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Dr. G. MUENZNER

JEWISH LABOUR ECONOMY IN PALESTINE

THE ECONOMIC ACTIVITIES OF THE GENERAL FEDERATION
OF JEWISH LABOUR (HISTADRUTH HA'OVDIM)

IN COLLABORATION
WITH ERNST KAHN
ON BEHALF OF THE ECONOMIC
RESEARCH INSTITUTE OF THE
JEWISH AGENCY, JERUSALEM

SPC
HC
497
P2
M88
1943
PAL



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Printed in Palestine

Japhet, Printing Press, 13, Lillienblum st., Tel Aviv



The Histadruth, which is by far the most important Labour Organisation in Palestine, is not identical in either claims or objects with the Trade Unions of other countries. It sets out to be very much more than a mere agency for protecting the interests of the working classes as wage earners; it intervenes to an ever-increasing degree, and vastly more than the Trade Unions of other countries, as an "entrepreneur" in the widest sense of the word in the field of production. It participates not only in the production and distribution of goods but also in the credit and transport system, etc., of the country.

These activities assume two widely differing forms; either the Histadruth proceeds directly as employer, or it fosters the union of members in all kinds of associations.

Its individual enterprises are so manifold, their strength and efficiency so varied, their organisation so complicated, that a thorough and unbiassed study is vitally necessary.

The Economic Research Institute therefore welcomes the careful investigations which Dr. Gerhard Muenzner has placed at their disposal. It is hoped they may prove of interest even outside Palestine, casting light as it does on a singular, if not unique, organisation.

Jerusalem, 1942

ARTHUR RUPPIN



PREFACE

This investigation attempts to examine the economic section of the Histadruth by analysing the balance-sheets of its individual enterprises. Accordingly it does not deal with political or sociological questions or trade-unionism but intends to show the manner and scope of the organisation developed by Labour in Palestine, from the point of view of economics only.

My thanks are especially due to the Economic Research Institute of the Jewish Agency, Jerusalem, and in particular to Mr. Ernst Kahn who, at the request of the Institute, has kindly undertaken the edition of this publication and to whose ideas and active collaboration important chapters owe origin and drafting. I am likewise indebted to Messrs. Zvi Schreiber, Fritz Naphtali, Zvi Luboshitz and Izhak Finkelstein for their assistance, support and numerous suggestions. Finally I wish to thank Mr. Theodore David for his valuable help in reading of proofs and compiling the index.

Tel-Aviv, 1943

GERHARD MUENZNER



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THE CONTRIBUTION OF THE HISTADRUTH TO JEWISH ECONOMY

The labour organisation known as the General Federation of Jewish Labour in Eretz-Yisrael / Palestine (Hebrew: Hahistadruth Haklalith shel Haovdim Ha'ivrim be Eretz Yisrael) plays a double part in the Jewish economy of Palestine. In the first place it fulfils functions similar to those of trade-unions in Europe and America, setting out to protect the interests of its members. As such it had 96 000 members in the middle of 1942. If women, juvenile workers and children are included, the figure attained is about 170 000 out of a total Jewish population then estimated at about 500 000. Judging by these figures, about one third of the total Jewish population in Palestine was organised in this union. If the total sum of the Palestinian Jewish working-class — 132 000 (excluding wives of workers) — is compared with the figure of 96 000 workers organised in the Histadruth, it is found that approximately 73% belong to the latter.

Table I

Jewish Workers and Histadruth Membership in Palestine (1930—1942)

Beginning of year	Jewish workers (excl. wives)	Histadruth Members (incl. juvenile workers)		
		incl. wives	excl. wives	as percent of Jew. workers
1930	27300	25400	20200	74
1931	28000	30060	21000	75
1932	30000	30080	23500	76
1933	35000	35000	26600	76
1934	50000	48000	37000	74
1935	70000	67000	52000	74
1936	90000	87000	69000	76
1937	105000	99000	78000	74
1938	108000	100000	80000	74
1939	112000	108000	82000	73
1940	120000	117000	89000	74
1941	125000	119500	91000	73
1942	132000	125000	96000	73

Apart from its activity as the central trade-union the Histadruth participates to a steadily increasing degree, either directly or indirectly, in Palestine's economic life as an "entrepreneur" and employer. The exact extent of its undertakings is not generally known; and the present study aims to elucidate this as far as possible. To begin with, a clear definition of what is meant by a Histadruth undertaking is necessary. Some understand this to mean only undertakings belonging exclusively to the Histadruth as such, for example Solel Boneh, the country's chief building contractor. This definition would not embrace institutions of the type of Nir or the Workers' Bank (both supplying credit to workers' organisations) as they have outside shareholders; nevertheless they must certainly be included here, as their controlling shares are vested in the Hevrath Ovdim, the central holding company of the Histadruth. There might be some doubt as to Bizur, the financing institution for semi-public works, which is controlled jointly by the Histadruth and the Jewish Agency. The question is even more intricate in the case of undertakings which do not belong to the Histadruth as such, but to its individual members. The issue is particularly important because many co-operative societies come under this heading, especially the communal settlements (Kibbutzim and Kvutzoth), traffic co-operatives, etc. The smallholder settlements (Moshvei Ovdim) must also be included under this head. We are inclined to include all varieties within the frame-work of this study and adopt, therefore, a rather wide interpretation of the term Histadruth-undertaking.

But how is the part played by these enterprises in the total Jewish economy to be gauged? As far as can be judged, three standards are possible:

1. The number of wage-earning people — or, more correctly, of would-be wage-earners.
2. The value of the production.
3. The capital investment.

Even here closer examination will show the existence of all kinds of difficulties, and many obscure points will have to be cleared up.



I. WAGE-EARNERS OR WOULD-BE WAGE-EARNERS

This category includes all those who are fully capable of work irrespective of whether they are employed or unemployed at the time of registration. The term "wage-earners" is used in the widest meaning, embracing also employees receiving monthly payment and members of co-operatives. Here the point of difficulty met with is the position of the woman; both the women members of communal settlements and the wives of smallholders must undoubtedly be counted as wage-earners. It is clear that in many cases the danger of duplication is incurred. Thus there are quite a number of members of communal settlements who work in Solel Boneh or Yakhin (the Plantation Company of the Labour Federation). It may further be doubted whether members who accept outside employment should be included among those employed by the Histadruth. Finally it is not easy to decide the exact number of persons employed by Solel Boneh or Yakhin; the figure arrived at in dividing by 300 the total number of working days given by each of these companies will scarcely bear acceptance; there are — at least under normal conditions — few workers in the country who are so fully employed. Nor can the highest figure of those employed during a single year be accepted. It is therefore necessary to find the mean between these two. This example alone shows how difficult it is to obtain a sufficiently accurate figure. The estimate given here is therefore offered with all reserve: —

Table 2

Number of workers in the Histadruth sector (Middle of 1942)

Communal and Smallholder Settlements . . .	30 000
Solel Boneh and Misrad Kablani	7 000
Yakhin (including Agricultural Contracting Co.)	2 600
Tnuvah (Distribution comp. of agricult. produce)	750
Hamashbir Hamerkazi (Centr. supply organisation)	330
Kupath Holim (Sick Insurance Fund)	1 000
Transport Co-operatives	1 850
Banks, Insurance Companies etc.	1 170
Other Histadruth concerns including Co-operatives	1 300
Total . . .	46 000

If it is somewhat arbitrarily assumed that of a total of 155 000 Jewish workers an average of 80%, i. e. 124 000, were employed at any given time, then the share of the Histadruth would reach 37% approximately. This proportion is higher in the rural districts and considerably lower in the towns. At least 75% of the 46 000 enumerated in Table 2 worked on the land, whereas the majority of Jews in Palestine, as elsewhere, are town-dwellers. The predominance of the Histadruth in the agricultural sector is a fact which will repeatedly appear in the course of this study.

2. VALUE OF PRODUCTION

The significance of the Histadruth's various urban activities varies too; it is considerable in transport and the building trades, but is negligible in industry. For this reason aggregate calculations are not a fair criterion. The following figures are hence subject to error: —

Table 3

Histadruth's Share in Jewish Production 1941*)					
Mixed Farming	...	...	...	...	70%
Road Transport	...	...	...	...	70%
Building Undertakings	..	...	...	...	66%
Citrus Plantations	..	...	...	...	10%
Industry	...	...	...	...	4%

3. CAPITAL INVESTMENT

An estimate of the Histadruth's capital investments depends on whether its assets are to be calculated after the deduction of all liabilities, or whether all the sources of capital — including borrowed money — should be taken into account. In the former case we arrive at a comparatively small sum. In the main it is confined to the capital of the Hevrath Ovdim, to which that of the Sick Insurance Fund Kupath Holim and of the Unemployment Fund Keren Hoser Avodah may perhaps be added. Even a generous

*) These figures are mainly based on the statistics of the Economic Research Institute of the Jewish Agency.



calculation will by the middle of 1941 scarcely allow more than £P.500 000—700 000, as later comments will show. If we accept a very rough estimate of Palestine Jewry's capital as £P.110 million, this would represent only 0,5%. If, however, the net capital of the workers' co-operative movement is included, the estimate is considerably higher, a figure of approximately £P.1,6 million being reached*). Again the result is fundamentally different if we include borrowed capital placed at the disposal of workers' settlements. After eliminating double reckonings, we attain a figure of about £P. 12 million, i.e. more than 10% of Jewish national assets. To summarise: though the Histadruth in its capacity as an organisation had up to 1941 accumulated a comparatively small capital, it controls through members and affiliations quite a substantial percentage of the country's working capital.

*) This amount does not include investments in Kupath Holim, Keren Hoser Avodah and similar funds. All these figures refer to 1941.



I. AGRICULTURAL PRODUCTION AND MARKETING

As producer the Histadruth is much more noticeable in agriculture than in industry. This is because for many decades those workers most actively and devotedly inspired by Zionist ideals have made contact with the soil their aim in life. Ever since the resettlement of Palestine by working Jews began, this urge towards agriculture has played an important part. Most of the Rothschild colonies*) owe their existence to this ideal; but mass settlement in agriculture dates only from the foundation of the early worker settlements after the first World War.

This is particularly true if the citrus industry in its present form is viewed not as agriculture in the narrow sense, but as something between industry and farming. If we confine the term "agriculture" to mixed farming embracing cattle, poultry, vegetables, fodder, grain, supplemented according to district by citrus, bananas, other fruits and vines, then the workers' share is preponderant and shows an almost consistent increase. Its rôle as entrepreneur in the town is small however. This is clearly seen from the following production statistics of the Economic Research Institute:

Table 4

Share of Communal and Smallholder Settlements in Jewish Agricultural Produce (rural sector).

<u>Year</u>	<u>Milk</u>	<u>Eggs</u>	<u>Vegetables</u>
1937	69.2%	65.7%	} approx. 75%
1938	71.8%	64.8%	
1939	74.1%	66.3%	
1940	75.3%	67.4%	
1941	75.0%	66.7%	

*) founded and financially supported by Edmond de Rothschild of Paris

These figures refer to rural districts only and exclude all urban production of milk and eggs. The latter years show an undeniable increase in the share supplied by the Histadruth settlements, although in the case of eggs the new middle-class settlements of German Jews find a prominent place. One may well assume that today nearly $\frac{3}{4}$ of the products taken into account here come from communal and smallholder settlements. The growth of this group is seen from the following:—

Table 5*)
Workers Settlements: Number and Population

	Beginning 1935	End 1940	Increase within 6 years %
Number of Settlements:			
Communal Settlements	40	79	97
Smallholders' Villages	34	55	62
Total	74	134	81
Population:			
Communal Settlements	8900	22115	136
Smallholders' Villages	7200	11955	66
Total	16100	34070	112
Average Number of Inhabitants:			
Communal Settlements	222	280	26
Smallholders' Villages	212	217	2

Settlements founded till 1936 :	Workers		Children		Dependants		Youth Alyah		Outside children		Total	
	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940
40 Kvutzoth	9207	9377	3205	3654	632	701	1533	1534	159	291	14736	15557
35 Villages	5335	5028	3702	3781	556	546	342	268	—	—	9935	9623
Total	14542	14405	6907	7435	1188	1247	1875	1802	159	291	24671	25180
Settlements founded since 1936 :												
39 Kvutzoth	4007	5284	423	904	68	74	183	265	21	31	4702	6558
20 Villages	1093	1407	488	756	108	102	44	67	27	—	1760	2332
Total	5100	6691	911	1660	176	176	227	332	48	31	6462	8890
Grand Total	19642	21096	7818	9095	1364	1423	2102	2134	207	322	31133	34070

*) Tables 5—25 are widely based on the valuable Reports of the Audit Union of the Agricultural Labour Settlements (Yalkut, issued by Brith Hapikuah le Co-operatzia Hahaklaith Haovedeth, Tel-Aviv)

This table includes only those 79 communal settlements which have been definitely settled, but not the numerous others — about 30 — which have not yet received land from the Jewish National Fund (Keren Kayemeth Leyisrael) and a budget from the Foundation Fund (Keren Hayesod). If the latter group are included, the figure for the end of 1941 would be some 45 000 inhabitants.

Within the short period of six years (1935 — 1940) the number of settlements rose by 81%; their population doubled, the land at their disposal rose by 38% and the capital invested by 53%. The capital investment per capita however remained the same, indicating that the settlements as a whole are still very far from being fully equipped. The population of these Histadruth settlements has risen, relatively, more rapidly than the total Jewish population of Palestine, and much more rapidly than that of the rest of the rural districts. Within the Histadruth settlements, again, the communal movement has gained in strength outstandingly. Whereas in 1935 46% of the units included in the above statistics were smallholder settlements, their proportion at the end of 1940 had fallen to 37%. The growth is even more striking with regard to the number of inhabitants; the share of the communal settlements rose from 55% to 65%, the respective units becoming larger. There are certain transitional forms between the two types, some smallholders tending to a more or less co-operative form of cultivation in their settlements.

The great significance of the worker settlements is further shown in the capital invested, amounting at the end of 1941 to approximately £P. 5,3 million*). This figure includes neither the cost of the land, nor those sums of money which the Keren Hayesod has written off from time to time. As the settlements have had land placed at their disposal, primarily by the Keren Kayemeth (KKL) but also by the Palestine Jewish Colonisation Association (Pica)**)—altogether about 400 000 Dunam = 100 000 acres—and as the dunam cost on an average at least £P. 7½, this denotes a further investment of about £P. 3 million. The amounts written off by the Keren Hayesod are comparatively modest.

*) By the middle of 1942: LP 6 million.

**) In 1900 all investments in Rothschild's settlements had been transferred to the ICA (now Pica) thus endeavouring to substitute the system of individual aid and support by a planned colonisation policy.

Table 6

Investments of the Keren Hayesod in Agricultural Settlements (in L.P.)

	1940			1941		
	Invest- ment	Written off	0/0	Invest- ment	Written off	0/0
Communal Settlements	938419	272125	29	1005314	273213	27.2
Smallholders Villages (incl. individual settlers)	826097	225799	27.3	875194	226249	25.8

They are officially given at £P. 499 000. Even disregarding the latter sum, a total of £P. 8¹/₂ million was invested in this sector. This considerable investment of capital justifies detailed examination.

No other sector of the workers' economy is at all comparable with this, either as regards the number of persons concerned, or investment of capital. Apart from the huge investment these settlements deserve particular study on account of their unique economic structure. Finally it should be pointed out that other important Histadruth institutions fall within the frame-work of agricultural activities, serving mainly as their auxiliary agencies, particularly the sales organisation for agricultural products "Tnuvah", the central purchasing organisation "Hamashbir Hamerkazi", the Workers' Bank and Nir. In estimating the annual productive capacity of the settlements, their income from outside employment must be added, as shown below:—

Table 7

Value of Production of Communal and Smallholder Settlements 1938/1941

	1938 / 39	1939 / 40	1940 / 41
Communal Settlements	LP. 1.127,000	LP. 1.360,000	LP. 1.987,000
Smallholders' Villages	" 432,000	" 487,000	" 769,000
Outside Labour Groups	" 117,000	" 151,000	" 270,000
	LP. 1.676,000	LP. 1.998,000	LP. 3.026,000

These figures are all the more impressive, as the turnover of capital in agriculture is very slow. If these estimates are correct, the capital invested in the settlements was before the war turned over once in four years.



I. COMMUNAL SETTLEMENTS

Within the present subject-matter not only are the co-operative settlements of primary importance as regards number of inhabitants, production and investment of capital, but also, thanks to their more stringent organisation, they lend themselves better to purposes of survey. They all have the legal form of co-operative societies: economically they are a mixture of producer and consumer co-operatives eliminating individual property and thus represent the most intensive form of a co-operative society.

In order to avoid misunderstandings which might arise out of the use of the Hebrew terms for the different types of settlements it seems to be necessary to define some of these terms.

The words "Kibbutz", "Kvutzah", "Plugah" embrace any form of collective organisation and are used in general with regard to the different types of rural settlements. "Kibbutz" or "Kvutzah" (pl. "Kibbutzim", "Kvutsoth") are collective farms definitely and permanently settled on the area allotted by the Jewish national institutions, whereas a "Plugah" (pl. "Plugoth") is to be defined as a collective body of rural workers in stage of training and preparation to be definitely settled as a collective farm as soon as the Jewish national organisations have secured its initial budget.

Table 8

Development of Communal Settlements 1931 — 1941

	Number of settlements	Number of members	Members per settlement (average)	Own means LP.	Own means per settlement (average) LP.	Debts LP.	Own means as 0/0 of invest- ments
1931	15	1164	78	4169	278	417098	1.0
1932	24	1849	77	8560	357	525830	1.6
1933	38	3148	83	23140	609	627075	3.5
1934	50	4569	91	96992	1940	778098	11.0
1935	70	8644	123	85690	1224	1056812	7.5
1936	104	12997	125	133740	1286	1324090	9.2
1937	106	12918	122	167925	1584	1611561	9.4
1938	112	14860	133	162103	1447	1849893	8.0
1939	117	17951	153	201509	1722	2192839	8.4
1940	127	19377	153	290040	2284	2544401	10.2
1941	134	19382	145	500833	3738	2850505	14.9

Nearly all groups belong to one or other of the following three federations—Hever Hakvutzoth, Hakibbutz Hameuhad and Hakibbutz Ha'artzi of the Hashomer Hatzair.

Table 9
Organisation of Communal Settlements according to affiliation
(September 1939 — 1940)

	Number of Settlements		Number of Members		Average Membership	
	1939	1940	1939	1940	1939	1940
Hakibbutz Hameuhad	33	38	8276	8957	251	236
Hakibbutz Ha'artzi .	38	42	4397	4902	116	117
Hever Hakvutzoth . .	31	34	2448	2819	79	83
Brith Hakibbutzim schel Noar Ha'tzioni	3	3	193	158	64	53
Noar Akiba	2	3	167	135	83	45
Unorganised	8	6	667	385	83	64
Total . .	115	126	16148	17356	140	138

The three main federations differ considerably in their ideological, economic and, in part, in their political views.

1. Hever Hakvutzoth includes among others most of the oldest settlements such as Daganah, Geva, Hulda and Kiryath Anavim. Characteristic of this type is the restricted number of members; there are rarely more than 250 persons in one group. Furthermore, until recently Hever Hakvutzoth placed much emphasis on the maintenance of a purely agricultural character; it is only during the last years that some members of this federation seem to have reconsidered their attitude.

2. Hakibbutz Hameuhad takes the opposite view, mainly for ideological reasons. It aims at including the greatest possible number of members in its settlements in order to establish as many people as possible on the soil of Palestine and effectively socialise their economy. It is therefore more ready to receive new candidates; for this reason also the tendency towards engaging in supplementary trades is particularly lively in this organisation. Here we find all the large settlements, such as Ein Harod, Yagur, Givath Brenner,

Tel Josef, Givath Hashlosha, Naan, Ashdod Jacob, Ramath Hakovesh, Afikim, some of them embracing between 900 — 1400 souls. The big box factory in Afikim and the important jam factories in Givath Brenner and Ashdod Jacob belong to this group.

3. Whereas Hever Hakvutzoth and Hakibbutz Hameuhad are both within "Mapai" (Palestine Labour Party), the political party of the majority of the workers, the third organisation, the Kibbutz Artzi, is attached to the politically more radical Hashomer Hatzair movement. As regards the numerical size of its various settlements, it is closer to the Hever Hakvutzoth, whereas its approach to industrialisation is much more positive than that of the latter. Herein, however, it has hitherto followed if not a different principle, at least a different practice from that of the Kibbutz Hameuhad, striving to invest in big concerns outside of its own member settlements. So far it has created two such enterprises and a third is in process of preparation. The most important is the Naaman Tile Factory in the Haifa-Bay, established with an investment of more than £P. 70 000 as a limited company in partnership with private capital. Up to now the workers are drawn from the neighbouring settlements of the Kibbutz Artzi. A smaller enterprise which has already reached a profitable stage of development is an asphalt factory, Askar Ltd. Haifa. The third enterprise plans to produce glucose and amidon (Galam Ltd. at Karkur, at present in course of construction). This method of encouraging industrial investments outside the form of a particular settlement has not prevented the development, by certain affiliated settlements in this federation, of small industrial enterprises of their own.

Until recently the financing of the communal settlements had to be carried out almost exclusively by outside efforts. Of late, however, sources of self-support have developed. The first is the gradual accumulation of capital by the communal settlements themselves which may average by the middle of 1942 between 20 and 25% disregarding the right of using national land at a nominal rent. The other source, which is much more recent and for the present less considerable, comes from the accumulation of funds by the three above mentioned federations. Primarily the younger and weaker settlements are to be helped by a tax imposed on the members of



the respective federations. If these funds increase in strength, a very important step forward may be taken. Already now they form one of the most interesting features in this co-operative movement. Thus the following funds have developed:—

A. Keren Hakibbutz Hameuhad. This fund has been in operation since 1934. Its main purpose is to further new branches of activity within the settlements. The increase of the capital disposed of by the fund and the loans guaranteed thereby are seen from the following table:—

Table 10

Loans granted by Keren Hakibbutz Hameuhad

1934	£P. 4 682
1935	„ 21 888
1936	„ 26 835
1937	„ 39 716
1938	„ 51 946
1939	„ 62 488
1940	„ 76 000
1941	„ 103 000
1942 (7 months)	„ 101 000

These figures refer to own capital (£P. 40 417 at the end of 1941), long-term loans put at the disposal of the fund (£P. 20 045) and further loans (£P. 26 280) guaranteed by the fund and affiliated institutions. The capital of the fund is made up in the main from taxes at the rate of not more than 10% of the contributions by the communal settlements to the different Trade Union organisations.

(See table 11).

The fund charges interest at rates up to 6% p. a. In 1940 the expenses were not more than 1/3% of the turnover. As the loans received from either institutions or private persons were generally for 10 years at 4%, whereas the comparatively large own capital of the fund required no dividends, there resulted, in view of the low administrative costs, an appreciable margin of profit, enabling an increase of the capital.

Certain special funds exist in conjunction with other institutions, in particular Hamashbir Hamerkazi and the Workers' Bank

Table 11

Keren Hakibbutz Hameuhad—Own means

1934	£P. 2 776
1935	„ 6 500
1936	„ 9 549
1937	„ 13 778
1938	„ 18 408
1939	„ 22 257
1940	„ 27 723
1941	„ 40 417
1942 (7 months)	„ 47 500

Some details of how the loans were allocated may illustrate the fund's activity. In 1941 loans were granted to numerous handicraft and industrial concerns. A number of new settlements and the following workshops were established with the help of the fund: two jam factories, a box factory, a tile factory, a shoe factory, a printing press, carpentry and locksmith workshops in three places, and a bakery. The purchase of various machines was financed. Other groups received loans for the purpose of developing existing activities, particularly of the handicraft type. Loans were granted to newly founded fishery settlements. In other settlement groups the purchase of machines and tools was financed. In addition, certain purely agricultural credits to the amount of £P. 14 000 were advanced mainly for the purchase of seedlings, trees and seeds and for the laying out of new plantations, particularly bananas, as well as for the purchase of agricultural machinery.

Considerable sums were given for general purposes and for the erection of auxiliary buildings, dining halls and children's houses. The term of the loans extended on an average from 3 to 5 years. If such a rapid turnover of the available capital can be maintained without any unsound burdening of the borrowers, the effective result may be considerable. The obvious effort to distribute the risks over as wide a field as possible deserves to be noted.

B. Hakibbutz Ha'artzi Fund (Hashomer Hatzair). At the end of 1941 the Hashomer Hatzair Fund was working with a share capital



of £P. 25 170 (including reserves) and LP. 17 161 loans to be settled between 1942 and 1953. Altogether the institution had more than £P. 45 000 at its disposal, the main part of which was invested in the affiliated settlements.

The Hashomer Hatzair Fund too may be the nucleus of an important financing instrument for the more industrially inclined settlements. By 1941 its means still were limited, though credits to the approximate amount of £P. 33 600 based on guarantees have been distributed so far through this fund. The increase of capital is liable to certain limitations, seeing that the fund draws its strength from the taxation of the various member settlements some of which are in the first phases of development only.

c. Keren Hakvutzoth. This fund, established by the Hever Hakvutzoth organisation to give financial support to its settlements, endeavours to operate on the lines of the funds already described. So far the capital collected is modest. By the end of 1941 working capital, including payments on account of shares not yet allotted, amounted to roughly £P. 5 900, and an additional £P. 2 600 was placed at the fund's disposal as loans. Of this total, £P. 4 500 was advanced in small sums, ranging from £P. 10 to 950, to 35 different settlements.

The present comparatively favourable development of the earning power of the communal settlements may make a strengthening of this fund possible too.

Apart from the above mentioned funds, the idea of geographical organisation of different settlements has materialised. Thus, for instance, the settlements situated in the Jezreel valley have come to a somewhat closer state of co-operation by establishing a sort of internally organised group, the Mishkei Emek Jezreel (Jezreel Valley Settlements) which acts as a separate body, especially for the purpose of negotiating loans. The balance-sheet as at September 30, 1941, showed liabilities composed mainly of loans obtained from the Anglo-Palestine Bank, Hamashbir Hamerkazi, Workers' Bank and Central Bank of Co-operative Institutions, aggregating about £P. 29 000 which amount in turn is due to the organisation by its member settlements. All these loans are repayable within short terms.



The members were thus enabled to negotiate loans as an organised body on much more favourable terms than they would have been able to obtain separately. It is worth while mentioning the various member settlements: Beit Alpha, Heftziba, Tel-Josef, Ein Harod, Geva, Merhavia, Misra, Ginegar, Sarid, Gvat, Hasharon, Ayanot, Mishmar Ha'emek, Kfar Hahores, Shaar Ha'amakim*). Apart from the above mentioned facilities with regard to loans, the organisation also succeeded in obtaining considerable reductions in prices by means of the co-operative purchase of manures, chemicals, building materials, seeds, etc. According to a statement contained in the very interesting balance-sheet of the organisation, this reduction amounted on an average to 15% of the prices usually charged to individual settlements.

During the last years several bodies developed for the purpose of organising certain branches of agricultural production, such as cattle and poultry breeding. These unions also aimed at instructing their members in certain specialised professional questions, such as breeding in general, improvement of crops and plantations of all kinds, etc. Thus the following associations developed:

1. Irgun Ovdei Hafalha (Grain Growers' Association).
2. Irgun Ovdei Hamataim (Planters' Association).
3. Hitachduth Megadlei Habakar (Cattle Breeders' Assn.)
4. Irgun Megadlei Ofot (Poultry Breeders' Association).
5. Irgun Megadlei Dvorim (Bee-keepers' Association).
6. Irgun Megadlei Hatzon (Sheep Breeders' Association).

These bodies aim at the instruction of their members in order to improve crops and breeding, and their activities are of utmost importance, as such improvements are also reflected in the financial results. It is easily realised that the value of the stock is thus considerably increased and important material advantages are obtained. Although these organisations cannot be considered as part of the economic sector of the Histadruth from the financial point of view, it may safely be assumed that, owing to their ever-increasing influence, they will form the nucleus of a novel

*) It is noteworthy that this organisation embraces settlements of the different settlement federations.



kind of groups of professional associations supplementary to the forms of organisation already described above.

THE PROFIT AND LOSS ACCOUNT

The work of a particular Audit Union (Brith Hapikuah) contributes considerably to an understanding of the economy of the settlements. A standard method of instructions for depreciation has been introduced and is generally observed. Furthermore extraordinary depreciations are not seldom. Calculations are made on the basic principle of the working day and its costs: the particular settlement calculates on the one hand how many working days the member gives on an average during the year, and to what the costs of such a working day amount. On the other hand it is figured out as to how much the working day brings in the various branches—e. g. the cow-shed, the poultry-yard, outside work, workshops, etc. From this calculation it is possible to gauge which branch is profitable and which not. This does not mean that unprofitable branches are necessarily eliminated; for sometimes it is better to employ available hands at certain times of the year even at a small loss rather than to leave them idle. The separate profit calculations of the various branches in mixed farming can therefore not be taken as a standard for profitability.

The findings of the Audit Union are published with full details. As each settlement can thus exactly check the results obtained by its neighbour, a unique opportunity of mutual instruction is afforded. It should not be assumed, however, that any levelling process or schematisation results from this. The contrary is rather the case; not only do the three main federations maintain very different standards, but the most varying approaches may be observed within each of them. This is to be explained not only by the varying conditions of soil, climate and irrigation. Differing principles are frequently applied in neighbouring settlements: what contributes mainly to the result is the general attitude, the particular gifts and the education of the members themselves. Here we are faced with autonomous co-operative societies but not with state concerns receiving instructions from a central body. On the other hand any unhealthy tendency towards becoming too much of a one man



concern is avoided by far-reaching dependence on those who provide the capital. Bodies which are dependent to such an extent on credit—mainly issuing from co-operative or other joint sources — are far more likely to accept advice, control and criticism from experienced authorities regarding their investment policy, especially since the latter come from affiliated and friendly experts and not from creditors with views of their own. Moreover, the whole nature of their activities prevents secret manipulation. All economic factors are clearly exposed. In the whole mercantile and industrial world there is scarcely another example of accountancy so transparent as even the smallest settlement presents; though, in saying this we do not wish to infer that every small credit is used precisely for the purpose recorded. As already mentioned, the most valuable evidence for a true estimate of the co-operative settlements are the detailed reports of the Audit Union. The following calculations are therefore in the main based on their publications.

We begin with a survey of investments in communal settlements. (See table 12).

This survey of the years 1937—1941 shows investments of £P. 3,35 million for September 1941 after deduction of amounts written off not including the value of leased land: these investments may amount to nearly £P. 4 million by the middle of 1942. Only about one-fifth was invested in housing, because at first a considerable part of the population live in tents and huts; and housing conditions are by no means everywhere satisfactory. The rest serves productive purposes. Notable is the relative falling off in cattle stock, connected with the temporary unprofitability of dairy produce. On the other hand stocks have risen greatly in connection with war preparations, in which considerable capital has been engaged. The item "Contributions to Tnuváh and other institutions" at £P. 83 799*) deserves special consideration. The effective value of this contribution is probably much greater, seeing that Tnuvah, Hamashbir and other concerns have gradually accumulated large reserves, whereas the individual co-operatives enter their shares at nominal value only. The item shows, moreover, how the

*) as per September, 1940



Table 12
Investments in Communal Settlements 1937 — 1941

	1940 LP.	1939 LP.	1938 LP.	1937 LP.	in %		
					1940	1939	1937
Initial Investments :							
Dwellings, Assembly Halls	584290	501326	425768	371024	20,6	21,0	20,9
Building for farm and industrial purposes	261527	238052	217247	192473	9,2	10,0	10,8
Installation. Road Building	62996	50063	37098	29734	2,2	2,0	1,7
Fencing	271743	236270	187966	152483	9,6	9,9	8,6
Irrigation	279852	260684	236616	207239	9,9	10,9	11,6
Plantation	22548	17526	13371	9738	0,8	0,7	0,6
Banana Plantation	23621	20451	18028	15435	0,9	0,9	0,9
Various Plantations	64938	52700	39512	31386	2,3	2,2	1,7
Preparation of soil	83799	75199	66248	61639	3,0	3,1	3,4
Contributions to Tnuvah and other institutions	17775	13520	12394	10797	0,6	0,6	0,6
Draft Animals	178783	163117	159336	156001	6,3	6,8	8,8
Milkyielding cattle	25929	21199	16040	13743	0,9	0,9	0,8
Sheep and Goats	31780	29924	24335	20706	1,1	1,2	1,2
Poultry	2086	704	348	5	0,3	0,2	0,2
Rabbits	4880	4004	4090	4493			
Bees	1239	122	—	—			
Fishes	211	353	386	241			
Watchdogs	221581	189036	154277	193984	7,8	7,9	10,9
Dead Stock — Production, Consumption	85775	77562	65026		3,0	3,2	
Total, Initial Investments	2225353	1951812	1678086	1471121	78,5	81,5	82,7
Current Investments :							
Goods in Stores and Sheds	302342	175019	106585	106196	10,7	7,3	6,0
Tree Nurseries	19917	20355	22427	24630	0,7	0,8	1,4
Preparation of soil and advance payments	99859	71687	54682	47496	3,5	3,0	2,6
Various debtors	165547	157504	140914	120907	5,8	6,6	6,8
Cash and Banks	21423	17971	9302	9136	0,8	0,8	0,5
Total, Current Investments	609088	442536	333910	308365	21,5	18,5	17,3
Total Investments	2834441	2394348	2011996	1779486	100,0	100,0	100,0
Total Figures 1941	Initial Invest. 2523594			Total Invest. 3351338			

communal settlements with their small capital are constrained willy nilly to invest in central organisations. This is to a certain extent the essence of the co-operative philosophy which aims at uniting many originally weak bodies into one strong organisation. In addition to Tnuvah and Hamashbir participations we may also find shares of the Workers Bank, of Nir, of the Mekoroth Water Company, of the Central Bank of Co-operative Institutions (which does not belong to the Histadruth) as well as the various funds and local organisations. Worthy of note, in conclusion, are the rapidly growing investments for irrigation. These reflect the constant striving towards more intensive cultivation; the land, being limited, must be exploited to the utmost.

DEPRECIATIONS

Table 12 raises the question whether or not the valuations are adequate; or in other words, whether the amounts written off are sufficient. Doubts on this point were often expressed. Against these we have the audit account and the opinion of many independent observers that amortisation is rather too radical as, sound and cautious though it may be, it easily leads to rather exaggerated costs of products.

Table 13

Total amounts written off in the years 1937—1942

<u>1936/7</u>	<u>1937/8</u>	<u>1938/9</u>	<u>1939/40</u>	<u>1940/1</u>	<u>1941/2</u>
LP. 90 840	LP. 103 442	LP. 117 392	LP. 136 524	LP. 240 000	LP. 425 000*)

On an average, therefore, 7% of investments were written off. It goes without saying that the percentage varies according to the asset in question. For dwelling and assembly buildings depreciation amounted to about 3.3%; for farm buildings to 2.6%; for irrigation to 4.7%; for plantation to 3%; for roads, fencing and installation to 8%; for draft animals to 6%; for dairy cattle to 10%; for sheep and goats to 3½%; and for furnishings and machines to about 23%.

Critics of communal farming sometimes censured the high

•) estimate.

investments in expensive machines, pointing to the fact that about one quarter of the amounts written off is required for big machines. In the years 1937 — 1940 this item exceeded £P. 85 000.

Undoubtedly the amounts written off play an exceptionally important part in the costing of most products. Whereas, for example, in 1939/40 the settlements had to include in their calculation £P. 65 000 for interest, depreciation required double that figure. Both items have to be borne in the main by agricultural production as it hitherto was responsible for the biggest investments so far made, and correspondingly caused the biggest debts to be incurred. Assuming that of the £P. 200 000 required for amortisation and interest, £P. 160 000 was devoted to agricultural investment, (the remaining £P. 40 000 referring to industrial investment, to housing, to outside work, etc.), agricultural production bears an unusually high burden in this item. If we estimate the net agrarian production of the settlements in 1939/40 at a value of £P. 1 000 000, nearly one-fifth was absorbed by depreciation and interest (5% interest and 15% depreciation).

This fact is of far-reaching significance in estimating the competitive power of Jewish farming. It is well known that in Arab farming the problem of writing-off does not exist, as the farms are in part of primitive order and in part have been long ago written off. If we were to assume the extreme and unlikely case of Jewish agriculture also being entirely freed of debt and written off, its chances of competing would be incomparably more favourable. For then eggs which used to cost in pre-war times say 4 mils including depreciation and interest, and milk which brought say 10 mils per litre under the same conditions, would cost respectively only 3, 2 and 8 mils.

Allowing for certain reservations this is not a purely theoretical consideration. True, it is not likely that all investments will ever be entirely written off, because new investments are continually needed; but a gradual approach to this state of affairs is not at all out of the question if the amounts written off assume a quicker pace than natural wear and tear; that is to say, if the actual capital of the concerns increases accordingly. A glance at the

rapid writing off of the amount for machines shows how possible this is.

It should not be pointed out in answer to these remarks that up to 1940 exactly the opposite tendency was noticeable, and the investments and consequently the annual burden of depreciation tended to increase considerably instead of decreasing. This fact has nothing to do with our problem so long as the investment values (especially those for productive goods) rise more rapidly than do the debts. Naturally the burden of interest and of depreciation would be lighter if productivity could be increased either through improvement of method, of seed or of breed cattle, or through a more remunerative investment of capital. There is no doubt that the high water mark is still far from having been reached in this respect. With every step in this direction the amounts to be written off would be distributed over a greater production, and would thus weigh more lightly.

COST OF SETTLEMENT

Table 14 provides valuable material for the question of settlement-costs in Palestinian agriculture in general, and in the communal settlements in particular.

This problem is of utmost importance for a migration and settlement policy. It is, furthermore, one of the decisive factors for the policy of the Keren Hayesod in creating a bearable existence for the maximum number of settlers. Here comparison is necessary with other forms of agricultural settlement, and also with the establishment of industrial undertakings. There is no need to add that in the last resort certain considerations of a non-economic nature will often turn the scales. (See table 14).

Here, however, we are only interested in the economic aspect. There is a prevalent opinion that, as compared with abroad, the settlement of Jews is cheaper in Palestine, taking into consideration the incidental charges for schooling, means of communication, etc. and that within Palestine, the communal type is the cheapest form of rural settlement; whereas on the other hand, industrial investment per head of each employed person demands considerably less capital than establishment on the land. Estimates vary. In



Table 14
Total Investments of Communal Settlements (1940 — 1941)

	Dunam Land per Member	Invest- ment per Member in LP.	Members (workers)	Land in Dunam	Invest- ment in LP.
23 old settlements . .	21	259	5240	107706	1357674
17 new " . .	11	185	4059	44526	749253
23 new " (A) .	16	121	3469	57150	418743
16 new " (B) .	20	75	2305	45231	173690
18 old } Settl. in proximity of towns and in colonies.	2	43	2150	3918	91436
30 new }	2	20	2154	4865	43645
127 Total 1940	14	146	19377	263396	2834441
Total 1941	—	—	—	281000	3351338

general a sum of at least £P.800, pre-war standard, was assumed to be required for the agricultural settlement of a family of 3 persons. The first settlements of this kind in the year 1922 required not less than £P. 2500 per family — this expenditure being accounted for by the excessive cost of materials at that time, by faulty investments and losses due to the search for suitable forms of farming. On the other hand, only about £P. 300 was invested per worker in Palestinian industry. True, this comparison does not take into account the fact that an urban dwelling has to be built for the worker, and that proportionate charges for schooling, etc., have to be added, so that a sum of nearly £P. 500 can be assumed. But even then the difference would be considerable.

The table above contributes a certain amount of material in connection with this problem, but affords no solution. A simple division of the sum of £P.2834441 quoted for 1940 by the number of persons living in Kibbutzim (27325) would result in the unlikely investment of barely £P. 100 per person or £P. 300 per family (assuming the latter to average 3 persons). In the first place the cost of the land must obviously be added: we estimate this at £P.75 per head—or £P.225 per family—the communal settlements then having 263000 dunams at their disposal, set down at the price of £P.7½ in the estimate. If we discount the expenses already

written off by Keren Hayesod (about £P. 12 per head) we are left with an investment of £P.175 per head or £P.525 per family, which would be a strikingly favourable result. But this also is misleading, since the table embraces very heterogeneous types; it includes completely established as well as half established groups and those still in the stage of preliminary settlement. All that can be said is that at the moment these persons were settled with what are comparatively very small means, and that of these means only $\frac{2}{3}$ were provided by national institutions. However, it is obvious that there can only be talk of a completely satisfactory settlement when full equipment has been allocated. The Audit Union is therefore right in estimating the expenses separately according to the various types of settlements.

As all adult women count as members, the number of families may be taken at 8 500 and the number of persons at 25 000. Hence at the end of 1940 there was a per capita investment of about £P. 90 excluding the cost of land, and £P. 146 including land, or £P. 270 and £P. 438 respectively for a family of three. In the 23 old established settlements (founded during the period 1910 — 1925) the costs amounted to about £P.170 without land and £P.259 with land per head, or £P.510 and £P.777 respectively per family. One may assume that the final equipment for the settlements still in process of development will not require quite such large sums, as costs to-day are lower and as much more land was allotted to the old groups than will be found necessary in the future; for about 350 dunams were allotted per "family"—an area no longer necessary to-day with intensive farming and the tendency to non-agricultural auxiliary enterprises.

This brings us to a critical point: it is an incontestable fact that the agricultural settlement of an individual costs more than his establishment in the town—even if the difference is perhaps not always so great as is often asserted. But the calculation is different when the settlement is not purely agrarian but combines agriculture with industry. This may be made clear by one example: A settlement of say 200 persons, hitherto purely agricultural, in which a sum of £P. 58 000 including land has been invested, associates itself with an industrial plant by the investment of £P. 5 000,



thereby raising the number of its members to 240. The investment per head would then fall from £P. 290 to £P. 262; we believe that this calculation is on the conservative side including in the £P. 5 000 certain additional expenses for dwelling and even some working capital on condition that the industry is intensive as regards work but not as regards capital.

This latter point is important in connection with the question of the industrialisation of the settlements. In considering the unsatisfied demand for capital, it must be remembered that even the best equipped among them have scarcely attained saturation-point as regards capital. Most of them still need consumer and capital goods—the former because the standard of living is often in some respects inadequate, the latter because they are nearly all possessed of a healthy urge towards new enterprise. It is true that some of them will be able to help themselves, to a certain extent at least, by a process of self-financing. (See table 15).

Thus about 85% of the invested capital was borrowed, leaving out of account the very considerable value of the long-term and exceedingly cheap lease of land. The indebtedness rose from 1937 to 1941 by 77%, whereas own means were nearly 300% higher than at the end of 1937. In the nature of things the overwhelming proportion of the investment funds had to be borrowed. Settlers as a rule start without means and, at best, have been able to save up a little money during their years of preparation. The success of every agricultural enterprise depends absolutely on the provision of cheap credit. This is particularly true of the communal groups in Palestine, because they are almost completely dependent on borrowed capital. Though the latest development seems to show a constantly rising percentage of the settlement's own capital we have to investigate the question of the burden of interest which they have to shoulder.

It is more difficult to obtain an indisputable answer to this question than appears at first sight. From a purely statistical point of view the result is apparently simple. The above table shows an average indebtedness for the years 1939/40 of £P. 2.3 million. This amount was charged with £P. 83 700 interest, representing only 3.6% per annum. The statistical result would be still more favour-

Table
Loans, Capital and Total Means of the

Long Term Loans for Settlement:	1941 LP.	1940 LP.	1939 LP.	1938 LP.	1937 LP.
Keren Hayesod	693308	631289	523856	425641	395097
Pasa (Pal. Agric. Settl. Assn.)	127781	111611	93686	61001	37211
Keren Kayemeth Leyisrael	29467	25992	24180	24067	14150
Pica	93251	90269	84822	68127	66270
Keren Hakibbutz Hameuhad	7973	2925	2945	2960	2970
Water Companies . . .	24004	19439	19706	20360	21071
Total	975784	881525	749195	602156	536769
Loans for 10—20 years:					
Jewish Agency	302359	280052	262622	214902	165785
Pasa	9223	9993	10446	11146	7431
Nir Ltd.	74136	74846	69393	60990	47240
Sundries	154928	133121	89316	59067	34002
Total	540646	498012	431777	346105	254458
Other Loans:					
for 4 — 10 years . . .	203566	190020	180115	182596	157017
for 1 — 4 years . . .	185789	118131	81089	71039	93151
short term (up to 1 year) without fixed date of repayment	440923	354097	175333	214122	147290
	84252	72576	42875	30154	31123
Total	914530	734824	479412	497911	428581
Creditors:					
Bills Payable	173779	205806	225853	242732	256878
Various Creditors . .	200395	174542	155316	138779	110687
Advances	45371	49692	51286	22210	24188
Total	419545	430040	432455	403721	391753
Grand Total of all Loans	2850505	2544401	2192839	1849893	1611561
Own Capital	500833	290040	201509	162102	167925
Total Means	3351338	2834441	394348	2011995	1779486

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Communal Settlements 1937 — 1941

in %				
1941	1940	1939	1938	1937
20,7	22,3	21,9	21,2	22,2
3,8	3,9	3,9	3,0	2,1
0,9	0,9	1,0	1,2	1,4
2,8	3,2	3,6	3,4	3,2
0,2	0,1	0,1	0,1	0,1
0,7	0,8	0,8	1,0	1,2
29,1	31,2	31,3	29,9	30,2
9,0	9,9	11,0	10,7	9,3
0,3	0,3	0,4	0,6	0,4
2,2	2,6	2,9	3,0	2,7
4,6	4,7	3,7	2,9	1,9
16,1	17,5	18,0	17,2	14,3
6,1	6,7	7,6	9,1	8,8
5,5	4,2	3,4	3,5	5,2
13,2	12,5	11,5	10,6	8,3
2,5	2,5	1,8	1,5	1,8
27,3	25,9	24,3	24,7	24,1
5,2	7,3	9,4	12,1	14,4
6,0	6,2	6,4	6,9	6,2
1,3	1,7	2,1	1,1	1,4
12,5	15,2	17,9	20,1	22,0
85,0	89,8	91,5	91,9	90,6
15,0	10,2	8,5	8,1	9,4
100,0	100,0	100,0	100,0	100,0

able if the value of the leased land were added to the debt. This is perhaps justifiable if the matter is considered from a purely economic point of view; for in contrast to the individual peasant, the settlement has not bought its land, but has taken it on lease from the Jewish National Fund (Keren Kayemeth Leyisrael), the Palestine Jewish Colonisation Association (Pica), etc. In the middle of 1939 the settlements had received about 300 000 dunams. If we estimate their value at only £P. 1½ million, the amount loaned would be not £P. 2 million but £P. 3½ million. Statistically the burden would then be only 2%. This surprisingly low rate is due to the fact that the national funds gave part of the money free of interest in the beginning.

But it is highly questionable whether a true estimate is obtained in this way. Perhaps one should distinguish between the investments of the national institutions and the other creditors; for Keren Kayemeth and Keren Hayesod are, so to say, sleeping partners in the co-operative settlements. They give money and land, and the members give labour. This is no merely theoretical approach, for it is hardly conceivable that either the Keren Kayemeth or the Keren Hayesod would go to court in a case of undeserved delay by their settlements. If therefore a distinction is made between these national resources and the other capital borrowed, a burden of interest of about 5% in the latter case would result. If one further takes into consideration the slow turnover and the slight chances of profit in agriculture in normal times, as well as the above mentioned lack of capital, the burden appears to be considerably heavier.

The main lenders were naturally the national and semi-national institutions, such as Keren Hayesod, Keren Kayemeth, Jewish Agency and Palestine Agricultural Settlement Association (Pasa), together representing 42.3% of the total amounts lent, whereas institutions which are to be designated rather as «public» such as the water companies, Pica, Nir, Workers' Bank, Anglo-Palestine Bank and Central Bank of Co-operative Institutions together were creditors for 24.6% of the total. Further, at least another 13% represent loans granted by various other funds, by friends and relations, on reasonable terms. Thus there remains perhaps an



Loans and Capital of the Communal Settlements 1940

LP.

Creditors and Bills Payable	430040
Keren Hayesod (Loans for 50 years)	360370
Keren Hayesod (for 20 / 25 years)	270919
Various Departments of the Jewish Agency	286121
Sundry Creditors	171972
Anglo-Palestine Bank	148526
Workers' Bank	135205
Pasa	118167
Nir	116167
Central Bank of Coop. Institutions	94011
Pica	90529
Regional Organisations	65343
Central Funds of the Settl. Federations	61718
Various Institutions	44358
Sundry Banks	35442
Bizur	33876
Keren Kayemeth Leyisrael	32934
Water Companies	31960
Government of Palestine	9430
Barclays Bank	4388
Various Institutions (Long Term)	2925
OWN CAPITAL	290040

Debts of the Communal Settlements according to the kind of Creditors 1940

LP.

1 068 511

Zionist Institutions

379 334

Histadruth Institutions

282 367

Banks

203 648

Public Institutions and Pica

171 972

Various Creditors

9 430

Government of Palestine

amount of about 20% borrowed from private sources at a higher rate of interest. It is to be regretted that the Keren Hayesod recently had to depart from its policy of 50 year loans and adopt 25 year loans. The younger settlements will probably feel the burden of this; for there is a great difference in having to amortise at the rate of 4% or 2% per annum. In general the circle of lenders has gradually widened: Pasa, Nir, Bizur are new foundations, as are also various funds (Kranoth) of the settlements; the Central Bank of Co-operative Institutions has also of recent years invested an appreciably larger percentage of its funds in this sector; so has the Anglo-Palestine Bank. The Histadruth institutions (Nir and Workers' Bank) play but a somewhat minor rôle as lenders to the settlements, the determining share still being that of the national institutions, though both own means and semi-private creditors seem to gain more weight.

PROFITABILITY

The decisive economic question is: are the settlements paying concerns or not? The following figures provide the answer:—

Table 16
Income and Expenditure of the Communal Settlements 1937 — 1941
(Including own consumption)

	1941	1940	1939	1938	1937
Income :					
Cereals	*)	147174	95523	77372	89833
Fodder		58492	39396	35833	30396
Vegetables		105373	68251	55579	49337
Plantations		92140	100550	88218	78454
Bananas		42700	36832	25797	16291
Nurseries		13325	12244	14022	16815
Dairies		199421	160008	150821	152712
Sheep and Goats		18310	13987	11711	8730
Poultry		97852	84166	66347	60780
Apiculture		15600	8184	5755	5082
Total Farm Income		790387	619141	531455	508430
Workshops		327477	220685	175216	185539
Outside Work		358990	340950	252695	248377
Sundries		3817	2321	2732	—
Total Labour Income		1480671	1183097	962098	942346
Investments		68330	60551	54681	62544
Total Income .	2257000	1549001	1243648	1016779	1004890
Expenditure :					
Man Labour	*)	551874	486191	413497	431633
Machinery, draft anim.		119502	87560	74101	72297
Irrigation		25610	18855	15266	14624
Manure and Seeds		70531	50570	45108	42609
Fodder		158179	128613	125935	122955
Packing, Transport		57226	50499	37940	32603
Various, agricult. branches		78073	67546	61104	60551
Various, Workshops and Outside Work		172178	120489	90664	87106
General Expenses		37487	31054	25079	22042
Amortisation		136524	117392	103243	89366
Interest		83738	66591	57198	42228
Total	2068000	1490922	1225360	1049135	1018014
Result :					
Profit	189000	58079	18288	—	—
Loss	—	—	—	32356	13124

*) Details not yet published

Table 17

Loans and Capital of the Communal Settlements 1938 — 1941

	1941	1940	1939	1938
Keren Hayesod for 50 years .	355440	360370	360395	362195
Keren Hayesod for 20 — 25 years	339768	270919	163461	63446
Keren Kayemeth Leyisrael . .	41024	32934	27821	32305
Pasa (Pal. Agric. Settlement Assn.)	138996	118167	99819	68194
Irrigation Companies	32019	31960	31908	24313
Various Depts. of Jew. Agency	313010	286121	266506	234683
Bizur	35100	33876	7279	—
Pica	93778	90529	85705	68127
Various Institutions (long term)	—	2925	2945	3304
Nir Ltd.	114794	116167	117454	110804
Workers' Bank	143647	135205	126968	114538
Anglo Palestine Bank. . . .	199747	148526	109705	95536
Central Bank of Coop. Inst. .	114697	94011	73135	64806
Barclays Bank	4584	4388	4786	3633
Government of Palestine . .	47620	9430	4165	4410
Various Creditors	193155	171972	103749	195878
Central Funds, Settl. Federations	75230	61718	53611	
Regional Organisations . . .	80739	65343	45386	
Various Institutions.	67088	44358	75586	
Various Banks	40524	35442		
Total Loans	2430960	2114361	1760384	1446172
Creditors and Bills	419545	430040	432455	403721
Total Indebtedness	2850505	2544401	2192839	1849893
Total Investments	3351338	2834441	2394348	2011996
Own Means.	500833	290040	201509	162103

		Land dunams	Profit LP.	Loss LP.	members (average)	Indeb- tedness LP.	Own Capital LP.	cap. as % of indeb- tedness	own cap. p. mem.	Indebt. p. member
First Period										
Settlements 1910-1925										
1	Kfar Gileadi . . .	6120	1574	—	284.8	57866	5608	9.7	20	203
2	Ayeleth Hashahar	5089	4399	—	227.7	53740	83	0.1	—	236
3	Kinnereth . . .	1580	1284	—	218.4	56175	905	1.6	4	257
4	Daganiah A . . .	1720	517	—	140.5	38103	8180	21.4	58	271
5	Daganiah B . . .	1565	643	—	176.0	40685	7551	18.5	43	231
6	Beth Sera . . .	1120	453	—	144.3	48701	120	0.2	1	337
7	Ashdodth Jaacob.	3600	5750	—	454.2	89524	16798	18.7	37	197
8	Beth Alpha . . .	5200	744	—	177.9	55600	2813	5	16	313
9	Heftziba	3388	—	511	120.0	43093	293	0.7	2	359
10	Tel Jossef . . .	11243	3839	—	373.6	112527	5237	4.6	14	301
11	Ejn Harod . . .	12200	4651	—	476.0	144587	8117	5.6	17	304
12	Geva	3670	1161	—	132.1	42826	6014	1.4	5	324
13	Merhavia	6367	2767	—	140.8	29791	10862	36.4	77	212
14	Misra	5663	3583	—	128.0	36910	6796	18.2	53	288
15	Ginegar	4067	1920	—	114.7	26651	7421	27.8	65	232
16	Sarid	4787	1513	—	136.0	38313	3816	10	28	282
17	Gvat	6278	4250	—	181.4	39417	15306	38.8	84	217
18	Hasharon	3400	988	—	115.3	29775	3275	11	28	258
19	Ayanot	3375	932	—	105.0	31107	32	0.1	—	296
20	Mishmar Ha'emek	5300	727	—	156.5	41155	3131	7.6	20	263
21	Yagur	6155	6037	—	685.3	73773	25999	35.2	38	108
22	Gan Shmuel . . .	3009	1950	—	137.3	31539	11093	35.2	81	230
23	Kiryath Anavim :	740	3191	—	143.8	37296	9070	24.3	63	260
Second Period										
Settlements 1926-1935										
24	Afikim	1994	6084	—	301.8	69974	18997	27.1	63	232
25	Beth Hashittah .	8450	3140	—	303.4	33141	8456	25.5	28	109
26	Kfar Hahoresht .	2000	—	117	103.8	22062	* 112	—	—	213
27	Ramat Yohanan .	4260	—	1780	162.2	37257	* 2219	—	—	230
28	Mishmaroth . . .	2725	—	4	140.7	26092	2446	9.3	17	185
29	Ejn Shemer . . .	2837	855	—	151.8	34911	2914	8.3	19	230
30	Ejn Ha'horesh . .	1135	511	—	150.3	32401	2886	9	19	216
31	Givath Haim . . .	2144	1789	—	289.0	47358	3963	8.4	4	164
32	Ma'abaroth . . .	1555	1125	—	159.1	29526	4666	15.8	29	186
33	MishmarHasharon	989	1190	—	110.9	28583	1789	6.2	16	258
34	Ramath Hakovesh	1490	992	—	303.1	51798	1908	3.7	6	171
35	Shefajim	2439	909	—	274.7	21491	1626	7.5	6	78
36	Givath Hashlosht	1175	2188	—	360.0	55601	6407	11.5	18	154
37	Kvutzath Schiller	617	112	—	99.8	27343	2344	8.5	23	274
38	Givath Brenner .	2893	2765	—	558.5	92038	9841	10.7	18	165
39	Naan	4073	—	617	396.8	39183	2879	7.3	7	99
40	Hulda	3750	1056	—	136.3	32045	* 342	—	—	235

Third Period Settlements (founded since 1936)		Land dunams	Profit LP.	Loss LP.	members (average)	Indeb- tedness LP.	Own Capital LP.	cap. as % of indeb- tedness	own cap. p. mem.	Indebt. p. member
41	Ginossar . . .	232	—	193	108,0	4635	477	10,3	4	43
42	Ejn Geb . . .	9925	1418	—	232,3	15964	800	5	3	69
43	Sha'ar Hagolan .	1545	159	—	149,0	25921	2198	8,5	15	174
44	Massadah . . .	1535	443	—	141,6	22596	2285	10,1	16	160
45	Nir David . . .	2970	637	—	155,8	30855	2851	9,2	18	198
46	Ss'deh Nahum .	4400	1667	—	195,3	27081	1093	4	6	139
47	Messiloth . . .	2737	7	—	157,7	19954	2911	14,5	18	127
48	Ma'os Haim . .	4047	927	—	305,1	18502	2784	15	9	61
49	Kfar Ruppim Massad	2048	—	215	101,8	15400	*2000	—	—	151
50	Neveh Itan . .	2300	—	261	106,8	10029	890	8,9	8	94
51	Tirath Tzvi . .	2070	—	604	129,0	15589	*2938	—	—	121
52	Hanita . . .	4000	134	—	106,7	9277	1707	18,3	16	87
53	Ejn Hashofeth .	2500	1366	—	169,4	24504	4747	19,3	28	145
54	Hasorea . . .	3030	547	—	132,9	21162	6045	28,5	45	159
55	Alonim . . .	2152	2083	—	196,0	15217	3449	22,7	18	78
56	Sha'ar Ha'amakim	3212	1822	—	164,1	24395	5519	22,6	34	149
57	Kfar Hamaccabi .	1650	1012	—	100,7	13993	2	—	—	139
58	Usha . . .	2230	179	—	109,3	13433	217	1,6	2	129
59	Beth Yehoshua .	1250	33	—	67,3	9660	*851	—	—	144
60	Tel Jizhak . . .	1250	34	—	111,4	11471	*1017	—	—	103
61	Rodges . . .	292	265	—	125,0	17219	*2070	—	—	138
62	Sha'ar Hanegev .	1055	—	489	207,0	11378	32	0,3	—	55
63	Maalei Hahamisha	720	606	—	98,3	9399	1978	21	20	96

*) Deficit

Indebtedness and Own Capital of 79 Communal Settlements in 1941

First Period Settlements 1910-1925		Indebtedness LP.	Own Capital LP.
1	Kfar Gileadi	59562	7584
2	Ayeleth Hashahar . . .	53665	1743
3	Kinnereth	55308	3571
4	Daganiah A	36902	12411
5	Daganiah B	42707	11377
6	Beth Sera	49356	2003
7	Ashdoth Jaacob	97908	27290
8	Beth Alpha	58389	7305
9	Heftzibah	45322	2022
10	Tel Jossef	113994	9806
11	Ejn Harod	144243	15238
12	Geva	41811	9411
13	Merhavia	30896	14899
14	Misra	36783	11409
15	Ginegar	27175	10259
16	Sarid	38370	8570
17	Gvat	41039	22369
18	Hasharon	29612	7380
19	Ayanot	31944	4551
20	Mishmar Ha'emek . . .	40831	7553
21	Yagur	70871	34165
22	Gan Shmuel	32761	13497
23	Kiryath Anavim	40775	13847
Second Period Settlem. 1926-1935			
24	Afikim	74834	29859
25	Beth Hashittah	36103	12668
26	Kfar Hahores	28449	1403
27	Ramat Yohanan	44352	1194
28	Mishmaroth	28997	3477
29	Ejn Shemer	36048	4664
30	Ejn Ha'horesh	35751	5156
31	Givath Haim	60304	5550
32	Ma'abaro	31952	6136
33	Mishmar Hasharon . . .	30680	3842
34	Ramath Hakovesh	55583	4657
35	Shefajim	27650	2752
36	Givath Hashlosa	61278	9384
37	Kvutzath Schiller	28877	2185
38	Givath Brenner	97936	18097
39	Naan	41370	6159
40	Hulda	33972	418

Third Period Settlem. 1936 / 1937		Indebtedness LP.	Own Capital LP.
41	Ginossar	6845	819
42	Ejn Geb	26004	2024
43	Sha'ar Hagolan	28907	4034
44	Massadah	24138	4761
45	Nir David. . . .	33785	5486
46	Ss'deh Nahum	30075	2683
47	Messiloth	23429	4897
48	Ma'os Haim	25545	3576
49	Kfar Ruppim (Massad) .	20035	* 1519
50	Neveh Itan	15232	1176
51	Tirath Tzvi	17640	* 599
52	Hanita	13805	2200
53	Ejn Hashofeth	28480	7435
54	Hasorea	29040	8462
55	Alonim	22983	4731
56	Sha'ar Ha'amakim . . .	27698	7995
57	Kfar Hamaccabi	18710	1071
58	Usha	15605	910
59	Beth Yehoshua	12831	* 1286
60	Tel Jizhak	13425	* 1606
61	Rodges	20906	* 919
62	Sha'ar Hanegev	11954	234
63	Maalei Hahamisha . . .	13150	2015
Fourth Period Settlements (founded since 1938)			
64	Elon	20028	1942
65	Ejn Hamifratz	13565	9702
66	Maayan	17500	* 3437
67	Mishmar Zevulon	13582	6748
68	Dalia	18897	979
69	Dafne	21490	4547
70	Dan	14895	3263
71	Ss'deh Eliahu (Kvutzath Arye)	13163	* 653
72	Yodefet (Mahanajim) .	4089	1874
73	Lamakor	4981	* 422
74	Mishmar Hayam	15835	3853
75	Negba	20729	1928
76	Beth Oren	9547	* 1514
77	Amir	11640	2547
78	Matzuba	3492	* 503
79	Kfar Menahem	13742	1166

*) Defiolt

A study of these tables yields valuable information. It confirms an old truth — that average figures rarely reflect the living reality. This is already seen in the column headed "Own means".

The average share of own means in the investments amounted to 11,3%. A glance at our table shows that about a quarter of the settlements had no means of their own and that most of this group presented more or less considerable deficits.

On the other hand 13 settlements had own means amounting to 20% and more of the total amount of their balance sheet; among these is one with 39% (Gvat). No less than 8 had furnished more than a quarter of the investments from their own resources*). The number in this more favoured group seems to be rising.

It is also instructive to see that economic success is in no way identical with age; thus, of the 23 oldest groups, 13 were below and 10 above the average. Success depends not only on age but also on natural conditions, on good fortune, capability, opportunity and unity. It is not by mere chance that settlements suffering from internal disharmony have had their economic stability severely disabled in recent years.

On the other hand, a tendency to engage in too daring enterprises — particularly in industrial undertakings — had at least in the pre-war period temporarily thrown back some settlements.

The economic grade is also extraordinarily varied. According to the balance-sheets we have a group of 12 with over £P.50 000 of investments. It can scarcely be mere chance that among them 8 have capital below the average. The rest have been able to accumulate quite respectable sums: Yagur £P.34 165, Afikim £P.29 859 Ashdoth Jaacob £P. 27 290, Gvat £P. 22 369**).

We have calculated capital per member; under this heading there are particularly large differences. Gan Shmuel heads the list with Gvat and Merhaviah — all three belong to the group of small settlements.

The figures of profits and losses (Table 16) do not give an

*) Figures as per September 1940.

**) Figures as per September 1941.

absolute answer, for we have three years of profit against two years of loss. None of these years was normal; the first three were greatly affected by the disturbances, whereas the last was favoured by war opportunities. Of course the above results are established after deduction of the amounts written off and cost of living. We must again stress the fact that in these figures old and young settlements intermingled with unestablished groups and those still in the earliest stages of development.

The question is often raised as to how matters stand with the repayment of loans granted by Keren Hayesod. It must be borne in mind that by agreement such loans were to be repaid only as from 1936. Up to September 1941, £P. 11 789 in capital and £P. 2 135 in interest (altogether £P. 13 924) had been paid. Meanwhile, in accordance with the stronger economic position of settlements during the year 1941/42, payments have increased. Up to now maturities were too few to enable an opinion to be passed on the power and desire of the debtors to defray their obligations according to contract. It is only as the full instalments of amortisation become due that larger sums will be concerned. Then there will be due an annual payment of £P. 14 000 capital and £P. 10 000 interest from the communal settlements alone. The due payment of these sums would be important as regards new loan-raising.

Profitability will always depend to a certain extent on the stability of the members; just as in industry great stress is laid on a constant body of workers. In the same way a considerable human turnover in the settlements affects the returns; for it takes a certain time before the new member becomes fully accustomed to the work. We are under the impression that the fluctuation is gradually decreasing, and that hence efficiency is on the ascendant. It is true that the rate of exodus is strongly influenced by the state of the general labour market. This has been unsatisfactory during recent years; we do not know whether favourable opportunities of work in the towns would again cause an exodus from the settlements. The large groups who for national reasons have undertaken the heavy burden of admitting a number of unemployed and refugees must reckon with this possibility. In this respect they fulfil, to a certain extent, a duty which elsewhere is allotted to



state-subsidized labour-camps. This motive tends to vitiate every attempt to calculate returns, to the disadvantage of the big settlements. For the fluctuating elements seldom show the same interest that characterises the members of small groups. This can scarcely be expected of them in as far as they are often under-nourished and badly housed.

If we take into account the tremendous difficulties with which the settlements have to cope—the heavy competition of Arab and foreign agriculture, the inexperience of the younger groups, the shortage of capital—it is astonishing that the mass of settlements were nevertheless able to show a net profit after depreciation and the provision of their own livelihood, modest as that may be. But we should not be under any false illusion; for the results of 1939/40 were under the favourable influence of falling imports and considerable military requirements.

AUXILIARY TRADE ENTERPRISES

A steady development of supplementary trade enterprises within the settlements, dating from about 1936, is based on both, ideological motives (expansion into industrial activities) and purely business considerations. Such enterprises were intended to help tide over the dead period in the agricultural year, and at the same time to offer a useful occupation for those members who were otherwise difficult to employ (elderly people, women, etc.) Lower costs of living as compared with urban standards may also have encouraged this development. On the other hand, the procuring and marketing of material is sometimes—not always—more expensive than in the towns. There are other non-economic, national factors which play a part in this tendency, but which lie outside the scope of the present study.

Industrial activities in this sector may be divided into two groups: auxiliary and supplementary enterprises such as are found elsewhere in agricultural centres and purely industrial enterprises still in process of development.

Thus settlements of the size of Daganian or Tel Jossef found it necessary to develop carpentry and locksmith workshops to supply their internal requirements. As these workshops had to be equipped

in accordance with the size of the settlement and the distance from the towns, neighbouring groups agreed upon a division of labour. One built a single well-equipped carpentry workshop, another a locksmith workshop etc. In this way well-equipped handicrafts were established, equivalent in size to smaller workshops in towns. Added to this certain settlements, particularly those situated in the proximity of the bigger towns, had to seek outside employment, so that they only developed small agricultural production, but on the other hand offered ample opportunity for the development of small workshops. Thus there grew up little handicraft enterprises, not always successful, for the production of wooden goods, dolls, perambulators etc.

Enterprises of this type are, economically as well as in their system of organisation, part of the settlement; they do not develop industrial production in the sense of normal and regular provision for purchasers.

A distinction must be made between such small auxiliary shops and a second group which has already developed private industrial enterprises of its own. This category includes workshops for the manufacture of agricultural machines e. g. sprinklers, drilling machines and hay-presses. These are also for the most part in the initial stages; their development tends to show that regular supply of the market is envisaged, in contrast to the carpentry and locksmith workshops of settlements, which set out primarily to satisfy their own requirements.

Lately certain industrial branches have developed more consistently as a result of location, financing, the particular qualifications of individual members and favourable market conditions. Afikim affords the most striking example of this; established since 1934 in the Jordan Valley it has gradually built up a box factory of European dimensions. The factory, by reason of a particular method employed with the aid of expensive modern machinery, is able to produce a certain type of vegetable crate which has proved to be extremely suitable for the transport of Tnuvah products, and which in the course of time has developed into a standard type. The boxes are not sold to Tnuvah by Afikim but are only loaned against a fixed sum per box; in this way satisfactory returns have been

achieved. Afikim has gradually secured a circle of clients who do not belong to the Histadruth sector; thus, for example, considerable orders for the supply of boxes were negotiated with the Shell Co., Haifa. At the beginning of 1941 about 150 hands were employed in this factory; considerable extension is part of the programme of work, and the development of the business has necessitated the employment of members of neighbouring groups.

The preserves factories of Givath Brenner and Ashdod Jaacob have gained a considerable reputation of late; their turnover has been greatly increased since the beginning of the war owing to extensive orders for military supplies. The total sum of the balance-sheet for 1941 amounted in Afikim to £P.104 693, in Givath Brenner to £P. 116 033 and in Ashdod Jaacob to £P. 125 198.

An "industry" in the wider sense of the word is being established systematically by certain settlements, in the housing of and catering for guests. Some of them intend to develop this line on a larger scale. Thus the vegetarian Recreation Home of Givath Brenner is already able to accomodate as many as 70 guests simultaneously, the communal settlement Maale Ha'hamisha 48, Kiryath Anavim and Kfar Giladi 45 each; and other settlements are maintaining hostels in places like Tiberias and Safad. The bulk of the visitors are members of the Sick Insurance Fund Kupath Holim or persons insured with "Hassneh", the insurance company of the Histadruth. The suitable surroundings of many settlements and the popularity of this new idea mean that the financial prospects are equally favourable.

The question of the industrial activities of the Kibbutzim is becoming more and more controversial. Nothing can be said against the movement from a general economic standpoint as long as these rural co-operative enterprises offer no unfair competition to existing urban ones. They will be tolerated, as long as they do not threaten the existence of urban entrepreneurs and workers; as long as they do not exploit natural advantages such as land for factories and dwellings obtained almost free of charge; and as long as they are set up only when the need for their produce can be indisputably established. It would be a serious matter if the national institutions were to grant money for such institutions while refusing it



for urban private economic undertakings. In addition, from the point of view of settlement economy, the following considerations should be examined: the employment of suitable experts, intensive working methods and the avoidance of too high capital investments. Stress might also be laid on the basic agrarian character of the settlement.

If we now ask what part these secondary trades play today in the movement, we find that a distinction must be drawn between workshops for the use of the settlement itself, those for the use of neighbours and those intended for the open market.

According to an as yet unpublished study by N. Gutfeld, entitled "Trade and Industrial Enterprises in the Collective Farms and Collective Rural Settlement Groups", 1940, from which much of the following is derived, the profitability of such concerns has so far been proved only in part. For the time being industrial activity, with the exception of Afikim, Givath Brenner and Ashdod, is still very modest. In 1938, for example, only 2½% was invested in trade equipment in the old groups and about 7½% in the younger ones. The amounts of investments fluctuated between £P. 70 and £P. 2 000. Since then the proportion has increased considerably. In 1938/39 the value of products was given at £P. 220 685 = 18% of the total production, and may be estimated at £P. 330 000 in 1939/40, 21% of the turnover. It is not improbable that this means a completely new chapter in the history of rural settlements. If the trades are well chosen there may result as well a beneficial correction in the relationship between capital investment and turnover. Agriculture, and in particular agriculture with small capital, suffers from a lack of proportion between the small turnover and the high investment. If we assume, for example, that in 1940 including land £P. 6½ million were invested, and that the production value amounted even to £P. 2 million, it means a turnover in a period of about 3¼ years, whereas in light industry a turnover of the entire capital is quite conceivable in four months. It is a well-known fact that high rates of interest are more easily borne, the quicker the capital can be turned over. This gains in significance in connection with the serious problem of the burden of interest.



But this consideration shows how questionable it would be to found industries with heavy investment of capital. Generally speaking finishing industries should be favoured, using where possible their own products or waste products; their own big organisations, such as Tnuvah, Hamashbir and Kupath Holim, would be the natural purchasers. Discussions with responsible leaders of the movement tend to show that this is being recognised. It is hoped, above all, that the selection of suitable trades will permit a smaller investment of capital per member than in agriculture.

SUMMARY

From a purely business point of view some observers were inclined to regard the structure of the communal settlements sceptically, because they worked with a very modest capital of, say, 10% of the money invested. These statistical calculations possibly never gave a correct economic picture, because the money of the Funds had to be considered as a kind of endowment capital. This is certainly the case as regards the 400 000 dunams of land placed at their disposal; we assess the value of this at £P. 3 000 000 for which at the beginning nothing more than a kind of token fee was paid, the full value of the land having been attained through settlement and improvement.

✚ If there should gradually ensue a relative falling-off of purely agricultural production in favour of trade, outside employment, transport, sanatorium and accomodation of summer guests, this would also facilitate the problem of marketing agrarian produce, a higher percentage of the production being consumed in the internal economy. Today the home consumption, varying according to product, is not higher than 10 — 25%. ✚

It has long been argued against co-operative settlement that it could not prosper because the members of a group can never have as great an interest in the welfare of the community as a man has who works for his own pocket; this, as is well known, is a frequent objection to any form of socialist economy. Palestinian experience tends to show that this rural co-operative form in no way stifles the sense of acquisitiveness, or, to put it better, the spirit of enterprise in the members, especially in the small settlements; it may



even stimulate the latter because in a collective undertaking growth and consolidation are easier to grasp and more obvious than in the individual farms. Furthermore the possibility and likelihood of new investments of profits is greater than in the case of an individual, the collective undertaking saving relatively larger sums than does the individual, which may in turn serve for interesting investments. If, for example, a group of 150 members has a net profit in a fairly good year of £P. 1500, it can naturally undertake more than the individual farmer who has a surplus of £P.10. Added to this, the temptation of consuming more in good times is presumably less. A co-operative settlement will use any surplus for the extension of the whole concern — a point which is not so certain in the case of the individual. On the other hand, even members of communal settlements not seldom state with regret that a certain carelessness as to articles of consumption is to be observed in contrast to the individual farmer who is better aware of his private property's value. Paradoxical as it may sound, the Palestinian collective settlement seems to us to be much more possessed of entrepreneur mentality than is the average individual peasant; this is naturally not to be set down solely to purely economic causes, but mainly to general Zionist ideological and "Halutz" conceptions.

2. THE SMALLHOLDER WORKERS' VILLAGES (MOSHVEI OVDIM)

In contrast to the members of the communal settlements the families in the smallholder village recognise private ownership and in general conduct their farming individually. They differ from the ordinary villages (Moshavoth) in that they set certain limits to this private ownership, disposal of property being subject to considerable restrictions. The KKL allots each settler no more land than he and his family may be able to cultivate without outside help which as a general rule is forbidden. The smallholders are nearly always intimately associated in consumers', producers' and credit co-operatives. Lately one frequently comes across common cultivation of fields to a varying degree. These workers' villages are comparatively



recent; the first, Nahalal, was founded in 1921 as a kind of reaction from the communal form of settlement and its strong encroachment upon private life. The enterprise was supported by various writers who hoped for greater efficiency from this more individual form of farming. By the middle of 1941 there were 45 such workers' villages, constituting a very considerable enrichment of our agriculture in addition to and following the communal settlements. The following survey shows this very clearly:

Table 20
Population in Smallholders' Villages at the end of 1940

	Absolute Numbers					Percent				
	Farmers	Other Settlers	Youth Aliyah	workers	Total Heads	Farmers	Other Settlers	Youth Aliyah	workers	
First period villag.	2029	597	135	728	3489	58,2	17,1	3,9	20,8	
Second » »	5667	537	133	584	6921	81,9	7,8	1,9	8,4	
Third » »	1591	59	27	106	1783	89,2	3,3	1,5	6,0	
Total, beginn. 1941	9287	1193	295	1418	12193	76,2	9,8	2,4	11,6	
» » 1940	8753	1413	342	756	11264	77,7	12,6	3,0	6,7	
Increase(decrease)	534	-220	-47	662	929	6,1	-15,5	13,7	87,6	

According to the above table, there were over 12 000 people living in these villages in September 1940; by the middle of 1942 the number may have risen to 13 000. In recent years the increase in numbers has not been quite so rapid as in the communal groups. At the end of September, 1941 the smallholder villages cultivated 141 000 dunams (in 1939 109 773 dunams).

As regards investments, indebtedness and capital, this group shows characteristic divergencies from the communal settlements. (See table 21).

The total investments at the end of 1941 amounting to about £P. 1,9 million were less than those of all the communal groups at the same time*). They work out at £P. 150 per head—more than double the per capita figure in the communal groups.

*) LP. 3 351 338.

Table 21

Investments in Smallholder Villages 1938 — 1941 *) LP.

	1941	1940	1939	1938
Dwelling Houses . . .			402078	342592
Public Buildings. . .			43185	26664
Farm Houses			205310	160056
Water Installation . .			274368	190127
Plantations			328784	272773
Live Stock			178371	188099
Dead Stock			63818	54275
Sundries			210799	145381
Total .	1924000	1836000	1706713	1379967

*) Details for 1940/41 were not published.

On the other hand it should not be forgotten that relatively more of the smallholder settlements are already fully equipped. The increase in investments in the year 1938/39 is remarkably high; it amounted to nearly 24%. Even more remarkable is the difference in the method of financing.

Table 22

Capital of Communal Settl. and Smallholder Villages at the end of 1941 (LP.)

End of year	23 First Period Settlements	17 Second Period Settlements	23 Settlements (founded 1936 — 38)	16 Settlements (founded 1939 — 40)	Small- holders' Villages	Total
1935	754695	—	—	—	—	—
1936	873847	396071	—	—	1379967	2649885
1937	1049427	490381	132652	—	—	—
1938	1122714	558278	200454	—	—	—
1939	1232777	654534	311698	98775	1706713	4005000
1940	1362000	745000	428000	164000	1836000	4535000
1941	3351338				1924000	5275338

Although the burden of debt has greatly increased in 1939/40, mainly on account of very considerable outlay for water and installation, dwelling houses and plantations, almost a third of the investments were nevertheless made from own capital as against 10% in the communal settlements. Here unquestionably the difference in character makes itself felt. The fact should not be overlooked that farmers who settle with capital of their own, frequently prefer to become smallholders rather than members of a communal settlement.

Table 23
Growth of Debt in 1940 (LP.)

	First Period Settlements	Second Period Settlements	Settlements Founded 1936—38	Settlements Founded 1939—40	Total	Per- centage
Loans from Insti.	+ 6000	+ 37000	+ 76000	+ 44000	+ 163000	49,4 %
• for 10/20 years	+ 26000	— 5000	— 6000	+ 7000	+ 22000	6,7 %
Various Loans .	+ 61000	+ 43000	+ 31000	+ 10000	+ 145000	43,9 %
Creditors, Bills etc.	— 17000	— 3000	+ 4000	+ 1000	— 15000	—
Total	+ 76000	+ 72000	+ 105000	+ 62000	+ 315000	100,0 %

Table 24
Liabilities of the Communal Settlements (in 1000 LP.)

	First Period Settlements	Second Period Settlements	New Settlements A	New Settlements B	Total 1940	Total 1939	Increase (Decrease)
Own Capital	159	67	31	18	275	190	85
Long Term Loans . .	490	193	165	64	912	749	163
Long Term 10—20 years	177	162	78	16	433	411	22
Other Loans	383	201	84	30	698	553	145
Creditors, Bills, Advances	153	122	70	36	381	396	—15
Total, outside capital .	1203	678	397	146	2424	2109	315
Total, invested capital .	1362	745	428	164	2699	2299	400

Table 25
Loans and Capital of the Smallholder Villages 1941

	LP.
Keren Hayesod for 50 years .	248589
Keren Hayesod for 20—25 years .	75732
Keren Kayemeth Leyisrael .	945
Pasa (Pal. Agric. Settlement Assn.).	186865
Irrigation Companies .	33007
Various Departments of Jewish Agency	78125
Emica & Water Comp. .	96792
Pal. Mortgage & Credit Bank .	64574
Pal. Water Comp. . . .	42774
Plantation Comp. . . .	41229
Bizur	8147
Pica	2000
Nir Ltd.	53676
Workers' Bank.	33577
Anglo Palestine Bank . . .	36484
Central Bank of Co-op. Institutions	34412
Various Creditors	38969
Central Funds, Settl. organisations.	4103
Creditors and Bills	244000
Total Indebtedness .	1324000
Total Investments .	1924000
Own Means .	600000

There are also typical differences as regards the manner of indebtedness between the smallholder and communal settlements. It is hardly by accident that the companies "Emica", Mortgage Bank and Agricultural Workers Plantation Co., all of them strongly under American-Jewish influence, are represented here with considerable contributions; in 1937/38 the amount was not less than 16.6%, whereas the communal settlements received nothing from these sources. It is well known that the experts sent over by the U. S. A. in former years long questioned the economic soundness of the communal settlements.

Unfortunately a statistical investigation of the smallholder economy is much more difficult to obtain than in the case of the communal settlements. The accounts of the unit, i.e. of the individual farmer, are lacking, and these are presented with uncommon clarity in the communal settlements. One is therefore dependent on indirect and incomplete observations.

We set these forth here with certain misgivings, fully conscious of their incompleteness. We cannot sufficiently stress the fact that we do not in any way profess an opinion as to which form is preferable; for although we have to admit below that the communal settlements have certain economic advantages, these may very well be balanced by disadvantages of a different kind. Thus one has to bear in mind that Man does not live on bread alone. Important considerations are involved here which lie beyond the scope of this study.

Taking this into consideration, we have a very distinct impression, on the basis of intensive sample-tests, that on an average the communal settlement is economically sounder today than the smallholder settlement. This does not exclude the fact that there exist very successful specimens of the latter type, and rather weak communal settlements. In the first place we base our assumption on the slower form of payment. On the average the lenders record distinctly higher arrears in the case of the smallholder than in the case of the communal settlements.

This is, at first glance, all the more surprising, because the smallholders settlements, as we have already pointed out, worked with a larger capital of their own and, by reason of their more conservative attitude, are less expansive than, and do not need to be as expansive as, the members of a Kibbutz Hameuhad settlement for instance. These willy-nilly continually have to accept new, untrained members without any means. Above all we find an explanation in the fundamentally divergent approach to consumption. The communal settlement can control the consumption of its members to a far greater degree than the co-operative in a smallholder settlement, and it frequently makes ruthless use of this power. This ruthlessness very often goes to a great length. It is indeed an open question whether the self-castigation of certain

groups, as often observed, will not revenge itself some day. This difference holds true not only in food but also in lodging, etc., modest as these may seem in some of the younger smallholders settlements.

On the side of production, however, the communal settlement can divide labour and specialise to a point which the smallholder settlements can scarcely venture to approach, as this would entail the relinquishing of the desirable distribution of risk. If the industrialisation of the communal settlements, which is now so zealously pursued, should prove successful, the communal settlement will reap an advantage; for the establishment of trade enterprises in the smallholder settlements is much more difficult, though not impossible, and seems to be most likely in the form of cottage industries.

It is a striking fact that the smallholder settlements are on an average more heavily burdened with interest payments than the communal settlements. This is particularly the case if the charge of interest is calculated on the base of loans contracted and not that of the working capital of the farm. The smallholder settlements were debited for the year 1938/39 to about 5% on their debts, the communal settlements to only 3%. However, if the interest is distributed over the whole working capital, the difference is very small — amounting to 3.5% as against 3.2%. It would be well to determine whether the communal settlements are better provided with cheap capital than the smallholder settlements.

It is a matter of opinion which of the types is to be preferred. Each of them have their pros and cons: the small, the big communal settlement, or the smallholder settlement. In view of their many-sidedness, comparison is fruitful and provides valuable indications for future groups. Possibly none of the present-day types are final in their form. Thus we now see new mixed types developing. There are already villages which largely apply the communal principle of the communal settlement to their production.

KEREN HAMOSHAVIM LTD.

Like the communal settlements, the smallholder settlements recently established a financing fund under the above name. As it



was founded only in 1939, any assessment of its success would be premature. At present the fund has a capital of £P. 3 360, derived from the contributions of the various villages. In addition there is a special fund for participation in industrial enterprises amounting to £P.500, and a building fund (Keren Binyan) of £P.735. Against the two funds lastmentioned there is a participation of £P.500 in shares of Tapuz Ltd., Kfar Vitkin, founded only in 1940, an enterprise engaged in the utilisation of orange by-products, which is experimenting with the extraction of spirits, pectin and similar products. This company resembles the industrial plants of Hashomer Hatzair, i. e., besides the Keren Hamoshavim the village Kfar Vitkin and other parties, which may or may not belong to the Histadruth, participate in the undertaking. Keren Hamoshavim also holds a share in the Babies' Home at Nahalal.

In addition to these participations or long-term credits, the fund has granted short-term or medium-term credits totalling £P.3 700 to various members, including settlement-groups in their preparatory stages (Irgunim).

This foundation serves as a modest beginning of financial development of the resources of the smallholder settlements.

This study in the economic sector of the Histadruth does not require to enter into the question of the Girls' Farms or Women Workers' Settlements (Mishkei Hapoaloth), which are mostly conducted jointly with the Wizo*). To complete the picture we mention that there are at present in Palestine 9 different Mishkei Hapoaloth (one farm in each of the following: Jerusalem, Nah-lath Yehuda, Shehunath Borohov, Afuleh, Hedera, Tzafon Tel-Aviv, Ayanoth, and two farms in Petach Tikva) representing a total area of over 1 300 dunams.

Investments amount to more than £P.120 000 of which 55% were contributed by Wizo, about 20% by Jewish Agency and 25% by the Histadruth. The latter money was raised primarily by various drives in North and South America through Kapaj (see later chapter.)

The types of workers' farms here described show quite re-

*) Women's International Zionist Organisation

markable results exceeding the expectations of sober experts during previous decades.

3. THE CENTRAL PURCHASING ORGANISATION: HAMASHBIR HAMERKAZI LTD.

Hamashbir Hamerkazi Ltd., Labour's Wholesale Purchase Organisation, is today probably the biggest dealer in the country, with a turnover of £P. 672 000 in the financial year 1941. Its development is rather interesting. In 1916 the founders of an insignificant purchase co-operative, Hamashbir, managed to collect 1 600 francs (= £P.62) for the joint purchase of foodstuffs in order to combat the worst form of war, starvation, but they hardly foresaw the future importance of their step.

The co-operative attempted, with fluctuating success, to serve as both a buying and selling organisation; in this process it had to undergo sundry vicissitudes which were overcome by the assistance of national funds. The present-day Hamashbir Hamerkazi was finally organized at the end of 1930. The following figures show the development of the last 11 years: —

Table 26
Hamashbir Hamerkazi 1931 — 1941

Year	Turnover LP.	Increase again. prev. year 0/0	Own Capital	Own capital in 0/0 of Turnover	Net Profit LP.	Net Profit in 0/0 of Turnover	Dividend
1931	64485		5694	8.8	3277	5	977
1932	89360	+ 39	8754	9.8	3466	3.8	1170
1933	122816	+ 37	12553	10.2	4569	3.7	1663
1934	198869	+ 62	18500	9.3	7744	3.8	2543
1935	272887	+ 37	24866	9.1	9619	3.5	3454
1936	336410	+ 23	38743	11.5	13184	3.9	4523
1937	409545	+ 22	54698	13.3	12387	3.0	5211
1938	436949	+ 7	63131	14.4	11746	2.7	5062
1939	543061	+ 24	82607	15.2	9049	1.7	7509
1940	599510	+ 10	110363	18.4	11053	1.8	11000
1941	672125	+ 12	187000	27.8	15400	2.3	10400

In spite of obviously modest profit margins, the company has managed to achieve a constant increase in its capital; by the end of 1941 it had accumulated £P.187 000. On the other hand, the debts appear considerable. This can be explained by the character of the undertaking: — investments in land and buildings, including a small mill, absorbed £P. 39 400, goods £P. 187 000, credits to members amounted to £P. 135 000; an average term of three months was granted to the latter. The main debt of £P.133 100 was owing to banks, and of the rest, a further £P. 78 000 to various creditors for goods purchased (Figures as per 31.12.1941).

The main clients are the communal settlements, the consumers' co-operatives of the villages and of the suburban workers' settlements, of which more will be said hereafter. Other institutions, above all Solel Boneh, Research Stations, Women Workers' Farms, schools, etc., are also big customers. At the end of 1940 goods were delivered to a total of 320 (previous year 325) institutions and economic groups, 192 (previous year 181) of which were members. The goods delivered have gradually become more varied. The main section is foodstuffs (sugar, coffee, tea, margarine, oil-products, etc.), fodder, seed, etc. The list of goods ranges from queen-bees to harvesting machines, electro-motors, manures, iron for building purposes, etc. Hamashbir enjoyed the help and credit of the British Co-operative Organisation, the Wholesale Society of Manchester, of which it is a member with a share of £P. 5044, especially during the very difficult years of upbuilding; an amount of £P.2 645 is invested in shares of the Workers Bank, whose close client it is. It also entertains lively business connections with the Anglo-Palestine Bank and other big banks.

Turnover and capital have so far increased from year to year; the management obviously endeavours, with success, to satisfy the growing needs of its clients. It has succeeded in building up a very noteworthy position for itself from precarious beginnings and almost without initial capital. Every increase in the purchasing power of the working class tends to strengthen Hamashbir. The final consumer, the member of the communal settlement, thus supplies his needs directly from the wholesale dealer who charges the comparatively modest increase on cost price of 7—8%, thereby avoiding

the middleman. If this principle is carried out correctly, there should result an appreciable reduction on the purchase price, giving the settler a considerable advantage over the urban worker, also over other rural consumers. Shares in this co-operative are mostly held by its customers, the most important share-holder, £P. 700, being the Vaad Hapoel of the Histadruth. The older and larger settlements as well as some consumers' co-operatives are big share-holders too. Thus Ein Harod and Givath Brenner hold £P. 640, Naan £P. 610, Kiryath Haim and Yagur £P. 600 each, Afikim £P. 500, Tel Josef and Ashdod Jacob £P. 480 each (31.12.1940).

Theoretically these shares now represent quite a considerable asset, the relation of co-operative capital to reserves being at present 1:5. Yet the members cannot derive any direct profit from them, because no dividends have so far been distributed, the profits wisely being put into the reserve; it is not the business of a co-operative to pay high dividends. Members of a strong consumers' co-operative find their advantage either in premiums on turnover, or certain subsidies of a direct or indirect nature, as shown in the profit and loss accounts.

Hamashbir gives very detailed statistics of its expenditure. According to these the proportion of total expenses to turnover was as follows: —

Table 27

Expenditure in % of Turnover 1931 — 1941

1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
5.01%	3.93%	4%	3.53%	3.89%	3.84%	4.47%	4.75%	5.21%	5.80%	4.97%

According to this the expenses were comparatively low, but have risen in recent years. This is due partly to high interest charges which amounted to: —

Table 28

Interest, Insurance Expenses and Taxes in % of Turnover 1931 — 1941

1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
0.09%	0.03%	0.02%	0.02%	0.08%	0.02%	0.05%	0.21%	0.44%	0.60%	0.23%

The rise shown since 1938 is presumably due to the greater holding of stores in view of the threatening war. Another item, contributions, shows a constant and characteristic upward trend: —

Table 29

Contributions and Donations in % of Turnover 1931 — 1941

1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
0.03%	0.20%	0.54%	0.48%	0.55%	0.42%	0.47%	0.71%	0.81%	0.89%	1.22%

Funds have thus been set free for social purposes in a rapidly increasing degree. This reflects the ever-growing need for social and perhaps political purposes, forcing the Histadruth to tax its strong members more and more heavily. In striking contrast, wages demand an ever decreasing percentage of the sales: —

Table 30

Wages in % of Turnover 1931 — 1941

1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
3.41%	2.54%	2.13%	1.87%	1.92%	1.82%	2.14%	2.10%	1.94%	1.99%	1.92%

Thus it has been possible to reduce personnel expenditure out of all proportion to the increasing turnover. Whereas it amounted in 1931 to 69 % of the expenses, in 1940 it was only 34.42 %. Losses from bad or doubtful debts remain within the modest limits of 0.1 % of the turnover on an average for the last nine years. Experience shows that a transition from wholesale dealer to manufacturer is not improbable with wholesale co-operatives. There is a considerable likelihood of this transition with Hamashbir, as it is guided by motives of a national and political nature far more than the ordinary dealer, who follows the line of private economy and buys in whatever market is cheapest.

There are already signs that Hamashbir is seriously considering the question of own production as its business grows; with Hamashbir this may take a course different from that followed by consumer's co-operatives abroad, which started bakeries, weaving establishments, etc. on their own account. Instead, Hamashbir seems to consider giving commissions to its own members, espe-

cially communal settlements. This again would further the plans of the settlements for industrialisation, as described above, for it would guarantee the sale of their produce.

Possibilities are manifold, and theoretically extend from preserve-factories of all kinds and margarine manufacture to clothing, tanning, leather-work, furniture, certain machines, etc. The beginnings of this tendency can already be felt. If Hamashbir grows stronger, it may well appear some day as banker for buyer and seller within its organisation, paying cash to producers short of working-capital, as wholesale-dealers do in many countries. It may even finance the purchase of raw material, and grant the purchaser a certain credit as is already done today. Such a development may to a certain extent convert the Histadruth sector into an autarchy.

4. THE LOCAL CONSUMERS' CO-OPERATIVES: AGUDOTH ZORHANIOTH.

As stated before, Hamashbir sells direct to the consumer when the latter is a wholesale purchaser, for instance hospitals, other institutions, Solel Boneh and above all the communal settlements. On the other hand an agent is required in places where the individual, i. e. the member of the Histadruth in the villages, buys for his household.

About 65 consumers' co-operatives which, apparently, do not as yet operate quite satisfactorily, provide for this class. Suitable managers are not always to be found, and the weak purchasing power of the members not only restricts the business, but compels the advancing of considerable credits quite against the principles of the consumers' co-operative. It should be noted that only the strong control and pressure of the Histadruth has enabled the Consumers' Union to make its way in rural districts or in urban and suburban quarters, and primarily in those settlements where a full or partial monopoly could be achieved (e.g. Kiryath Hayim). The majority of the urban population, including the workers, buy from the small retailer who, by working an endless number of hours a day, by drawing members of the family into the business, often



by purchasing Arab produce, by giving credit to the utmost and above all by reducing his own standard of living, is able to sell at a cheaper rate than the Consumers' Union.

The following table includes the urban unions which only since 1941 developed satisfactorily:—

Table 31
Development of Consumer's Co-operatives 1931 — 1941

Year	No of Coop.	No of bran- ches	No of Mem- bers	No of memb. incl. depend.	Own capital LP.	Turnover LP.	Net Profit LP.	No of Emp- loyees	Expenditure LP.
1931	11	11	772	2293	3344	37763	864	25	2153
1932	15	15	1197	3692	4461	46388	1193	30	3885
1933	26	31	2063	6097	6078	93594	2094	70	8561
1934	34	45	3074	10270	12726	171064	*) 2953	131	15877
1935	40	60	4067	14598	20255	272550	*) 3045	201	28623
1936	44	79	5005	16768	30221	362869	*) 5935	245	40342
1937	47	82	5592	18289	38791	359113	*) 3587	251	38176
1938	49	89	5990	20850	41772	295373	*) 3861	254	35440
1939	57	101	9388	30056	51040	341009	*) 6000	268	39558
1940	56	101	9837	32503	57008	368406	*) 6558	270	41709
1941	64	111	13594	46446	71025	500253	*) 12796	327	50763

*) Before assignment to Reserve Fund.

The development until 1940 is not so clearly on the ascendant as in the case of Hamashbir. For example, turnover between 1936 and 1938 decreased greatly; in 1940 the level of 1936 was approximately attained. It seems that about 40 % of goods were purchased from Hamashbir. (See table 32).

As already mentioned, the Consumers' Unions had to advance credits to their members, apparently on an average of 2-3 months. This, on the other hand, compelled them to make considerable debts themselves. It seems that these credits amounted to more than 6 months' turnover. Here we are obviously concerned with a relatively weak link in the Histadruth economic organisation.

A thorough reorganisation of the centres of distribution may result in a systematically functioning apparatus; obviously the

Table 32

Summarised Balance Sheet of the Consumers' Co-operatives as per 31.12.41
(in LP.)

	(56 Co-operatives) 1940		(64 Co-operatives) 1941	
	Amount	%	Amount	%
Assets:				
Cash and Banks	3208.787	1,56	6108.602	2,4
Stores	37822.962	18,34	77626.890	30,3
Claims on members	69679.969	33,77	67359.381	26,4
Various claims	46283.437	22,43	47433.090	18,5
Claims on Bills	1390.002	0,67	1005.243	0,4
Immovable property	20344.587	9,86	27261.016	10,7
Inventory	12555.084	6,08	11166.679	4,4
Securities, Participations	14251.974	6,91	17121.389	6,7
Loss	783.414	0,38	424.329	0,2
Total	206320.216	100,00	255506.619	100,0
Liabilities:				
Share Capital	18467.982	8,95	20798.542	8,1
Funds	38540.497	16,68	50226.809	19,7
Liabilities on bills	44063.199	21,36	53315.958	20,9
Creditors	102869.343	49,86	128632.140	50,3
Profit (after assignment to Reserve Fund)	2379.195	1,15	2533.170	1,0
Total	206320.216	100,00	255506.619	100,0

Histadruth has until 1940 refrained from this task, possibly in order to avoid friction with the retailer. Only when in the course of the war exaggerated retail prices faced the population with a serious problem, the urban co-operatives developed a stronger activity.

Hamashbir Hamerkazi and the audit union, Brith Hapikuah of the Agudoth Zorhanioth, which it controls, founded a joint fund "Keren Lekoooperazia Hazorhanith", half the capital of which, amounting in all to about £P. 3 200, was contributed by the founder groups *).

*) A further institution "Hamashbir Hamerkazi (Finance and Investments), Ltd.", aiming at financing the Consumers Co-operatives, is at present in the early stages of its development. (Capital as per end of 1941 £P. 5267).

5. THE ORGANISATION FOR THE INLAND SALE OF AGRICULTURAL PRODUCE: TNUVAH LTD.

The growing production of settlements made the problem of sale of produce an acute one. At first Hamashbir Hamerkazi engaged in this in addition to its purchasing activities.

In the course of time it proved necessary, however, to create a special distributing organisation. In 1926 Tnuvah was inaugurated with the task of taking over the produce of the settlements and selling it to the consumer. There were no resources worth mentioning available for this purpose, as the farmer members themselves suffered and still suffer from constant under-capitalisation. This lack of working capital made itself all the more felt, as the organisation was soon confronted with huge problems and was forced, for reasons of competition, to establish expensive dairies and factories and, finally, to establish direct contact with the consumer.

Owing to the decentralisation of Jewish economy, various Tnuvah organisations were set up in various parts of the country; thus there was one in Haifa for the settlements of Northern Palestine, one in Tel-Aviv as a collection and sale's centre for the produce of the Sharon and Southern settlements, and one in Jerusalem for the points of settlement in the surrounding country (Kiryath Anavim, Ataroth, etc.).

Today these three Tnuvah organisations are to a certain degree still conducted separately; the "Merkaz Tnuvah", a central organisation, has, however, recently effected closer collaboration of the individual branches. An analysis of the respective balance sheets immediately shows differences in range and strength of the three organisations. All three concerns, nevertheless, have a comparatively uniform structure.

There were until lately considerable short-term debts, as long-term loans could not hitherto be obtained to any great extent. Since the capital of Tnuvah, as shown by the balance sheet, was created only by slowly accumulated funds, but not as share-capital, there resulted a certain shortage of money; so the Tnuvah concerns were forced to engage in considerable



outlay for the achievement of their aims, particularly for the erection of big dairies with expensive apparatus. Packing and transport of produce also necessitated further outlay (egg-boxes, grape-boxes, lorries). Thanks to a large rise in sales, a certain modification in this state of under-financing has set in since 1940 and more particularly since 1941.

The relation between sales and capital is shown in the following tables: —

Table 33

Tnuvah's Turnover during the past 11 years (In L.P.)

Year	Tnuvah Jerusalem	Tnuvah Tel-Aviv	Tnuvah Haifa	Total
1931	40928	52808	48120	141856
1932	48964	69415	54927	173306
1933	48420	91200	68535	208155
1934	57160	133167	96477	286804
1935	71603	196813	133587	402003
1936	102148	278524	172233	552905
1937	113106	264810	178300	556216
1938	103065	273901	173993	550959
1939	98067	288582	193199	579848
1940	129094	338880	227957	695931
1941	201047	494019	327125	1022191

The rise in turnover was a constant one, not even hampered by temporary sales difficulties and the pressure on the price of milk-products. On an average, the net proceeds per litre of milk fell in the years 1935—1939 from 23.3 to 16.7 mils. It was only in the first year of the war that there was a pronounced stimulus in the sale of nearly all products*).

The amount of own means (£P. 115 111 as at September 1941) is in itself a very respectable figure, even if the amounts written off up to the present are considered rather meagre. Meanwhile the table shows that Tnuvah needs this capital entirely for its investments. This denotes a distinct step forward if compared with former years, for hitherto these investments were financed in part by short-term loans.

*) Estimate of turnover 1942: About L.P. 2 million.

Since 1941 the volume of business brought new record figures, caused partly by the rise in prices and partly by the keen demand for home production, since import difficulties have made themselves felt and the army has proved to be a willing buyer.

The following table shows a summary of the growth of capital in the three Tnuvah organisations: --

Table 34
Tnuvah's Capital during the past 11 years (LP)

End of year	Tnuvah Jerusalem	Tnuvah Tel-Aviv	Tnuvah Haifa	Total
1931	3263	4027	4973	12263
1932	4160	5147	6312	15625
1933	5408	6996	8304	20708
1934	6831	10068	11171	28070
1935	9521	15690	15132	40343
1936	14161	22588	22125	58874
1937	15120	27666	26626	69412
1938	16348	31657	30022	78027
1939	17383	35671	33742	86796
1940	19495	40496	36441	96432
1941	24495	48001	42615	115111

The total figure for the capital of the Tnuvah Institutions in Haifa, Tel-Aviv and Jerusalem as per September, 1942 may be estimated at £P. 150.000.

In addition to all Histadruth settlements, Tnuvah members include a number of other farmers and farmer groups, for example villages, agricultural schools, experimental stations, private farmers in the colonies. A considerable proportion of the middle class colonies have however lately formed their own selling organisation "Tenne".

As in the case of Hamashbir Hamerkazi the capital of Tnuvah is in the hands of the member settlements, the legal status of both institutions being that of co-operative societies. Thus even by the character of their legal structure the institutions prove

their principal purpose, namely to be central supply and selling organisations of their members.

Tnuvah has gradually developed into a leading employer; in September, 1942 the number of employed was given as 750 while Tnuvah Export, its export organisation, 1939/40*) had employed 85, apart from 1000 seasonal orange packers, etc.

In 1942 the favourable development of Tnuvah continued constantly. Sales during the half year from September 1941 till March 1942 amounted to £P. 835 200 as against LP. 433 900 in the same period of the preceding year, representing an increase of 92%.

To sum up, it may be said that few organisations in the country are faced with so difficult, many-sided, yet fascinating a task as is Tnuvah. For Tnuvah is not only the most important sales agency for the rapidly growing agrarian production, important though this function may be for producer and consumer. It has two opposing interests to reconcile; it must obtain the best possible net result for the farmer and at the same time offer a reasonable price for the purchaser. Further, in order to carry out this task, Tnuvah itself must engage in the process of production and treat and manufacture some of the raw material which it takes over. This applies to milk in particular and has led to the erection of expensive dairies; it will also call for a further extension of cheese manufacture. In a country where pigs are not reared, the complete utilisation of skimmed milk, for instance, is a very important problem. In Palestinian agriculture there is actually an increasing amount of other raw material which would find a better sale in manufactured form than in its native state. This category includes part of the fruit, wool, skins, hides, etc. Tnuvah can scarcely be expected to undertake this task in full; for it calls for much capital, organisation, talent and a degree of technical knowledge difficult to obtain and possibly leading to the creation of too unwieldy a structure.

Tnuvah itself will perhaps only cover part of this field, leaving the ultimate refining of other products to the individual farms or to auxiliary companies. Enough will still remain to be done by Tnuvah, and its activities will call for an unusual outlay of capital and application of organising talent. But if the problem

*) Since 1940 orange exports had practically ceased.



is happily solved, the economy of the country will profit substantially. In that case Tnuvah should be destined to become a pivot of Palestine's economic life.

6. TNUVAH EXPORT LTD.

Solel Boneh has entirely surmounted its original lack of capital; Hamashbir is well on the way to do so; Tnuvah has recently overcome the difficulty; but Tnuvah Export Ltd. provides an example of insufficient capitalisation. This fact is a natural result of the youth of this organisation which was founded only in 1937, or, more correctly, was separated from Tnuvah as an independent body for the promotion of agrarian export. At first its activities were practically restricted to the sale of citrus fruit; but the plan of action has always included the export of honey, vegetables, potatoes and other fruit. As the workers' cultivation of fruit is of recent date and as citrus trees bear marketable fruit only after six years, the importance of this company has become apparent only in recent years. Export figures are as follows:

Table 35
Citrus Export of "Tnuvah Export" 1936 — 1940 (Number of Boxes)

Season	1936 / 37	1937 / 38	1938 / 39	1939 / 40
Number of Boxes .	403000	537300	1094350	666180
General Export . . .	10790000	11412000	15310000	7596000
Jewish Export . . .	6000000	6200000	8500000	4250000

According to these figures the importance of worker cultivation in both the narrow and wide sense of the term has increased extraordinarily within the framework of total citrus cultivation. (The rôle of Yakhin in citrus growing is treated in the next chapter).

The total extent of the plantations belonging to Tnuvah Export's customers amounts to 20 400 dunams, of which a considerable part already bears fruit: —

Table 36

Shipments of Tnuvah Export 1936 — 1940 (Number of boxes)

	1936 / 1937	1937 / 1938	1938 / 1939	1939 / 1940
Oranges . .	277112	348590	758440	443046
Grape Fruit	124685	184633	311853	185237
Lemons . .	1633	2938	11525	22665
Valencia . .	—	1134	8487	12199
Various . .	—	—	4045	3033
Total	403430	537295	1094350	666180

Table 37

Turnover and Net Payments to the Members (in LP.)

Season	Turnover fob Pal. port	Net payment to members
1936/37	105530	49120
1937/38	151600	69350
1938/39	298560	140180
1939/40	157000	55748

In 1939/40 LP. 4 000 worth of honey was exported (LP 1930 in the previous year), and LP. 1950 worth of bananas and vegetables (LP. 520 in the previous year).—The total turnover of Tnuvah Export dropped in 1939/40 from LP. 301 000 to LP. 165 5000 as a result of the stagnation in the citrus business; the sale of honey and bananas is encouraging. As a result of the export difficulties caused by the war Tnuvah Export since 1940 concentrated its activities mainly on the manufacture and export of etheric oils, a produce which absorbs little shipping space. Thus during the season 1941/42 approximately 9750 kgs. etheric lemon and orange oil (valued at LP. 21 700) could be exported besides a comparatively insignificant quantity of LP. 7 300 worth of Valencia oranges.

The manipulation of such a large yield demands a temporary supply of considerable means even in the normal course of shipping, but contingencies must always be reckoned with. In the

case of citrus fruit the war supplied these in abundance. It is at such times that the unsound nature of scanty capital becomes apparent. The capital of Tnuvah Export amounted to LP. 11 897 in 1940 (previous year LP. 9916) with a balance-sheet amount of LP. 140 000 and LP. 137 000 respectively. The creation of a larger capital thus constitutes an unsolved problem, as otherwise it is hard to conceive how a foreign market for early vegetables, honey and bananas, etc. can be secured.

7. THE PLANTATION COMPANY (YAKHIN LTD.)

The foundation of this cultivation company goes back to 1927. Its main task is the preparation and supervision of all kinds of plantations, in particular of orange groves. In pursuance of this task Yakhin has laid out a number of plantations and created various model establishments. In contrast to the early development of the old Solel Boneh, it long confined itself exclusively to the achievement of its own limited aim, namely the cultivation of land on behalf of others. Yakhin has therefore remained a contracting enterprise, avoiding any unsound expansion on an insecure financial basis. It is also interested in the export of oranges on behalf of orange-grove owners for whom it acts as contractor. Competition with Tnuvah Export, which is interested in the same line, is avoided, as the latter company is marketing the produce of orange-groves of co-operative settlements.

During the war, and as a consequence of the difficulties in exporting oranges, Yakhin extended its activities to other branches, especially in connection with the sale of fodder, wood and potatoes to the Military and other consumers; lately it also encouraged and financed some small food-stuff industries.

The balance-sheet of Yakhin as at 31st December, 1941 shows funds amounting to LP. 27 955 whereas the share-capital amounts only to LP. 140. The company was indebted to banks in an amount of LP. 59 831, debts on bills of exchange amounted to LP. 494 other short-term debts to LP. 27 261, long-term debts to LP. 18 689. As against these, the main items in the assets column are claims on citrus growers to the amount of LP. 28 314 for work underta-

ken and materials delivered. The value of land, including buildings and packing houses, appears at LP. 13 246.

Up till now Yakhin has been able to uphold its aim of creating employment for land workers, although the difficult position of the citrus industry has stood in the way of constant upward development.

Table 38
„Yakhin“ 1932 — 1940

Year	Dunams	№ of Workers	Turnover LP.
1932	2289	390	40311
1933	4677	520	43431
1934	5775	750	10272
1935	6200	760	110048
1936	6390	800	115000
1937	5980	800	102448
1938	5850	1100	118000
1939	4420	2800	124903
1940	2300	—	—
Rural Contracting Offices :			
1935	2960	—	17111
1936	3100	—	21637
1937	3913	—	43378
1938	4545	Average 1505	53465
1939	5980	2490 — 543	61149
1940	4157	According to season	36255
Citrus Exports :			
1936/37	Boxes 340539	Own Capital Yakhin 1940—36000 LP.	
1937/38	" 378617		
1938/39	" 658383		
1939/40	" 400000		

YAKHIN CANNING Co. LTD.

At the beginning of 1941 Yakhin took over from private hands the up-to-date fruit preserve factory "Immi" in Petah Tiqva. It runs it under the name of Yakhin Canning Co. Ltd., with a capital of LP. 5 000, in co-operation with Misrad Kablani, Tel-Aviv, the latter holding 25 % of the shares. The undertaking engages in the manufacture of fruit and vegetable preserves of all kind and the preparation of fruit juices and jams. Thus a third factory in addition to those of Ashdodh Jaacob and Givath Brenner has been established in a short period of time within the Histadruth's economic sector, and it seems as though this development is likely to continue.

II. BUILDING CONTRACTORS

I. SOLEL BONEH LTD.

The history of Solel Boneh provides a miniature picture of Zionist pioneer work, with its initial weaknesses and difficulties and inevitable mistakes, but also with its achievements and remarkable later results.

It developed from a department of public works (Misrad l'avodoth ziburioth) founded by the workers in 1920. This department was primarily intended to undertake road-building for the Government, with the explicit aim of providing employment and expert training for the numerous immigrants of that period. When public commissions slackened off after some time, the building of houses was begun. In 1925 the name "Solel Boneh" (Road Maker, Builder) was adopted.

The new firm immediately took up big contracts: from 1920 to 1927 contracts to the amount of £P. 1.4 million were undertaken in a country which at that time was still in its economic childhood. But the task was out of proportion to the modest means available, especially since the customers necessarily had to be financed into the bargain. In addition, most of the workers, for all their good will, had an inadequate training; and so it came about that the institution collapsed in 1927. In Histadruth circles themselves there was long a difference of opinion as to whether this failure had been inevitable. Supporters of Solel Boneh laid stress on the fact that only by the application of this system was mass unemployment prevented and a considerable nucleus of trained workers formed. True, they argued, money had been lost, but much of greater value had been won. At that time various institutions, such as the Anglo-Palestine Bank, the Workers' Bank and the Keren Hayesod, wrote off considerable claims, the share of the latter being £P. 26 255. A special law permitted silent liquidation and thus bankruptcy was averted. This



measure was partly due to the fact that even then it was planned ultimately to revive the enterprise under its old name.

The temporary closing down of Solel Boneh, however, did not signify the withdrawal of the Histadruth from the building business. Local co-operatives sprang into the breach for a number of years. In 1934 it was decided to re-establish a central building enterprise based on the issue of shares with a modest initial capital of LP. 10 000.

It testifies to tenacity and courage of the founders that they gave the new company the name of the old one which had been so unwillingly if not ingloriously closed down. The idea was to prove that the economic and social-political programme of the liquidated Solel Boneh was correct and could be further pursued, unaffected by the financial fiasco.

The brief history of the new Solel Boneh has so far justified its founders: at a time coinciding in the main with a period of depression in the building trade, it has assumed the undisputed first place in the country for its particular province and, in contrast to its predecessor, has strengthened its financial position to an extraordinary degree. It is true that very considerable public contracts fall within the second part of this period.

In the foregoing section we reported that in the years 1927-33, when Solel Boneh was not operating, the Histadruth took its place in the building market through local co-operatives.

Now that Solel Boneh is again functioning, the only one of these co-operatives worthy of mention is the Misrad Kablani in Tel-Aviv, which works in closest collaboration with Solel Boneh. In particular it carries out building projects that fall to them in Southern Palestine, whereas Solel Boneh engages mainly in work in the other districts. The other local Misradim Kablaniim do practically nothing in this line, as the Jerusalem co-operative has been taken over by Solel Boneh in order to clear up increasing financial difficulties.

By the middle of 1941 the Solel Boneh — Misrad Kablani group represented by far the strongest factor in the Histadruth's sphere of production. It remains to be seen how it will stand the test when public commissions diminish.

The following table gives a survey of the development of Solel Boneh and Misrad Kablani, Tel-Aviv, between 1937 and 1941.

Table 39

Solel Boneh and Misrad Kablani 1937 — 1941 (in LP.)

Year	Turnover	Own means	Creditors	Employed in annual average
1937	1000000	147653	183187	3000
1938	1050000	179605	431758	7000
1939	780000	201730	250451	6000
1940	1750000	252220	589744	3500 *)
1941	1570000**)	***)	***)	***)

•) Refers to Jewish workers employed in Palestine

***) Excluding value of building materials furnished by Military Authorities etc.

***) Exact figures not yet published

In view of the importance of this group we give the balance-sheets of Solel Boneh for the years 1937/40 (see page 72-73)

The significance of the group is shown by the fact that it participated according to private estimates to the extent of 42% in the big commissions of the Government's Public Works Department in 1939 and 1940 for the construction of police stations. It should be noted that of the other 58% a considerable part fell to Arab and British firms.

The capital of Solel Boneh today may well exceed that of all private building enterprises in Palestine put together.

If we attempt to estimate the rôle played by the group in palestine we come to the following conclusion: the Solel Boneh group has within a short period achieved the undisputed leadership of the Palestinian building business. As far as we know there is no parallel to this phenomenon in capitalistic countries; the "Bauhuetten" in Germany, which might be compared, were comparatively much less important.

Explanation of this success up to the present is to be found in a happy coincidence of various favourable factors. Perhaps a non-economic element should be placed first: a desire to make good the loss of prestige due to the collapse of the old Solel Boneh

SOLEL BONEH LTD.

	1937 LP.	1938 LP.	1939 LP.	1940 LP.
Assets:				
Cash and Banks.	1163,970	2234,314	2372,607	9881,053
Investments:				
Shares in Even Ltd.	3000,000	3000,000	—	—
Sundry shares & Debent. Subsidiary Company (Lime & Stone Prod. Co.)	4623,890	(1 9333,990	14224,740	1,000
Real Estate less depreciations	16000,000	16000,000	16000,000	(1 406,005
Plant and Machinery	16983,095	18396,712	19046,109	(4 —
Stores	1,000	1,000	1,000	(6 —
Investments in Enterpr.,	6176,105	8775,592	20670,731	73756,317
Works in Progress.	5653,590	4882,640	5227,250	(8 —
Bills Receivable:	31328,459	240458,304	101989,136	350682,696
a) w. banks as security	47979,577	24561,477	45038,296	30415,116
b) on hand and for encashment	5546,139	23079,248	24053,185	20878,093
Debtors	101497,896	134507,705	108189,501	181551,835
Prepaid Expenses	503,620			783,240
Contra Accounts (Debtors for guarantees)	25745,293	44552,920	47212,045	41182,049
Total	240457,341	485230,982	356812,555	668155,435

1) LP. 3000.— Shares Syndicat l'Avodoth Yam
LP. 6333.906 Sundries

2) LP. 3000.— Shares Syndicat l'Avodoth Yam
LP. 4000.— Shares Pal. Electr. Corp.
LP. 7224.740 Sundries

3) LP. 16000.— Shares Lime and Stone Production Co. Completely written off

4), 5), 6) Written off

7) Including LP. 26373.— Misrad Kablani Jerusalem

(Condensed Balance Sheets)

	1937 LP.	1938 LP.	1939 LP.	1940 LP.
Liabilities:				
Authorised and paid-up Share Capital:				
a) Founders Shares .	5000,—	5000,—	5000,—	5000,—
b) Ordinary Shares .	5000,—	45000,—	45000,—	45000,—
c) Application for Shares	10000,—			
Reserve Funds (General Reserve and Res. for depreciation of investments) .	85000,—	86490,814	105000,—	145000,—
Reserves for repairs in finished works, for completion of works, vacation & compensation to workers	24211,682	29904,173	22399,948	41854,201
Banks (special accounts):				
a) Secured by part of the real estate & shares	12284,509	38034,678	(150575,363	(20630,154
b) Secured by bills and contracts .	13015,593	(150588,480	(20000,—	(22922,230
Bills Payable .	3541,469	3320,335	1500,—	7640,—
Subsidiary Comp. (Lime and Stone Production Comp. Ltd.)	7119,577	4201,201	2428,933	6108,720
Creditors (Payment by Contractees on works in progress, monthly workers [last month's wages], Mortgage on Buildings, Sundries)	58264,525	195858,825	81518,254	345521,337
Interest in Advance .	5795,370	6087,500	9068,190	9000,—
Profit and Loss account (Profit for the financial year less appropriations to General Reserve and to Hevrath Ovdim, including profit from previous years) .	11224,616	20744,976	14321,367	19478,793
ContraAccounts (guarantees)	25745,293	44552,920	47212,045	41182,049
Total	240457,341	485230,982	356812,555	668155,435

1) Part secured by bills

2) Including sundries

3), 4), 5) Secured by work's contracts

may have induced leading men in the Histadruth to place the initial capital at its disposal; simultaneously they succeeded in securing experts for the technical, financial and administrative departments of the work. It was to the advantage of Solel Boneh that few competitors with sufficient capital were in the field; a big English building concern happened to retire from the market after only a short period of activity.

As the share-holder (Hevrath Ovdim) expects no large dividends, and the managers no large salaries, Solel Boneh was able to achieve its foremost aim, i. e. the employment of the largest possible number of building workers and the gradual accumulation of a considerable capital. This may again enable them to grant credits to customers, though this easily may involve risks and is only safe within strict limits. Even the relatively considerable capital of LP. 400 000 to LP. 500 000 over which the Solel Boneh group presumably disposed by the middle of 1941 will not permit any large-scale financing of building projects, as this would soon lead to immobilisation. A considerable part of the capital is already invested in property, participations, stores, claims, machines, etc., so that only a modest sum amounting to but a fraction of the annual turnover at present remains. One always has to bear in mind that the financing of buildings generally entails an immobilisation of money for years in advance.

Thus Solel Boneh can and should provide marginal amounts only which are lacking in particular financing schemes and which should, if possible, not exceed the expected profit. Even this means a certain advantage over private companies which expend a considerable part of their profits in dividends. Of course cases are conceivable where collaboration with credit institutions such as Bizur, Nir, etc., will be possible. Herein perhaps lies the advantage of a Histadruth contractor over private competitors. The reproach is often made that Solel Boneh undercuts in price; results hitherto obtained do not testify to this. The war, forcing the pace in public constructions, has up till now quite obviously brought big commissions and considerable profits to Solel Boneh; in addition to the capital shown in the balance-sheet, considerable hidden reserves seem to exist.

Some estimate the own means of Solel Boneh by the middle of 1942 at half a million Pounds.

Since its foundation it has been a principle of Solel Boneh to secure regular deliveries of building materials, in order to gain in the best possible way an independent position in its line. Thus Solel Boneh acquired already in the early stages of its development controlling interests in wood, stone and lime industries, and lately a considerable expansion took place also in the line of glass production as well as the foundry and metal industry. The following enterprises may be considered as the main items in this regard:

1. QUARRIES:

Solel Boneh disposes of several quarries for the supply of stone of all kinds in Ein Harod, Benjamina, Migdal Tzedek, Ben Shemen and Jerusalem.

2. HERUTH LTD.:

Solel Boneh owns a controlling share of this contracting office for all kinds of sanitary and other installation; this company is an essential asset within the business of Solel Boneh owing to the fact that it disposes of considerable stocks of these materials, which enabled it also to execute important orders by other companies (water installation for Mekoroth Ltd., etc.).

3. LIME & STONE PRODUCTION LTD. (EVEN VE SID):

This enterprise produces lime in the vicinity of Haifa. Up to the time of the disturbances, the Arab firm Karaman held a share in the company; since then Solel Boneh has taken over the majority of shares. The share-capital amounted to £P. 20 000 by the end of 1940, the reserve fund to £P. 12 300.

4. EVEN LTD.:

This stone quarry had, by the end of 1940, a capital of LP. 10 000, reserves of LP. 150 and liabilities amounting to LP. 5 700. Total investments were LP. 19 600.

During 1942 Solel Boneh increased its so far comparatively limited interest in industries intensely, and as a consequence of



he important rise of profits, especially due to large building contracts, started new investments on a very considerable scale. This policy gave rise to some discussion in the public and even created a certain amount of anxiety on the part of private industry, fearing an ever-increasing activity in its own sphere. These discussions appear, however, to be exaggerated, as Solel Boneh in general laid the main stress on the fact that only such enterprises should be acquired which were not subject to competition of the private market, and represent some key industry in the building sector. The acquisition of the following two companies may be considered under this aspect.

5. THE PALESTINE WINDOW WORKS PHOENICIA LTD:

This undertaking, a plant of considerable size, had been suspended shortly after its completion in 1936. Ever since that time the share-holders and creditors tried hard, but in vain, to find a group of capitalists to take over the factory, until finally Solel Boneh stepped in. Whether this acquisition was a wise one remains to be seen; it certainly leads Solel Boneh into a field somewhat far from its original activities, although it must be admitted that the produce of this factory (window glass) is an important factor in the building industry. The reconstructed plant was put into operation in July, 1942. When working at full capacity, some 100 men will be employed in this factory which will have a monthly output of between 40 000 and 60 000 square metres of glass.

6. VULCAN FOUNDRIES LTD.:

Founded by private capitalists in 1935, this factory produces all kinds of tubes, fittings, bath-tubs, etc. and may be regarded as the only "heavy" industry in Palestine; it is also by European standards an up-to-date and well-equipped factory, able to supply the Palestinian market with bath-tubs completely, and to meet the demand for fittings and similar products to a considerable extent. Since its foundation the factory met with difficult times owing to international competition and price-cutting, and finally had to be taken over by the Palestine Corporation, its main creditor; this company decided in 1941 to sell the factory to Solel Boneh. Thus

this Histadruth enterprise acquired at comparatively favourable conditions this important key industry, and lately was able to increase the number of workers employed to 250. Also in the case of Vulcan it is too early to give a detailed opinion on its prospects; yet the plant, together with ample stocks taken over from the Palestine Corporation, is to be considered as a sound investment, the earning power of which could recently be extended by important orders executed for the Military.

7. HADRION LTD. and PALESTINE SUGAR CO.:

Whereas the afore-mentioned companies can be considered as auxiliary enterprises, the activities of which are more or less confined to the building industry, the foundation of Hadrion leads Solel Boneh to a field entirely different from its original business. Established early in 1942 in cooperation with Nir Ltd. Hadrion is producing concentrated citrus juices and etheric oils pressed from the peel, export of which has recently been taken up. In March, 1942, the Palestine Sugar Co. was founded by Solel Boneh together with other Histadruth institutions, with an authorised share-capital of LP. 20 000, aiming at the creation of a regular sugar industry in this country. The company has not yet started operations and is so far in the preparatory stage.

We are justified in stating that an expansion of Soleh Boneh to the utilisation of citrus by-products and the establishment of a sugar factory exceeds the natural limits of a building contractor company. The dangers of such a development are evident; it would be more reasonable for Soleh Boneh to invest its profits in loans to, or participation in such companies of the Histadruth sector, which are by their structure suitable for new foundations of this kind (e. g. for by-products Yakbin or Tnuvah, for sugar Tnuvah, possibly Hamashbir Hamerkazi). The most logical procedure would be to transfer such monies for investment directly to Hevrath Ovdim, to be used by it for the ultimate purpose. Thus the danger of a far-reaching decentralisation would be averted. This problem will be dealt with later in the chapter Hevrath Ovdim.



2. MISRAD KABLANI LTD., TEL-AVIV

Misrad Kablani Co-operativi Ltd. (Hebrew for Co-operative Contractors' Office) plays an ever-increasing part in the building sector of the labour movement. In spite of the fact that the legal status of this institution is a co-operative society, thus mainly aiming at employing its members, whereas Soleh Boneh is a pure Histadruth institution practically belonging to the central controlling body, the Hevrath Ovdim, both institutions are similar in aims and economic structure. As already mentioned, both companies are co-operating, and what has already been said with regard to the development of Solel Boneh, also applies to Misrad Kablani. As shown by the table below, Misrad Kablani could, especially during the last three years, extend its activities in an ever-increasing degree, mainly due to important contracts awarded by the Military and Government authorities. The fact that both institutions are among the foremost building contractors in Palestine, ranging with regard to turnover and employment far in front of others, including Arab and other contractors, is due not only to the strength of these organisations, but also to their punctuality in executing orders, which was repeatedly acknowledged by the principals.

During 1930—1941 Misrad Kablani executed works worth LP. 2,640.000—, mainly on behalf of individuals (44%) as well as public and semi-public institutions, such as Military and Government Authorities and Municipal Corporations (40%). The remaining 16% refer to works executed for various Histadruth Institutions.

Misrad Kablani is—together with Solel Boneh—a shareholder of Even Ltd. (see page 75) in the amount of LP. 3000.—. Besides a locksmith as well as a carpentry workshop are maintained in which some 150 workers on the average are employed.

Contrary to Solel Boneh, Misrad Kablani concentrated its activities primarily to the pure building sector and abstained from affiliating branches alien to its original purpose. Recently, however, Misrad Kablani started to a limited extent co-operation with other bodies, but always within the scope of its own activities.

Thus in 1942 Misrad Kablani, together with Yakhin, acquired a patent referring to a new method of manufacturing cement tubes

and tiles for industrial purposes. In order to exploit this patent, a new company was founded under the name of "Khey-mar" (Hebrew for clay) with a registered capital of LP. 4 000. The undertaking is just in its initial stages.

The taking over, together with Yakhin, of the Yakhin Canning Co. mentioned on page 68 should be considered rather as a small investment on a more or less experimental stage, mainly aimed at facilitating the financing by Yakhin.

Misrad Kablani Cooperativi Tel-Aviv 1937 — 1940

Assets :	1937 LP.	1938 LP.	1939 LP.	1940 LP.
Cash and Banks . . .	6970,256	5376,517	1267,562	3452,828
Investments (Shares in Even Ltd. Syndicat l'Avodoth Yam, Sundries) . . .	7670,000	8070,000	9185,000	6500,000
Real Estate	9208,188	12565,277	12133,016	14041,185
Inventory and Machinery	1,000	1151,390	1151,390	1303,840
Stores	811,705	177,848	5930,179	22534,701
Invest. in Enterprises and Works in Progress	41606,226	82498,783	25459,233	115820,501
Bills Receivable (on hand and with banks as security)	32513,872	25363,862	32463,095	20645,302
Debtors	32742,694	48096,931	54431,595	60920,795
Total	131523,941	183300,608	142021,070	245219,152
Liabilities :				
Capital and Funds . . .	42653,425	43114,728	46729,955	57220,193
Banks (secured by mortgages, bills or contracts), Bizur (secured by bills), Hassneh	33818,671	31390,162	50038,589	60792,851
Advances re : works in progr.	27501,644	81308,619	18602,823	87203,718
Creditors (including workers' wages re: Decem. and income in advance)	27642,117	27056,354	25788,482	38924,597
Interest in Advance . . .	—	384,092	801,916	—
Profit	88,084	46,653	59,305	1077,793
Total	131523,941	183300,608	142021,070	245219,152
Contra Accounts . . .	22679,000	18319,828	17768,540	27684,963

III. INDUSTRIAL PRODUCTION.

1. THE INDUSTRIAL ENTERPRISES OF HASHOMER HATZAIR.

As mentioned previously, the Hashomer Hatzair is the organisation of the radical, purely socialist elements within the Jewish settlements. To attain its aims it deliberately fosters industrial development; unlike the Kibbutz Hameuhad it has not hitherto supported the setting-up of industrial enterprises within the framework of existent settlements, but has established completely new industries; this is done on the basis of central planning, and in this again it differs from the Kibbutz Hameuhad. Thus the industries were not founded in the various settlements, neither have they evolved from the natural requirements of the latter, as is the case in the carpentries and locksmith workshops of various communal settlements; they were founded in accordance with a preconceived plan by the management of the Kibbutz Artzi. There is in general no unity between the agricultural settlement group and its industrial sector; but the Kibbutz Artzi has founded independent enterprises, whose workers were mostly drawn from the neighbouring settlements of this organisation.

Up to the present purely industrial concerns have been set up, and assume in part considerable dimensions; these naturally require much stronger financial support than the small industrial auxiliary enterprises of the agricultural settlements. An attempt has been made to solve the financing problem by forming a curious combination of socialist co-operative capital and private capital; this was done by the issue of shares — mostly preference shares — to certain private capitalists, who were at the same time offered a chance of work in the concern.

On these lines, two industrial concerns have been established in Haifa Bay; the Clay Tile Factory "Naaman" Ltd., with an investment of over £P 70 000, LP 35 000 of which is share-capital, and the Cold Asphalt Factory "Askar" Ltd. (LP 6 900 share capital). Both factories represent carefully thought out branches of manufacture



hitherto unrepresented in the sector of private capital; thus all sources of friction and dispute with private enterprise have been avoided from the outset. In the case of "Askar", the development may be termed favourable; whereas "Naaman" though now working with full capacity as a consequence of the war still has to prove its efficiency in peace times. The technical equipment of the factory appears to be high-class and of the latest date.

The share-capital of LP. 35 000 includes LP. 23 000 of 4 % cumulative preference shares distributed for the greater part to private capitalists. Nevertheless the business can be considered in the main as a Histadruth concern, as may be seen most clearly from the composition of the Board. The "Capitalists" are mostly members of a technical council; the collaboration between the two groups is apparently satisfactory. We see from this system that the Kibbutz Artzi has succeeded in creating an economically important concern entirely subordinated to its own influence although the amount of capital it has itself invested is comparatively small.

The Cold Asphalt Factory "Askar Ltd." Haifa (As-phalt; kar-Hebr. for cold), founded in the year 1937 at first as a partnership and later with the collaboration of Kibbutz Artzi and two private capitalists had, in the first years of its existence, to struggle with difficulties of marketing its products which were at first of unsatisfactory quality. There were losses in consequence but in due course its products found a market and difficulties were later overcome. In addition to cold asphalt, it produces insulation material, asphalt for roofing, raw material for the filling of motor-batteries, insecticides (in the experimental stage). There is a special department for the production of certain dyes and an (experimental) process for the regeneration of oil.

The system of combining Histadruth and private capital was also adopted with regard to the Glucose Factory "Galam" Ltd., which is in its initial stages; this will be the sole factory in Palestine for the manufacture of glucose and amidon*). Here again Hashomer Hatzair has managed to raise a comparatively big share-capital of LP. 25 000 with the participation of private capitalists, and has succeeded in interesting them by offering them the agency

*) Soluble starch.

for the sale of the products as an additional return for the purchase of shares. This kind of financing has so far not proved difficult because, in the first place frozen accounts (especially in German and Czechoslovakian currency) of the respective shareholders had been utilized; but even since the outbreak of the war it has been possible to obtain considerable participation by private partners, which shows the activity with which the complicated question of financing new industries is handled.

2. PRODUCER CO-OPERATIVE SOCIETIES

The enterprises described above are, without exception, institutions belonging to the Histadruth itself and its organs, or else controlled by its groups or unions of groups.

A sharp distinction must be made between this type and the many co-operatives more or less loosely affiliated to the Histadruth, but not owned by the general working-class body. These co-operatives represent a group of worker-entrepreneurs who invest a certain, if small amount of capital in co-operative shares, and give their members a return corresponding to the work invested in the co-operative, in the form of both dividend or wages. Co-operatives of this kind are only indirectly Histadruth affiliations, and are indirectly connected with the central body, the Hevrath Ovdim, through special control institutions such as the Merkaz Hacooperatzia. (Co-operative's Centre).

These co-operatives represent an older economic system within the Histadruth. They frequently owe their existence to an emergency — to the lack of funds on the part of individual members, violent competition of various small branches of trade and the need for creating a basis through co-operative guarantee for the procuring of necessary credit facilities.

It was thus, for example, that a serviceable co-operative transport system could be established. The same applies to numerous handicrafts and industrial enterprises which developed particularly in the course of the so-called prosperity-years (1924-26, 1933-35). The many types of industrial co-operatives e. g. metal industry, building and wood-work, textile, clothing and shoe factories,



printers, bake-houses, kitchens, ice-factories, laundries, etc., were formed by the co-operation of individual artisans and workers; the acquisition of machines and equipment was made possible by their joint guarantee; and since they were able to eliminate the profit item in their estimates, having to reckon only on suitable wage for their own work, they theoretically had a distinct advantage in competing with private industry.

As however the co-operatives of this kind, with few exceptions e.g. passenger-transport co-operatives, co-operative kitchens, printing presses, bake-houses, lacked strong financial foundations, they were more severely affected by every set-back than was private industry which, in general, had larger capital and credits at its disposal. During the years of prosperity they seldom accumulated funds, as they often followed the relatively short-sighted policy of distributing any profits worthy of mention; profits were thereby turned into dividends, whereas the formation of capital and reserves for rainy days was of rare occurrence. A large number of the smaller co-operatives, especially those seriously affected in their development by the period of disturbances from 1936-39 (goods-transport, electro-installation, metal industry, wood-manufacture) therefore suffered severely from the crisis; whereas the big co-operatives which had provided for a sound reserve and dividend policy in good time, were able to overcome the critical period without serious set-backs.

The system of co-operatives creates a difficult problem in general Histadruth economic policy. Part of the co-operatives, in particular those successfully conducted, no longer represent the ideal type of collective workers groups, but are closer to combines of small capitalists, of share-holders whose shares have undergone a considerable rise in value and who demand considerable fees from new members in the form of a premium on the share to be acquired. To make the case worse this premium has frequently not strengthened the society but was merely distributed among the members.

Co-operatives of this type have thus departed further and further from the ideal of the purely industrial worker, forming as it were a state within the Histadruth state, a development which is very apparent, especially in the big urban transport co-operatives.



The picture formed by the industrial co-operative groups of the Histadruth is varied enough, but old experience repeats itself in Palestine, showing that producer co-operatives play but a small part, at least in urban industry. The total capital of this group amounts to roughly LP. 125 000. The standing of the individual industrial co-operatives varies greatly in accordance with the situation of our industry in general.

Some of the co-operatives are emergency products. They were formed because private entrepreneurs were no longer in a position to carry on their businesses independently, and were forced to hand them over to their workers in the favoured form of a co-operative society.

In detail the following co-operatives have been developed:

METAL INDUSTRY AND ELECTRO INSTALLATION:

"Harash", "Barzel", "Sohar", Tel-Aviv; "Amal", Haifa; "Matehet", Petah-Tiqvah. (In 1940 the co-operative "Shemesh" was liquidated.)

WOOD MANUFACTURERS:

"Haargaz", "Ilan", Tel-Aviv; "Carmel", "Alonia", Haifa.

BUILDING-MATERIALS:

"Gazith", "Madreha", "Ovdei Silikat", Tel-Aviv; "Namlit", Haifa. The following co-operatives were liquidated recently: "Malben", "Aliyah", "Habinyan", Tel-Aviv; "Hahotzev", Kiryath Anavim; whereas "Eshed-Igra", Tel-Aviv was excluded from the co-operatives organisation.

CLOTHING AND SHOES:

"Atid", "Ha'naal", Tel-Aviv; "Naalei Artzenu", Jerusalem; "Gisa", Haifa.

PRINTERS:

"Abduth", "Hapoel Hatzair", Tel-Aviv; "Ahva", Jerusalem; "Oth", Haifa.

BAKE-HOUSES :

"Ahduth", Tel-Aviv; "Ahduth", Haifa; "Lehem", Rishon-le-Zion; "Yehuda", Rehovoth; "Pat", Petah Tiqvah; "Heruth", Ramat Gan; "Man", Nathanyah.

KITCHENS :

"Mitbahei Hapoalim", Tel Aviv; "Missadah Cooperativith", Jerusalem; "Mitbahei Hapoalim", Haifa.

VARIOUS :

"Harish", "Shituf" (tractor-co-operatives), "Hasak" (sacks), "Levana" (laundry), "Hatzemeg" (motor tyres), "Shakuy" (Gazoz factory), "Levanon" (ice-transport), "Hamegaper" (repair of motor tyres), "Karhon" (ice-delivery), "Hadar Hasharon" (soap), "Goma" (paper bags), "Haposhet" (hides), "Hamesin" (poultry fodder), "Neëman" (goods clearing, Haifa port).

The distribution of capital and investment in the industrial co-operatives proved until 1940 to have smaller powers of resistance than the passenger and goods-transport co-operatives. The whole of the 46 industrial co-operatives together i.e., trade co-operatives and co-partnerships of labour in the widest sense of the term, show for September 1941, investments in land, buildings, goods and machinery amounting only to LP. 150 664 as against LP. 407 488 of the 21 passenger and transport co-operatives. The same proportion is shown in comparing funds, value of produce and pay-roll. The figures for the 7 passenger-transport co-operatives are about twice as high as those of all the other co-operatives together, the relation of the number of employed being just the reverse (see tables 40—41).

As shown by Table 41, total investments of both transport and producer co-operatives amounted to not less than LP. 905 185 as per September 30st, 1941. Share capital, including reserves and profit, rose from LP. 420 822 to LP. 548 374 within one year. This considerable increase was primarily due to the strong development of some industrial co-operatives engaged in works for military and public purposes.

Table 40
Summarised Balance Sheet as per 30.9.1941
Producer Co-operatives

	Metal & electr. install.	Goods	Cement	clothing shoes textile	Printing	Bake- ries	Kit- chens	Various
Number of co-op.	4	4	5	5	4	7	3	14
„ of memb.	36	69	101	59	76	64	194	214
„ of empl.	39	51	44	51	43	46	47	76
LIABILITIES:	LP.	LP.	LP.	LP.	LP.	LP.	LP.	LP.
Share capital, reserves, profit	10172	15388	25221	7355	11161	15760	11160	27711
Loans, bills payable, creditors . . .	5828	33683	14190	12151	15433	12816	14662	18671
Total	16000	49071	39411	19506	26594	28576	25822	46382
ASSETS:								
Cash	2604	4496	1569	947	610	764	1460	9118
Bills	105	4943	540	397	256	541	112	209
Materials & goods	4246	19856	4884	9951	3383	1967	3990	4791
Machines & tools	1567	4517	13898	2591	12888	1755	5103	9897
Land & buildings	—	9662	11423	—	3365	10385	9575	970
Debtors	6877	4584	6011	5230	4712	11614	2202	19351
Securities	88	715	1041	284	907	877	1711	596
Prepaid expenses	513	298	45	106	473	673	1669	1450
Total	16000	49071	39411	19506	26594	28576	25822	46382

The system of industrial co-operatives brings the Histadruth face to face with a peculiar problem. These co-operatives were often the result of a practical union of like-minded employees, trying to make themselves independent with their tiny capital, and entering into competition with private industry by extending the hours of work to their utmost limit. In individual cases, the results were satisfactory. Some co-operatives on the other hand, have had to be liquidated in the course of recent years, others again found themselves in financial difficulties as a result of absolutely insufficient funds; whereas the consolidated type, especially the printer co-operatives, certain kitchens and goods-transport co-operatives, were able to hold their own. It was found that co-operatives

Table 4I

Summarised Balance Sheet as per 30.9.1941

Transport Co-operatives

	Passenger	Goods	Total Producer and Transp. Co-op.
Number of co-operatives . . .	7	14	67
„ of members	911	212	1936
„ of employees	661	60	1118
LIABILITIES:	LP.	LP.	LP.
Share capital, reserves, profit.	378906	45540	548374
Loans, bills payable, creditors	197180	32197	356811
Total	576086	77737	905185
ASSETS:			
Cash	30278	7555	59401
Bills	1656	1682	10441
Materials & goods	76235	4116	133419
Machines & tools	166038	23985	242239
Land & buildings	123313	13801	182494
Debtors	155179	22952	238212
Securities	9810	1891	17920
Prepaid expenses	13577	1755	20559
Total	576086	77737	905185

working entirely on their own initiative had to cope with great difficulties and frequently ended in complete failure, whereas groups organised under a common system e.g. bake-houses or printers, showed satisfactory results. After eliminating certain unsound members ("Merez", "Brosh", "Shapar", "Hamumhe"), it was found possible in the year 1939 to consolidate somewhat the finances of certain other groups; a certain improvement appears to have been introduced into the system of business-conduct in connection with the strengthened activity of the Merkaz Hacooperatzia ("Co-operatives' Centre"), the central control organisation of the co-operatives, which also exerts a regulative influence.

The industrial groups work on their own initiative without

any uniform system, for the greater part with the aim of securing employment for the members.

New foundations of industrial co-operatives of this type are extraordinarily rare. Apparently the economic development of Histadruth's activity does not run on these lines. The Hevrath Ovdim is, as we have mentioned before, less interested in the development of separate co-operatives, i. e. unions of workers as entrepreneurs, than in the formation of enterprises belonging to the Histadruth itself, which represent an important asset item in its balance-sheet and which, being instruments of the Histadruth, raise no discussions of an organisational or sociological character such as are inevitable in the case of these co-operatives. All in all, the urban producer co-operatives play a modest part in Palestine, as is seen from the number of persons employed (1 210, of whom 241 in kitchens and 110 in bakeries).

IV. TRANSPORT

The only leading urban branch of economy in which the co-operative form has gained an overwhelming influence is transport. This is the more important as in Palestine the motor-car dominates transport in contrast to the railway. The country having only been opened to modern economics in the last 20 years, the development of the rail network has, to a certain extent, been left behind. In passenger-transport, above all, the business is mainly in the hands of co-operatives. This is particularly true of the Jewish sector. In certain co-operatives part of the work is executed by non-members, a system not altogether in accordance with co-operative principles. The following summary shows this very clearly:—

Table 42
Passenger Transport Co-operatives (End of 1940)

	Members	Non Member workers	Total
«Egged», Tel-Aviv	240	250	490
«Ihud Regev», Tel-Aviv . .	131	47	178
«Hamaavir», Tel-Aviv . . .	246	109	355
«Hamekasher», Jerusalem .	72	49	121
«Hever», Haifa	75	19	94
«Hakesher», Haifa	15	3	18
«Drom Yehuda», Tel-Aviv .	116	74	190
«Sheruth Ha'huleh», Kfar Gileadi	8	—	8
«Sheruth Ha'emek», Afulah	8	4	12
«Mishmar Hamifratz», Haifa	47	14	61
Total	958	569	1527

Thus in the big co-operatives there are two members to one non-member.

1. PASSENGER TRANSPORT

The Transport Co-operative system takes first place in the framework of trade co-operatives and co-partnerships of labour affiliated to the Merkaz Hacooperatzia, as is shown in tables 40-41 which give the figures as per September 30, 1941.

The capital of the bigger 7 passenger-transport co-operatives, LP. 378906, is considerably greater than that of all the other 60 co-operatives taken together, and eight times as large as the capital of the 14 goods-transport co-operatives. A similar ratio is obtained from a comparison of investments in goods, tools and buildings. Whereas about LP. 365586 were invested in the passenger-transport co-operatives, the investments of all other co-operatives including goods transport, amount to about LP. 192566, which brings the proportion of passenger to all other co-operatives to about 2 : 1.

Passenger transport has developed in the last 15 years from a chaotic state of countless individual groups, each fighting the other with the sharpest methods, into a uniformly organised body composed of a few fairly well-established concerns.

Of the concerns considered here, three are local traffic institutions in the towns ("Hamaavir", Tel-Aviv; "Hamekasher", Jerusalem; "Hever", Haifa.). In addition three other co-operatives provide communication with the suburbs and the "hinterland" — "Drom Yehuda" and "Ihud Regev" for the settlements south and north of Tel-Aviv, and "Hakesher" for Haifa. Inter-urban communication between Tel-Aviv, Haifa, Jerusalem and Tiberias is provided by the "Egged" Co-operative. The other groups which can be included in this connection ("Mishmar Hamifratz", "Sheruth Ha'huleh" etc.) are not of any great importance.

These co-operatives, apart from inter-urban taxi lines, have a comparatively extensive monopoly *). Their strength lies in their elasticity in times of crisis, when they are in a position to throttle expenses at once. This policy proved its efficiency in the years

*) Report of the Registrar of Co-op. Societies 1938, p. 33: "These (transport) societies have almost a complete monopoly of motor transport throughout Palestine".



of unrest 1936/39 and has saved the co-operative from lack of liquidity, despite the partially catastrophic decrease in turnover.

One of each of the three afore-mentioned groups is examined below as typical: "Hamaavir" for the local traffic, "Drom Yehuda" for the second category connecting the surrounding country with the towns, and "Egged" as typical of the inter-urban traffic.

"HAMA VIR", TEL-AVIV

At the end of 1941 the Co-operative had 383 members and employees as against 355 at the end of 1940, and 353 at the end of 1939. The takings for the year 1940 amounted to LP. 147 920 as against LP. 142 974 and LP. 137 737. The number of passengers also corresponds with this line of development. In 1941 about 32 500 000 persons were carried (in the 3 previous years 31, 31 and 27.7 million respectively). Capital including reserves amounted to LP. 108 684, remaining at about the same level as in previous years.

As an urban passenger transport co-operative, "Hamaavir" suffered less under the 1936/39 crisis than the various extra-urban co-operatives which were affected by the disturbances and the various official measures of control, especially the introduction of a daily curfew on the high-roads. A falling-off in the turnover and profitability during that period does not obscure the picture of a consolidated and profitable concern. Since 1939 the development has shown a further upward trend.

"EGGED", TEL-AVIV — JERUSALEM — HAIFA

Egged was founded in 1933 by the union of several small co-operatives, which had competed most violently, especially on the Jerusalem — Tel-Aviv road constituting a very severe threat to the individual small motor-car co-operatives. The enforced consolidation is reflected in all the balance-sheets which have appeared since then, and it is only since about 1939 that, it has led to a certain condensation in the conduct of financial affairs.

At the end of 1939 the capital amounted to LP. 50 380 as against LP. 37 000 in 1937. The total investments were given at LP. 73 445, of which LP. 54 000 are in motor cars and LP. 20 000

in property. At the end of 1941 capital approached LP. 165 700 and investments LP. 140 000.

After the amalgamation, Egged was able to develop fairly satisfactorily. The total number of persons carried in the year 1934 amounted to 652 940, in 1935 to 743 082, in the year 1936 it receded by nearly one half to 419 672 as an outcome of the disturbances, whereas in the business year 1938, which embraced 14 months, 1 470 000 passengers were carried*), in 1940, more than 2 000 000 and in 1941, 3 295 000.

As stated above, the financing was not originally altogether satisfactory, partly on account of the considerable setback in traffic. In the course of time Egged succeeded in balancing its budget, mainly by reducing salaries. Since 1939 the situation of all transport concerns has considerably improved as a result of extensive military contracts, which have helped the business over the severe crisis that previously affected the inter-urban transport system.

“DROM YEHUDA”, TEL-AVIV

This co-operative, which provides communication between Tel-Aviv and the colonies in the south, shows a capital of LP. 47 909 including a reserve-fund at the end of 1940 (three previous years: LP. 44 766, 31 637, 28 000.).

Drom Yehuda takes a leading place among the existing enterprises of this kind. It disposed, at the end of 1940, of 102 large buses and trucks and 14 taxi cars. Some 264 persons were constantly employed and altogether 3 860 000 persons were transported during 1941. Its financial structure is well-ordered, the payments punctual and the organisation satisfactory. The property owned is quite considerable; it hints at intended plans for garage-building.

2. GOODS-TRANSPORT

Of all economic organisations of the working class, these transport co-operatives were among those hit most hard by the political development in the country; they have succeeded, however, in keeping their stock of cars and their general organisation practically intact.

*) As a result of a merger with certain local co-operatives.

In September 1941 this group included 14 various co-operatives and had 212 members. Capital amounted to LP. 45 540, investments in goods and immovable property to LP. 41 902. The crisis during 1936/1939 had affected this group all the more, as it was exposed to unbridled competition lacking all commercial calculation. A part of the co-operatives therefore found themselves in difficulties at that time. Added to this, it must be remembered that transport of this kind is not only a seasonal business (orange-shipment) but is likewise largely dependent on the very varying building activity, a great proportion of building materials (cement, gravel, tiles) being carried by lorries.

The goods transport co-operative societies in Palestine enjoy a monopoly in the same way as the passenger transport co-operatives. In times of crisis this particular position brings with it difficulties, in the same extreme manner, as it brings very considerable profits in times of special demand, such as in the years 1941/42. As a consequence of the development during recent years, these co-operative societies were able to strengthen their reserves considerably; these reserves, however, are imperative owing to the necessity of special amortization of trucks and machinery in war time.

The Brith Hapikuah (Audit Union) of the producer and transport co-operative societies acts as supervising organ without interfering with the individuality of the affiliated co-operatives, whereas the Merkaz Haco-operatzia (Central Union of the Workers' Co-operative Productive Societies), negotiates in dealings with public institutions, particularly in the arranging of sales conditions, employment, etc.; it attempts, moreover, to cut out unnecessary competition among the co-operatives, to reconcile conflicting interest and thus to induce a smooth course of action. By the formation of a common purchase centre, "Noa Ltd.", it has contributed towards a simplification and cheapening in purchase.

Apart from this, it also attempts to serve the financial requirements of its members; it has founded for this purpose what is at present still a small financial instrument, the Kupat Haco-operativim.

This "Fund", which might be compared in its structure with

the "Kranoth" of the settlement federations, is in the early stages of its development. In the middle of 1942, the fund had disposed of capital, loans and reserve funds amounting to about LP. 45 000, which amount was mainly invested in bills and short-term loans granted to member-co-operatives.

3. SHIPPING, FISHERY: NAKHSHON LTD.

This latest economic organisation of the Histadruth, founded in 1937, aims to animate and create shipping and fishing undertakings, and to centralise all sea-faring and fishing interests of the Workers' Organisation. For this purpose a comprehensive drive was organised in U.S.A., which raised the sum of approximately LP. 30 000, thus assuring Nakhshon an adequate financial basis.

Of the authorised capital of LP. 100 000, LP. 36 959 were paid up in cash. Of this sum about LP. 6 100 are kept as a deposit at banks (Balance sheet of 31.12.41); further in the assets of Nakhshon Ltd. there is an item of about LP. 7 000 in shares of Otzar-Mifalei Yam (Marine Trust Ltd.). This asset was brought into being by Nakhshon Ltd. taking over at their nominal value the Marine Trust shares of all Histadruth institutions which participated in financing the Tel-Aviv Lighter Port (Solel Boneh, Misrad Kablani, Tnuvah Export, Yakhin etc.); a further asset item is a loan by Nakhshon Ltd., granted to Otzar Mifalei Yam in the amount of LP. 3 000 required for the acquisition of the Stevedores Co-operative "Prika".

The assets consist mainly of trawlers, boats, motor launches, partly placed at the disposal of some settlements occupied with fishery, such as Mishmar Hayam, Bakhrut, Gordonia Maapilim. It is noteworthy that the boats recently acquired have been wholly constructed in Palestine.

Nakhshon founded a special department for marine supply, which enables the supply of fishing gear and marine outfit to the Jewish fishing undertakings and fishermen groups. This stock was valued at LP 7300 in the balance sheet of 31.12.41.

In order to reserve the share capital of Nakhshon for its main object, Jewish shipping, the Histadruth set up a special Maritime Fund (Keren Yamaut) under the auspices of Nakhshon



to be used for assisting Kibbutzim in training their members in maritime work and to introduce fishing as a regular branch of their economics.

The Balance Sheet of 31.12.41 shows a profit of LP. 1129 from which a dividend of 30% was paid.

4. AIR-TRANSPORT: AVIRON LTD.

The systematic drawing-in of foreign capital is seen most clearly in the case of another new foundation of the Histadruth "Aviron Ltd.". This company was founded in 1936 with the aim of furthering air-transport in general, and of managing air-lines. At the end of 1937, an agreement was made with the Jewish Agency for the purchase of various aeroplanes in Poland against frozen amounts due to the Jewish national funds. In return the Agency received shares in Aviron Ltd. Thus the new enterprise gradually secured eleven aeroplanes and six gliders, representing a considerable sum. Aviron, which owns an aerodrome with all its appurtenances near Kibbutz Afikim, does not in its present form represent any profitable economic structure; it is kept up by subventions of the Jewish Agency and, to a slight extent, also by contributions from the Histadruth. The revenue of 1940 includes LP. 3735 subsidy from the Jewish Agency and LP. 932 from the Histadruth. Here again we clearly trace the line of adaption of foreign — in this case national — capital; worthy of note is the cleverness with which the Histadruth has managed to convert frozen assets in foreign countries into share-capital of Aviron Ltd., which amounted as per 31.12.1940 to LP. 10000 (herefrom paid up LP. 6884).

V. WATER-SUPPLY: MEKOROTH Ltd.

Palestine is poor in easily accessible water-supply; this enforced for a long time an extensive dry cultivation, having serious consequences hampering a more densely rural population. For this reason, all parties concerned have attempted, and are attempting to an increasing degree, to lessen the evil, particularly by boring tests; other possibilities exist, such as the irrigation of marsh-land, improved exploitation of lakes and rivers, and possibly the establishment of barrages.

It cannot be said that any satisfactory co-ordination has yet been achieved. Unfortunately, for the time being there is a dangerous and presumably expensive play of competing forces in the game, private enterprise, individual settlements, Jewish Agency, Palestine Economic Corporation etc. all taking part. So far it has not been possible to create a Water Department in the Jewish Agency.

Some years ago the Histadruth, together with the Keren Kayemeth and the Keren Hayesod, entered this province in the following way: in 1935 a Limited Company, "Mekoroth", was founded on the initiative of Nir Ltd. to enable a section of the Yesreel Valley (Emek Yesreel) which had up till then been poor in water-supply, to go over to intensive cultivation. The costs were extremely high; more than LP. 100 000 were invested up to the end of 1940*). The means were raised in part, to a sum of LP. 32 500 by the taking over of shares by Nir Ltd., Keren Kayemeth, Keren Hayesod and the agricultural enterprises concerned, but mainly through the issue of 4% debentures (LP. 65 000). A great part of this sum — as much as LP. 50 000 — was allotted in connection with the transfer of Jewish

*) In 1942 the authorized Capital was increased from LP. 30 000 to LP. 60 000.



capital from Germany. Keren Kayemeth took over another LP. 15 000. The rest was given in the main in the form of medium term credit by a group consisting of Nir, Bizur and the Workers' Bank, to enable the joining-up of the Hadar Hacarmel*) water system, which will be treated in a later section.

The profitability of Mekoroth stands and falls with the development of its sale of water, which only started in 1939. In that year one million cbm. were sold to 16 settlements; in 1940 the sale was raised to nearly 3 million cbm. through the drawing in of Hadar Hacarmel with a demand for nearly 850 000 cbm. at a good price. The plant has obviously already reached the stage of profitability, as sales exceeded 5 million cbm in 1941.

The company profits, as do so many other Palestinian enterprises, by the comparatively low market price of its debentures. This makes it possible to obtain relatively high redemption profits within the framework of the limited means, and therewith special reductions of the high book values. In general overhead expenses are low, management being conducted in personal union with Nir. It is an incontestable fact that Mekoroth has already succeeded in facilitating the transition from extensive to intensive cultivation in a series of big settlements. The continuation of the achievements is subject to the quantity of water available.

Mekoroth is not to be considered as a Histadruth institution like Nir, Solel Boneh or Kupath Holim as it is — like Bizur and Aviron — operated jointly with the Jewish Agency. This structure shows however the tendency of the Jewish Labour Movement to extend its influence by creating partnership with other, non-socialist, bodies.

*) Main Jewish sector of Haifa.

VI. THE CREDIT SYSTEM

Casting a glance at Table 15, one finds that Histadruth concerns are, relatively speaking, only modestly financing both communal and smallholder settlements.

This does not mean that two institutions which primarily come in question, Workers' Bank and Nir, are insignificant. At the end of 1941 they disposed together of LP. 1 300 000, both own and outside means. It is due rather to the fact that, in the first place, they lay great stress on the distribution of risk, and invest a part of their money elsewhere; in addition, as we shall soon see, they give capital and credits indirectly to agriculture through loans to Tnuvah, Hamashbir, local co-operatives, Yakhin, Kupath Holim, Jewish Agency, Keren Kayemeth etc.

1. THE CENTRAL BANK OF THE HISTADRUTH INSTITUTIONS: WORKERS' BANK LTD. (BANK HAPOALIM).

The Bank Hapoalim is a comparatively old foundation. It owes its existence, as do so many other institutions, to Dr. Arthur Ruppin who managed, in the interest of the Zionist Organisation, to obtain considerable exchange profits during the world-war 1914/18 in the transfer of American money to Palestine; of this money a sum of LE. 18 000*) was allocated under his guidance at the end of 1920 for the foundation of a Workers' Bank. The development proceeded step by step. The Zionist organisation granted a loan, which was later transformed into Preference Shares; and various drives in Palestine, in Europe and above all in America, brought in capital which amounted at the end of 1941, in addition to LP. 100 Founders Shares and LP. 38 000 Preference Shares, to LP. 135 500 Ordinary Shares and LP. 57 700 reserves (including

*) Egyptian Pounds (approximately equal to Palestine Pounds), at that time Palestine's official currency.



unclaimed dividends), altogether LP. 231 000. The institution takes its place as the third largest Jewish bank in the country as regards own funds, and the second largest as regards balance-sheet amount, although far behind the first, the Anglo-Palestine Bank. The following table shows how it ranges among the 25 first credit institutions of the country (according to the figures at the end of 1940, see Table 43).

The Workers' Bank does not come out badly in this group*); it shows the highest percentage of reserves. The deposit business, which is so dangerous in Palestine with its nervous clientèle, shows a sound relation between own funds and deposits (whether voluntarily or involuntarily is not to the point). It is to be noted that the institution, contrary to the usage of other local banks, has only invested a small part of its funds in its own business premises.

The following presentation of the development of the bank in the last 15 years may be instructive (see Table 44).

The first column is perhaps most remarkable on account of the constant rise of capital at a time when very few banks inside or outside Palestine have been able to issue new shares, least of all an institution which never paid more than 4% dividends.

This was only rendered possible by a skilful exploitation of

*) Table 43, which has been computed by Mr. David Schwarz of Tel-Aviv, endeavours to give some features of the banks' balance sheets which for this purpose had to be put as far as possible on a comparable footing. «Own Funds» comprise the paid-up share capital, the general reserve and special reserves in as much as they are disclosed. «Creditors other than Banks» include Deposits of all descriptions (e. g. current accounts, saving accounts etc), Debentures if repayable within one year after notice given by holder, sundry creditors and credit balances, incom tax and other undisclosed reserves, in some cases also interest received in advances by banks and, in the case of the Central Bank of Co-op. Societies, Agent Accounts and Special Loan Funds. «Debtors» include Loan and Advances made (in the case of the Central Bank of Co-op. Societies also those out from Agents' Funds and from Special Loan Funds), Bills discounted and sundry debtors & debtor balances.

Table 43 does not contain a) the following local banks: Palestine Ashrai Bank (activities restricted under special agreement with creditors), Pal. Credit Utility Bank; Klinger's Bank; Arab Agricultural Bank; b) all except the leading Co-operative Societies; c) all foreign Banks except the Anglo-Palestine Bank no separate figures for their Palestine business being available.

Table 43
Banks in Palestine as per December 31, 1940 (in LP.)

	Name (Order according to Creditors' accounts)	Own Funds	Creditors other than Banks	Liquid Assets	Debtors	Total of Balance Sheet
1	Anglo-Palestine Bank	1079498	7570250	3232960	4105622	9400651
2	Workers' Bank	209940	488062	151504	541108	809039
3	Jacob Japhet & Co.	57200	304664	178148	151584	409151
4	Ellern's Bank	34800	192156	86562	110902	263895
5	Halva'ah vehissahon, Jerusalem *)	26979	188640	37880	154003	218056
6	Bank Zerubabel *)	36833	184921	15722	232749	273197
7	Pal. Discount Bank	67005	172666	125268	111761	332443
8	Halva'ah vehissahon, Tel-Aviv *)	74403	157209	12986	239748	301282
9	Kupat-Am Bank	94509	148700	27342	270587	377425
10	J. L. Feuchtwanger, Gener. Commerc. Bank	46000	145779	116438	47525	204947
11	Central Bank of Co-op. Institutions.	172874	116820	59501	359631	433309
12	Pal. Mercantile Bank	87163	92995	27944	137915	185216
13	Kupat Milve vehiss. Tel-Aviv *)	30584	82030	17690	98853	132430
14	Kupat Milve vehiss. Haifa *)	23178	74184	37857	65153	113755
15	Palestine Corporation	573891	72618	17101	577666	697169
16	Mizrahi Bank	54101	68695	11121	210508	264429
17	Pal. Industrial Bank	31838	52295	13942	99005	154849
18	Halva'ah vehiss., Haifa *)	27751	49826	9903	81362	118863
	Total 18 leading Jewish Banks & Credit Co-op.	2728547	10162510	4179869	7595682	14690106
	Deduct: Anglo-Pal. Bank	1079498	7570250	3232960	4105622	9400651
	Total 17 local Jewish Banks & Credit Co-op.	1649049	2592260	946909	3490060	5289455
19	Ashrai Bank **).	40053	337263	1258	422600	377756
20	Arab Bank	134945	185544	68886	248702	341320
21	Bank Nurock-Idelsack	24507	52058	9423	68656	87723
22	Agrobank	51084	28193	4345	158469	192780
23	Bank Haolim E.I. Polania	32034	26440	9154	46948	65744
24	Hoffnung's Bank	27500	12294	14316	24719	43112
25	Bank Atid	25417	8040	19975	14265	34948
	Total 24 local Banks & Credit Co-operatives	1984589	3242092	1074266	4474419	6432838

*) Credit Co-op. Societies. **) Activities restricted under special agreement with creditors.

Table 44
Development of Workers' Bank 1927 — 1941

	I n L P.				
	Own capital incl. reserves	Deposits	Loans granted	Net Profit	Ratio capital: Deposits
1927	84600	85000	80000		1 : 1
1933	94091	186505	242564	6492	2.0 : 1
1934	99799	273420	300631	8211	2.7 : 1
1935	126000	339420	395429	10354	2.7 : 1
1936	140776	440695	454241	8101	2.7 : 1
1937	152106	453972	475820	8427	3.1 : 1
1938	169669	493750	487688	8617	3.0 : 1
1939	200461	460053	567623	9087	2.3 : 1
1940	209940	393210	498253	9208	1.9 : 1
1941	220621	466866	541476	10548	2.1 : 1

American sympathy for Palestine labour. The new resources, however, do not bear the character of mere contributions; this is shown from the fact that the dividends are collected in an increasing measure. Amongst the shareholders figure Hamashbir (LP. 2540), Keren Hoser Avodah (LP. 500), Kupath Holim (LP. 325), Yakhin (LP. 300) and the Workers' Co-operative Credit Societies. The Ordinary Shares are in numerous hands, whereas the LP. 38000 Preference Shares have been held by Anglo-Palestine Bank since the Keren Hayesod gave up some of its most valuable participations (Palestine Electric Corporation Shares, General Mortgage Bank, Palestine Potash and these Preference Shares) in order to enable the Anglo-Palestine Bank to maintain its predecessor, the Jewish Colonial Trust.

Like most Histadruth enterprises, the bank works with small expenditure. This is set down for 1941 at LP. 17854, which is equal to 3% of credits granted; of this however, a good third may be set down to contributions, etc. — a kind of unofficial dividend to the Histadruth circle. Comparison with other banks is difficult, because in the latter case the expenses are generally very inadequately shown.

The low expenditure is explained by the fact that even the managing officials content themselves with the notoriously low

Histadruth salaries*), while the bank does not maintain branches and works with a naturally small apparatus (about 30 employees). Obviously relatively few accounts with comparatively high turn-overs are carried, a highly desirable fact from the point of view of expenditure. One may assume that even to-day a proportionately large part of the deposits falls to some of the big clients such as Nir, Hassneh, Nakhshon, pensions funds etc. A considerable part of this money is unlikely to be withdrawn at call, as the common political and economic aims vouch for a constancy in these connections which goes far beyond mere business relations.

The rate of interest paid to depositors is relatively high. The Workers' Bank pays 2% for current accounts, and up to 4% for time deposits**). These are rates which other first-class institutions in the country do not come near paying, but are customary to less strong middle-size banks; true, these rates are in the main a kind of family arrangement between Histadruth institutions etc., and as rule large amounts are not accepted from outside. Nevertheless this policy is difficult to understand for other reasons. Having regard to the liquidity, such big amounts have to be kept in cash or with other banks that no profitability can possibly result, at least as regards daily deposits.

The clients who receive credits from the Workers' Bank, in contrast to those of ordinary banks, are in general not individuals, but are almost exclusively central institutions of Histadruth, such as Solel Boneh, Misrad Kablani, Hamashbir, Tnuvah, Yakhin, Kupath Holim, Nir, Shikun and the rural and urban co-operatives, communal and smallholders settlements, savings and loan banks, transport and producer co-operatives, consumers unions etc. The apparent danger of such an institution turning into a kind of concern bank by giving over a disproportionately large part of its resources to certain privileged large enterprises seems to have been avoided, because when there is need of big credits, as for example in building enterprises or in the case of import and export, the bank takes a limited share in the financing, whereas the rest is left to third parties; distribution of risks can to a certain extent be calculated from the annual reports: —

*) See chapter XII.

**) In the middle of 1942.

Table 45
Distribution of Loans (1937 — 1941)

	1937	%	1941	%
Agricultural Settlements	71219	15.0	221239	39.4
Workers' Groups in Colonies	68418	14.4		
Agr. Workers Unions (Irgunim)	15292	3.2		
Loan and Saving Societies	76572	16.1	86048	15.4
Urban Housing	5181	1.1	21168	3.8
Producers' and Service Co-operatives	49402	10.4	23010	4.1
Consumers' Co-operatives	6159	1.3	5686	1.0
Central Economic Institutions	81271	17.0	73420	13.1
Contracting Offices	25869	5.5	21466	3.8
Labour Federation Institutions	67342	14.1	56632	10.0
National Institutions	—	—	47408	8.5
Various	9095	1.9	5235	0.9
	475820	100.—	561312	100.—

It certainly is not by chance that the share of the agricultural settlements in the bank's credits is constantly rising as also the following table shows:—

Table 46
Distribution of Assets (in per cent.)

	1938	1939	1940	1941
Loans to Agricultural Settl.	23.0	25.2	26.7	27.5
„ „ Loan & Saving Soc.	9.5	12.3	11.6	10.7
„ „ Urban Housing	0.9	1.7	2.5	2.6
„ „ Prod. & Service Soc.	6.4	5.4	3.6	2.9
„ „ Consumers' Co-op.	1.1	1.3	0.8	0.7
„ „ Cent. Economic Inst.	10.1	13.1	9.2	9.1
„ „ Contracting Offices	3.6	4.1	3.3	2.7
„ „ Labour Federat. Inst.	10.9	11.0	10.6	7.0
„ „ National Institutions	1.3	4.5	3.5	5.9
„ „ Miscellaneous	2.7	1.4	1.5	0.7
Cash and Banks	28.2	14.6	21.4	25.6
Real Estate	1.6	1.4	2.3	2.1
Securities	0.7	4.0	3.0	2.5
	100.—	100.—	100.—	100.—

Careful examination of this table leaves one with the impression of a good distribution of risks; it should not be forgotten that the Histadruth economy is a reflection of Palestine economy in miniature.

Palestine banks, in 1939 and 1940, had to face an almost unexampled nervousness on the side of the public and suffered from mass withdrawals. Deposits fell from LP. 20 million in July 1939 to LP. 15.5 million in October 1939, and reached LP. 16.1 million at the end 1939. In 1940, after a transient recovery up to May, there ensued a further falling-off to LP. 14.1 million (low level in July 1940) but surpassed the LP. 30 million mark in the second half of 1942.

The total impression of Workers' Bank's policy is that the risks were expertly distributed and that over-estimation of its own strength and "brilliant" transactions, leading so frequently to heavy losses, were avoided. It has been able steadily to increase its own resources, even in difficult times, and was not forced to cancel credit facilities granted in normal times. The strengthening of own resources is, in the case of this institution, of decisive importance, a considerable part of credit being medium-term. It is safe only when resources are not exposed to the danger of a "run". Hence the tireless endeavour to increase its own means by placing new shares.

The bank's main success rests on the fact that among clients who are always on the lookout for expansion and therefore always hungry for credit, its conservative policy is more and more appreciated. This does honour to both parties: to the intelligence of the would-be creditors, who are so often repudiated, and to the bank-management.

2. CREDIT CO-OPERATIVES

The Histadruth has established an increasing number of loan and thrift co-operatives, mainly in the towns but also in the country. Their general importance may be best estimated from the following table representing development in the past 10 years:—



Table 47

Workers' Credit Co-operatives (1933 — 1941)

Year	Number of Members	Capital (in LP.)	Savings and Deposits	Balance of Loans LP.
1933	11264	24528	110772	80961
1934	15899	45484	196897	248764
1935	20747	68184	245442	333762
1936	23611	80021	290214	360996
1937	25302	89783	290112	376516
1938	25929	92855	298000	380166
1939	26471	97460	241773	426808
1940	26089	99249	199967	392832
1941	26462	102952	281726	418640

Credit co-operatives have to carry out difficult work on a small scale; the task is still more difficult in the case of worker co-operatives. The growth of membership and of own funds was steady up to 1940; deposits, on the other hand, show the effects of the crisis, especially at the outbreak of war, at a time when the need for credit had reached a record height. At that time the central bodies, Workers' Bank and Anglo-Palestine Bank, had to step in and help.

Altogether there were by the middle of 1942, 20 (1941, 20; 1939, 23,) co-operatives — three urban and 17 rural ones; the latter are far behind the former in importance, as is clearly seen from the following table: —

Table 48

Workers' Credit Co-op.: Own Capital, Reserves and Members 1939—1942
a) Own Capital (LP.)

	30.6.40	30.6.41	31.12.41	30.6.42
3 Co-operatives in Towns .	37256	36438	36791	37693
11 Co-operatives in Colonies .	17505	17479	17253	17699
6 Co-operatives in Smallholder Villages .	3612	3256	3256	3432
Total . .	58373	57173	57300	58824

b) Reserves (LP.)

	31.12.39	31.12.40	31.12.41	30.6.42
3 Co-operatives in Towns .	56824	55596	89963	99190
11 Co-operatives in Colonies .	16009	10861	24610	39636
6 Co-operatives in Smallholder Villages .	736	220	286	592
Total . .	73569	66677	114859	139418

c) Members

	30.6.39	30.6.40	30.6.41	30.6.42
3 Co-operatives in Towns .	18215	18180	17914	17938
11 Co-operatives in Colonies .	7345	7605	7678	8399
6 Co-operatives in Smallholder Villages .	630	540	458	464
Total . .	26190	26325	26050	26801

Of the three urban companies, the society in Tel-Aviv (founded in 1925) is by far the most important. At the end of 1941 it counted 8 426 members (8 555 in 1940) and own resources of LP. 31 758 (LP. 30 904 in 1940).

In contrast to the Bank Hapoalim, these urban loan-banks have invested a considerable part of their funds in buildings; the amount thus immobilised is lacking from liquid reserves at critical times. Thus the Tel-Aviv Society participates with LP. 10 700, i. e. 1/3 of its resources, in its own business premises.

The following survey gives an insight into the laborious but important detail-work of such a co-operative, showing the nature, distribution and size of outstanding credits:— (see table 49).

This table gives an idea of the many cases in which help could be assured by a limited sum; as a matter of fact, during 1941 sums exceeding LP. 50 were allocated only in 138 cases, as is shown in table 50.

Apparently those credits for which two guarantors are required, are granted only after careful investigation, which naturally entails considerable outlay. As a matter of fact, administrative expenses are unavoidably high on this account. From the point of view of the borrower, credit is considerably more expensive, as he has

Table 49

Workers' Credit Co-op. Society (Kupet Milveh), Tel-Aviv
Distribution of Loans 1938 — 1941

Purpose of Credit	Number of Credits			Amount in LP.		
	1938	1940	1941	1938	1940	1941
1. Buildings	216	188	152	6066	9935	11926
2. Employment; Loans for entrance fee in co-op. societies	578	247	241	31320	9113	8916
3. Settlement; Foundation of auxiliary farms . . .	13	20	28	292	794	1027
4. Purchase of tools . . .	66	38	73	832	809	1986
5. Handicraft training . . .	13	5	4	166	48	43
6. Immigs., Support of relatives	436	221	368	6060	2901	6653
7. Families' support . . .	223	113	170	2603	1500	2853
8. Rent	28	320	213	354	4764	3330
9. Various	999	302	210	25953	7011	6594
10. Bills discounted	—	—	—	6434	2185	3332
11. Special Loans	—	—	—	—	50170	47794
Total	2572	1454	1459	80030	89230	94454

Table 50

Workers' Credit Co-op. Society, Tel-Aviv
Distribution of Loans According to Amounts 1938 — 1941

		1938		1940		1941	
		Num. of Loans	Amount LP.	Num. of Loans	Amount LP.	Num. of Loans	Amount LP.
1	LP. 1 — 5	352	1417	204	968	162	769
2	„ 5 — 10	790	5990	354	3263	301	2686
3	„ 10 — 15	624	7942	312	4323	325	4524
4	„ 15 — 20	441	7769	226	4371	231	4238
5	„ 20 — 25	279	6285	83	2019	92	2316
6	„ 25 — 35	249	7301	96	3102	117	3820
7	„ 35 — 40	102	3909	25	956	40	1510
8	„ 40 — 50	77	3614	35	1627	53	2546
9	over 50	258	29370	119	16246	138	20919
10	Bills discounted	—	6433	—	2185	—	3332
11	Special Loans	—	—	—	50170	—	47794
	Total	3172	80030	1454	89230	1459	94454

to take over a share in the co-operative, which means an involuntary investment of capital.

Very impressive figures are also shown by the balance-sheet of the Workers' Credit Co-operative Society, Haifa. Own funds amounted as per 31 st December, 1941 to LP. 24 039, creditors to more than LP. 91 500, whereas approximately LP. 70 500, were given as loans to members.

An examination of the balance-sheets of all credit co-operative societies shows that these companies fulfil a very important task within the economy of the Jewish labour movement. While the Workers' Bank acts mainly as a central financing body for the Histadruth institution, the credit co-operatives constitute a necessary supplement to these activities by supplying credit to individuals, i. e. its organised members. The development of the credit co-operatives can of course not be compared with the considerable increase in strength shown by the balance-sheets of the various Histadruth institutions, as the co-operatives are dependent on the financial power of their individual members, who are mostly workers and small employees.

3. THE FINANCING INSTITUTE FOR MEDIUM TERM AGRARIAN CREDIT: NIR Ltd.

The credit needs of rural settlements are practically inexhaustible. The urge for expansion and the lack of capital are both equally great. The needs are most varied in point of time; investments for buildings, amelioration, etc., require long term loans, a task which Keren Hayesod and of late its affiliated company Pasa Ltd. have undertaken. Financing the harvest and the purchase of machines on short term credits is the business of Workers' Bank, Central Bank of Co-operative Institutions, Anglo-Palestine Bank etc. There was formerly a gap between these two kinds of credit. The purchase of cattle, of water installation, of machines such as tractors or trucks, demands and justifies medium term loans, to be repaid in from 3 to 15 years. The resources of Keren Hayesod becoming more restricted as a consequence of the large requirements of the new settlements, this gap was felt all the more acutely.



It was therefore to satisfy a real need that Nir Ltd. — not to be confused with Nir Shetufit (Nir Co-operative Society, see end of this chapter) — was founded at the end of 1934 to supply medium term credits for workers' agricultural settlements.

Already the first five years of its development closed with astonishing success, best shown in the following figures: —

Table 51
NIR Ltd.: Development 1935 — 1941

Year	Ord. and Founders' Shares	Preference Shares	Reserves	Own Resources	Loans and Debentures	Total available Means	Redeemed Loans and Shares
1935	34096	57479	9112	101287	85889	187176	4050
1936	50163	126614	20000	196777	147578	344355	20261
1937	60137	147893	35000	243030	180159	423189	49300
1938	73173	170853	57500	301526	194914	496440	64475
1939	92799	155761	64096	312656	195706	508362	113015
1940	95000	152104	84858	325435	190625	522587	134335
1941	99749	144172	105062	348983	176247	520497	161576

In this connection the following points are most remarkable:

1. Between the years 1935—39, the Company has been able to assure itself a working capital (Share capital, Debentures, Loans, Reserves) of not less than half a million Pounds.

2. Only a moderate part of this working capital is in loans, in 1935 it was 45%, at the end of 1941 only 34%.

3. The open reserves amounted at the end of 1941 to LP. 105 000 as compared with the paid up share capital of LP. 244 000., an extraordinarily sound ratio between capital and reserves.

4. Preference Shares, issued to the public, gradually recede as against the Founders and Ordinary Shares owned by Histadruth circles, mainly the Hevrath Ovdim.

5. Notable are the considerable amounts which Nir has already redeemed from its issue of shares.

To explain how the Company could be strengthened in such a short time the following points may be considered:

Nir has taken advantage with remarkable energy in util-

ising the transfer of frozen accounts from Germany and in a lesser degree from Czechoslovakia. By this means the Company has been able to place considerable amounts of 4% and 5% securities at full face value. For the equivalent of the amounts thus transferred, Nir purchased goods in Germany and other countries and sold them in Palestine without loss, if not at a profit, thus changing more or less worthless frozen and blocked funds into goods and goods into Pounds.

Nir has also succeeded in selling Ordinary Shares — mainly in Histadruth circles with the help of American collections for which no dividend payment is expected for the time being. Finally Nir has made a policy of redeeming, within the legal limits, its securities, when ever quotations were low, in order to regulate their price level, thus also facilitating the raising of additional capital. This results in relatively stable quotations and considerable redemption profits as a not unwelcome byproduct.

Table 52

NIR Ltd.: Spread of Investment 1939 — 1941 (in per cent.)

	1939	1940	1941
Cash and Banks . . .	11	10,1	10,7
Securities	4	2,5	4,4
Immovables	4	2,9	5
Goods, Pipes etc. . . .	4	0,2	—
Loans granted	77	84,3	79,9
	100	100	100

The above table shows the way Nir invested the capital at its disposal. Striking in this list is the comparatively small part of the resources devoted to farming, as only about 36% were loaned directly to agricultural settlements.

There are, however, certain items to be added which are only partially apparent. Thus 1.5% were given to water companies. In addition we estimate that 2.5% were invested in securities, of agricultural companies (Pasa etc.); the credits for rural dwellings also belong under this heading; finally, rural auxiliary

Table 53
Loans granted during 1940

Purpose of Loans granted	1940	
	Amount	
	in LP.	in %
1. Agricultural Settlements .	32264.145	19.71
2. Consolidation of debts .	44083.559	26.93
3. Working Capital	24879.819	15.20
4. Various agricultural branches	3359.000	2.05
5. Rural Housing	11849.254	7.24
6. Urban Housing	781.400	0.48
7. Financial and Public Institutions (KKL, PLDC, Hamashbir Hamerkazi, Tnuvah etc.) . . .	17388.587	10.62
8. Miscellaneous	410.000	0.25
9. Discount of Bills	18388.154	11.23
10. Conversion of debts . . .	10304.261	6.29
	163708.179	100

companies such as Tnuvah etc., are also strongly represented under the credits to Histadruth enterprises. If we include here the credits to Keren Kayemeth, which acquires land therewith for agricultural purposes, then an amount 60% of about de facto benefits the agrarian sector.

In 1942, the amount of loans granted directly for agricultural purposes increased considerably. Out of LP. 171 000 advances given within the first ten months of 1942 an amount of LP. 139 000, i. e. 80.3% were directed to agricultural channels. The remaining amount not used for agricultural loans serves for the distribution of risks. It should be noted in this connection that a special characteristic of Nir administration is the high cash figure, which amounted at the end of 1941, to £P. 64 000. Nir always keeps itself in a very liquid state in order to be ready to cope with any situation, and particularly to be able to exploit business propositions that may present themselves. Part of the appropriated securities, the loans granted to national institutions in as far as these are short term, may all be considered to a certain extent to be liquid reserves.

Such an investment policy naturally means a partial renunciation of direct interest revenue; property, goods and in part even securities are not direct sources of revenue, bank deposits only bear slight interest.

Nir can afford this sacrifice because it pays a very low rate of interest for its money, as shown in the following table: —

Table 54
NIR, Ltd.: Theoretical Cost of Capital 1940 — 1941

	1940			1941		
	Nom. Value	Amounts required	%	Nom. Value	Amounts required	%
	LP.	LP		LP.	LP	
Founders' Shares . . .	5000	625	12.5	5000	200	4
Ordinary " . . .	90000	—	—	94750	—	—
Preference " A . . .	147000	7350	5	139100	6955	5
" " B . . .	5000	250	5	5000	250	5
General Reserves . . .	64000	—	—	71000	—	—
Loans	191000	7640	4	175000	7000	4
Unclaimed dividends and coupons	7000	—	—	10000	—	—
Reserves re: doubtful debts	21000	—	—	34000	—	—
	530000	15865	3.0	533850	14405	2.7

For a country like Palestine, where high money rates predominate, this result is in itself unusually favourable and is only surpassed by Pasa Ltd., for which a similar calculation arrives at about 2% p. a. The low rate of interest which Nir has to pay, can only be explained by the circumstances detailed above, the exploitation of "transfer" possibilities (i. e. the deblocking of frozen monies), renunciation of all claims on dividend for the time being on the part of the holders of Ordinary Shares, and the height of reserves which of course do not require any interest payment.

But actually the money is still cheaper; in recent years Nir has been able to redeem debentures and shares below their price of issue. As in the year 1939 and 1940, these redemption profits amounted to scarcely less than LP. 11 000, the actual burden of interest in those years amounted at most to 2%.

The further development cannot be foretold, though the

prospects for the next years seem to be definitely in the Company's favour. But if the Ordinary Shares and the reserve mount still further and if, in particular, the relatively expensive 5% Preference Shares are redeemed at a discount, the working capital would cost less and less. Against this modest interest-burden, we estimate the average theoretic interest revenue also relatively low, at 5.5%; as a matter of fact the calculated interest revenue from agricultural credits is higher, about 6 $\frac{1}{4}$ %; but part of the remaining investments such as bank deposits securities and, above all, land and goods naturally bring in nothing or very little.

Apparently Nir is mainly concerned in gradually writing off its investments; this it has already begun with regard to its holdings of securities and property.

When Nir was founded "experts" and bankers held such a favourable development to be impossible, a scepticism which also had to be faced when the Workers' Bank was inaugurated; heavy losses were foretold for the Company undertaking the highly risky business of granting credits to workers' rural settlements.

Experience to date does not confirm these apprehensions. This is shown not only by the facts given above, but also in the following survey of arrears: —

Table 55

NIR Ltd.: Payments in arrears 1935 - 1942

Business Year	Total Amount falling due during Business Year	Balance of Arrears						
		At the close of the Business Year LP.	At the publication of the Balance Sheet LP.	After one year LP.	After two years LP.	After three years LP.	After four years LP.	On 1st July 1942 LP.
1935	22278.152	556.768	109.922	—	—	—	—	—
1936	103914.768	2048.167	1306.607	201.381	—	—	—	—
1937	112886.167	6419.967	4375.596	2271.611	1143.304	697.473	265.633	244.125
1938	161345.383	20025.888	15137.162	8787.265	3776.404	2545.205	—	1384.514
1939	140553.385	23281.363	18357.938	10851.802	5403.308	—	—	4113.421
1940	118921.505	28480.447	19871.320	11418.875	—	—	—	8965.981
1941	158439.223	18610.232	—	—	—	—	—	13933.629

Total LP. 28641.670

According to this table the arrears tended to increase until 1940 but have been reduced since that time. Hitherto experience has shown that the bulk of these arrears is finally collected, though with some delay.

Altogether, in the middle of 1942 arrears were shown at LP. 28641, it can be assumed that of this amount, a not inconsiderable proportion may still be paid up, for the undeniable slowing-up in payment is no definite sign of increasing weakness or of insufficient business morale on the part of the debtor; it may partly depend upon a momentary strain upon the debtors which does not entail a weakening of their solvency (though there is some scepticism prevailing as to the financial soundness of some smallholder settlements). A pronounced expansion, the necessity of keeping considerable stocks and the difficulties of taking up new credits with banks already strained to their utmost, had in recent years caused unpunctuality even in the case of clients who have in no way fallen off in their economic strength.

Since 1941, however, as a result of the increase in turnover and prices, most of the communal settlements could considerably strengthen their financial position. This is also shown by the fact that arrears which had amounted to 23.95% of the amounts receivable at the end of 1940 had been reduced to 9.6% in December 31, 1941 and to 7.56% by the middle of 1942.

The arrears of loans due in 1941 amounted at the close of that year to 11.47% and had decreased by the middle of 1942 to 8.8%.

We do not consider the building credits granted by Nir to the land workers in a equally favourable light; here deficiencies are much more likely to occur.

In its balance-sheet Nir has a special reserve of LP. 34176 for doubtful debts; this amount will presumably cover a considerable proportion of possible losses, so that resource will not have to be had to the actual reserves. In the future the contemplated repurchase profits will strengthen the cover of any further losses.

The business report of Nir gives a detailed survey of the maturity of its loans, without taking the considerable cash balance

into account. According to this the average maturity limit is not quite 4 years, the most important maturities being short-term.

Undoubtedly credit institutions like Nir based on own means and long term issues are in far better a position than banks, which have to base their loans on short term deposits.

Taken all in all, the position of Nir can be considered to be very strong. The securing of a working capital of LP. 525 000 in six years is, in itself, a big achievement. The best proof of the general confidence in Nir is to be seen in the following: the owners of about LP. 450 000 worth of Nir debentures, loans and Preference Shares subscribed for these shares, for the most part, because it was the only way in which they could transfer frozen accounts to Palestine. Such securities must be regarded as a kind of "forced loan". Again such loans have a tendency to be sold as soon as possible. This was particularly evident in the case of Nir shares, even more than in other so-called "transfer securities", the subscribers belonging almost exclusively to circles which had originally neither overmuch sympathy with the Histadruth nor overmuch confidence in an agricultural credit institution. Thanks to a sound business policy and the adjustment of the market, the public trust in Nir has increased constantly and the investor's sales remained limited even in critical times. In particular the public welcomed Nir's additional obligation for the gradual amortization of its Preference Shares.

In 1942, the upward development of Nir continued and own means could be strengthened considerably. New Preference Shares could be issued in the amount of LP 15 000 as well as LP 5000 new Ordinary Shares, whereas LP. 16 000 Debentures and LP. 6 500 Pref. Shares had been redeemed within the first ten months of that year.

A sharp distinction must be made between Nir Ltd. and Nir Shetufit (Nir Hevrah Shetufit l'Ovdim Ivriim). The latter company was founded in 1924 to act as the representative of the whole system of workers' settlements in the concluding of all loan-agreements with the National Institutions, thus obviating an endless number of individual agreements. Nir Shetufit was not successful in this task.

Notwithstanding protracted discussions and numerous debates



at the various conferences of the Agricultural Labour Movement, Nir Shetufit never succeeded in being regarded by the Jewish National Institutions as the official representative body of the settlements, and it therefore remained a mere form without any activity.

Notwithstanding the formal separation of the two concerns, a certain connection is traceable. The capital of Nir Shetufit, including reserves, amounting to LP. 19 000 (end of Sept. 1942), is mainly invested in Nir Ordinary Shares (LP. 19 000). It is noteworthy that Yakhin pays 10% of its profits to Nir Shetufit.

Though Nir Shetufit is at its best a holding company, its continuance seems to be worth while, as it assumes functions in the field of organisation and sometimes arbitration. In this way it does not interfere with the credit-bank activities of Nir Ltd.

4. CREDIT INSTITUTE PROMOTING EMPLOYMENT: BIZUR Ltd.

When the crisis at the end of 1935 brought on a serious wave of unemployment, the Histadruth imposed on its members for the first time a special tax, the revenue of which was to be used for procuring employment. The Unemployment Fund (Keren Hoser Avodah, see Chapter IX.) allocated an amount of LP. 15 000 for the new institution, and a similar amount was placed at its disposal by the Jewish Agency. In the meantime Bizur succeeded in increasing its capital to LP. 125 000 of which so far LP. 95 782 have been fully paid up. The company aims at financing the construction of public and semi-public, especially municipal, buildings, roads and bridges, thus securing employment mainly in times of crisis. As, in general, medium-term credit is required, Bizur fills a gap in this respect and has managed to procure considerable means by the issue of debentures. Thanks to the assistance of the Anglo-Palestine Bank and other local banks, series of 6%, 4% and 5½% debentures, due for repayment between 5 and 12 years, could be placed in the market; the balance-sheet for 30th June, 1942 shows a circulation of LP. 181 590 debentures, secured by a floating charge on the assets on the company. When



the first series of debentures was issued in 1936/37, Bizur had to overcome the distrust of subscribers towards a new undertaking which was, moreover, in close connection with the working class. It was doubted whether such a peculiar institution would be able to redeem capital and secure payment of interest on its loans. For in order to carry out its object the company had to grant credit frequently secured only by second mortgages. In the few years of its existence these doubts have however been allayed.

Credit is granted on strict business lines by a committee in which the Anglo-Palestine Bank, Jewish Agency, Workers' Bank, Yakhin and Keren Hoser Avodah are represented. The Board of Directors consists of two members of the Jewish Agency and three representatives of the Histadruth, among the latter the chairman of Hevrath Ovdim. Repayments have up to the present been notably punctual considering the difficult economic situation between 1936 and 1939. The debentures have maintained a surprisingly good price level, partly because they are comparatively short-termed and have to be gradually redeemed. The development of the company is seen in the following survey:

Table 56
Development of Bizur 1937 — 1942 (LP.)

	30.6.37	30.6.38	30.6.39	30.6.40	30.6.41	30.6.42
Paid up Capital .	40040	17000	81040	88140	91082	95782
Reserves . . .	400	1800	4000	5000	7000	10000
Own Means . . .	40440	72800	85040	93140	98082	105782
Debentures . . .	93500	166680	219130	251270	217510	181590
Cash and Banks	35222	62642	62921	31143	21719	23025
Securities . . .	9650	9650	9475	9475	9475	9863
Loans granted .	91466	189283	272253	329996	300898	272718

In only six years, Bizur has secured funds of about LP. 287 000 for procuring employment, after having already redeemed LP. 142 600 worth of debentures. About 37% of this amount represents own means and 63% debentures.

Naturally, the acquiring of money costs Bizur more than Nir or Pasa, as the advantage of utilising frozen and blocked funds

according to the so-called "transfer" system could not be exploited; limitation to the home market resulted in higher rates of interest and a shorter redemption period.

Table 57

Costs of Bizur Money (calculated as per middle 1941 and 1942)

	Nominal Amount		1941		1942	
	1941	1942	LP.	%	LP.	%
Ordinary Shares .	72040	75040	2161	3	2251	3
Preference Shares	19042	20742	856	4 $\frac{1}{2}$	933	4 $\frac{1}{2}$
Debentures . . .	132430	97810	7946	6	5869	6
" . . .	64280	65080	3535	5 $\frac{1}{2}$	3579	5 $\frac{1}{2}$
" . . .	20800	18700	832	4	748	4
Reserve Fund .	7000	10000	—	—	—	—
Total	315592	287372	15330	4.8	13380	4.65

Bizur's issue of short-term debentures has been rather expensive, as it enforces speedy repayment. No reproach can be made to the Board for this procedure, as longer term loans would hardly have been accepted by the public. Having now shown its credit-worthiness, Bizur should be able to proceed to longer termed issues, bearing even lower interest, if the market is able to absorb them. The fact that the company originally issued debentures to be redeemed within 5 years, and afterwards was able to place issues redeemable within 12 years, and that a new issue of 5 $\frac{1}{2}$ % debentures could be placed in 1940 is a proof of this. The total of LP. 18 700 4% debentures due between 1940 and 1951 were taken over by Keren Hayesod.

Redemption purchases resulted in certain book-profits for Bizur, which alleviated the burden of interest by 0.7% in 1939/40 and by 1.7% in 1940/41.

Since 1936 Bizur had granted loans in an amount of more than LP. 550 000, of which LP. 272 000 were outstanding in the middle of 1942.

Table 58
Loans granted (LP.)

Year	for public works	for building projects	Total
1936/37	83931	35910	119841
1937/38	87666	56100	143766
1938/39	38327	82588	120915
1939/40	48429	58681	107110
1940/41	12925	9900	22025
1941/42	—	—	42000
			555657

The table shows that since the outbreak of war, Bizur has unfortunately been forced to grant a considerably lesser amount of loans on account of the stoppage of issue possibilities; this was not due to any lack of confidence in the company on the part of the public, but rather to the restricted scope of the money market.

The shifting of stress from public works to the financing of buildings as shown by the above table is characteristic; whereas the former predominate in the first two years, more was expended on building later on. This is also the result of conditions in the mortgage market, where other sources were less accessible during 1939/41, which naturally affected the activities of Bizur.

The object of the company is, as said before, the procuring of a maximum of employment with the least possible expenditure. As Bizur now had to finance the bulk of the work on account of the defection of other sources, its efficiency was considerably handicapped; the following statement of the company is instructive in this connection : —

Table 59
The number of working days financed by Bizur Loans

1936/37	592835
1937/38	471395
1938/39	383450
1939/40	332439
1940/41	68800
1941/42	120000

This table is sufficient to justify the establishment of Bizur for its hows that a living was secured for 1 000 and more workers in these six years, while extensive fields of production were opened up. These figures also prove the desirability of a further development of this undertaking.

Bizur follows a policy of distribution of risks. On an average the individual loan amounts to about LP. 900. Arrears were lower in the case of Bizur than in that of comparable institutions.

The system of comparatively short-term financing referred to above, entails a considerable burden on ensuing years in the form of repayment dues. The following amounts have still to be redeemed : —

Table 60

Debentures to be redeemed within 1942 — 1945

Year	Amount
1942/43	41975
1943/44	24725
1944/45	24725

The actual expenditure may be less, because, as said before, repurchase is permissible, and as a consequence of the company having acquired such debentures below par, considerable profits resulted.

At present Bizur's loans are charged a high rate of interest, amounting to about $7\frac{1}{2}$ —8% p. a., to which must usually be added the cost of a bank guarantee or similar expenditure, increasing the interest burden of the borrower. Unfortunately these rates will not be much reduced, as 1% expenses must be added to the above 4.65 interest (see Table 57), apart from 1% for writing off foundation and issue costs, and about 1% for doubtful debts. Conditions would of course be improved, if business were extended and it were possible to place debenture issues at lower rates of interest, whether in Palestine or abroad.

Bizur is one of the most interesting and singular creations of Zionist activity and an example of the readiness of the working class to make large sacrifices out of a limited income - a mentality not always found in other quarters. From the viewpoint of the

Histadruth the utility of Bizur is also considerable. It justifies the decision of Keren Hoser Avodah to create, together with Jewish National Institutions, in its struggle against unemployment additional sources of employment by securing productive work.

Although the Histadruth has the same number of votes as Keren Hayesod, it has until now only paid LP. 27 040 as against LP. 54 082 paid by Keren Hayesod. Thanks to its initiative, Bizur has thus brought together a working capital almost twelve times as large as the Histadruth's share, with the help of which LP. 550 000 worth of loans have been granted within six years, and several thousands of workers employed.

The main object of the foundation was attained by clever collaboration with the Jewish Agency and Anglo-Palestine Bank, the two main sources of Jewish capital in Palestine. In contrast to purely Histadruth foundations, considerable influence had of course to be allowed to these partners, the chairmanship of the Board of Directors as well as of the Credit Committee, being in the hands of a Non-Histadruth member of the Jewish Agency Executive. Security and the prospect of employment seem to be the deciding factors in the distribution of loans. Bizur is therefore not so much a source of credit for the Histadruth economy, as a means for securing work for members of the Histadruth.



VII. HOUSING AND SETTLEMENT

Cheap dwellings are among the most important requirements for raising the standard of the working classes. Nowhere is this aim more important than in Palestine, where high rates of interest, non-rational building and the absence of an urban land-policy have helped to fix rents at levels grossly disproportionate to the purchasing power of the population.

In this connection we exclude the dwelling-problem in the communal settlements and small settlers villages (Kvutzoth and Moshavim); in their case it is a question of gradual transition, as far as means permit, from tent and hut to permanent building. Difficult as this task is, certain important problems are non-existent. The land does not have to be bought but is at their disposal on a nominal lease while part of the building expenses can be discounted through the work of members themselves.

It is the solution for urban and rural wage-earners which offers serious difficulties, and with them we are here concerned. The land-worker suffers from particularly low wages, the urban rent-payer has to pay for high ground-rent.

Attempts to surmount this difficulty have so far been on the lines either of building co-operative blocks of flats in the town itself, or of laying out suburban settlements. The first attempt of this kind was Sh'hunath Borohov near Tel-Aviv, which was begun in 1922 with the help of Keren Hayesod, with 22 houses. Like most projects of this kind it had to pass through a difficult initial period full of disappointments. To-day some 600 families live there, and investments exceed LP. 200 000.

In order to establish the movement for improved housing conditions on a more uniform and organic basis, a "Merkaz Hashikun" (Housing Centre) was first created in 1930, out of which there developed in 1935 "Shikun Ltd."



1. SHIKUN WORKMEN'S HOUSING Co. LTD.

(SHIKUN HEVRA L'SH'HUNOTH OVDIM).

Shikun does not build on its own account. The Company aims at the acquisition of land, if possible with the aid of Keren Kayemeth, it provides for plan, outlay and execution of buildings, construction of roads, water supply and finally for the organisation of the settlers in co-operative societies. The following table shows that between 1931 and 1940 3125 flats were constructed. Including sub-tenants thus approximately 4800 families or some 13000 persons could altogether be settled. Compared with the number of about 170000 Jewish workers in Palestine, the achievements of Shikun must be regarded as very unsatisfactory, a fact which results from the comparatively high expenses connected with workers' settlements and the total lack of Government assistance.

(See Table 61 next page)

According to this table the total investments in connection with the erection of 3125 flats amounted to approx. LP. 1,4 million, and on an average 312 flats a year had been provided. Average capital investment was not small. In view of the high rates of interest a dwelling worth say LP. 300 including plot demanded rent and amortisation of LP. 2.100 LP. 2.200 monthly. A calculation of the standard type of a two-room house, the erection of which including cost of plot required amounts ranging between LP. 200 and LP. 500 works out at a burden of an average of LP. 2.500 monthly for rent and amortisation. This means that more than one third of the average income of the settler was absorbed by these expenses. Such dwellings therefore could, especially during the crisis 1936/39, be acquired in general only by a certain upper class among the workers or by officials and office employees, and a statistical survey showed that even of these about 60% had to sublet one room to alleviate the burden. In addition these dwellings are for the most part in suburban districts and are burdened with considerable transport expenses. More than two thirds of such dwellings are in Kiryath Avodah, Sh'hunath Borohov, both near Tel-Aviv, or Kiryath Amal and particularly Kiryath Haim (Haifa Bay).



Table 6r
SHIKUN Ltd.: Development 1931 — 1940

Year	Flats and houses Constructed	Capital invested in buildings and plots (LP.)
1931	150	80000
1932	100	40000
1933	350	115000
1934	400	145000
1935	600	240000
1936	700	295000
1937	600	235000
1938	100	84000
1939	105	116000
1940	20	5000
	3125	1355000

Place of Settlement	Number of families to be settled	Num. of houses & flats constructed			Total Invested (LP.)
		Detached Houses	Work. flats	Total	
1. Tel-Aviv :					
Workers' Suburbs	251	251	—	251	100000
Tel-Aviv (North)	275	10	32	42	50000
Yarkon Suburbs	550	330	120	450	200000
Borohov Quarter	2915	131	102	233	232000
Kiryat Avodah	474	—	474	474	276000
Workers' Co-operative Block Flats	115	—	—	—	—
Workers' Houses in Borohov Quarter	4580	722	728	1450	858000
Total Tel-Aviv					
2. Haifa :					
Kiryat Hayim	5000	940	376	1316	452000
Workers' Co-operative Apartment Houses	84	—	84	84	40000
Kiryat Amal	1000	100	—	100	25000
Total Haifa	6084	1040	460	1500	517000
3. Jerusalem :					
Ramat Rahel	100	—	80	80	10000
Workers' Co-operative Apartment Houses	55	—	55	55	34000
"Hamekasher" Co-op. Apartment Houses	40	—	40	40	24000
Workers' Suburbs	160	—	—	—	12000
Total Jerusalem	355	—	175	175	80000
Grand Total	11019	1762	1363	3125	1455000

These considerations lead us to the weak points of the Histadruth housing policy. Building has, to a large extent, been carried out in advance of the requirements of the masses; but in places where workers have actually settled, the heavy burdens have frequently tended to prevent the fulfilment of financial obligations undertaken. The biggest settlements such as Kiryath Haim and Kiryath Avodah are examples of this. Although the achievements shown in the above tables are quite respectable, we must draw attention to certain flaws in the system of settlement. The error has been made of settling people without means and with uncertain incomes in houses of their own. Thereafter thanks to an insufficient and expensive financing policy, they were burdened with obligations which they could scarcely be expected to fulfil. The formal objection that the individual settlements are united in co-operatives does not answer our criticism, as these co-operatives also had scarcely any capital. Indeed, the co-operative form is, in this case, particularly dangerous, because it burdens the solvent member with the insolvency of his neighbour. Since the outbreak of the war, however, and the considerable reduction in unemployment figures the situation of both settlers and the co-operative societies formed by them improved and since 1940/41 accumulated arrears of interest and amortisation are gradually being paid up.

The ups and downs and constant change from prosperity to crisis and from crisis to employment are in a certain way reflected in the balance sheets of Shikun. Until 1940 the financial structure of Shikun could not be regarded as very conservative, but the figures for 1941 and for the business year ending September, 1942 already show an improvement.

With a capital and reserves of LP. 42 700, it has invested not less than LP. 82 000 in land and amelioration, which naturally bears no interest so that there is a considerable relative and absolute interest-consuming debt with banks, etc. This state of affairs can ultimately be remedied only by the sale of the land.

Liabilities consist in the first place of advances from settlers (about LP. 33 400); further of medium-term loans LP. 17 400, and short-term liabilities on bills to the amount of LP. 3 200. The

medium-term loans were granted mainly by Bizur Ltd. (about LP. 4750) for a period of 3 years against a mortgage on lands in hand, and the Bank Hapoalim gave a credit of LP. 8000 for a period of 3 years. Further loans were granted by the Anglo-Palestine Bank (LP. 2630) and various smaller institutions, with an average maturity of 1—2 years.

Cash amounted in September, 1942 to LP. 3400, bills (all accepted by KKL and therefore easily to be converted into liquid means) to LP. 7380.

The implication with the other Histadruth institutions is shown by a list of the various bills payable (Misrad Kablani, Tel-Aviv, Tel-Aviv Workers' Council and Solel Boneh).

The main assets consist of land assessed in the balance sheet at LP. 61600, and investments for development purposes (road-building, canalisation, etc.) stand at nearly LP. 20500.

Apart from the question of financing, the construction of Histadruth settlements continually comes up against the problem of land property—an acute question in a colonial country where land-speculation is prevalent. Thus they were not able entirely to eliminate the possibility in the workers' settlements of the settler reselling the land when its value went up; nevertheless, of about 11000 parcels only about 45 have so far passed into private ownership. In this respect the idea of co-operative ownership has in the main been successfully carried out; for the achievement of this aim it was necessary, in view of the special land registration conditions, to set up a complicated mechanism of co-operative ownership, which leaves to the settler the sole possibility of transferring his allotment within the framework of the co-operative. Doubtless this is the only possible way since in recent years, Shikun has proved that every compromise disrupts the idea of settlement, making further development impossible.

As regards the origin of the total amount of about 1.4 million pounds invested in Histadruth urban or sub-urban quarters, the 3125 families i. e. 13000 persons thus settled had to invest LP. 735000 of their own means. The remaining LP. 620000 had to be raised by the workers' credit organisations,



together with the General Mortgage Bank, Bizur, Jewish Agency, Palestine Mortgage and Credit Bank (a foundation of the American Palestine Economic Corporation), and Keren Hoser Avodah. Recently Shikun has also succeeded in interesting insurance companies (Prudential, Guardian Eastern Insurance), who contributed one third of the total amount of loans granted to workers' co-operative settlement societies.

As regards possibilities for future development of Shikun the reserves of plots at the disposal of the company should enable a settlement of about 8000 more families, thereof about 4500 in Haifa, 3200 in Tel-Aviv, and the rest in Jerusalem and smaller towns. A more active and energetic pursuance of such aims could, however, be achieved only with the help of the Government — as is the case in other countries — by granting long-term loans.

There is no doubt regarding the urgency of a speedy settlement of the housing problem in Palestine, as the limited amount of land available raised prices of plots, and these in turn necessitated rents which form a higher percentage of the cost of living in Palestine than anywhere else.*)

2. RURAL WORKER SETTLEMENTS

The establishment of worker settlements in rural districts and the linking together of the constantly growing number of land-workers has always and everywhere constituted a particularly difficult task. In other countries the land-workers constituted a deeply rooted element, for whom difficult settlement problems did not in general exist; in cases where they are dependent on seasonal work, (for instance the so-called "Sachsengänger" in East Germany, the coffee, tea and cotton plantation workers in Brazil, India, China), they form a kind of rural industrial proletariat, always on

*) Before the outbreak of war the proportion of rent to workers' income amounted in Tel-Aviv to 25%, in Denmark to 19,90% in Japan to 16%, in Austria to 12,40%, in Belgium to 9,10%, and in Poland to 7,60%. On the other hand high rents resulted in an overcrowding of rooms. In Tel-Aviv the average number of souls per room amounted in 1934 to 4,88, in 1937 to 3,51. (See - D. Horowitz and R. Hinden, Economic Survey of Palestine, Tel-Aviv, 1938. p. 111/2).



the move from one spot to the other. In Palestine it was first necessary to establish the basis for a permanent worker element, inseparably connected with the land. Such a task can, in the normal way, be carried out only with State support. Here however, the attempt was made by the Workers' Trade Union, a private organisation functioning within the framework of a semi-public sector, to create settlement possibilities on their own account. Quite inadequate means were available for meeting the extremely big demands involved. A fund, "Batei Kfar", served to finance settler groups. In 1926 a sum of LP. 28000 was paid into this fund by way of credits with the participation of groups not directly connected with the Histadruth, an instance of the fact that the latter had successfully found a way of raising capital by having recourse to all kinds of sources. This fund was drawn in part (LP. 5000) from the Jewish Agency, in part from the Africa-Palestine Investment Company (LP. 5000), the Judea Insurance Company (LP. 5000) and in a small measure from credits by banks; the Histadruth itself contributed LP. 5000 through Nir Ltd. and a further LP. 2500, through the Workers' Bank.

It was not until 1937 that the Histadruth succeeded in launching a bigger settlement-fund known as the "Keren Beilinson" (original Capital LP. 30000), which is under the organising control of the Merkaz Haklai (Jewish Workers Agricultural Centre) and Nir Shetufit and the economic control of Nir Ltd. With the participation of this fund auxiliary farms and cheap dwelling settlements were founded, especially in Petah Tikvah, Kfar Saba and Kfar Azar; in various other districts suited for settlement (Herzlia, Raanana, Tel-Mond; Nathania, Hadera, Rishon le Zion, Rehovoth) land-purchases were undertaken. New resources to the fund were added principally through the Jewish Agency (LP. 25000), Nir Ltd. (LP. 25000), the Workers' Bank (LP. 10000), and the Keren Hoser Avodah (£P. 3000). In this way it has been possible to erect nearly 600 workers' houses, a remarkable achievement in view of the exceptional difficulties in the way of financing during the years of the disturbances 1936—1939; moreover, the people eligible for this kind of settlement were for the most part unemployed and without means.



Rural settlement of the type described is still in its initial stage as may be seen from the figures. So far they have not succeeded in settling large numbers of workers in the rural colonies by erecting small dwelling settlements. There are good reasons for this. All over the world the establishment of cheap housing is one of the most difficult problems from the point of view of finance, because the investments are not productive in the sense of amortisation or creation of own capital. It is rather a question of providing capital on long term with the smallest of amortisation instalments, which means that money is immobilised for whole decades. As there is no mortgage bank or similar institution within the framework of the Histadruth, the establishment of a rural settlement organisation without Government help seems likely to be a very slow process and one which calls for great sacrifices.

Of late the Histadruth has displayed increased activity in the field of semi-rural and suburban small settlements; in this way it has managed to form a type of border-line settlement for the large number of workers who desire to establish a kind of reserve for times of crisis, by going in for auxiliary agriculture. Kiryat Amal near Haifa is an example of this category; it is also an indication of the results obtained by a policy of systematic irrigation. When Mekoroth Ltd. set up waterworks at the entrance of Emek Hephher thereby exploiting the numerous borings undertaken in that district, the foundation for the formation of various small points of settlement was laid. After the water supply had been provided various small workmen's dwellings of a uniform two room type began to be set up on the neighbouring hilly land at a comparatively short distance from Haifa; with the collaboration of various institutions (Bizur Ltd., General Mortgage Bank of Palestine and Solel Boneh) a hundred houses of this kind have been erected.

All such experiments are of too recent a date for any final opinion to be formulated. This is especially so, seeing that border settlements of the type described are those which depend to the highest degree on labour conditions in the towns. All the same these settlements constitute an interesting experiment.



VIII. INSURANCE

1. LIFE AND GENERAL INSURANCE: HASSNEH Ltd.

Parallel to the constant economic development and the growth of its population, Palestine has gradually become a large province for insurance business of all kinds and more especially, life insurance.

As the prospective policy holder naturally attaches great value to the standing of his contracting party, he frequently preferred foreign companies which distribute risks internationally. Nevertheless in the middle of 1942 already 55% of life insurance contracts may be considered as having been concluded in Palestine. The organisation of local life insurance companies is to be viewed as a difficult effort of pioneering. It is interesting and startling at first sight to note that even in this sphere of business one of the foremost positions is held by the workers' insurance company. This fact appears surprising for the reason that naturally workers are unable to take out substantial policies, but on second thought becomes credible when taking into account the solidarity and considerable influence of the Histadruth on its members, as well as on considering that the workers have, more than any other class, been brought up to the idea of "Totzereth Haaretz" ("Made in Palestine") and that the Histadruth in its various institutions possesses considerable assets eligible for insurance.

Hassneh was established as far back as 1924 with the support of the Jewish Workers Alliance in America, underwriting only life insurance until 1936, and from that time onwards also fire, accident and workmen's compensation risks. The shares of this company are held by Hevrath Ovdim. The development of Hassneh is shown by the following table: —

Table 62

Development of Life Insurance 1935 — 1941

	1935	1940	1941
Number of policies .	2472	6339	6975
Sum assured . . LP.	384.600	1039.007	1141.880
Premium income . LP.	14.000	38.332	43.268
Assurance Fund . LP.	31.135	126.896	150.142

(See Table 63 on following page)

Conspicuous in this comparison is the relatively small share capital of Hassneh, which is considerably below that of its competitors. It appears that in this respect, an adaptation to the other companies should be considered, as a larger capital would increase the stability of, and confidence in, a company still small if compared with international standards and operating in a country of somewhat difficult situations. This proves to be correct especially in the case of an insurance company of the workers' sector, where an additional difficulty arises, viz. the problem of investment of its capital. As every insurance company is accumulating funds, it is approached by all those in need of capital. Whereas an independent company is supposed to invest its funds in accordance with old established rules exclusively (security, distribution of risk, etc.), a national workers' insurance company would be expected to consider also other factors, such as the furtherance of national economy in general, and of workers' economy in particular.

Within narrow limits this approach might be accepted. Abroad too, popular insurance companies invest funds to a large extent in the promotion of low-cost housing etc., as otherwise the existence of separate workers insurance companies could hardly be justified. Granted all this, the narrow limits of a workers insurance company's investment policy should not be under-estimated; on the one hand it is to serve the purposes of its sector, on the other, to observe the principles of conservative investment. Difficult as this may be, it is in no way impossible, as is clearly witnessed by the development of the Workers' Bank which had to face similar problems.



Table 63
HASSNEH Ltd. : Condensed Balance Sheets
as at 31st December, 1940 & 1941 (LP.)

ASSETS:	1940	1941
Cash and Banks	42279	50534
Deposit with the Government Treasury	5000	5000
Investments (cost price)	255	797
Real Estate	5839	5918
General Insurance Agency Ltd.	336	464
Loans : On Policies	50628	57057
Mortgages and other securities	33344	53166
	83972	110223
Bills Receivable	2706	6562
Debtors	9795	7236
Outstanding Premiums, Life Assurance	6257	4268
" " General Branch	3931	7001
Re-insurance	36348	45401
Movables	1	1
Total	201219	243405
LIABILITIES:		
Authorised Share Capital	50641	50641
Paid-up Share Capital	10000	10124
Reserve Funds	6580	7200
Depreciation Fund for the Company's		
Building	500	1000
Insurance Funds	137017	163391
Creditors	7334	12951
Claims admitted or intimated but		
not paid	4731	6202
Unclaimed Dividends	142	219
Interest in advance	1372	2474
Re-insurance deposits	32576	38925
Profit & Loss Account :		
Including Balance of profit for 1939/40		
and less appropriations to Reserve Funds	966	918
Total	201219	243405

Applied to our case, Hassneh should in general not lend its funds directly to individuals, but rather distribute them by way, and under the guarantee, of reliable institutions. Although this procedure would reduce profits, it would prove more economical in the long run.

This demand naturally does not refer to the granting of loans on security of policies, a type of investment which is rather too popular in this country. Hassneh, for instance, had by the end of 1941 invested not less than LP. 57057 in such loans, out of Life Funds amounting to LP. 150142 i. e. about 38%. This relation does not differ much in the case of other Palestinian insurance companies. Though the safest way from the point of view of security, as on such investments no losses will be sustained, it largely defeats the very principle of insurance.

2. CATTLE INSURANCE: HAHAKLAITH Ltd.

The danger of many kinds of plagues is a serious anxiety for any owner of animals. The idea of cattle insurance, therefore, is old and international. In 1919 Hahaklaith was already started on a small scale; 99 members then paid premiums to the amount of LP. 364. In 1940, 2492 members had insured 12570 heads of cattle in 130 settlements and paid LP. 12892 in premiums. Moreover, they received veterinary care for 1900 heads of cattle, 19 veterinary surgeons inspecting and treating the cattle. The insurance grants loans to its members for acquiring necessary medicaments.

In the course of time the company has built up a capital of about LP. 14000, from which the loans mentioned are granted and a large sum in cash is reserved. The significance of Hahaklaith lies in the fact that in its own interests it aims at the preservation of good health among the cattle through hygienic supervision and veterinary advice. Important also is the regular valuation of the animals, as this enables the settlements to establish a correct depreciation policy for their cattle.

The company acquired reserves and working capital in the following manner. In addition to paying an entrance fee of 1% of the value of his cattle, every member has to take over a gua.



rantee at the rate of 2% of the value in question. Moreover, every member has to pay an annual fee for veterinary supervision, the company being entitled to claim additional contributions should the end of the year show a deficit. In all the 20 years of its existence the company has never had to have recourse to this additional tax on its members. The costs of administration amounted to about 7% of the annual turnover - a favourable percentage for an insurance company of this kind.

IX. MUTUAL AID AND UNEMPLOYMENT FUNDS

I. WORKERS' SICK FUND: KUPATH HOLIM

It may be doubted whether sick insurance should be included in an economic survey, for its purpose is certainly not economic in nature. This is seen from its legal form; it is a Society registered under the Ottoman Law which excludes profit-making and economic purposes.

Nevertheless we include it in our study because the Kupath Holim has become an important economic institution.

The Fund founded in 1913 with 300 members and therefore the oldest institution of the Histadruth, had increased its membership to 50 000 at the beginning of 1936, and to about 100 000 including families and dependants by the middle of 1941. It takes care of about 200 000 people, i. e. about 40 per cent. of the Jewish population, either entirely or in part, in cases of illness. It employs 1081 doctors, dentists, pharmacists, nurses and other workers. The society has at its disposal two large up-to-date hospitals at Afuleh and Petah Tikvah, 3 sanatoriums in Motzah, Har Shalom and Har Hacarmel, 3 central polyclinics, 190 rural ambulances, 25 auxiliary ambulances, 4 Roentgen stations, 1 central dispensary, 4 district pharmacies, 67 rural dispensaries, 13 dental clinics, 12 medico-physical institutes, 36 infant welfare stations, 1 hygienic-sanitary central station, and one nurses' training home.

In addition to funds amounting to LP. 95 000, the insurance was financed, according to its balance sheet of the end of 1940, by a bill circulation and mortgages, each amounting to about LP. 70 000. A sum of LP. 10 800 was due to suppliers, LP. 17 500 to wage-earners and LP. 16 500 to institutions of the Kupath Holim, such as Pension Fund, etc.

Thus a capital of about LP. 295 000 was working in this institution, of which LP. 220 000 alone were invested in immovable property, whereas about LP. 36 500 were invested in

stores and depots and LP. 30 800 in outstanding claims. We are not dealing here with the social-political and hygienic-medical tasks, achievements and plans of the Kupath Holim. Our only concern is to state that the Kupath Holim is one of the important employers in the country and a big consumer of all kinds of goods, i. e., medicines, bandages, instruments and food-stuffs etc.

The gross revenue, amounting to LP. 342681 in 1941, also gives an idea of the magnitude of this institution. In the same year expenditure was LP. 353 536, thus producing a deficit of LP. 11000, a fact which appears to be unavoidable, bearing in mind that Kupath Holim does not work for profit and adapts expenditure to estimated income*).

In the first years of its existence Kupath Holim was supported to a considerable extent by the Keren Hayesod, which covered all deficits in the period 1922 to 1927 arising from the crises in these years, and amounting to a total of LP. 76 000, i. e. an annual average of LP. 12 750. During this period revenue was derived as follows

56% from members' contributions.

34% from Keren Hayesod.

7% from employers.

3% from other sources.

In the following period, 1928 to 1939, the contributions by the Keren Hayesod decreased at a constant rate to a total of LP. 37 000, corresponding to an annual average of LP. 3000 (cf. Ulitzur: "Two Decades of "Keren Hayesod", 1940"). These figures clearly prove the necessity of outside help for Kupath Holim in the first two decades of its existence. Since 1939, however, Kupath Holim has succeeded in balancing its Income and Expenditure Account and the contribution of national funds was in 1940 reduced to only LP. 1830, i. e. 0,6% of all income of Kupath Holim.

Kupath Holim belongs to the type of Histadruth undertaking which is most exact in fulfilling its obligations to outsiders, but which demands very far-reaching concessions on the part of its doctors and employees, as well as from other Histadruth concerns.

*) If we consider, however, the appropriation of about LP. 20 000 to the Reserve Fund, a net profit of about LP. 9000 would result for 1941.



As Kupath Holim is not a profit-making undertaking the structure of the balance-sheet and the method of financing are very different from those of a normal economic concern. A sick insurance of the type of Kupath Holim, which works on the system of employed doctors and hospitals of its own, must naturally invest an unusually large proportion of its resources in fixed investments, maintaining a comparatively small amount for circulating capital. Expenses and revenue must in consequence be presented in the form of a budget calculation; the purpose of the undertaking is achieved if the cost of insurance services balances the contributions obtained by assessment.

The collection of sick-insurance contributions is facilitated for the Kupath Holim by the fact that Histadruth institutions have a special collection-office, Lishkat Hamas, working independently and collecting all the contributions due from their trade-union members.

Kupath Holim's average income per member, not including employers' contributions, amounted in 1941 to LP. 3.736, average expenditure to LP. 3.854; both these figures have been at a constant rate decreasing since 1935.

During its latest stage of development, Kupath Holim established a separate Invalids Fund, Keren Nehut, to give support in cases of accidents and disablement. So far more than LP 38 000 have been disbursed by this fund, LP 10 300 of which were paid in 1940. (See table 64)

2. UNEMPLOYMENT FUND: KEREN HOSER AVODAH

The lack of an effective Government social policy compels the Histadruth to direct its activities towards self-help for its members, especially with regard to the unemployment problem. After prolonged investigations by the Histadruth, the Keren Hoser Avodah was established in 1932, and from the beginning of 1933 compulsory contributions were collected from its members. In the course of time other means were found to increase the fund, which partly consisted of recurring contributions and partly of occasional donations. In this way the Fund had collected until the begin of the crisis (end of 1935) about LP. 40 000 (gross). When

Table 64
Kupath Holim 1936 — 1941

	1936	1937	1938	1939	1940	1941
Number of members at end of year *)	59211	71630	76272	85313	87389	105303
Number of persons under care, at end of year *)	108225	133500	143500	159163	163881	197049
Number of branches at end of year *)	165	188	208	229	242	251
Number of employees, at end of year **)	807	846	912	947	1084	1199
Number of medical staff at end of year **)	531	576	633	647	725	782
Total monthly salary of employees at end of year	9521	10335	10362	11144	12373	14891
Yearly income ***)	205932	244862	246975	283212	298470	342681
Yearly expenditure ***)	210509	253063	254544	283540	308431	353536
Yearly income per member	3.718	3.521	3.260	3.434	3.344	3.736
Yearly expenditure per member	3.800	3.639	3.360	3.438	3.456	3.854
Average monthly contribution of each member (In mils)	193.8	189.5	176.1	169.9	164.5	169.8

- *) Figures do not comprise defaulting members.
 **) Not all employees are on full-time employment.
 ***) Figures only comprise ordinary income and expenditure, under exclusion of investments in buildings, but do comprise income ear-marked for this purpose.

unemployment increased and began to affect the working class in general (1936) with the consequent necessity of assisting the unemployed, larger means were found by levying a crisis contribution from the members of the Histadruth in the form of "Pidion-Avodah" (Emergency Contribution), "Trumath-Herum Lemish'an" (Crisis Contribution for Assistance), "Mifal Hasana" (Food Distribution) etc. Altogether these contributions constituted the main sources for the Fund during the years of crisis.

It is interesting to note that these funds which were raised from the members of the Histadruth and its institutions amounted, until the end of 1941, to almost half a million pounds gross income, which is relatively a very big sum for so small a country. This income can be specified as follows:

Members' fees and employers' contributions:	LP. 158 000
Pidion-Avodah (Emergency Contribution)	» 202 000
Trumath-Herum Lemish'an (Crisis Contribution)	» 71 100
Sundry contributions and income	» 34 600
Interest (from investments and loans)	» 8 800
Total	LP. 474 500

The help which was given to the unemployed by the Keren Hoser Avodah — either in the form of employment or of assistance under various headings — was in principle not dependent on the rights which the unemployed had obtained during the time preceding his unemployment but was tendered to the mass of the unemployed as such. This help completely lacked the element of insurance which is the basis of such institutions in other countries. In this respect the Fund was free from any restrictions.

This was especially obvious in the main field of activities of the Fund where it obtained an outstanding position in combating unemployment, by procuring and enlarging means of employment which had diminished owing to the general crisis. In this field, important both to the unemployed and to the economics of the country, the Fund acted as an instigator of large-scale works and assisted also appreciably as way-maker for the Jewish worker in the basic branches of Palestine trade and industry.

In these endeavours the Fund found a trusty collaborator in the Jewish Agency, which itself allotted considerable means to this aim. The co-operation between these two bodies led to the foundation of powerful instruments for the furtherance of employment on the land, in towns and villages. The most important of these instruments was, as already stated, Bizur Ltd., which reached high achievements in the field of increasing employment. But also the part of agricultural contracting institutions, e. g. the "Beilinson Fund", Even Ltd., Binyanei-Zibur (Public Buildings) Ltd., etc. was of account. Taken all together, these instruments were important factors in materialising the main principle which was: productive employment of the unemployed.

In this way the Keren Hoser Avodah was able to create sources of employment — many of which were of pioneer importance for the Jewish community — to the extent of $2\frac{1}{2}$ million pounds spread over 4 million working days.

The Fund should not only be credited with its beneficial action in taking the initiative to start the economic gear-work of the country, but also with the important part it took in the foundation of Bizur Ltd., though in the course of time it could

not keep pace with the Jewish Agency in contributing to the capital of this company. It is worth while to mention in this connection that the Unemployment Fund has become an important share and debenture holder of the economic institutions of the Histadruth. The balance-sheet of 31st December, 1941 shows how far the means of the Fund were invested in various institutions which aim at creating employment for the unemployed (besides the amounts which were given as loans and guarantees for the execution of works):

Bizur — shares (payment on account of LP. 45 000 subscribed)	LP. 28 000
Bizur — debentures	» 4 000
Nir -- shares	» 8 000
Nir — debentures	» 3 860
Pasa — debentures	» 7 310
Even — shares	» 3 000
Binyanei-Zibur - ordinary and preference shares	» 8 250
Nakhshon — ordinary shares	» 6 000
Co-operatives' Finance Centre-ordinary shares	» 2 000

The remaining means were used for social purposes (Mish'an, cheap foodstuffs, feeding of children, medical help, professional tuition, constructive help, etc.)

Even if part of the holdings in shares, claims and bills is discounted to a great extent, there will still remain material values offering sufficient cover for its undertakings and guarantees given in connection with the various activities of the Fund. It stands to reason that a great part of the investments and loans do not yield returns.

The following figures bear testimony of the growth of the Fund: during the first 3 years of its existence (1933-35) LP. 40 000 were collected. During the four crisis years (1936-39) collections amounted to LP. 239 500 (LP. 60 000 yearly) and the first two years of the war (1940-41) yielded as much as LP. 195 000 (LP. 97 500 yearly).

Expenses which are essentially connected with collection, were kept relatively low and amounted to LP. 75 000 equalling about 15.8%. This is very low compared with other funds where expenses are generally around 30% and in some cases even 35 to

40%. The low expenses can be attributed to the fact that it was possible to make use of the existing collecting apparatus of the Histadruth, so that there was no need to organise a separate collecting body.

Despite the successful endeavours to employ the out-of-work, the general unemployment remained on the increase and in consequence the workers' predicament became more acute. The sharp change which occurred in the course of time in the various expenditure headings gives evidence of the new conditions. In the beginning relatively big sums were spent on activating works by investments, loans and financing, but later on the amounts invested by the Keren Hoser Avodah in this way decreased continually, and on the other hand the amounts for help and social assistance increased at a disquieting rate. In 1936 only 12% were spent for the latter purposes, while in 1940 they had increased to 72%. And although these sums were given to the needy as loans, it is obvious that the character of these loans makes their redemption highly dubious. Table 65 illustrates the situation.

3. ASSISTANCE FUND: MISH'AN

Even before serious unemployment made its general appearance, some societies for mutual help had been founded in various places under the name of "Mish'an" (Assistance). The name explains the aim of the societies — to assist people in temporary difficulties consequent to various occurrences (illness of the provider or of other members of the family, accidents during employment, marriage, disablement and necessity to change profession or trade etc.). After the onset of the crisis, these Mish'an societies — existent ones and newly founded — became instruments of the Keren Hoser Avodah for social assistance to the unemployed. In the course of time they grew from modest societies to important institutions which extended their activities acquiring new aspects and entering into all the problems of the families of the unemployed. In addition to direct financial assistance in the shape of loans, Mish'an also gave heed to the feeding of children, providing cheap foodstuffs to families, cheap kitchens, convalescent homes,



Table 65

The amounts spent by Keren Hoser Avodah for creating employment and for assistance to the unemployed.

A. Creating employment :	in LP.						Total
	1936	1937	1938	1939	1940	1941	
Investments and loans :							
Invest. in Institutions	21800	35430	8000	3000	7500	7310	83040
Loans	32320	6936	17594	14056	7500	1770	80176
	54120	42366	25594	17056	15000	9080	163216
Allotments for establishing enterprises :							
Funds paid to agricultural contractors, for professional substitution of mechanical work by handwork, transfer of workers to settlements, employment of women and minors, clerks, etc. . . .	6911	7978	9991	13844	22273	27412	88409
	61031	50344	35585	30900	37273	36492	251625
B. Help to unemployed :							
Mish'an, cheap food.	6920	17338	63550	76069	80886	37284	282047
Kitchens and feeding of children	1781	1674	1385	7008	12457	16735	41040
Medical help, constructive assistance etc.	995	593	7615	10938	14313	10706	45160
Less :	9696	19605	72550	94015	107656	64725	368247
Contributions by Jewish Agency, National Council & Tel-Aviv Municipallty	1405	4750	31230	49991	50306	16757	154439
Total amount spent for assistance by the Fund	8291	14855	41320	44024	57350	47968	213808

hospitalization, confinements, etc. In short, Mish'an took care of the specific difficulties of the unemployed, which became more acute with the prolonged crisis, thus filling the gap left by the insufficiently developed social institutions of the Jewish community. The foregoing table shows clearly the scope of this help in all its aspects and the application of the sums which were placed

at the disposal by the Keren Hoser Avodah and in the course of time also by other Jewish institutions.

4. FAMILIES SECURITY FUND: MATZIV

In 1938 the Keren Hoser Avodah founded a special department under the name "Matziv" for the purpose of assisting families whose provider had died.

According to its articles of association the heirs of every member of the Histadruth who has paid 24 monthly contributions in the course of two years, are entitled to assistance to the extent of LP. 50 after his death. This payment is certainly not sufficient to guarantee the economic basis of a family which has lost the breadwinner, but will help temporarily until the family has overcome the event and has found means of adaptation to the new life.

In order to safeguard this action against emergencies, the Unemployment Fund placed at the disposal of Matziv a reserve fund of LP. 18 000 to which accumulated the income of special contributions. The following table shows the activities of Matziv during the first 4 years of its existence: —

Table 66

MATZIV : Development 1937 — 1941

Year	Income (LP.)			Expenditure (LP.)			
	Contributions	Interest	Total	Support	Collection Expenses	Administration etc.	Total
1937	4286	—	4286	—	646	289	935
1938	5006	464	5470	1290	613	658	2561
1939	5427	787	6214	2525	632	518	3675
1940	6541	1135	7676	3150	707	417	4274
1941	8267	931	9198	3185	872	517	4574
Total	29527	3317	32844	10150	3470	2399	16019

X. ENTERPRISES WITH CULTURAL AND PEDAGOGICAL AIMS

1. "DAVAR"

In order not to extend the framework of this survey unduly we single out only those cultural institutions of the Workers' Organisation which stand in immediate connection with the economic structure of the Histadruth concerns. We therefore omit all mention of the section of the Histadruth complex which deals with political organisation, schooling, or cultural and political education.

In order to complete the picture we shall mention certain cultural institutions not of a purely economic character, such as Merkaz Hahinuch*), which is responsible for the whole school system of the Histadruth. Mention should also be made of Habonah Ltd., the organisation for women's training which co-operates with Wizo in the support of agricultural schools.

We restrict ourselves to a rather detailed account of an important cultural asset item of the Histadruth organisation, the daily paper "Davar", the largest daily of Palestine, with an output of about 16—18 000 copies. Invested capital is not small, as far as can be estimated. In addition to LP. 20 500 capital and reserves, there are LP. 17 850 liabilities, due in part to the chief shareholder, the Hevrath Ovdim. LP. 15 750 of this is invested in buildings, printing-press and stores; the rest consists mainly of outstanding debtors.

As a purely economic enterprise, the Davar has no importance in the Histadruth complex, but in the field of organisation and propaganda it represents a strong link between the economic concerns themselves and the whole membership of the Histadruth. In this sense it is, like the Kupath Holim, not an independent busi-

*) Educational Centre.



ness concern with an eye to profit-making, but an auxiliary organisation which supports itself more or less from its own means.

Together with the school system, Davar doubtless represents the most important institution of cultural life in the Histadruth. It embraces the most remote points of settlement in the country, as well as the various kinds of Histadruth organisations in the towns; it has an efficient system of distribution and constitutes an important organ for the representation of Histadruth interests vis-à-vis the Government and the Jewish Agency. Its circulation throughout practically all Kvutzoth, Irgunim, Kibbutzim, Moshvei Ovdim, etc., assures Davar, in contrast with other Palestinian newspapers, a comparatively stable circle of subscribers; thus it not only invests the Histadruth with the power of voicing its political aims, but also strengthens its own position as an economic institution. The subscribers are distributed over 250 different points in the country, including the Kibbutzim and other agricultural groups. A special foreign edition ("Davar leGolah") was distributed over 35 foreign countries, but was suspended after the outbreak of the war.

2. "HEGGE"

In 1941 a newspaper "Hegge", with pointed text and German explanations of difficult words and phrases was established and has now a circulation of about 5000 copies. Its aim is to find a public in the circle of new immigrants not yet fully familiar with the Hebrew language.

3. "HASSADEH"

Whereas Davar as a daily paper constitutes the political organ of the Histadruth, devoting in recent years more and more space to the question of economic processes within the framework of the party-organisation, the monthly paper "Hassadeh" is the journalistic organ of the whole agricultural sector within the economic activities of the Histadruth.

This periodical looks back on 20 years of development within which time it has also become an effective instrument from the point of view of productive criticism of Histadruth

institutions. The publishers of the paper are also engaged in scientific agricultural publications.

4. "MESHEK SHETUFI"

This newspaper, which also appears monthly, is the central organ of the whole co-operative system of the Histadruth. A glance at its contents during recent years shows that problems are approached less from the aspect of propaganda and self-praise (which may be said to characterise a certain section of Histadruth literature) than from a critical and scientific aspect.

XI. HOLDING COMPANIES

1. THE GENERAL HOLDING COMPANY FOR HISTADRUTH INSTITUTIONS: HEVRATH OVDIM.

The full name of this Company is: Hevrath Ha'ovdim Ha'ivrim Ha'shetufith Haklalith be'Eretz Yisrael (General Co-operative Association of Jewish Labour in Palestine). It was founded in 1924 and is the chief holding company, if not the only one, in the Histadruth. It has a controlling interest in by far the greatest part of the Histadruth institutions which are incorporated as limited companies, since it has the majority of their Founders' Shares which is decisive for all votes. The company is, moreover, the greatest shareholder of Solel Boneh, Nir, Hassneh and Shikun. Its nominal holdings in shares amounted at the end of 1941 to LP. 132 211 against LP. 105 000 at the end of 1939 and LP. 42 000 at the end of 1938. In the same year its investments in real estate were about LP. 40 000 and debtors and other claims reached the sum of LP. 26 000, giving the total assets for the year 1941 at LP. 200 000 against LP. 181 000 in 1939.

The question which arises immediately, is the relation between the nominal and real value of these ever increasing assets, i. e. whether the assets have an actual value of more or less the book value. The impression is that the book values have been conservatively estimated, in any case as far as the chief items such as shares of Solel Boneh are concerned, the total of which are held by the Hevrath Ovdim, and whose intrinsic value exceeds the share capital several times. It is also to be supposed that the shares of Nir can be valued above par; the real estate also has been reasonably estimated.

Another question is how it was possible to increase the capital to this extent within so short a period. This question can be answered as follows (see tables on following pages):—

Table
Balance Sheets of HEVRATH

LIABILITIES:	1939		1940		1941	
	LP.		LP.		LP.	
Mortgages :						
On Building Allenby Rd., Tel-Aviv, 6 years.	8568		7365		6214	
On Building in Jerusalem, 8 years	10600		9306		8064	
do. 7 years, 2nd mortgage Bizur Ltd..	2680		2345		2053	
On Building in Tiberias 14 years	218		203		189	
do. 3 years, 2nd mortgage Bizur Ltd..	—	22066	48	19267	36	16556
Loans :						
Anglo-Palestine Bank, due end 1942		2780		2099		1184
Creditors :						
Hassneh Ltd., (on security of 7000 shares Nir Ltd.)	4882		4055		3475	
Various	103	4985	460	4515	622	4097
Profit & Loss Account.	151415		175803		177242	
	181246		201684		199079	
Guarantees	22719		15645		13368	
	203965		217329		212447	

ASSETS:	1939		1940		1941	
	LP.		LP.		LP.	
Securities:						
Shares of various companies		105043		127950		132211
Immovable Property:						
Plot and Histadruth Building, Allenby Rd., Tel-Aviv .	17259		16827		16406	
3 Buildings at Petah Tiqva on KKL land. .	948		924		901	
Amphitheatre in Haifa on KKL land. .	2882		2810		2740	
Building of the Council in Haifa on KKL land .	4053		3952		3853	
Share in Beitenu Ltd. in Haifa	2183		2311		2468	
Share in plot in Jerusalem .	100		100		100	
6 Plots and Building of the Council in Jerusalem .	13108		12781		12461	
Share in Plot and Building in Tiberias					342	
2 Plots in Tiberias . . .	360		351		321	
Plot and Building of the Council in Safad . . .		40893		40056	310	39902
Machinery:						
3 Printing Presses, in use with "Davar"		1108		997		898
Furniture, Typewriters, etc. .		54		43		34
Debtors:						
Vaad Hapoel of the Histadruth	1803		3757			
Various	434	2237	949	4706		2228
Investments:						
Various Loans		31911		27932		23806
		181246		201684		199079
Debtors for Guarantees issued		22719		15645		13368
		203965		217329		212447

Table 68

Income and Expenditure of Hevrath Ovdim 1939 — 1941 (in L.P.)

	1939	1940	1941
INCOME:			
Members' payments	1361,050	1458,700	1185,020
Contribution Vaad Hapoel of the Hist. Workers' Council Jerusalem	19280, —	2104, —	5580,150
Workers' Council Tiberias	10474,852	—	—
Workers' Council Tiberias	360, —	—	—
Dividend off Hassneh Shares	171,720	171,720	621,720
Beitenu	134,960	128,145	156, —
Solel Boneh	4076,809	1183,657	5000, —
Nir Ltd.	1590,020	632,275	632,286
Tnuvah Export	76,335	118,219	—
Hamashbir Hamerkazi	250, —	250, —	250, —
Hassneh	105,202	134,756	175,728
Noa	59,040	58,973	105,070
Even ve Sid	165,097	13,466	—
Misrad Kablani, Tel Aviv	46,652	159,718	1600, —
Kupat Milve Haifa	54,241	45,388	30,348
„ „ Jerusalem	11,100	14,513	2,063
„ „ in Settlements	46,562	34,688	31,372
Binyanei Zibur	51,008	61,563	—
„ „ 1939	53,531	—	—
Consumers' Co-operatives	27,616	14,812	174,561
Heruth	500, —	42,482	252,838
Even	—,298	—	—
Various Co-operatives	8,399	488,507	1332,061
Yakhin, 2 1/2% interest	76,625	76,625	—
Workers' Settlement Centre	—	18330, —	—
Liquidation of Ihud Co-operative	—	300, —	—
Kupat Haco-operativim	—	59,744	11,005
Sohar Co-operative	—	25,451	—
	38981,117	25907,402	17140,222
EXPENDITURE:			
Secretariat and Management	120, —	120, —	—
Interest	218,750	191,668	168,750
Audit Fee	6, —	6, —	6, —
Participation in Loss Misrad Kablani Jerusalem	3000, —	—	—
Expenses re. transfer and purchase of shares	—	45, —	184,500
Depreciation	—	4,100	1113,672
To Vaad Hapoel of the Histadruth	849,387	1152,856	14228,698
	4194,137	1519,624	15701,620
	34786,980	24387,778	1438,602

Table 69

Shares held by Hevrath Ovdim 1939 — 1941

		1939 LP.	1940 LP.	1941 LP.
100 Founders' Shares of Solel Boneh Ltd.	.	5000	5000	5000
44999 Ordinary	" " " "	44999	44999	44999
100 Founders' Ordinary	" Nir Ltd. . . .	5000	5000	5000
5000 Founders' Ordinary	" " " . . .	31632	34186	38935
23328 Ordinary	" Shikun Ltd. . . .	5000	1	1
1 Founders' Ordinary	" " " " . . .	—	23328	23328
4639 Ordinary	" Hassneh Ltd. . . .	1	1	1
3750 " " " " " " " "	" A " " " " " " " "	4992	4992	4757 ⁹⁷³
5. Founders' Ordinary	" B " " " " " " " "	4104	4104	3750
1670 Ordinary	" Workers' Building Co. Ltd.	50	50	50
1 Founders' Ordinary	" " " " " " " "	1670	1670	1670
992 Ordinary	" Misrad Kablani Rehovoth	1	1	1
1 Founders' Ordinary	" " " " " " " "	992	992	992
992 Ordinary	" Public Holdings Ltd. Reh.	1	1	1
10 Founders' Ordinary	" " " " " " " "	992	992	992
100 Founders' Ordinary	" Nir Shetufit Ltd. . . .	10	10	10
100 Founders' Ordinary	" " " " " " " "	100	100	100
100 " " " " " " " "	" Workers Bank Ltd. . . .	100	100	100
109 Ordinary	" Binyanei Zibur Ltd. . . .	100	100	100
1 Founders' Ordinary	" " " " " " " "	109	109	109
52 Ordinary	" Davar Ltd. . . .	—,500	—,500	—,500
4 " " " " " " " "	" " " " " " " "	26	26	26
1 Founders' Ordinary	" Bizur Ltd. . . .	20	20	20
1 " " " " " " " "	" Hamalben Ltd. . . .	1	1	1
420 Ordinary	" Kupath Hacooperativim . . .	1	1	1
1 Founders' Ordinary	" " " " " " " "	—	420	420
1 Ordinary	" Marine Trust Ltd. . . .	1	1	1
1 Founders' Ordinary	" " " " " " " "	1	1	1
121 Ordinary	" Ogen Ltd. . . .	1	1	1
112 " " " " " " " "	" " " " " " " "	121	121	121
1 Founders' Ordinary	" Bezer Ltd. . . .	112	112	112
1000 Ordinary	" Aviron Ltd. . . .	—	500	500
10 " " " " " " " "	" " " " " " " "	—	1000	1000
10 " " " " " " " "	" Nakhshon Ltd. . . .	—	10	10
	" Oz Ltd. . . .	—	—	100
		105043	127950	132211

Table 70
Investments of Hevrath Ovdim 1939 — 1941

	1939 LP.	1940 LP.	1941 LP.
Keren Hoser Avodah, Loan due within 1 year .	2780	2099	1184
Vaad Hapoel of the Histadruhi, due within 7 years	12568	10865	9214
Mis'ada Co-operativith Jerusalem, due within 7 years	2680	2345	2053
Workers' Council, Jerusalem, due within 8 years	10600	9306	8064
Workers' Council, Tiberias, due within 14 years.	218	251	225
Yakhin Ltd., long-term loan	3065	3065	3066
	31911	27931	23806

The Hevrath Ovdim obtains its means from two or three sources; from the big contributions from the U. S. A., from the results of Solel Boneh and perhaps also from the rapid development of Nir. So long as these favourable conditions prevail there are prospects that the Hevrath Ovdim will continue its quick expansion even in the near future.

An important reason for the rapid increase of the capital is also to be found in the absence of management expenses, which is due to the fact that the Company did not interfere up to now with the management of the institutions under its control, though it has unusually far-reaching ways to express a vote and to force a decision, and is entitled to influence the nomination of directors.

The Hevrath Ovdim is only a shareholder of the institutions although generally the chief shareholder. The Company is not responsible, either wholly or partly, for the liabilities of the institutions thus controlled. It has the right to vote in the General Meetings in the name of at least 5% of the voters. It abstains systematically from direct influence in the management of the business of the controlled companies, but certain directors of the various institutions are elected from a list compounded by the Hevrath Ovdim. It has also the right to veto all proposals brought before it. It is, moreover, entitled to nominate 3 umpires to examine the decisions of the institutions and organisations. Of this right the Company does not as a rule make use, and the

system not to interfere too much with the autonomy of the institutions and the independence of their directors, has proved to be the right policy. In the absolute independence of the institutions naturally lies the danger of lack of co-ordination and of strife between institutions with similar aims (e. g. Yakhin and Tnuvah Export). Even the audit unions are unable to prevent this danger, although the Hevrath Ovdim is trying to find a suitable modus of arbitration between the various economic entities. It serves also as "Foreign Office" for the various Histadruth institutions on account of its connections with the international Trade Unions and its parallel organisations.

The preceding figures show that the Hevrath Ovdim is not the exact legal and financial integration of the institutions of the Histadruth. Its holdings of shares in these institutions have not been acquired in order to make profit, they are only the financial expression of the political convictions of this central Histadruth organisation.

An illustrative instance is the participation in Bizur, a company which opened completely new ways for the financing of workers' enterprises. This participation, though small in figures, is exceedingly important and as a matter of fact the Hevrath Ovdim has had an important influence in the direction of the company and its investments and this influence is not proportional to the shares held.

The relations with the Workers' Bank and with Nir are much the same. Also in these companies is the Hevrath Ovdim only a small share holder and although it takes no active influence on the management of these companies, it impresses, nevertheless, its seal on their structure and activities.

There are Histadruth institutions in which the Hevrath Ovdim does not hold any shares, e. g. Tnuvah, Kupath Holim, Nakhshon, though even here, the Hevrath Ovdim is accepted as the controlling body.

2. COMPANIES FOR THE ADMINISTRATION OF WORKERS' BUILDINGS.

The Histadruth has erected in several places, buildings for

the necessities of its members (immigrants' homes, schools etc.) Special local organisations were established for financing and administering these buildings as illustrated by the following table.

Table 71

Companies for the Administration of Public Buildings (in LP.)

Name of Company	Balance as per	Value of building	Capital & reserves	Debts (mainly mortgages)
"Bezer" Ltd., Tel-Aviv . . .	31.12.1940	29332	11042	18659
"Mifal Poalei Petah Tikvah Ltd."	31.12.1940	8647	7	9389
"Nikhsei Hazibur" Ltd. Rehov.	30.9.1941	6132	2778	4192
"Nes Amal" Ltd. Nes-Tsyona	31.12.1940	1300	827	473
"Hatzibur" Ltd. Kfar Saba . .	31.12.1940	5490	1650	4720
"Bitenu" Ltd. Haifa . . .	31.12.1940	9828	35	10473
"R'khush Poalei Afuleh" Ltd.	31.12.1940	1078	1000	708
"Lanu" Ltd. Kiryath Avodah .	31.3.1940	7317	1000	6988
"Haklal" Ltd. Haderah . . .	30.6.1941	3716	956	3525

Bezer Ltd. which was founded in 1934, owns public buildings of the workers in Tel-Aviv and its surroundings. The company aims at acquiring plots and buildings on behalf of the Histadruth. The capital is LP. 10000 composed of one Founder Share, owned by the Hevrath Ovdim, 4999 Ordinary Shares and 5000 Preference Shares. This company owns the "Histadruth House" (Habait Ha'adom), in Hayarkon street, Brenner House and a plot in Jeremiahu street, all in Tel-Aviv. The other companies own workers' halls, schools, meeting-halls, kitchens etc. The table shows that the investments of these companies add up to a considerable sum total. The intrinsic value of their assets and their financial status differ widely, as it is obvious that a company like "Bezer" which has many valuable properties, cannot be compared with a company owning an assembly hall in a village. It might be possible to find a common frame-work for all these companies or perhaps a company forming part of the holdings of Hevrath Ovdim.

It is to-day difficult, especially for an outsider, to estimate the exact value of these various properties, spread all over the country and built up with so much toil and so many difficulties.

They are to be considered only from the wider aspect of the great achievements of the Jewish working community as a whole.

3. CONTROL AND AUDIT UNIONS

For central control and revision, the Hevrath Ovdim relies on the so-called Audit Unions. These are, to a certain extent, comparable with the auditing unions familiar to us from European trade unions.

The Brith Hapikuah Lecooperatzia Zorhanith attached to the Hamashbir Hamerkazi supervises the accountancy of all the consumers co-operatives (Agudot Zorhanioth). Similar institutions exist for agricultural societies (Brit Hapikuah Lecooperatzia Haklaith), for the housing societies (Shikun), for co-partnerships of labour (Merkaz Hacooperatzia) and for Workers' Credit Societies (Brith Hapikuah Lecooperatzia Ashraith).

These audit organisations act more in an analytic and reporting than in a preventive and directing capacity. Hence their defectiveness. The main task of the unions is the drawing up of audit statements, the analysis of business activities in the year under examination and the pointing out of certain flaws in accountancy and in management.

They generally avoid any direct interference with the management of the affiliated institutions which are under examination. This may be an advantage from the point of view of business control; but it is a disadvantage from the point of view of standardised conduct of affairs; though it is true that the functions of the various unions are not uniform.

Thus, for instance, the Merkaz Hacooperatzia, which is the controlling organ for the whole system of trade and purchase co-operatives, plays a much more important part than the Audit Union of the consumers' co-operatives. The Merkaz Hacooperatzia differs from the other audit unions as regards its organising capacity, in so far as it is directly affiliated to the Histadruth (Hevrath Ovdim), whereas the other unions are assigned for organising purposes to their respective central institutions (Hamashbir Hamerkazi, Shikun, Nir Shetufit, Bank Hapoalim).

A special purchase centre, Noa Ltd., is connected with the

Merkaz Hacooperatzia for the transport co-operatives. This company has developed successfully, especially in the direction of co-operative purchase of raw material, a branch of activities which is of the utmost importance for the transport co-operatives. Hence considerable savings could be effected in recent years through the co-operative purchase of fuel and machines, whereas before the establishment of this purchase centre, the co-operatives indulged in a rather unbridled and uncontrolled purchase policy.

Also attached to the Merkaz Hacooperazia is a special Fund, the Kupath Hacooperativim (Co-operatives Finance Centre), intended to act as an auxiliary bank, and financed by subscriptions from the attached co-operatives.

The Audit Union of the housing societies began to operate only at the end of 1937, and is attached to Shikun Ltd.

A much more important function is exerted by the Audit Union of the Agricultural Co-operatives, Merkaz Haklai, in collaboration with Nir Shetufit. It supervises about 220 agricultural collective and worker concerns, including Tnuvah and the agricultural settlement co-operatives. It functions in the allocation of credits on behalf of Nir as well as for the Hevrath Ovdim in an advisory and approving capacity and has developed into an important controlling body in the course of years.

In the same way the Audit Union of the credit co-operatives in collaboration with the Bank Hapoalim controls all the business of the credit co-operatives, thus effecting a systematic supervision of the management of the numerous small urban and rural credit societies.

4. BINYANEI ZIBUR (Public Buildings) Ltd.

Among the instruments created by the Keren Hoser Avodah the Hevrath Binyanei Zibur Ltd. should be mentioned, which was also intended to satisfy the need for increasing the number of public Histadruth buildings.

Most of this company's share capital was subscribed by the Keren Hoser Avodah. The company financed to the extent of over LP. 37000 worth of loans the erection of a number of buildings for medical, educational and cultural organisations,



workers' halls etc. in towns, villages and agricultural settlements. The total capital outlay for these buildings was about double the loans granted and wages alone amounted to some LP. 30 000.

Here again we see the peculiar character of the Histadruth activities which, while attacking a temporary problem, create at the same time a structure of lasting value.

The paid up capital of the company together with reserves, amounts to LP. 11 500. Out of a subscribed share capital of LP. 10 000, LP. 9 500 were fully paid up.

5. PALESTINE WORKERS' FUND ("Kapay") Ltd.

The Palestine Workers' Fund is the oldest financial institution of the Histadruth. It cannot, however, be considered as one of the funds for mutual aid, but for completeness' sake should also be mentioned here.

It was founded in 1913 as a party fund of the Poale Zion for the purpose of furthering co-operative enterprise of the workers. When the Histadruth was established, Kapay served as its financial instrument. Its funds provided for the establishment of loan banks, kitchens, etc.

Many years passed before this fund could serve really productive aims. During the last world war the Kapay funds were used for financing several co-operative industries.

Kapay obtained its means from contributions by members of the Zionist-socialist organisations abroad, and especially from Jewish trade unions in U. S. A. Several items in the balance sheet of Kapay under the heading "participations" serve as a remembrance of well-known enterprises created by Kapay such as the co-operative press "Ahduth" and the loan bank "Misad" in Borohov Quarter near Tel-Aviv. The figures show that Kapay has in the course of time deviated from its original purpose, which was to be a central fund for the working classes. To-day it is only the shadow of its former self, now that the Histadruth has created new financial entities which have taken over the original tasks of Kapay (Nir, Keren Hoser Avodah and, to a certain extent, Bizur).

To-day the Company's main aim is to collect funds from the different Zionist Jewish Labour Parties in the diaspora. The

major part of the funds thus collected are to be used for constructive undertakings of Jewish Labour in Palestine—and mainly those collected in U. S. A.—pass directly through the books of the Executive Committee of the Histadruth. Between 1918 and 1940 the considerable amount of approximately LP. 500000 was thus collected. The monies collected in other countries such as Middle and South America are included in the books of Kapay.



XII. SUMMARY

STRUCTURE AND CAPITALISATION OF THE WORKERS' ECONOMY

An enumeration of the various individual concerns of the Histadruth gives an extremely colourful picture. It starts with agriculture, the organisations of which absorb the major part of the financial strength of the Histadruth. The workers' agricultural enterprise is divided into groups of Kibbutzim and Kvutzoth, the settlements on purely co-operative basis prohibiting all private property, and Moshvei Ovdim, the co-operatives of independent worker-settlers. Their own financing source was the Workers' Bank, to which Nir Ltd. was attached in 1934. Recently individual groups of the workers' agricultural concerns have begun to acquire funds of their own by taxation of members.

Around this structure are grouped concerns evolving from agriculture. In the forefront we have Tnuvah, which serves the purpose of central distribution.

The purchase of raw material and provisioning of the agricultural settlements is the task of Hamashbir Hamerkazi, the central purchasing company of all agricultural institutions of the Histadruth. To this central body there are affiliated the consumers' co-operatives (Agudoth Zorhaniuth) which are controlled by a special Audit Union, the Brith Hapikuah Le'agudoth Zorhaniuth.

We must indirectly include in the agricultural sector the Misradim Kablaniim Lehaklauth, i. e. the societies for the execution of agricultural work - an economic group which, as regards structure and sphere of action, is comparable to Yakhin Ltd., a company for undertaking and executing agricultural work, in particular plantation work. The water-works Mekoroth Ltd., operated jointly with the Jewish Agency, must also be included among these "indirect" agricultural concerns.

Urban and suburban housing are managed by Shikun Ltd.

Such housing takes the form of blocks of workers' dwellings within the towns or small workers' cottages of the one-family type on the outskirts of the towns. There is also a special controlling and auditing body for this branch of the worker concerns, viz. the Brith Hapikuah Le'agudoth Shikun.

The extensive building sector is concentrated in two central institutions, Solel Boneh Ltd., Haifa, and Misrad Hakablani Ltd., Tel-Aviv, with auxiliary groups, the stone-quarry concern Even Ltd., the lime and stone-works Even ve' Sid Ltd. and Heruth Ltd. dealing in electrical and sanitary equipment. The two building companies differ as regards structure and development, but pursue practically the same objects; they function as central building contractors and attempt primarily to create employment for the extensive sector of building-workers within the Histadruth. Both enterprises have succeeded in strengthening their position in recent years, and they constitute one of the most important assets in the whole structure of Jewish Labour economy.

Interest in sea-faring, fishery and aviation is reflected in Nakhshon Ltd. and Aviron Ltd., indirectly also in some port-workers co-operatives. Insurance is divided into two groups: life and general insurance (Hassneh Ltd.) and cattle insurance (Hahaklaith). Two organisations for mutual aid, the Sick Insurance Fund (Kupath Holim) and the Unemployment Fund (Keren Hoser Avodah) developed in strong and financially well balanced bodies.

The groups so far mentioned represent concerns belonging to the Histadruth, i. e., enterprises maintaining a connection, not always of a strictly organisational character, with the central body, the Association of Jewish Labour (Hevrath Ovdim), either directly or through the Audit Unions. A somewhat looser connection exists between these central groups and the extensive complex of co-operatives, which are undertakings built up on a purely co-operative basis. The latter cannot be included among the concerns belonging to the Histadruth; their object is to promote the interests of their individual members. This co-operative group makes up a multi-coloured picture composed of practically all the components of co-operative activity (passenger-transport co-operatives, goods transport co-operatives, printing, textile industry, wood work,

plumbing, building-material manufacture co-operatives and co-operative kitchens). These individual groups are co-ordinated in the Co-operatives Centre (Merkaz Hacooperatzia) which functions also as Audit Union for the co-operatives. Beginnings of a uniform financing policy are to be traced in the recently founded Kupath Hacooperativim, (Co-operatives' Finance Centre) and in a general purchase centre for transport, Noa Ltd.

The financing of these various Histadruth concerns is primarily the task of the Bank Hapoalim, the central Workers' Bank. Organisationally connected with it and controlled by it, is the extensive net of credit co-operative societies. The creation of special credit funds was found necessary for special objects in connection with the development of individual sectors, especially the building sector. Such funds cannot be regarded as concerns belonging to the Histadruth, although their special functions consist in the main in the granting of credits for the carrying out of public building projects, and thus fall within the scope of productive provision for the unemployed. That is how Bizur Ltd. came into being as a credit institute for the promotion of employment, in which Keren Hayesod participates and in which the Workers' Aid Institution founded by the Histadruth, the Keren Hoser Avodah, is the principal partner. It ensures the execution of extensive building projects and combats unemployment. A similar fund exists in "Mish'an", an institution for the alleviation of unemployment; the collection organisation "Kapay", which existed before the foundation of the Histadruth, only acts in a limited capacity.

To complete the picture of this economic structure, we must mention certain cultural and propagandist institutions such as the central newspaper concern of the Histadruth, "Davar", the periodicals "Meshek Shetufi" and "Hassadeh" and the workers' theatre, "Ohel".

Within the framework of this Histadruth balance-sheet there are various auxiliary concerns which would seem to come under the heading of Investments, thus the societies distributed all over the country which own people's houses (Batei Am), meeting-halls, cinemas, clubs, libraries and social institutions, labour exchanges, etc.

In past years, certain special funds were founded for the various Settlements Federations (Keren Hashomer Hatzair, etc.) in particular in connection with new industrial enterprises with the participation of private capital (Tile-works Naaman, Glucose factory Galam, etc.)^{*}).

This sketch cannot claim to be complete because the development is still in process. In the years of so-called prosperity (1933-35) there was a marked boom throughout the co-operative system, especially in the transport co-operatives, and in recent years important military building projects have been allocated to Histadruth concerns, again entailing a rapid enlargement of the scope of the respective institutions (Solel Boneh, Misrad Kablani). In view of the agricultural crisis before the war and the falling-off in citrus cultivation, Yakhin Ltd. has not been able to develop new plantations; it therefore confined itself more to the export of citrus fruit. On the other hand, the influx of new resources for housing necessitated a considerable extension in this branch of economy, especially in the colonies; this has meant the foundation of various funds for special purposes (Keren Beilinson, Batei Kfar).

Up to this point we have confined ourselves to the description of the various parts of this sector according to their external forms, independant of the rôle which they play within the economic organisation of the Histadruth. In so doing, certain types which differ entirely in their structure and development, were inevitably classified together. Thus, for example, although in the chapter on transport motor-bus co-operatives Nakhshon and Aviron Ltd. are included, their structures are fundamentally different; yet the economic function which the three groups perform bears some sort of comparison. The transport co-operative is not a Histadruth economic concern in the true sense, i. e., it is not an "institution" ("Mosad") with shares entirely or partially in the hands of Hevrath Ovdim, or with its business policy

^{*}) It is to be regarded as a sign of considerable strength that the number of communal settlements situated in the Yesreel valley succeeded in establishing a water company (Harod Area Water Assn., Agudath Hamayim Gush Harod) which in recent years developed satisfactorily and in 1941 had an output of 5 million cbm.

controlled by this central body. It is rather an enterprise in the hands of the worker or in the case of the big passenger and goods transport co-operatives, in the hands of "small capitalists", which has nothing to do with the Hevrath Ovdim. On the other hand Nakhshon is a purely Histadruth concern of the same type as Nir or Hassneh, whereas the shares of Aviron belong half to the Histadruth and half to the Jewish Agency.

We have still to examine the various types from the point of view of organisation and capitalisation.

The following diagrams I and II endeavour to give a summary survey of the structure of Histadruth economy and the organisational connection of the several institutions. They show that the purely Histadruth institutions represent only a part of the total economic sector of the Histadruth, but that such institutions exert a considerable influence by way of the audit unions affiliated to them (e. g. Hamashbir Hamerkazi, Shikun, Workers' Bank) also on those members of the economic sector which are not to be regarded as purely Histadruth undertakings, e. g., co-operative societies, communal settlements, smallholder villages. We intended to indicate this interdependence by the lines leading from Nir, Nir Shetufit, to the agricultural settlements, from Workers' Bank to the Audit Union of Co-operative Societies and to Credit Co-operative Societies, from Hamashbir Hamerkazi to the Audit Union of Consumers' Co-operative Societies and to Consumers Co-operative Societies, and from Shikun to the Audit Union of Co-operative Shikun Societies. Should the economic sector of the Histadruth have to be regarded as a trust, then the diagram would have to show Hevrath Ovdim as a central holding company, as having an influence on all institutions and undertakings in any way whatsoever connected with the Histadruth. The fact that the diagram leaves out numerous lines and that Hevrath Ovdim is marked as one of central administrative bodies only, shows that not all Histadruth institutions are dependent on, and accountable to, Hevrath Ovdim.

The following list shows the extraordinary variety both in aims and in economic structure of the various groups — also from the point of view of their legal status: —

THE ECONOMIC INSTITUTIONS OF THE JEWISH LABOUR MOVEMENT

Name of Company or Institution	Legal Status
I. Credit Institutions	
(1) Nir Ltd., Tel-Aviv	Company Limited by Shares
(2) Workers' Bank Ltd. (Bank Hapoalim) Tel-Aviv	"
(3) Workers' Credit Co-operative Societies (Kupot Milveh Ve'hisahon Shetufioth shel Ha'ovdim) Ltd., Tel-Aviv, Haifa, Jerusalem; 11 further branches in Villages ("Colonies") and 6 branches in Smallholder Villages.	Co-operative Societies
(4) Co-operatives' Finance Centre (Kupath Hacooperativim) Ltd., Tel-Aviv	Company Limited by Shares
II. Institutions for the Marketing of Agricultural Produce	
(1) "Tnuvah" Co-operative Society for Marketing of Jewish Workers' Agricultural Produce (Tnuvah, Agudah Haklaith Shetufith Leshivuk Totzereh Mishkej Ha'ovdim Ha'ivrim) Ltd., Haifa, Tel- Aviv, Jerusalem	Co-operative Societies
(2) "Tnuvah" Palestine Co-operative Central Office of Agricultural Settlements (Merkas Shetufi Le'agudoth Haklailoth Tnuvah be'Eretz Yisrael) Ltd., Tel-Aviv	Co-operative Society
(3) "Tnuvah Export" Agricultural Co-operati- ve Society for Marketing Workers' Pro- duce (Tnuvah Export Agudah Haklaith Shetufith Leshivuk Totzereth Mishkej Ha'ovdim Ha'ivrim be'Eretz Yisrael) Ltd., Tel-Aviv, Haifa	Co-operative Society

- | | |
|---|------------------------|
| (4) Hamashbir Hamerkazi | Co-operative Society |
| Society (Hamashbir Hamerkazi Hevrah Cooperativith Lehaspakah shel Ha'ovdim Ha'ivrim be' Eretz Yisrael) Ltd., Tel-Aviv | |
| (5) Consumer Co-operative Societies, | Co-operative Societies |
| (Agudoth Zorhanioth) 64 societies in Tel-Aviv, Haifa, Jerusalem, Villages ("Colonies") and Smallholder Villages. | |

III. Contracting Enterprises

- | | |
|---|---------------------------|
| (1) Solel Boneh Ltd., Central Contracting Office of the Jewish Labour Federation (Solel Boneh, Merkaz Kablani shel Ha-histadruth Haklalith shel Ha'ovdim Ha'ivrim be'Eretz Yisrael) Haifa. Branches in Tel-Aviv and Jerusalem | Company Limited by Shares |
| (a) Lime and Stone Production Company (Hevrath Even ve'Sid) Ltd., Haifa | " |
| (b) Even Ltd., Haifa | " |
| (c) Heruth Ltd., Tel-Aviv | " |
| Note: Companies controlled by Solel Boneh through majority of shares | " |
| 1) Vulcan Foundries Ltd., Haifa | " |
| 2) The Palestine Window Works Phoenicia Ltd., Haifa | " |
| 3) Hadrion Ltd., Tel-Aviv | " |
| (2) Coöperative Contractors Office of the Jewish Workers in Palestine Co-op. Society, (Misrad Kablani Co-operativi shel Ha'ovdim Ha'ivrim be'Eretz Yisrael) Tel-Aviv | Co-operative Society |
| (3) "Yakhin", Agricultural Contracting Co-operative Association (Yakhin Hevrah Shetufith Lekablanuth Haklaith) Ltd., Tel-Aviv, Haifa | Co-operative Society |
| (a) Yakhin Canning Co. (Yakhin Hevrah Leshimurim) Ltd., Tel-Aviv | Company Limited by Shares |
| (b) Kheyamar Ltd. Tel-Aviv | " |

- | | |
|--|---------------------------|
| (4) The Agricultural Workers' Contractors
Offices (Hamisradim Hakablaniim Le-
haklauth) Co-op. Societies in Villages
("Colonies") | Co-operative
Societies |
|--|---------------------------|

IV. Housing and Settlement

- | | |
|---|------------------------------|
| (1) Shikun Workmen's Housing Co. (Shikun
Hevrah Lesh'hunoth Ovdim) Ltd., Tel-
Aviv | Company Limited
by Shares |
| (2) Workmen's Urban Settlement Co-opera-
tive Societies (Sh'hunoth Hapoalim) in
Villages ("Colonies") | Co-operative
Societies |
| (3) ditto in Suburbs and Towns . | " |
| (4) Workers' Co-operative Apartment Houses
(Meonoth Ovdim) in Towns | |

V. Insurance

- | | |
|--|------------------------------|
| (1) Hassneh Insurance Co. of Palestine
(Hassneh Hevrah Eretz Yisraelith Le'
ahraiuth) Ltd., Tel-Aviv | Company Limited
by Shares |
| (2) Hahaklaith Co-operative Society for
Insurance of Cattle (Hahaklaith Agudah
Hadadith Le'ahraiuth Hamikneh) Ltd.,
Haifa | Co-operative
Society |

VI. Mutual Aid

- | | |
|---|--|
| (1) Kupath Holim, Workers' Sick Fund of
the General Federation of Jewish Labour
in Erez Yisrael/Palestine (Kupath Holim
shel Hahistadruth Haklalith shel Ha'
ovdim Ha'ivrim be'Eretz Yisrael) Tel-
Aviv. Branches, Ambulances etc. all over
Palestine | Association regis-
tered under the
Ottoman Law of
Societies |
| Keren Nehut (Invalids Fund) | No legal status |
| (2) Unemployment Fund (Keren Hoser
Avodah) Tel-Aviv | Company Limited
by Guarantee |

- | | |
|---|---|
| (a) "Mish'an" Workers' Association for Mutual Help (Mish'an Agudath Ovdim Le'esrah Hadadith) Tel-Aviv | Association registered under the Ottoman Law of Societies |
| (b) "Matziv" Burial Fund and Families' Support | No legal status |
| (c) Public Buildings ("Binyanei Zibur") Ltd.. Tel-Aviv | Company Limited by Shares |

VII. Publishing Institutions

- | | |
|---|---------------------------|
| (1) "Davar" Workers' Daily Newspaper ("Davar" Iton Poalei Eretz Yisrael) Ltd., Tel-Aviv | Company Limited by Shares |
| (2) "Hassadeh" Agricultural Monthly ("Hassadeh" Yarkhon Lemeshek Haklai Hame'uraw) | — |
| (3) "Hameshek Hashetufi" (i. e. The Co-operative Agriculture Movement) | — |
| (4) "Am Oved" (i. e. Working People) Publishing Co. Ltd. | Company Limited by Shares |

VIII. Seafaring, Fishery

Nakhshon Ltd., Haifa

Company Limited by Shares

IX. Transport

- | | |
|---|---------------------------|
| (1) Passenger Transport | |
| 7 Co-operative Societies: "Hamaavir" Tel-Aviv; "Hamekasher" Jerusalem; "Hever", Haifa; "Drom Yehuda", Tel-Aviv; "Egged", Jerusalem, Tel-Aviv, Haifa; "Ihud Regev", Tel-Aviv. "Mishmar Hamifratz", Haifa | Co-operative Societies |
| (2) Goods Transport | |
| 14 Co-operative Societies | Company Limited by Shares |
| (3) Central Purchasing Organisation. "Noa" Ltd., Tel-Aviv | Co-operative Societies |
| | Company Limited by Shares |

X. Industrial Production and Handicraft

Metal Industry, Plumbing and Sanitary Installations	4 Societies	Co-operative Societies
Wood Manufacture :	4 Societies	
Building Materials :	3 Societies	"
Clothing and Shoes :	5 Societies	"
Printing Houses :	4 Societies	"
Bakehouses :	7 Societies	"
Kitchens :	3 Societies	"
Various :	14 Societies	"

Note: This list does not include factories or workshops belonging to individual institutions e. g. Agricultural Settlements or Settlement's Groups such as : —

- | | |
|--|------------------------------|
| (1) "Naaman" Ltd. Clay Brick Works, Haifa Bay | Company Limited
by Shares |
| (2) "Askar" Ltd. Asphalt Works and Chemical Products, Haifa Bay | " |
| (3) "Galam" Ltd., Karkur | " |
| (4) Eshed-Rimon, Joint Office of Manufacturers of Preserves, Fruit and Vegetable Juices, Ashdod, Jaacob, Givath Brenner, etc . | No legal status |

XI. Agriculture

- | | |
|---|---------------------------|
| (1) 79 Communal Settlements (Meshakim Kibbutziim) | Co-operative
Societies |
| (2) 56 Workers' Settlement Groups in and near Villages and Towns (Kibbutzei Avodah lejad Moshavoth ve'Arim) | " |
| (3) 55 Smallholder Villages and Provisional Settlers' Groups | " |
| (4) Girls' Training Farms (Mishkej Hapoaloth) in Co-operation with Wizo (Women's | " |

International Zionist Organisation), operated by "Habonah" Ltd., Tel-Aviv

Company Limited
by Shares

(5) Financial Funds

(a) Kibbutz Hame'uhad Federation Fund
(Keren Hakibbutz Hame'uhad) Ltd.,
Tel-Aviv

Company Limited
by Shares

(b) Hever Hakvutzoth Federation Fund
(Keren Hakvutzoth) Ltd., Tel-Aviv

"

(c) Hashomer Hatzair Federation Fund
(Keren Hashomer Hatzair) Ltd.,
Tel-Aviv

"

(d) Smallholder Villages Fund (Keren
Hamoshavim) Ltd., Tel-Aviv

"

XII. Supervising and Controlling Bodies

(1) Audit Union of the Workers' Credit
Co-operative Societies in Palestine (Brith
Hapikuah shel Hacooperatzia Ha'ashraith
Ha'ovedeth be'Eretz Yisrael) Ltd., Tel-Aviv

Co-operative
Society

(2) Audit Union of the Workers' Agricultural
Co-operative Societies in Palestine
(Brith Hapikuah shel Hacooperatzia Ha-
haklaith Ha'ovedeth be'Eretz Yisrael) Ltd.,
Tel-Aviv

"

(3) Co-operatives' Centre and Audit Union
of Co-partnerships of Labour (Merkaz
Hacooperatzia Lemalahah, Harosheth u'
Sherutim Ziburiim, Brith Hapikuah) Ltd.,
Tel-Aviv

"

(4) Audit Union of Housing Co-operative
Societies (Brith Hapikuah Le'agudoth
Shikun) Ltd., Tel-Aviv

"

(5) Audit Union of Consumers' Co-operative
Societies (Brith Hapikuah Lecooperatzia
Zorhanith) Ltd., Tel-Aviv

"

XIII. Central Administrative Bodies

- | | |
|--|---------------------------|
| (1) General Co-operative Association of Jewish Labour in Palestine (Hevrath Ha'ovdim Ha'ivrim Ha'shetufith Haklalith be'Eretz Yisrael) Ltd., Tel-Aviv. | Co-operative Society |
| (2) "Nir" Co-operative Society for the Settlement of Jewish Workers (Nir Hevrah Shetufith Lehityashvuth Ovdim Ivrim) Ltd., Tel-Aviv | |
| (3) Companies for Property Administration | |
| (a) "Bezer" Ltd., Tel-Aviv | Company Limited by Shares |
| (b) "Mif'al Poalei Petah Tikvah", Petah-Tikvah | " |
| (c) "Nikhsei Hatzibur" Ltd., Rehovoth | " |
| (d) "Nes Amal" Ltd., Nes-Tsyona | " |
| (e) "Hatzibur" Ltd., Kfar Saba | " |
| (f) "Bitenu" Ltd., Haifa | " |
| (g) "R'khush Poalei Afuleh" Ltd., Afuleh | " |
| (h) "Lanu" Ltd., Kiryath Avodah | " |
| (i) "Haklal" Ltd., Haderah | " |

XIV. Collecting Fund

"Kapay", Palestine Workers' Fund (Kupath Hapoalim ha'Eretz Yisraelith "Kapay") Ltd., Tel-Aviv

XV. Companies belonging jointly to Histadruth Institutions and National Funds

- | | |
|---|---|
| (1) Bizur Ltd., Tel-Aviv | " |
| (2) Mekoroth Water Company (Mekoroth Hevrath Mayim) Ltd., Tel-Aviv | " |
| (3) "Aviron" Palestine Aviation Company ("Aviron" Hevrah Eretz Yisraelith Lete'ufah) Ltd., Tel-Aviv | " |



The only concerns which can actually be grouped under a common denominator in the sense of belonging to the Histadruth, are those under group "Histadruth Institutions" as shown in the Diagram II. These concerns are owned and controlled directly or indirectly by Hevrath Ovdim. They are the property of the general working class, which designation is only understandable when one remembers that every Histadruth member is at the same time a member of the Hevrath Ovdim, the administration of which is practically identical with that of the "Vaad Hapoel" (Executive Committee of the Labour Federation). This does not mean that it is a holding company like any other; nor has it special tasks to fulfil distinguishable from the general policy of the Histadruth. If nevertheless, we include Binyanei Zibur Ltd. in the group of holding Companies, it is because it handles the affair of a collection of most varied companies for property administration representing Histadruth ownership and therefore tending in their general character to the Hevrath Ovdim. Steps are now being taken within the Histadruth to incorporate the shares of these companies in the Hevrath Ovdim.

With regard to the size of stated resources, Nir takes first place, before Solel Boneh, Bank Hapoalim, and Kupath Holim. The variety in this group which, for example, includes Kupath Holim as well as Nir and Nir Shetufith — all these differing fundamentally from each other as regards structure, capital equipment and importance—proves how casually the enterprises were organised as Histadruth-owned concerns. They originated for the most part in connection with some co-operative conception; this is comprehensible if we take into account the lack of capital which compels the adoption of co-operative forms; it was only much later, about 1934, that the usual form of limited companies was adopted (e. g. Nakhshon, Aviron). There are big differences within this group also as regards objects. Yakhin's sole aim is really the procuring of employment for its members, like the original locally organised Misradim Kablaniim; these are therefore contractors. Recently Yakhin acquired its own jam-factory (Yakhin Canning Co. Ltd.) thus creating an industrial concern of its own. In the diagram-

table above the manufacturing enterprises set on foot by Hashomer Hazair with the participation of private capital (Naaman, Askar, Galam) are not included, because they do not come under the category of Histadruth undertakings in the real sense but are secondary enterprises of the Keren Hashomer Hatzair.

The types set down under the heading "Agricultural Settlement's Financial Funds", "Credit Institutions" and "Mutual Aid Funds" are also entirely heterogeneous. Keren Hoser Avodah is to-day the principal fund for relief and employment, whereas Kapay is only a reservoir absorbing various collections of money, especially those from U.S.A., and distributing them partly to working women's settlements. Thus Kapay is an organisation without any economic activity of its own, whereas Keren Hoser Avodah functions as a financing agency for the procuring of employment.

For the above reason it is difficult to draw up any kind of common or "concern" balance-sheet, the various figures not offering any basis of comparison. According to a rough estimate, one may assume that the value of purely Histadruth concerns amounts to 4—5 million pounds, whereas about 2 million pounds may be invested in the total urban co-operative system. If we include in this calculation the investments of Histadruth agricultural enterprises at about 5½ million pounds, and the value of the Histadruth administrative estate (meeting halls, etc.) at a further LP. 500 000, we obtain a total sum of at least 12 million pounds, which may be said to be invested to-day in the sector of Palestinian labour economy.

We have pictured a varied panorama here. A host of concerns have been reviewed which are not at all easy to systematize. A number of the enterprises described owe their origin to emergencies, and it is therefore difficult to include them under a common denominator. Nevertheless certain basic principles and aims can quite unmistakably be traced.

I. The most important aim of Histadruth economy is the procuring of employment for the workers. Institutions like Keren Hoser Avodah and Bizur owe their establishment to this aim. A big concern like Solel Boneh too, seems to subordinate all other considerations in its business policy to the endeavour to

give employment to as many workers of the building trade as possible; Yakhin likewise endeavours to ensure employment for the highest number of people possible; the productive programme of the Kvutsoth is drawn up primarily on the basis of attainable hours of work. This must be so because for one reason, in view of the restricted sources of credit available, intensification of labour is an easier way of attaining their aim than intensification of capital.

Even such credit institutions as the Workers' Bank and Nir, when granting loans, usually go into the question of procuring employment much more systematically than do banks with purely commercial interests.

II. A further characteristic of the Histadruth sector seems to be the predominance of rural economy. Whereas trade unions in other countries owe their chief strength to the towns and have far less significance in agrarian districts, we find just the opposite here. This is due to the fact that in Jewish Palestine an agricultural basis had first to be created, and with it a class of land-workers, if the Zionist programme was to be achieved at all. Looking at the activities of the Histadruth from the point of view of the number of people and the investment of capital, we realize the preponderating significance of agriculture; about two-thirds of the total produce in milk, eggs and vegetables are drawn from worker farms; and the largest dealer, Hamashbir, as well as the most important distributing organisation, Tnuvah, owe their existence to the same source. The two large credit institutions, Workers' Bank and Nir, are also both mainly active in the agrarian field.

Even general institutions such as Solel Boneh and Kupath Holim have a strong tendency in this direction; Solel Boneh and Misrad Kablani draw a considerable proportion of their workers from the land, nor is it mere accident that Kupath Holim built its two big hospitals at Afuleh and Petah Tikvah, both places well away from the big towns.

The latest development in Palestines economic life, the affiliation of industrial plants with agricultural settlements is a move in the same direction.

III. On the other hand, the economic initiative of the Histadruth in the towns is comparatively on a much smaller scale. The two biggest urban activities, the consumer co-operatives and communal housing, do not yield nearly as much interesting information as the rural sector. There is a good reason for this; in this country consumers co-operatives have a more difficult task than elsewhere in view of the extremely modest demands of retailers. And as regards cheap housing money is lacking for the time being, although in this branch sounder knowledge and more capable management may achieve better results.

The Histadruth's activities in the field of urban industry is in sharp contrast to its initiative in the agricultural sphere. Apart from a few producer co-operatives, insignificant as a whole, nothing much has been achieved. There are good reasons for this also. The cream of the Zionist working class purposely concentrates its energies on the land, and is for Zionist reasons supported and strengthened in this by its organisations. There was not much left over for the development of urban economy, because the Histadruth lacked the means and perhaps also because its best brains were engrossed in other problems. Comparison suggests itself here with another great organisation of the country, the Keren Kayemeth, which has neglected the urban land problem for the time being, also for Zionist reasons and for lack of the wherewithal.

Perhaps this policy of the Histadruth, which lays the main stress on the carrying out of trade union interests, should be approved not only from their own point of view but also from the general standpoint. In view of the Jewish bias towards town-life it was necessary to steer in the opposite direction. Moreover, until quite recent times, the development of Palestine industry was hampered; apart from special cases and monopoly concerns which for many reasons are more suited to private industry, there were no markets, contractors or workers.

It seems as though Palestine will soon be ready for industrialisation and it will be interesting to see whether the Histadruth can and will intervene in this field. (It is outside the scope of this report to question whether or not it should). It appears as



though there are tendencies in this direction, but here again the aim seems to be at a decentralisation of industry. Zionist ideals are at work here, as are also the desires of influential agrarian leaders on the look-out for work and wages for their fellow members. It remains to be seen whether producer co-operatives in the towns inside and outside of Palestine will maintain their strength acquired during the present war, apart from passenger transport co-operatives which already in pre-war times worked on a sound capital basis.

IV. Although we have expressed some doubts as to the success of the Palestinian co-operative system in the towns, we can characterise the rural co-operative system in the Histadruth sector as one of the most interesting achievements in this field, even judging by international standards. The communal settlements representing as they do a rare combination of consumer and producer co-operatives, are a unique phenomenon. Although their achievements so far do not perhaps permit a final verdict, it seems to us that the sceptical attitude of the "experts" has been widely refuted. The latter had "proved" the co-operatives to be unprofitable; they had condemned the underlying ideology as being at variance with facts, and had demanded a cessation of this dangerous experiment. Without dwelling on the social pros and cons of this institution, one must acknowledge the astonishing success in the sphere of economy which has marked its progress up to the present. A class of workers, for the most part agriculturally inexperienced, has achieved remarkable results, displaying a selflessness constantly admired even by its opponents. The so-called "ideologists" have developed amazing business qualities. The connecting of individual rural co-operatives in central organisations such as Tnuvah, Hamashbir, etc. also deserves recognition.

V. An unbiased economic observer will be interested in examining the peculiar experiment of the Histadruth from the point of view of the measure in which the collective form is superior or inferior to the capitalistic.

As far as one can judge, a large majority of the enterprises come out favourably in the comparison, for two reasons. A considerable proportion of the undertakings is organised on co-

operative union lines, thus avoiding the weaknesses of state-socialism and bureaucracy. Competition in the best sense is not eliminated; every Moshav and every Kibbutz competes with its neighbour, and free initiative is allowed plenty of scope. Organisations like Tnuvah and Hamashbir also have to compete with other dealers; even if the latter were to disappear in the Jewish sector, there would still be competition with Arab neighbours, and the criticism of purveyors and consumers. Most of the enterprises not formally co-operative, such as the credit institutions, Solel Boneh, etc., have proved their worth. The reason may be that there have always been people happily combining idealism with ability; much depends upon whether this will always be so. These institutions are also immersed in a constant state of commercial strife or competition, and have to dispense with the comfortable protection of state socialism. But perhaps the absence of state protection is one of the reasons for their success.

A working class which has often found itself in opposition, not only in the days of the Turks, to a bureaucracy sometimes passive and sometimes even unfriendly, has been forced to take quite a different course from that followed in countries where parliamentary influence can be brought to bear on the State. It has had to use other weapons. Money was raised by its own efforts, by support from fellow workers abroad in America and, last but not least, by the Zionist organisation; and with the help of these funds unbureaucratic institutions were established which, on the whole, have given a good account of themselves.

VI. Even more characteristic of nearly all the undertakings seems to us to be the inadequate financing, at least at their inception. Hamashbir, Tnuvah, Kupath Holim, all had to start with a few hundred pounds; even now many a Kibbutz starts with scarcely any capital of its own and insufficient long-term credits.

The Histadruth economy was for a long period characterised by a lack of capital, which sometimes made itself felt very acutely; accumulation of capital and the opening up of new sources is, however, also to-day one of its chief tasks.

Various ways have been and are still being pursued for the attainment of this object. Nir Ltd. perfected a system of capital







supply by the clever drawing-in of more or less compulsory investment by "transferors"; and through Preference Share capital supplied in this way it formed a basis on which to build up further Ordinary Share capital. Nakhshon Ltd. solved the problem by a successful drive in America; the Bank Hapoalim also calls on the United States systematically for this purpose, whereas Aviron Ltd. representing the most recent type of Histadruth economy, has managed to form its capital by an exchange of shares with national institutions. The problem is naturally most difficult to solve in the case of co-operatives which can only gradually strengthen their foundations, viz. the total amount of members guarantees, by accumulating profits.

Whereas co-operatives can only accumulate capital very gradually, the matter is much more easily solved in Histadruth-owned enterprises. "Mosadoth" of this kind are capitalistic enterprises as far as their structure is concerned, i. e. they are enterprises which aim at profit-making but which use the profit obtained either directly or through the Hevrath Ovdim to consolidate their reserves or stock of capital, and in this they differ fundamentally from many private enterprises. Thus the line of development of Histadruth economy proceeds logically in the direction of a strengthening and supporting of the "Mosadoth", an aim achieved primarily through the policy of the Hevrath Ovdim. The co-operative system, on the other hand, develops more within its own sector. It is subject to constant changes, depending on the state of business conditions, the grade of employment and the possibilities for capitalisation. Attempts at official promotion of these co-operatives through Histadruth channels are still in their initial stage, although a certain tendency towards the creation of central financing opportunities can already be detected.

VII. Recently a new attempt at the formation of capital has been observed in Histadruth economy, promoted curiously enough mainly by the radical wing, the Hashomer Hatzair. This group is endeavouring to establish a synthesis between socialist and private capital. The idea of the Kibbutz or of a kind of co-operative is brought into line with the principle of drawing in private capital; and in this way they seem to be succeeding in



accumulating quite a considerable capital, especially in the case of young industrial enterprises where large investments are frequently essential.

This form of capitalisation is reminiscent of the system of creating guarantee capital for the purpose of taking up long-term debentures which is practised by Nir Ltd. and Bizur Ltd. The successful issue made by both institutions proves that these credit sources are not yet exhausted. By forming a guarantee-capital yielded by the potential members of the Histadruth economy, an extremely strong credit basis can be created, facilitating the taking up of big loans. The long-term capital thus formed would be the means of solving burning economic problems within the Histadruth, with regard to the furthering of workers' housing, the execution of public works (roads, settlement-building), the consolidation of agricultural enterprises, and the workers' economy in general. Such a guarantee group would be recognised abroad, especially by the Jewish organisations in America, as a practicable credit basis, and would help to supplement the raising of capital through contributions.

VIII. Assistance was given in the first place by the Zionist Organisation through K.K.L. Up to the middle of 1942 the latter had placed more than 3 millions pounds worth of land at the disposal of the settlements. Then the Keren Hayessod and its subsidiary Pasa invested LP. 2250 000 in the Kvutzoth and Moshavim, of which LP. 500 000 have been written off to date, and the Jewish Agency has loaned another LP. 350 000 to the settlements.

These are certainly very respectable figures judged by the standard of the general achievements of these organisations. But they are astonishingly small if we consider the practical result. The same means applied in other spheres, in Palestine or elsewhere, would not have procured productive support for even a fraction of the people here provided for.

The Histadruth complex is at present suffering not only from organisational decentralisation but also from differentiation as to profitability. The quality of the individual concerns, or rather of the individual categories, is extremely varied. Whereas the business management of the "Mosadoth" is conducted entirely on the principle of punctual payment, this was not always — at



least until a certain war-time prosperity set in — the case with the co-operatives. These considerations bring us to the question of organisation. The principle of centralisation should not deprive the various sections of their individual life. All the same the roof must be strengthened and widened, and the organisational structure should be extended through the introduction of controlling bodies which do not confine themselves, like the Audit Unions, primarily to formal auditing, but which above all should have a say in material matters as well. Such controlling bodies are not there to repair the evil but to prevent it. They should be authorised to lay down their policy regarding the various questions which arise and should not confine themselves solely to the detection of mistakes which have already been made. It should be the duty of a central directing body holding all the strings in hand to determine and to further the development of each separate section, without, however, affecting their distinctive character and individuality.

If such a body were formed it would be a means of doing away with friction between the Histadruth and private economy. We all know of the complaints so frequently brought against the Histadruth economy for its use of competitive methods, especially by supporting the so-called industrialised Kibbutzim and industrial co-operatives. They are mostly based on the accusation that the Histadruth tolerates excess hours of work and dumping in its own concerns, whereas it fights the same abuses in private economy by strikes and other means. These contrasts, although most of the accusations are exaggerated, could be avoided if care is taken not to allow little individual industrial co-operatives to enter into unbridled competition with private economy; instead, the central direction of Histadruth economy should come to an understanding with the private industrial sector by direct adjustment of their mutual interests. This can be done in numerous ways; either by the establishment of price agreements and syndicates or by a settlement of the wage question, bearing in mind the situation of the industrial groups, or else by a standardisation of export or the opening of common markets.

IX. The accumulation of capital in the Histadruth sector



results to a certain extent also from restriction of expenditure. As pointed out at the beginning of this study the development of a great number of agricultural settlements was accompanied by most difficult conditions of life for the members. In many cases capital was accumulated at the expense of sufficient nourishment of settlers. The formation of capital of Histadruth institutions was also based on strict curtailment of expenses. For many years a scale of salaries has been operating for employees of the Histadruth, limiting the monthly salary of even the most highly qualified official (e. g. manager of institutions such as Nir, Solel Boneh, etc.) to a scale ranging between LP. 20 — LP. 30 and basing on an elaborate system of payments according to seniority, domestic situation, number of children, etc. The working of this system is not always quite satisfactory from the economic point of view, as a subaltern with many children may earn not much less than a manager of an institution with a capital of hundreds of thousand pounds, and because it leads to numerous cases of injustice in the distribution of salaries. The system has, nevertheless, brought about considerable success to the Histadruth although it requires a high degree of devotion and self-sacrifice on the part of its members.

X. If we ask what was the moving force which within a period of about 20 years made the Histadruth sector such a decisive factor in Palestine economy, the answer is at first rather non-economic. This development is a unique proof that a powerful concern could be established without any capital of its own worth mentioning, but on the basis of an immense asset: the devotion, idealism and enthusiasm of the people. The by far largest number of agricultural settlements was established by pioneers who were able to give nothing but their labour and stake their lives. An example for this spirit is the cultivation of swamps in the Yesreel Valley and the conversion of a barren malaria-infested desert into a string of flourishing settlements. The great achievement of establishing a large number of settlements in the Jordan valley since 1936 in times of severe disturbances proves that development on these lines continues. It is true that these achievements were made possible only by active assistance of

Jewish national capital, but on the other hand the foundation of several Settlement Federation Funds and the activities of Workers' Bank and Nir show that the workers' agricultural sector did not content itself with accepting monies in the form of loans "à fonds perdu", but is rather repaying long-term credits and accumulating capital of its own for settlement purposes. The past years, especially since the outbreak of war, have shown this agricultural activity to be an important asset in the food supply for a large part of the Jewish population in Palestine, and this justifies the emphasis, often criticized, laid on financing agricultural settlement by national capital. Without a Jewish agricultural population the idea of a Jewish National home would ever have remained a torso.

XI. We have attempted to give a picture of Histadruth economy at the end of 1942. Possibly even more interesting than this snapshot itself is the tendency of present lines of development. In such a dynamic organism every momentary situation will soon change. Nearly every chapter hints unmistakably at new developments. The Communal Settlements for instance (and in less degree the Smallholder Settlements) are quite obviously aiming at expansion in every respect; they are trying to increase their numbers and their memberships, and also to incorporate new branches of trade, particularly of an industrial nature; we observe here a tendency towards economic self-sufficiency. We see the possibility of the formation of new types of settlement, something between the Communal and Smallholder Settlements.

Even the auxiliary organisations of the agricultural movement such as Tnuvah, Hamashbir, Nir, the Funds of the Settlement Federations, are possibly still in their initial stages, and may develop into considerable institutions. The original overwhelming dependence on the National Institutions as the suppliers of capital has already diminished, and a further decrease is conceivable. This must at best be a slow process. The financing of these auxiliary organisations by their own funds and resources is becoming increasingly evident from year to year. Only a few years ago there was no thought of this. To-day there are already isolated points in the worker economy which account for a half or more of their investments from funds and from loans and credits granted

by Bank Hapoalim, Nir, Hamashbir, Settlements' Federation Funds, Nir, etc., i. e. from Histadruth enterprises. This is an interesting and noteworthy development.

XII. It is obvious that from the point of view of organisation a certain centralisation of the various bodies embraced by what we might call Histadruth economy seems to be necessary. It has already been pointed out in the course of this study that so far Hevrath Ovdim could fulfil this task only partly, as its direct influence refers only to a certain number, though the most essential and valuable parts, of this sector. The trend of further development of the organisation seems to hint at the necessity of strengthening the influence of the central administrative body on the co-operative movement. Moreover, a powerful central body could naturally eliminate some divergences between the manifold types. It is too early to advocate now a sudden reorganisation of the whole system, the more as one sign of the strength of Histadruth economy has always been the individual activity of the bodies concerned.

* This survey did not set out to prepare a balance-sheet analysis of the various Histadruth concerns aiming at the creation of a condensed or "concern"-balance sheet of all institutions of the Jewish Labour movement. The purpose was rather to present the general broad outline of the whole economic sector of Jewish Trade Unions in Palestine, pointing out the tendencies of its development. If we have succeeded in presenting for the first time a summary of this extensive subject, the purpose of this study has been achieved.

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- (Furthermore the reports and balance-sheets of the institutions mentioned on pages 164—170 have been used.)

GLOSSARY

- Agudah - Association, Society
 Agudah Zorhanith-Consumers' Co-operative Society (pl. Agudoth Zorhanioth)
 Aliyah - Wave of immigration
 Batei Kfar - "Village Houses", workers' settlement fund
 Bizur - "Consolidation", Credit institution promoting employment
 Brith Hapikuah - Audit union for examination, supervision and direction of co-operative societies
 Darom - "South", especially Jewish Settlement in Southern Palestine
 Dunam - area measurement, equal 0,23 acre or 1000 square metres or 1778 pic (square ells)
 Emek - "Valley", generally used for Yesreel Valley
 Emica - Emergency Fund of the Jewish Colonisation association (ICA)
 Eretz Yisrael - "Land of Israel", Palestine
 Even - "Stone" ("Even" Ltd., - a quarry controlled by Solel Boneh)
 Gush Harod - "Harod Area" in the Yesreel Valley
 Gazoz - "Eau gazeuse", soda water
 Hakibbutz Ha'artzi shel Hashomer Hatzair - "The Palestine Group of the Young Watchman" - a Jewish labour party, second in size to "Mapai", advocating a more radical policy
 Hakibbutz Hameuhad - "The United Group" - a federation of settlements
 Halutz - "Pioneer"
 Hamashbir Hamerkazi - "The Central Supplier", central purchasing organisation of the agricultural labour movement
 Hamerkaz Hahaklai - "Agricultural Centre", agricultural department of the Histadruth for supervision, training and advising the Histadruth's agricultural movement
 Hashomer Hatzair - "The Young Watchman", (see Hakibbutz Ha'artzi)
 Hever Hakvutzoth / Ihud Gordonia - Federation of smaller Kvutzoth mainly consisting of right-wing members of Mapai
 Histadruth - "Organisation", the General Federation of Jewish Labour in Palestine
 Hitahduth - Association
 Hitahduth Megadlei Habakar - "Cattle Breeders' Association"
 Hityashvuth - "Settlement", main aim of Jewish colonisation policy: final settlement of Jewish farmers
 ICA - Jewish Colonisation Association, founded 1891, see PICA
 Jewish Agency for Palestine - (Hebrew: "Hasochnuth Hayehudith le'Eretz Yisrael") central representative body of Palestines Jewry towards the Government
 Jewish Colonisation Association - see PICA
 Jewish Colonial Trust - founded 1899, Jewish colonial bank, (later established Anglo-Palestine Company (APAC) now Anglo-Palestine Bank).



- Jewish National Fund - see Keren Kayemeth Leyisrael
- Irgun Megadlei Dvorim - "Bee-keepers' Association"
- Irgun Megadlei Hatzon - "Sheep Breeders' Association"
- Irgun Megadlei Ofot - "Poultry Breeders' Association"
- Irgun Ovdei Hafalha - "Grain Growers' Association"
- Irgun Ovdei Hamataim - "Planters' Association"
- Kapay - "Palestine Workers' Fund", abbreviation for "Kupat Poalim Eretz Yisraelith", founded in 1913 for furthering workers' co-operative enterprises in Palestine
- Keren - "Fund" (pl. Kranoth)
- Keren Hayesod - "Palestine Foundation Fund", central fund for the financing of Jewish economy in Palestine, established 1920
- Keren Hoser Avodah - "Unemployment Fund" of the Histadruth
- Keren Kayemeth Leyisrael - "Jewish National Fund", established 1901, central organisation for purchasing and nationalization of land in Palestine.
- Kibbutz - Collective organisation, rural communal group in Palestine (plural Kibbutzim)
- KKL - see Keren Kayemeth Leyisrael
- Kupat Hacooperativim - "Co-operatives' Fund"
- Kupat Holim - "Sick Fund" of the Histadruth
- Kvutzah - Communal settlement in Palestine (pl. Kvutzoth)
- Lishkat Hamas - "Tax Office", contributions collecting office of the Histadruth
- LP - Palestine Pound, equal Pound Sterling, divided into 1000 mils, official currency in Palestine
- Maccabi - Jewish Sports Organisation
- Makor - "Fountain" (pl. Mekoroth)
- Misrad Kablani Cooperativi - "Co-operative Contractors Office"
- Mapai, Miflegeth Poalei Eretz Yisrael - "Palestine Jewish Workers' Labour Party", Palestine largest political party, comparable to the British Labour Party in policy
- Mekoroth - (see Makor) "Fountains", name of water company
- Merkaz Haklai - see Hamerkaz Hahaklai
- Merkaz Hacooperatzia - "Co-operatives' Centre", central control organisation of co-operative societies
- Merkaz Hahinuch - "Educational Centre" of the Histadruth
- Meshek - Agrarian unit, "farm", also used as economic unit in general (plural Meshakim)
- Mosad(oth) - "Institution(s)"
- Moshav Ovdim - Smallholder village (pl. Moshvei Ovdim)
- Moshava - Rural settlement comprising private farms (pl. Moshavoth)
- Nir - "Furrow", Financing institute for medium term agrarian credit
- Noa - "Moving", Purchasing centre of the transport co-operative societies
- Noar - "Youth"
- Noar Akiba - Religious youth movement



Ohel - "Tent", Palestine Workers' Theatre
 PASA - Palestine Agricultural Settlement Association
 Palestine Foundation Fund - see Keren Hayesod
 PICA - Palestine Jewish Colonisation Association, took over from ICA the colonies in Palestine established by Baron Edmond de Rothschild
 Pic - Area measurement, equal to 1 square ell or. 572 square metres
 Plugah - Federation of settlers prior to allotment of land by the Keren Kayemeth LeYisrael and a budget by the Keren Hayesod
 Poalei Zion - "Workers of Zion", Jewish labour organisation founded in Russia
 Shehuna - "Quarter", (plural Shehunot)
 Shehunat Ovdim - "Workers' Quarter"
 Sochnuth - see Jewish Agency for Palestine
 Solel Boneh - "Road Maker, Builder" largest building contractors in Palestine
 Tnuvah - "Produce", society for the sale of agricultural produce
 WIZO - Women's International Zionist Organisation
 Vaad Leumi - "General Council" of Jewry in Palestine
 Yakhin - (cf. 1 Kings 7,21) the Central Plantation Company of the Histadruth
 Zafon - "North"
 Zorhan - "Consumer"

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