  - 73 Schen to 'Colleagues' (JNF Head Office), 14 December 1944, CZA, KKL 5/file 13883.
  - 74 'Pro Memoria' signed by Granovsky, 2 December 1943, CZA, KKL 5/file 15571.
  - 75 Schen to 'Colleagues' (JNF Head Office), 4 January 1944, CZA, KKL 5/file 13862, and Schen to 'Colleagues,' 30 November 1944, CZA, KKL 5/file 13867.
  - 76 Schen to Granovsky, 7 April 1944, CZA, KKL 5/file 13861.
  - 77 See the letter from Nettler to Schen quoted in Schen to Borochov, 6 July 1944, CZA, KKL 5/file 13861.
  - 78 For negotiations in April-May 1944, see for example Mohilever to Dr H.Foerder (of RASSCO), 28 April 1944, and Dr Foerder to the JNF Head Office, 4 May 1944, both letters (in Hebrew) found in CZA, KKL 5/file 13861. For mention of negotiations in November 1944, see Mohilever and Weiss to JNF 'Colleagues' in Johannesburg, 1 November 1944, CZA, KKL 5/file 13869. See the agreement between PAFCAL and RASSCO, 16 April 1944, CZA, KKL 5/file 13861. As part of the general agreement with PAFCAL, RASSCO also began a process of signing agreements with individual FCS participants—see 'Draft Agreement,' 14 December 1945, CZA, KKL 5/file 15571. In the agreement, the participant entrusted RASSCO with 'the execution of the development works mentioned in the General Agreement between Pafcal and Rassco.'
  - 79 Schen to unidentified 'Colleagues,' 11 October 1945, CZA, KKL 5/file 15575. See also, extract from Schen to Levin, 11 October 1945, CZA, KKL 5/file 15571.

- 80 Extract from Epstein to the JNF Head Office, 2 September 1945, CZA, KKL 5/file 13862.
- 81 'Minutes of the 63rd Meeting of the Honorary Officers of the Jewish National Fund, held at 65 Southampton Row, London, W.S.I, on Tuesday, 20 May, 1947, at 4:30 p.m.,' CZA, KKL 5/file 15599. The full name of Kereth was the Kereth Housing and Mortgage Corporation, Ltd. By the December 1946 meeting in Basle, Schen had become the representative of Kereth. According to a letter from Granovsky to Judge Rothenberg (President of the Jewish National Fund of America, New York), 28 January 1947, CZA, KKL 5/file 15572, the JNF Head Office and Schen mutually agreed (on 1 March 1947) that Mr Schen would leave the service of the JNF because of his new position as Managing Director of Kereth Housing and Mortgage Corporation Ltd. The JNF made this decision out of a desire to remain independent from any company 'founded for the purpose of ...promoting housing by building for sale or rent'
- 82 Schen to 'colleagues' at the Head Office, 12 December 1944, CZA, KKL 5/file 13864.
- 83 Mohilever and Weiss to Schen, 23 February 1945, CZA, KKL 5/file 13862, reported the planning status of each Farm City by February 1945: Farm City I had received the first approval by Town-Planning authorities; Farm City II was 'passing' the first stage; Farm City III had been submitted to authorities; Farm City IV was 'being submitted;' and Farm City V had already been submitted.
- 84 Tyler, 'Huleh Concession,' 843–6, 854, 856.
- 85 For the events of this momentous period, see works by Shlaim, especially 76 ff; Pappé; Bar-Joseph; and Cohen, *Palestine and the Great Powers*.
- 86 Minutes, 23 August 1944 (afternoon session). Problems with excess water in the north (from rain water and ground water) were caused by two main factors: the fact that the Huleh basin lies somewhat below sea level and the lack of enough soil to absorb the water. On these two points, see, respectively, Joseph Weitz, 'The Land of Galilee: Historical Significance and Future Potentialities,' reprint (in pamphlet form) from the *Palestine and Middle East* economic magazine (Jerusalem: Head Office the Jewish National Fund, n.d.), found in CZA, card catalog no. 6938, p. 3, and Weitz, 'Agricultural Prospects in the Negeb,' Pamphlet Service No. 2 (London: Zionist Federation of Great Britain and Ireland, n.d. (c. 1945)), found in CZA, card catalog no. 35.370, p. 19. On the general question of afforestation in Palestine/Israel, see Joseph Weitz, *Afforestation Policy in Israel* (Jerusalem: Jewish National Fund, 1950), found in CZA, card catalog no. 11.084b, and Nurit Kliot, 'Ideology and Afforestation in Israel: Man-Made Forest of the Jewish National Fund,' in *Studies in the Geography of Israel*, eds. Reichman and Kark, 87–106 (Hebrew).
- 87 For the decision to purchase the 5,800–6,000 dunams, see Minutes, 20 March 1945. The discussion and decision on the 2,200 dunams is found in Minutes, 15 May 1945.
- 88 Tyler, 'Huleh Concession,' 839, 853, 856.
- 89 Norman, 263–4. Granovsky to Passman, 4 January 1949, CZA, KKL 5/file 17153, makes it clear that the JNF and EMICA were still interested in developing the Huleh jointly. Granovsky hoped the 'changed political circumstances' by 1949 would place the concessionaire in 'a much more favorable position' and would help negotiations with the PEC run 'much smoother.'
- 90 Joseph Weitz, 'Agricultural Prospects in the Negeb,' 3–4; Kark, 'Jewish Frontier Settlement,' 349, points out that the original plan was to set up ten posts. For the results of the studies and tests, see Joseph Weitz, *The Struggle for the Land*, selected papers by Joseph Weitz, Head of the Land and Afforestation Department of the JNF (Tel Aviv: Lion the Printer, 1950), found in CZA, card catalog no. 12.934, pp. 18–37. On afforestation, see Weitz, *Afforestation Policy in Israel*, 5–17, and Porat and Krakover, *Land Reclamation and Agricultural Experiments*, iv.
- 91 Minutes, 6 July 1944. Schen to 'colleagues' (JNF Head Office), 19 July 1944, CZA, KKL 5/file 13884, informed the Head Office about a Dr Benjamin Vardy who had purchased 100 dunams from Moshe Smilansky at a price of £P500. Apparently, Vardy purchased the land



(located in Kfar Moshe near Gaza) knowing no *kushan* was available at the time because the land had not yet been parcelled. After losing interest in the land, Vardy offered to transfer the land to the JNF at cost price. Schen wanted to know if the Head Office was interested in the land.

92 Minutes, 19 December 1944.

93 Kark, 'Jewish Frontier Settlement,' 349; for Weitz's estimate of 158,000 dunams by 1947, see the same Kark article, endnote no. 72. For information on the JNF and the Negev during the 1948–49 war, see Amiad Brezner, *Keren Kayemeth LeIsrael and the Negev in the War of Independence*, transcript from the Academic Forum of the Research Institute for the History of the JNF, Land and Settlement, vol. 23 (January 1996). For a case study of settlement in the Negev after 1948, see Zeev Zivan, *From Yeruham Immigrant Camp to Givat Rahel: Early Settlement in Ramat HaNegev, 1951–1956*, transcript from the Academic Forum of the Research Institute for the History of the JNF, Land and Settlement, vol. 27 (January 1997).

## 6

### Conclusion

1 Lehn, 84, notes that from 1901 to 1946 (the first forty-five years of the JNF's existence), contributions from the USA accounted for 51.8 percent of total JNF income from contributions. Europe was the next largest contributor with 12.2 percent (obviously excluding the war years). The third largest contributors were Britain and Ireland accounting for 10.1 percent of the total.

2 *Report on the Activities of the Keren Kayemeth LeIsrael Limited (Jewish National Fund) for the Period 5700 to 5706 (October, 1939, to September, 1946)*, submitted to the 22nd Zionist Congress, Basle, Switzerland, December 9, 1946 (published Jerusalem, October 1946), 86.

3 *Ibid.*, emphasis in the original. In regard to debentures, p. 85 of the same report states that the Government of Palestine 'prohibited all issues of debentures except with special permission.' The 'small' chances of securing permission were 'reduced still further' after publication of the LTR of 1940. Therefore, the Directorate's decision to issue debentures during the war slowly petered out. The same report, p. 114, discloses that between 1934 and 1939 the JNF issued debentures with a total value of £P270,656. According to the terms of issue, £P121,068 debentures had been redeemed by September 1946. The remainder, £P165,194, were due to be redeemed between October 1946 and the year 1958.

4 *Ibid.*, 86–7.

5 *Ibid.*, 88.

6 *Ibid.*, 93–5. For some reason not made clear in the archival sources in my possession, the JNF did not target the UK and the USA during the war for its living legacy program, although these and other countries did give bequests. Because of the program's success during the war, by the end of 1946 the JNF offices in the UK and the USA were 'investigating the prospects' of establishing the program in their countries (95).

7 The total figure is based on the following yearly figures: 1939 (£P11,116), 1940 (£P12,206), 1941 (£P16,344), 1942 (£P25,610), 1943 (£P39,600), 1944 (£P43,996), and 1945 (£P51,950). I reported the figures for 1939–43 in previous chapters and obtained the figures for 1944–45 from the 'Balance Sheet and General Income and Expenditure Account' dated 30 September 1944 and 30 September 1945 respectively, CZA, KKL 5/file 13979. For the record, *Report on the Activities of the Keren Kayemeth LeIsrael Limited (Jewish National Fund) for the Period 5700 to 5706 (October 1939 to September 1946)*, 123, gives the total figure for 1943 as £P37,536. Granovsky, in 'A Review of Achievements and Prospects,' 1942, CZA, S25/file 1899, points to the positive development of increases in leasehold fees

as ‘one of the most important activities we [the JNF] have succeeded in carrying through during the war years’ because it was a ‘sign of the consolidation of Jewish agriculture.’

*Reports of the Executives Submitted to the Twenty-Third Zionist Congress at Jerusalem, August 1951* (Jerusalem: The Executives of the Zionist Organization and of the Jewish Agency for Palestine, 1951), 747, reveals that the upward trend in leasehold fees continued after 1948. Between fiscal years 1947 and 1950, the JNF received £405,000 from leasehold fees (£182,000 from rural lands; £159,000 from urban lands; and £64,000 from land leased to industrial enterprises). This income did not represent the whole landed property of the JNF, because ‘a certain period elapses until agricultural settlements become sufficiently consolidated to begin paying for the lease.’

- 8 Mr Shimon Ben-Shemesh (President of the JNF Research Institute in Jerusalem until c. 1997), in an interview with the author, 13 November 1995, argued the point of ‘incompatibility’ of joint activities between private capital and the JNF. Although this argument does not explain why the JLPs failed, it may explain to some extent the debate and confusion—tied up with issues of private versus national interests—that took place over the nature of the FCS. Furthermore, future research on other joint activities may more fully bear out Ben-Shemesh’s assumption.
- 9 Publicity Department of the ‘Keren ha-Yesod,’ ed., *The Keren Ha-Yesod Book*, 47–8. See also Granovsky, *Land Policy*, 115.
- 10 *Reports of the Executives Submitted to the Twenty-Third Zionist Congress at Jerusalem*, 754, shows that this trend continued after 1948. The report states: ‘The greater the JNF income...the greater the expenditure with the expansion of work to be done.’
- 11 See ‘Balance Sheet and General Income and Expenditure Account’ for 30 September 1944 and 30 September 1945, CZA, KKL 5/file 13979 (in Hebrew); the Appendix contains the same information. The reader will notice the JNF’s income and expenditure accounts for 1940–45 (see Appendix) are all balanced. The figures gleaned from the Minutes, however, do not always balance. Reconciliation of the figures from the two sources calls for further investigation.
- 12 Berkowitz, 185, emphasis mine.
- 13 Katz, *Jerusalem and Hebron*, and Porat, *From Wasteland to Inhabited Land*, represent significant efforts in this direction.
- 14 Since the information gleaned from the Minutes of the Directorate meetings on how much the JNF purchased from year to year is inconclusive, I use here the numbers cited in Table II in Lehn, 72.
- 15 As quoted in Moshe Levin, *The Story of the Jewish National Fund* (Jerusalem: The Head Office of the Jewish National Fund, 1957), 46.
- 16 Stein, ‘The Jewish National Fund,’ 191.
- 17 Stein, *Land Question*, and Lockman, *Comrades and Enemies*, explain other factors that contributed to the ultimate partition of Palestine between Arabs and Jews. Stein, *Land Question*, 220, speaks of three ‘unrelated factors’ that, as early as the 1930s, caused a ‘physical division of Palestine into distinct Jewish and Arab zones’ and, consequently, influenced the Peel commission’s 1937 suggestion to partition: the Zionist decision not to resettle Arab tenants ‘between existing Jewish settlements;’ the growing Jewishness (and the waning ‘Arabness’) of the coastal and valley regions; and the ‘natural migratory patterns’

that 'brought many Arabs to the hill regions around Nablus, Tulkarm, Jenin, Bethlehem, Hebron, and the Galilee, and away from the Jewish settlements' (for more on this point see Stein, *Land Question*, 185–7). Lockman, 365, states that 'labor Zionism's relative success in excluding Arab workers from the Jewish sector and [in] constructing as self-sufficient a Jewish enclave as possible in the four decades before 1948—a strategy bound up with the articulation of certain visions of itself and of Arabs—was a *key factor in making partition and Jewish statehood in most of Palestine possible*' (emphasis mine).

- 18 All figures in this paragraph are found in Lehn, 71–2 and 74, Table III. The government figure for the total number of Jewish-owned dunams by May 1948 is not available (Lehn, 72, Table II, note b, shows the government total for JNF by 31 December 1946, is 652,500 dunams, or 66.98 percent of total Jewish acquisitions between 1920 and 1946). In Table III, Lehn gives the figure 1,734,000 dunams, the same figure given by Granovsky, *Agrarian Reform*, 28, for the end of 1947. Stein, 'The Jewish National Fund,' 191, Table 1, estimates the figure for May 1948 at 2,000,000 dunams. His figure for total land accumulated by the JNF by the same date is listed at 928,240 dunams. Thus, Stein's JNF percentage of total Jewish-held land by 1948 is 46.4 percent.
- 19 The idea of national land was more fully realized after 1960 when the Israeli Knesset passed a law making 92.6 percent of land in Israel national, or public, land. See Tuten, 'Role of the Jewish National Fund,' for discussion of this issue and for a review of some of the relevant literature.
- 20 Lehn, 85.
- 21 See Lehn, 164–5, for some information on what is known about the JNF's activities in the territories after 1967.

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