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**The Genesis of Management Practices in Israel
1920-1948**

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The Genesis of Management Practices in Israel, 1920-1948

The paper focuses on the adoption of professional practices of management in Israel under British rule (1920-1948). Drawing on a close perusal of historical and archival documents of one business enterprise, the Palestine Potash Ltd., we demonstrate how ideologies and practices of management were implemented in a context extremely different from the capitalist one, where they originated.

To implement foreign practices, industrialists and managers expanded the boundaries of the basic conceptions of Zionist-socialist discourse. These basic concepts, "private capital," "national capital," "pioneering," "conquest of the wilderness," and "conquest of labor" -- which were usually attributed to the ideological lexicon of the Israeli Labor Movement -- underwent a process of expansion and modification in order to make possible the participation of the ostensibly antagonistic groups such as industrialists and professional managers.

This extended Zionist ideology, enabled industrialists to control well organized and politically stronger workers, and to receive financial support from the Zionists, and later on, from state institutions.

The Genesis of Management Practices in Israel, 1920-1948

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Despite deep paradigmatic differences, most researchers of the Israeli society agree that from its beginnings to the present day it has undergone a political, economic, and cultural revolution. The core of that revolution was the transition from a socialist to a capitalist orientation, from a centralist, planned economy controlled by the Labor Movement and the Histadrut General Federation of Labor, to a semi competitive economy in which the owners of private capital play a central role and in which decisions are affected by a liberal-economic ideology. An additional assumption shared by most students of the Israeli society sees the political institutions—the labor parties, the Histadrut, and the state—as dominant factors in engineering the structural shift. The principal benefactors of the change—the capitalists, the industrialists, and the merchants—have no place in the explanation of its transformation.

Most researchers, moreover, agree that the rupture, the turnabout from a socialist to a capitalist orientation, approximately contiguous with the state's establishment. The absorption of the vast number of immigrants who inundated the nascent state, accompanied by inexorable modernization processes and a metamorphosis of values that was integral to them—these are the main driving forces of the change according to the functionalist approach (Eisenstadt 1973; Horowitz & Lissak 1978). Neomarxist perspectives attribute the upheaval to modifications in the attitude of Mapai (Rosenfeld & Carmi 1976); almost overnight the party discarded the national socialist ideology which had guided its policy and espoused a statist, capitalist oriented ideology. As a result, the public means of production could be appropriated into private hands and a middle class could emerge, to become the foundation for the relentless rise of capitalism and mounting allocative inequality in Israel. Ben-Porat (1993), too, emphasizes the importance of the state in the germination and efflorescence of capitalism in Israel. The incubation period of Israeli capitalism, he argues, began with the state's establishment, and its rapid development was influenced by the penetration of Western ideas into the country and by the state's operation as an independent agent.¹

Yonathan Shapiro and Zeev Sternhell take issue with this picture from different angles. Shapiro argues that the socialist ideology was mere rhetoric, a means to accumulate power and mobilize support for the labor parties. The ideological shift and de-emphasis of the concepts of

equality and socialism are accorded a similar explanation. Mapai, aspiring to maintain its strength in fluid conditions, adopted a statist approach, which enabled the growth of capitalism after the state's establishment. Sternhell (1995) takes this argument to an extreme, maintaining that the socialist element in the dominant Zionist ideology was always marginal and was subordinated to the national element. The ability of the bourgeoisie and the industrialists to cooperate with the labor parties, Sternhell contends, was possible because the latter made no effort to threaten the enterprise of the former, though the opposite was to have been expected in the light of socialist ideology.

However, Shapiro and Sternhell, like their predecessors, ascribe exclusivity to the project of the Labor Movement in shaping the dominant discourse during the period of the Yishuv (pre-1948 Jewish community in Palestine). The industrialists and the bourgeoisie are a passive factor. They cooperate with the agenda-setters in the understanding that nothing on the agenda will damage their interests directly, and they play no role in shaping the dominant discourse of the Israeli society. The quite sweeping disregard by Israeli historiography and sociology of the contribution made by the owners of capital and the industrialists to forging the Zionist ideology and shaping the country's economic institutions merits a profound sociological analysis in itself.

In this essay we wish to challenge the two conventional approaches outlined above: the ascription of exclusivity to the political institutions in shaping the dominant discourse, and the assumption of a dramatic turnabout proximate to the historic milestone of 1948. We describe the involvement of the industrialists and the owners of capital in configuring the dominant Zionist ideology already in the pre-state years. Our contention is that the capitalist discourse and practices that were applied ever more intensively immediately after the genesis of the state were preceded by extensive ideological phase. Since cultural transformations do not occur overnight, and since practices that lack an ideological infrastructure may be considered illegitimate, it is important to trace the way in which industry was integrated into the dominant Zionist discourse.

The article, therefore, describes how the industrialists sought, for their own reasons, to expand the boundaries of basic conceptions in the Zionist-socialist discourse to incorporate—and legitimate—their project. These basic concepts, such as “private capital” and “national capital,” “pioneering” (*halutziut*), “conquest of the wilderness,” and the “conquest of labor,” which are usually attributed to the ideological lexicon of the Labor Movement, underwent a process of

¹ For a similar analysis, which underlines the role of the state as personified in Pinhas Sapir as Minister of Industry and afterward as Minister of Finance in generating the growth of Israeli industry, see David Levy (1993).

expanded meaning in order to make possible the participation of ostensibly antagonistic groups, like the industrialists and the owners of capital, in the legitimate discourse. It is important to emphasize that we do not claim that the enterprise of the industrialists and capitalists was conducted from the outset with the intention of expanding the dominant discourse or entering it. The industrialists were motivated by a specific interest, which was bound up with the needs of the enterprises they controlled. Their impact on the public discourse was a byproduct of the gains they achieved for their plants by extending the dominant ideology. Those gains will be closely analyzed in the article.

We will argue that the extension of the legitimate discourse, as described above, enabled the labor movements themselves to promote pro-capitalist practices. Under the sheltering wings of the Histadrut, for example, the Work Productivity Institute was established in 1949, with the aim of increasing industrial productivity in private and Histadrut factories alike. That and other projects were perceived by the labor leadership of the 1930s as conflicting with labor's interests; but after the symbols of the dominant discourse were extended and industrial productivity became a legitimate Zionist goal, the Histadrut's action was accepted as the natural continuation of its other actions. A view of these practices as normal development and not as a sharp deviation or ideological upheaval enabled the labor parties to advance a pro-capitalist policy without undermining their hegemonic position.

The article's empirical aspect is based on a close perusal of one case, which encapsulates private industry in Palestine—Palestine Potash, Ltd. This case is instructive about attributes of private industry during the period of the British Mandate, and those attributes have also left their mark on contemporary Israeli industry.

Palestine Potash, Ltd. (PPL), our research case, was the largest Jewish-owned private company during most of the Mandate period. PPL was registered in Britain, established by Jews with British, American and Jewish shareholders, and employed Arabs and Jews—union-organized and otherwise. A survey of the history of PPL uncovers the ideological struggles waged by the industrialists within the framework of the Zionist-socialist discourse and outside it to further their interests. We argue that these ideological struggles spawned a different, expanded, dominant discourse, which afterward enabled the rise of a capitalist ideology without acute opposition.

The essay will revolve on two axes: one describing the practices adopted by the industrialists, and the other examining how those practices have been examined by the historiography and Israeli sociology that have addressed the subject. On the one hand, we will point

to the part played by the industrialists and by private capital in the process of building the Jewish entity in Palestine, and to the connection between the practices of industrialism and the Zionist ethos—an ethos that excluded industry yet formed a close attachment to it. On the other hand, we will elaborate how and why Israeli social science “acknowledged” uncritically the role of the industrialists in the transformation of the Israeli society. We argue that the two strata of the story we will relate—the historical and the historiographical—are deeply intertwined. This study, then, seeks to add another significant layer in order to complete the picture that has been painted by the Israeli historiography that until now has focused on the role of the politicians, their movements, and their institutions in the shaping of the dominant discourse in Israel. That historiography adopted the political world-picture of its objects, and like them allocated industry a marginal role in constituting the Israeli society.

Industry and the Socialist-Zionist Discourse

Most scholars describe the Zionist discourse conducted in the Yishuv during the Mandate period as basically socialist one which emphasized four organizing principles: national rather than private capital, collectivism not individualism, commitment to equality, and a preference for agriculture as a way of life and livelihood (Beilin 1978: 55; Shapiro, 1978). These principles conflict with Western concepts, which were the bedrock on which modern industry evolved. The principles espoused by private industrialists traditionally uphold private capital, individualism, and of course industry over agriculture. The private industrialists in Mandate Palestine were no exception, but their situation became more complicated as the political carriers of the socialist-Zionist discourse accumulated power.

The amplification of the nationalist-socialist discourse especially at the beginning of the 1930s signifies the victory of the orientation advocated by one of the numerous groups which placed on the Zionist agenda complex and mutually contradictory issues that arose from the political and economic conditions in Palestine. That this particular discourse assumed hegemony was due to the political victory of the Palestine Zionists (also known as the Europeans) headed by Weizmann, over the American Zionists led by Brandeis. Until 1921, the two groups fought each other in Zionists institutions over a central principle in the shaping of the Yishuv economy: the sources of capital and its mode of investment. At the ideological level, the debate involved the character of the country’s development. The Brandeis group, impressed by the intensive industrialization in the United States, put their trust in market forces and “unadulterated” economic

interests.² Weizmann's followers were influenced by the land-settlement political movements and sought to strengthen the control of the World Zionist Organization (WZO) by concentrating capital and allocating resources on the basis of "national needs" which would be determined by the Zionist institutions.

The struggle ended with Weizmann's victory at the conference of American Zionists held in Cleveland in 1921 (Shapiro, 1971), at which Brandeis's followers were effectively removed from their key positions in the Zionist Organization of America. One result of this outcome was the establishment of the "Keren Hayesod" fund as an institutional expression of the decision to build Palestine utilizing national capital to be raised from world Jewry. Distribution of the funds would be on national rather than economic grounds, with the emphasis on a centralized structure. The Brandeis group reacted by setting up the Palestine Economic Corporation (PEC) to raise and invest funds based not only on national considerations but on economic ones as well. PEC competed with Keren Hayesod both in fundraising and in capital investment in Palestine. This rivalry had a far-reaching impact on the attitude of the dominant Zionist discourse toward private capital and industry. Zionism held the view that private capital was the antithesis of national capital, a view based on the identification of the nation, in this context, with the institutions of the World Zionist Organization (WZO) (Metzer, 1979). Private capital was perceived to jeopardize national goals (and in practice the control exercised by the WZO). Weizmann's victory, then, went a long way toward determining the political and ideological conditions in which the industrialists and capitalists had to operate—conditions which differed substantively from those in which industry developed in the Anglo-Saxon world.

Still, in the West, too, it is important to recall, industrialists hardly enjoyed a bed of roses. In a study comparing four states at different historical periods, Bendix (1956/1974) considers the difficulties that faced proponents of industrialization in Europe and the United States. The first stage of their struggle, Bendix explains—the stage of entrepreneurship—was devoted to legitimating industry as a way of life and a mode of production in the face of opposition from two major groups: the ruling political aristocracy, for the most part agrarian, which held a monopoly on the social resources which were a *sine qua non* for the industrialists, such as capital and control of legislation; and—the second group—the emerging class of the industrial production force, the laborers. The rise of industry, Bendix argues, adversely affected both groups: it posed a threat to

² Gal, though, claims that Brandeis agreed that the natural resources and essential industrial enterprises should be reserved for the Jewish people as a whole (Gal, 1981: 99).

the aristocracy's traditional life style; and as for the workers, rapid industrialization and technological advances threatened to undo their increasingly stable way of life. The dissonance between the new opportunities entailed in industry and its inherent exploitation and alienation began to become glaringly obvious (Bendix: 8). At the hub of the second stage of the industrialization process we find another social group, the salaried managers, who are faced with the acute problem of controlling the workers. In both stages, the struggle between employers and laborers, particularly in the United States, was accompanied by violence and repeated strikes which were perceived as a threat to the stability of the American society.³

In 1920s' Palestine, even before the emergence of the labor-oriented ideology, the industrialists faced a similar situation: they had to contend with an agrarian aristocracy and with workers who feared for their future. Their problem was compounded by the victory of socialist Zionism. They now had to operate within the framework of a Zionist ideology which was all but hostile to their endeavors and deal with laborers who besides being well-organized were part of the ruling political elite.

To cut our way through this tangled dilemma, we shall employ the terms "legitimation" and "ideology." The legitimation accorded to the discourse of a particular group enables it to employ practices which serve its interests unopposed. Bendix discusses the strategies that served industrialists, entrepreneurs, and managers as they endeavored to legitimate industry: "Wherever enterprises are set up," he writes, "a few command and many obey. The few, however, have seldom been satisfied to command without a higher justification even when they abjured all interest in ideas, and the many have seldom been docile enough not to provoke such justifications." (1956: 1). Bendix uses the term ideology to describe this system of justifications.

Bendix depicts two central ideologies which industrialists in different societies drew on to justify industrialization and their control of the workers. In the West these were rational, scientific ideologies, directly associated with the managerial sphere, which portrayed industrialization as a way of life expressing progress and rationality. The distinction between managers and laborers was emphasized, and the former's control of the latter was justified by their alleged possession of relevant, rational scientific knowledge. "Rationality," a cardinal tenet of the modern society,

³ Shenhav (1995) furnishes a detailed description of the "labor problem" in the United States at the end of the nineteenth century and the early twentieth, finding an association between the frequency of industrial strikes and the development of managerial theories which enabled more effective control of the workers.

legitimizes the operations of industrialists and managers. This was the underlying idea for the development of the “scientific management” by Frederick Taylor and his disciples.⁴

Ideology of an entirely different stripe emerged in Eastern Europe: collectivist, royalist, or socialist. The core of the difference between the two types of ideology is the question of legitimation, according to Bendix, especially legitimation for controlling the fate of others. Whereas in the West this legitimation derives from recognition of the right of those who have “made it” to manage their property as they wish (i.e., legitimation deriving initially from ownership and afterward from a monopoly on specific scientific knowledge which is, ostensibly, in the possession of the salaried managers), in Russia the justification for the rule of the few over the many lay in the subordination of controllers and controlled alike to one supreme body—the autocratic ruler and then the ruling party. Tsar and Communist Party alike were perceived to embody the common interests of employers and employed, the dominant and the dominated.

Palestine too might have been expected to accommodate elements from the two types of ideologies which Bendix located in the West and the East. Most of the country’s industrialists and owners of private capital were originally from Russia or Germany, where they had also engaged in industry and engineering. The laborers, and especially their leaders, were also educated in Russia and Germany, and might have been thought to accept, at least in part, their system of justifications. Moreover, the British administration in Palestine, which controlled some of the resources needed by industry, was part of the Western industrial discourse. Nevertheless, the industrialization ideologies, whether their sources lay in the West or the East, are not entirely germane to the Palestine context, which accepted neither scientific management nor industrial engineering as legitimate doctrines. True, Louis Brandeis, the leader of the American Zionists, was a keen advocate of Taylor’s ideas and actively promoted rational management doctrines; however, like Brandeis’s other theories, his ideas on management were spurned by the dominant Zionist discourse. Kahane (1968) maintains that the Yishuv thought professionalism conflicted with its

⁴ “Scientific management” was based on engineering principles and drew on “scientific” methodology to put forward an ideal system for managing the manufacturing process. Within this framework, Taylor decreed a clear division of authority which dictates that managers possess knowledge and make decisions and workers obey. In its original version, scientific management was dominant in the United States from 1895 to 1917. The concept subsequently underwent various ideological transformations (see Shenhav, 1995). Bendix points out that the theory wielded some influence in Russia, where it was promoted by the Communist Party. For a detailed exposition of the effect of engineering on managerial ideologies, see Shenhav (1995).

central ethos, and therefore theories of scientific management which emphasized professional aspects could not guarantee legitimation for the industrialists' demands in this context.

Nor could royalist or Communist ideologies accord legitimation in the absence of both a monarch and a monolithic political ideology. Effective coercion was impossible without a binding political entity that could arouse identification. Still, the collectivist ideologies bore priority in the Zionist context, which held up collectivism as a central value. Furthermore, the "body" which was exalted, to which both employers and employed paid obeisance, was the nation.⁵

The sections that follow, then, deal with the political and historical conditions that characterized the Israeli case with respect to industry and with the "system of justifications" that developed in Yishuv industry as a result of those conditions. We shall try to uncover the ideologies that underlay the industrialists' financial investments and the methods by which they ensured their control of both production and labor. We shall argue that in a period of nation-building, in which nationalist ideology in a socialist version served as a central mobilizing mechanism, the industrialists and capitalists also endeavored to incorporate their interests within the framework of that discourse, which they utilized and expanded.

The industrialists' efforts to be thought part of the Zionist discourse will be treated here as "ideological work." The term ideology, in this context, is taken from Stewart Hall (1982), who draws a connection between the Geertzian perception of ideology as a system of meanings, and the theme of power which is absent from Geertz but is pronounced in neo-Marxist discourse and especially in Gramsci's analysis of hegemony. Following Hall, and contrary to Bendix's conception (see above), ideology will be defined as a system of meanings which is created and attributed in the course of a forceful political struggle: different forces, in different historical periods, compete for the use of symbols and ideas drawn from the society's dominant symbolic system in order to further their interests. By successfully identifying itself with symbols or signs, a group can render its interpretation dominant—that is, it defines how other groups, too, are supposed to perceive reality. Ideology, then, is the symbolic system of a group, which controls the ability to frame reality for itself and for other groups. Hall emphasizes that ideology is conceptualized in terms of articulation of elements. The ideological sign is always equivocal and ambivalent, and generally is not part of a rigid hierarchy of signs. The adversarial groups try to reshape it and endow it with new meanings which will serve their interests, and to associate it with various social carriers. By

⁵ As it was perceived by the period's contemporaries: founded on primordial ethnic ties and identified with affiliation to the Jewish religion.

constructing meanings for the signs, they seek to posit social subjects in a different manner. Through their ideological work the industrialists wish to frame their operations so that they will be perceived, by the relevant publics, as being commensurate with the aspirations of the Zionist movement. The symbols that evoke an emotional response in the relevant social context are prominent in the dominant socialist-Zionist discourse: “national capital,” “Hebrew [i.e., Jewish] labor,” “conquest of the wilderness,” and “pioneering.” As we shall see, it is these symbols that the industrialists invoke.

Because of the few secondary sources relating to the industrialists in the Yishuv period, we have chosen, as mentioned above, to try and extrapolate their practices by analyzing one case study, that of Palestine Potash, Ltd. The analysis is based on primary archival sources, memoirs, biographies and autobiographies, and books of documentation.

Palestine Potash, Ltd. - Industrial organization in a political context.

For our case study, then, we chose PPL, the largest private industrial enterprise in Palestine during most of the period under discussion. An attempt is made to trace the practices and ideologies through which the company and its founder-manager, Moshe Novomeysky, sought legitimation, primarily in the form of obtaining funding and gaining control over the workers in strained political and economic conditions.

The company’s existence, from the beginning of the effort to acquire the potash charter in 1920 until its close down in 1948, corresponds with the time frame which is defined as the formative period of the Israeli society’s institutional and ideological patterns. PPL’s establishment occurred as the British Mandate government consolidated itself in Palestine. Upon Israel’s creation the enterprise was shut down in its original format, to be reopened in 1954, this time under state ownership. PPL was in a sense a crossroads at which nearly all the factors that were involved in shaping Yishuv’s image converged at some point. The company was registered in Britain. The Dead Sea Charter to extract potash was granted by His Majesty’s Government only after a lengthy contest in which the paths of diverse interests intersected: the British Empire, which needed potash to manufacture explosives; Zionism in all its branches, which saw in the exploitation of the Dead Sea’s resources the realization of Herzl’s vision in *Altneuland* and the repulsion of interests harbored by the Trans-Jordan authorities, who considered themselves sovereign over half of the Dead Sea; and the Palestine/”Eretz Israel” stream in the WZO. The latter invested part of the “national capital” with which it aspired to build the Yishuv in PPL, intending for it to be managed

in line with the WZO's principles, contrary to the interests of the American Zionists led by Brandeis, who had lost the battle to build the Yishuv on capitalist principles but still invested their private capital as well as PEC funds in PPL and sat on its board of directors. Another group with vested interests was Jewish labor, which was organized in various forms: the "Labor Battalion" of Ramat Rahel, a kibbutz near Jerusalem who later on settled in Beit Ha'aravah by the Dead Sea, whose members worked at PPL for ideological reasons, whereas the employment of Arab workers was stipulated in the terms of the charter and was also a salient economic interest. Some of the Jewish laborers were organized in the Histadrut Federation of Labor, which on the one hand controlled part of the resources needed by PPL, but on the other hand sought to protect its political interests in the company. Other Jewish workers, particularly the clerks, joined PPL for entirely different reasons; they were organized in a completely different manner from the manual laborers and practiced a life style very unlike the kibbutz members.

The publics with which the company had to cope in order to obtain legitimation—i.e., get the charter, receive economic and political support, and mobilize and control workers—were also institutionally and ideologically diverse. Within this complex historical context, we shall examine the ideologies that served the industrialization process, and particularly the nationalist ideology in its "laborite" version, expanded to incorporate the industrialists' interests.

The foundation for considering the working of the Dead Sea Zionist praxis was laid in the movement's early literature. In 1882, E.L. Levinsky published his utopian novel *A Journey to the Land of Israel in the [Jewish] Year 5800* (i.e., the early twenty-first century), which described an industrialized city of salt along the Dead Sea.⁶ Herzl, visiting Palestine in 1898, also heard about the possibility of exploiting the Dead Sea, and devoted much of the chapter in *Altneuland* about the flourishing industry to be established in the "old-new" land to the subject.⁷ In 1904, probably under the influence of Herzl's ideas, the Zionist Executive organized a research mission to Palestine headed by M. Blanckenhorn (a world-renowned European geologist) to collect concrete information which the Zionist movement needed in order to purchase the salt charter from the government of Turkey.⁸ However, at this stage the entrepreneurs were not awarded the charter. This and other

⁶ Almog and Eshel, 1956: 129. The year 5800 refers to the Hebrew calendar; the Gregorian equivalent is 2040.

⁷ Herzl, 1903: 168

⁸ The report appeared in 1912' in Germany, in M. Blanckenhorn: *Naturwissenschaften Studies an Toten-Mer und Jordantal*.

attempts by the Zionist institutions to obtain a foothold at the Dead Sea area, mainly by trying to purchase nearby land for settlement, failed.⁹

Moshe Novomeysky, the eventual initiator and founder of PPL, was a mining engineer who gained experience in extracting salts at Lake Baykal, in Siberia. Novomeysky cites personal and national reasons as his motivation for establishing the company. In his book, *My Siberian life* (1956), he explains that nationalist feelings drew him to the area. Herzl's writings, he says, inspired him to develop the Dead Sea region and further the Zionist cause.¹⁰ "I thought that my professional qualifications and practical experience of industrial and mining development in an underdeveloped country (Siberia) would be of value in the land in which was now to be established that "Jewish national home" by which I was already inspired. Material advantage was far from my thoughts. At the time, Palestine was as devoid of industry as had been a great portion of Siberia in the days when I started my industrial career there, and the prospect of being one of those to develop it excited me greatly."¹¹ " Elsewhere, he likens his activities and rationale to the motivations of the Zionist leaders: "The present writer came to Israel exactly thirty years ago. He did not come seeking lucre. He came for the same reason that brought many others at that time or earlier, among them today's leaders..." (1951).

Patently, the effort to frame industry as part of the "national project" developed on fertile ground; but the fact that a private firm worked the only natural resource in the "Land of Israel" was not necessarily legitimate, least of all in view of the rise of the socialist aspect of Zionism to dominance. The following section will describe PPL's ideological struggle to win legitimation for its operations as a capitalist enterprise within the framework of that discourse. We argue that industrialists success in this struggle set the stage for the raise of capitalistic policy later on.

⁹ The efforts were undertaken by the Palestine Settlement association, the manger of the EPC Bank Z.D. Levontin, and Yehoshua Hankin. On the reason for these failures, see Oren, D. 1985: 16-18.

¹⁰ Novomeysky, 1958: 238.

¹¹ Pp.335

Ideological Work, the Struggle to Re-frame the Basic Concepts of Socialist Zionism

Private capital, national capital, and the fight for control of PPL

Was PPL a private firm or a national enterprise? This question, which has never been satisfactorily answered and has given rise to countless arguments between the groups involved, evokes one of the most crucial issues in Zionist ideology, especially in its “labor” version: the ostensibly commonplace, neutral distinction that is drawn between private capital and national capital. As will be seen, this conceptual dichotomy is not unrelated to the political struggle between the parties and between the owners of capital and the labor movements.

Metzer (1976) explains the difference between “national capital” as defined by positivist economics and its definition as a political value. In positivist economics, “national capital” is “the net value of the stock of the produced assets of production which are owned by all the economic units of the national economy: households, private and public firms, and the public-governmental sector” (p. 2). This is countered by the “normative” definition posited by the Zionist institutions, which treat national capital as “the range of economic sources which will be available to the *institutions* in order to build the National Home in the Land of Israel in its full scope and scale” (Ulitzur, 1939: 11, quoted by Metzer, *ibid.*, our emphasis). In other words, that part of capital which is categorized as national capital is at the disposal of the official Zionist institutions. Moreover, Metzer (1978) and Gozhansky (1986: 87-110) point out that different bodies purport to understand the term national capital differently as they vie for control. Baron Hirsch’s investments through PJCA, for example, are sometimes referred to as private capital but in other instances as national capital, and in other cases it is placed in a separate category: “public capital.” Naturally, the WZO’s prerogative to define any enterprise as one that is founded on “national capital” gives it the right to intervene in its operations, while on the other hand, the ability to define an enterprise as a “national” one enables the owners to benefit from cheap financing which originates in that national capital and from legitimation by the national institutions and organized labor. The struggle over the ability of different groups to impose their definition of reality as the dominant one was central to the labor parties’ ideological endeavor to achieve control in the Yishuv. In this context the owners of capital and the industrialists found themselves caught in the middle. If their capital was considered “national capital” their operations would become subject to the demands of the Zionist leadership, which sometimes made little economic sense; but if their firm was perceived to be part of the Zionist project they would become eligible for benefits not easily forgone. The

elements that the industrialists introduced into the dominant Zionist discourse are here considered part of their continuous effort to define their place within its complex mosaic. Would they become part of the dominant discourse from which they were excluded, or should they continue to managing their affairs separately, driven by the profit considerations which the discourse believed was their motive? The dilemma is reflected in the struggle for the Dead Sea charter and the efforts to finance it.

The Competition for the Charter

Novomeysky waged his struggle for the charter at a time that was critical for shaping the character of the Yishuv and determining its relations with the Mandate authorities. Formally, the Weizmann-Brandeis contest had already been decided, but the two groups remained rivals and each considered it a feather in their respective caps to help found a company for exploiting the country's major natural resource.¹² In the 1920s the labor parties had not yet consolidated their political hegemony: it would reach its peak in the following decade, and indeed was also bound up with the debate over the character of the Yishuv. These were also the years in which the British entrenched their rule in Palestine, but with this came a shift in their perception of the situation. Their previous absolute support for the Zionist cause gradually gave way to the recognition that both sides, Jews and Arabs, had claims to Palestine.

These, then, were the constraints under which Novomeysky sought the charter. He pressed his case in three main spheres—the political, the financial, and the technical—and in a range of political and organizational environments, involving the British, the Zionists, and businessmen who were potential investors in the new company.

The technical aspect was the simplest. Novomeysky had proof of his ability to extract potash from the Dead Sea. Getting the charter from Britain was the major problem. The Dead Sea was the only source of potash production in the British Empire, and London was concerned that it would fall into hostile hands. Consequently, the possibility that the charter might be awarded to a non-British company generated opposition within the government and among the public.

Novomeysky was a Russian national, and the fact that another Russian, Pinhas Rutenberg, had

¹² Letter from Brandeis to De Haas, May 5, 1929, describing the creation of the potash company with the aid of the American Zionists as a victory for the Americans, particularly as Weizmann had warned Novomeysky about the involvement of Israel Brody, from the Brandeis group, in the company. Weizmann alleged that Brody was using his connections with Novomeysky to excoriate the Yishuv Zionists (CZA A316/13).

already received the electric-power charter, only compounded the situation (Novomeysky, 1958: 253). To muster political support, Novomeysky turned to James de Rothschild (for example, in 1924) but principally to Chaim Weizmann. The latter had met with officials of the Colonial Office and throw his support behind Novomeysky within the framework of the cooperation between the Mandate government and the WZO. Other Zionist leaders, such as Sokolov, Cohen, and Lipsky (the latter two were American Zionists), were also active in the effort to obtain the charter.¹³

The company also faced financial difficulties because of the length of time needed to obtain the charter. Given the extraordinary importance of potash and the Mandate government's economic and colonial interests, the British wanted to be sure that the recipient of the charter would be able to implement it and maximize its profits, in which the government would also share in the form of taxes and royalties. In addition, even before the tender for the charter was issued, other competitors entered the picture, including the giant American concerns General Motors and Du-Pont¹⁴ and the British Nobles Industries. Their vast capital made these companies formidable rivals and Novomeysky was forced to raise a larger sum than he had originally anticipated. His funds nearly depleted, he had to find additional investors, a task made doubly difficult by Britain's reluctance, already mentioned, to place its only source of potash in completely foreign hands. To avoid giving the impression that he was the representative of Zionism exclusively, Novomeysky turned to various types of investors: private individuals and foreign companies with no Jewish or Zionist attachments, whose interests were purely economic; though also Jewish personalities and institutions motivated primarily by the Zionist vision, though in some cases expecting to reap a profit as well. Ultimately, ownership of the company's basic capital was divided among investors motivated by economic interests and those with Zionist affiliations, namely Keren Hayesod and the Palestine Economic Council, headed by Alfred Mond (later Lord Melchett). The bulk of the funding came from the PEC (founded, as explained above, by Brandeis's followers in the ZOA), both as a corporation and from individual members; their motivations were primarily Zionist, but they hoped that the potash company would be an economic success and enjoy progressive management.¹⁵ An important point is that even though much of the capital was defined, in the

¹³ For the relevant documents, see CZA Z4/3473.

¹⁴ Behind these groups was Standard Oil (Novomeysky, 1958: 261). The rival companies wanted to produce bromide and not potash, but because bromide production entails the production of potash the other companies unintentionally became Novomeysky's competitors.

¹⁵ See letter from Israel Brody to Novomeysky, September 5, 1929, CZA A3 16/4.

WZO's terms, as national capital, all the investors (with the exception of the WZO itself) considered the company a private, profit-seeking venture which should be managed as a capitalist project. Neither Novomeysky nor the Brandeis group found an internal contradiction in this approach, since they saw no reason that a profit-oriented operation could not contribute significantly to Zionism. The contradiction surfaced in the labor movements' socialist, centralist doctrine, and Novomeysky had to address his arguments to the vocabulary of that discourse. In his contacts with the Zionist institutions in Palestine, Novomeysky took care to present PPL as part of the Zionist enterprise, and he based his requests for financial assistance on that argument. An example is his letter to the secretariat of the Zionist Executive in London asking its support to obtain the Dead Sea boats service charter (he won the charter—his first in the area—and it gave him an important foothold in terms of his ability to begin the trial production of potash). Economic justifications for the charter were presented as secondary. Above all, Novomeysky insisted on the importance of developing an infrastructure in transportation, tourism, and economic for a future Jewish community at the site and for extracting the minerals. The document makes no mention of Novomeysky's personal interest in the project and asks the Jewish Agency to underwrite 70 percent of the purchase. To justify this request Novomeysky asks the Zionist leaders to take into account the fact that not one dunam¹⁶ of the soil of Trans-Jordan, which has just been transferred to the complete political control of the English government, is owned by a Jew, and the fact that there is no Jewish settlement in the area. For these reasons, he writes, he finds the proposal of Mr. Hasbon [the Arab seller of the land] as appearing to bear enormous national importance for the Jews (CZA Z4/3473b). The records show that the WZO accepted this line of reasoning and agreed to invest the funds.

Clearly, then, within the framework of the Jewish discourse the portrayal of the company as an element in the Zionist enterprise helped Novomeysky muster political and financial support which facilitated his efforts to obtain the charter from the British government.¹⁷ He even undertook to will his shares in the company to the WZO in return for its assistance and as part of his contribution to the country's development. This complex picture reaffirms the idea that the question of whether PPL was a private or a national company had nothing to do with accountancy and everything to do with political perspectives. The answer, indeed, would determine how much

¹⁶ 4 dunams=1 acre

¹⁷ Paradoxically, Novomeysky, in putting his case before the British, tried to portray the company as a private enterprise with no attachments to Zionist interests, which had paved his way.

control the WZO would be able to exercise vis-à-vis the company. This issue was the crux of many disagreements that developed between the company and its organized workers, the Histadrut, and Yishuv institutions. In many of his confrontations with the company, the leader of the organized Jewish laborers, Yehuda Kopolovich (Almog), raised the question of the essence of the capital which had founded PPL. He demanded that the Histadrut invest more heavily in the company to ensure that it would be controlled by national capital. He directed his protests to Ben-Gurion in a letter dated August 3, 1943: "Jews founded the potash company, Keren Hayesod extended faithful assistance to the nascent firm, but today the international aspect of the company is being emphasized from various sides" (CZA J99/3). And elsewhere: "Jewish brainpower and Jewish energy and capital founded it, Zionists and proponents of building the homeland bore the burden, and even if the circumstances of the time cast the plant in an international light, it remains a link in the chain of building the land" (Kopolovich and Vansky, 1945: 227).

The workers urged that the company be regarded as the product of national capital so that they could dictate its policy on Jewish labor and settlement, but Novomeysky, in the face of the workers' representatives, rejected this totalistic viewpoint and often challenged its validity, adducing instead a stand that seemed to contradict his original arguments to the Zionist institutions. This is implicit in a letter to Novomeysky from Berl Katznelson, the editor of the Histadrut daily paper *Davar*, in reaction to the former's objection to an article in the paper claiming that PPL had been established with national capital: "He [the columnist] has every right to credit Mr. Novomeysky's activity as well, not to the account of international capital but to that of the Zionist movement. Will you really be offended if we say that were it not for the Zionist movement the engineer Mr. Novomeysky would not have set his sights on the Dead Sea, of all places..." Novomeysky's disavowal of the "national" character of the company's basic capital led various groups to question PPL's loyalty to the Zionist interest (as they saw it). Whenever a particular group opposed the company on a particular issue, the question of the investors' loyalty would be raised. Another example is Kopolovich's letter to the Histadrut's Actions Committee (June 1, 1944) warning of the danger that the company might be wrested from the Jews. The English influence is too strong, Kopolovich wrote, and urged that Jewish capital be raised for the company to ensure continued Jewish control.¹⁸ The loss of the northern factory to the Jordanians in 1948 prompted him to write, "The management never believed in the Hebrew [sic] state and does not

¹⁸ CZA 1335 C / S53.

believe in it even today. The management collaborated with the British authorities here and in London, as well as with the Trans-Jordan government.”

This kind of challenge to the company’s Zionist commitment confronted it with a permanent conflict. On the one hand, its categorization as part of the Zionist project was a prior condition for obtaining allocations it sorely needed: land, national funds, and especially trained manpower willing to work at Sedom (identified with the biblical Sodom) in heat averaging 42 degrees Celsius (108 degrees Fahrenheit), remote from any human habitation, at a time when the Yishuv was enjoying a boom economy. On the other hand, the company’s total identification with the Zionist enterprise would also jeopardize its economic progress, in the perception of its managers and board members.

PPL’s multiple aspects—its self-presentation as a full-fledged Zionist project in certain contexts, but in others as a private, profit-oriented firm that shunned all things political—characterized the company throughout its existence. The need to assuage different publics representing contradictory interests deeply influenced PPL’s behavior and rhetoric from the beginning, when it fought to obtain the charter; at the same time, it also had an impact on the concept of the “conquest of Hebrew labor.”

“Hebrew Labor” or “Cheap Labor”

Having secured the charter and established the operation, PPL, as noted above, found it problematic to recruit trained manpower. The brutal physical conditions around the Dead Sea and its isolation (given the transportation infrastructure of the 1930s) were not calculated to lure manpower to the site, least of all people with industrial experience or relevant training. PPL was adequately staffed when opened, as its general manager reported,¹⁹ but beginning in 1932, with demand for workers throughout Palestine rising, it became increasingly difficult to recruit professionals, especially to work at the Sedom site, for reasons already explained: “There are very few skilled laborers in Palestine in the sense of Western European or American standards. In the short period since industry was inaugurated in this country, skilled labor was not created in any considerable numbers and those who have learned a trade or come from abroad are already settled in the few larger undertakings, like Palestine Electric Corp., Neshet, Shemen and Grand Moulin”²⁰.

¹⁹ General manager’s report to first annual general meeting, April 21, 1931, CZA ZA/3473.

²⁰ From the company’s letter in reaction to the article in *Davar*, received from the private archive of Dr. Vardi, no notation or date.

Elsewhere Novomeysky complains that the primary difficulty is in finding senior employees to replace some key figures who left the firm.²¹ Even though the terms of the charter stipulated explicitly that the company would employ an equal number of Jewish and Arab workers, the Arab workers were viewed by the company as untrained and therefore the technical staff was mostly Jewish with assistance of a few British experts.²²

Thus, unlike the classic case of agriculture in Palestine, Jewish laborers were a “necessary resource” for the potash company. Industry required trained, educated manpower, hence PPL’s dependence on Jewish workers.²³ Another and equally important reason for such dependence was that only by employing Jewish labor could the company obtain legitimation from Yishuv institutions, whose support it needed. At this stage of the Yishuv’s history, the employment of “Hebrew labor” became a paramount criterion—which had the constant support of the Histadrut—for an enterprise to be categorized as “Zionist.” The need to find Jewish workers willing to face the harsh conditions of the Dead Sea, while at the same time to reduce labor costs, generated fascinating ideological activity focusing on one of the key symbols in the discourse: “Hebrew [Jewish] labor.”

PPL’s involvement in the discourse relating to the “conquest of Hebrew labor” became a praxis linking interests vital to the workers with company interests. From the beginning, PPL raised the banner of Jewish labor, as is apparent from Novomeysky’s description of negotiations he conducted with one of the British-Zionist investors, Alfred Mond (Lord Melchett): “There were three points that were important to me: first, I reminded him that Mond was to sign a letter guaranteeing the rights of Hebrew labor in the plant...” Novomeysky says that negotiations even broke down over this issue: “Mond acted above all as an entrepreneur and only in the second instance as a Zionist, whereas for me Zionism took priority” (Novomeysky, 1958: 308). Here and elsewhere, Novomeysky claimed that he viewed the employment of Jewish labor as an important goal.

²¹ Letter to Lord Lytton, the company's chairman, July 23, 1944, CZA F43/49.

²² Company Board of Directors’ document to U.N. Secretary-General in 1948, Archives 980/H.

²³ This is another phenomenon which is concealed by the historiographic emphasis on agriculture. The literature of political economics (especially Shafir, 1989), which focuses on the struggle for the “conquest of labor” in agriculture, considers Jewish workers inferior to their Arab counterparts in terms of what they contributed to the economy, hence the need for political organizing. But in industry this was not necessarily the case.

The laborers, too, explain their decision to work at PPL in terms of the “conquest of labor” and assert that they were aware of the bargaining card they held: “We view the Dead Sea as a charter [granted by] the Mandate [authorities] for the Jewish people. Who, then, should implement the charter if not us Jews... Only Jews should work at the charter... If we had done everything in our power, there would have been 400 Jewish workers.”²⁴ And, in retrospect: “Labor is a decisive factor in the fate of an enterprise. And here is where our role begins, the role of a kibbutz in the south. We settled in the south in order to involve ourselves in the plant’s establishment. At the time, PPL faced two major, objective facts, which the company itself noted frankly a few years later: (a) ‘The prosperity which prevailed in the country at the time and the resulting shortage of workers’; (b) ‘The south was a wasteland at that time, and the site lacked all the comforts of life.’ Of course, we, too, knew these facts, but nevertheless we saw compelling prospects: 1. To become part of a complex industrial process of cardinal importance... and 2. To carve a path both for the agricultural development of the near and distant surroundings, and for exploiting the natural resources...” (Kopolovich and Vansky, 1945: 278). And elsewhere: “One vision guided us from the time we trod on the soil of Sodom: to cling to all the operations of the plant in all its scope and without discrimination” (p. 300).

The workers, then, were driven by the ambition to “conquer labor” and conquer the wilderness, but paradoxically their aspirations ultimately became a double edge sword. Their ideological identification with the principle of the “conquest of labor” weakened their bargaining position, enabling the company to demand that work for less and increase their production. Notwithstanding PPL’s rhetorical commitment to “Hebrew labor” and the fact that the Arab laborers lacked the requisite training, Jewish workers constantly faced the threat of being replaced by Arabs. PPL’s managers were always quick to use the charter document obligating them to employ an equal number of Jews and Arabs as a whip against organized Jewish labor. Whenever the Jewish workers demanded wage increases, the company reminded them that Arab labor could be had cheaply and was very productive. By such means the company scored points against the workers without subverting completely its standing within the Zionist enterprise. In the words of a member of the works committee, “Mr. Novomeysky explained that according to management’s calculations, the great wage disparity does not permit its acceptance of this demand [to employ Jews only in extracting the raw material, one of the simplest tasks at PPL, which in the past had

²⁴ Report from the General Meeting, n.d., Lavon Archives, IV-104-1-225 A.

been promised to Jews], and he also issued orders to the foremen at the site to put a stop to having Jews load the potash onto the boats and have Arabs do it. In response, comrade Kopolovich stated that the Histadrut will by no means forgo the rights of Jewish laborers to do the above-mentioned work... He [Kopolovich] thinks that introducing technical improvements will reduce the [cost of] labor...²⁵ Indeed, to realize their vision of “conquering labor” the organized workers accepted lower wages, as arises from the description by Kopolovich and Vansky: “This is only seasonal work, with low pay, but we accepted it with great satisfaction because by doing so [we created jobs] for 40 more workers” (p. 295).

The Dead Sea and District Committee, which was set up to examine the future of the project after its destruction the 1948 war, was also conscious of the paradox: “We cannot say that we found the salary for work at the Dead Sea to be notably lower than elsewhere, but it is not difficult to understand that most of the workers did not consider their wages to be suitable compensation for the distinctive working conditions resulting from the conditions at the site... Moreover, the company employed a large number of Arab workers. [They] received significantly lower wages than the Jewish workers. Arguably, perhaps, the quality of their work and their productivity were inferior to the same degree that their wages were lower than those of the Hebrew workers, but the very fact that the total daily wage of the Arab worker was several times lower than that of the Hebrew worker may have influenced management when it assessed the demands of the Hebrew workers.”²⁶

Discussing more broadly the implications of the struggle for “Hebrew labor” on the Yishuv economy, Zussman (1974: 10) puts forward a similar argument. “Despite the pressure not to employ Arab laborers,” he writes, “or, if they were hired, to pay them less than Jewish workers, the very possibility of hiring Arabs created a ceiling on the wages that Jewish employers were ready to pay unskilled Jewish labor.”

It is also important to point out that a description of the company’s operations as occurring within the framework of the discourse on “Hebrew labor” is not self-evident. Labor leaders often accused the moneyed elements of opposing or ignoring the effort to “conquer labor,” to which the corollary was that the employers were castigated for preferring private over national interests. PPL followed the patten by vacillating in its attitude toward “Hebrew labor.” For external consumption,

²⁵ Flawed phrasing in the original. Archives: 982-63/H, letter from June 28, 1937.

²⁶ Dead Sea and District Committee, 1950, Lavon Archives, IV-104-251.

the company consistently pointed to the parity in its employment of Jews and Arabs, though it blurred the differences in type of work, employment patterns, and wage levels between the two groups.

PPL's participation in the discourse relating to "Hebrew labor" and its success in controlling its workers owing to its identification with that symbol, joined the discourse relating to another central symbol in the dominant Zionist discourse: the "conquest of the wilderness."

Conquest of the Wilderness

All the Zionist movements had the declared intention of wanting to set territorial boundaries for the future Jewish entity in Palestine; however, in contrast to the discourse on the "conquest of the land," with its predominantly militaristic associations, the labor movements' discourse emphasized the conquest of what they considered an "uninhabited wilderness." "Conquest of the wilderness" and "redemption of the soil" through agriculture and settlement had been core symbols in the dominant Zionist discourse since the Bilu movement in the 1880s. Industry seemed to be excluded from this discourse, but in reality PPL and other industrial concerns could join it easily enough. As noted, already in the vision of Herzl and Levinsky the Dead Sea chemicals industry was to generate Jewish settlement that would form the cornerstone for the conquest of the road to Jericho and the Gulf of Aqaba.

Novomeysky himself used this argument in soliciting the WZO's aid for his project. In his memoirs he associates PPL's establishment with the pioneering endeavor to conquer the land. He contemplates "establishing an industrial settlement in the heart of the remote wilderness," adding that "the very act of creating a settlement in surroundings universally known for their barrenness" attracted him because of its pioneering aspect (1958: 234). Novomeysky used similar rhetoric to boost his workers' morale. Speaking at the departure for Sedom of the group which was to establish the southern plant, in May 1934, he stated: "We are gathered here today to launch a new era in the history of our enterprise: conquering a new part of the wilderness. We have come to salute you as you set out for the other side of the Dead Sea to lay the cornerstone for the new settlement. In sending you to that place, which is described in such dark colors in human history, I wish you a good and successful trip and the joy of creation, knowing that you have been chosen to be the first to lay the cornerstone for a new settlement at the furthestmost point in the Judean Desert" (Kushnir, 1973: 280). In fact, the mooted settlement at Sedom was never built, but the aspiration to build it was sufficient to induce a large group of workers to choose arduous physical

labor in onerous conditions and for relatively low pay at a time when, thanks to the Yishuv's economic boom, they could have easily found work close to their families and their kibbutzim and for far better pay. Novomeysky concedes as much. In a letter to the chairman of PPL's Board of Directors, Lord Lytton, he writes that the Kibbutz ha'artzi's workers, the most loyal organized workers of the firm, are all trained in agriculture and wish to settle down with their families near by their working place. The only inducement for the Kibbutz members, he admits is a piece of land they can cultivate and in which they can live with their families for the rest of their lives.²⁷

Kopolovich, the workers' leader, frequently cites the doctrine of conquering the land as a paramount motive for sending the workers to Sedom: "When we went, in 1934, to the desolation of the southern Dead Sea to establish another plant of PPL, we saw the future looming before us. This settlement site that has been struck at the southern tip of the Dead Sea should become the point of departure for the Yishuv's expansion eastward... Many [natural] resources await development and exploitation..."²⁸

Indeed, the workers had warned that if their demand to build the southern settlement was not met, they would resign: "The pinnacle of the achievement of the [Labor] Battalion at Sedom will be its settlement foothold. Without a settlement foothold Hakibbutz [Hameuhad movement] has fulfilled its role here to the best of its ability."²⁹ In this sense, the company did not make do with rhetoric, it allocated charter land for the establishment of Kibbutz Beit Ha'aravah and for a clerks' neighborhood, Rabat Ashlag. PPL, by presenting these settlements as part of the Zionist vision to the Yishuv institutions and to the workers, was able to win the loyalty of the latter even during periods of full employment in the Yishuv. To the British government and the foreign members of the Board, the new operation was described in terms of praxis to increase PPL's productivity and streamline the channels for agricultural supplies and services to reach the company. The foreign audiences accepted this presentation as legitimate, identifying it with practices of "welfare capitalism" with which they were familiar. This type of managerial practice had been widespread in nineteenth-century England and afterward in America, where it was known as "industrial betterment." It was the theoretical foundation for industrial towns such as those of Robert Owen in England and of Ford and Pullman in America. The professional literature

²⁷ Quoted in Oren, 1985: 79.

²⁸ Letter to David Ben-Gurion, August 3, 1943, CZA J99/3.

²⁹ Protocol of the Battalion's Assembly, December 25, 1945, Lavon Archives, IV-104 1149/250.

describes welfare capitalism as a humanistic ideology spawned by the awareness of industrialists, such as Owen, that they had a paternalistic social role to show concern for the poor on moral grounds. In time, it was understood that, beyond the humanistic rhetoric, concern for the workers' welfare also served the employers' interests by increasing the workers' loyalty to their companies and their dependence on them. Critical studies (see especially Shenhav, 1995b, and Barley & Kunda, 1992) maintain that these mechanisms of "concern for the worker" were a particularly effective method of controlling workers and increasing their productivity without the need for close external supervision of the work process. In addition to settlements, this ideology is embodied in the form of education, health care, and even factory police to look after the workers' security. By depicting the new settlements to the foreign members of the Board and to the British authorities as a praxis of welfare capitalism, PPL assured itself of financial allocations for the project and of British agreement to use charter land for settlement purposes, contrary to the original terms of the charter.

By portraying industry as a national, collectivist praxis connected with the effort to "conquer labor" and "conquer the wilderness" through settlement, the industrialists were able to extend the boundaries of what was perhaps the most crucial concept in the dominant discourse: the "pioneer."

Pioneering as a key discursive symbol

On the face of it, the image of the Jewish *halutz*, or "pioneer," in Palestine would seem to have little in common with that of the industrialist. To the ascetic pioneer—who functions within the framework of a collective, seeks the common good, shuns material gratifications, and works the earth³⁰—the private industrialist appears as a mirror-image: wearing a natty suit and bow-tie, he is a world traveler who moves around the country in a rare automobile, his first concern is for his and his family's well-being, and he seeks economic gain by operating as an individualist who shuns framework or other physical labor. This profile, of which Novomeysky was a prime specimen, excluded industrialists from the ranks of the "pioneers" as most of their contemporaries perceived them, but also as they have been treated by later scholars of the period. Fierer (1984) emphasizes the contrast between the image of the pioneer and the image of the industrialists and the owners of private capital, who stood for values at the opposite end of the scale from the pioneers. Near

³⁰ For a description of the mythic *halutz*, see Eisenstadt, 1973; Fierer, 1984, Roniger & Feige, 1992; Near, 1987; and others. A genealogical analysis of the *halutz* myth is found in Ben-Eliezer, 1996.

(1987), underlining the differences between the Yishuv *halutz* and the American pioneer, notes the former's collectivist and socialist principles and the latter's individualistic and capitalist orientation. Still, PPL succeeded in defining itself—and in getting its Zionist audiences to accept the definition—as a “pioneering” entity; paradoxically, that identification became a central symbol that enabled the company to obtain legitimation for its operations and gain access to resources.³¹ There is no doubt that PPL's acceptance on these terms was made possible by its involvement in the practices of the “conquest of Hebrew labor” and the “conquest of the wilderness.”

Kimmerling (1983: 20) analyzes the struggle to subdue the forces of nature, such as draining swamps, digging water wells, afforestation, and building towns in the dunes. Novomeysky strove to cast his personal activity and his private company's operations in a pioneering light. Here he could point to PPL's groundbreaking activity in a region previously uninhabited by Jews and its struggle against the adverse forces of nature that prevailed at Sedom and in the Judean Desert. Two other aspects of the mythic pioneer—“collectivism and volunteering” and “agriculture”—also appear, in one form or another, in the company's discourse. One important way in which the company associated itself with “agriculture” was by the establishment of Kibbutz Beit Ha'aravah in 1939. The kibbutz, which, as noted, was built on charter land, signified PPL's involvement in “conquering the land” by working the earth and thus endowed it with the needed agricultural “embellishment.” The company's engineers, for example, utilized technological know-how they had acquired in the manufacturing process to teach the kibbutzniks how to eliminate salt from the desert soil in order to grow vegetables.

Novomeysky inserted himself into the Zionist project by defining PPL as part of the effort to revive the desert and make it bloom. He fulfilled the “volunteering” aspect by declaring, as already noted, that he would will his shares in the company to the WZO, an act which the company's spokesmen cited as proof of its Zionism (Brody, 1949). The overall result was that the various publics indeed saw the enterprise through a pioneering prism. Kopolovich, the workers' leader and at times Novomeysky's bitter foe, calls him an “entrepreneur-pioneer,” adding: “The pioneers of this enterprise certainly did not have in mind only chemical production, they saw it as the great lever which would re-imbue vast areas with the spirit of life...”³² And elsewhere: “The

³¹ According to Foucault (1981) the dominant discourse determines who might be considered as legitimate spokesman. The *halutz* fulfills this role in the socialist-Zionist discourse.

³² From the draft of a preface for a book on Bik'at Tsohar, Archives, 982/66.

private capital that was raised to assist the plant upon its founding had a national purpose and fulfilled a pioneering role, paving the way for the new enterprise...³³

Novomeysky, then, consistently adopted practices which endowed him and his company with a *halutz* image. By framing his activity in pioneer-Zionist terms, Novomeysky acquired legitimation in the dominant discourse. Evidence of this may be seen, for example, in the editorial preface to an article written by Novomeysky himself for the daily *Ha'aretz* in 1945: "A veteran Zionist, he holds very progressive social views. These qualities imbue anything he says with immeasurably greater importance than should be attributed to warnings we have heard occasionally from functionaries with rightist views, who want to prove the damage being caused by the labor movement... Here a Zionist is speaking Zionist, an engineer with unrivaled experience who has devoted his life to building industry in the Land of Israel and whose only goal is to see it flourish..."³⁴ The company's practices and rhetoric not only enabled it to take part in the dominant discourse, they imbued it with a legitimate place in that discourse, enabling PPL to benefit from resources which were allocated to national enterprises.

Thus far we have described how the Zionist discourse was expanded to encompass industry as an instrument to mobilize resources: capital and labor. But recruitment of workers is not enough. From the industrialists' point of view, it is essential that the workers be productive. Here, too, Novomeysky strove to expand socialist-Zionist ideology rather than attempting to posit an alternative ideology, such as capitalism, for example. To its external publics PPL declared that it would endeavor to increase productivity—in the accepted terms of the West—but when addressing internal publics, the workers and their leaders in the Histadrut, PPL evoked the terms of reference of the pioneer Zionist ideologue A.D. Gordon's to describe its thrust for productivity.

Productivity

PPL's management was preoccupied with finding ways to step up production. Data released by the company³⁵ show that the productivity of its workers was far below that of potash firms in Spain, German, and the United States. From PPL's second decade of existence, and more particularly toward the end of the Second World War, as the probability loomed of competition

³³ Ibid.

³⁴ "From Day to Day," editorial preface to Novomeysky's article, *Ha'aretz*, July 8, 1945.

³⁵ Document in CZA A316/5, n.d.

from other potash manufacturers, productivity became a central issue in discussions about the company. The definition of labor productivity as a national goal—a definition which was conditional for the existence of a “national industry” and for Palestine’s economic viability—conferred on the term a meaning different from Western industry; improved productivity became a goal shared by company and workers alike.

Zionism’s linkage with productivity was not new. In the struggle to infuse the term with meaning and transform it into Zionist-type praxis, the industrialists of PPL could draw on seminal works relating to the question, particularly the writings of A.D. Gordon, though other socialists, notably Ber Borokhov, also discussed the need for the Jews to become a productive people. Only work, they maintained, would bring the nation deliverance, and urged unceasingly the overturning of the socioeconomic pyramid. The Jewish people, these thinkers argued, suffered from a surfeit of merchants, bankers, and scholars, and must become a productive nation capable of extracting surplus value from its labor. However, the concept of labor productivity à la Gordon and Borokhov, with its nationalist overtones, does not adequately account for the discourse on productivity in PPL and for industrialization, in general.

Labor productivity is a multifaceted concept which assumed various forms parallel to the rise of industry and the articulation of the managerial theories it spawned. Shenhav (1992) distinguishes between a consideration of labor as a sacred task and an instrument for moral betterment, and an analysis of productivity as it finds expression in industrial engineering, i.e., the ratio of output to input, which is measured statistically and is absolutely bound up with the question of efficiency. The productivity generated by industrial engineering is individualistic and is based on competition between workers and on divide-and-rule strategies which proceed from the psychological assumption that workers want only to enlarge their income and savings and that in contrast to management they lack a perfect picture of the whole. The ideological change undergone by the concept of productivity is related to a more general process—the evolution of the concept of work into that of labor—which, in turn, is related to a shift from work perceived as autonomous doing to its perception as an element in the process of controlling the workforce. The underpinnings of the new conception—the need for maximization embodied in the terms “more,” “faster,” and “cheaply”—stands in absolute opposition to the religious conception of work, which considers productivity from the starting point of avocation and mission, and does not consider profit the be-all and end-all.

A.D. Gordon and Borokhov belong to the earlier, quasi-religious attitude toward work, which was influenced by both the Marxist discourse and the Narodnik discourse, with its emphasis on a return to the land. In contrast to that conception, the discourse relating to productivity in PPL forges a link between productivity in its rational, and scientific sense, and nationalism which, suffused with emotion and the pioneering ethos, would appear to be its polar opposite.

It is at this nexus that the struggle over the meaning of central symbols in the discourse, as part of the ideological praxis, becomes clear: the industrialists' effort to introduce the concept of industrial efficiency and the cost-utility connection into the framework of the national goals which will enable the country's development. Shenhav (1992) notes that with America's entry into World War I the craze for efficiency also became a test of patriotism. A similar connection is created by the praxis that stretches the meaning of Zionism to encompass efficiency and greater productivity, which constitutes a method of controlling workers through national ideology. The workers, who perceived their labors to be part of the national enterprise, strove to upgrade production, accepting the term's capitalist definition. Moreover, this modified definition reflects the emergence of a deeper form of controlling the workers: normative control, which shifts the focus of control to the workers themselves without the need for more expensive—and less effective—technical or external supervision.

An example of the method by which the idea of productivity in its capitalist sense was injected into the Zionist discourse vis-à-vis PPL is found in Novomeysky's article in *Ha'aretz*, entitled "Where Are We Bound? What Is Our Task?". There he links productivity in its Taylorist sense with the national interest, which is shared by industrialists and laborers. Novomeysky begins by explaining that he is writing in order to serve the country's future, which he claims is now in danger. "Very well," he continues, "what do we demand today from labor leaders?... We want them to take an interest in the worker's productivity. This is a subject to which we attach great importance. Abroad, and especially in the United States, the cost of labor is closely linked to productivity. In fact, these elements are inseparable. The high wages that are in effect in the United States are justified by the high work productivity. Our difficulty in Palestine is the very low productive efficiency of labor... I mentioned above the immense importance of work productivity and the necessity of increasing it. In the United States a new science has emerged called 'industrial engineering.' [It] has been introduced as a special subject in the higher schools of engineering, and special departments of large companies, such as Standard Oil, Du-Pont, Monsanto, etc., operate according to its principles." Summing up, Novomeysky writes: "All interested parties and everyone

who foresees and anticipates the imminent changes that will occur in the country's future, have the duty to act together and take the necessary measures that will soften the consequences of the crisis.³⁶ Novomeysky is here fusing the good of the country with the need to increase productivity in its capitalist sense, a connection which afterward would become self-evident. The Histadrut itself established the Work Productivity Institute and urged the formation of joint production councils in which the workers' representatives were to cooperate with industrial engineers in introducing methods of scientific management; and the Histadrut was active in putting the new methods into practice in order to further the "socialist-Zionist project."

Conclusions

We saw, then, that PPL's ideological activity framed its operations in dominant Zionist concepts. By doing so, the company was able to gain access to resources, control its workers, and increase production without raising wages. The ideological framework also had the effect of creating an emotional bond between the laborers and their place of work, based on a perception of common interests and a shared destiny. "Nationalism" in its socialist-Zionist form constitutes an ideology of industrialization in which the nation is the supreme body which the rival sides must serve together. Subordinating the conflicting interests of the industrialists and their workers to one common body blurs the basic clash of interests between the two sides and brings about the workers' identification with their managers.

How did socialist Zionism become a normative ideology of management? Barley & Kunda (1992), following Etzioni, distinguish between two types of control in organizations. Rational, mechanistic control, imposed on the worker from the outside, demarcates the boundaries of his function and proposes methods for supervision; whereas, normative control is a more sophisticated method which shifts the focus of control to the worker's psyche by binding him emotionally to the company. A study by Van Maanen & Kunda (1989) discusses the success of organizations in controlling their workers' emotions; when those emotions are made to intersect with the organization's cultural aspect the company effectively controls the workers' total behavior. Control of the emotions is effected by the worker himself. This is a highly effective mechanism of internal control, which is driven in part by ideological mechanisms. The conception of the company as an element in the Yishuv's pioneering enterprise endowed it with a special status in labor negotiations

³⁶ Novomeysky, *Ha'aretz*, July 8, 1945.

and in its contacts with Yishuv institutions. The company's *halutz* image ensured it broad cooperation and the almost boundless loyalty of the workers, who believed in the Zionist idea and identified their work at PPL with the pioneering way. They remained steadfastly loyal even when the Yishuv's economic prosperity created a shortage of working hands. PPL thus forged a connection between the workers' feelings for Zionism and the behavior expected of them as employees of the company. In effect, the company exercised a sophisticated form of control over the workers—through emotions—which ensured the workers' positive response to the company's needs because they identified with its goals and neutralized notions of a conflict of interests between workers and management. Thus, by charting the road followed by Novomeysky and PPL we can show how the industrial discourse is inbuilt in the dominant socialist discourse while simultaneously taking part in its construction during the prestate, nation-building, era.

A telling sign of an ideology's success is the ability of the carrier group to identify itself with symbols or signs that generate a sweeping emotional response in a social context. Such identification ensures that its interpretation will emerge as the dominant one, by defining the manner in which other groups are to perceive reality; in other words, the conception underlying the ideology becomes "self-evident." A case in point is the industrialists. By their success in identifying their private economic interests with the national interest they reap, uncontested, many legitimate benefits. They can urge Israeli consumers to demonstrate their commitment to the nation and its well-being by buying "blue-and-white" (i.e., Israeli-made products), mounting a "Blue-and-White Campaign" which, again, represents private interests.

We have seen, then, how a dominant national ideology—socialist Zionism—which was originally developed as a labor ideology, evolved into, and by and large remains, an ideology of industrialization in the Israeli context, an ideological infrastructure allowing for the rise of capitalism under the state's sponsorship without any sharp transformation of the dominant discourse. Today too, industries which claim to contribute to the public good, through establishing enterprises in development towns and frontier areas, through absorbing immigration and so on, have better access to state resources and support. This support is accepted as legitimate because of the now-taken-for-granted link between industry and national goals.

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