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# The Tantalizing Aroma of Citrus Blossoms

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FOR MOST PEOPLE in the Yishuv—the pre-state Jewish community in Eretz Israel (Palestine)—in the late Ottoman and the British Mandate periods, citriculture evoked a tapestry of images that would later evolve into sacred symbols of the Israeli experience: the tantalizing aroma of citrus blossoms blanketing the whole country, heralding the end of the cold winter and the advent of spring; the picker’s pleasant fatigue at sunset after a grueling day in the orchards in agonizing struggle for the “conquest of labor” (the Zionist term for establishing the primacy of Jewish, as opposed to Arab, labor); and the ardent faith, the parched throat, and the clenched fists in vehement protest against Jewish citrus growers in the *moshavot* (privately owned agricultural colonies, sing. *moshava*) who used Arab labor. The imagery included fresh orange juice at streetcorner kiosks and in household kitchens; the reliable low-tech metal orange squeezer with the long handle; the bitter taste of green, unripe oranges, which twists faces into that well-known expression of abhorrence; homemade orange candies and the assorted byproducts of Assis, Ltd. A whole succession of visual symbols identified the citrus enterprise with the young, muscular *haluts* (Zionist pioneer): the sturdy hoe, clutched firmly, the first furrows in the orchard, and the outcome—citrus trees sagging with their bounty of gleaming fruit. All of these were ineradicable images of the burgeoning Jewish settlement project in Palestine.

Underlying this world of symbols was a socioeconomic reality without which it could not have existed. It seems, however, that Israel’s historical memory has generally overlooked this reality, just as the inhabitants of the Yishuv banished it from their consciousness. Instead, an alternative value system with its own cohesive set of symbols came into being—a Socialist Zionist worldview

that crowded out the capitalist sociocultural reality of Palestine's private Jewish citrus growers and relegated it to the margins of national legitimacy.

From its inception in the second half of the nineteenth century until the outbreak of World War II—which is the chronological framework of this study—Jewish citriculture, based on private capital and hired labor, was a leading industry in Jewish private enterprise in Palestine. However, the vanguard socialists of the Second Aliya (those who reached Palestine in 1904–1914, in the second of five large waves of Jewish immigration), who became the leaders of the Yishuv during the British Mandate era, fashioned a cohesive ideology that considered private capital and private initiative an illegitimate path to the fulfillment of Zionist aspirations. According to the logic of the socialist Zionist leaders, private capital was “anti-national,” that is, it aimed not to attain national goals but to amass individual profit. This rationale focused on private citriculture with particular vehemence because this branch of private enterprise offered a viable alternative to the mainstream views of the Zionist Organization (ZO) and, particularly, of the Zionist Labor Movement—both of which had consecrated two basic Zionist values, public ownership of land and Jewish (“Hebrew”) labor, as essential conditions for the Jews’ national repatriation. We deal with these issues presently, but at this point it suffices to say that private citriculture was unique in the realm of Jewish private enterprise in Palestine, most of which was concentrated in urban settings.

Just the same, the tantalizing aroma of Palestine's orange blossoms was one of the most conspicuous indicators of spring in Palestine for several generations, not only because it was popularized in literature and song but also, and mainly, because it was real. Vast parts of the country were blanketed with citrus orchards, owned by Jews and Arabs alike. Not only did the orchards transform entire regions (such as the Sharon Plain) into settled, cultivated areas, and not only did even cooperative and collective rural settlements affiliated with the official Zionist Movement—*moshavim* and *kibbutzim*—join the veteran *moshavot* in numbering citriculture among their main endeavors in agriculture, but the cities and their peripheries, especially in the coastal lowlands, were soon layered with orchards.

Jaffa, the epicenter of citriculture in Palestine, was a verdant town where visitors since the nineteenth century (and even earlier, in fact) had been presenting detailed and picturesque accounts, including the scents of the orchards and the juicy sweetness of their produce, of the citriculture activity all around. In the early twentieth century and during the British Mandate era (1918–1948), orange groves were still Jaffa's hallmarks. The demographic, economic, and cultural center of the ascendant Yishuv, Tel Aviv—which started out as a neighborhood of Jaffa—was also enveloped in citrus. Even city-bound teenagers who could not see orchards from their windows visited them, if only when they were inducted for harvest work as part of the afore-

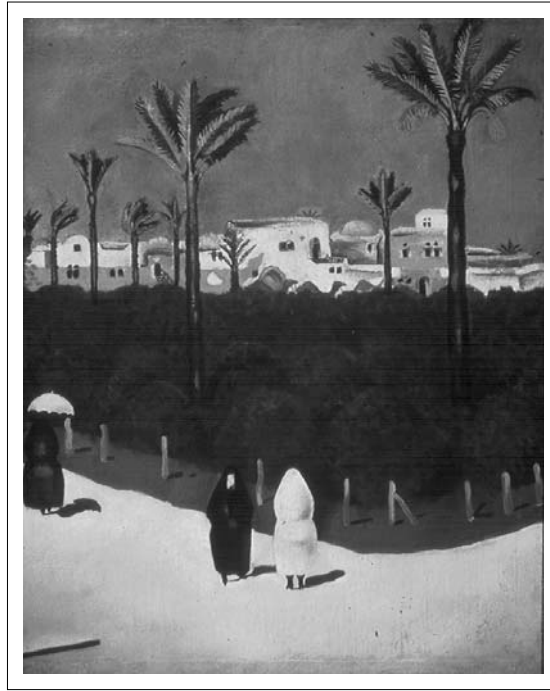


FIGURE 1.1. Nahum Gutman, *Orange Groves in Jaffa*, 1928.

mentioned continual struggle for the “conquest of labor.” One of the first experiences that Jewish immigrants encountered in Palestine was working with a *turiyya* (hoe) in a “Hebrew” orange grove. Desperate to make a living, the new landed often headed straight from the boat to one of these orchards.

Another recurrent image was the Hebrew worker as the bearer of an ideology. Such people found in their bonebreaking labor in the groves a twofold realization of their Zionist and socialist goals. First, it gave them a supreme opportunity to turn the upside-down “Jewish occupational pyramid” right side up again by “returning to the soil” and acquiring title to that soil by means of grueling physical labor. Second, it allowed them to enlist in the all-out socialist war against the employer, the Jewish farmer, whom they perceived as a ruthless capitalist who lacked national values and concerned himself with the bottom line only.

A typical example of this double-edged attitude toward private citrus growers may be adduced from the Second Aliya pioneer and future leader of the Zionist Labor Movement, Berl Katznelson. A short time after his arrival in Palestine, Katznelson visited Petah Tikva (about ten kilometers northeast

of Jaffa) and experienced an epiphany by exhausting himself in manual labor. "It's good for you! Physically good. So good that it can't be expressed in words!" Ironically, twenty-five years later, as a prominent socialist national leader, Katznelson took part in a vigil in the citrus groves of Kfar Saba (twenty kilometers northeast of Tel Aviv) against the erstwhile employers.<sup>1</sup>

Katznelson and other Zionist Labor Movement leaders knew full well that their struggle might be harmful both to the cause of Hebrew labor and to the colonies' socioeconomic vitality. Nevertheless, they preferred to preserve their dichotomous set of values and symbols rather than to endorse the concept of private enterprise in any way. Even a *de facto* rapprochement between private citrus growers and the Yishuv's Labor leadership during the turbulent years of the Arab uprising (1936–1939) failed to bring about any change in the Labor ideology. Labor's principled attitude toward private enterprise and the citrus industry remained the same—nonrecognition of their contribution to the fostering and solidification of the Zionist enterprise.<sup>2</sup> In view of Labor's ideological hegemony and political dominance of the Yishuv and the State of Israel until 1977, it should come as no surprise that Jewish citriculture was marginalized in public consciousness and in scholarship as an economic and social endeavor that hardly deserved serious attention.

#### JEWISH CITRICULTURE AS A PRIVATE ENTREPRENEURIAL INDUSTRY

In this respect, the fate of the citrus industry was hardly different from that of other private economic endeavors in the Yishuv. Those endeavors were also crowded out for years—especially in "establishment" historiography—in respect to their contribution to the Jewish settlement venture in Palestine. This outlook, however, has changed recently. Today, Jewish private enterprise in Palestine at the end of the Ottoman period and throughout the British Mandate has gained increased attention.<sup>3</sup> Economic and demographic data show that it was the private sector, not the public sector of the organized Zionist movement, that was dominant in the economic, demographic, and even social development of the Yishuv.<sup>4</sup> Ideology and its attendant rhetoric notwithstanding, the occupational pyramid of Jewish society in the Diaspora was not overturned in the Palestine context; there was no mass outflux of Jewish laborers from cities to villages. The overwhelming majority of Jews in pre–World War II Palestine remained city dwellers, as they had been in their countries of origin.

The composition of the Yishuv's employment structure, however, was markedly different from that in the Diaspora. Diaspora Jewry and its choice of occupations were pronouncedly urban. Among those who moved to Palestine, however, 21 percent of persons employed in 1922–1939 took up agricultural labor, a vocation hardly encountered in the Diaspora. This, however,

did not amount to a revolution. Most Jewish labor gravitated to service industries (which employed half of the Jewish labor force in this period) and manufacturing (18 percent in 1922, 23 percent in 1939), two fields of economic activities that were dominated by the private sector. What is more, most capital (80 percent) that flowed into the country between the two world wars was private.

An itemization of the Jewish domestic product in Palestine in 1922–1935 shows that service industries accounted for 65 percent; manufacturing 22 percent, and agriculture only 13 percent (all in average terms for the period). Agricultural settlement, of course, was the ideological and practical jewel in the Labor Movement’s crown and the recipient of most of the Zionist Movement’s budgetary exertions between the world wars. However, the data show that most Jewish agricultural output derived from citrus (38 percent in 1922 and a whopping 75 percent in 1935), an industry almost exclusively in private hands, and not from the dry farming activities that were typical of the Labor Movement’s settlements.<sup>5</sup>

Moreover, from the end of the Ottoman era and especially under the British Mandate, citriculture was the country’s leading export industry in both the Arab and Jewish sectors, which divided up harvests and orchard area almost equally. Citrus exports accounted for 43 percent of export’s value in 1927 and nearly 84 percent by 1935.<sup>6</sup>

It is a less-known fact that during this period, the Jewish National Fund (the JNF—the land purchase and development agency of the Zionist Organization) held title to only a small fraction of Jewish-owned land. Most Jewish land was owned by private entrepreneurs, many of them citrus growers. This stands in stark contrast to the conventional wisdom about Jewish settlement as a project conducted almost exclusively on “nationally,” that is, Zionist Organization, owned land. By 1914, the JNF had managed to acquire a mere 4 percent of Jewish-owned land. In 1929, it held 23 percent of all areas in Jewish hands. About 31 percent was owned by the Palestine Jewish Colonization Association (PICA, a society that promoted Jewish settlement in Palestine, established by Baron Edmond de Rothschild), and the remainder, approximately 46 percent, was held by private owners. Even at the end of 1936, only 26 percent of Jewish land was under “national” ownership.

Most JNF-owned land in this period, roughly 74 percent, was situated in three valleys in the northern part of the country: Zevulun and Jezreel (48 percent) and Jordan (26 percent). The remainder, owned by private individuals and the PICA, was on the coastal plain—from Zikhron Yaakov and Hadera in the north to Nes Tsiyyona and Rehovot in the south. In the interwar period, this was the country’s main citriculture region.

Agricultural settlement financed by the ZO institutions lacked a majority in additional respects. As of 1936, only eighty-five of 203 Jewish settlements (42 percent) had been established by the “national” funds (Keren

Hayesod and JNF). Of the 118 other localities, seventy-seven had been settled by private companies and individuals; twenty-two by PICA; and seven-teen by various public (but not “national”) companies.

The demographic picture is even clearer. Only 23 percent of the Jewish rural population dwelled in “national” (Keren Hayesod) settlements as of the end of 1936. The vast majority of Jewish settlers, 77 percent (76,000 of 98,000), lived in privately owned agricultural villages—moshavot—where the main type of farming was most often citriculture.<sup>7</sup>

Due to the size of the Jewish citrus industry in “dunamage” (the land unit during this time, and to this day in Israel, was the *dunam*—one-tenth of a hectare and approx. one-fourth of an acre) and number of orchard owners, and due to its importance as the Yishuv’s main export industry, citriculture provided a livelihood for tens of thousands in occupations as diverse as unskilled picking, carpentry and haulage, and expert irrigation and entomology. In times of economic crisis, for instance, the one that erupted during the Fourth Aliya (1924–1928), citriculture provided employment for thousands of idled urban workers. Its growth led to economic, social, and demographic expansion and the consolidation of the veteran moshavot, now termed “orchard moshavot,” and in new localities that were based on citrus *ab initio*. This consolidation facilitated the absorption of thousands of immigrants and gave many of them an opportunity to experience the Zionist “rite of passage” of physical labor and return to the soil.

Nevertheless, in the contest for the Israeli collective memory the “socialist valley” defeated the “capitalist coastal plain.” Wheat fields took precedence over citrus groves, pioneers vanquished orange growers, and the ideological struggle for Hebrew labor defeated the burgeoning cooperation between Palestinian-Arab citriculture (and citriculturists) and Jewish citriculture (and citriculturists).

It is not the intention of this book to deal with the enshrinement of these images in the Israeli collective memory; this is a subject that requires separate research. Instead, the following chapters will sketch a realistic approach for the examination of their empirical roots that, like all images, were anchored in sociocultural contexts. Additionally, this study does not intend to disparage the important role played by the Zionist Labor Movement and, *a fortiori*, the Zionist Movement, in realization of the Zionist enterprise. The history of the Yishuv and the Zionist settlement venture simply cannot be described if the Labor Movement and its crucial role are overlooked. Instead, my purpose here is to probe and evaluate the nature and activities of private enterprise, an important sector of the Yishuv that has been given short shrift in research and public consciousness.

Thus, the main goal of this book is to examine the ideology and the socio-economic activity of private enterprise in the Yishuv through the prism of Jewish citriculture. In view of the dominant étatist and socialist ideological views

of the Zionist leaders, who wished to subordinate Jewish private initiative to the agenda of their movement and its institutions, I attempt to examine how the private citrus growers explained their worldview and their economic activities. In many respects, Jewish citriculture may serve as a model for the status that private enterprise attained in the Yishuv during its lengthy formative period between the First Aliya (1882–1904) and the beginning of World War II, in its ideological rationales and its economic *modus operandi*. Just the same, the citrus industry was also unique among areas of private enterprise such as services, manufacturing, and construction, due to its activity in the major ideological and symbolic arena that the Zionist Movement claimed as its own: agricultural settlement, return to the soil, acquisition of land, “conquest of labor,” and relations with the local Arab population. This seems to lend the study of Jewish citriculture as a settlement venture and as a paragon of private enterprise a much broader meaning than that of other private enterprises.

In addition to the main goal noted above, our treatment of citriculture will diverge from the accepted macroeconomic point of view in the economic discussion of Jewish Palestine. Thus, the economic analysis in this study relegates aggregate indicators (such as product or output at the national level) to the background and strives to show how basic economic considerations at the individual or firm level shaped activity in the industry at large.<sup>8</sup>

#### FOUR SPHERES OF INFLUENCE

Four main spheres of influence created a framework within which Jewish citriculture functioned. The first encompasses the nature and *modus operandi* of *Zionist settlement as a form of European colonial settlement*. It was a settler society but a unique one, driven mainly by modern national motives, with universal features rooted in the Judeo-Christian ethos and a special emphasis on the repatriation of the Jewish people. The overall nature of Jewish national settlement in Palestine as a colonial endeavor is not the concern of this study; research wages a lively debate about the matter.<sup>9</sup> Nevertheless, there can be no doubt that in the first sixty years of Zionist colonization in Palestine beginning in the early 1880s, an economically and socially developed European immigrant population settled an underdeveloped non-European region inhabited by an indigenous population. During this settlement process, land was acquired from local inhabitants to create a territorial basis for the establishment of a European society alongside the indigenous one. Furthermore, the institutional and conceptual framework of European colonialism, especially before World War I—one that included the formation of settlement companies, financial services, and metropolis-colony relations—was the one in which most Jewish immigrants, Labor Movement pioneers and private settlers alike, actualized the process of their return to the Land of the Patriarchs. After the British conquest, the country came under the dominion of the

world's foremost colonial power, and the regime set up in Palestine was crafted and administered under the guidelines and outlooks of a British crown colony. What is more, Britain was obligated under the terms of its Mandate from the League of Nations to implement a pro-Zionist policy that would facilitate the realization of the Zionists' goal.<sup>10</sup>

From the inception of the British Mandate to the beginning of World War II, a fully integrated, modern Jewish national society was established in the country. The local Arab population, however, did not simply vanish, and two interacting national societies developed side by side.

This process—colonial settlement at the outset and the formation of a dual society later on—also affected Jewish citriculture. The availability of capital, land, and labor were influenced by the nature of Jewish settlement as a colonial endeavor and this, in turn, greatly influenced the citrus growers' social and economic decisions. Moreover, the new Jewish settlement project was a distinctly modern element in the premodern social and economic context of late-nineteenth-century Palestine. Even in the first half of the twentieth century, during the Mandate era, the Yishuv remained the leading element of modernity despite signs of growth and modernization in the Arab economy.<sup>11</sup> Thus, the modern dimension of the Yishuv economy had a considerable effect on the nature of Jewish citriculture. Finally, political relations with the Arab population made an economic impact on Jewish citrus growing, as discussed in the following chapters where necessary.

The second sphere of influence was that of *interrelations with Arab citriculture in technology, organization, financing, and marketing*. These matters are discussed below, but here it should be emphasized that citriculture in Palestine was not a Jewish import; it was already considerably developed at the time of the Jews' arrival in the late nineteenth century and had been exporting produce to Britain, Turkey, Egypt, and other countries. Arab citriculture was concentrated in the vicinity of Jaffa, close to the country's main port, where climatic, agronomic (especially in the availability of water), and marketing conditions were well suited for its development.

When the Zionist settlers appeared, only Arab-owned plantations produced citrus for export. In 1914, Arab citriculture still accounted for more than 72 percent of the country's citrus exports. Even during most of the interwar period, Arab citrus exports surpassed that of the Jewish industry. Not until the mid-1930s did the Jews catch up. Arab growers did as much new planting as Jewish growers. By the end of the period at issue, Jewish and Arab citrus holdings were equally divided and Jewish exports did not account for more than 60 percent of total citrus exports. Thus, Arab citriculture also expanded significantly and, like Jewish citriculture, gave evidence of vigorous capitalistic activity.

The history of Arab citriculture is not the main subject of this book and data on the Arab sector is still fragmentary, with much room left for special-



ized research that entails access to Arab sources from the era in question. Such research would explain in greater detail the role of Palestinian-Arab citriculture in the industry at large. Be this as it may, the Arab citrus industry “accompanied” the Jewish industry during the late Ottoman and interwar periods, when Arab growers worked in rather close contact with their Jewish counterparts. Therefore, the Arab sector will be a permanent object of reference in this study and, where possible, the discussion will deal specifically with various aspects of the Arab growers’ activities.

The third sphere of Hebrew citrus growing is connected to *the negative attitude of the Labor Movement* toward private agriculture in particular and to private enterprise in large in the context of the national economy. This challenge appeared as a permanent cultural feature throughout the emerging Zionist society, and its influence on private citriculture will be discussed in chapter 2.

The fourth sphere includes the policies and attitudes of the *Mandatory Government* in Palestine and H.M.G. in Britain. In stark contrast to the mainstream étatist and socialist ideological outlook of the Yishuv, which disparaged and criticized private economic and social activity, the Mandatory Government lent it full support. The government’s stance, flowing from the worldview of economic liberalism, severely limited its own involvement in the economic life of the country generally and in citriculture, a bastion of private enterprise, in particular. Concurrently, the government assumed the “classic” economic functions of the liberal school by facilitating the creation of conditions for private activity, for example, establishing a monetary system, providing a transport and communications infrastructure, and so on.<sup>12</sup>

These four broad spheres of influence, within which Jewish citriculture operated, will serve us as a comprehensive frame of reference that will reside in the background of our discussion and, where necessary, will receive our attention.

#### THE ENTREPRENEUR AND ENTREPRENEURSHIP: THEORETICAL CONTOURS

Jewish citriculture during the Mandate era was a private enterprise or “entrepreneurship,” and the person engaged in this activity was an “entrepreneur.” Notably, scholarly opinion is divided about the precise definitions of those terms. One of the most widely accepted definitions of an entrepreneur—a word coined in 1730 by Richard Cantillon, an Irish banker residing in France—is a businessperson who operates and is willing to take risks under conditions of uncertainty. According to classical theoreticians of economics, however, as Yair Aharoni notes, the economic system contains a known number of variables about which there is complete information and certainty; thus, in their view, the entrepreneur actually plays a rather limited role. In

the economic systems of the classical theoreticians, the individual who acts within an economy is a “capitalist.” However, these thinkers fail to determine whether the capitalist’s “profit” is the price of the use of capital or whether the burden of uncertainty is part of it as well.

Today, the accepted view among economists is that the entrepreneur fulfills a vital role in the economic system, especially in its development. In 1921, Frank Knight, like Cantillon, defined the entrepreneur as a person who operates under conditions of “uncertainty” and, therefore, faces the hazard of immeasurable risk. Such activity stands in sharp contrast to the task of managers, who function under conditions of certainty and measurable risk.<sup>13</sup>

The most important theoretician in the matter of defining entrepreneurship, Joseph Schumpeter, also notes the “entrepreneur”–“manager” dichotomy. Schumpeter argues that the entrepreneur not only bears the risk and operates under conditions of uncertainty but is also primarily an innovator and trailblazer in technologies, discovery of undeveloped markets, and more efficient organization of existing resources. The entrepreneur is characterized by profoundly operating outside the area of the routine. Schumpeter stresses the importance of the entrepreneur as the bearer of technological and economic progress, an innovator who disrupts the existing equilibrium in the capitalist system and, by so doing, generates short-term cycles of instability and a long-term process of growth. The manager, in contrast, remains part of the static system.<sup>14</sup>

Schumpeter’s critics accuse him of investing the “heroic” nature of the entrepreneur with excessive importance and belittling processes of adjustment and change amidst routine activity. Thus, another theoretician, Fritz Redlich, states that when economic reality is observed not from the “heroic” point of view but from a long-term perspective, it turns out that “subjective innovation is the routine” in all successful business activity. Redlich stresses processes of adoption and adaptation, rather than invention, in the transfer of current technologies; the innovation that occurred in certain family firms for generations, and the range of activities that a businessperson carries out as manager, entrepreneur, and innovator. However, Redlich attempts to distinguish between manager and entrepreneur not only in firms where the manager is also the owner but also in large corporations that are administered by a complex hierarchical system. He sums up his argument by defining an entrepreneur as the player who makes strategic economic decisions, be it the owner of a private company or the senior management of a corporation.<sup>15</sup>

David Landes defines an entrepreneur as “a decision-maker of the economy.” Landes’s definition includes small business owners, “the newer class of pure managers” (a distinction in which he was preceded by Redlich), and decision makers in government bureaucracies.<sup>16</sup>

Another characteristic of the entrepreneur was observed by Arcadius Kahan, who also recognized the elements of risk and innovation in entrepre-

neurial ventures. Kahan's unique contribution to the theoretical definition of the entrepreneur was his insight that the entrepreneur recognizes genuine opportunities that others fail to see.<sup>17</sup> Several years ago, Peter Temin, returning to the classic definitions of Knight and Schumpeter, made an effort to clarify the definitions of these terms. He claimed that entrepreneurs are "agents of change" who tackle the challenge of the unknown and "unmeasurable risk." Managers, in contrast, are "agents of stability" who deal with "measurable risk." An important observation by Temin, which takes Redlich's view one step forward, is that in a modern economy, in which large corporations are important players, the manager—who is generally not the owner—becomes the entrepreneur. Although Temin's reasoning does not challenge Redlich's frontally, his observation implies that it does not suffice to make strategic decisions in economic matters, as Redlich postulates, since such decisions may also be made by the manager, whose level of activity is stable. For business decisions to be considered entrepreneurial, they should lead to changes and meaningful breakthroughs.<sup>18</sup>

In addition to predominantly economic definitions of entrepreneurial initiative, there are observations that pertain to the degree of legitimacy that society grants to such activity. Legitimacy (or lack of it) may be spelled out within a defined ideological system or may exist within a value system that is not always defined in explicit ideological terms. Yair Aharoni, for example, who defines an entrepreneur as one who is willing to accept the consequences of economic activity under conditions of uncertainty, states that the degree of risk the entrepreneur assumes is subjective and depends largely on society's attitude toward entrepreneurial activity. Alexander Gerschenkron, in contrast, finds that negative social attitudes toward private enterprise have no significant effect on economic growth and initiative unless they are accompanied by government sponsored anti-entrepreneurial actions.<sup>19</sup>

Additional noneconomic factors that have been found to influence private entrepreneurial activity are characterized by conflicting tendencies. For example, social mobility spurs private enterprise but its absence may also trigger private initiative. The entrepreneur's social status has the same clashing effects. On the one hand, marginal status or location often triggers private enterprise, as the entrepreneur is eager to integrate into the mainstream and to exploit economic opportunities that the mainstream ignores. This posture is often stressed in explaining the entrepreneurial activities of immigrant and ethnic groups.<sup>20</sup> On the other hand, extreme social marginality is unwanted because it distances those on the fringes from the institutions of society at large. Thus, research on the noneconomic factors in entrepreneurship emphasizes social integration, rather than extreme marginality, as a prerequisite for entrepreneurial activity.

David McClelland and Everett Hagen focus on the psychological element in entrepreneurship. McClelland notes the private entrepreneur's need

for achievement and Hagen regards the individual's or group's loss of social status as a motivating factor. Paul Wilken, in contrast, analyzes six leading industrialized countries (Britain, France, Germany, Japan, Russia, and the United States) and finds that, among noneconomic factors, psychological factors and social mobility have no perceptible effect on entrepreneurial activity, whereas ideology and the degree of legitimacy accorded by society to private enterprise have a positive influence. Notwithstanding this, according to Wilken, the noneconomic factors were not the ones of consequence in determining the extent of entrepreneurial activity.<sup>21</sup>

Thus, research seems to offer too many observations about entrepreneurs and entrepreneurship, and the factors that influence them, to determine which of them is "correct." Nevertheless, we will use these definitions in our study on citriculture in Palestine. In our summary, we will ask how well these models fit the entrepreneurial endeavors of the private Jewish citrus growers.

One more observation, related to this study, should be discussed: the distinction between private and public enterprise. The public sector is usually identified with governmental or quasi-governmental organizations, that is, it is defined not as an aggregate of individuals who maintain absolute autonomy within this body but as a separate legal and social entity that works actively on behalf of all individuals. That is, it acts for the common amorphous entity known as "the public at large." Thus, the express purpose of public (or quasi-public) entrepreneurial activity is the public's welfare, whereas private enterprise aims to benefit the individual investor. There is considerable truth to the claim that in the modern economy, in which company or corporation ownership is shared by many individuals, the dividing line between public and private ownership of capital has become blurred. Even business activity now operates in a "mixed" condition and not according to traditional dichotomous distinctions between the private and the public spheres. However, even those who claim that the "mixed" condition in the modern economy is the most pervasive one acknowledge a quantitative and qualitative difference between public and private enterprise.<sup>22</sup>

The following discussion will draw on this distinction in differentiating between the entrepreneurial activities of private Jewish growers in Palestine and those of the Zionist public (or quasi-public) sector and, especially, the Labor Movement.

#### JEWISH CITRICULTURE: GENERAL PROFILE

Jewish citriculture, as stated, was largely a capitalist activity in which private capital and hired labor combined to attain maximum profit in a market economy. Profit was the overarching interest of Jewish plantation owners, both individuals and companies; it was also the major influence on the rapid growth of the industry.

Nearly all citrus fruit grown in Palestine was shipped to foreign markets, foremost England and elsewhere in Europe. After World War I, citrus exports to Europe dramatically increased, mostly due to the healthful qualities related to the fruit and a change in consumers' preferences in favor of fruit. The growing demand generated a price spiral that caused profits to skyrocket.

The high profitability of citriculture prompted many private entrepreneurs—in Palestine and abroad—to invest in new plantations. Despite the long maturation period (five to six years until first harvest and nearly ten years until full harvest), private entrepreneurs—Jews and Arabs alike—continued pouring money into the industry throughout most of the interwar period.

According to accepted estimates, there were approximately 29,000 dunams of citrus orchards in Palestine at the onset of Mandatory rule (1920), of which 10,000 dunams (35 percent) were Jewish owned. Twenty years later, in 1940, the planted area had expanded to 300,000 dunams, of which 155,000 dunams (52 percent) were in Jewish hands. Thus, during that time, Jewish-owned plantations grew by a factor of 10.3. Citrus exports also surged, from 830,000 cases in 1920/21 to 11.5 million cases in 1937/38—a fourteenfold increase. Between 1927 and 1931, Palestine was the world's fourth-largest citrus exporter (after Spain, the United States, and Italy); ten years later it reached second place (after Spain).

The dramatic expansion of Jewish citriculture was due chiefly to the profitability (actual and expected) of this industry. From this perspective, the period at issue may be divided into four main subperiods:

1. 1890–1919—inception and expansion of the Jewish industry. The latter part of this period, 1914–1918, coincides with the debilitating crisis of World War I.
2. 1920–1929—the postwar period of rehabilitation and high profitability.
3. 1930–1934—years of reasonable profitability.
4. 1935–1939—severe crisis and steep decline in profitability.

There was a clear correlation between the profitability of the industry and its expansion, as reflected in the extent of new plantings. In this respect, the period may be divided into five subperiods:

1. 1890–1914—the birth of the Jewish citrus industry in Petah Tikva (ten kilometers northeast of Tel Aviv) and its introduction in the Jewish colonies.
2. 1921–1925—the postwar rehabilitation, during which much less new planting was done than in subsequent years. Only 1,500 dunams were planted (evidently by Jews in greater part).



3. 1926–1931—the “planting frenzy” period, at nearly 91,000 dunams (of which 58,500 dunams, 64 percent, were owned by Jews). By the end of the subperiod, the new plantations accounted for 30 percent of all citrus areas in 1939.
4. 1932–1936—the heyday of new planting. Within five years 176,500 dunams were planted (59 percent of all citrus area in 1939), of which 85,000 dunams (48 percent) belonged to Jews.
5. 1937–1939—a drastic reduction in planting, almost to the point of complete cessation.<sup>23</sup>

The growing subperiods do not always coincide perfectly with the profitability subperiods because the response to changes in the level of profitability, as reflected in the extent of new plantings, came at a lag and because variables not directly linked to profitability were also at work. These variables included the global economic depression, the growth of the Yishuv, and the amount of capital seeking investment opportunities. There seems, however, to be a direct and clear correlation between profitability (and expectations of profitability) and the extent of planting, which exceeded all forecasts. The third subperiod (the “planting frenzy”) began at the height of the severe economic crisis during the Fourth Aliya (1924–1928); at this time, citrus planting succeeded in mitigating the harshness of the crisis and gave private entrepreneurs access to cheap labor. The fourth subperiod basically overlapped the boom of the Fifth Aliya (1930–1939), when the country enjoyed a healthy inflow of private capital but wages and land costs rose. These background factors definitely had some effect on the correspondence between new planting and profitability, as we show below. These scanty indicators confirm the importance and centrality of profit (and expectations of profit) in the expansion of Palestine citriculture. Additional factors, such as the Zionist worldview and the aspiration to contribute to the country’s development, also played a considerable role in investment in Jewish citriculture. The critical factor in determining the economic behavior of Jewish citrus growers in the interwar period, however, remained the profit motive.

World War II ended the period when the Palestine citrus industry could operate with almost unrestrained license. When the war broke out, the country’s economy shifted to a closely regulated war footing. In late 1940, the Mandatory Government established the Citrus Control Board and the Citrus Marketing Board, which brought the Arab and the Jewish sectors under one umbrella and within one regulatory framework. Thus, 1940—and in many respects September 1939—serves as a convenient *terminus ad quem* for our discussion of Jewish citriculture as an arena of unrestrained private entrepreneurship in the pre-Israel era.

Many sources were used in this study. They include archival material—chiefly from the Central Zionist Archives, the Israel State Archives, the

Farmers' Federation Archives, the archives of early Jewish settlements, and private archives—and many contemporary publications. Numerous detailed articles on the industry appeared in the Hebrew press of the time, especially *Hadar* ("Citrus"), a monthly on citrus matters that began to circulate in 1928, but also *Bustenai* ("The Gardener"), the journal of the Farmers' Federation, whose members were mainly citrus growers. Other journals cited include *Mis'har ve-ta'asiya* ("Trade and Industry"), *Ha-haklai* ("The Agriculturist"), and *Ha-sadeh* ("The Field"). General and economic writings in the Hebrew press and special publications of the government's Agricultural Department were used in the research, as were reports by experts whom the Mandatory Government and the Farmers' Federation invited to the country. The memoirs of, and in several cases interviews with, contemporaries of the time were invaluable in my research.

#### COMMONLY USED CONCEPTS AND TERMS

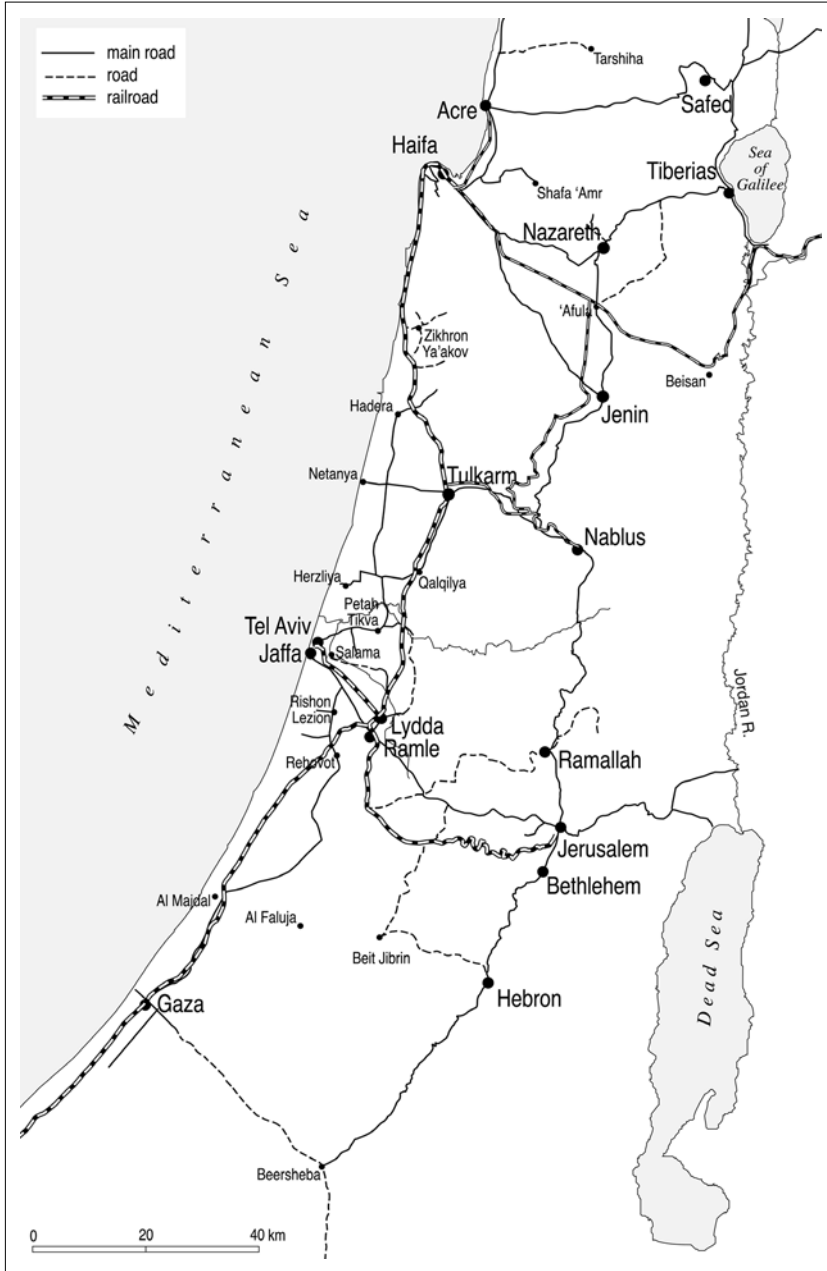
The standard botanical classification of citrus fruit places the genus citrus in the *rutaceae* family. The Hebrew name of the citrus is *hadar*. *Hadar* is made up of sixteen species, eight of which are well known and cultivated: citron (etrog), lemon, "sweet lemon," sour orange, mandarin, shaddock, grapefruit, and sweet orange. The last-mentioned includes several well-known varieties; foremost among them in Palestine was (and still is) the Shamouti.

The source of the name Shamouti is not clear. The usual explanation attributes it to a local tradition based on the Arab word for the oval oil lamps that were common in Jaffa in the late nineteenth century, when this variety of orange began to appear on a large scale.<sup>24</sup>

The Shamouti's uniqueness relative to other varieties lies in its handsome shape, delicious flavor, aromatic fragrance, paucity of seeds, and a thick, cushion-like peel that enables it to withstand jolts in transportation. During the time discussed in this study, some countries made strenuous efforts to acclimatize the Shamouti in their soil but did not succeed. This only reinforced the singularity of the Palestine fruit in contrast to other varieties.

The Shamouti, known by its trade name of "Jaffa orange" in the late nineteenth century, blossoms between March and April and begins to ripen in late October or early November. In the period of concern in this book, it was still necessary to market the fruit as it ripened. Marketing lasted until April but most of the harvest was shipped between December and March. The export of other citrus fruits, such as grapefruits and lemons, coincided for the most part with the shipping season of the Shamouti. The Jaffa orange accounted for a vast majority of Palestine's citrus exports; at the beginning of the period, hardly any other species or variety of citrus was known in the country. By the end of the period (at the beginning of World War II), however, citrus exports had become somewhat more diverse; according to some





MAP 1.1. Palestine in 1936.

estimates, 12 percent of citriculture at that time consisted of grapefruit and 3 percent were lemons, tangerines, and so on. By that time, 85 percent of citrus orchard floor in Palestine was planted with Shamouti.

During the period at issue, citrus plantations covered the greater part of the coastal plain, from Gaza in the south to Binyamina in the north (about 35 kilometers south of Haifa). Additional planted areas were in the vicinity of Acre (10 kilometers north of Haifa), the Jezreel Valley, the Sea of Galilee area, the Jordan valley south of Beit Shean, and Jericho. The Mediterranean coastal plain, however, remained the hub of citrus production. In the linguistic geographical terminology of the Jewish settlers, which was based on and inspired by the Bible, the coastal plain was divided into three main subregions: Judea, the Sharon Plain, and Samaria. Judea included the area south of the Yarkon River where the veteran colonies (Petah Tikva, Rishon Lezion, Nes Tsiyyona, and Rehovot) and other settlements were located. The Sharon Plain was the region extending north from the Yarkon River to the town of Hadera (but not including Hadera). The largest settlements there were Kfar Saba, Ra'anana, Herzliya, and Netanya, which, along with others, were established in greater part during the Fourth Aliya. Samaria included Jewish settlements situated between Hadera and Haifa. The most prominent were Hadera, Pardes Hannah, Zikhron Yaakov, Karkur, and Binyamina. In the following pages, the geographical definitions of citrus areas and of Palestine at large will follow the terminology of the period. Notably, however, the current geographical definitions of Judea and Samaria, especially those favored by right-wing Zionists, refer to the West Bank and not to the coastal plain (see maps).