

Profit in the Holy Land: American Capital in Mandatory Palestine

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Abstract

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This project examines how American financial intervention reshaped the political economy of Mandate Palestine and, in doing so, strengthened the foundations of the Zionist project. *Profit in the Holy Land: American Capital in Mandatory Palestine* argues that the Palestine Economic Corporation (PEC)—founded in 1926 by prominent American Jewish financiers such as Felix Warburg and Louis Marshall—served as a crucial intermediary between American capital, British colonial governance, and Zionist state-building. Presenting their work as humanitarian and “apolitical,” PEC leaders introduced U.S. capitalist methods—cooperative credit, long-term agricultural loans, and corporate-style management—that redefined development in Palestine as a moral and technical enterprise. In practice, these interventions advanced Jewish settlement, marginalized Arab participation, and integrated Palestine into a wider architecture of U.S. financial imperialism.

The dissertation asks how American Jewish investors who opposed political Zionism nonetheless became central to Zionist economic development. Leaders like Warburg and Lehman, deeply shaped by the liberal ideals of the American Jewish philanthropic establishment, rejected the notion of Jewish nationalism and dual loyalty. Yet they saw investment as a means of aiding their co-religionists abroad while affirming their own identity as modern, patriotic Americans. By translating philanthropy into the idioms of American capitalism—efficiency, rationalization, and productive enterprise—they transformed moral obligation into economic opportunity. Framed as apolitical modernization, their investments allowed them to reconcile Jewish solidarity with civic loyalty, even as they established financial structures that privileged

Jewish access to credit and land. In the process, they reshaped Palestine's political economy in ways that entrenched Zionist control and deepened Arab exclusion.

Drawing on archival research in New York, Jerusalem, and Cincinnati, the dissertation follows the PEC from its founding through the late 1930s, analyzing its efforts to stabilize the Yishuv's economy amid agricultural crises, extend credit through cooperative banking institutions, and invest in industrial and urban projects around Haifa Bay. These case studies reveal how the PEC's policies aligned with British colonial priorities while simultaneously furthering Zionist economic autonomy. Far from peripheral, American financial practices became central to the material and institutional foundations of Jewish settlement in Palestine.

Ultimately, *Profit in the Holy Land* reframes the history of Zionist development by centering the role of American capital in producing both opportunity and dispossession. The PEC's interventions reveal how humanitarian investment became a means of restructuring territory, labor, and ownership in ways that advanced Jewish settlement while erasing Arab claims to economic and political sovereignty. By tracing this process, the dissertation illuminates how the entanglement of capitalism and colonization in Mandate Palestine helped shape the enduring dynamics of inequality and conflict in the modern Middle East.

Dedications

Graduate students often talk about writing a dissertation as if it were an experience worthy of Dante: grueling, isolating, and something like a ritual hazing. While it is possible that we have collectively exaggerated our suffering—I know I have on more than one occasion—I also believe that I have been unusually lucky. Thanks to my friends, family, committee, mentors, and the generous institutional support I received along the way, the vast majority of this process was not only bearable, but genuinely pleasurable. I cannot say I would want to repeat it. But because of the people named below, I know I will always remember it fondly.

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suggest the exact framing, secondary work, or avenue of exploration that the researcher needed to consider. It does not matter the topic or field; Liora always seems to provide, almost effortlessly, the sort of insight that cuts directly to the heart of the matter. Having that insight continuously available to me has strengthened this dissertation beyond measure. Liora's guidance has touched nearly every page of this project, pushing me far beyond what I could have achieved without her. She has done so with immense kindness and care, and she has always pushed me to consider the moral dimensions of my work. I could not have asked for a better, kinder, or more thoughtful mentor.

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This research would not have been possible without the support of many centers and institutions. I am especially grateful to the Stroum Center for Jewish Studies at the University of Washington for its unrivaled generosity. Important additional funding came from the Office of the President at the University of Washington, Fordham University in collaboration with the New York Public Library, the Society of Scholars at the University of Washington, the Fulbright-Hays Program, Labor Studies at the University of Washington, the American Academy for Jewish Research, which funded both research and an extremely beneficial writing workshop, the

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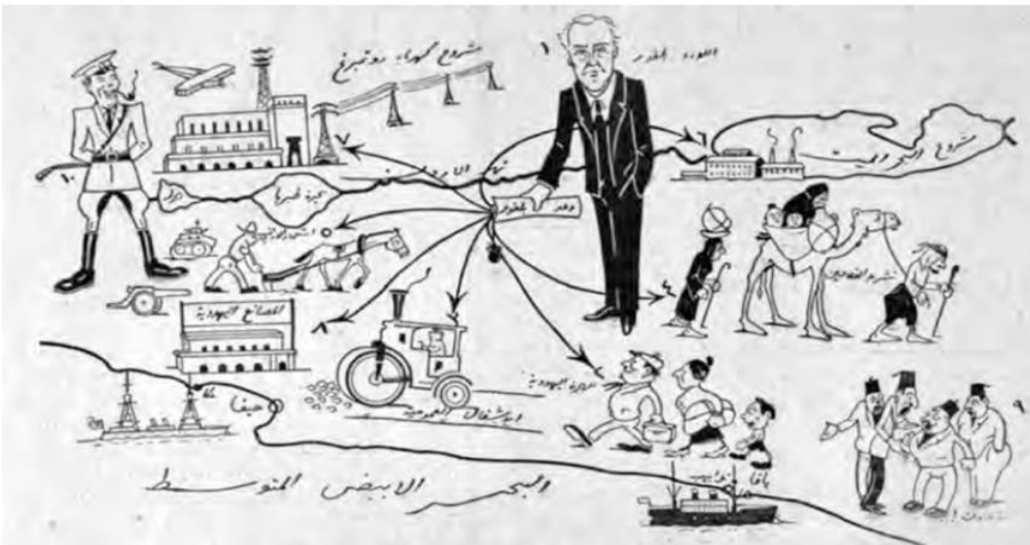
And finally, to my grandma, the wisest woman I know, who can say more in a single sentence than I can manage in these three hundred-plus pages.

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Introduction

In November 1932, the Arabic Palestinian newspaper *Filastin* published a comic critiquing British imperialism and Zionist settlement in Palestine. At its center stood Lord Balfour, holding the 1917 declaration of British support for a Jewish national home in Palestine. Flanking Balfour on either side were scenes familiar from Arab critiques of the Mandate: Jewish refugees arriving in Palestine, and displaced Arab locals moving south. Yet surrounding this central drama was a more unexpected set of illustrations—four vignettes depicting the major industrial developments of the era: the Palestine Electric Company, mineral extraction at the Dead Sea, new factories at Haifa Bay, and mechanized agriculture along the coastal plain. Arrows linking the Balfour Declaration to these images of industrialization underscored the cartoonist's point: Palestine's political transformations were inseparable from the region's rapid development.



Left: Image of the 1932 comic. (Image taken from Meiton 2019)¹

While the cartoonist skillfully illustrated the connection between development, British imperialism, Zionist ambitions, and the changing fortunes of the Arab population in Palestine, he omitted a force crucial to the story—the power of global capital. While the importance of

¹ Fredrik Meiton, *Electrical Palestine Capital and Technology from Empire to Nation* (University of California Press, 2019), 3.

overseas investment capital in promoting development may not have been apparent to even politically astute actors living in Palestine, such as the cartoonist, it was primarily private money from investors, neither government nor Zionist institutional capital that provided the financing necessary for rapid industrialization during British rule. What is easy to miss—and has gone largely unremarked in the scholarship—is that all four projects in the comic, spanning sectors as diverse as energy, mineral extraction, manufacturing, and agriculture, shared a reliance on the financial backing of a single American organization: the Palestine Economic Corporation (PEC).² Yet even with nearly a century of hindsight, historians of Israel/Palestine have largely overlooked the role of the PEC and American private investment more broadly, in shaping Mandate Palestine and driving the region's transformation. Like the cartoonist in 1932 who overlooked the importance of overseas capital in his sketch, our understanding of the forces behind these dramatic changes in Palestine remains incomplete. Consequently, this dissertation aims to tell the history of American capitalist investment in Mandate Palestine through the lens of the largest for-profit development corporation in the region: the Palestine Economic Corporation.

Palestine's small size, limited resources, and reputation in the West for underdeveloped infrastructure made it an unlikely destination for foreign capital. As one observer remarked to the 1936 Palestine Royal Commission: "It is true that Palestine cannot appeal readily to the usual economist or financier. It lacks practically every elementary requisite to make it attractive to colonists and investors of the orthodox type. It has no raw materials for industry, no adequate water supply, the soil is not fertile, no mines of importance exist or have been discovered as yet. Consequently the only real appeal resides in need and sentiment."³ Although this statement was intended to justify the continued privileging of Zionist settlement—and overlooked the history of overseas investment in the late Ottoman period as well as a few major ventures during the

² The arguable exception to this is the Palestine Electric Corporation, which had a significant relationship to the PEC, and received some investment from the corporation and additional investment from PEC leader Felix Warbrug. However, it had significant British investment, so did not *rely* on the PEC in the way these other examples did.

³ Eliachar, Elie. 1936. *A Jew of Palestine before the Royal Commission*. Jerusalem, 20.

Mandate that did draw traditional investors, such as the port of Haifa—it captured an essential truth: very few sources of overseas capital were attracted to Palestine purely for profit.⁴ Instead, most chose to invest as part of a broader project to support Jewish life in the region.

Historians have long highlighted the Zionist Organization (ZO) and the Rothschild-backed Palestine Israelite Colonization Association (PICA) as the primary sources of overseas capital for Jewish settlement in Palestine. Both functioned chiefly as philanthropies, though they undertook limited for-profit investment. Seen as the central supporters of Zionist settlement, they wielded economic tools in the service of communal improvement, channeling capital to steer Jewish settlers toward “productive” labor and to promote a vision of Jewish regeneration.

The Palestine Economic Corporation (PEC) similarly mobilized funds from Jews abroad to advance economic growth and communal revitalization in Palestine, but it did so exclusively through the mechanisms of private investment. Established in 1926, the PEC emerged at a moment of conflicting priorities for the American Jewish elite—wealthy, primarily New York-based German Jews such as Louis Marshall, Felix Warburg, and Herbert Lehman, who considered themselves leaders of the American Jewish community. This cohort, established a generation before the major influx of Eastern European immigrants, believed—based in part on their own experience—that the United States offered Jews a promised land of acceptance and prosperity, provided they acculturated, embraced an American identity, and avoided drawing undue attention to themselves. For them, Zionism—with its emphasis on Jewish nationalism, Hebrew revitalization, and populist challenges to entrenched Jewish elites—posed a serious threat to both their worldview and their leadership.⁵

Their position was complicated, however, by two developments. The 1917 Balfour Declaration, in which a major U.S. ally implicitly endorsed aspects of Zionism, made outright

⁴ Yasemin Avcı, “Jerusalem-Jaffa The Concession-Hunting Struggle For Public Works Projects,” in *Late Ottoman Palestine: The Period of Young Turk Rule*, ed. Yuval Ben-Bassat and Eyal Ginio (I.B. Tauris & Co Ltd, 2011), 83–86.

⁵ Zvi. Ganin, *An Uneasy Relationship: American Jewish Leadership and Israel, 1948-1957* (Syracuse University Press, 2005), 3–4.

opposition to Zionism politically fraught.⁶ Even more decisive were the immigration restrictions of 1924, which severely curtailed Jewish entry into the United States and closed off the last significant refuge outside Palestine for Jews fleeing persecution in Eastern Europe.⁷ The result was a dilemma: to reject Zionism outright was to ignore the pressing crisis of Jewish displacement, but to embrace it risked undermining the fragile social acceptance American Jews had achieved.

Louis Marshall, the most prominent Jewish leader of the period, sought to steer a path between these pressures. He helped forge an alliance between acculturated, moderate American Zionists—led by Louis Brandeis, who after World War I emphasized the practical work of settlement in Palestine rather than nationalist ideology—and his fellow German-Jewish leaders of the Jewish establishment, who began calling themselves “non-Zionists.” This latter group remained skeptical of Jewish nationalism and statehood but recognized that Jewish immigration to Palestine had become unavoidable.⁸ They believed they could participate in the process of Jewish resettlement in ways that minimized political risks to Jews in America while also shaping the character of Jewish settlement in Palestine.⁹

Out of this alliance the Palestine Economic Corporation (PEC) was born. Deliberately structured as a business enterprise supposedly governed exclusively by professional standards of finance and management, the PEC presented itself as a middle ground: neither explicitly nationalist nor openly “anti-Zionist.” Its leaders argued that Jewish development in Palestine could advance on ostensibly apolitical grounds, framed in the neutral language of capital, efficiency, and productivity. In this vision, capitalist investment was not a vehicle for sovereignty

⁶ “The American Jewish Committee Meeting of the Executive Committee Held on March 10, 1918,” March 10, 1918, AJC digital archive, <http://www.ajcarchives.org/ajcarchive/DigitalArchive.aspx?panes=2>.

⁷ “Proceedings of Non-Partisan Conference to Consider Palestine Problems,” February 17, 1924, 12, Berman Jewish Policy Archive, <https://www.bjpa.org/content/upload/bjpa/proc/PROCEEDINGS%20NON-PARTISAN%20CONFERENCE%20PALESTINIAN%20PROBLEMS%201924.pdf>.

⁸ Stuart E. Knee, “Jewish Non-Zionism in America and Palestine Commitment 1917-1941,” *Jewish Social Studies* 39, no. 3 (1977): 209–10, JSTOR.

⁹ For more on the attempt to direct emigration in progress to Palestine see: Tara Zahra, “Zionism, Emigration, And East European Colonialism,” in *Colonialism and the Jews*, ed. Ethan Katz et al. (Indiana University Press, 2017), 167.

or statehood but a rational and dispassionate means of addressing the humanitarian and economic imperative of enabling Jews to live productive lives. In practice, however, the PEC's investments consistently intersected with the nationalist project of building a Jewish homeland, compelling its leaders to redraw boundaries and reframe initiatives in order to preserve their fiction of political neutrality.

Operationally, the PEC recruited a Jewish shareholder base, issued stock, paid dividends, and established Palestine-based subsidiaries to carry out its priorities abroad, such as offering mortgages for homes, long term loans to cooperatives, investment in mining, and land development. By structuring their initiative as a corporation, its leaders hoped not only to mobilize larger sums than philanthropy alone could raise but also to demonstrate that Jewish settlement in Palestine could and should rest on a sound economic footing—for both settlers and investors. Their methods brought a distinctly American perspective, contrasting sharply with the European approaches of the Zionist Organization (ZO) and PICA. For example, whereas PICA directed Rothschild philanthropy into colonies modeled on European villages, and Arthur Ruppin drew inspiration for the kibbutz from Prussian internal colonization, the PEC drew inspiration from American movements for smallholder agriculture, mortgage-backed housing, and cooperative credit.¹⁰ They also sought to impose American banking norms: detailed bookkeeping, restrictions on indebtedness, regular audits, and strict repayment plans—measures largely unfamiliar in 1920s Palestine.¹¹

This approach echoed the logic of “dollar diplomacy,” the early twentieth-century practice through which American financiers, often in concert with the State Department, conditioned overseas loans on fiscal restructuring and administrative reform. By the early 1930s, an emboldened PEC attempted to extend this model beyond the fiscal reform of dollar diplomacy

¹⁰ Marilyn Lake, *Progressive New World: How Settler Colonialism and Transpacific Exchange Shaped American Reform* (Cambridge, Massachusetts : Harvard University Press, 2019), 9–10.

¹¹ Gershon Shafir, *Land, Labor, and the Origins of the Israeli-Palestinian Conflict, 1882-1914*, Updated ed. (Berkeley : University of California Press, 1996), 154; Derek J. Penslar, *Zionism and Technocracy the Engineering of Jewish Settlement in Palestine, 1870-1918* (Indiana University Press, 1991), 17.

and into other forms of what historians have termed “informal empire” the projection of American power through private capital, corporate governance, and technocratic standards that reshaped foreign economies and societies without formal political control.¹² In Palestine, however, the model operated in unique circumstances, transplanted into a British-ruled territory outside the US sphere of influence. By tying American capital to these standards, the PEC not only financed Jewish settlement but expanded the reach of US financial influence shaping the economic culture of the Yishuv, helping to lay the foundations of the market-oriented economy that would later characterize the Israeli state.

Yet despite the PEC’s significant influence on both the economic and political trajectory of Mandate Palestine —especially in the decade between its founding in 1926 and the influx of German Jewish capital in the mid-1930s— its role has remained largely neglected in historical scholarship. This omission has obscured how American capital, and its complex interplay with other forces shaped the region’s transformation during the interwar period. In these formative years, the PEC stood at the center of nearly every major economic initiative in the Mandate: purchasing and developing Haifa Bay near the new deep-water port; serving as the primary investor in Palestine Potash, the ambitious Dead Sea mineral extraction company, which its leaders described as “one of the greatest single sources of wealth in the world,” and helping to finance the construction of the King David Hotel, hailed as the most luxurious in the region upon its opening in 1930.¹³ In just its first seven years, the PEC loaned \$14.2 million to Jewish industry and agriculture in the Mandate, with a remarkably low default rate and nearly a quarter of all industrial establishments in the Mandate receiving a PEC-financed loan.¹⁴ For comparison,

¹² Thomas J. McCormick, *China Market; America’s Quest for Informal Empire, 1893-1901*, Quadrangle Paperbacks (Quadrangle Books, 1967), 7; Mira Wilkins, *The Emergence of Multinational Enterprise: American Business Abroad from the Colonial Era to 1914* (Harvard University Press, 2022); James W. Martin, *Banana Cowboys: The United Fruit Company and the Culture of Corporate Colonialism* (University of New Mexico Press, 2018), 7.

¹³ Full Record Washington Conference on Palestine, MssCol 2326, Nov. 24, 1929, box 100, folder Washington Conference on Palestine 1929, Palestine Economic Corporation records, Manuscripts and Archives Division, The New York Public Library, New York, 35, 94-96; Palestine Economic Corporation, [hereafter all records in this collection will be denoted as “NYPL”], “Fourth Annual Economic Corporation,” 1931, 6.

¹⁴ Letter Leavitt to Flexner, 18 Jan. 1934, MS-457, box 304, folder 2, Warburg Papers; American Jewish Archives, Cincinnati Ohio, [hereafter, Warburg Papers, AJA].

total annual investment in the Mandate in 1930 was just over \$11 million, highlighting the significant scale of PEC capital.¹⁵

The PEC's influence extended beyond its capital investments to the impressive array of institutions and subsidiaries it controlled. These included a bank for Jewish cooperatives, a middle-class lending bank, a mortgage bank, a land development company, a deep-water drilling unit capable of reaching depths unmatched by any other organization in Palestine, and a water company with a significant presence on the coastal plain.¹⁶ The PEC also played a central role in financing and designing the Tel Aviv neighborhood known today as the Old North, neighborhoods in Pardes Hanna and Binyamina, and many of the Qrayot in Haifa Bay—a region for which they essentially designed the master plan.¹⁷ Its leaders were instrumental in negotiating the centralization of citrus marketing and promoting technological innovation, such as establishing “modern” factories and commissioning home design plans.

Through its investments, the PEC systematically—and often explicitly—privileged Jewish access to land, capital, and control over the Mandate's most critical economic resources, including water and valuable minerals such as potash. Yet, despite these material realities, PEC leaders genuinely believed their work—framed as conducted on a “strictly business basis”—to be inherently non-political, maintained by what they imagined as a firewall separating the world of business, governed by the immutable laws of economics, from the tumult of politics.¹⁸ This curious position emerged from the convergence of several ideologies in the 1920s and 1930s: the evolving ethos of modern Jewish philanthropy, prevailing American ideas concerning capitalism and race, and new currents in American Zionism.

¹⁵ Report, PEC meeting of the Shareholders, October 31, 1934, box 304, folder 4 Palestine Economic Corporation, Warburg Papers, AJA, 15. A more apt comparison across the seven years is not possible given the lack of data.

¹⁶ For list of subsidiaries and details on drilling unit see Palestine Economic Corporation, “Fifth Annual Report,” 1931.

¹⁷ PEC to Viteles, October 22, 1930, box 53, folder ICA cooperation July-Dec 1930, NYPL; Palestine Economic Corporation, “Fourth Annual Economic Corporation,” 35; Paul Singer to Joshua Bernhardt, January 25, 1928, box 1, folder Agriculture long term loans-general January 1928, NYPL; Palestine Economic Corporation, “Third Annual Report,” 1930, 21–23, <https://hdl.handle.net/2027/uc1.b3101367>.

¹⁸ “Proceedings of Non-Partisan Conference,” 6.

Tracing this claim across time and place—that the activities of the PEC were “non-political”—and examining how it was justified, or simply assumed, forms a major throughline of this dissertation. Equally central is the contrast between these assertions of apoliticism and the material and political realities that so clearly belie them.

Despite its impact on the region, the PEC was not well understood even in its own time. This was partly because it operated in Palestine through a complex web of partially and fully owned subsidiaries. As a result, many Jewish settlers may never have realized the connection between, for example, a loan from the Central Bank of Cooperatives in Jerusalem and the New York bankers whose investments financed that loan and employed the bank’s managers. The historical oversight of the PEC is, in some respects, equally understandable. As Louis Hyman notes, for nearly two generations the fields of economic history and the history of capitalism languished in an academic wilderness, sidelined amid the broader turn to social and cultural history.¹⁹ In Jewish studies, this tendency to avoid economic and capitalist histories has been, if anything, even more pronounced. As Rebecca Kobrin observes, many historians have been reluctant to engage with topics marked by longstanding taboos and antisemitic libels about Jewish economic power and control over markets.²⁰

This absence has led to significant omissions, or basic facts of the PEC being incorrect in many otherwise excellent historical works.²¹ More importantly, however, without the history of

¹⁹ Edward E. Baptist and Louis Hyman, eds., *American Capitalism: A Reader* (Simon & Schuster, 2014), sec. Why Study the History of Capitalism?

²⁰ R. Kobrin and A. Teller, *Purchasing Power: The Economics of Modern Jewish History* (University of Pennsylvania Press 2015), 9–11.

²¹ Some examples of oversights in otherwise excellent works. Nahum Karlinsky talks about Harry Viteles and Julius Simon role in outlying the consolidated rules of citriculture marketing in Palestine, without providing any background on their objectives in Palestine, and work with the PEC. Fredrik Meiton devotes significant time to discussing the inability of Pinhas Rutenberg to attract American investors in his electrical grid in the early 1920s, concluding that he received little support from American Jews, missing that the PEC and Felix Warburg would later both invest in the Palestine Electrical Corporation. Lilach Barak attempts to reconstruct the history of the Economic Board for Palestine but is extremely vague on the details of its key partnership with the PEC, with whom they jointly invested (and were almost always the junior partner in terms of scale of investment.) Jacob Norris relies on Novomeysky’s memoir to recount the history of funding for Palestine Potash LTD, but as discussed in chapter three of this dissertation these memoirs contain several significant mistakes. Nahum Karlinsky, *California Dreaming: Ideology, Society, and Technology in the Citrus Industry of Palestine, 1890-1939* (Albany: State University of New York Press, 2005), 211; Meiton, *Electrical Palestine*, 122; Lilach Barak, “The Anglo-Jewish Economic Board for

the PEC, central narratives of American capitalism, Jewish history, and Israel/Palestine remain distorted. This project therefore aspires to be more than an institutional history: it seeks to shift how we understand the relationship between American influence, Jewish uplift, and political economy in Mandate Palestine. In telling the history of the PEC, and more broadly of American investment in Mandate Palestine, I make three broad and interlinked arguments:

First, the American investment and guidance of the Palestine Economic Corporation (PEC) was crucial to the success of Jewish settlement in Palestine, enabling the Jewish community of Palestine, commonly referred to as the Yishuv, to weather a severe economic recession, secure control over vital resources, and establish a stable capitalist economy whose structure in modern-day Israel continues to bear the imprint of the American capitalism fostered by the PEC.

Second, PEC investment extended the logic of American “dollar diplomacy” along with other forms of American “informal imperialism” into Mandate Palestine. Unlike other cases of dollar diplomacy and informal Empire, the PEC operated within another empire’s colonial setting, outside the traditional American sphere of interest, and largely independently of U.S. government support. Even in the absence of official endorsement, PEC leaders consistently saw and presented their work as an extension of American ideals and standards. They framed the corporation as a project of Jewish uplift, but by advancing it through the supposedly neutral mechanisms of American finance and development, they believed they could demonstrate that Jews were capable of self-sufficiency on “American” terms. In this way, they sought not only to legitimate Jewish settlement in Palestine but also to reinforce the tenuous social acceptance of Jews in the United States.

And finally, despite their claim to political neutrality, the PEC systematically privileged Jewish settlers to the material and political detriment of the Arab population. When confronted with this reality, PEC leaders consistently redefined what it meant to be “political,” insisting that

Palestine—The First Decade,” *Israel Studies* 26, no. 3 (2021): 84–102; Jacob Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948* (Oxford University Press, 2013), 156.

their reliance on the supposedly indisputable logic of the marketplace rendered their work inherently non-political and/or that their investment benefited all in the Mandate, Jews and Arabs alike—even as their investments were explicitly guided by communal loyalties and affective ties to Jews abroad.

Below I will outline each of these arguments in greater detail, and examine the broader historiographies they engage and challenge.

American (non)-Zionism

The so-called “Americanization of Zionism” thesis has long structured the historiography of American involvement in Mandate Palestine, shaping both the narrative contours and analytical boundaries of scholarship. First articulated by Melvin Urofsky in his landmark *American Zionism from Herzl to the Holocaust* (1975) and elaborated by Benjamin Halperin in his 1979 essay “The Americanization of Zionism, 1880–1930,” this paradigm contends that Zionism in the United States was fundamentally transformed by its encounter with American social and political conditions, resulting in a movement markedly distinct from its European and Palestine based counterparts.²² The “Americanization” framework, subsequently continued by later scholars, is typically organized around three central claims: American Zionism was uniquely shaped by American values; that it became a vehicle for Jewish immigrants to reconcile their Jewish and American identities; and that, as a result, American Zionism grew increasingly disconnected from the realities of Jewish settlement in Palestine.

While influential, this thesis has obscured the role of transnational projects such as the Palestine Economic Corporation (PEC), especially those initiatives whose primary aim was not identity formation but direct intervention in Mandate Palestine. My dissertation challenges this framework by expanding the meaning of “Americanization” beyond cultural adaptation to encompass the dynamics of American empire. In doing so, it shows how American Jews—both

²² Melvin I. Urofsky, *American Zionism from Herzl to the Holocaust*, 1st ed (Anchor Press, 1975), 2–3; Ben Halpern, “The Americanization of Zionism, 1880–1930,” *American Jewish History* 69, no. 1 (1979): 15–17, JSTOR.

Zionist and non-Zionist—exerted a profound material influence, channeling vital capital and expertise that decisively shaped the trajectory of Jewish settlement in the region.

The persistence of the Americanization paradigm is striking. For nearly half a century, it has not only framed the central questions asked about American Zionism but also narrowed the field's conceptual horizons. By casting the story primarily as one of cultural accommodation, the paradigm has tended to obscure the ways American Jews operated transnationally, in modes that cannot be reduced to questions of identity. Even as transnational and global approaches have reshaped the study of Jewish migration, empire, and nationalism, the scholarship on American Zionism has often remained tethered to the exceptionalist logic advanced by Urofsky, Halperin, and their heirs, such as Friesel and Cohen.

A key reason for the thesis's durability lies in its dual ideological appeal. For scholars like Urofsky and Naomi W. Cohen, writing from progressive or liberal perspectives, Americanization provides a narrative of harmonious synthesis—a story of American Jews, led by figures like Louis Brandeis, melding American progressive ideals with a movement for Jewish improvement. Conversely, for more conservative voices like Halperin and Friesel, the same process is framed as evidence of dilution and assimilation, in which American Zionism is seen as a weakened offshoot, disconnected from the ideological rigor, commitments, and material realities of Zionism in Europe and Palestine.²³

It is precisely this dual legacy—optimistic and skeptical, assimilationist and nationalist—that has enabled the Americanization thesis to dominate the field, often sidelining alternative frameworks. This continuity is evident even in recent works that otherwise broaden the field's thematic range, such as Imhoff's exploration of masculinity in American Zionism, Kaplan's study of American perceptions of Israel, and Schiff's biography of Abba Hillel Silver which still

²³ Evyatar Friesel, "Brandeis' Role in American Zionism Historically Reconsidered," *American Jewish History* 69, no. 1 (1979): 38–39, JSTOR; Naomi Wiener Cohen, *The Americanization of Zionism, 1897-1948* (Univ. Press of New England, 2003).

operate within the Americanization thesis.²⁴ Some works have introduced new complexity by showing the transnational dimensions of Zionist thought, shaped in the US and Palestine such as in Klagsbrun's book on Henrietta Szold or Pianko's discussion of Mordecai Kaplan in his work on alternative modes of Zionism, but these works remain the exception, not the rule and largely confined to intellectual history.²⁵

Yet as historiographical trends in American history increasingly move toward transnational and imperial frameworks, it is necessary to reconsider what it meant to "Americanize" Zionism. If U.S. history itself is now understood as shaped by global flows of people, capital, and power, and by forms of informal and formal imperial influence, then the question arises: to what extent was American Jewish engagement with Palestine truly bounded by the borders of the United States? Or, put differently, how might reframing American Jewish involvement in Palestine through a transnational or imperial lens recover forms of influence and entanglement that the Americanization thesis has obscured?

While much of the scholarship on American Zionism has privileged questions of ideology and cultural identity, the case of the Palestine Economic Corporation (PEC) reveals the need to attend to the material and transnational dimensions of American Jewish engagement with Palestine. In many respects, the PEC's leadership and vision were profoundly shaped by contemporary models of American imperial and financial expansion. Its founders and managers not only drew on American precedents of capitalist development abroad in both financial and technical terms but explicitly saw American upbuilding and expansion—what scholars describe as American settler colonialism—as a process to be emulated, adapted, and, where necessary, improved upon in the context of Palestine. In this respect, the PEC was unapologetically American, supporting policies such as private homesteads and family farms modeled after the

²⁴ Amy Kaplan, *Our American Israel: The Story of an Entangled Alliance* (2018), Ofer. Shiff, *The Downfall of Abba Hillel Silver and the Foundation of Israel* (Syracuse Univ. Press, 2014); Sarah Imhoff, *Masculinity and the Making of American Judaism* (Indiana University Press, 2017), the Courageous Diaspora.

²⁵ Francine Klagsbrun, *Henrietta Szold Hadassah and the Zionist Dream*, 1 online resource illustration, Jewish Lives (New Haven, Conn.) (Yale University Press, 2024); David Barak-Gorodetsky, Datan, Merav, *Judah Magnes: The Prophetic Politics of a Religious Binationalist* (2021); Noam Pianko, *Zionism and the Roads Not Taken: Rawidowicz, Kaplan, Kohn*, The Modern Jewish Experience (Indiana University Press, 2010).

U.S. frontier, and promoting bourgeois domestic gender norms in contrast to the more communal, often radical, visions preached (though not always practiced) by many Labor Zionists and their European counterparts.²⁶

Despite differing visions over models of settlement and social organization, there was also significant substantive alignment between the PEC's American model and the dominant settler institutions in Palestine. On core issues such as the primacy of Hebrew labor—the exclusive employment of Jews by Jewish institutions—the maintenance of wage gaps between Jews and Arabs, and even the possibility of population transfer, the PEC's policies dovetailed closely with those promoted by the Labor Zionists and the Yishuv's own economic planners.²⁷ While the PEC often celebrated its vision of American pluralism and liberal ideals in Palestine, it simultaneously participated in forging a political economy of exclusion and ethnonational development drawn from their US environment.

This history has important implications not only for Zionist historiography but also for the broader field of American Jewish history, which has recently begun to reassess the legacy of assimilation, “Americanism,” and racial identity in the American context. Books like Dollinger's *Black Power, Jewish Politics* have questioned the narratives of Jews as consummate champions for racial justice in the United States.²⁸ Goldstein's *The Price of Whiteness* examines the tradeoffs of American Jews' desire for American assimilation, and questions what cultural traits and potential inter-group alliances were closed off in the pursuit of racial acceptance.²⁹ Yet, this dissertation demonstrates that these reassessments must extend beyond the U.S. domestic context

²⁶ Bernard Flexner to Felix Warburg, February 5, 1930, box 99, folder Organization charts and related correspondence and memoranda c. 1928-1930 1 of 4, NYPL. Flexner was likely paraphrasing Brandeis who had earlier made a similar statement; Palestine Economic Corporation, “Sixth Annual Report,” 27-33.

²⁷ Gershon Shafir, *Land, Labor, and the Origins of the Israeli-Palestinian Conflict, 1882-1914*, Updated ed. (Berkeley: Berkeley: University of California Press, 1996), 61, 79; Zeev Sternhell, *The Founding Myths of Israel: Nationalism, Socialism, and the Making of the Jewish State* (Princeton: Princeton: Princeton University Press, 2009), 74; Memo Packaging house, B91 folder packaging house - Rehovoth 1931-1940, NYPL; Memorandum with Reference to Mr. Strickland's proposal and the Development Loan, N.D. [likely early 1931], folder A405/170, Central Zionist Archives, Jerusalem [Hereafter, CZA].

²⁸ Marc Dollinger, *Black Power, Jewish Politics: Reinventing the Alliance in the 1960s*, Brandeis Series in American Jewish History, Culture, and Life (Brandeis University Press, an imprint of University Press of New England, 2018), 7-9.

²⁹ Eric L. Goldstein, *The Price of Whiteness Jews, Race, and American Identity* (2008), 4-6.

to fully reckon with the impact of American Jewish actors in global arenas, in particular, Israel/Palestine.³⁰

Indeed, the prevailing literature on American Zionism has tended to downplay, if not ignore, the concrete impact that American organizations—particularly non-Zionist led institutions like the PEC—had on the ground in Palestine. While donations to the Zionist movement or to Hadassah’s medical projects are acknowledged, they are often treated as marginal to the real work of nation-building and economic development. Urofsky’s landmark study remains almost entirely focused on the U.S. context, while other works treat American Jewish achievements in Palestine to symbolic or small-scale projects. For example, Naomi Cohen’s book tracing the history of all pre-state American Zionism devotes an entire chapter to American influence on a synagogue in Palestine.³¹ A recent article co-written by three scholars focuses on the American influence on playgrounds in Palestine.³² While both topics are certainly worthy of study, they highlight the rather marginal material impacts assumed by American Jews in Palestine.³³

This oversight is in part a product of the very frameworks established by the Americanization thesis: in focusing so intently on the ideological and cultural meanings of Zionism for American Jews, scholars have often neglected the institutions and actors—especially those led by non-Zionists—who wielded substantial influence over Palestine’s development. Much of the existing literature on relations between Zionists and non-Zionists in the United States has instead concentrated on the 1929–1930 negotiations to expand the Jewish Agency, an effort led by many of the same figures central to this dissertation, including Louis Marshall and

³⁰ One example of this work, albeit in a much more contemporary context of the Israeli settlement movement can be seen in Sara Yael Hirschhorn, *City on a Hilltop: American Jews and the Israeli Settler Movement* (Cambridge, Massachusetts, 2017).

³¹ Cohen, *The Americanization of Zionism, 1897-1948*, A Modern Synagogue in Jerusalem.

³² Zipora Shehory-Rubin and Shifra Shvarts, “Teaching the Children to Play: The Establishment of the First Playgrounds in Palestine During the Mandate, 1918–1948,” *Israel Studies* 15, no. 2 (2010): 24–48.

³³ Even works that aspire to a transnational perspective, such as Mark Raider’s studies of Labor Zionism, tend to remain within the boundaries of American political and organizational history, rarely exploring the impact American Jews had on the shaping of society in Palestine or the Yishuv’s economic landscape: Mark A. Raider, *The Emergence of American Zionism* / (New York University Press, 1998.).

Felix Warburg, and undertaken in parallel to the formation of the PEC. The initiative was premised on the idea that Zionists and non-Zionists could cooperate on assuming shared responsibility for Jewish life in Palestine even without agreement on its political future. Yet scholars widely regard the project as a failure: despite a formal commitment to parity, non-Zionists never enjoyed equal influence within the Agency and eventually withdrew altogether.³⁴ Because this episode has been examined extensively elsewhere, I address it here only when it directly bears on the PEC's history and the larger questions this dissertation pursues.

Unlike the Jewish Agency, in which non-Zionists were treated as junior partners, the PEC was an institution in which they set the agenda, defined priorities, and shaped outcomes over the long term. In overlooking the PEC and related institutions scholars have missed a crucial dimension of how American Jews—particularly those outside the Zionist movement/mainstream—transported American capital, ideas, and models into the social and economic fabric of the Yishuv.

Rethinking Americanization opens new avenues for inquiry: not only how American Jews influenced Palestine, but how Palestine served as a site through which American capital, ideologies, and imperial practices were tested, adapted, and projected. Recognizing these dynamics helps us situate American Jews' work in Palestine within the global American history of capitalism and empire, rather than within a narrowly American story of assimilation and identity.

Dollar Diplomacy and Informal Empire in Mandate Palestine

The Palestine Economic Corporation (PEC) forces us to broaden our history of American “dollar diplomacy” and financial imperialism. Unlike in Latin America or East Asia—where financiers operated under the shadow of U.S. strategic commitments—here American capital

³⁴ Urofsky, *American Zionism from Herzl to the Holocaust*, The “Pact of Glory”; Herbert Parzen, “The Enlargement of the Jewish Agency for Palestine: 1923-1929 a Hope: Hamstrung,” *Jewish Social Studies* 39, no. 1/2 (1977): 129–58; Herbert Parzen, “ההסתדרות הציונית של אמריקה וייסוד הסוכנות היהודית” / Louis Marshall, the Zionist Organization of America, and the Founding of the Jewish Agency,” *Michael: On the History of the Jews in the Diaspora* / 53–226 (1975): מאסף לתולדות היהודים בתפוצות ג.

worked in a territory firmly under British control, with virtually no backing from Washington. Yet the familiar logic of dollar diplomacy still applied: infusions of capital tied to fiscal discipline, institutional reform, and the promise of economic self-sufficiency. Felix Warburg made the connection explicit when he declared, "...We can do for Palestine what we have done for other countries: help it stand on its own legs as soon as possible and stop charity as soon as possible, and let the laws of economics take their course..."³⁵

Palestine thus became a proving ground for the outer limits of dollar diplomacy. Even in a setting far outside formal US power such as military force, financiers tested the reach of U.S. economic influence. What distinguished the PEC's work was not only the absence of state backing but also the symbolic meaning attached to these practices. For the assimilated, German-American Jewish elite who directed the corporation, financial imperialism could be framed as a distinctly American form of intervention—one that affirmed their identities as rational, modern Americans while simultaneously fulfilling communal obligations to Jews abroad. In this sense, the PEC demonstrates both the global reach of American economic influence and the ways its enactment abroad was bound up with questions of identity, belonging, and the performance of American modernity.

In its strictest sense, "dollar diplomacy" referred to the policy under president Taft (1909-1913) in which American financial institutions extended loans to foreign governments on the condition that those states accept U.S.-appointed economic advisors, undertake structural reforms, and establish mechanisms for American oversight—arrangements ultimately underwritten by the implicit threat of U.S. power.³⁶ However, as scholars of dollar diplomacy such as Rosenberg and Sklar have argued, these arrangements persisted beyond Taft's presidency; while Woodrow Wilson publicly disavowed the language of dollar diplomacy, his

³⁵ "Non-Zionist Conference Concerning Palestine. Verbatim Report of the Proceedings," October 20, 1928, 20, Berman Jewish Policy Archive.

³⁶ Martin J. Sklar, *The United States as a Developing Country: Studies in U.S. History in the Progressive Era and the 1920s* (Cambridge University Press, 1992), 78.

administration continued to pursue its objectives in practice, often in more subtle forms.³⁷ In her seminal work *Financial Missionaries to the World*, Emily Rosenberg demonstrates that the more formal governmental approach from Taft persisted and evolved to a broader, informal practice in which U.S.-based bankers and consultants became highly sought after by foreign governments seeking international capital. Even when these experts operated with official independence, their presence signaled to investors that American interests would be protected, thus facilitating further international lending.³⁸

As dollar diplomacy shifted away from formal, state-driven policy, it gave rise to a wide constellation of actors—private bankers, professional consultants, State Department officials, and local powerbrokers—whose activities overlapped but were rarely tightly coordinated. Private banks made lucrative loans abroad, operating on the tacit assumption that their interests would ultimately be protected by the U.S. government, even absent formal guarantees. Consultants and so-called “money doctors” were recruited by foreign governments to design and implement economic reforms which would attract foreign capital. Meanwhile, the U.S. government promoted the global spread of gold-standard, trade-based capitalism, advancing American strategic interests and the standing of the dollar, even as officials denied any formal policy of intervention. As Rosenberg notes, this arrangement functioned less as a coordinated system than as a set of mutually reinforcing practices rooted in shared assumptions—a kind of self-organizing logic of American financial expansion.³⁹

By the 1920s, the ethos of dollar diplomacy was increasingly sustained by an emphasis on technical and scientific expertise. Figures like Edwin Kemmerer became the archetype of the rational, detached advisor, projecting an aura of neutrality above local politics and even above American state interests.⁴⁰ This cultivated performance of objectivity made American expertise

³⁷ Sklar, *The United States as a Developing Country*, 78–79; Emily S. Rosenberg, *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900-1930*, American Encounters/Global Interactions (Duke University Press, 2003), 9.

³⁸ Rosenberg, *Financial Missionaries to the World*, 9.

³⁹ Rosenberg, *Financial Missionaries to the World*, 189.

⁴⁰ Rosenberg, *Financial Missionaries to the World*, 29, 193.

especially attractive to foreign governments seeking international legitimacy. Hiring Kemmerer or his students to advise economic rules and regulations served as a signal to bankers abroad that a government was a good investment, and that foreign investments would be protected. Yet, as historians have noted, the rhetoric of technical neutrality often concealed more complex motivations.⁴¹ Many of these actors understood their work not simply as rational or scientific, but as a civilizational and even humanitarian mission—what Rosenberg describes as “spreading the financial preconditions for civilization.”⁴² The drive to impose fiscal order or promote “sound money” often carried a missionary zeal, a belief in the transformative power of American economic models. Yet these affective and ideological currents were largely backgrounded by the central actors themselves, who emphasized their supposedly dispassionate, rational and scientific approach.

The Palestine Economic Corporation (PEC) emerged from the broader ecosystem of dollar diplomacy, yet its operations significantly diverged from conventional patterns. Palestine, as part of the British Empire, was perceived by the United States as a “civilized” territory already under competent colonial governance. Consequently, the U.S. government had little inclination—and even less leverage—to directly intervene in the Mandate’s affairs or challenge British policy.⁴³ Reflecting this limited governmental engagement, the PEC made no substantial efforts to reshape British economic policy and relied on persuasion rather than leverage when attempting to influence colonial authorities. Instead, its attention was squarely focused on the Jewish population, which under the terms of the Mandate possessed a degree of autonomy. The PEC thus operated on the assumption that Jewish settlers represented a distinct, self-contained collective, directly conditioning loans to Jewish cooperatives on the adoption of structural reforms and market-oriented economic practices—such as double-entry bookkeeping, disciplined

⁴¹ Sklar, *The United States as a Developing Country*, 100; C. Veesser, *A World Safe for Capitalism: Dollar Diplomacy and America’s Rise to Global Power*, Columbia Studies in Contemporary American History (Columbia University Press, 2002), 3.

⁴² Sklar, *The United States as a Developing Country*, 100; Cyrus Veesser, *Inventing Dollar Diplomacy: The Gilded-Age Origins of the Roosevelt Corollary to the Monroe Doctrine*, 2025, 304; Rosenberg, *Financial Missionaries to the World*, 4, 9, 148.

⁴³ Rosenberg, *Financial Missionaries to the World*, 189.

financial planning, and strict debt controls. Oversight was maintained through an expert committee that regularly conducted site visits and audits, even as the PEC's link to the U.S. government was markedly weaker than in more typical cases of dollar diplomacy elsewhere, it still sought novel means to extend US financial reach and norms.

This case study offers an important nuance to recent historiographical discussions. As far back as its inception in the early 1900s dollar diplomacy was understood as a form of American imperialism, using the offer of capital to spread US market systems and financial ideals to countries deemed as in need of reform.⁴⁴ However, while earlier scholarship such as Sklar and Rosenberg saw dollar diplomacy as a novel form of imperialism, relying primarily on soft power, newer studies—such as Merleaux's recent work on the sugar trade between the U.S. and Latin America, and Tillman's *Dollar Diplomacy by Force*—have instead highlighted strong continuities with prior imperial practices, noting that even supposedly financial or market-driven imperialism remained dependent on force or the credible threat of violence.⁴⁵ By contrast, the PEC operated without even implicit recourse to American military power or direct political leverage, relying almost exclusively on the influence of private capital. Unlike the cases described by Merleaux and Tillman, where violence or state-backed coercion underpinned financial leverage, the PEC's relationship to American state interests was tenuous at best, mediated instead by private networks and voluntary, albeit reluctant acceptance of economic restructuring by recipients.

Moreover, Rosenberg and other early pioneers of the field emphasized how, over time, dollar diplomacy evolution away from explicit state backing, arguing that it gradually developed into a looser network of private actors who nonetheless relied on tacit government support.⁴⁶ Yet recent scholarship increasingly underscores how state interests remained crucial to dollar

⁴⁴ Scott Nearing and Joseph Freeman, *Dollar Diplomacy; a Study in American Imperialism* (B.W. Huebsch and the Viking Press, 1925).

⁴⁵ Ellen D. Tillman, *Dollar Diplomacy by Force: Nation-Building and Resistance in the Dominican Republic* (The University of North Carolina Press, 2016); April Merleaux, *Sugar and Civilization: American Empire and the Cultural Politics of Sweetness* (The University of North Carolina Press, 2015).

⁴⁶ Rosenberg, *Financial Missionaries to the World*, 9.

diplomacy's success.⁴⁷ Here again, the PEC provides an instructive divergence. In Palestine, explicit manifestations of American state power were virtually nonexistent. Instead, the PEC gauged its own actions in alignment with what its leaders perceived as broadly congruent with American economic and cultural interests. Its leaders framed their interventions not merely as profitable investments, but as acts of good American citizenship achieved through promoting American ideals abroad. In this sense, the PEC articulated a distinctly American mode of investment—fusing humanitarian purpose with “reasonable” profits—and acted accordingly by capping investor returns, overlooking potentially more lucrative opportunities, and subordinating immediate financial gains to longer-term “regenerative” objectives. The Corporation's commitment to fostering structural change in Jewish Palestine—anchored in a self-conscious performance of American civic and economic values rather than formal government directives—complicates prevailing assumptions that dollar diplomacy was ultimately driven by state interests and highlights how financial imperialism could also serve as a mode of self-assertion of American identity.

In other ways the PEC both fits into and expands recent literature on dollar diplomacy. Scholars such as Merleaux and Kramer have shown how American interventions in the Caribbean and Philippines were always entangled with shifting ideas about race, with overseas encounters refracting and reshaping racial categories in the United States itself. Dollar diplomacy was thus a two-way street: racial ideologies informed investment strategies, even as experiences abroad redefined what counted as whiteness or assimilation at home.⁴⁸ The case of the Palestine Economic Corporation (PEC) exemplifies this dynamic while also extending it into the context of Jewish migration and settlement.

In the interwar period, restrictive U.S. immigration quotas—animated by a belief in the inherent difference and supposed inferiority of certain groups—limited Jewish immigration,

⁴⁷ Tillman, *Dollar Diplomacy by Force*, 2; Merleaux, *Sugar and Civilization*, 14.

⁴⁸ Merleaux, *Sugar and Civilization*, 28–30; Paul A. Kramer, ed., *The Blood of Government: Race, Empire, the United States, & the Philippines* (University of North Carolina Press, 2011), 2–4.

especially from Eastern Europe. This constraint forced many American Jewish leaders who had long been hesitant to support Zionism to re-consider Palestine as an alternative outlet for Jewish migration as Jews leaving Eastern Europe in droves suddenly were unwelcome in most other countries. The PEC's founding figures—deeply aware of and often internalizing the precarious racial status of Jews in American society—adapted prevailing discourses of uplift and redemption to their own project.⁴⁹ They insisted that Eastern European Jews, though widely considered less white or questionably assimilable within the American racial hierarchy, could nevertheless be regenerated and improved through exposure to disciplined labor, capitalist management, and American-style economic rationality.⁵⁰ In this sense, the PEC's brand of dollar-diplomacy was shaped at every turn by the racial logics circulating in both American policy and discourses.

But, as Merleau and others have shown, the circulation of these ideas was not merely unidirectional. The experience of managing investment and development in Palestine—where American Jewish financiers confronted the realities of both Jewish and Arab populations—also prompted new uncertainties and debates about the boundaries of “redeemability.” Within the PEC's internal discourse, leaders vacillated over whether Palestine's Arab population might be transformed by exposure to capitalist discipline, or whether they were inherently unsuited and thus destined for exclusion. In practice, as in other arenas of American dollar diplomacy, these debates were largely resolved through exclusion: the PEC consistently designed its projects to prioritize Jewish economic advancement, discouraged the use of Arab labor, especially for desirable positions, and aligned its vision of capitalist regeneration with a specifically Jewish future in Palestine.⁵¹

⁴⁹Granick, *International Jewish Humanitarianism in the Age of the Great War*, 111; “Proceedings of Non-Partisan Conference,” 16; Letter L. Marshall to F. Warburg, 26 April 1923, MS 457, box 213, folder 7 Felix M. Warburg papers, AJA, Cincinnati OH. 6.

⁵⁰ “Proceedings of Non-Partisan Conference,” 14.

⁵¹ Report on Inspection Trip Made by Advisory Committee on Intermediate and Long-Term Loans On May 13th - 15th, 1930, June 13 1930, box 12, folder, long term loans visits of advisory committee to colonies 1927-1931 (1 of 2), NYPL; Singer To Bernhardt 15 May, 1928, box 1, folder Agricultural and long Term Loans- General May-July 1928, NYPL

In this way, the PEC illustrates both the global reach and the internal tensions of dollar diplomacy as a racially inflected project. Even without the machinery of American state power or the direct threat of force, the PEC attempted to remake local economic practices and social hierarchies in line with American and specifically American Jewish anxieties and ambitions. At the same time, these experiences in Palestine fed back into American debates about identity, race, and belonging—showing that the work of empire and investment was always mutually constitutive with the work of defining race at home and abroad.

Furthermore, the PEC's fusion of economics and humanitarianism was not merely an extension of dollar diplomacy. It reflected a broader commitment to social engineering grounded in American domestic ideals about capitalism's dual capacity: to generate economic growth and to fulfill moral and humanitarian obligations. Central to this vision were two deeply held—if seemingly contradictory—assumptions: first, that markets operated according to rational, objective, and universal laws; and second, that those same market forces could be deliberately mobilized in pursuit of social and ethical ends. Without claiming sovereignty, and operating within a British-ruled Mandate, its leaders sought to project American power through capital, managerial discipline, and technocratic expertise. In attempting to transplant American capitalist practices to Palestine, the PEC aimed to reshape more than balance sheets. Particularly in the early 1930s the PEC increasingly embraced a more expansive projection of its quasi-imperial power, seeking to reorder patterns of settlement, domestic life, and property ownership—reconfiguring relationships to land, labor, and family in accordance with a market-oriented vision of modern Jewish life.

This vision did not emerge in isolation. Rather, it drew upon a wider transatlantic rethinking of capitalism in the early twentieth century, when even its staunchest defenders sought to stabilize and legitimize the market order by embedding it within frameworks of social responsibility and reform. Scholars have identified the beginning of the 20th century, in both the United States and the broader transatlantic context, as a pivotal era during which even capitalism's most ardent defenders undertook efforts to promote forms of capitalism which could

gain broader buy-in, seeking to distribute its benefits more widely and thereby fortify its legitimacy. Daniel Rodgers has described this period as marked by concerted attempts to stabilize capitalism through various forms of social intervention—including the promotion of cooperatives, workers’ housing, and other reformist projects—that aimed to address inequality while shoring up the foundations of the market order.⁵² Similarly, Kyle Edward Williams observes that, in the absence of a robust welfare state, American business leaders came to see themselves as responsible for broader societal welfare, expanding their remit beyond mere profit-seeking.⁵³ Studies of Herbert Hoover’s “associationalism” further illustrate this ethos, highlighting his vision of voluntary corporate cooperation for the common good, with production and business decisions shaped by patriotic duty and social responsibility.⁵⁴ Collectively, these projects treated the market as a tool for humane social transformation—a realm in which responsibility and ethical obligation could actively shape the contours of economic life.

Yet this was also a period in which a near-doctrinal faith in the inherent rationality and infallibility of markets took hold among many American capitalists and policymakers. The rise of economics as a distinct, ostensibly scientific discipline contributed to the decline of older traditions of political economy, ushering in an era of what Block and Somers—drawing on the work of Karl Polanyi—have called “market fundamentalism,” a “quasi-religious certainty” that markets, if left unimpeded, would reliably generate optimal outcomes for humanity.⁵⁵ A particular manifestation of “market fundamentalism” was described by anthropologist James Ferguson’s work on international development describing this work as an “anti-politics machine,” wherein development and capitalist discourses systematically depoliticize economic

⁵² Daniel T. Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age* (Belknap Press of Harvard University Press, 1998), 13–16.

⁵³ Kyle Edward Williams, *Taming the Octopus: The Long Battle for the Soul of the Corporation*, First edition (W.W. Norton & Company, 2024), 6–8.

⁵⁴ John Mark Dempsey and Eric Gruver, “‘The American System’: Herbert Hoover, the Associative State, and Broadcast Commercialism,” *Presidential Studies Quarterly* 39, no. 2 (June 2009): 227; Ellis W. Hawley, “Herbert Hoover, the Commerce Secretariat, and the Vision of an ‘Associative State,’ 1921-1928,” *The Journal of American History* 61, no. 1 (1974).

⁵⁵ Fred L. Block and Margaret R. Somers, *The Power of Market Fundamentalism: Karl Polanyi’s Critique* (Harvard University Press, 2014), 3; Karl Polyani, *The Great Transformation: The Political and Economic Origins of Our Time* (Rinehart, 1944), 3–4.

processes, masking their underlying political content and consequences and producing distinct, often unforeseen, political effects.⁵⁶

Despite the apparent contradiction between these strands—humanitarian uplift on one hand, and the denial of sentiment or even human agency in the name of market rationality on the other—historians have rarely examined how these logics operated in tandem. In practice, efforts at capitalist uplift often depended precisely on this interplay: humanitarian impulses motivated intervention, even as these impulses were disavowed to preserve an aura of rational, objective decision-making. For the PEC’s leadership, this duality was not merely rhetorical but constitutive of their project. By presenting their investments as both disciplined and dispassionate, they could frame interventions in Palestine as apolitical exercises in economic modernization while simultaneously casting them as acts of Jewish responsibility. In this way, the PEC offered its leaders a means of reconciling profit, philanthropy, and communal obligation within a recognizably American idiom of rational capitalism.

This mode of American Jewish engagement was not unique to the PEC. The Joint Distribution Committee’s reconstruction projects and the Agro-Joint’s agricultural initiatives in the Soviet Union similarly leveraged market mechanisms and rationalist discourses to advance humanitarian aims.⁵⁷ In the postwar period, the issuance of Israel Bonds—framed as investments in sovereign debt that simultaneously served communal and philanthropic purposes—exemplifies the persistence of this logic. Notably, such interventions occurred predominantly outside the United States, underscoring the way in which American Jewish recourse to capitalist solutions was shaped by the dual pressures of American assimilation and transnational loyalty.

⁵⁶ James Ferguson, *The Anti-Politics Machine “Development,” Depoliticization, and Bureaucratic Power in Lesotho* (Cambridge University Press, 1990), XIV–XV. Scholars such as Stuart Hall and Fredrick Meiton have echoed this critique, noting how claims to market rationality often serve to obscure the value-laden choices embedded in capitalist expansion. Stuart Hall and Alan O’Shea, “Common-Sense Neoliberalism,” *Soundings* 55, no. 55 (2013): 9–25; Meiton, *Electrical Palestine*, 9.

⁵⁷ The adaptation of a more market based capitalist approach occurred after World War I as the need for immediate relief decreased, see: Jaclyn Granick, *International Jewish Humanitarianism in the Age of the Great War*, 1st ed. (Cambridge University Press, 2021), 213; Jonathan L. Dekel-Chen, *Farming the Red Land: Jewish Agricultural Colonization and Local Soviet Power, 1924-1941* (Yale University Press, 2005), 116.

To capture the distinctive logic at work in these enterprises, I introduce the concept of *mission capitalism*. By this term, I refer to an approach in which the pursuit of profit is subordinated to a larger social, humanitarian, or communal mission, even as organizations deliberately employ for-profit methods and capitalist tools to achieve their aims. Organizations practicing mission capitalism may accept lower returns in service of their broader goals or forgo lucrative opportunities that do not align with their values. Yet they continue to rely on core capitalist practices—issuing stock, seeking profit, distributing dividends, and competing in the market—regarding these practices as the most efficient, and often uncontroversial, means to accomplish their objectives.

This paradoxical configuration—an insistence on operating with a distinct market rationality articulated alongside humanitarian and communal values—offers a crucial lens for understanding not only the activities of the PEC and Jewish internationalism, but also the broader entanglements of American finance and humanitarianism, in the early twentieth century, and still present today such as in discourses and practices around green technology, and Environmental Social and Governance investing. Throughout this dissertation, I attend to how these contradictory forces operated in tandem: on the one hand, PEC leaders’ insistent invocation of rational, market-based discourse to distance their work from explicit political aims; on the other, their underlying motivations, which were deeply shaped by emotional attachments, communal loyalties, and humanitarian aspirations.

By tracing the interplay between these rationalizing narratives and emotional forces, I show how “mission capitalism” both enabled and circumscribed American Jewish interventions in the economic and political life of Palestine and offer a framework for understanding the wider interplay of emotion, capitalism, and humanitarianism.

Mandate Palestine: A Crossroads of Imperialism

Mandate Palestine was shaped not by a single imperial or colonial force, but by the convergence of multiple, sometimes conflicting ambitions: Zionist settler colonialism, British imperial rule, and American financial intervention. These projects overlapped in practice—at

times reinforcing one another, at other times clashing—and were continually mediated by the responses of the Arab majority and Jewish population of Palestine. To fully understand the history of the region, it is essential to situate Palestine at the crossroads of these intertwined frameworks rather than treating any one in isolation. By foregrounding the largely overlooked dimension of American financial imperialism, this study demonstrates both how U.S. capital helped shape developments on the ground and how the entanglement of different imperial projects was central to the history of the mandate.

Even as imperial entanglements fundamentally shaped Mandate Palestine, historians for much of the twentieth century rarely employed colonial or imperial frameworks—let alone frameworks that integrated overlapping forms of imperialism—to interpret the region. Earlier historiography tended to foreground nationalist paradigms when examining Zionism and Jewish settlement, eschewing the language of colonialism and imperialism. Seminal works such as Arthur Hertzberg’s *The Zionist Idea* and Walter Laqueur’s *A History of Zionism*—both touchstones for generations of scholarship—refer to “imperialism” as a descriptor for broader European power politics, not as an analytic lens for understanding Zionism or Jewish settlement itself.⁵⁸ This omission was not simply a matter of oversight but reflected the prevailing scholarly consensus, which regarded Zionist activity through the lens of national revival or liberation, rather than as a form of colonial encounter.

Although Palestinian scholars such as Walid Khalidi and Edward Said drew explicitly on colonial and imperial frameworks to interpret the history of Israel/Palestine, their work was largely marginalized in mainstream western historiography.⁵⁹ Their perspectives—rooted in the Palestinian experience—were often dismissed by prominent western academics as politically motivated, rather than recognized as essential contributions to a more complete understanding of

⁵⁸ Walter Laqueur, *The History of Zionism*, New ed. (London: Tauris Parke, 2003); Arthur. Hertzberg, *The Zionist Idea: A Historical Analysis and Reader* (Jewish Publication Society, 1997).

⁵⁹ Edward W. Said, “Zionism from the Standpoint of Its Victims,” *Social Text*, no. 1 (1979): 7; Walid. Khalidi and Lebanon) Arab Women’s Information Committee (Beirut, *Plan Dalet: The Zionist Plan for the Occupation of Palestine before 15 May 1948/ [Walid Khalidi].*, Zionist Plan for the Occupation of Palestine before 15 May 1948 (Arab Women’s Information Committee, 1969).

Zionism and its consequences.⁶⁰ Khalidi's and Said's critical interventions marked early attempts to "de-center" the nationalist narrative, but for decades these voices remained on the periphery of Western scholarly debate.

This began to change in the late twentieth century, as settler colonial studies emerged as a distinct analytic field, and as a new generation of Israeli "New Historians" and critical sociologists challenged established narratives from within. Gershon Shafir's *Land, Labor, and the Origins of the Israeli-Palestinian Conflict* is widely credited with opening up the possibility of applying the settler colonial framework to the Zionist project in Palestine in ways that were rigorous, systematic, and accounted for the particularities of the case of Palestine.⁶¹ While this approach remains contested in some quarters, it has since become a central axis of both Israel/Palestine scholarship and the broader field of settler colonial studies, offering new tools for understanding how Jewish settlement, Arab dispossession, and the structure of British rule interacted.⁶²

Recent work has also prompted a reappraisal of Britain's imperial role. According to historian Jacob Norris, until relatively recently scholars tended to consider the British in Palestine something "of hapless arbiter, caught between two irreconcilable opponents: Zionism and Arab Palestinian nationalism" not a force to be considered on their own terms.⁶³ However, more recent scholarship, including Norris's work, has emphasized Palestine's strategic value to the British Empire: as a source of key minerals, such as potash; a deep-water port linking the

⁶⁰For examples of these dismissals see Bernard Lewis, "Lewis, Bernard - The Question Of Orientalism," *New York Review of Books*, June 24, 1982; Erskine Childers, Walid Khalidi, and Jon Kimche 1961 Correspondence in "The Spectator" on "Why the Refugees Left," available on the Wayback Machine, <http://ipsnewsite.mysite4now.com/enakba/exodus/Erskine%20Childers%2C%20Walid%20Khalidi%2C%20Jon%20Kimche%2C%20et%20al.pdf>

⁶¹ Shafir, *Land, Labor, and the Origins of the Israeli-Palestinian Conflict, 1882-1914*; Anita Shapira, "Politics and Collective Memory: The Debate over the 'New Historians' in Israel," *History and Memory* 7, no. 1 (1995); Derek Penslar, "Innovation and Revisionism in Israeli Historiography," *History and Memory* 7, no. 1 (1995).

⁶² Examples from settler colonial studies of interest in Israel Palestine include: Patrick Wolfe, *Traces of History: Elementary Structures of Race* (London, 2016), 107–8; Lorenzo Veracini, *The World Turned inside out: Settler Colonialism as a Political Idea* (London: Verso, 2021), 152; Stroum Center for Jewish Studies. For an example of a scholar still ambivalent with the application of settler colonial studies see: "Is Israel a Settler Colonial State?," *UW Stroum Center for Jewish Studies*, November 11, 2022, <https://jewishstudies.washington.edu/israel-hebrew/why-israel-isnt-a-settler-colonial-state/>.

⁶³ Norris, *Land of Progress*, 9.

Mediterranean to the Empire's eastern holdings; and as a site for administrative and economic experimentation. Yair Wallach, for example, has highlighted how Palestine functioned as a colonial "laboratory," notably as a testing ground for John Maynard Keynes's ideas about nonconvertible paper currency—a monetary experiment that foreshadowed later shifts in global finance.⁶⁴ These approaches have restored British ambitions, and the imperial context more broadly, to the center of the historiographical debate.

While British and Zionist ambitions in Palestine have attracted increasing critical scrutiny, the role of American intervention remains comparatively underexplored. As the cartoon referenced at the outset of this introduction suggests, these imperial ambitions were deeply intertwined: British authority, Zionist enterprise, and the unseen hand of American capital and financial intervention all converged to facilitate Jewish settlement and the displacement of Arab communities. The reality was, of course, far more complex—marked by negotiation, contestation, and shifting alliances. Nevertheless, this study contends that a full account of Mandate Palestine's transformation is impossible without examining the decisive influence of American capital and exploring how this financial power both intersected with and shaped the broader landscape of imperial ambitions and local populations.

To more concretely understand these imperial convergences and interactions consider the case of Palestine Potash LTD, one of Mandate Palestine's most significant industrial enterprises and one of the focuses of Chapter Three of this dissertation. For the British Empire, the minerals of the Dead Sea—particularly potash—represented a vital strategic resource, viewed as essential fertilizer for sustaining agriculture across Britain's global colonial holdings. Yet rather than investing public funds directly in Mandate industry, the British authorities pursued a strategy common in the Empire post WWI: awarding a monopoly concession to stimulate private capital investment while retaining tight control over exports.⁶⁵

⁶⁴ Yair Wallach, *A City in Fragments: Urban Text in Modern Jerusalem* (2020), 115.

⁶⁵ Norris, *Land of Progress*, 20–25.

Thousands of miles from the Dead Sea in Germany Moshe Novomeysky, a Siberian-born Zionist with a mining background, learned of the Dead Sea's mineral potential through Otto Warburg, then head of the Zionist Organization.⁶⁶ Recognizing both the economic promise and the opportunity for Zionist advancement, Novomeysky sought investors to back a Jewish led mineral extraction project at the Dead Sea. He ultimately secured substantial financial backing from American Jews—many of whom would later establish the Palestine Economic Corporation. The PEC would inherit this investment upon formation and regularly increase its investment over subsequent years, consistently maintaining its status as the largest single financial backer of the project.⁶⁷

The American investors of the PEC and Zionist priorities were closely aligned at the Dead Sea, maximizing Jewish employment and resource control.⁶⁸ The British, in contrast, pursued a different set of objectives. Prioritizing stability in the Mandate, they insisted that the enterprise employ Arab labor—albeit with no objection to Arab workers receiving lower wages than their Jewish counterparts—and in response to intercommunal tension in Palestine required Palestine Potash Ltd to increase its percentage of local Arab investors. These British demands were reluctantly accommodated by Novomeysky and the PEC but created persistent tensions around questions of control and profit-sharing.⁶⁹

In response to these pressures from the Mandate government to increase Arab stockholding PEC leaders devised a characteristically American solution: the creation of a new class of preferred stock. This financial instrument promised steady dividends to investors—including Arab and other non-Jewish parties—but withheld voting rights, ensuring that strategic control of the enterprise would remain firmly in Jewish hands. The plan, rooted in American

⁶⁶ Norris, *Land of Progress*, 25; Moshe. Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession.*, Dead Sea Concession (Parrish, 1958), 42.

⁶⁷ Unknown to Bernard Flexner, re Dead Sea Concession, November 16, 1926, MS 359, box 87 folder PEC 1923-1937, Warburg Papers, AJA.

⁶⁸ Unknown to Bernard Flexner, re Dead Sea Concession, November 16, 1926, MS 359, box 87 folder PEC 1923-1937, Warburg Papers, AJA.

⁶⁹ Minutes of PPL Meeting, January 30, 1934, MS 457 box 330, folder 8 Palestine Potash LTD. Warburg Papers, AJA.

corporate practice, appealed to Novomeysky and proved acceptable to British authorities, who may or may not have fully grasped its implications.⁷⁰ Through this maneuver, the PEC and its partners effectively maintained control over one of Palestine's most valuable resources, using American financial innovation not simply to attract investment but to insulate Zionist and American Jewish interests from broader local participation or oversight. Thus, even as some profits flowed to Arab stakeholders, the structure of ownership and decision-making remained sharply exclusionary—a result made possible only by the interplay of British regulatory authority, Zionist ambitions, and American financial strategy. As shown by the case of Palestine Potash, the exercising of foreign power in the Mandate cannot be understood through nationalist or bilateral frameworks alone; rather historians must attend to the interplay of the overlapping, and sometimes competing, ambitions of British imperial managers, Zionist activists, and American financiers.

For another example, take the case of cooperatives in Palestine (discussed in chapter two of this dissertation). While the more radical collectivist cooperatives, the *kibbutz* and *moshav*, are far more famous, the Yishuv had a plethora of capitalist cooperatives, designed to pool resources to improve access to credit and diversify risk. While a handful of scholars—most notably Nahum Karlinsky—have emphasized the transnational character of these cooperatives, the influence of American actors has largely escaped attention.⁷¹ Karlinsky and others tend to attribute the emergence of the cooperative movement to European Jewish settlers, but in reality, many of these settlers had been exposed to cooperative methods through the guidance and institutional support of the American Joint Distribution Committee (JDC) in Europe, itself an ideological and institutional forerunner of the Palestine Economic Corporation (PEC).⁷²

⁷⁰ Memo PPL voting positions, November 16, 1934, MS 457, box 304, folder 7 PPL, Warburg Papers, AJA.

⁷¹ Nahum Karlinsky, "Jewish Philanthropy and Jewish Credit Cooperatives in Eastern Europe and Palestine up to 1939: A Transnational Phenomenon?," *Journal of Israeli History* 27, no. 2 (2008): 162

⁷² Karlinsky, "Jewish Philanthropy and Jewish Credit Cooperatives in Eastern Europe and Palestine up to 1939," 150.

Cooperatives were not simply a hallmark of Zionist settlement; they were also promoted by British authorities, who saw them as a means of encouraging economic development without the need for direct capital investment from the Mandate government. When the PEC entered the scene, it quickly became the primary source of long-term loans for cooperatives in Palestine, particularly through its subsidiary, the Central Bank of Cooperative Institutions in Palestine. This financial support proved vital, especially during periods of recession, enabling cooperatives to weather economic downturns and even expand operations when other credit had dried up. Yet the PEC's support came with significant strings attached: in exchange for access to American capital, Jewish cooperatives were required to adopt what PEC leaders regarded as sound American business practices—rigorous bookkeeping, regular audits, strict limits on indebtedness, and a general orientation toward financial “responsibility.”⁷³ Much as American “dollar diplomats” imposed market reforms as conditions for loans in Latin America, the PEC used its leverage to transform cooperative management and embed American capitalist norms in the fabric of the Yishuv. Cooperatives were reluctant to adapt PEC imposed reforms but lacking other sources of capital accepted them.

The British, typically slow to intervene in the economic domain, allowed the PEC to take the lead. Yet seeing the benefit of these reforms, they adapted most of them into the 1932 law governing cooperatives in Palestine.⁷⁴ This unusual alignment—American financial priorities and British administrative interests arrayed against the wishes of Jewish cooperatives—was upended when it came to the question of Arab cooperatives. After a major outbreak of intercommunal violence in 1929, British authorities grew increasingly concerned with Arab economic distress and sought new approaches to pacification. Drawing on precedents from the British Raj, the administration invited C.F. Strickland of the Indian Civil Service to Palestine to

⁷³ Singer to Bawly, 6 May 1927, box 1, folder Long Term Loans-General-April-July 1927, NYPL; Singer to Viteles, September 24, 1926, MssCol 2326, box 1, Agriculture long term loans-general September-November 1926, NYPL.

⁷⁴ Robert Harry Drayton, *The Laws of Palestine: In Force on the 31st Day of December 1933* (Printed by Waterlow and Sons, 1934), 1663–65; Palestine, *Cooperative Societies in Palestine* (Printed at the Government Printing Press, 1938), 52–55.

assess whether cooperative methods could help improve the economic fortunes of Arab farmers.⁷⁵ Strickland, in turn, reached out to Harry Viteles and the PEC's Central Bank, seeking to leverage their expertise and capital to help organize and finance Arab cooperatives.⁷⁶

The PEC, eager to maintain cordial relations with the Mandatory government but firmly opposed to extending capital to Arab economic development, agreed only to study the matter—providing no funds and contending that any loans to Arabs would be somehow too political for an organization committed to operating on a strictly business basis.⁷⁷ To further stall the British initiative, the PEC formed a committee composed of three Zionist leaders in Palestine, including the rising figure David Ben-Gurion, tasked with exploring the possibility of lending to Arabs while ensuring that “politics in whatever form not be allowed to enter.” Unsurprisingly, the committee produced no concrete proposals for actual loans; yet by feigning interest and instituting a drawn-out process, the PEC and its Zionist allies successfully deflected British pressure without jeopardizing their relationship with the Mandate authorities.⁷⁸

Taken together, the cases of Palestine Potash and the cooperative movement underscore the need to move beyond frameworks that treat Palestine's economy as the product of a single national project or a dyadic colonial relationship. In both arenas, outcomes were shaped less by any one actor's master plan than by the continual negotiation—and occasional subversion—of British administrative priorities, Zionist political ambitions, and American capitalist practices all seeking to shape the economic future and practices of the population in Palestine. The PEC was not simply a conduit for capital; it was a political and cultural intermediary, translating American financial ideals into the Mandate context while working to preserve Jewish control over economic resources. These entanglements reveal that the economic landscape of Mandatory

⁷⁵ Mitter, Sreemati. 2014. *A History of Money in Palestine: From the 1900s to the Present*. Doctoral dissertation, Harvard University.

⁷⁶ The original request does not appear to be preserved, but is documented in Correspondence from Palestine Economic Corporation to Mr. Singer, 16 January 1931, box 24, folder Arab Loans 1930-1937, NYPL; Follow up can be found in Correspondence from F. H Kisch to Mr Viteles, 17 April 1931, box 24, folder Arab Loans 1930-1937, Palestine Economic Corporation records, NYPL.

⁷⁷ Memorandum: Arab Jewish cooperation in Emek, 30 April 1931.

⁷⁸ Correspondence from Simon to Viteles, March 31, 1932.

Palestine emerged from a series of contested accommodations, in which financial innovation became a tool of exclusion as well as development.

This study also contributes to a growing literature on capitalism in Israel/Palestine, a field whose roots lie in the foundational work of Zeev Sternhell and Gershon Shafir, who reframed Palestine's political economy by highlighting the central role of capitalist processes, even under the political dominance of Labor Zionists who often espoused a socialist agenda while practicing capitalism.⁷⁹ Since their pioneering work, a new generation of scholarship has explored diverse facets of capitalism in the region: Halperin's analysis of the "alternative center" and the memory culture of the coastal plain's capitalists, Karlinsky's research on the citriculture industry, and Norris's work on colonial development, among others.⁸⁰ Yet, despite these advances, the central role of finance has remained surprisingly peripheral within this literature. Much like the comic that opened this chapter, in which the crucial force of capital was absent from the frame, the history of American finance—and especially the activities of the Palestine Economic Corporation—has largely been left out, rendering the story incomplete.

By foregrounding the movement of American capital into Mandate Palestine, this work demonstrates that the development of capitalism in the region was never a purely local phenomenon. Rather, it was profoundly shaped by its entanglement with global financial networks, transnational actors, and the shifting priorities of international capital. Bringing these overlooked forces back into the picture not only offers a fuller account of economic transformation in Palestine but also helps explain why attempts to "develop" the region so often became sites of contestation, exclusion, and conflict. In doing so, this study both expands and complicates the existing literature, offering new tools for understanding how global capitalism was—and remains—woven into the fabric the Israel/Palestine.

Methodology and Sources

⁷⁹ Sternhell, *The Founding Myths of Israel: Nationalism, Socialism, and the Making of the Jewish State*, 14–15; Shafir, *Land, Labor, and the Origins of the Israeli-Palestinian Conflict, 1882-1914*, 132.

⁸⁰ Liora Halperin, *The Oldest Guard: Forging the Zionist Settler Past*, Stanford Studies in Jewish History and Culture (Stanford University Press, 2021), 4; Karlinsky, *California Dreaming*; Norris, *Land of Progress*.

As Louis Hyman has quipped, historians otherwise wary of grand theory often make an exception for capitalism, treating it as a coherent and essentialized system. While historians readily deconstruct other concepts, analyses of capitalism have often displayed a certain rigidity—whether framed through Marx or Smith, scholars long relied on overarching theories of capitalism.⁸¹ The emergence of the so-called “New History of Capitalism” sought to unsettle this rigidity. Figures such as Edward Baptist, Sven Beckert, and Hyman argue that capitalism must be understood as historically contingent—shaped by context, practice, and the particularities of time and place—rather than as a static or monolithic phenomenon.⁸²

Yet even with this historiographical turn, a different kind of essentialism persists in the way many historians discuss capitalism. Rather than treating capitalism as a historically variable set of practices, institutions, and ideological claims, they often present it as a rigid system governed by fixed, almost “natural,” laws. This tendency is especially visible in some recent applications of “racial capitalism,” a concept first developed by Cedric Robinson in 1983 and now widely used across American studies and U.S. history.⁸³ While the concept has been enormously productive in highlighting the entanglement of race, capitalism, and imperialism, its application can also risk re-inscribing capitalism as a universal and transhistorical system.

For instance, the introduction to the edited volume *Histories of Racial Capitalism* asserts that “racial subjugation is not a special application of capitalist processes, but rather central to how capitalism operates.”⁸⁴ This emphasis on capitalism as a tool of racial domination reflects a central insight of the New History of Capitalism—and serves as a major throughline of this dissertation. Yet such broad claims can also present racial subjugation as an inherent feature of capitalism itself rather than as a recurring but historically contingent outcome. In doing so, racial capitalism can reproduce the very essentialism it seeks to critique: capitalism becomes a singular,

⁸¹ Baptist and Hyman, *American Capitalism*, sec. Why Study the History of Capitalism?

⁸² For discussions of the field of the New History of Capitalism see: “Interchange: The History of Capitalism,” *Journal of American History* 101, no. 2 (2014): 503–36; Eric Hilt, “Economic History, Historical Analysis, and the ‘New History of Capitalism,’” *The Journal of Economic History* 77, no. 2 (2017): 511–36.

⁸³ Cedric J. Robinson, *Black Marxism* (Zed Press, 1983).

⁸⁴ Destin Jenkins and Justin Leroy, eds., *Histories of Racial Capitalism*, Columbia Studies in the History of U.S. Capitalism (Columbia University Press, 2021).

timeless force with racial domination built into its essence, rather than a historically mutable formation shaped by particular institutions, actors, political projects, and economic traditions. This framing risks naturalizing capitalism even as it condemns it, while sidelining non-Western economic traditions and alternative capitalist practices that do not fit the dominant narrative.

My approach resists such essentializing tendencies by examining how capitalism was imagined, debated, and enacted by specific actors in concrete historical contexts. Rather than excusing capitalism or overlooking its exclusionary and exploitative dimensions, I emphasize its contingent and constructed character—recovering the human agency and contestation that shaped investment and economic life in Mandate Palestine.

At stake, however, is not only the history of a single institution in a single place. By situating the Palestine Economic Corporation within the broader dynamics of global finance and transnational philanthropy, my study highlights how capitalist practice was entangled with discourses of rationality, morality, and belonging in the early twentieth century—discourses that continue to shape how economic action is narrated and justified today. Central to this approach is sustained attention to the role of emotion, and its disavowal within Western capitalist discourses during this period. The PEC's leaders were motivated by communal solidarity, anxiety over antisemitism, and a sense of kinship, yet they worked hard to frame their interventions in the language and logic of capitalist hyperrationality. This dynamic echoes patterns identified in other cases of dollar diplomacy; as Emily Rosenberg observes, “recognition of nonquantitative features of professional relationships—emotional, moral, and cultural—often surfaced but had necessarily to be repressed within the discourse of technical expertise.”⁸⁵ While Rosenberg treats this point briefly, it has rarely been the subject of sustained analysis. My study takes up that challenge, tracing how emotion, sentiment, and affect operated both as animating forces and as elements systematically denied within the PEC's operations. Drawing selectively on the history of emotions as well as the history of capitalism, I show that even when emotion was

⁸⁵ Rosenberg, *Financial Missionaries to the World*, 195.

visible, it was persistently subordinated to claims of dispassionate, rational, and apolitical economic action.

My engagement with emotion builds on a broader scholarly turn, exemplified by the work of Derek Penslar, toward incorporating affect into the study of Zionism. Penslar engages more fully with the theoretical literature on the history of emotions, situating Zionist experience within that field's conceptual debates. By contrast, my use of emotion is more methodological than theoretical: I treat emotion and affect as analytical tools to uncover how capitalism was motivated, justified, and contested in Mandate Palestine.⁸⁶ This approach does not aim to advance the history of emotions as a field in its own right, but rather to draw selectively on its insights in order to illuminate the contradictions and tensions that shaped Jewish investment in, and economic engagement with, Palestine.

Methodologically, I ground each chapter in a close reading of key terms that crystallize this tension between affect and rationality. In chapters one and two, I focus on “dispassion” and “continence” as structuring ideals. Chapter three is organized around the concept of “rationalization”; chapter four around “hubris”; and chapter five around “desperation.” These keywords serve as analytic anchors, guiding my exploration of the role of emotion—present and denied—in the everyday practice of capitalism. By foregrounding the language and lived experience of the investors, I aim to illuminate both the constructed nature of capitalist modernity in Palestine and the emotional undercurrents that shaped its development.

Complementing this granular close reading, I also rely on quantitative analysis and aggregate data to reconstruct a fuller picture of the scope and scale of the PEC's activities in Palestine. My methods include statistical analyses, TF-IDF comparisons of word frequency across large document sets, and VADER sentiment analysis of PEC annual reports spanning

⁸⁶ Derek Penslar, *Zionism An Emotional State*, Key Words in Jewish Studies (Rutgers University Press, 2023); Derek Penslar, *Theodor Herzl: The Charismatic Leader*, Jewish Lives (Yale University Press, 2020).

multiple years. These analyses were conducted using Python, with support from AI models to develop and refine the necessary code.⁸⁷

This history is a top-down account focusing first and foremost on the owners of capital themselves, their motivations, and justifications for actions in Palestine. This focus is not exclusive, and when possible, I try as much as possible to include local perspectives from Jewish settlers and the Arab Palestinian population. This top-down approach, however, is a departure from the standard goal in the “new history of capitalism” to write histories “from the bottom up, all the way to the top” but limitations, both in the existing scholarship and archives ultimately necessitated a top down approach.⁸⁸

When I first approached the PEC archive at the New York Public Library, I expected to find boxes filled with board meeting minutes and records of internal deliberations among the leadership. Instead, box after box revealed something quite different: an extensive collection of letters sent from a few representatives and employees in Palestine and London to the PEC’s offices in New York, alongside a smaller but notable number of carbon copies of outgoing correspondence to Palestine. This pattern reflects a corporate, rather than historical logic. Many of the documents appear to have been initially filed at Felix Warburg’s bank, Kuhn, Loeb & Co., with priority given to retaining incoming correspondence for future reference, as well as copies of instructions sent to Palestine to preserve the exact wording of directives.⁸⁹ While practical from an administrative perspective, this practice has left significant gaps—particularly in capturing the internal debates and decision-making processes among the American leadership.

⁸⁷ For background on TF-IDF and Vader see “Understanding TF-IDF (Term Frequency-Inverse Document Frequency),” *GeeksforGeeks*, <https://www.geeksforgeeks.org/machine-learning/understanding-tf-idf-term-frequency-inverse-document-frequency/>; Lavanya Geetha, “Vader: A Comprehensive Guide to Sentiment Analysis in Python,” *Medium*, February 28, 2023, <https://medium.com/@rslavanyageetha/vader-a-comprehensive-guide-to-sentiment-analysis-in-python-c4f1868b0d2e>.

⁸⁸ Louis Hyman, “Why Write the History of Capitalism?,” *Symposium Magazine*, July 8, 2013, <http://www.symposium-magazine.com/why-write-the-history-of-capitalism-louis-hyman>.

⁸⁹ This assumption at storage and Kuhn, Loeb and Co. is based on stamps on most documents in the PEC archive with the Kuhn, Loeb, and Co. name and file number. The PEC archive itself at the NYPL contains no information about how the documents were previously stored. I contacted the archivist, Brenda Hearing who in 1993 archived the documents at the NYPL but she no longer remembered their chain of their provenance.

Although the documentation is extensive, this asymmetry results in a significant loss: we frequently lack direct access to the perspectives and debates among the American leadership, particularly the disagreements—if any—between non-Zionist members whose provisions of capital allowed them to wield ultimate authority in the PEC Zionist members, many of whom conducted much of the day to day work of the PEC. Most letters sent from the PEC abroad were written by a secretary who homogenizes the voices of the leadership to whichever perspective ultimately prevailed and leaves out any sense of internal deliberation. Many PEC orders and priorities are only preserved in letters *from* Palestine or London responding to directives they received. To attempt to correct this imbalance I explored the papers of several PEC leaders at the American Jewish Archives in Cincinnati, in particular Louis Marshall and Felix Warburg, as well as the Louis Brandeis papers. Despite some insight gained from these archives I have often had to treat the PEC leadership as a unified bloc, since, unlike in many traditional Jewish sources, dissenting opinions were rarely preserved.

The perspectives from Palestine itself are also limited. The archive does provide access to the voices of administrators like Harry Viteles and his “expert committee” in Palestine, whose regular meetings and inspection reports offer valuable insights into the management and implementation of PEC projects on the ground. However, the voices of other Jewish settlers, such as farmers and industrialists themselves are largely absent, or at best mediated through the observations and biases of PEC employees in Palestine. My plans to supplement this perspective through local cooperative archives in Israel were disrupted by the events of October 7, 2023, which closed many local archives during the duration of my time in Israel. The Central Zionist Archive, which reopened after a prolonged closure, yielded important documents on the PEC’s subsidiaries in Palestine and their administration. However, these materials primarily shed light on the class of individuals who ran these organizations—a Jewish upper class in Palestine. Some scholarship, primarily in Hebrew, helped to fill these gaps, particularly the few works that examine farmers’ relationships to the Central Bank of Cooperative Institutions and the recession

of the 1920s.⁹⁰ My hope is future research at local archives in Israel will present a broader set of perspectives for future publications.

However, as is so often the case, the perspective of Arab Palestinians is the hardest to access. If the PEC's operation through subsidiaries served to obscure its influence from Jewish settlers—many of whom were unaware they were dealing with American financiers—the distance from the Arab population was even greater. The PEC not only avoided financing Arabs, but, with rare exceptions, actively minimized any substantive engagement. For most Arab Palestinians, the PEC likely appeared invisible—just one of several sources of capital and privilege available to Jewish settlers but inaccessible to themselves. I have attempted not to let this archival invisibility render the Arab experience absent from my account: wherever possible, I critically examine moments when Arabs appear in the PEC archive, and I turn to secondary literature to reconstruct how Arab communities responded to economic development in Palestine more broadly, and frame this work in conversation with scholars of Arab economic history such as Sherene Seikaly, Srimatti Mitter and Jacob Norris.

Above all, the history of the PEC remains so underexplored that, at times, my narrative has necessarily focused on the actions and perspectives of the owners of capital. The gaps in the existing literature are so significant that this foundational account must precede any fuller reconstruction of the social history of the PEC's activities on the ground. Even within this focus, my study cannot claim to be comprehensive. For example, much of the history of PEC support for manufacturing in Palestine has been condensed to aggregate statistics, and some notable projects—such as the construction of an American-style orange packaging house and the creation

⁹⁰ Karlinsky, "Jewish Philanthropy and Jewish Credit Cooperatives in Eastern Europe and Palestine up to 1939"; Nahum Karlinsky, "private cooperatives in the Mandatory period [Hebrew]," in *Kalkalah ve-hevrah bi-yeme ha-Mandat, 1919-1948 [Economy and Society in the Mandatory Period, 1919-1948]*, ed. Avi Bareli and Nahum Karlinsky, 'Iyunim bi-tekumat Yiśra'el (ha-merkaz le-moreshet Ben-Gurion, 2020); Dan Giladi, "Ha-Mashber Ha-Kalkali b'yamei Ha-Aliyah Ha-Revi'it [The Economic Crisis during the Fourth Aliyah]," *Ha-Tziyonut: Ma'asef Le-Toldot Ha-Tnuah Ha-Tziyonit v'ha-Yishuv Ha-Yehudi b'Eretz Yisrael. [Zionism: A Compendium of the History of the Zionist Movement and the Jewish Settlement in the Land of Israel]*, 1971, 119–47; Dan Giladi, *ha-Yishuv bi-tekfut ha-'aliyah ha-revi'it (1924-1929): behinah kalkalit u-foliit [The Yishuv in the era of the fourth Aliyah (1924-1929)]*, Sifriyah universita'it ('Am 'oved - Tarbut ve-hinukh, 1973).

of a water company—are omitted almost entirely.⁹¹ Throughout, I have sought to foreground those PEC initiatives that had the greatest impact on the political economy of the Yishuv and most acutely tested the organization’s claim to a non-political role in the region.

Finally, the bulk of my analysis concludes in 1937, with the death of Felix Warburg, which marked the culmination of an already sharp decline in the PEC’s influence in Palestine. Nevertheless, the PEC persisted—operating under a new name Israel Economic Corporation PEC—and, in various forms, continued into the 1990s with several subsidiaries such as Gav-Yam (formerly Bayside Land) and Dead Sea Works still significant in the region today. While some of this later history is briefly addressed in the conclusion, it largely falls beyond the scope of this study.

Before turning to the chapter outline, a brief note on terminology is necessary. Perhaps the most contested term in this study is *non-Zionist*. Used to distinguish its adherents from both Zionists and anti-Zionists, the label signified a shifting and often ambiguous position: one that supported Jewish life in Palestine but did not endorse the goal of Jewish political autonomy (itself a point of debate within Zionism) and rejected the idea of Judaism as a national rather than strictly religious identity.

Nearly every time I present or share this research, someone inevitably asks, “But they were really Zionists, right?” Ironically, this skepticism echoes a debate from a generation ago, when scholars—often sympathetic to Zionist aims—sought to demonstrate that American non-Zionists were, deep down, aligned with Zionism, even if they would not say so publicly. The persistence of this question is understandable: non-Zionists and Zionists shared many convictions—belief in Palestine as a potential refuge for Jews, faith in the regenerative power of agricultural and artisanal labor, and support for Jewish control over certain economic sectors—while diverging on the political future of the territory and the nature of Jewish identity.

⁹¹ Palestine Economic Corporation, “Fourth Annual Economic Corporation 26.”

Yet, while the two groups managed to maintain a working partnership for much of the interwar period—what Felix Warburg referred to as an “armistice... so that the question of a political status [of Palestine] will not be discussed”—their differences were far from merely semantic.⁹² Non-Zionists were consistently uneasy with demands for increased Jewish self-government in Palestine, and the eventual ascendancy of David Ben-Gurion’s statist vision led to an irrevocable schism, with every non-Zionist member withdrawing from the Jewish Agency for Palestine—the central institution through which Zionists and non-Zionists were meant to cooperate globally—by 1945.⁹³

It is also crucial to remember that “Zionism” itself was—and remains—a fluid and contested term, a label of identity as much as a coherent position.⁹⁴ American Jews could and did describe their relationship to Palestine using a variety of terms: Zionist, non-Zionist, anti-Zionist, non-partisan, Jewish nationalist, among others. After the establishment of the expanded Jewish Agency, the principal actors in this study consistently described themselves as non-Zionists. In some ways this was a statement of institutional affiliation—meaning they held no formal membership in the Zionist Organization—but it also signaled a broad, flexible, and evolving ideological position. For this reason, I retain the term “non-Zionist” throughout this text, albeit with a critical awareness of its complexity and ambiguity.

The second fraught term is “imperialism,” particularly in reference to the PEC’s actions in Palestine. The most straightforward reading is that of intra-Jewish imperialism. The PEC’s founders, predominantly of Western European background, imagined themselves as agents of enlightenment and uplift for the “masses” of Eastern European Jews, whom they regarded—sometimes explicitly—as backward and in need of regeneration. They believed this civilizing mission could be achieved through a westernization process—by exposing Eastern European

⁹² Memo, Establishment of an American Company, 1924, MS-457, box 213, folder 10, Warburg Papers, AJA, Cincinnati OH.

⁹³ “Dr. Senator, Non-Zionist, Leaves Jewish Agency Executive; Zionists United, Goldmann Says,” *Jewish Telegraphic Agency*, December 19, 1945, <https://www.jta.org/archive/dr-senator-non-zionist-leaves-jewish-agency-executive-zionists-united-goldmann-says>.

⁹⁴ Dimitry Shumsky, *Beyond the Nation-State: The Zionist Political Imagination from Pinsker to Ben-Gurion* (2018); Pianko, *Zionism and the Roads Not Taken*.

Jews to the practices and systems of western capitalism.⁹⁵ This intra-communal civilizing mission mirrored similar patterns in other transnational Jewish organizations of the era, such as the Alliance Israélite Universelle and the Hilfsverein, long understood as growing out of European Empire and rooted in a kind of internalized hierarchy and communal-policing that can rightly be described as imperial, as an attempt to externally impose a hierarchical alternative social and economic system on a society.⁹⁶

The question of whether the PEC represented a form of American imperialism in Palestine is more complex. Contemporary observers recognized “dollar diplomacy” as a novel form of imperial power, characterized by the use of financial leverage, the imposition of American norms and institutions, and—at least elsewhere—an implicit or explicit threat of military force. In the case of the PEC, however, many hallmarks of classic dollar diplomacy were absent: the U.S. government played only the most minimal role in supporting these actions in Palestine limited to a perfunctory letter of support from commerce secretary Hoover—ironically sent to the wrong address and forwarded to the PEC; the PEC had no real leverage to shape British policy in Palestine beyond persuasion and clever political maneuvering, which they did on more than one occasion accomplish; and American military might was never at play.⁹⁷ The relationship was not one of direct interference with a sovereign state, but rather an attempt to influence the development of a Jewish polity with only partial autonomy.

Nevertheless, key features of imperialism persisted in the PEC’s operations. The organization’s leadership adopted a distinctly American civilizing mission, regarding their own financial methods and managerial practices as inherently superior and insisting on conformity

⁹⁵ Rafael Medoff, *Baksheesh Diplomacy: Secret Negotiations between American Jewish Leaders and Arab Officials on the Eve of World War II* (Lexington Books, 2001), 56–57.

⁹⁶ Aron Rodrigue, *French Jews, Turkish Jews: The Alliance Israélite Universelle and the Politics of Jewish Schooling in Turkey, 1860-1925* (Bloomington : Indiana University Press, 1990), 12; Granick, *International Jewish Humanitarianism in the Age of the Great War*, 26; David Sorkin, *Jewish Emancipation* (Princeton University Press, 2019), 237–39.

⁹⁷ Letter, Herbert Hoover to S. C. Lamport, 26 January 1925, Ms-359, box 87, folder 1923-1937, Louis Marshall Papers, AJA, Cincinnati OH [Hereafter noted as just Louis Marshall papers, AJA]. Hoover sent the letter to S. C. Lamport who was not part of the PEC believing he was traveling to Palestine on behalf of the PEC. Lamport forwarded the letter to Felix Warburg.

from those who wished to access their investments. At times, they threatened to withdraw funding as leverage to enforce compliance. Despite the absence of formal government backing, the PEC explicitly framed its activities as an effort to export American systems—both to benefit Jews in Palestine and, implicitly through the spread of market based systems to serve American interests—often invoking the language of American ideals. PEC leaders also explored possibilities of using financial leverage as tools of ethnic cleansing, with Felix Warburg and Edward Norman exploring the possibility of buying land and using government bribes to move most of the Arab Palestinian population out of Palestine and to Iraq.⁹⁸ Moreover, many PEC leaders maintained close ties to the institutions of dollar diplomacy and American global finance, most notably Kuhn, Loeb & Co., Felix Warburg's bank which served as a second office for the PEC and which financed numerous dollar diplomacy loans, and the United Fruit Company, whose president, Samuel Zemurray served on the PEC board, and in the 1930s would become an important player with PEC operations, as discussed in chapter five, and whose corporate operations have long been recognized by historians as a tool of American imperialism.⁹⁹

On balance, then, it is reasonable to interpret many of the PEC actions both as a sort of intra-Jewish imperialism and an agent of American financial imperialism in Palestine. Its activities set important precedents for the broader involvement of American finance—and, eventually, the U.S. government—in the region. By foregrounding these entanglements, this study highlights the ways that capitalist development, humanitarianism, and empire were mutually constitutive in the making of Palestine/Israel.

Finally, throughout this dissertation I employ the terms “non-political,” “strictly business basis,” “nonpartisan,” and “apolitical” to describe the PEC's self-understanding and public rhetoric regarding its work in Palestine. The first three terms were regularly invoked by PEC leaders themselves—each with its own shade of meaning—while the fourth is one I sometimes

⁹⁸ Rafael Medoff, *Baksheesh Diplomacy: Secret Negotiations between American Jewish Leaders and Arab Officials on the Eve of World War II* (Lexington Books, 2001), 106.

⁹⁹ Merleaux, *Sugar and Civilization*, 20; Rich. Cohen, *The Fish That Ate the Whale: The Life and Times of America's Banana King*, First edition. (Farrar, Straus and Giroux, 2012).

use for stylistic variety. As already emphasized, interrogating the PEC's claim to "non-political" action, and analyzing the underlying ideologies, politics, and material effects of their work, is a central thread running through this study. While I strive to clarify at each instance that these terms reflect the PEC's self-perception, I want to stress here that they are always used critically—not as an endorsement of the PEC's supposed neutrality, but to foreground their assertion that a "non-political," capitalist approach was key to their imagined distinction between their work and the Zionist movement.

Chapter Outlines

Profit in the Holy Land is divided into five chapters that proceed mostly chronologically through the formation and first decade of operations of the Palestine Economic Corporation (PEC).

Chapter One examines the background to the PEC's creation, tracing how developments in American capitalism, Jewish philanthropy, and American Zionism laid the groundwork for a form of Jewish "mission capitalism" oriented toward resettlement in Palestine but framed as apolitical. This chapter pays particular attention to discourses of continence and emotional control, analyzing how American non-Zionists, faced with converging material interests, relied on affective frameworks to differentiate their supposedly rational, measured approach from what they depicted as the emotional, impulsive activism of Zionists. These emotional distinctions were also mapped onto gendered norms, with non-Zionists casting their methods as masculine and rational, in contrast to what they portrayed as the feminine and emotional tendencies of their counterparts. The chapter concludes by showing how global developments—particularly the Balfour Declaration and restrictive American immigration quotas—prompted non-Zionists to construct models of refugee resettlement in Palestine that could be justified within a patriotic, American, and ostensibly non-political framework.

Chapter Two turns to the local context in Palestine, focusing on the PEC's immediate impact through its long-term loan program to Jewish cooperatives. Beginning their work during the economic crisis of the late 1920s, the PEC provided the only significant source of long-term

capital loans, helping the Yishuv survive the downturn and using its financial leverage to demand major structural changes in the operation of cooperatives. The chapter also explores how the PEC's own rhetoric of rationality and dispassion was challenged from within, particularly by their chief administrator in Palestine, Harry Viteles. Viteles argued that, in refusing to lend to settlements backed by the Palestine Zionist Executive (PZE), the PEC was guided more by emotion than by rational, capitalist calculation—a critique that ultimately forced the organization to reconsider its definition of “apolitical” and extend loans to PZE settlements.

Chapter Three expands the scope both chronologically and thematically, examining two of the PEC's most significant projects: the investment in Palestine Potash and the development of Haifa Bay. The chapter tracks shifting discourses about these projects and their relationship to the Arab population. Initially conceived as initiatives to help Jews outcompete Arabs economically, both projects were later reframed—especially after the violence of 1929—as ventures that would benefit Jews and Arabs alike. This chapter pays particular attention to the theme of rationalization, exploring how PEC leaders continually reinterpreted the purpose and impact of their investments to both themselves and others—often without enacting substantive changes to their practices.

Chapter Four explores the first half of the 1930s, a period when PEC leaders, buoyed by earlier successes, sought to play a more transformative role in shaping the political economy of Palestine. The chapter argues that the PEC, for a time, became the leading non-Zionist organization in the Yishuv, coordinating with other non-Zionist groups such as PICA, JCA, and the English Palestine Corporation to reshape Jewish society. Using the framework of hubris, the chapter suggests that the PEC's financial and developmental successes fostered an overconfidence in their ability to lead a wholesale social transformation and engage in broader forms of American empire—importing American models of land use, home ownership, labor, and resource management to Palestine—and explores how this hubris suddenly fell short when it came to the Arab population, whom they insisted they had no capacity to aid directly.

Chapter Five moves beyond Palestine to show how, in a moment of acute crisis—marked by the persecution of German Jews, tightening immigration quotas in Palestine, and the PEC’s own diminished institutional leverage—the organization doubled down on its most durable asset: its connections to elite networks of American capital and empire. Expanding beyond the Mandate, the PEC sought new geographies in which to apply its logic of capitalist uplift and Jewish resettlement, turning toward other sites within the orbit of American informal empire, particularly Latin America and the Philippines. At the same time, PEC leaders entertained schemes for the mass transfer of the Arab Palestinian population from Palestine to Iraq, imagining demographic reorganization on a regional scale. Although none of these initiatives ultimately materialized, they reveal a critical transformation. Palestine was no longer merely a destination for American capital; it had become a node within a broader imperial circuitry—one through which financial models, technocratic expertise, developmental technologies, and personnel circulated across multiple arenas of U.S. influence.

The conclusion briefly traces the PEC’s fate after the death of Felix Warburg in 1937, marking the dramatic decline of its influence and power in Palestine. It considers the longer-term legacy of the PEC in the history of Israel/Palestine, American Jewish life, and the evolution of American financial practices in international contexts.

With this structure in place, *Profit in the Holy Land* offers more than an institutional biography of the PEC; it brings into focus the entangled histories of American financial imperialism, Jewish humanitarianism, and life in Mandate Palestine. By situating the PEC’s activities within the broader frameworks of global capitalism, imperial ambition, and transnational Jewish philanthropy, the chapters that follow challenge prevailing narratives about the role of American finance in the region and the impact of American Jews on Israel/Palestine. Ultimately, this study demonstrates how American Jewish investment capital helped shape not only the economic foundations of the Yishuv, but also the enduring dynamics of exclusion, conflict, and aspiration that continue to define Israel/Palestine today.

Chapter One

Mission Capitalism: Crafting the PEC's Approach to Palestine

“If Palestine is to be anything but the trash basket of dissatisfied Jews or Jewish politicians, it has to become more than an arrogant, conceited, perhaps Hebrew-talking mob devoid of the humility of the Jewish religion.”¹

—Felix Warburg in a letter to Louis Marshall, July 1, 1923.

A “trash basket of dissatisfied Jews...” This was how Felix Warburg, a self-described non-Zionist, labeled Jewish settlers in Palestine in 1923. Just over a year later, he would be laying the groundwork, together with American Zionists, for the largest development corporation in Palestine, aiming to aid this “arrogant, conceited” population. In less than a decade, he would have major financial stakes in many of the most significant economic drivers in the Mandate and be widely recognized as an important supporter of Jewish settlement in Palestine.² While less brazen in his language, Louis Marshall followed a similar path. He refused to change his identification from non-Zionist while simultaneously bringing together an array of like-minded American Jews to invest in projects supporting Jewish settlement in the Mandate.³

To understand this seemingly contradictory approach championed by Marshall and Warburg—supporting Jewish settlement in Palestine through investment but remaining agnostic on Zionism—we must examine concurrent and often overlapping transformations in American capitalism, Jewish philanthropy, and American Zionism. These three ideologies and practices combined to create the frameworks, both discursively and institutionally, for a “mission capitalist” approach to Palestine: non-Zionist, allegedly non-political, investment in Palestine. Streams of thought within each of these areas emphasized the power of market systems to uplift and regenerate while remaining distinct from the contested realm of politics and the regressive

¹ Letter, Warburg to Marshall 16 July 1923, Ms-457, box 213, folder 7, Warburg Papers, AJA, Cincinnati, OH.

² Memo Palestine Investments, 1936, box 330, folder 6 Palestine Economic corporation, Warburg Papers, AJA.

³For examples see: “Proceedings of Non-Partisan Conference”; “Non-Zionist Conference Concerning Palestine. Verbatim Report of the Proceedings.”

realm of charity. Marshall and Warburg were not just observers of these transformations but active participants, shaping Jewish philanthropy to be more capitalist, and American capitalism to ostensibly incorporate philanthropic conceptions of a broader societal mission.

When a series of international events—notably the Balfour Declaration and the imposition of immigration quotas in the United States—forced non-Zionists to reconsider their stance towards Palestine, it was from these broader societal transformations that PEC leaders formed their belief in a mission capitalist approach to Palestine. They argued that through investment and American expertise, they could develop what they saw as a backward and underdeveloped land, increasing its “economic absorptive capacity” to accommodate more Jewish settlers.⁴ Conceiving the turn towards capitalist economic systems as both natural and inevitable—and distinct from the contentious sphere of politics—Marshall and Warburg believed their project could proceed without taking a definitive stance on Zionism or explicitly endorsing Jewish nationalism. While initially, little attention was given to the Arab Palestinian population, after intercommunal violence in 1929, they framed their work as separate from the politics of intercommunal strife as well.

Further influencing all of Marshall and Warburg’s decisions on Palestine was the specter of Jewish otherness and a desire to employ methods that affirmed a positive perception of Jews by non-Jewish Americans. Marshall led a small circle of wealthy Upper East Side self-appointed Jewish leaders, whose theory of Jewish acceptance in America hinged on Jews being perceived as patriotic, assimilable Americans, different in no way from white Anglo-Saxons besides religion.⁵ Marshall and Warburg feared generations of progress in Jewish acceptance could be unraveled by Zionists, for their vocal support of Jewish nationalism, as well as the methods of

⁴ “Proceedings of Non-Partisan Conference,” 14.

⁵ Naomi W. Cohen, *Not Free to Desist. The American Jewish Committee 1906-1966*. (Jewish Publication Society of America, 1972), 30.

the Jewish Zionist “masses”—their public demonstrations, babel of foreign languages, and supposedly emotional outbursts, all of which made visible Jewish difference.⁶

Consequently, in using market-based methods to develop Palestine, the non-Zionists sought to contrast Zionists’ emotional politics with the supposedly cool, detached rationality of their capitalist approach. They aimed to demonstrate command over their emotions as well as their ability to objectively and dispassionately aid their coreligionists. Unlike the shouting of what Warburg called a “Hebrew talking mob,” non-Zionists sought to dispassionately employ market systems to achieve what they saw as the most rational and efficient method of positive societal transformation.⁷

This desire to demonstrate rationality and dispassion intertwined ideas of race, ethnicity, and gender. Non-Zionists like Marshall feared Zionist visibility could lead Jews to be perceived as foreign, insufficiently masculine, or perhaps even improperly white. While each of these points merits its own investigation, it is masculinity that proves to be the most salient to the non-Zionist approach and the most overlooked of the non-Zionists’ concerns. Furthermore, the non-Zionist discourses around Jewish masculinity tended to collapse ideas of race and ethnicity into it, with a belief that in demonstrating masculinity Jews could prove their status as proper (read white) Americans. These concerns over masculinity are particularly generative as they so often converged with Zionists, who had their own overlapping and at times diverging set of obsessions with restoring Jewish manhood.⁸

Finally, non-Zionists weren’t only concerned with the perceptions and status of American Jews—they saw their investment in Palestine as an opportunity to regenerate Jewish settlers in Palestine, molding Eastern European Jews into farmers and artisans who would contribute to the global capitalist economy. Marshall articulated this idea starkly, arguing that it was the non-

⁶ Cohen, *The Americanization of Zionism, 1897-1948*, 30, 193; Urofsky, *American Zionism from Herzl to the Holocaust*, 173–75; David G. Dalin, “Cyrus Adler, Non-Zionism, and the Zionist Movement: A Study in Contradictions,” *AJS Review* 10, no. 1 (1985): 79–80.

⁷ For more on the assumed rationality of markets in the 1920s see: Polyani, *The Great Transformation: The Political and Economic Origins of Our Time*, 148.

⁸ Imhoff, *Masculinity and the Making of American Judaism*, 180–85; Daniel Boyarin, *Unheroic Conduct: The Rise of Heterosexuality and the Invention of the Jewish Man* (University of California Press, 2000), 271.

Zionists' responsibility to aid Jews who wanted to become "productive farmers or producers in Palestine," rather than "continue their miserable trading existence" in Eastern Europe.⁹ While the language of productivity and regeneration has stark similarities to Zionist discourses, the PEC leaders diverged from most Zionists in their support of capitalist regeneration—the belief that practices such as providing credit and private land ownership were key to regenerating Jews moving to Palestine.

Marshall's and Warburg's decision to create a "non-Zionist" investment corporation for Palestine highlights the precarity of Jewish collective action in the early 20th century United States, even among the richest and most powerful of American Jews. Jewish American leaders sought to reconcile their commitments to Jewish acculturation and fears of antisemitism with their feelings of obligation to suffering foreign Jews and the dwindling alternatives to Palestine for Jewish resettlement. Non-Zionist capitalist support for Jewish settlement in Palestine also raises important questions regarding the very definition of Zionism and the boundaries between Zionists and non-Zionists. With the absence of significant differences in practice—with both "camps" supporting Jewish settlement in Palestine, and Zionist stances on a future political arrangement still undetermined and multivocal—other factors such as methods of support and affective disposition became the salient features for non-Zionists to attempt to distinguish themselves from Zionists.¹⁰ Moreover, it underscores how, in the early 20th-century United States, an environment increasingly hostile to claims of group difference, capitalism—both at home and abroad—became a realm for acceptable "de-politicized" collective action.

Beginning in the waning years of World War I and continuing through the creation of the Palestine Economic Corporation (PEC) in 1926, this chapter examines how evolving discourses and practices in Jewish philanthropy, American capitalism, and American Zionism—emphasizing investment, business, and scientific expertise as an apolitical, hyper-rational form of

⁹ Memo, Marshall on Palestine, N.D. (filed December 1926), box 229, folder 3 Louis Marshall, Warburg Papers, AJA. The actual text of the memo frames this as a question IE should we allow Jews to "continue their miserable trading existence," however the stark language and rest of the memo make clear this question is rhetorical.

¹⁰ Shumsky, *Beyond the Nation-State: The Zionist Political Imagination from Pinsker to Ben-Gurion*.

uplift—provided a framework for a non-Zionist approach to Palestine. I then show how, when new challenges emerged to their leadership of American Jews and to their position on Palestine, non-Zionists—particularly Louis Marshall—turned to these frameworks to articulate a mode of support they cast as apolitical, rational, and distinctly masculine. Although this discourse emphasized material improvement, Marshall and his followers regularly made the connection between this improvement, economic opportunity, and Jewish regeneration. By arguing that investment would be the ideal form of support for Jews in Palestine, Marshall convinced his fellow non-Zionists that they could cooperate with like-minded Zionists to aid in the settlement and regeneration of Jews in Palestine while remaining apolitical and distinct from the Zionist movement.

American Capitalism: A Humanitarian Endeavor?

The mission capitalist orientation of the Palestine Economic Corporation would have been inconceivable without significant shifts in the broader discourses and practices of twentieth-century American capitalism, both at home and in interventions abroad. Dollar diplomacy—the use of U.S. loans, financial advisers, and investment to ostensibly stabilize economies abroad and extend American influence—framed capitalism and a distinct form of American imperialism as a civilizing project. Financial expertise was cast as a scientific and masculine form of uplift, disciplining debtor nations while elevating them into the orbit of modern civilization. After the Spanish-American War, policymakers, bankers, and economists sought to stabilize peripheral economies by tying them to American capital markets. The Dominican Republic loan of 1905–1907 set the pattern, soon extended to Nicaragua, Haiti, and beyond: U.S. loans came tied to financial supervision, with experts overseeing revenues and budgets in the name of stability.¹¹ By the 1920s, American advisers were active not only in the Caribbean and Central America but

¹¹ Rosenberg, *Financial Missionaries to the World*, 137; Veesser, *A World Safe for Capitalism: Dollar Diplomacy and America's Rise to Global Power*, 13.

also in Asia, and in rebuilding economies of post-war Europe, promoting standardized financial systems that promised both modernization and closer integration into the global market.¹²

The ideology underpinning these efforts framed capitalism not only as necessary but also as moral. Expansion of American finance abroad was cast as the extension of civilization itself. To spread rationalized credit was to spread responsibility; to impose financial discipline was to instill self-mastery. As historian Martin Sklar put it, corporate capitalism was understood as “the natural, inevitable product of evolutionary development; that which was natural and necessary could only be right and beneficent.”¹³ Markets were imagined as schools of responsibility and thrift, banks as custodians of civic virtue, and interest as a reward for prudence and delayed gratification.¹⁴ In this framework, credit was not simply an economic instrument but a moral mechanism, distinguishing disciplined from undisciplined societies and elevating the former into the orbit of “civilization.”

In practice, the work of American “money doctors”—financial advisers hired by foreign governments whose recommendations often carried the weight of imposed reforms designed to attract foreign capital—reinforced these ideals. Advisers such as Edwin Kemmerer, Jeremiah Jenks, and Arthur Millspaugh cultivated reputations as neutral experts whose professional credentials placed them above politics.¹⁵ They insisted that their missions were purely technical, the application of economic science to stabilize currencies and rationalize fiscal regimes abroad. Kemmerer in particular refined this posture into an art: he refused to speak to local newspapers during his assignments, avoided close association with U.S. embassies—despite close alignment with U.S. foreign policy aims—and claimed to owe “100 percent loyalty” to the government that hired him, not to Washington.¹⁶ This cultivated aloofness lent his work an aura of impartiality, even as his reforms bound debtor governments more tightly to Wall Street.

¹² Rosenberg, *Financial Missionaries to the World*, 253.

¹³ Sklar, *The United States as a Developing Country*, 101.

¹⁴ Rosenberg, *Financial Missionaries to the World*, 9.

¹⁵ Rosenberg, *Financial Missionaries to the World*, 193–97.

¹⁶ Rosenberg, *Financial Missionaries to the World*, 194.

Kemmerer's 1923 mission to Colombia illustrates how this technocratic authority functioned. Invited by Bogotá's leaders to stabilize the peso and reform the banking system, he recommended sweeping changes: creation of a central bank, adoption of a gold-backed currency, and fiscal discipline enforced through budgetary oversight.¹⁷ Colombian officials accepted these reforms in part because Kemmerer's outsider status reassured investors and creditors that Colombia was committed to modernization and engendered foreign investment. Yet the reforms also locked Colombia more firmly into U.S. capital markets, aligning domestic institutions with American expectations of stability and predictability.¹⁸ Kemmerer's authority thus rested as much on his ability to embody "objective" modernity as on the substance of his technical expertise.

The rhetoric surrounding such missions consistently invoked gendered and cultural hierarchies. Kemmerer frequently described stabilization as a "man-sized job," framing financial discipline as a masculine art of restraint, duty, and self-control. In this formulation, debtor nations were implicitly feminized—portrayed as extravagant, undisciplined, and in need of supervision.¹⁹ Professionalism itself was coded in similar terms: universities and financial societies were overwhelmingly male, and the prestige of economics was linked to qualities gendered as masculine like responsibility, sobriety, and prudence.²⁰ By tying expertise to masculinity and civilization, advisers elevated their own authority while naturalizing hierarchies of creditor over debtor, expert over layman, civilized over uncivilized.

This cultural framing reinforced the broader vision of capitalism as moral uplift. Credit and discipline were imagined not just as economic mechanisms but as tools for cultivating modern subjects. To repay a loan was to learn foresight; to adopt a gold standard was to embrace rationality; to submit to foreign oversight was to enter into civilization. The authority of the money doctors therefore lay at the intersection of culture and economics. Their technocratic style

¹⁷ Rosenberg, *Financial Missionaries to the World*, 158.

¹⁸ Rosenberg, *Financial Missionaries to the World*, 161.

¹⁹ Rosenberg, *Financial Missionaries to the World*, 33, 35.

²⁰ Rosenberg, *Financial Missionaries to the World*, 191.

cloaked power in objectivity, while their rhetoric infused financial practices with moral and civilizational meaning.

Together, these elements defined the ethos of dollar diplomacy in the early twentieth century. It was never simply a matter of technical stabilization or the supposed science of economics. Instead, it fused financial expertise with cultural hierarchies and a vision of capitalism as civilizing mission. Advisers and bankers cast their work as above politics, but in practice it restructured power relations at home and abroad, embedding American financial authority in the language of science, gender, and uplift.

As so often in imperial entanglements, the practices and assumptions developed abroad did not remain confined to the periphery but circulated back to the United States. Experiments in dollar diplomacy provided not only technical instruments—credit rationalization, fiscal oversight, managerial trusteeship—but also a moral language that defined capitalism as scientific, masculine, and civilizing. These ideas reinforced, and were reinforced by, domestic anxieties over the growing power of corporations and the search for new forms of social responsibility. The rapid expansion of large corporate entities in the late nineteenth and early twentieth centuries ignited robust public debate over the future of capitalism. Between 1899 and 1929, the Gross National Product increased nearly sixfold, from \$17.4 billion to \$103.1 billion, a transformation that made the corporation an unavoidable presence in American life. Critics feared its dominance, but many business leaders—opposed to regulation or more radical reform—drew on the language of responsibility and uplift already circulating in imperial settings to argue for a reimagined capitalism.²¹ In their view, corporate managers bore obligations not only to shareholders but also to workers and the public at large. By framing their enterprises as instruments of public service, they sought to forestall regulatory intervention while presenting capitalism itself as a moral system capable of sustaining the nation’s material and spiritual

²¹ Kyle Edward Williams, *Taming the Octopus: The Long Battle for the Soul of the Corporation*, First edition (W.W. Norton & Company, 2024), 12.

health.²² Within this shared intellectual and cultural framework, American business leaders, policymakers, and reformers began to argue that corporations could act not just as profit-making enterprises but as trustees for the nation's moral and material well-being.

This evolving stance on corporate responsibility was exemplified by Gerard Swope and Owen Young, president and chairman, respectively, of General Electric. Young and Swope championed a tripartite duty for corporate managers: to their corporation's workers, the shareholders, and the public at large. This approach, termed "trusteeship," was publicly promoted as a new business paradigm. Historian Kyle Williams interprets this concept as positioning the corporate manager as a tribune or protector, tasked with responsibilities extending beyond the corporation to include the broader interests of "the nation, or the communities of the nation—writ large." Young later reflected on this transformative vision, stating, "The old notion that the heads of business are the paid attorneys of stockholders, to exploit labor and the public in the stockholders' interest is gone—I hope forever."²³ While Young's statement may seem naïve in its optimistic view, it captures a time of significant change in the corporate world, where a leader of one of the nation's largest conglomerates could conceive of business leaders as integrating public interests with responsible corporate stewardship.

If Swope and Young translated the idioms of uplift into corporate governance, Herbert Hoover went further by bringing the logic of dollar diplomacy itself back to the metropole. Having cut his teeth as a transnational businessman and as a coordinator of European reconstruction after World War I, Hoover was steeped in the language of technocratic expertise, voluntary cooperation, and the moralizing promise of capitalist uplift. As Secretary of Commerce and later as President, he sought to apply at home the same principles that had guided financial missions abroad: that disciplined management, coordinated by experts and framed as above politics, could stabilize societies and elevate their welfare. His program, which he termed

²² Williams, *Taming the Octopus: The Long Battle for the Soul of the Corporation*, 15.

²³ Williams, *Taming the Octopus: The Long Battle for the Soul of the Corporation*, 13-14.

“associationalism” or the “American System” explicitly reimagined corporations as trustees for the nation, much as American advisers abroad had cast bankers as trustees for debtor states.²⁴ In Hoover’s vision, the United States itself became the laboratory in which the techniques of imperial capitalism were naturalized as the foundation for modern domestic governance.²⁵

Starting in 1921, as Commerce Secretary, Hoover sought to implement this vision in which the US government and corporations would collaborate on shaping the future of the nation by initiating conferences, trade associations, and voluntary business alliances. These platforms were designed for the government to outline national priorities and societal objectives, with the expectation that for-profit entities would recognize and act upon their moral and mutual responsibilities toward the collective welfare.²⁶ Hoover’s vision was comprehensive, believing that with appropriate guidance, private corporations could address a wide array of national welfare needs, from housing and unemployment to industrial waste and even bolstering the country’s “spiritual values.”²⁷ His supporters quantified the benefits of this approach, arguing that Hoover’s vision of associationalism could improve the average American’s quality of life by 20 to 30 percent.²⁸ This attempt to quantify improvement was part and parcel of a larger ethos that emphasized the ability to apply scientific methods to the economy to rationalize and quantify every aspect of the workplace and the market. At its core, associationalism is built off a fundamental faith in the ability of experts to apply rational analysis to determine ideal outcomes for production and the market to achieve them.

The concept of American associationalism, although not entirely novel within the United States—echoing sentiments from Alexis de Tocqueville, who praised Americans for their propensity toward free association linked to civic responsibility and collective well-being—was

²⁴ Dempsey and Gruver, “The American System,” 227.

²⁵ Hawley, “Herbert Hoover, the Commerce Secretariat, and the Vision of an ‘Associative State,’ 1921-1928,” 1974, 122.

²⁶ Hawley, “Herbert Hoover, the Commerce Secretariat, and the Vision of an ‘Associative State,’ 1921-1928,” 1974, 118.

²⁷ Hawley, “Herbert Hoover, the Commerce Secretariat, and the Vision of an ‘Associative State,’ 1921-1928,” 1974, 122, 133.

²⁸ Hawley, “Herbert Hoover, the Commerce Secretariat, and the Vision of an ‘Associative State,’ 1921-1928,” 1974, 127.

distinct in its perspective on the role of for-profit corporations.²⁹ Hoover viewed market-based institutions as more adaptable and capable enterprises than government or non-profits, and therefore the crucial actors in addressing the societal needs and goals of the nation. While corporations would still reap a profit, profit maximization would not be their sole focus; instead, they should aim to achieve a profit while providing maximum societal benefit in the process.

These discourses, while presenting a new framing of capitalism in the United States, consistently upheld the fundamental bedrocks of a purely “rational,” largely un-regulated capitalism. Despite promoting ideas that relied on a partnership between government and private business, proponents insisted this was distinct from political interference in the marketplace. Figures like Hoover, Swope, and Young framed their visions as voluntary, patriotic, and civic duties for corporations and businessmen, positioning them as alternatives to political mandates in business. Since this stance contrasted with those advocating for regulation in the market system or broader transformations to the American capitalist system, proponents of voluntary self-regulation could frame their efforts as keeping politics out of business and claim only their opponents were being political.³⁰ Furthermore, in framing these visions of capitalism as universally beneficial, proponents could depict them as beyond the contentious sphere of politics.

Marshall and Warburg were active supporters of Hoover in his attempt to remodel the American economic system. They donated to Hoover’s campaign and spoke in support of him and his economic acumen during both of his presidential runs, which, given the economic collapse during Hoover’s first term, highlights their firm commitment to his policies (only Warburg supported Hoover’s reelection as Marshall died during Hoover’s first term).³¹ Warburg

²⁹ Herbert Hoover 1874-1964, and George H. Nash 1945-, *American Individualism*, Hoover Institution Press Publication; 675 (Hoover Institution Press, 2016), xxx.

³⁰ Williams, *Taming the Octopus: The Long Battle for the Soul of the Corporation*, 30–31.

³¹ Sonja P. Wentling, “*The Engineer and the Shtadlanim*”: Herbert Hoover and American Jewish Non-Zionists, 1917-28, 2023, 379; “WARBURG DECLARES HIS FAITH IN HOOVER; Banker to Back Republican as Business Man and as Welfare Worker.,” Archives, *The New York Times*, August 31, 1928, 1, <https://www.nytimes.com/1928/08/31/archives/warburg-declares-his-faith-in-hoover-banker-to-back-republican-as.html>; “16 DEEDS OF HOOVER LISTED BY WARBURG.,” Archives, *The New York Times*, November 1, 1932, <https://www.nytimes.com/1932/11/01/archives/16-deeds-of-hoover-listed-by-warburg-financier-urges-reelection-of.html>.

also cooperated in Hoover's attempts to build the associative state in America. During the mid-1920s, Hoover led an unsuccessful initiative to establish a national endowment dedicated to pure research. This endowment was to be financed by major corporations, which would, in turn, reap the benefits of the research outcomes and contribute to societal advancement through their innovations. Hoover was designated to preside over this endowment, with Warburg appointed as a member of its seven-person board.³² Warburg and Hoover also cooperated in the founding of the American Arbitration Association, another associationalist institution designed to create streamlined and ideal outcomes for business disputes without government intervention.³³

The PEC was not founded precisely on Hoover's associative model, nor did it exactly replicate the mechanisms of American dollar diplomacy, both of which implied a specific—if attenuated—relationship between state power and corporate action. Dollar diplomacy functioned through the semi-formal alignment of bankers, advisers, and policymakers, while associationalism envisioned structured cooperation between government and business to achieve social goals. The PEC, by contrast, operated in a territory well outside the United States' official sphere of influence and without the cover of acting within US policymakers' stated interests. Yet it nevertheless reflected the same ethos of mission capitalism: the belief that expert guidance, rationalized credit, and private initiative could serve as instruments of uplift. Like Hoover's associative state, the PEC created a framework in which private actors could claim to reconcile profit with social responsibility, presenting their work as technical, impartial, and universally beneficial. What distinguished the corporation was precisely this attempt to apply the idioms of American capitalist uplift—developed in imperial peripheries and adapted in Progressive politics—not only outside the direct purview of the U.S. state, but within a “civilized” British imperial framework and in an intercommunal project where American Jews already faced suspicions of dual loyalty. By casting their work in idioms of American capitalist ideals:

³² P.J. McGrath, *Scientists, Business, and the State, 1890-1960*, The Luther H. Hodges Jr. and Luther H. Hodges Sr. Series on Business, Entrepreneurship, and Public Policy (University of North Carolina Press, 2003), 46.

³³ Kiplinger Washington Editors Inc, *Kiplinger's Personal Finance* (Kiplinger Washington Editors, Inc., 1952), 44.

expertise, economic progress, and rationalized uplift, PEC leaders could present their work as an extension of their own national ideals, making it appear both apolitical and authentically American even as they sought to benefit fellow Jews and worked within another empire.

The same rationalizing and scientific ethos that animated dollar diplomacy and Progressive visions of American capitalism also reshaped expectations for the disposition of workers, as reformers extended the logic of efficiency to the inner life of laborers, insisting that emotions themselves be disciplined and managed in the name of productivity. While previous generations of Americans could prove their manliness through spitfire at work—screaming at subordinates or raging on the shop floor—Americans in the progressive era were expected to confine their outbursts to the home and demonstrate their manhood by mastering their emotions and operating with a cool, detached, and purely rational approach.³⁴ This emotional disciplining was an outgrowth of the larger moves towards systemization and efficiency in industrial capitalism. Frederick Winslow Taylor, famous for his systematic study of tasks, time, and motion in the workplace to optimize worker productivity and reduce waste was greatly disturbed by the inefficiency caused by emotional outbursts of factory workers. As part of his theory of scientific management, Taylor argued that the ideal efficient and scientifically rational workplace controlled not just the every move of its workers, but their emotions as well, removing emotional outbursts and instead promoting a supposedly rational scientific detachment among workers.³⁵ Industry was quick to follow Taylor's recommendations, and corporations such as Ford and GE instituted employee counseling programs designed to help employees master their impulses and remove emotion from the workplace.³⁶

Of course, these expectations had both gendered and class elements. Mastering emotions was a way of proving manliness while being emotional in the workplace was seen as overly

³⁴ Carol Zisowitz. Stearns and Peter N. Stearns, *Anger : The Struggle for Emotional Control in America's History* (University of Chicago Press, 1986), 111; Eva Illouz 1961-, *Cold Intimacies : The Making of Emotional Capitalism* (Polity Press, 2007), 4.

³⁵ Peter, 1994, *American Cool: Constructing a Twentieth-Century Emotional Style*, New York: New York University Press, p. 122; Stearns and Stearns, *Anger: The Struggle for Emotional Control in America's History*, 114; Illouz, *Cold Intimacies: The Making of Emotional Capitalism*, 5.

³⁶ Stearns and Stearns, *Anger: The Struggle for Emotional Control in America's History*, 118.

feminine and domestic, perhaps even hysterical. Unsurprisingly women were still expected to show certain proper female emotions, such as female secretaries who were supposed to be “sweet” and doting over their bosses.³⁷ Furthermore, legitimate grievances of workers, in particular laborers, could be dismissed by managers as an example of workers’ inability to control their emotions thereby demonstrating the very irrationality of their demands. The lack of emotional control of workers and attempts to discipline emotion was both patronizing and paternalistic—the efforts of a wealthier class of bosses and managers with wealth and accommodating jobs demanding that their subordinates suppress emotions even when fueled by the injustice and rigors of their working conditions.³⁸

As mostly wealthy bankers it’s unsurprising this discourse resonated with the leaders of the PEC who mapped these same binaries between emotion and logic, rational and irrational, cool and temperamental onto the Zionist/non-Zionist divide. Warburg and Marshall complained about the loudness of Zionists, their incoherent overzealousness, and emotional outbursts disturbing meetings.³⁹ They contrasted their own “constructive work in Palestine” with the “foolish Zionist hot air explosions.”⁴⁰ According to non-Zionists, the Zionist “masses” were hotheaded and emotional and specifically lacked the control for rational action.⁴¹ In contrast, non-Zionists consistently framed their actions as detached and hyperrational.

Since non-Zionists and Zionist ultimately ended up supporting many of the same policies for promoting settlement in Palestine, emotional control became one way for non-Zionists to delineate the cleavages between themselves and the Zionist masses. Leaders of the PEC stressed how their logical and reasoned capitalist approach differentiated them from most Zionists.⁴²

³⁷ Ute Frevert, *Emotions in History: Lost and Found*, The Natalie Zemon Davis Annual Lecture Series at Central European University, Budapest (Central European University Press, 2011), 104; Illouz, *Cold Intimacies: The Making of Emotional Capitalism*, 27.

³⁸ Stearns and Stearns, *Anger: The Struggle for Emotional Control in America’s History*, 113, 121–22; Illouz, *Cold Intimacies: The Making of Emotional Capitalism*, 23–25.

³⁹ Singer To Van Vriesland, 2 March 1926, A114/228, CZA.

⁴⁰ Felix Warburg to James H. Becker, Mar 3, 1926, MS 457, box 229, folder 7, Warburg Papers, AJA.

⁴¹ Mack to Dave, April 6, 1926, A405/172, CZA; in this letter Julian Mack reflects on Warburg and Marshall’s views; Viteles to PEC, January 14, 1935, MS 457, box 316, folder 9, Warburg Papers, AJA.

⁴² Memo Coordination and Consolidation of Economic Activities in Palestine, N.D. (likely mid 1928), box 98, folder Business corporation for Palestine, memorandum general correspondence 1929 2 of 2, NYPL.

Even while they acknowledged a “unique emotional attachment” for Jews to Palestine they maintained their actions were “governed by calm thought” in responding to the plight of Jews abroad, rather than an emotional reaction.⁴³

Jewish Philanthropy—A Modern Innovation

Concurrent with these changing perceptions of capitalism, Jewish philanthropy in the United States was evolving towards a more capitalistic model, intertwining with the mechanisms of the free market. This shift was part of a broader and more prolonged transformation from traditional Jewish *Tzedakah* practices to Jewish philanthropy. Historically, Jewish giving was characterized by unconditional aid to the poor, seen as a religious duty. However, starting in mid-18th century Germany, there was a significant departure from these traditional practices. Jewish philanthropy began to link assistance not merely to immediate relief but to paternalistically provide moral and social betterment, aiming to provide help that was both uplifting and transformative. This modern approach by Jewish philanthropists sought to employ systematic methods that would fundamentally alter the conditions and lives of those receiving aid. The focus was on breaking the cycle of dependency, addressing the root causes of poverty rather than simply alleviating its symptoms. The goal was transformative: to change the underlying circumstances that led to poverty, providing a more sustainable and enduring solution.⁴⁴ Some European Jewish organizations took these goals even a step further, such as the Jewish Colonization Association, which believed that breaking cycles of Jewish misery necessitated the physical resettlement of Jews in colonies in the New World or Palestine where they could learn and engage in “productive” work, primarily agriculture.⁴⁵

In the United States, the transformation of Jewish charity mirrored developments seen in Germany, albeit years later. During the 1800s to early 1900s, Jewish philanthropy primarily

⁴³ Singer To Van Vriesland, 2 March 1926, A114/228, CZA

⁴⁴ Derek J. Penslar, *Shylock's Children : Economics and Jewish Identity in Modern Europe* (University of California Press, 2001), 200, 205.

⁴⁵ Theodore Norman 1910-1987, *An Outstretched Arm: A History of the Jewish Colonization Association* (Routledge & K. Paul, 1985), 18–22.

adhered to the benevolent principles of traditional Tzedakah and was mostly led by women.⁴⁶ This pattern shifted with the arrival of millions of Eastern European Jews, many requiring aid, precipitating the rise of “scientific” philanthropy. This movement led to the unification of various Jewish charitable activities under consolidated fundraising entities, gradually sidelining women’s leadership in favor of a male-dominated and ostensibly more masculine, “rational” data-driven approach.⁴⁷

Established in 1917, the Federation of Jewish Philanthropies of New York, led by its president, Felix Warburg, was the largest of these new male-dominated philanthropies and exemplified the modern ethos of Jewish philanthropy, an approach which gradually tied philanthropy to Jewish uplift and capitalist markets. In its first years, the Federation focused on the immediate distribution of funds, prohibiting capital accumulation to emphasize the urgency of continuous donations. However, in the early 1920s, Warburg pushed for changes in the bylaws to allow the creation of endowments and capital accumulation, arguing that the existing restrictions deterred substantial donations from wealthy benefactors.⁴⁸ With these modifications in 1920 and 1922, Warburg effectively tethered the Federation to the American capitalist system and the dynamics of the market.⁴⁹ With large capital endowments, the Federation now invested endowed capital and relied on capital growth to accomplish its philanthropic objectives. In addition, endowments ensured that the federation would gradually function more like a business, employing money managers to oversee investments and maximize charitable giving from large donors interested in establishing endowments.⁵⁰

However, it was another charity, the Joint Distribution Committee, also led by many future leaders of the PEC, including Felix Warburg, Louis Marshall, and Herbert Lehman, which blurred practically beyond distinction the lines between this supposedly masculine modern

⁴⁶ Beth Wenger, “Federation Men: The Masculine World of New York Jewish Philanthropy, 1880-1945,” *American Jewish History* 101, no. 3 (2017): 379.

⁴⁷ Wenger, “Federation Men: The Masculine World of New York Jewish Philanthropy, 1880-1945,” 380.

⁴⁸ Lila Corwin Berman, *The American Jewish Philanthropic Complex: The History of a Multibillion Dollar Institution* (Princeton University Press, 2020), 36.

⁴⁹ Berman, *The American Jewish Philanthropic Complex*, 40.

⁵⁰ Berman, *The American Jewish Philanthropic Complex*, 43.

philanthropy and capitalism. Founded by Warburg during WWI, The Joint was designed to provide a single umbrella for material relief to Jews suffering in the occupied regions of Europe and the Ottoman Empire during the First World War. While the organization initially operated largely on the “older” model of unconditional aid, providing unilateral money and food transfers to Jews in need, the Joint excluded many benevolent organizations led by Jewish women and, despite their relevant experience, prevented leaders of the National Council of Jewish Women from joining its relief missions. To justify engaging in this feminine form of unconditional relief, the all-male leadership argued that such relief would only be provided temporarily as long as the crisis of the war lasted.⁵¹ Warburg made this clear in a 1919 speech, expressing (not surprisingly in male-gendered language) his hope that relief organizations would eventually end their unconditional aid and instead offer assistance “not as charity or as relief, but as a loan from a brother to a brother.”⁵²

Warburg’s vision of the Joint Distribution Committee (JDC) ending all relief work was never realized. However, after the war, the organization largely shifted its focus from relief work to reconstruction. Unlike relief, which provided unconditional financial aid to the poorest, reconstruction targeted the middle and lower-middle classes with loans or investments designed to provide economic opportunities, rebuild Jewish communities, and allow the recipients to eventually repay the loans with interest. Starting in 1920, Warburg reoriented The Joint’s priorities towards reconstruction, allocating 80 percent of its budget to these efforts.⁵³

One of the most successful initiatives was the creation of Jewish credit cooperatives in Europe and Palestine, empowering middle-class Jewish farmers and entrepreneurs by providing access to credit (see Chapter Two for more on these cooperatives). The Joint also sponsored several banks, including two in Palestine, to offer low-cost capital for productive economic

⁵¹ Granick, *International Jewish Humanitarianism in the Age of the Great War*, 31–33, 43.

⁵² Felix Warburg Speech Before the Louis Marshall Recognition Committee, July 28, 1919, box 183, folder 9, Warburg Papers, AJA

⁵³ Karlinsky, “Jewish Philanthropy and Jewish Credit Cooperatives in Eastern Europe and Palestine up to 1939,” 153–54.

ventures. Additionally, The Joint engaged in ambitious projects like offering low-cost loans for the agricultural colonization of Soviet Jews.⁵⁴ These efforts provided both capital and guidance, with The Joint offering recipients economic and agricultural advice—albeit paternalistically—seeking to ensure beneficiaries employed thrift, rational economic practices, and scientific “modern” approaches to agriculture.⁵⁵

These reconstruction programs blurred the lines between philanthropy and finance. While initial capital was still raised through donations, it was no longer given as unconditional relief; rather, aid would now be delivered as loans, overseen by experts, and repaid with interest.⁵⁶ In this model, credit was not merely an instrument of assistance but a mechanism of discipline, instilling habits of thrift, rationality, and foresight. Warburg’s vision that charity could be transformed into finance again echoed the broader ethos of dollar diplomacy, where credit and oversight were imagined as tools of moral uplift, binding recipients to the structures of modern finance while presenting the transaction as benevolent.⁵⁷

The Joint’s new focus on credit cooperatives and banks thus mirrored the strategies of America’s “money doctors” abroad, albeit targeting a subset of a country’s population, rather than the entire state. Just as Edwin Kemmerer or Jeremiah Jenks promised fiscal stability through rationalized currencies and disciplined budgets, the JDC promised Jewish regeneration through supervised credit. Loans were targeted not at the poorest, who were deemed hopelessly dependent, but at the middle and lower-middle classes, who could demonstrate responsibility through repayment.⁵⁸ These programs cast capital as a civilizing force: to borrow was to enter the moral economy of self-mastery, to repay was to prove fitness for modern citizenship.

⁵⁴ Allan L. Kagedan, “American Jews and the Soviet Experiment: The Agro-Joint Project, 1924-1937,” *Jewish Social Studies* 43, no. 2 (1981): 153–54.

⁵⁵ Karlinsky, “Private Cooperatives in the Mandatory Period [Hebrew],” 251–54.

⁵⁶ Granick, *International Jewish Humanitarianism in the Age of the Great War*, 242.

⁵⁷ Felix Warburg Speech Before the Louis Marshall Recognition Committee, July 28, 1919, Ms-457, box 183, folder 9, Warburg Papers, AJA

⁵⁸ Karlinsky, “Jewish Philanthropy and Jewish Credit Cooperatives in Eastern Europe and Palestine up to 1939,” 153–54.

This turn toward reconstruction also placed the JDC squarely in conversation with broader American debates about capitalism's moral role—debates in which Herbert Hoover again loomed large. Hoover first came to prominence during the Great War as director of the Commission for Relief in Belgium, the largest humanitarian organization in Europe. Following the war, Hoover turned his attention to reconstruction, promoting aid structured not simply as gifts but as loans, a model that foreshadowed the forms of financial supervision and credit discipline associated with American dollar diplomacy.⁵⁹ His secretary, Lewis Strauss—himself Jewish and later a board member of the PEC—introduced Hoover to Felix Warburg, then head of the JDC, linking the two largest American-led relief organizations in Europe.⁶⁰ From this collaboration grew a lasting relationship: Hoover not only became a supporter of the JDC but also an intellectual influence, reinforcing Warburg and his colleagues' conviction that credit and investment could serve as instruments of uplift.

By 1920, as the JDC shifted its mission from relief to reconstruction, Hoover entered the Commerce Department and began publicly advancing associationalist capitalism. The Joint's move toward supervised loans, cooperative credit, and economic uplift directly echoed the principles Hoover promoted: that capital, under expert guidance, could instill discipline, self-reliance, and civic responsibility. Hoover actively reinforced this trajectory, joining Warburg in fundraising for Jewish colonization schemes in the Soviet Union, designed specifically to offer aid through loans rather than charity.⁶¹ And in 1925, Hoover endorsed proposals to place Jewish economic activity in Palestine on a "strictly business basis," sending a letter of support that read, "I hope that your mission will prove successful" underscoring his continued connection with

⁵⁹ Ellis W. Hawley, "Herbert Hoover, the Commerce Secretariat, and the Vision of an 'Associative State,' 1921-1928," *The Journal of American History* 61, no. 1 (1974): 134, <https://doi.org/10.2307/1918256>.

⁶⁰ Letter Bruno Schachner to Felix Warburg, December 1935, MS 457, box 316, folder 13, Warburg Papers, AJA; Sonja P Wentling, "'The Engineer and the Shtadlanim': Herbert Hoover and American Jewish Non-Zionists, 1917-28," 2023, 382.

⁶¹ Ascoli, Peter M. *Julius Rosenwald: The Man Who Built Sears, Roebuck and Advanced the Cause of Black Education in the American South*. United States: Indiana University Press, 2006; Cyrus Adler, "Felix M Warburg" (*American Jewish Year Book*, January 1, 1938), 31, Berman Archive.

Warburg and Marshall and highlighting the alignment between the Jewish leaders' evolving vision of philanthropy and Hoover's model of voluntaristic capitalism.⁶²

In adopting the idioms blending humanitarianism, credit, and apolitical uplift, the JDC's leaders were not simply reflecting broader trends in American capitalism—they were also directly shaped by Hoover's associationalist model, which provided both a legitimating language and a framework for recasting philanthropy as capitalist investment and financial disciplining.

The Joint Distribution Committee was thus the most important institutional and ideological forerunner of the Palestine Economic Corporation. Its reconstruction programs redefined Jewish giving by aligning philanthropy with the logics of credit and discipline that structured American capitalism more broadly. In place of unconditional relief, the JDC advanced a philanthropic model that looked increasingly like financial imperialism in miniature—deploying loans, building banks, and presenting expert oversight overseas as a path to Jewish uplift and regeneration. In doing so, it stretched the very definition of charity until it was almost indistinguishable from targeted investment. In Palestine, this model was institutionalized even more directly: when the PEC was founded in 1926, the JDC transferred its reconstruction assets there in exchange for shares of PEC stock, formally blending philanthropy with investment.⁶³ What the JDC bequeathed to the PEC was not simply funds or infrastructure, but a framework in which philanthropy itself could be cast as an economic instrument, and Jewish uplift could be imagined as the product of rationalized capital guided by expert trustees.

Furthermore, as scholar Jaclyn Granick points out, many of the Joint's goals were political. By providing for Jews abroad, American Jews sought to demonstrate themselves as morally upstanding and caring citizens. In regenerating Jewish communities, they hoped to eliminate an embarrassing example of Jewish otherness.⁶⁴ Granick concludes that the Joint's

⁶² Letter, Herbert Hoover to S. C. Lamport, 26 January 1925, box 87, folder 1923-1937, Marshal Papers, AJA. Mistakenly Hoover sent this to an individual who was not associated with the PEC, but rather other ventures in Palestine, who then passed on the letter.

⁶³ Palestine Economic Corporation, *A Brief Outline of the Ten Years of the Palestine Economic Corporation*. (New York, 1935), 3.

⁶⁴ Granick, *International Jewish Humanitarianism in the Age of the Great War*, 19.

relief efforts represented a coherent worldview grounded in ideas of regeneration and Jewish solidarity but masked in the language of apoliticism. By avoiding political language and employing a general discourse of neutrality the leaders of the Joint insulated themselves from potential critique and presented their efforts as a universal good to which no one could reasonably object.⁶⁵ These claims, made by many of the same men who would go on to found the Palestine Economic Corporation proved to be something of a testing ground for the concept at the center of the PEC, that supporting Jewish settlers in Palestine could remain separate from Zionism and politics in general.

American Zionism

At the same time that the Joint was shifting from unconditional relief to programs of economic reconstruction, a group of American Zionists led by Louis Brandeis articulated a parallel vision. They emphasized the regenerative potential of American capitalist development in Palestine. After the Mandate was granted in 1920, Brandeis argued that the propaganda phase of Zionism was over and largely downplayed its nationalist rhetoric. Instead, he and his supporters turned to the practical work of “upbuilding” Palestine, which he insisted should proceed on explicitly non-political terms.⁶⁶ For Brandeis, this meant relying on private capital and market forces, rather than philanthropy, to avoid fostering dependency among Jews in Palestine.⁶⁷ Although most American Zionists ultimately rejected his approach, Brandeis sought to realize his vision through a network of independent institutions he and his allies established. These organizations, and the developmental ideology they embodied, became—alongside the Joint—precursors to the Palestine Economic Corporation. Unlike the non-Zionist Americans with whom he later collaborated, however, Brandeis regarded investment and material improvement as instruments of a larger Jewish national revival centered in Palestine.

⁶⁵ Granick, *International Jewish Humanitarianism in the Age of the Great War*, 19, 33.

⁶⁶ Louis Brandeis, “Efficiency in Public Service” (1920), in Brandeis, *Brandeis on Zionism* 120.

⁶⁷ Allon Gal, “Brandeis’s View on the Upbuilding of Palestine, 1914–1923,” *Studies in Zionism* 3, no. 2 (1982): 211–13.

Brandeis's conviction in the power of scientific knowledge, expert guidance, and economic efficiency long predated his engagement with Zionism. The liberal jurist was one of the most significant advocates of the school of thought pioneered by Frederick Winslow Taylor (see above) known as scientific management—he had even been instrumental in coining the name.⁶⁸ Scientific management posited that through scientific methodology and expert guidance, industrial workers' every movement could be standardized and routinized, resulting in increased productivity, maximum efficiency, and machine-like precision.⁶⁹ Advocates of scientific management were not only industrialists looking to maximize profit; progressive reformers saw in its rational, evidence-based practices for improving the happiness and health of the worker while simultaneously improving efficiency.⁷⁰ Reflecting this belief, Brandeis wrote that scientific management reflected how “industrial truths... are consistent with what may be termed human truths” and that the efficiency it offered would lead to better health, soul, body, and freedom of the worker.⁷¹

In his writings on scientific management, Brandeis focused on the consequences for the individual worker or business, only hinting these ideas may have significant implications for society as a whole. However, between 1912 and 1916, as Brandeis became involved in Zionism, he began to discuss how some tenets of scientific management, such as expert guidance, applied science and increased productivity were being realized on a national scale by Jewish settlers in Palestine. For Brandeis, these ideals were embodied in the Zionist agronomist Aaron Aaronsohn, who achieved world fame for his discovery of wild wheat which promised to increase global food production by allowing wheat to be grown in dry climates. Brandeis believed Aaronsohn represented an ideal type: the scientist and small-scale capitalist farmer (Aaronsohn was a noted

⁶⁸ H. B. Drury, *Scientific Management: A History and Criticism* (Columbia University, 1918), 292; Arturo Escobar, *Encountering Development*, (Princeton University Press, 1995), 68.

⁶⁹ Daniel Nelson, “Scientific Management, Systematic Management, and Labor, 1880-1915,” *The Business History Review* 48, no. 4 (1974): 484–85; G. Alan Tarr, “Laboratories of Democracy? Brandeis, Federalism, and Scientific Management,” *Publius* 31, no. 1 (2001): 37–46.

⁷⁰ Escobar, *Encountering Development*, 68.

⁷¹ Brandeis, *BUSINESS--A PROFESSION*, chap. 5, <https://louisville.edu/law/library/special-collections/the-louis-d.-brandeis-collection/business-a-profession-chapter-5>.

opponent of socialism in Palestine) who reclaimed forsaken land with his strong body and rational brain, epitomizing a masculine Jewish national ideal.⁷² As proof of the positive material consequences of these enlightened Jewish settlers in Palestine, Brandeis regularly cited how their modern methods were improving agriculture yields. In multiple speeches on Zionism, he repeated the phrase that Jewish settlers had increased orange exports “in a single generation...from 60,000 boxes to 1,500,000,” to underline how the Zionist settlement was modernizing Palestine through advanced agriculture and global economic integration.⁷³

However, according to Brandeis, these settlers were not just improving the material conditions of Jews in Palestine but also fomenting a broader Jewish national regeneration. In several speeches in 1914 and 1915, Brandeis explicitly connected the two: “[Zionist] material development has been attended by a spiritual and social development no less extraordinary; a development in education, in health, and social order; and in the character and habits of the population.”⁷⁴ Brandeis’s praise for the effect of Zionist development at times bordered on credulity—he repeated in speeches that, “In the Jewish colonies of Palestine there are no Jewish criminals,” a statement he attributed to Aaronsohn.⁷⁵ While he believed these high societal ideals may only be achievable in Palestine, he made clear that by taking part in Zionism from abroad, American Jews were also part of this national revival of the “essentially Jewish spirit.”

While Brandeis’s fundamental faith in the universal good of scientific expertise and modernization predated his interest in Zionism, these ideas were sublimated into a broader understanding of the Jewish national movement. In Zionism Brandeis found a movement that not only shared in many of his prior ideals but expanded upon them, applying them not just to the individual worker but the land of Palestine and the Jewish nation as a whole. While past

⁷² Halperin, *The Oldest Guard: Forging the Zionist Settler Past*, 20, 53. Louis Brandeis, *Brandeis on Zionism; a collection of addresses and statements* (Washington, D.C.: Zionist Organization of America, 1942), 40.

⁷³ Brandeis, *Brandeis on Zionism*, 50, 57. These excerpts come from speeches delivered in late 1914 and early 1915 which were reprinted amalgamated together by Jacob de Haas.

⁷⁴ Brandeis used identical wording in two speeches: Brandeis, *Brandeis on Zionism* 50; Brandeis, “The Jewish Problem, How to Solve It.” (1915), 27.

⁷⁵ J. De Haas, *Louis D. Brandeis: A Biographical Sketch*, 55; Brandeis “The Jewish Problem, How to Solve It,” (1915) 30.

scholarship has mostly focused on how Brandeis's "American ideals" shaped his approach to Zionism, these ideals were in no way foreign to Zionism. Rather, ideas of efficiency, applied science, and modernization were ingrained in Jewish settlers' belief in regeneration, along with their reverence for technocracy and productivization.⁷⁶ While Brandeis's vision of capitalist development diverged from Labor Zionists (at least in rhetoric) his ideas were akin to many of the leaders of the Zionist movement in the late 1910s and early 1920s, who supported an economy largely based on investment combined with some use of national capital.⁷⁷ Prior to the conclusion of World War I, however, Brandeis's support for development in Palestine was rhetorical, a central thrust of his speeches on Zionism. However, following the conferral of the Mandate on Great Britain, Brandeis became far more active in upbuilding Palestine, attempting to transform the world Zionist movement to conform with his vision for development.

During much of the war, Brandeis and the American Zionist movement, which he then led, were primarily focused on humanitarian relief for the Jewish community in Palestine, as well as the political future of Palestine after the war. However, at the 1920 London Zionist Conference, Brandeis redirected his attention toward the development of Palestine and sought to play a more active role in this upbuilding process. At the conference and in a subsequent policy memorandum, Brandeis proposed a dramatic reorganization of the global Zionist movement. He suggested that Zionist organizations in Europe and North America focus exclusively on the development of Palestine. Most shocking for European Zionists was Brandeis's suggestion that "politics... may now be banished" from their work, advocating instead that the development and upbuilding of Palestine should be the entirety of Zionist efforts outside Palestine.⁷⁸

Rather than engage in international diplomacy, political maneuvering, and Jewish issues outside of Palestine, Brandeis believed North American and European Zionists should

⁷⁶ Penslar, *Zionism and Technocracy*, 7.

⁷⁷ Brandeis took issue with the ZO's willingness to rely on donations, but even more so objected to their mixing of donations and business funds Julius Simon 1875-1969., *Certain Days; Zionist Memoirs and Selected Papers. Editing and Essay* (Israel Universities Press, 1971), 105.

⁷⁸ Louis Brandeis, "Efficiency in Public Service" (1920), in Brandeis, *Brandeis on Zionism* 120; Louis Brandeis, "Zeeland Memorandum," August 24, 1920, in De Haas, *Louis D. Brandeis: A Biographical Sketch* 260, 267.

concentrate on raising capital for investment and providing guidance to Zionist settlers, aiming to fast-track their path to economic independence.⁷⁹ Brandeis justified this dramatic transformation by claiming the creation of the British Mandate marked the fulfillment of political Zionism. In his speech which opened the London Conference, Brandeis began with the bold declaration: “The work of the great Herzl was completed at San Remo.” For those in the audience, the implication of this statement was clear: in awarding the mandate of Palestine to the British government under the terms of the Balfour Declaration, the San Remo conference had been the completion of political Zionism. As if to avoid any ambiguity, seven days later Brandeis stated this idea more explicitly in a speech to the American delegation at the conference, asserting “In the creation of the Mandate... we have reached a culmination of the political question.”⁸⁰ With the political goals of Zionism achieved, Brandeis believed further political work to be a superfluous distraction and instead, Zionists needed to focus their attention on what he saw as the non-political work of Zionism, the capitalist development of Palestine.

Similar to Marshall, who argued that profit would incentivize further investment, Brandeis maintained that capitalist investment from world Jewry must be the primary financial driver of development in Palestine, with fundraised money reserved only for projects unable to attract investors such as malaria eradication.⁸¹ While this vision for apolitical development in Palestine echoed Marshall’s non-Zionist approach, Brandeis continued to see development as a fundamental part of the Zionist mission of Jewish sovereignty and national revival. Thus, while he and Marshall largely agreed on the approach, they fundamentally diverged on the meaning of development in Palestine and what it meant to act non-politically.

Brandeis believed the spiritual mission of Zionism was particularly urgent, as the progress of regenerating the Jewish national spirit had been hindered during the war. Throughout WWI, Brandeis and the American Zionist movement had focused on financial donations for

⁷⁹ Louis Brandeis, “Reorganization Plan” (1920) in De Haas, *Louis D. Brandeis: A Biographical Sketch* 241.

⁸⁰ Brandeis, “Reorganization Plan” (1920) in De Haas, *Louis D. Brandeis: A Biographical Sketch* 246.

⁸¹ “Zeeland Memorandum,” August 24, 1920, 262-263.

necessities to ensure the survival of the Jewish community in Palestine. However, Brandeis worried that if this reliance on donations became permanent, it would cause irreparable damage by promoting an indolent population dependent on foreign support rather than productivity.⁸² Consequently, Brandeis stated, “The greatest immediate need is that Palestinians shall have work and stop being stipendiaries,” reiterating several times that Zionism was in danger of creating a new Hallukah (alms system), which would inhibit the national development of the Jewish nation. Given the radically altered post-war reality, Brandeis argued that a new leadership for the Zionist Organization (ZO) was necessary.⁸³ He emphasized the need for leaders who knew how to “conduct business enterprises, as distinguished from political enterprises” and oversee the capitalist development of the mandate, which would facilitate settlers’ financial independence.⁸⁴ Besides the two veteran Zionist leaders, Chaim Weizmann and Nahum Sokolow, Brandeis recommended that the rest of the ZO’s leadership committee be composed of experts—“men of business capacity, sincerely desirous of developing Palestine,” who would primarily work to coordinate the various actors focused on private investment and capitalist development.⁸⁵

While Brandeis cited changes in the global order as a reason to replace the Zionist leadership, the reality is he had long been dissatisfied with the direction of the Zionist movement. Much like the American non-Zionists, Brandeis and his associates consistently complained about the emotional disorganization and lack of masculine control and composure within Zionist efforts. They highlighted issues such as incessant shouting, infighting, and a lack of rational discourse among the Zionist rank and file.⁸⁶ Brandeis suggested that fiery propagandists retire from ZO leadership and be replaced by scientific and economic experts who could run the movement with the cool, rational detachment he desired.⁸⁷

⁸² Urofsky, *American Zionism*, 195-215, 271.

⁸³ Brandeis, “Reorganization Plan” (1920) 256.

⁸⁴ Simon, *Certain Days; Zionist Memoirs and Selected Papers. Editing and Essay*, 101.

⁸⁵ Brandeis, “Reorganization Plan” (1920) 256; Simon, *Certain Days; Zionist Memoirs and Selected Papers. Editing and Essay*, 15.

⁸⁶ Simon, *Certain Days; Zionist Memoirs and Selected Papers. Editing and Essay*, 148–51; Urofsky, *American Zionism from Herzl to the Holocaust*, 277, 282, 290.

⁸⁷ Brandeis, “Reorganization Plan” (1920) 256; Simon, *Certain Days; Zionist Memoirs and Selected Papers. Editing and Essay*, 101.

Brandeis's famous catchphrase, "Men! Money! Discipline!" encapsulated this vision of an emotionally disciplined, masculine Zionism.⁸⁸ The emphasis on "discipline" underscored the need for Zionists to control their emotions and align their actions with the movement's goals. The call for "men" highlighted the need to recruit male bodies and aligned with Brandeis's belief in restoring manliness through Zionism. Additionally, the focus on "money" was seen as a demonstration of manliness through financial acumen and sophisticated logic and reason. As Sarah Imhoff shows, the leaders of American Zionism believed that raising funds was a way to showcase their rationality and financial prowess, further reinforcing their masculine ideals.⁸⁹

Brandeis further highlighted the connection between masculinity, Zionism, and capital investment in a memo outlining his vision for Zionism created after the 1920 conference. In the memo Brandeis states that the primary goal of Zionism was to create in Palestine "manly self-supporting Jews who will develop into a homogeneous people with high Jewish ideals."⁹⁰ Brandeis goes on to outline that this, independent, masculine and self-sufficient group can only be formed through global Jewish investment, as only then will Jews have the capital to settle in Palestine, yet still be masters of their fate, without the unconditional support of charity, an ideal he again encapsulated by calling to "develop in Palestine the spirit of Anglo-Saxon manhood."⁹¹

Not surprisingly, it was the Brandeis group with whom Marshall and Warburg were able to cooperate, not only for their capitalist "apolitical" approach to Zionism, but also for their larger ethos of masculine rationality, detachment, and control of emotion. When the Zionist movement rejected Brandeis's vision, Brandeis and his associates, known as the "Brandeis group," resigned from the American Executive of the movement and sought to implement Brandeis's plans for capitalist development independently. To this end, they created the Palestine Cooperative Company, along with multiple locally based Palestine Development societies,

⁸⁸ Urofsky, *American Zionism from Herzl to the Holocaust*, 144–47.

⁸⁹ Imhoff, *Masculinity and the Making of American Judaism*, 181–83.

⁹⁰ Louis Brandeis, "Reorganization Plan" (1920) 252–253, Louis Brandeis, "Zeeland Memorandum," August 24, 1920, 260.

⁹¹ Simon, *Certain Days; Zionist Memoirs and Selected Papers. Editing and Essay*, 107.

designed to foster capitalist development in Palestine by channeling the private capital of American Zionists into profit-seeking ventures.⁹² The leaders of the corporation took a decidedly negative view of the emerging socialist style of settlement pioneered by the Labor movement in Palestine, warning that this form of settlement “must be retarded” for settlement to succeed. Instead, the Palestine Cooperative Company leaders believed that settlement had to be carried out “along frankly bourgeois lines” and sought to channel investment into the older private colonies to promote “the incentives of private property.”⁹³

Despite its modest capital and short lifespan (existing only for three years before its absorption into the PEC), the company achieved several milestones. It worked with The Joint in founding the Central Bank of Cooperative Movements, issued loans to the capitalist cooperatives in Palestine (discussed more in the next chapter), and provided seed capital for significant investments (covered in chapter three). More importantly, by advocating for a capitalist “non-political” form of Zionism, Brandeis created an opening, likely intentionally, to collaborate with wealthy non-Zionists in promoting capitalist development in Palestine—an opening that non-Zionists would avail themselves of a few years later.⁹⁴

The Balfour Declaration: A Challenge to American Non-Zionists

These three discourses and practices—American capitalism, Jewish Philanthropy, and American Zionism all created the frameworks, both discursively and institutionally, for non-Zionist, allegedly non-political, investment in Palestine. However, it was a series of international events that forced non-Zionists to have to seriously consider their stance towards Palestine and craft a policy that walked the discursive tightrope between providing aid to their fellow Jews supposedly without supporting Zionism.

The first of these events was the British issuing of the Balfour Declaration, which in 1917 officially endorsed the establishment of a Jewish homeland in Palestine and internationally

⁹² Simon, *Certain Days; Zionist Memoirs and Selected Papers. Editing and Essay*, 112.

⁹³ Memo Palestine Survey, to Julian W. Mack, February 1923, MS-457, box 213, folder 10, Warburg Papers, AJA.

⁹⁴ Simon, *Certain Days; Zionist Memoirs and Selected Papers. Editing and Essay*, 112.

legitimized Zionism. In response, Louis Marshall convened a meeting of the American Jewish Committee (AJC) to consider how to react to this dramatic event. Established in 1906 in response to the pogroms in Russia, the American Jewish Committee (AJC) emerged as a self-appointed authority within the American Jewish community. This select group, composed of affluent Jews from the Upper East Side, functioned as an exclusive circle of “insiders” who determined their membership and decided what they deemed to be in the best interests of American Jews. Known for their strategy of quiet activism, they leveraged wealth and political connections to decide how to protect the interests of American Jews and Jewish communities abroad.⁹⁵

Marshall believed the Balfour Declaration posed a significant challenge to the AJC whose leadership largely defined themselves as non-Zionist and hostile to the idea of Jewish sovereignty or nationalism.⁹⁶ Most of the AJC’s leadership’s opposition to Jewish nationalism was tied to their faith in Americanism, a near-doctrinal belief that through acculturation and inculcation of American values and practices Jews could be accepted as American, seen as ideal citizens different only in their religious practice. Marshall feared that Zionist claims of a Jewish national identity and demands for Jewish sovereignty undermined these claims of Americanism, and risked stoking antisemitism. Furthermore, AJC members believed that Zionist mass politics, public demands, and clamor painted Jews in a poor light, as unwieldy, visibly foreign, and unmasculine people shouting for special privileges.⁹⁷

However, Marshall understood that British support for a Jewish national home made the non-Zionist position much more difficult to maintain. As he wrote in the final weeks before the end of the war, “to combat Zionism...is to combat the governments of England, France, and Italy, and to some extent our government... There are those who will charge that it is a

⁹⁵ Cohen, *Not Free to Desist.*, 5–8.

⁹⁶ Stuart E. Knee, “Jewish Non-Zionism in America and Palestine Commitment 1917-1941,” *Jewish Social Studies* 39, no. 3 (1977): 209–10.

⁹⁷ Cohen, *Not Free to Desist.*, 47, 92–93.

movement in the interest of Germany.”⁹⁸ More than ever Marshall believed American Jews had to walk a tightrope—to support Zionism risked making American Jews seem like a foreign nation, but rejecting the Balfour Declaration could put American Jews at odds with the Allied nations’ war aims. For Marshall, matters were further complicated by the fact that Zionists had long antagonized the AJC and Marshall in particular for their undemocratic methods of Jewish rule. Members of the AJC believed that issuing no statement on Balfour would simply leave a leadership vacuum into which Zionists could step in, leveraging the moment to usurp power from the AJC.⁹⁹ Ultimately, Marshall believed that in this new post-Balfour reality the AJC needed to take a stance on Zionism, a stance which either “ignores the question... recognize[s] in its fullest extent the Zionist program, or...takes a middle of the road course.”¹⁰⁰

It was Judah Magnes, Marshall’s brother-in-law and one of the few Zionists on the AJC, who found the “middle of the road” formulation which satisfied the majority of the AJC. Magnes argued, “The whole question [of Balfour] has two aspects. One is the *political aspect* and the other is that of the actual *building up* of the country” [emphasis mine]. Magnes argued that with the Balfour declaration the political future of Palestine had been conferred solely on the Zionist movement.¹⁰¹ Therefore, he explained the AJC could work to aid in the building up of Palestine, helping the land recover from the war, without engaging in the politics of the Zionist movement. The majority of AJC members were willing to accept this formulation and began discussing money for the reconstruction of the war-torn Jewish community of Palestine, aiding in building housing for Yemeni Jewish immigrants and releasing a carefully worded statement offering “profound appreciation” for the Declaration.¹⁰²

⁹⁸ Letter from L. Marshall to Dr. Philipaon, 5 Sept, 1918, box 1610, folder Palestine 1917-1926, Marshall Papers, AJA.

⁹⁹ Cohen, *Not Free to Desist.*, 92–93.

¹⁰⁰ “The American Jewish Committee Meeting of the Executive Committee Held on February 2, 1918,” February 2, 1918, AJC digital archive, <http://www.ajcarchives.org/ajcarchive/DigitalArchive.aspx?panes=2>.

¹⁰¹ “Meeting of the Executive Committee February.”

¹⁰² “Meeting of the Executive Committee February”; “The American Jewish Committee Meeting of the Executive Committee Held on March 10, 1918,” March 10, 1918, AJC digital archive, <http://www.ajcarchives.org/ajcarchive/DigitalArchive.aspx?panes=2>. For full text of the AJC response to Balfour see: “TWELFTH ANNUAL REPORT OF THE AMERICAN JEWISH COMMITTEE.” *The American Jewish Year Book* 21 (1919): 618–84. Granick, *International Jewish Humanitarianism in the Age of the Great War*, 242. While

Marshall was well aware of the precariousness of this argument and how difficult it would be to walk the line between supporting Balfour and Jewish life in Palestine while maintaining a separate and agnostic (if not antagonistic) view of Zionist politics and Jewish nationalism. In a letter to Lionel de Rothschild, the head of the British League of Jews and fellow non-Zionist, Marshall points out some of the subtle nuances of the AJC's statement which he believed helped delineate their "middle ground" position. He notes that "we have carefully refrained from accepting the phrase 'the homeland of the Jewish people...'" and that they avoided using capital letters when talking about "a home... for the Jewish people" [underlines all in original]. Marshall argued these distinctions were sufficient to make clear that their statement does not commit them to what he called "Jewish nationalism in the political... sense of the term" but rather a non-political stance of supporting Jewish life in Palestine.¹⁰³

At this juncture, the concept of an apolitical approach to Palestinian affairs remained tied largely to a discourse of philanthropy, rather than a market-driven method in support of Jewish settlement. In the years to come, American Zionists would establish capitalist enterprises, such as the Palestine Cooperative Company and the American Palestine Company, but these ventures received little to no support from non-Zionists, as did private ventures like the Palestine Electrical Corporation.¹⁰⁴ While the Joint Distribution Committee did switch to "reconstruction" work in Palestine in 1920, this switch was consistent with their work in Europe and was framed as supporting the existing population of Palestine to recover from the war, not designed to support a larger influx of Jewish immigrants. Even then, the non-Zionists engaged in Palestine

the money for reconstruction was discussed in terms of a loan, the AJC members, who had not yet articulated the importance of capitalist development of Palestine made clear that this loan was not actually expected to be repaid, but rather would be given as a loan in order to maintain the dignity of the Jewish community.

¹⁰³ Letter from L. Marshall to League of British Jews, 12, July 1918, box 1610, Palestine 1917-1926, Louis Marshall papers, AJA.

¹⁰⁴ See: "Reorganization Plan" (Speech, London Zionist Conference, London, July 14, 1920); Palestine Cooperative Company Report of the President, 1922, box 87, PEC 1919-1925, Marshall papers, AJA; Memo Palestine Survey, to Julian W. Mack, February 1923, MS-457, box 213, folder 10, Warburg Papers, AJA; Letter P. Rutenberg to Col. Lehman, 27, Sept, 1923, MS-359 box 87, Palestine Economic Corporation 1919-1925, Marshall Papers, AJA.

cautiously, insisting on a strict division between their contributions and Zionist agendas to ensure that aid was not conflated with Zionist political activity.¹⁰⁵

“On a Strictly Business Basis”-The Formation of the PEC

Despite their official endorsement of the Balfour Declaration, between 1918 and 1924, Marshall and his AJC colleagues exhibited considerable hesitation in supporting Jewish life in Palestine and didn’t encourage Jewish immigration to the Mandate. This would shift significantly beginning in 1924 with non-Zionists organizing significantly increased efforts toward supporting Jewish life in Palestine and officially endorsing the idea that these efforts were in support of further Jewish immigration to Palestine.

This shift in non-Zionist policy towards Palestine originated at the 1924 Non-Partisan Conference to Consider Palestine Problems. At this crucial meeting, Marshall successfully convinced his colleagues that non-Zionists could take a more active role in Palestine and even collaborate with American Zionists (Warburg helped plan the conference but did not attend as he had been invited by Chaim Weizmann to travel with him in Palestine to see the Mandate firsthand). Marshall emphasized that such involvement should strictly adhere to a “strictly business basis,” ensuring what he saw as a clear distinction from the Zionist political agenda. He advocated the use of market mechanisms—such as interest-bearing loans, investments, and the creation of profit-oriented businesses—as tools to develop Palestine. Marshall argued that this approach, rooted in business principles, would remain distinct from Zionist politics. This strategy, which fused “business-basis” operations with a claim to apoliticism, laid the groundwork for the Palestine Economic Corporation’s mission capitalist approach.

Much like the AJC statement in 1918, this evolutionary approach to Palestine was catalyzed by global political changes which he believed limited non-Zionists’ ability to maintain their largely agnostic stance on Jewish settlement in Palestine. Most critical among these changes

¹⁰⁵ For example, see: Letter, L. Marshall to F. Warburg, 11 May 1923, box 213, folder 7, Warburg Papers, AJA, Cincinnati OH in which Warburg stresses that the money must be earmarked for specific needs in which Warburg stresses that the money must be earmarked for specific needs “without touching in any way the political organization”

were the increasingly inevitable immigration restrictions debated in the US Congress. While Marshall was on the front lines of fighting against these restrictions, he acknowledged by 1923 the probable defeat in this arena. He, along with other conference attendees, consistently emphasized that the “inevitable passing of immigration restrictions” compelled non-Zionists to reconsider their involvement in the Palestine issue as this new reality necessitated an alternative haven for Jewish refugees entangled in the post-Great War turmoil.¹⁰⁶

Against the reality of imminent American immigration restrictions and few other countries willing to accept Jewish immigrants, Marshall fervently advocated for fellow non-Zionists at the conference to bolster the Jewish economy in Palestine so it could serve as an additional escape valve for Jews.¹⁰⁷ His vision was to enhance the region’s economic capacity to absorb more European Jews, particularly those escaping the turmoil and destitution in the former Pale of Settlement. He championed investment as a means to cultivate a self-reliant community of European Jewish immigrants in Palestine. Marshall asserted that such financial commitment would enable Jews to “live and make their homes in Palestine, which will make it possible for others to follow, which will give employment to those who come to Palestine.”¹⁰⁸

While Marshall and the non-Zionists in the audience had long believed that Zionism risked stoking antisemitism, he now stressed that non-action could have even more disastrous consequences. “What would be said of the Jews of America...” Marshall asked rhetorically if the community were seen as unwilling to aid their fellow Jews in their moment of need. Marshall answered his question dramatically, warning that non-action risked “...*a thousand times more harm than all the Ku Klux Klans and Henry Fords that you could crowd into this great city.*” [emphasis in original transcript].¹⁰⁹ In Marshall’s reckoning, Jews needed to navigate between

¹⁰⁶Granick, *International Jewish Humanitarianism in the Age of the Great War*, 111; “Proceedings of Non-Partisan Conference,” 16; Letter L. Marshall to F. Warburg, 26 April 1923, MS 457, box 213, folder 7, Warburg papers, AJA. 6; Lehman a fellow organizer of the conference expressed a similar sentiment stating “We know that this country is closing its doors to any considerable number of immigrants. Where are those people going to look to in the future?” Implying that immigration to Palestine was inevitable and perhaps necessary

¹⁰⁷ Cohen, *Not Free to Desist.*, 105.

¹⁰⁸ “Proceedings of Non-Partisan Conference,” 14.

¹⁰⁹ “Proceedings of Non-Partisan Conference,” 13.

the Scylla of supporting “un-American” Zionism and the Charybdis of appearing indifferent to the fate of their people in the eyes of non-Jews. Marshall emphasized that investment could help Jews navigate these choppy waters, allowing Jews in Palestine to have “the same experience that our fathers had when they came to the United States to earn their livelihood in an honorable way by ordinary business methods and in the ordinary channels of industry.”¹¹⁰ Through investment, Jews in Palestine could be shielded from persecution as they would be seen by their neighbors as economic producers and contributors, engaging in “productive” professions such as agriculture. By stressing how their work would replicate the systems that built up the United States, Marshall sought to allay fears that their efforts might be considered unpatriotic and certainly preferable to the dramatic dangers he warned of from inaction.

His proposal at the conference suggested the formation of a development corporation financed by wealthy American Jews with between 3 and 5 million dollars in seed capital, a significant amount given the relatively minor investment in the Mandate during this era.¹¹¹ This corporation would lend and invest this money into promising agricultural and industrial projects in Palestine, as well as offer American scientific expertise and financial acumen to support the development of Jewish agriculture and industry in Palestine. Since all operations would be “strictly business” in nature, the corporation would only invest or loan money to ventures deemed capable of turning a profit and returning the money at interest.¹¹² While some profits would be returned to investors in the form of dividends, much would be reinvested, a process which Marshall again compared to the US—paralleling how Eastern capital invested in the West.¹¹³

¹¹⁰ “Proceedings of Non-Partisan Conference,” 14.

¹¹¹ For example, in 1930 the entire annual investment in the Mandate was just over 11 million. Report of the Proceedings of the Meeting of the Shareholders, 31 Oct. 1934, box 304, folder 4, Warburg papers, AJA, (Hereafter cited as Report of the proceedings, 1934).

¹¹² “Proceedings of Non-Partisan Conference,” 17–20, 63, 83–88. The exact amount of seed capital wasn’t decided at the conference, but most agreed between 3 and 5 million would be ideal. The corporation was eventually subscribed with 3 million in capital, though the amount was raised periodically.

¹¹³ “Proceedings of Non-Partisan Conference,” 14, a statement which again was likely made intentionally to assuage fears of unamericanism.

Conference attendees emphatically clarified that they did not endorse the Zionist program in Palestine. Instead, they believed establishing a business corporation for investment in Palestine was the appropriate method for supporting their coreligionists abroad given the waning alternatives for immigration. Their rationale rested on three pillars: the moral upliftment provided by this investment, the efficacy of American capitalist investment, and the perceived distinction between business-driven development and politics. Firstly, they viewed investment as morally beneficial, fostering a productive and self-reliant Jewish society in Palestine. Marshall contended that through investment, rather than reliance on the *Chalukah* (alms system), they would nurture individuals who are “independent of thought, of independent character, men who are not paupers and who will not consent to be pauperized.”¹¹⁴ This moralizing language echoed the “regenerative” aims and paternalistic approach of modern Jewish philanthropy and the uplifting rhetoric of dollar diplomacy. Judge Horace Stern, a conference attendee, succinctly captured this sentiment stating that without directed investment and guidance, the world would perceive Jews as merely “petty tradesmen and merchants... parasites that play and exist on other civilizations. But... cannot build up anything of your own from the ground up.”¹¹⁵ He and others believed that steering investments toward productive sectors would set Jewish settlers in Palestine on a course toward moral elevation, productivity, and economic independence while protecting the image of Jews both in Palestine and the United States by ameliorating the association between Jews and supposedly unproductive professions.

In addition to moral benefits, the attendees believed that a development corporation would promote efficient and lasting relief for Jews looking to leave Europe. Marshall stated that the money put into the corporation, “would be invested in a safe, sound, business-like manner, with the expectation of a sufficient return to enable those who advance the money to be encouraged in making further advances... to get further funds to build up the country just as our western states have been built up, by capital supplied by the moneyed men of the eastern

¹¹⁴ “Proceedings of Non-Partisan Conference,” 13.

¹¹⁵ “Proceedings of Non-Partisan Conference,” 54.

states.”¹¹⁶ The proposed corporation would provide both American money and expertise, while bringing in “modern methods of production” and “technical progress,” enabling lasting progress to the region.¹¹⁷ As opposed to charity, whose benefit they saw as ephemeral, the free market through growth and dividends (which could be reinvested) promised continual benefit to current and future Jewish settlers in Palestine.

In their discussions, many participants were clear about their opposition to the political agenda of Zionism, yet they perceived investment in a business corporation as distinctly non-political. Herbert Lehman articulated his lack of “particular sympathy with the political aspirations” of the Zionist organization, and Judge Horace Stern opposed the idea of a “political state for the Jews.”¹¹⁸ However, both were supportive of what they considered to be apolitical investment. Marshall led these discussions, differentiating between the “Zionistic” movements which he didn’t support as “more or less political in their aspects...” and his efforts to economically invest in Palestine.¹¹⁹

Apolitical action

Despite the unanimous agreement among attendees that their proposed corporation would be separate from Zionist politics, the practical distinction between business and politics remained ambiguous. To them, the separation seemed self-evident: business and politics were viewed as occupying discrete spheres. However, none addressed the possibility that capitalist actions could carry political implications and that their engagement in such development might support Zionists’ political goals or Arab displacement and loss of political power—a likely possibility considering that economic development was a central objective of the Zionist movement in the 1920s.¹²⁰ Neither was the precise meaning of “politics,” as understood by speakers like Marshall, Stern, and Lehman, explicitly defined. It did not imply neutrality in the region’s inter-ethnic

¹¹⁶ “Proceedings of Non-Partisan Conference,” 13–14.

¹¹⁷ “Proceedings of Non-Partisan Conference,” 32.

¹¹⁸ “Proceedings of Non-Partisan Conference,” 52, 62.

¹¹⁹ “Proceedings of Non-Partisan Conference,” 8.

¹²⁰ Zeev Sternhell, *The Founding Myths of Israel: Nationalism, Socialism, and the Making of the Jewish State* (Princeton: Princeton University Press, 2009), 217.

dynamics. The only reference to the Arab population was framed in terms of economic competition, with concerns about local Arab enterprises competing with their investments.¹²¹ Ultimately, the participants lacked a clear definition of what it meant to act apolitically, sharing only a common aversion to Jewish nationalism and sovereignty as championed by Zionism, and a desire that their actions not appear problematic to their fellow Americans.

While the concept of acting non-politically appears glaringly problematic from a contemporary perspective, this vision of apolitical work in Palestine was congruent with the discourses and practices that informed it. Similar to Hoover's view of associationism, the PEC leaders saw market-based methods as alternatives to not just charity but government for achieving societal benefits and therefore a form of non-political uplift. The PEC's vision was also an expansion of the Joint's forays into reconstruction, applying a more intensive and focused vision of development to Palestine. Finally, Zionists themselves were willing to cooperate in the fiction that non-Zionist efforts could be non-political and separate from Zionism. As discussed previously, Brandeis had made clear that he saw Zionism as entering a new stage that needed to focus on non-political economic improvement rather than politics and propaganda. One of Brandeis's close associates would later write that at least part of the Zionist leader's reasoning in this rhetoric was a hope that in toning down the language of nationalism and framing their actions as separate from politics Zionists would be able to entice wealthy non-Zionists to invest in Palestine.¹²² While Brandeis himself did not take part in the Non-Partisan conference (citing his work on the Supreme Court for his inability to attend) he sent a letter of support read out to the audience, and many members of the so-called Brandeis group participated in the gathering and would work closely with Marshall in realizing his creation of a development company.¹²³

While the leaders of the Zionist Organization may have disagreed with Brandeis's vision for the movement, they were willing to selectively adopt his rhetoric when working with non-

¹²¹ "Proceedings of Non-Partisan Conference," 60.

¹²² Simon, *Certain Days; Zionist Memoirs and Selected Papers. Editing and Essay*, 121.

¹²³ "Proceedings of Non-Partisan Conference," 19.

Zionists. Chaim Weizmann and Arthur Ruppin, two of the most important Zionist leaders of the era, attended and spoke at the Non-Partisan conference and made clear they could work with non-Zionists without insisting the men participate in the political project of Zionism. Weizmann repeatedly made this point clear, stating he has “stripped... all political terminology” from his talk and that he did not plan to have non-Zionists “‘roped’ into Zionism by a back door.”¹²⁴ Rather, he and Ruppin stated they only hoped these men would bring much-needed “capital and modern methods of production” to Palestine to help Jews immigrate and “find there an economically sound existence” attempting to make clear that non-Zionists can support development and Jewish improvement without being a part of Zionism.¹²⁵ In a particularly deft piece of rhetorical maneuvering, Weizmann even suggested that Zionist goals for statehood were flexible, “The forms which Palestine will take will follow on the strength which the Jews will have in the country and the general position of the world at that time when its strength will be manifested. Who knows ... what form states will assume in fifty years? Who knows what form state organizations will assume not only in Palestine or anywhere else?”¹²⁶ Without compromising on the Zionist vision for Palestine, Weizmann conceded this vision was dependent on the context of the global order, and may shift in the future, clearly hoping to alleviate non-Zionist fears over immediate demands for Jewish statehood.

Yet, despite all these factors, Marshall’s argument depended on non-Zionists’ ability to convince *themselves* that a distinction existed between politics and capitalist-based development in Palestine. With the imposition of the quota system on American immigration, American non-Zionists were left with few options: they could either support Jewish immigration to Palestine, find an alternative means of supporting impoverished Jews in Eastern Europe, or abandon their leadership on this major global Jewish issue. While non-Zionists continued to support some alternative projects to provide economic support and regenerate European Jews in place, without

¹²⁴ “Proceedings of Non-Partisan Conference,” 24, 85.

¹²⁵ “Proceedings of Non-Partisan Conference,” 32.

¹²⁶ “Proceedings of Non-Partisan Conference,” 82.

the option of immigration to the United States, there appeared to be no alternative to Palestine to absorb the significant portion of the population seeking to emigrate. Clearly according to Marshall's warning that non-action would be worse than a thousand KKKs and Henry Ford's the fear of insufficient support was not just out of concern for Jews trapped in Eastern Europe, but also of a profound blowback against American Jews.

Leading economic development in Palestine allowed non-Zionists to walk an ideological tightrope, supporting Jewish immigration while maintaining their preferred agnostic stance on Zionism. Marshall, Warburg, and their followers never openly considered if such apoliticism was impossible, as doing so would have backed them into an impossibly tight corner. By maintaining that capitalist development work and Zionist politics were separable, Marshall found a discursive path to promote Jewish emigration from Europe without taking a stance on Zionism. Even as new challenges arose to their claims of acting non-politically, most notably the more visible Arab Palestinian resistance to Jewish settlement in the region which started in 1929, they consistently managed to sublimate new conditions into their existing discourses of apoliticism, rather than re-evaluating their foundational assumptions that acting on a business-basis was inherently apolitical.

At the end of the non-partisan conference, the assembled men voted overwhelmingly to put Marshall's plan into action—to begin the process of forming a development corporation and reach out to other interested parties, including Zionists, who may seek to participate. While simple on paper, Marshall's initial idea of raising three million dollars in capital through investments soon hit several snags. First, in raising such a large sum of money non-Zionists would be competing against other Jewish fundraising efforts including many causes they championed such as the United Jewish Appeal which was raising money for a variety of Jewish causes, most notably relief and reconstruction work in Europe. Second, several American organizations already existed that engaged in similar work in Palestine, including the Brandeis group corporations, the reconstruction committee of The Joint, and the independent and fairly

small American Palestine Corporation—should the PEC work besides, compete with, or seek to absorb these organizations?

Ultimately it was decided that instead of a proper effort to raise stock, the PEC would get most of its seed capital through two processes, neither of which could correctly be described as purely business-basis. First, the existing American entities doing development work in Palestine would voluntarily merge and form the new corporation named the Palestine Economic Corporation. The capital and assets of these corporations would be exchanged for stock in the PEC as an alternative to conventional capital-raising practices.¹²⁷ Second, so as not to compete with other Jewish causes, much of the remaining capital of the PEC was fundraised rather than invested. The leaders of the PEC struck a deal with the United Jewish Appeal that a portion of its fundraised dollars would be invested in the PEC to prevent competition between the two entities.¹²⁸ While members of the PEC board would directly invest their money into the PEC, in particular, Felix Warburg, who would become the PEC's largest single stockholder, half of the total capital was fundraised by the United Jewish Appeal.

While Marshall insisted that the new corporation was to function on a strictly business basis and that these business practices shielded non-Zionists from engaging in “politics,” the PEC began its life by decidedly non-capitalist practices, relying on voluntary mergers and fundraising as a means of raising a majority of its seed capital. Even before its official incorporation, the PEC experienced a tension between its mission-driven objectives and its claimed capitalist methodology, a tension which would continue to manifest throughout the life of the corporation.¹²⁹

¹²⁷Unlike the Brandeis group corporations and the Joint, The American Palestine Corporation wasn't fully absorbed into the PEC, rather the PEC bought some of its assets. Memorandum to Messrs. Felix M. Warburg Louis Marshall Herbert H. Lehman Re Palestine Economic Corporation, February 9, 1925, MS 359, box 87, folder 1923-1937, Louis Marshall Papers, AJA; Statement of the plan and purposes of the Palestine Economic Corporation, 1924, MS 457, box 216, folder 17, Felix M Warburg papers, AJA; Palestine Economic Corporation, “First Annual Report,” 1927, 7.

¹²⁸ Palestine Economic Corporation, “First Annual Report,” 8.

¹²⁹ Dr. Werner Senator to unknown (likely Julius Simon), N.D. (Likely October 1930), S1/2193, CZA.

When the mergers were completed in 1925, the new Palestine Economic Corporation was officially incorporated in the state of Maine, with the official purpose of serving as “an instrument through which American Jews and others interested could give material aid on a business basis, to productive Palestine enterprises.”¹³⁰ While the corporation wouldn’t officially begin operations until mid-1926, on paper it was immediately one of the most powerful corporations in Palestine with its three million in seed capital dwarfing the other similar and previous capitalist development corporations operating in Palestine. The timing of the PEC’s arrival in the mid-1920s would turn out to be extremely fortuitous for the Zionist movement as the economy in Palestine was on the brink of collapse and in desperate need of capital which only a foreign corporation like the PEC could provide.

¹³⁰ This line comes from the initial circular for the PEC as quoted in: Palestine Economic Corporation, “First Annual Report,” 7.

Chapter Two

Averting Collapse: Stabilizing the Yishuv in the Late 1920s

If we were, however, not convinced that colonization will become a paying proposition in Palestine, there would be no hope for the Jewish national home.

-Siegfried Van Vriesland, Treasurer of the World Zionist Executive, in his memo: "Proposal on participation of the PEC in the colonization work in Palestine"¹

In 1925, a young American Jewish immigrant named Harry Viteles disembarked at the port of Jaffa. He arrived alone—his wife, Rose, would not join him until a year later—to begin a new life in Palestine. For many new arrivals, Palestine represented an opportunity for reinvention—to become a Chalutz, a Jewish pioneer breaking ground on a collective farm. In another context, Viteles might well have joined their ranks. Like so many Chalutzim, he had been born in Eastern Europe—specifically Bessarabia—and carried with him a conviction that productive labor, especially in agriculture, was vital for Jewish regeneration.² Although he, like many settlers, never overtly identified as a Zionist, he felt drawn to the ideals and cooperative practices that characterized much of the Zionist project in Palestine.³ Aside from the not-inconsiderable distinction of his American citizenship, Viteles seemed little different from the thousands of other Jews arriving in Jaffa in search of a new beginning.

But Viteles had not come to Palestine to work the soil or to pursue a personal transformation. He arrived as an emissary for his wealthy American employers at the Palestine Economic Corporation (PEC), charged with implementing their ambitious development plans on the ground while they remained in New York. Officially, Viteles—who had previously worked

¹ Memo Proposal on participation of the PEC in the colonization work in Palestine submitted by S. A. Van Vriesland, February 16, 1926, box 229, folder 8, Warburg Papers, AJA, (hereafter cited as Van Vriesland Memo 1926).

² "HARRY VITELE, 77, IN CO-OP MOVEMENT," *The New York Times*, March 3, 1971. Harry Viteles, *A History of the Co-Operative Movement in Israel*, Book one The Evolution of the Co-operative Movement, A Source Book in 7 Volumes, no. v. 1 (Vallentine, Mitchell, 1966), sec. Book Flap. Sara Kadosh, "Rose Viteles: The Double Life of an American Jewish Women in Palestine," in *American Jewish Women and the Zionist Enterprise*, ed. Mark A. Raider and Shulamit Reinharz (University Press of New England, 2005), 241.

³ These sympathies can clearly be seen in Viteles, *A History of the Co-Operative Movement, Book One*, Book one The Evolution of the Co-operative Movement.

for the Joint Distribution Committee in Eastern Europe—was appointed director of the Central Bank of Cooperative Institutions, a key PEC subsidiary under the British Mandate. In practice, his influence quickly expanded beyond that title. Over the next decade, Viteles became PEC's principal source of economic intelligence in Palestine, its most trusted advisor on matters of agriculture, and, at times, its most intractable employee. More than anyone else, it was Viteles—often speaking for the needs and anxieties of Jewish agricultural settlers—who translated the grand aspirations of figures like Louis Marshall and Felix Warburg into the daily realities of economic development in Palestine, shaping PEC's impact in ways that both pleased and often confounded his superiors back in New York.

For Jewish settlers in Palestine, Viteles—and the capital he managed—arrived at a crucial time. Despite the optimism of the early 1920s, by late 1925, Palestine's economy began to falter, with growing concerns expressed in Jewish newspapers over a lack of liquidity. By the end of 1926, this had escalated into a full-blown crisis, posing an existential threat to the Zionist movement.⁴ Throughout this period, the PEC provided a vital lifeline, offering a rare source of investment capital and, most critically, the only source of long-term agricultural loans in the entire Mandate. Consequently, various groups in Palestine, particularly the Palestine Zionist Executive (PZE), sought to influence the PEC to support their ventures—and in Viteles, they found a key ally.

In this chapter, I argue that during the economic crisis of the late 1920s (1926–1929), the Palestine Economic Corporation (PEC) provided essential capital that proved critical in stabilizing the Jewish economy in Palestine and averting the collapse of the Yishuv. Prior to the crisis, no financial institutions in Palestine offered long-term (5–7 years) agricultural loans to settlers. By establishing a long-term loan program, the PEC enabled settlers not only to survive the downturn but also to invest in crucial capital improvements, thereby freeing the Zionist

⁴ Giladi, "The Economic Crisis during the Fourth Aliyah," 121.

organization to focus its resources on founding new settlements rather than sustaining existing ones.

Yet an analysis of the PEC's long-term loan program reveals a central irony: while the corporation's American leadership professed political neutrality and openly rejected core Zionist concepts such as Jewish nationalism and sovereignty, in practice their actions became indispensable to the Zionist movement. The PEC's capital infusions and rigorous oversight directly supported the era's principal Zionist objectives—advancing Jewish settlement in Palestine and fostering regeneration through Jewish labor. In effect, the financial and managerial frameworks established by the PEC became a cornerstone for the realization of key Zionist goals.

This financial support, however, came with significant conditions. The PEC imposed a strict disciplinary regime, closely monitoring recipients and shaping their behavior to align with a capitalist, financialized economy. Like U.S. “dollar diplomacy” which had developed over the previous decade, this approach combined technical financial practices with broader political aims. American policymakers and bankers had long insisted that loans abroad required not only repayment schedules but also managerial oversight, accounting reforms, and new fiscal institutions. While advocates of dollar diplomacy framed this as “common sense diplomacy,” guided by scientific principles rather than politics, in practice, however, economic and political goals were inseparable: financial supervision was justified as neutral expertise even as it served to stabilize markets for U.S. capital and entrench American influence abroad.⁵ In this light, PEC's requirements such as double-entry bookkeeping, debt limits, and audits placed Palestine within this broader repertoire of loan conditionality, importing a model of foreign intervention and imposed capitalist discipline first honed through dollar diplomacy.

However, this influence was not simply imposed from above. Drawing on Kara Moskowitz's concept of “active recipients,” I argue that settlers in Palestine and the Palestine

⁵ Sklar, *The United States as a Developing Country*, 83-84; Rosenberg, *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900-1930*, (Duke University Press, 2003), 50.

Zionist Executive—often working alongside administrators like Viteles—played a significant role in shaping both the direction and implementation of these interventions. Jewish settlers did not passively accept the terms of aid; rather, they negotiated, adapted, and sometimes redirected assistance to better serve their own objectives. Most notably, these actors ensured that PEC funds ultimately supported Zionist initiatives, even when PEC leaders in New York sought to avoid direct entanglement with Zionist projects for fear of compromising their claims to political neutrality.

The tension between the PEC's stated neutrality and its practical involvement in Zionist aims was especially visible in its shifting policy toward the Palestine Zionist Executive (PZE). At first, the PEC refused to lend to PZE-backed settlements, fearing that such a close association with the Zionist organization would undermine its professed "non-Zionism." However, this stance gradually shifted as local administrators—especially Viteles—argued that excluding PZE settlements from funding contradicted the PEC's own logic of rational, market-oriented capitalism. Viteles insisted that the PEC's policy of not lending to PZE settlements was driven by ideological discomfort, not by economic reason, thus undermining PEC leaders' professed commitment to apolitical, dispassionate stewardship. Ultimately, pressure from actors on the ground led the PEC to relax its opposition and begin funding PZE-supported projects, illustrating how the realities in Palestine and the agency of "active recipients" could reshape the boundaries set by leadership in New York.

Finally, I argue that by channeling capital exclusively to Jewish ventures and systematically withholding loans from Arabs, the PEC exacerbated economic disparities that were already present in Mandate Palestine. Palestine's economy was far from equal at the outset, but the PEC's policies deepened these divisions, ensuring that Jewish sectors—buoyed by new investment and credit—recovered more swiftly from the economic crisis. In contrast, Arabs, who remained largely excluded from these financial resources, faced a slower and more precarious recovery. As a result, the PEC's selective allocation of capital not only reflected but intensified the uneven economic landscape that emerged in the post-crisis period.

To demonstrate the importance of the PEC's investment in these years, this chapter focuses on the long-term agricultural loans the PEC granted through the Central Bank of Cooperative Institutions in Palestine. Although these loans were a relatively small part of PEC's early activities, especially compared to its investments at Haifa Bay and the Dead Sea (discussed in Chapter 3), they filled a critical niche in the Palestine economy and thus provided a unique opportunity for PEC to both profit financially and impose capitalist discipline on those seeking loans. Furthermore, these loans became the first substantive test of PEC leadership's efforts to define and maintain an "apolitical" identity in a context dominated by Zionist institutions and priorities and set a precedent for what would become a recurring pattern: with each ideological challenge to their claims of being "non-Zionist", the PEC moved further toward compromise and deeper entanglement with the Zionist movement.

The Economic Landscape in Mid-1920s Palestine

Beginning in late 1926, Palestine faced a severe economic crisis that jeopardized not only the survival of Jewish settlements but the very future of the Zionist movement itself. Historians have typically characterized this recession primarily as a crisis of unemployment linked to the collapse of the construction industry. Yet, at a deeper level, the core issue was a critical shortage of liquid capital, which crippled investment in urban industries and halted the expansion of rural settlements.⁶ The situation was exacerbated by a sharp decline in donations from world Jewry, creating a substantial deficit in the Zionist movement's operating budget.⁷ This shortage of capital struck the Palestine Zionist Executive (PZE) particularly hard, forcing it into the precarious position of servicing mounting debts while continuing subsidies to even its supposedly self-sufficient, "mature" settlements, which remained reliant on its support due to a lack of alternative financing.⁸ The crisis grew so acute that the PZE had to halt the

⁶ Giladi, *The Yishuv in the era of the fourth Aliyah*, 224–25.

⁷ Urofsky, *American Zionism from Herzl to the Holocaust*, 268–70.

⁸In Palestine much of this debt was technically held by PZE supporting organizations. For example, the Anglo Palestine Bank held 35-40000 pounds in bad debt, the Tel Aviv township had 160,000 pounds of debt in bonds held in the USA, and Solel Boneh the labor construction firm was on brink of bankruptcy. Mohl to Mack, November 1, 1926, A405 48/a, Central Zionist Archives, Jerusalem (hereafter CZA).

establishment of new settlements throughout the economic crisis and teetered dangerously close to bankruptcy.

Given the severity of these economic disruptions, it is no exaggeration to conclude that the Zionist movement stood on the brink of financial collapse only a few years into the Mandate era. Ironically, this liquidity crisis had been preceded by a brief but intense influx of capital into Palestine, which offered only short-term economic stimulus due to the scarcity of productive investment opportunities. Although large numbers of Polish immigrants arrived before 1926, many carrying surplus funds, they struggled to find avenues for meaningful investment beyond purchasing real estate or contributing to the overheated construction sector.⁹ By 1926, however, this immigration wave, along with the immediate postwar reconstruction boom, began to subside, coinciding with the reduction in relief and rebuilding efforts by international Jewish organizations.¹⁰ Meanwhile, the British administration, which felt minimal responsibility toward the Mandate's local population, strictly limited its own expenditures, directing investment primarily toward transportation infrastructure and other select projects that served imperial interests rather than local economic needs.¹¹

While the Zionist Executive reported favorably to the League of Nations that, in the first seven years of the Mandate, a total of forty-nine million dollars had been invested by Jews in Palestine (just over six million a year), this figure was highly misleading. Most notably, the Zionist Executive included all of the capital brought in by admitted Jewish immigrants—estimated at ten million dollars, or over 20 percent of the total. While this form of accounting was not unusual at the time, by contemporary standards, it would not be considered investment capital, as it conflates personal immigration funds with investment.¹² In a period of large-scale immigration, this approach creates the impression of a much more substantial economic infusion

⁹ Nahum Gross, "Banka'ut veKooperatzia [Banking and Cooperatization]," in *Kalkalah ve-hevrah bi-yeme ha-Mandat, 1919-1948 [Economy and Society in the Mandatory Period, 1919-1948]*, by אבי ברעלי, and נחום קרלינסקי, 'Iyunim bi-tekumat Yiśra'el (ha-Merkaz le-Moreshet Ben-Guryon, 2020), 218.

¹⁰ Giladi, "The Economic Crisis during the Fourth Aliyah," 123. Mohl to Mack, November 1, 1926, A405 48/a, CZA.

¹¹ Norris, *Land of Progress*, 117–18.

¹² Jewish Daily Bulletin, Article 49,000,000 Invested by Jews in Palestine in Last Eight Years, 8, June 1926, box 15, folder Reports on Palestine - Miscellaneous 1922-1928, Palestine Economic Corporation, NYPL.

than actually occurred. This inflation is especially problematic in the context of Palestine, where mostly nascent financial institutions and limited investment opportunities meant that much of this capital remained outside the formal economy.¹³ Furthermore, the topline figure of forty-nine million included remittances and overseas Jewish charitable aid, much of which was not invested but spent on temporary relief.

Despite optimistic efforts to frame investment positively, by 1926 Zionist leaders clearly recognized that the shortage of investment capital posed an existential threat to the Zionist movement. Sounding the alarm, Van Vriesland, treasurer of the World Zionist Executive, warned explicitly that without new sources of capital, Palestine faced “great dangers for the success of the national home.”¹⁴ Although Zionist leaders remained divided over precisely how to address the crisis, there was broad agreement on the need for economic diversification—moving away from excessive reliance on real estate development in Tel Aviv—and enhancing productivity in agricultural settlements.¹⁵ Yet both strategies hinged on the availability of external investment capital, which was greatly lacking in the Yishuv.

While Palestine had a variety of financial institutions that could theoretically help meet the needs for investment capital, they were neither able nor willing to offer the level of credit needed. Two major commercial banks operated in Palestine, a branch of the British bank Barclays, and the Anglo Palestine Bank (APB) which had been created to finance Jewish settlement in the early days of the Zionist movement.¹⁶ However, both institutions required a level of collateral that most Jewish settlers could not provide. This structural mismatch was compounded by each bank’s institutional limitations: Barclays, as a profit-driven commercial bank, had no developmental mandate, while the APB operated with limited capital and a cautious lending strategy. As a result, neither institution was willing to extend the kind of intermediate- or long-term credit—loans with repayment periods of three to five years or more—that agricultural

¹³ Giladi, “The Economic Crisis during the Fourth Aliyah,” 120.

¹⁴ Van Vriesland Memo 1926.

¹⁵ Giladi, “The Economic Crisis during the Fourth Aliyah,” 125.

¹⁶ Gross, “Banka’ut veKooperatzia [Banking and Cooperatization],” 221.

settlements urgently needed. In practice, both banks almost entirely abstained from providing long-term loans to the rural sector that formed the heart of the Zionist movement.¹⁷ A more common source of credit for Jewish settlers were cooperatives, voluntary organizations that pooled together members' seed capital and granted loans to individual members in good standing. Depending on the demand for loans, the cooperatives could borrow additional capital from a bank, leveraging seed capital and broad membership as security to achieve better rates than an individual borrower.¹⁸ While credit cooperatives (discussed more in subsequent pages) were enormously popular in Mandatory Palestine, prior to the PEC's arrival they had neither the seed capital nor access to sufficient loans to offer long-term loans to their members.¹⁹

As a consequence, while agricultural settlers often had access to seasonal short-term loans, such as for seeds or labor during the planting period to be paid back after harvest, any attempt to establish or expand settlements or make capital improvements to existing settlements was almost completely dependent on the largesse of one of the two colonizing agencies operating in Palestine—the Palestine Zionist Executive (PZE), which was in charge of the Palestine Office of the Zionist movement, or PICA, the Rothschild-funded Palestine branch of the Jewish Colonization Association. At this time, neither organization was in a position to significantly expand settlement activities. By the mid-1920s, Baron Rothschild's era of funding new settlements had largely passed (the exception to this would be Pardes Hannah founded in 1929), and PICA's focus had shifted largely to sustaining existing settlements through capital loans.²⁰

¹⁷Mohl to the Managers of the Loan Bank N.D. [likely 1927], A405/48/C, CZA, Jerusalem; Adam Hefetz, "Capitalizing Zionism: The Anglo-Palestine Bank and the Commercial Economy of Interwar Palestine" (University of Haifa), 73.

¹⁸Viteles, *A History of the Co-Operative Movement, Book One, the Evolution of the Co-operative Movement*, 18. Karlinsky, "private cooperatives in the Mandatory period [Hebrew]," 265; Karlinsky, "Jewish Philanthropy and Jewish Credit Cooperatives in Eastern Europe and Palestine up to 1939," 163.

¹⁹Gross, "Banka'ut veKooperatzia [Banking and Cooperatization]," 233; Palestine Economic Corporation, "Third Annual Report," 118,55.

²⁰Yaakov Goldstein and Bat-Sheva Stern, "PICA — Argonah U'Mataroteha [The Organization and Purpose of PICA]," *Cathedra: For the History of Eretz Israel and Its Yishuv*, no. 59 (1991): 120–21, 123–25, JSTOR. Pardes Hanna is an exception founded in 1929 by PICA, which also gave land it already purchased to some new settlements, and helped with some settling colonists at some non-PICA settlements. In addition, The Baron Rothschild still did give some charitable donations for personally selected causes, but no longer with the scale or ambition as the earlier period of establishing settlements.

Yet PICA, with its mature settlements and large endowment, was in a better financial situation than the Palestine Zionist Executive, which was facing a financial crisis that necessitated almost a complete pause in new colonization work.²¹ The Zionist budget for 1926 included less than a million dollars for agricultural colonization, which, according to the treasurer of the Zionist executive, would have to be dedicated entirely to existing settlements as would all funds collected by the Keren Hayesod—the global fundraising apparatus of the Zionist movement—for the foreseeable future. Furthermore, he wrote, this situation would prevent the creation of new settlements and hamper the Zionist movement’s ability to claim new territory and absorb new immigrants.²² This prediction would turn out to be prophetic, as the national Zionist institutions were unable to support any new colonies throughout the three-year economic crisis.²³

The economic weaknesses visible in 1926 developed in 1927 and 1928 into the Zionist movement’s most profound existential crises as multiple concurrent factors sent the Palestine economy into a tailspin, nearly bankrupted the Zionist movement, and forced Zionist leaders to reconsider some of the central tenets of the movement. First, Solel Boneh, the construction firm run by the Histadrut (general federation of Labor) and one of the largest employers of Jews in the Mandate, was in deep financial distress. Without the capital to continue many of its projects, and saddled with expensive debt, the firm aimlessly listed towards insolvency, which it would reach in 1927, despite the best efforts of multiple Jewish organizations, including the PEC, to save it.²⁴

The failure of Solel Boneh and the construction industry at large caused a run on the banks, leading many—especially relatively wealthy new immigrants—to withdraw their savings. This further exacerbated the problem of illiquidity, as banks’ operating capital declined dramatically and managers became much more judicious in issuing credit.²⁵ Unemployment, rare among Jews in Palestine before 1926, reached dramatic levels in the cities in Palestine, in

²¹ Van Vriesland Memo 1926.

²² Van Vriesland Memo 1926

²³ Van Vriesland Memo 1926; Giladi, *The Yishuv in the era of the fourth Aliyah*, 220–21.

²⁴ Viteles, *A History of the Co-Operative Movement, Book One the Evolution of the Co-operative Movement*, 83. Solel Boneh would be resurrected by the Zionist movement with new capital and management in 1935.

²⁵ Gross, “Banka’ut veKooperatzia [Banking and Cooperatization],” 223; Giladi, “The Economic Crisis during the Fourth Aliyah,” 122.

particular Tel Aviv, forcing the Zionist organization to create a welfare program known as the Dole to provide relief to unemployed workers.²⁶ The Dole not only put a further squeeze on the ZO's limited finances, but it undercut the movement's moral authority, which was based on the idea of Jewish regeneration and productivization—epitomized by the rejection of the Chalkuth—*the system of alms which they were now recreating*. The moral legitimacy of the Zionist movement was further damaged when the economic crisis forced the difficult decision to voluntarily reduce Palestine immigration certificates issued, lowering Zionist-sponsored immigration visas in 1927 to a paltry 1200.²⁷

While unemployment improved by late 1927, overall economic conditions remained dire. Severe drought and resulting crop failures in 1928 hurt the most important economic sector of the Yishuv—citriculture. The loss of orange exports led to an acutely negative trade imbalance, worsening the already dire lack of liquidity.²⁸ Matters became so dire that the Zionist executive in Palestine found itself in a state where their revenue only covered 65 percent of the cost of simply maintaining their existing operations in Palestine. At one point in late 1927, the PZE was only three days away from having to declare bankruptcy due to insolvency.²⁹ The sense of imminent collapse was highlighted by the significant emigration of Jews out of Palestine, and a net decrease in the Jewish population.³⁰

Compared with the Yishuv, far less is known about how the Arab Palestinian majority experienced the economic downturn of the late 1920s. British statistical series—most notably the annual “Blue Books”—rarely disaggregated data by community during this period, with the

²⁶ Bar-Or Shani and David De Vries, “Politicization of Unemployment in British-Ruled Palestine,” in *Unemployment and Protest: New Perspectives on Two Centuries of Contention*, 1. publ, ed. Matthias Reiss and Deutsches Historisches Institut London, Studies of the German Historical Institute London (Oxford University Press, 2011), 202.

²⁷ Mr. A Goldwater, Palestine Corporation LTD. The Economic Situation in Palestine in 1927, 1927, S49/414, CZA; Giladi, “The Economic Crisis during the Fourth Aliyah,” 145; Shani and De Vries, “Politicization of Unemployment in British-Ruled Palestine,” 202. Immigrants with sufficient capital were excluded from these numbers, but did not come in considerable amounts during this time.

²⁸ Mr. A Goldwater, General Report on Palestine for the Year 1928, 1928 S49/414, CZA.

²⁹ Van Vreiland to Weizmann, 4 May 1927, A114/227, CZA; Mohl to Judge Mack, 8 December 1927. A405/48/C, CZA.

³⁰ Shani and De Vries, “Politicization of Unemployment in British-Ruled Palestine,” 203.

exceptions of immigration figures and wage tables, and there was no Arab analogue to the Jewish colonizing agencies' economic reports.³¹ Driven by the availability of statistics, disciplinary conventions, and personal scholarly interests, researchers have devoted far greater attention to Jewish experiences of the crisis than to Arab ones. Nevertheless, the fragmentary evidence available suggests that the Arab population materially suffered as severely, if not more severely, than the Jewish population.³²

Areas of agriculture dominated by Arabs—particularly wheat and other grains—were especially hard hit. As the global economy recovered from wartime shortages, prices for these staples dropped dramatically in the mid-1920s. Olive prices also declined moderately, and both crops suffered substantial losses due to drought conditions in Palestine. The drought's impact on citriculture, a sector in which Arabs and Jews held roughly equal market share during the 1920s, was felt across both communities. Furthermore, as output prices for key crops fell, the cost-of-living index continued to rise, further eroding the purchasing power of the predominantly rural Arab population.³³ The situation was worsened by the persistent wage gap: Arab wage laborers routinely earned considerably less than their Jewish counterparts for similar work, leaving them even more vulnerable to these shocks.

The economic experiences of Jews and Arabs during the downturn were, of course, interlinked. Most obviously, a large and growing number of Arabs had found employment as wage laborers in Jewish enterprises; as the crisis deepened, many of these Arab Palestinian laborers, particularly in the construction sector, lost their jobs when work dried up.³⁴

³¹For example, see: Jerusalem Government of Palestine, *Palestine. Blue Book. 1926-27* (1928), <http://archive.org/details/palestine-blue-book-1926-27>; Jerusalem Government of Palestine, *Palestine. Blue Book. 1929* (1930), <http://archive.org/details/palestine-blue-book-1929>.

³² However, given the traditional and strong social structures of Arab villages, most of which had not yet been upturned by Zionism, many out of work Arabs may not have been as severely affected by material losses. For example, many Arabs unemployed in construction were able to return to their ancestral homes. Issa Khalaf, "The Effect of Socioeconomic Change on Arab Societal Collapse in Mandate Palestine," *International Journal of Middle East Studies* 29, no. 1 (1997): 99.

³³ Olive prices only suffered a moderate decline, but this was compounded by increase in input prices and rising cost of living, Government of Palestine, *Palestine. Blue Book. 1926-27*, 88, 101–3; Khalaf, "The Effect of Socioeconomic Change on Arab Societal Collapse in Mandate Palestine," 97.

³⁴ Khalaf, "The Effect of Socioeconomic Change on Arab Societal Collapse in Mandate Palestine," 99.

Furthermore, although the Jewish settlement had fostered a more diversified economy in Palestine, this diversification disproportionately provided an economic cushion to Jewish workers. British government observers noted that Jewish workers displaced by economic contractions in one sector could often find employment elsewhere.³⁵ While scholars have demonstrated that the campaign for “Hebrew labor” never succeeded in segregating the labor market, economic downturns intensified pressures for labor segregation.³⁶ As unemployment rose, Jewish employers faced increasing demands to hire only Jewish workers, further marginalizing Arab laborers and exacerbating their economic hardship.³⁷

Quantitatively, Jacob Metzer’s reconstruction of Net Domestic Product (NDP) shows the divergence starkly. While annual change in NDP and NDP per capita for Jews dipped only marginally in 1927 and even resumed slow growth in 1928, Arab NDP plunged by more than twenty percent in 1927 and staged a weaker, more drawn out recovery in the subsequent years.³⁸ Although these figures track productivity rather than welfare per se, such a contraction across both aggregate and per-capita measures points to significant, community-wide economic distress for Arabs. Combined with lower wages and—as I show in the subsequent pages—less access to credit, the recession and unequal recovery would lead to an even larger divergence in Jewish and Arab economic welfare in the Mandate.

American Capital and Cooperative Development in Mandatory Palestine

The severe economic crisis of the mid-1920s set the stage for the Palestine Economic Corporation’s (PEC) arrival in 1926, an event that sparked widespread interest among Jews in Palestine. Even before officially beginning its lending operations, PEC subsidiaries were “flooded with inquiries and requests for loans,” far exceeding their initial capacity.³⁹ However, as

³⁵ Government of Palestine, *Palestine. Blue Book. 1926-27*, 412.

³⁶ Shafir, *Land, Labor, and the Origins of the Israeli-Palestinian Conflict, 1882-1914*, 72.

³⁷ Shani and De Vries, “Politicization of Unemployment in British-Ruled Palestine,” 204–6.

³⁸ Jacob Metzer, *The Divided Economy of Mandatory Palestine* (Cambridge University Press, 2002), 21–22. Metzer’s data is further affirmed in Andrew Schein, “An International Comparison of Economic Growth in Palestine/Israel, 1922–98,” *Middle Eastern Studies* 43, no. 2 (March 2007): 313–14. The chart of GDP per capita also confirms the aggregated dip during the recession years.

³⁹ Viteles to PEC, May 5, 1926, box 1, folder agricultural long term loans-General may-august 1926, NYPL

a foreign entity, the PEC could not directly lend money under Palestine law. Instead, it utilized two pre-existing local subsidiaries it already controlled: the Central Bank of Cooperative Institutions in Palestine and the Loan Bank Ltd. Both banks had been established by forerunners of the PEC, and through asset mergers, the PEC owned majority shares in both institutions, including total ownership in the Loan Bank Ltd.⁴⁰ Both banks had, for several years, offered short-term loans designed for “constructive use,” and had reasonable success in making a small profit on these loans. However, they required additional capital to expand their work, especially if they were to offer long term loans.⁴¹

On paper, the Loan Bank appeared to be the more logical partner: it offered slightly better lending terms, provided deposit services, and—unlike the Central Bank, which cycled through a series of managers—benefited from stable leadership under Emmanuel Mohl, an American engineer who had moved to Palestine for ideological reasons and had previously served as the Joint Distribution Committee’s local representative.⁴² Nonetheless, the PEC deliberately chose to support the Central Bank, while intentionally allowing the Loan Bank to “drift along on the present basis.”⁴³ The Loan Bank manager sent increasingly desperate requests to PEC leaders to increase his bank’s capital, but he was time and again rebuffed. Instead, the PEC leadership instructed him not only to refrain from offering more loans but to raise the bank’s interest rates to push his clients into cooperatives—so they would turn instead to the Central Bank.⁴⁴

This decision, which might seem counterintuitive at first glance, was rooted in the PEC leadership’s long-standing commitment to cooperative development as a tool for Jewish regeneration and as a means of strengthening capitalism at a time when its foundations felt threatened. Many PEC leaders, shaped by their experiences in the Joint Distribution Committee (JDC), had witnessed how social and economic instability in Eastern Europe pushed workers

⁴⁰ Palestine Economic Corporation, “First Annual Report,” 9.

⁴¹ illegible to Mohl, 15 October 1926, A405/47, CZA; Gross, “Banka’ut veKooperatzia [Banking and Cooperatization],” 221.

⁴² Mohl to Hyman, September 8, 1927, A405/48/C, CZA; Mohl to the Managers of the Loan Bank N.D. [likely 1927], A405/48/C, CZA.

⁴³ Bernhardt to Singer, 30 November 1927, box 1, folder LTL Oct-Nov 1927, NYPL.

⁴⁴ Bernhardt to Singer, 30 November 1927, box 1, folder LTL Oct-Nov 1927, NYPL.

toward radical ideologies. In response, the JDC championed cooperatives—not simply as a form of mutual aid but as a pragmatic experiment in making capitalism more inclusive, resilient, and appealing to ordinary people. By broadening access to credit and resources, cooperatives could offer tangible benefits of the market system and help steer Jewish communities away from the allure of socialism or more revolutionary alternatives.⁴⁵

Cooperatives were never a uniquely Jewish innovation. Rather, they formed part of a much wider, transnational effort by progressive reformers to reimagine capitalism in more just and sustainable terms. The German Schulze-Delitzsch model of mixed-purpose cooperatives—emphasizing pooled resources, affordable loans, and collective self-help—became a template adopted across Europe by diverse ethnic and religious communities, including Jews.⁴⁶ When Jewish migrants from Eastern Europe relocated to Palestine, they brought with them both the practical experience and cooperative ethos shaped by these JDC-backed models.⁴⁷

Thus, while the cooperative sector that flourished in Palestine was not created by the PEC, it was deeply shaped by earlier cross-border experiments in which many PEC leaders—such as Marshall, Warburg, and Lehman—had played a key role through their work with the JDC. By the time the PEC was established, its leaders found a vibrant network of cooperatives in Palestine that bore the imprint of their own earlier efforts. The PEC’s subsequent role—as a major patron and financial supporter, was not a new intervention, but rather a continuation and amplification of an institutional legacy they had already helped to create, one that already bore their ideological imprint of Jewish regeneration through capitalist uplift.⁴⁸

Although today the settlement cooperatives affiliated with the Histadrut (General Federation of Labor)—notably the moshavim and kibbutzim—dominate both the historical

⁴⁵Kyle Edward Williams, *Taming the Octopus: The Long Battle for the Soul of the Corporation*, First edition (New York, NY: W.W. Norton & Company, 2024), 15; Karlinsky, “private cooperatives in the Mandatory period [Hebrew],” 246; Karlinsky, “Jewish Philanthropy and Jewish Credit Cooperatives in Eastern Europe and Palestine up to 1939,” 150.

⁴⁶ Viteles, *A History of the Co-Operative Movement, Book One, The Evolution of the Co-operative Movement*, XII.

⁴⁷ Karlinsky, “Jewish Philanthropy and Jewish Credit Cooperatives in Eastern Europe and Palestine up to 1939,” 150.

⁴⁸ Viteles, *A History of the Co-Operative Movement, Book One, Book one The Evolution of the Co-operative Movement*, XII.

memory and historiography of Zionism, Palestine in the early Mandate period was home to a much broader spectrum of cooperatives, many predating the first kibbutzim. Earlier, non-Labor cooperatives—such as Pardes (citrus marketing) and Agudat Ha-Kormim (winegrowers)—were established by private farmers and non-Labor Zionists and were organized around specific commodities or marketing needs.⁴⁹

At the same time, a majority were geographically based cooperatives primarily engaged in offering credit and closely tied to individual settlements. Nearly every settlement in the early Mandate period had its own cooperative whose primary purpose was to provide credit to participating settlers.⁵⁰ These credit cooperatives were so intertwined with the settlements themselves that the two were often referred to interchangeably. For instance, when the Central Bank discussed a loan to the cooperative in Ber Tuvia, it would simply speak of lending to “Ber Tuvia,” even though the actual recipient was the cooperative which supported many of the settlement’s members. Despite this conflation, it is important to distinguish between these credit cooperatives and the more radical settlement cooperatives, especially the kibbutz, which operated on the principle of full collective ownership and sought to fundamentally reshape economic and social life. By contrast, most other cooperatives in Palestine—whether focused on credit, marketing, or production—were not intended to remake the economic order. Instead, their purpose was to extend the practical benefits of capitalism, such as access to credit and shared resources to smallholders and farmers who otherwise lacked significant capital or commercial networks.⁵¹

However, while cooperatives in Palestine remained both institutionally and historiographically distinct from the Zionist movement—operating as independent organizations financed by private capital—members still saw cooperative work as deeply connected to the broader project of Jewish nationalism. Within the Zionist movement, cooperatives were expected

⁴⁹ Karlinsky, “private cooperatives in the Mandatory period [Hebrew],” 199.

⁵⁰ Karlinsky, “private cooperatives in the Mandatory period [Hebrew],” 245–46; Viteles, *A History of the Co-Operative Movement, Book One, The Evolution of the Co-operative Movement*, XI.

⁵¹ Karlinsky, “private cooperatives in the Mandatory period [Hebrew],” 239–42.

to deliver not only economic capital but also a social return to the nationalist endeavor.⁵² This vision had deep roots: Theodor Herzl called in 1901 for every agricultural settlement in Palestine to organize a cooperative, and in 1918, Louis Brandeis described cooperatives as “indispensable” to the country’s economic future.⁵³ By 1928, with 199 officially registered cooperatives (and many more unregistered), nearly every Jewish adult in Palestine belonged to some cooperative association. Yet, as with many aspects of Jewish settlement outside the dominant Labor movement, the history of these cooperatives and their institutions has often been neglected in mainstream historiography.⁵⁴

Given the cooperatives’ objectives in Palestine, it is clear why, despite the structural advantages of the Loan Bank, PEC leaders chose to channel resources through the Central Bank to empower the (non-Labor) cooperative movement. In addition to their past experience in the JDC of working with cooperatives in Europe, the non-Labor cooperatives had no official organizational relationship with the Zionist organization, providing the sort of de jure separation the PEC leaders sought to maintain their claims of separation from Zionism even as most cooperative members saw their work as part of the wider mission of Zionism.

PEC leaders were attracted to cooperatives’ vision of “productive” labor, especially in agriculture and manual trades, and Jewish regeneration through productivity.⁵⁵ Although all forms of Jewish colonization in Palestine stressed productive work, non-Labor cooperatives were seen by PEC leaders as especially compatible with their goals because these institutions operated within, rather than in opposition to, capitalist norms. While scholars such as Zeev Sternhell have challenged the notion that Labor Zionism was truly committed to socialist ideals—arguing

⁵² J. Metzer, “Le’umiyut Kalkalit uMivne Sektorial beMeshek HaYehudi beTkufat HaMandat [Economic Structure and National Goals — the Jewish National Home],” *The Economic Quarterly* / *ה'רבעון לכלכלה* כ"ה, no. 98 (1978): 3–4; Harry Viteles, *The Jewish Co-Operative Movement in Palestine*, Bulletin of the Palestine Economic Society, v. IV No. 1. June 1929; v. IV [No. 1. June 1929] (Palestine Economic Society, 1929), tbl. 2. This erasure of cooperatives is partially precisely due to their capitalist outlook, which didn’t fit into the socialist mythos of the second Aliyah, a mythos which rarely aligned with reality. See Sternhell, *The Founding Myths of Israel: Nationalism, Socialism, and the Making of the Jewish State*.

⁵³ Viteles, *A History of the Co-Operative Movement, Book One*, Book one The Evolution of the Co-operative Movement, 5.

⁵⁴ Karlinsky, “private cooperatives in the Mandatory period [Hebrew],” 199.

⁵⁵ Karlinsky, “private cooperatives in the Mandatory period [Hebrew],” 249–52.

instead that the movement consistently subordinated socialist principles to nationalist priorities and, by the late 1920s made peace with capitalism as a tool of Zionism—the rhetoric of Labor Zionism and the radical experiments of the kibbutz nonetheless appeared threatening to American Jewish elites.⁵⁶ These leaders, deeply invested in distancing Jews from left-wing radicalism, viewed private credit or producer cooperatives as a safer, more familiar model for channeling both economic modernization and social regeneration.

In addition, working through cooperatives—rather than lending directly to individuals—enabled the PEC to exercise a more paternalistic form of oversight over Jewish settlers. Lending to cooperatives allowed the PEC, through the Central Bank, to set and enforce collective standards for financial management and discipline. Instead of monitoring dozens of individual borrowers, the PEC could require each cooperative—functioning as the financial proxy for an entire settlement—to submit detailed records, leaving enforcement to cooperative leadership. Central Bank representatives could then efficiently inspect the use of loan funds within a single visit, whether the money was applied to communal projects or distributed among members. In this way, the overlapping structure of settlement and cooperative facilitated both efficient administration and a deeper form of financial oversight.⁵⁷

Consequently, the PEC took several steps to stabilize and expand the Central Bank's activities, while also ensuring a more active role in the bank's management. Although already the majority shareholder, the PEC kept its new long-term loan initiative institutionally distinct from the Central Bank's prior operations. The PEC retained all decision-making power and risk, hiring the Central Bank as its agent to investigate, issue, and collect loans in exchange for a small commission. Additionally, by extending a low-interest, long-term loan to the Central Bank—an

⁵⁶ Sternhell, *The Founding Myths of Israel: Nationalism, Socialism, and the Making of the Jewish State*, 132. For example see Joint Palestine Survey Commission, *Report of the Joint Palestine Survey Commission*, 52.

⁵⁷ Report on Inspection Trip Made by Advisory Committee on Intermediate and Long-Term Loans on May 13th - 15th, 1930, June 13 1930, box 12, folder long term loans visits of advisory committee to colonies 1927-1931 (1 of 2), Palestine Economic Corporation Records, NYPL.

institution chronically starved for capital—the PEC enabled the bank to expand its existing operations and solidify its position in Palestine’s financial landscape.

Through this partnership with the Central Bank and its reliance on local cooperatives—often so closely linked with settlements as to be indistinguishable—the PEC established a practical framework for extending capital and oversight across the Yishuv. This arrangement offered both efficiency and influence, allowing the PEC to channel its resources into existing communal structures while maintaining—at least in the eyes of its leaders—a measure of separation from overtly Zionist institutions. With these foundations in place, the PEC was now positioned to launch its long-term lending program and implement its vision of economic modernity and capitalist regeneration in Mandatory Palestine.

Discipline: The PEC’s Attempt to Westernize the Economy of the Yishuv

With the economy on the verge of collapse, the PEC tasked Viteles and the Central Bank with loaning desperately needed capital to cash-starved cooperatives in Palestine. Yet this was not simply a matter of distributing funds; it was an explicit project of economic transformation. To maximize both security and economic impact, Viteles was instructed to develop rigorous systems for judging the creditworthiness and efficacy of borrowers—an approach that required the standardization of accounting practices and the imposition of new financial disciplines across the cooperative landscape. In doing so, the PEC and Central Bank not only played a key role in averting disaster for the Yishuv, but also helped redefine and standardize the criteria for economic participation of Jewish cooperatives in Palestine.

The logic behind these reforms reflected a broader revolution then underway in American finance. In the United States, the 1920s marked a major transition in how creditworthiness was evaluated and risk managed. Corporate lending, once rooted in personal relationships and bankers’ intuition, increasingly relied on statistical metrics and ratio analysis.⁵⁸ These techniques, while not without flaws or new systemic risks, gave corporate finance an aura of scientific

⁵⁸ Tobias Rötheli, “Innovations in US Banking Practices and the Credit Boom of the 1920s,” *Business History Review* 87, no. 2 (2013): 310, Cambridge Core.

reliability and modern discipline.⁵⁹ While large banks and established financial institutions remained primarily focused on corporate clients, the era also saw rapid innovation in personal and small business lending. New institutions emerged that blended these “scientific” credit assessment methods with traditional, reputation-based approaches. As a result, personal credit—previously dominated by informal lenders and loan sharks—began to be institutionalized. Finance companies, which spread quickly in the 1920s by offering installment loans for consumer goods, struggled to match the rigorous vetting standards of commercial banks, but nevertheless introduced innovations such as selling debt to manage risk and worked to portray their methods as empirical and on par with those of traditional banks.⁶⁰ The Morris Plan Banks—a network of over 100 banks, primarily on the East Coast, serving middle-class Americans—exemplified this blend of old and new approaches: to secure a loan, borrowers needed to provide documentation of their finances and assets, reflecting the new scientific standards, and two letters of reference attesting to their character, preserving traditional personal assessments.⁶¹

This American transition between traditional relationship based and supposedly objective methods of assessing creditworthiness was far from settled in the 1920s, with both approaches coexisting uneasily. Yet for the PEC’s leaders, there was little doubt: they saw the emerging “scientific” standards of American finance as inherently superior and were determined to bring them to Jews in Palestine. The PEC thus sought to transplant these American practices into the local environment. In contrast, Viteles—representing the interests of the cooperatives—initially resisted this shift. Lending in Palestine still depended overwhelmingly on local reputation, personal knowledge, and informal networks.⁶² Viteles strongly advocated for maintaining this personal form of banking for PEC’s long-term loans, arguing that reputational banking, in his

⁵⁹ Rötheli, “Innovations in US Banking Practices and the Credit Boom of the 1920s,” 311.

⁶⁰ Louis Hyman, *Debtor Nation: The History of America in Red Ink*, Politics and Society in Twentieth-Century America (Princeton University Press, 2011), 24.

⁶¹ Peter W. Herzog and Chicago Trust Company, *The Morris Plan of Industrial Banking*, Shaw Business Book (McGraw-Hill Book Company, Inc., 1928), 15–20.

⁶² Unknown author to Singer, 20 September, 1926, box 1, Agriculture long term loans-general September-November 1926, NYPL; Viteles to Singer, 24 September, 1926, box 1, Agriculture long term loans-general September-November 1926, NYPL [hereafter: Viteles to Singer, 24 September, 1926].

words, “helped to remove the gap and air of superiority that appears to exist between the money giver and the money taker.”⁶³ However, the PEC was adamant that real modernization required “necessary painful readjustment” and “the scrapping of this or that aspect of the old administration and replacing it by new methods.”⁶⁴ All loan applicants were thus required to provide balance sheets and report their income.⁶⁵

Most notably, the PEC mandated the adoption of standardized double-entry bookkeeping—a mundane but essential practice in modern economies that was far from common in Palestine. The imposition of double-entry bookkeeping in Palestine represented far more than a technical shift—it was, in effect, the introduction of a common economic language. Just as a standardized language enables clear communication across regions and generations, accounting conventions allow businesses, banks, and investors to discuss the health of a firm in mutually intelligible terms.⁶⁶ Prior to these new conditions, cooperatives’ financial records in Palestine were often inconsistent, idiosyncratic, and at times opaque, making it difficult for outside institutions—such as the Central Bank of Cooperative Institutions—to reliably assess their finances. Even large cooperatives like the construction firm Solel Boneh had convoluted and disorganized books.⁶⁷ With double-entry bookkeeping, a common set of standards created a shared language that enabled much more effective oversight and communication between organizations, lenders, and eventually government regulators, who would require standardized bookkeeping and audits beginning in 1933.⁶⁸

More than a matter of form, double-entry bookkeeping brought a level of transparency and rigor that single-entry systems could not provide. In single-entry systems, transactions are simply listed as they occur, making errors, omissions, or even fraud difficult to detect. Double-

⁶³ Viteles to Singer, 24 September, 1926.

⁶⁴ Singer to Bawly 6 May, 1927.

⁶⁵ Singer to Viteles, September 24, 1926, box 1, Agriculture long term loans-general September-November 1926, NYPL.

⁶⁶ Sudipta Basu and Gregory B. Waymire, “The Evolution of Double-Entry Bookkeeping,” SSRN Scholarly Paper no. 3093303 (Social Science Research Network, September 3, 2024), 9.

⁶⁷ Giladi, “The Economic Crisis during the Fourth Aliyah,” 141.

⁶⁸ Drayton, *The Laws of Palestine: In Force on the 31st Day of December 1933.*, 452.

entry bookkeeping, by contrast, requires that every transaction be recorded in at least two accounts—debits and credits—which must always balance.⁶⁹ This structure not only reduced mistakes but also offered a comprehensive and reliable view of an organization’s financial position. Most importantly, it made possible the kind of external scrutiny and standardized assessment required for riskier, longer-term loans, allowing institutions like the PEC and Central Bank to extend credit on the basis of transparent and comparable financial records.⁷⁰ Although Viteles initially resisted the PEC’s imposition of rigorous credit assessment and accounting standards, he ultimately recognized their necessity and redirected his efforts toward helping cooperatives adapt.⁷¹ Under his leadership, the Central Bank began printing and distributing blank balance sheets free of charge, accompanied by direct instruction in double-entry bookkeeping for cooperative members.⁷² To further support compliance, the Central Bank—at the PEC’s insistence—required all cooperatives to undergo an annual audit. By 1926, the Bank had also arranged for a dedicated auditor to inspect cooperative books at a discounted rate, a service adopted by the majority of cooperatives in Palestine.⁷³

This push for standardized accounting was not simply bureaucratic: it enabled the PEC to maintain close oversight of its loans and the cooperatives’ ongoing financial health. Loan agreements forbade borrowers from taking on additional mortgages without PEC approval, a clause designed to prevent over-indebtedness and protect the corporation’s position as creditor.⁷⁴ These mechanisms were strikingly similar to those pioneered under U.S. “dollar diplomacy.” In Central America and the Caribbean, American bankers and advisers had long tied loans to governments to intrusive financial controls—external audits, budgetary monitoring, and

⁶⁹ Graeme Dean et al., “Pacioli’s Double Entry – Part of an Intellectual and Social Movement,” *Accounting History Review* 26, no. 1 (2016): 9, <https://doi.org/10.1080/21552851.2015.1129083>.

⁷⁰ Basu and Waymire, “The Evolution of Double-Entry Bookkeeping,” 15–17.

⁷¹ Viteles to PEC Executive, October 27, 1926; Palestine, *Cooperative Societies in Palestine*, 53.

⁷² Palestine Economic Corporation, “First Annual Report,” 9.

⁷³ Viteles to PEC Executive, October 27, 1926, box 1, Agriculture long term loans-general September-November 1926, NYPL.

⁷⁴ Viteles to PEC Executive, October 27, 1926, box 1, Agriculture long term loans-general September-November 1926, NYPL.

restrictions on new borrowing—as conditions for creditworthiness.⁷⁵ In Palestine, however, the dynamic was different. The British, as the mandatory power, were already considered financially “civilized” and thus were never targets of such oversight. Instead, PEC leaders applied these practices to the semi-autonomous institutions of the Yishuv.⁷⁶ By imposing audits, balance sheets, and debt restrictions on Jewish cooperatives and settlements, the PEC brought the logic of dollar diplomacy not to a colonial government but directly to the infrastructure of Jewish communal life, reshaping the political economy of the Yishuv through credit.

Beyond these financial disciplines, the PEC also sought to influence the social fabric of the Yishuv through its lending practices—particularly in the realm of labor. However, as with Zionist institutions more broadly, the realities of the Palestinian labor market forced a more pragmatic approach. Instead of imposing an outright ban on Arab labor, the PEC considered a tiered system of interest rates: the most favorable terms went to projects employing exclusively Jewish labor (7.5 percent), with higher rates for mixed (8.5 percent) or exclusively Arab labor (9 percent).⁷⁷ In this way, the PEC used access to cheaper credit as an incentive to encourage Jewish employment and to make Jewish workers—who commanded higher wages—more competitive. This strategy demonstrates the PEC’s willingness to temper profit maximization in favor of its mission-driven capitalism, while also underscoring that Arabs—the majority population in Palestine—were effectively excluded from the PEC’s vision for economic development. Rather than being integrated, Arab employment was explicitly discouraged; their presence was regarded not as a contribution, but at most as a sort of necessary evil in a framework focused exclusively on Jewish regeneration.

Underlying all these reforms was the PEC’s conviction that loan security must remain the foremost priority. While boosting productivity, raising living standards, and expanding Jewish

⁷⁵ Rosenberg, *Financial Missionaries to the World*, 50; Sklar, *The United States as a Developing Country*, 83–84.

⁷⁶ Rosenberg, *Financial Missionaries to the World*, 137.

⁷⁷ Singer To Bernhardt 15 May, 1928, box 1, folder Agricultural and long-Term Loans- General May-July 1928, Palestine Economic Corporation Records NYPL. It appears actual implementation of this tiered approach was more ad hoc and less systematic than proposed here.

employment were all important aims, the PEC believed that only by enforcing strict credit discipline and ensuring loan security could it create a sustainable financial system—one that would attract further investment and support ongoing economic development in Palestine.

To guarantee security and maximize the effectiveness of its loans, the PEC imposed a new, highly structured process for assessing creditworthiness—one that fundamentally reshaped cooperative finance in Palestine. At Viteles's direction, an expert committee was formed to evaluate all long-term loan applications. This body, composed of colonization specialists, farmers, and capitalist-oriented economic experts, brought an explicitly modern and businesslike perspective to rural finance.⁷⁸ Their approach replaced earlier, informal lending customs with a multi-step process: committee members would first review each application, then conduct detailed on-site inspections to assess the cooperative's overall functioning—its productivity, stability, the mix of Jewish and Arab labor, and other local risks.⁷⁹ The committee met regularly to pool these findings and provide recommendations to the PEC leadership, who made the final decision on loan approvals.

This new oversight system extended well beyond the point of lending. Annual follow-up visits ensured that cooperatives complied with loan terms and made good use of the funds, according to the PEC's economic and ideological goals. These inspections generated statistics on expenditures, yield increases, new land under cultivation, and income gains, while also tracking external factors or emerging risks that might jeopardize repayment.⁸⁰ For cooperatives, these evaluations were not merely bureaucratic hurdles: a positive report could open doors to continued funding, while a negative one could mean exclusion from essential credit. Through this process, the PEC moved the entire cooperative sector toward a regime of constant surveillance, evaluation, and adaptation—tying access to capital directly to adherence to standards of accountability and discipline.

⁷⁸ Viteles to Flexner, Advisory Committee first meeting, August 31, 1926, box 19, folder Advisory committee intermediate and long-term loans minutes, first meeting, 1926, NYPL.

⁷⁹ Report on Inspection Trip, June 13, 1930

⁸⁰ Singer to Bawly May 6, 1927

The disciplinary practices introduced by the PEC had a transformative impact on Palestine's political economy that extended far beyond the sum of the loans themselves. Although only about £20,000 in long-term credit was distributed to a dozen cooperatives in the first six months, the reach of the new standards was much broader. Dozens of cooperatives, hoping to qualify for loans, found themselves compelled to overhaul their financial management: adopting double-entry bookkeeping, submitting to regular audits, and learning to present their accounts in ways that would appeal to modern banks.⁸¹ By contrast, the less stringent demands for short-term loans—often based on institutional reputation—had left most cooperatives operating with informal non-standardized financial practices. Now, with so few alternative sources of long-term capital, even the largest and most established producer cooperatives, such as Vigneronne—the cooperative of grape growers and wine makers at Rishon LeZion and Zichron Yaakov—were forced to adapt or risk exclusion from future funding.⁸²

The impact of these changes rippled through every sector of the cooperative movement. Even labor-affiliated settlements, such as Moshav Nahalal and Kibbutz Degania initially excluded by the PEC from actually receiving loans, applied for them, and therefore were compelled to adopt the PEC's more rigorous accounting standards.⁸³ In short, the PEC's insistence on financial discipline and transparency transformed not only individual cooperatives, but the very terms of economic participation in the Yishuv, meaning that, for cooperatives, access to capital was now inseparable from conformity to Western accounting, auditing, and reporting standards. The reforms required by the PEC would later be codified by the British government in Palestine into law with the 1933 Cooperative Societies Ordinance, which required that all cooperatives keep standardized books and submit to regular audits. A 1938 report by the British government on the state of the cooperative movement notes the key role the Central Bank played

⁸¹ Singer to Bawly May 6, 1927.

⁸² Unknown author to Singer, September 20, 1926, box 1, Agriculture long term loans-general September-November 1926, NYPL.

⁸³ Giladi, "The Economic Crisis during the Fourth Aliyah," 141.

in transforming Jewish cooperatives' bookkeeping and auditing practices before this legal imposition.⁸⁴

Given the novelty and risk involved, PEC leadership initially intended long-term loans to make up only a small share of their overall portfolio. Yet even this deliberately cautious approach had an outsized impact by Palestine's standards. In 1926 alone, the 20,000 pounds in long-term loans distributed over just six months represented approximately 6 percent of all investment in fixed reproducible agricultural capital for the year—that is, annual spending on durable assets like equipment, land improvements, and perennial crops that could be used season after season to sustain agricultural production.⁸⁵ This injection of new capital was especially significant in an economy chronically short on liquidity.⁸⁶

These loans targeted a range of activities crucial for agricultural development, including bringing new land under cultivation, purchasing cattle, fertilizer, machinery, and equipment, making infrastructure improvements, and increasing the working capital of cooperatives. Notable examples included a loan to the Vigneronne wine cooperative, enabling it to plant 1,000 new dunams of vineyards, and support for the Artuf colony to purchase sheep capable of grazing otherwise unusable land. Some loans even stretched the conventional definition of “agricultural” credit, such as funding for Hadera to complete a railroad station that would improve market access for farm produce.⁸⁷

Buoyed by these early results, the PEC dramatically increased its commitment, approving 47,000 pounds (\$235,000) for agricultural long-term loans in 1927 and 1928. This sum accounted for about 5 percent of total annual investment in fixed reproducible agricultural capital—a considerable share, but one whose significance is easily understated by aggregate Mandate-wide data.⁸⁸ The way investment statistics were reported masked the real impact of the

⁸⁴ Palestine, *Cooperative Societies in Palestine*, 55.

⁸⁵ Metzer, *The Divided Economy of Mandatory Palestine*, 244.

⁸⁶ Singer to Bawly May 6, 1927.

⁸⁷ Palestine Economic Corporation, “First Annual Report,” 9–15.

⁸⁸ Palestine Economic Corporation, “Second Annual Report,” 1928, 15; Metzer, *The Divided Economy of Mandatory Palestine*, 244.

PEC: overall totals included both Jewish and Arab sectors, even though PEC funds were directed exclusively to Jewish agriculture. Within the Jewish sector, most non PEC investment during these years went into the booming orange industry, funded by private farmers—mainly Polish immigrants investing their own capital—as in the late 1920s citrus remained one of the few profitable branches of agriculture in the 1920s (outside of drought years).⁸⁹ Meanwhile, Arab Palestinian farmers also expanded orange cultivation using personal funds, further inflating the overall investment figures.⁹⁰ As a result, while the PEC’s loans appeared to be just a slice of the broader total, they actually constituted a vital share of new Jewish investment outside the orange sector—especially for older Jewish settlements that had little access to private or agency capital and were expected to absorb unemployed urban workers. For these communities, the PEC’s support served as an essential economic lifeline.

Just as importantly, the PEC’s insistence on discipline and careful vetting proved remarkably effective. Mandate wide default rates on loans (mostly short term) to cooperatives during the economic crisis hovered around 9.6 percent, however, default on PEC-backed long-term loans consistently remained under one percent—demonstrating that the imposition of standardized lending standards could significantly improve financial outcomes, even in a time of acute economic distress.⁹¹

The PEC also took additional steps to strengthen the Central Bank, investing an additional 350,000 dollars in the bank (a jointly owned private company, thereby increasing their majority control) and lending the bank an additional 75,000 dollars. However, the total of these long-term loans still paled in comparison to the total economic activities of the PEC, which were used to stimulate an otherwise languishing economy—in 1926, PEC subsidiaries lent out a total

⁸⁹ Ronen Shamir, *Current Flow: The Electrification of Palestine*, 1st ed. (Redwood City: Stanford University Press, 2013), 124; Giladi, *The Yishuv in the era of the fourth Aliyah*, 214.

⁹⁰ Muṣṭafā Kabahā and Nahum Karlinsky, *The Lost Orchard: The Palestinian-Arab Citrus Industry, 1850-1950*, First edition, Contemporary Issues in the Middle East (Syracuse University Press, 2021), 46–47.

⁹¹ Viteles, *The Jewish Co-Operative Movement in Palestine*, 19. The rates of default for the first year can be seen in the following: Palestine Economic Corporation, “Second Annual Report,” 11, 84; Palestine Economic Corporation, “Supplement to the Second Annual Report,” 1929, 11. These low rates of default remained a consistent feature of the PEC’s work. The exception was a loan made to Solel Boneh which was made with the knowledge that a default was likely.

of 1.1 million dollars, and by the end of 1928, just two and a half years since the beginning of PEC's operations the Central Bank had lent 1.78 million dollars in over 700 separate short term loans and 1.5 million dollars were lent out through other subsidiaries, not including the Central Bank.⁹²

While these sums might have been unremarkable in a large economy such as the United States, they represented a major stimulus in the context of the Jewish economy in Palestine, where total annual capital investment fluctuated between \$7.5 and \$10 million each year from 1926 to 1929.⁹³ While not all investment was funded by loans, and not all loans translated directly into new capital formation, the scale of PEC lending nonetheless made it a critical source of liquidity—often determining whether projects could proceed at all. As with its long-term lending, the bulk of these short- and intermediate-term loans were directed toward agricultural cooperatives, but the PEC also supported middle-class entrepreneurs and urban development—offering, for example, a substantial loan for housing in Tel Aviv and a particularly generous credit line to Solel Boneh in an effort to keep the construction firm afloat.⁹⁴

All evidence suggests that these capital infusions had the intended effect of sustaining Palestine's Jewish economy through crisis. While investment in urban centers dropped sharply and existing financial institutions withdrew capital, agricultural investment increased every year from 1925 to 1928. Some of this growth was driven by new personal capital flowing into orange groves; however, even excluding citriculture, agricultural investment still saw a modest rise during these years despite a widespread liquidity crisis—a trend largely attributable to the PEC's

⁹² Palestine Economic Corporation, "First Annual Report," 26; Palestine Economic Corporation, "Second Annual Report," 77; Palestine Economic Corporation, "Supplement to the Second Annual Report," 16. These 1.78 million dollars in loans was a considerable increase in lending by the Central Bank. In the three years prior to the PEC's operation the bank had lent roughly half the amount in short term loans as it did in the first 2.5 years after the PEC's creation. The 1.5 million dollars lent through other subsidies included both short- and long-term loans, some of which will be discussed in chapter four.

⁹³ Metzger, *The Divided Economy of Mandatory Palestine*, 23. Metzger's numbers are in 1936 pounds, and adjusted by me into dollars. Metzger disaggregates between capital import and investment, giving a truer sense of actual investment in the period, albeit one lower than reported at the time when including capital import as investment was a standard practice.

⁹⁴ Palestine Economic Corporation, "First Annual Report," 18; Palestine Economic Corporation, "Second Annual Report," 46. Both of these examples were actually long term loans, but given through alternative channels given their non standardized practice of being a long term non-agricultural loan.

novel capital infusions.⁹⁵ More significantly, productivity per person in agricultural settlements improved as new infrastructure and equipment, made possible by long-term loans, took effect. Dan Giladi, the foremost historian of the Fourth Aliyah (1924-1929) and the ensuing economic crisis, directly credits the PEC's investments during these years for enhancing the efficiency of the agricultural economy and compensating for the lack of other sources of investment capital.⁹⁶ Furthermore, the standardization of financial record-keeping made agricultural cooperatives more attractive to other financial institutions, not just banks but other transnational Jewish corporations which would be formed in the coming years to invest in Palestine.⁹⁷ Whereas the economic crisis of the late 1920s had stemmed in part from overinvestment in Tel Aviv construction—then viewed as the only reliable long-term investment—the PEC's disciplinary measures helped prevent future overconcentration, fostering a more diversified investment landscape.⁹⁸ Finally, the influx of capital into agricultural settlements allowed the Zionist Organization to end the Dole: in April 1928, with the agricultural economy stabilized, the ZO announced the termination of financial relief for unemployed urban workers and began directing them toward work in the settlements.⁹⁹

The economic relief provided by the PEC, however, was exclusively directed toward Jewish residents and the Jewish economy of Palestine. Guided by a “mission capitalist” ideology centered on Jewish regeneration, productivity, and immigrant absorption, the PEC saw no reason to extend loans to Arabs. Indeed, PEC officials prior to 1929 viewed Arabs primarily as economic competitors; a loan extended to Arabs was perceived as not only diverting resources from their explicitly Jewish-focused objectives, but actively funding their competition.¹⁰⁰ Given the scarcity of long-term capital in Palestine and the PEC's pivotal role in stabilizing the Yishuv

⁹⁵ Metzer, *The Divided Economy of Mandatory Palestine*, 244–45.

⁹⁶ Giladi, “The Economic Crisis during the Fourth Aliyah,” 137.

⁹⁷ See chapter 4 of this dissertation to see more about other global Jewish investors which followed the PEC.

⁹⁸ Giladi, “The Economic Crisis during the Fourth Aliyah,” 123. Giladi's claim directly relates to the overconcentration in Tel Aviv and the benefit of diversification.

⁹⁹ Giladi, “The Economic Crisis during the Fourth Aliyah,” 145.

¹⁰⁰ “The American Jewish Committee Meeting of the Executive Committee Held on March 10, 1918,” March 10, 1918, 38, AJC digital archive, <http://www.ajcarchives.org/ajcarchive/DigitalArchive.aspx?panes=2>; “Proceedings of Non-Partisan Conference to Consider Palestine Problems,” February 17, 1924, 60, Berman Jewish Policy Archive.

during the economic crisis, the resulting recovery deepened racial stratification, widening the gap between the economic prospects of Jews and Arabs more profoundly than before.¹⁰¹

As discussed in greater detail in chapters 3 and 4, PEC leaders belatedly recognized after the intercommunal violence of 1929 that Arabs constituted not just economic competitors but, as the majority of Palestine's population, an integral part of the region's social and economic fabric. Following the violence, PEC leaders, notably Felix Warburg, publicly emphasized the necessity of inclusive economic development benefiting both Jews and Arabs.¹⁰² Nevertheless, this lofty rhetoric failed to translate into tangible actions. Despite explicit appeals from British authorities urging the PEC to assist Arab cooperative formation and offer direct loans to Arabs, the PEC consistently refused. Only a single exception emerged—a 500 dollar loan provided indirectly to Arab cooperatives through a Jewish intermediary cooperative.¹⁰³

PEC officials frequently justified their refusal to lend to Arabs by claiming they lacked the infrastructure and expertise necessary to evaluate Arab creditworthiness effectively.¹⁰⁴ However, this explanation is unpersuasive, given the comprehensive system of accounting, auditing, and inspections the PEC had successfully established in just a few years to manage loans to Jewish cooperatives. Whether explicitly acknowledged or not, the reality remained that PEC leaders had little genuine interest in extending financial resources to Arabs either before or after 1929. Moreover, when discussing the possibility of loaning to Arabs, PEC leadership consistently assumed Arabs inherently posed a higher credit risk, presuming they would default at greater rates than Jewish borrowers—even though the limited data PEC officials themselves collected contradicted this assumption.¹⁰⁵

¹⁰¹ Metzer shows a stark divergence in Arab and Jewish economic outputs beginning in 1927. Arab annual economic productivity growth remains well below Jews until 1933. Metzer, *The Divided Economy of Mandatory Palestine*, 21–22.

¹⁰² Medoff, *Baksheesh Diplomacy*, 28.

¹⁰³ Memorandum: Conference with Mr. Ben Gurion About the Arab Situation, 1931, box 22, folder Agriculture long term loans September 1929, NYPL; Memorandum: Conference with Mr. Eliezer Jacobson of Rehovot in the office of the Central Bank, 11 February 1932, box 24, folder Arab Loans 1930-1937, NYPL.

¹⁰⁴ Correspondence from Unknown to Mr. Warburg, August 12, 1931, Memorandum of Conversation Between Mr. Flexner, Mr. Goldsmid, and Mr. Singer, 9 September 1931, box 24, folder Arab Loans 1930-1937, NYPL.

¹⁰⁵ Memorandum: K.V. Tiberias, July 28, 1932, box 24, folder Arab Loans 1930-1937, NYPL.

In justifying their decisions not to lend to Arabs, PEC leaders again drew on evolving American banking practices, reflecting a blend of overt racial prejudice and ostensibly neutral financial risk assessment. Initially, the refusal to loan to Arabs mirrored historical racial discrimination common in American banking, in which loans were explicitly withheld based solely on race. Following 1929, the PEC shifted toward a less openly racialized justification, but the underlying racial biases and discriminatory outcomes remained unchanged, now cloaked in the ostensibly neutral and scientific language of statistical credit evaluation. Much like early practices that foreshadowed American “redlining,” Arabs were denied loans due to perceived, albeit inaccurate, correlations between their race and higher credit risk, embedding racial prejudice within the supposedly impartial equations of modern finance.¹⁰⁶

Ultimately, the PEC’s lending practices reshaped Palestine’s economy along stark racial lines, reinforcing and institutionalizing inequalities between Jewish and Arab Palestinian communities. While claiming to introduce modern, objective standards of financial discipline and credit evaluation, the PEC’s approach systematically excluded Arabs, deepening existing divides. By extending capital selectively and imposing stringent standards that favored Jewish economic development, the PEC played a critical role not only in stabilizing the Jewish economy but also in entrenching racialized disparities that would have profound implications for Palestine’s future economic and social trajectory.

“A Paying Proposition”: Zionist Requests for PEC Loans¹⁰⁷

Given the severe shortage of liquid capital in Palestine, the Zionist movement quickly recognized the significance of the PEC’s entry into the region. From its inception, top Zionist officials viewed the PEC as critical to their project’s success. Yet the ambivalence of PEC leaders like Marshall and Warburg toward Zionism—and their insistence on an “apolitical” stance—initially led them to reject these overtures. In practice, this meant the PEC explicitly refused to

¹⁰⁶ A good overview of the role of race in American financing can be found in Lisa McKay, *How the Racial Wealth Gap Has Evolved—and Why It Persists* (Federal Reserve Bank of Minneapolis, 2022).

¹⁰⁷ “A Paying Proposition” is quoted from Van Vriesland Memo 1926. The full quote can be found at the beginning of this chapter.

finance projects that had been founded and funded by the Palestine Zionist Executive, and refused to accept as collateral land owned by the Jewish National Fund (on which many settlements were built).

In contrast to the PEC's ambivalent stance, Zionist leaders in Palestine and Europe actively sought non-Zionist financial backing for Jewish settlement efforts. In February 1926, Siegfried Adolf Van Vriesland, treasurer of the Zionist Executive, penned a memo titled "Proposal on Participation of the PEC in the Colonization Work in Palestine," stating his intention to make the PEC a key player in the Zionist movement in Palestine. Van Vriesland was keenly aware of how illiquidity was affecting the Zionist movement's ability to establish new settlements. This was due not only to meager budgets for Zionist colonization but also to the Palestine Zionist Executive's practice of subsidization. Under the leadership of Arthur Ruppin, the Palestine Zionist Executive actively sponsored the creation of Jewish settlements in Palestine. It provided JNF land, coordinated and trained settlers, and alleviated costs by subsidizing settlements through direct capital transfers.¹⁰⁸ Despite Ruppin's efforts to minimize the financial burden on the Zionist budget by adapting non-capital-intensive forms of settlement, the cost of these subsidies ballooned. By 1926, virtually all funds raised by Zionists abroad for colonization were tied up in existing settlements.¹⁰⁹ Even as settlements became otherwise self-sufficient, the PZE continued to provide subsidies or extremely low-interest (3%) loans, as the lack of liquidity in Palestine meant that even relatively mature settlements had little access to loan capital for the numerous capital-intensive investments required in farming settlements.¹¹⁰

This burden of subsidization had created what Van Vriesland labeled in his memo "an impossible proposition" in which Keren Hayesod funds were being demanded for "new colonization and at the same time have its funds tied up in all existing self-supporting settlements

¹⁰⁸ E. Bloom, *Arthur Ruppin and the Production of Pre-Israeli Culture* (Brill, 2011), 212–15.

¹⁰⁹ Van Vriesland Memo 1926; Giladi, *ha-Yishuv bi-tekuvat ha-'aliyah ha-revi'it (1924-1929): behinah kalkalit u-foliit* [*The Yishuv in the era of the fourth Aliyah (1924-1929)*], 220.

¹¹⁰ Giladi, *The Yishuv in the era of the fourth Aliyah*, 221.

for long periods...”¹¹¹ The impossibility of this situation had resulted in Zionist funds, raised by the global fundraising organization the Keren Hayesod, being funneled exclusively to existing obligations in established settlements, and the need to pause all new colonization unless an alternative source of capital could be found.¹¹²

According to Van Vriesland, the PEC provided the solution to this existential problem. Van Vriesland proposed that the PEC offer what he labeled “quasi-investment” by providing loans to or assuming existing debt from settlements that had graduated from the earliest “colonization phase” of settlement and the need for direct subsidization but had no access to capital markets to support their continued growth, expansion, or unexpected needs.¹¹³ Loans to these settlements could still be expected to turn a profit but would be high risk with little security and no commensurate high rate of interest to be considered by a commercial bank. By granting these loans, the PEC would relieve the PZE from having to support many of the existing Zionist settlements and free Keren Hayesod funds to be directed toward the creation of new settlements. Thus, the PEC could provide vital assistance to the Zionist settlement program without ever having to funnel a single pound to a new settlement. While Van Vriesland may have thought that only supporting existing, rather than founding new settlements was sufficient for PEC leaders to claim a separation from the Zionist movement, he appears to have misjudged the sort of boundaries PEC leaders were anxious to maintain from Zionism.

Despite this misjudgment Van Vriesland was so confident in the necessity of the PEC that he stated, “If such capital fund did not exist for Palestine in the P.E.C., a similar institution with the same program would, needs [sic], have to be created.”¹¹⁴ Even the reality that the PEC would likely have only moderate long-term capital to offer in 1926 failed to dampen Van Vriesland’s enthusiasm. He suggested that the transition away from Zionist subsidies would be gradual but

¹¹¹ Van Vriesland Memo 1926, according to Van Vriesland’s memo some settlements in this period would be economically self-sustaining as long as they had access to loan capital.

¹¹² Giladi, *The Yishuv in the era of the fourth Aliyah*, 220.

¹¹³ Van Vriesland Memo 1926. In the memo Van Vriesland specifically discusses the purchasing of debt by the PEC from the Keren Hayesod, however, in later correspondence Van Vriesland is equally open to the idea of the PEC just offering new loans.

¹¹⁴ Van Vriesland Memo 1926.

would eventually become a permanent fixture of the Zionist program: a phased ceding of direct Zionist support for settlements to a more “normal” source of capital. According to Van Vriesland, and as shown in the below chart, settlements in Palestine would eventually fall into one of three categories of financial maturity, categories which would dictate how and from whom they could access capital.

Maturity of Settlement	Type of capital	Provider of Capital
Colonization phase ¹¹⁵	Subsidization	Zionist organization (funds raised by Keren Hayesod and distributed by PZE)
Self-sustaining settlements	quasi-investment	PEC or similar organizations
Mature settlements ¹¹⁶	investment	Commercial Banks (Barclays, Anglo-Palestine Bank)

Van Vriesland’s financial skills outpaced his political acumen. In a strategic blunder, Van Vriesland traveled to New York and presented this plan—quickly dubbed the “Van Vriesland Plan”—in full to the leadership of the PEC, directly linking the PEC’s proposed role to the overt success of the Zionist settlement program. While he marshaled endorsements from influential PEC allies like Louis Brandeis and Elwood Mead, his plan’s candid acknowledgment of the PEC’s crucial role in achieving Zionist aims fundamentally clashed with the non-Zionist leaders’ belief in their “non-political” approach.¹¹⁷ The PEC’s non-Zionist leaders had carefully justified their activities in Palestine by asserting that their institutional independence and strictly market-based operations insulated them from direct Zionist entanglement. Even the Zionist members of the PEC leadership, members of the so-called “Brandeis-circle” such as Bernard Flexner and Julius Simon, broadly shared some of these concerns (see chapter one) and were more than

¹¹⁵ It was typical of both Zionists and non-Zionists to refer to colonization only as the earliest steps of a new settlement in Palestine, even as they used the label of colonization to refer to the entire project of Jewish settlement in the region.

¹¹⁶ the term “mature settlements” is my own. Van Vriesland doesn’t actually have term for these settlements, likely because they seemed such a distant possibility. Instead, he just referred to them as “investments.”

¹¹⁷ Van Vriesland to Weismann, 19 March 1926, A114/227, CZA.

willing to frame their work in Palestine in ways which conformed to their non-Zionist colleagues' preferences. By openly positioning the PEC as essential to financing settlements affiliated with the Palestine Zionist Executive, Van Vriesland's proposal stripped away the carefully constructed narrative of PEC neutrality, explicitly highlighting the inherently political implications of their investment decisions. This overt framing directly undermined the PEC leadership's claims to apolitical operations and was thus destined to provoke resistance.

Not surprisingly, the PEC leadership was unimpressed with the Van Vriesland Plan. While they technically refused to offer a definitive answer for what they saw as a hypothetical loan program (rather than a specific request), Van Vriesland wrote that the PEC leaders were "thoroughly pessimistic" about his plan and had a "great embitterment versus the Zionists."¹¹⁸ Afterward, a distraught Van Vriesland wrote to Weizmann acknowledging that perhaps he had been too eager in his approach to this matter of "great importance" but said without the support of these Jewish capitalists investing directly in the colonies the Keren Hayesod would be faced with "hav[ing] to freeze its credits for long periods."¹¹⁹

Ironically, despite the PEC leadership's harsh response, there was little in the Van Vriesland Plan that differed from the PEC's self-described mission in Palestine. Just like Van Vriesland, the PEC spoke of their work as quasi-investment—investments that would yield a profit but were deemed too risky for traditional financial institutions. Like Van Vriesland, the PEC leadership saw investments as a tool to promote the self-sufficiency of Jewish settlers and increase the economic absorptive capacity of Palestine. However, Van Vriesland made the logical leap that the PEC leadership always avoided, demonstrating that since money is fungible, each pound invested by the PEC towards Jewish institutions in Palestine relieved the Zionist movement of a potential financial burden and allowed them to direct their money elsewhere. Accepting a plan that put this reality in such blunt terms would force the PEC leadership to concede that their imagined separation from Zionism was nothing more than fiction.

¹¹⁸ Van Vriesland to Singer, February 19, 1926, A114/228, CZA.

¹¹⁹ Van Vriesland to Weizmann, 19 March 1926, A114/227, CZA.

The non-Zionist leaders of the PEC had created their institution as a way out of the paradox of opposing some of the foundational claims of Zionism—that Judaism is a nationality, and that Jews should strive for some form of national autonomy—while having no viable place to resettle Jewish refugees but Palestine. The solution to this apparently impossible proposition was to claim that there were ways to support Jewish settlement in Palestine without supporting Zionism. In order to maintain even a semblance of this fiction, the PEC leaders chose to reject Van Vriesland's plan. Van Vriesland reported that PEC leaders emphasized their desire to keep their operations separate from Zionists, stating, "The Zionists do what they want. We should not relieve them but do our own work," and "The P.E.C. has nothing to do with the Zionist aspect such as the economic program of the Executive."¹²⁰ The vehemence of the PEC's protests, however, seems to reflect less a coherent separation from Zionism than an underlying anxiety about the flimsiness of their own logic that settlement in Palestine at the time could be separate from Zionism—and a persistent need to reassure themselves of the validity of their position.

Despite these seemingly clear rejections, Van Vriesland believed that with just a few more meetings, he could convince the PEC leadership of the utility of his plan. The task of informing him of the hopelessness of his methods fell to Paul Singer, the PEC's representative in London, who often served as the liaison between the European leadership of the Zionist Organization and the PEC's New York leadership. Singer told Van Vriesland that the PEC leadership's judgment of his plan was more negative than he realized and that there was little point in trying to convince them otherwise. Singer made clear that Van Vriesland had been poorly advised to approach the PEC and lay out his plan in such stark terms. However, Singer rather prophetically predicted that with patience and the right tact, "there is a fair chance of your getting in substance the assistance which you want..." He finished his note to Van Vriesland by discussing the difference between the leaders of the ZO and the leaders of the PEC, which he believed was not a difference of ideology but rather one of emotional disposition. Singer

¹²⁰ Van Vriesland to Singer, February 19, 1926, A114/228, CZA

explained that while the men of the ZO were men of action, the PEC leadership were men of “calm thought” who preferred to give matters great consideration and ponder the long-run results of their actions.¹²¹

It is difficult to determine how much these assertions reflected reality as opposed to self-perception, but—as discussed in chapter one—they reveal yet another strategy by which PEC leaders attempted to differentiate themselves from Zionists: by cultivating an image of continence, dispassion, and strict adherence to market rationality. Working closely with both the PEC leadership and the Zionist movement, Singer observed firsthand the importance of this self-perception among PEC leaders. According to Singer, PEC leaders prided themselves on being calm, dispassionate, and analytical—rational decision-makers guided by the logic of the market. Yet, as demonstrated throughout the previous chapter, this posture of rationality was itself based on a series of logical and analytical fallacies—especially the conviction that a market based approach was inherently non-political. Ironically, as we are about to see, it was this very logic of market rationality that would ultimately be turned against the PEC leadership, leading them to support precisely the kind of settlement funding they had once rejected.

Active Recipients: Changing PEC Policy from Palestine

In his note to Van Vriesland, Singer highlighted that if Zionists wanted access to PEC capital, they would have to operate according to the logic of the PEC—they needed to craft appeals based not on the importance of aiding the Zionist movement, but rather based on a discourse of helping Jews settle in Palestine through the mechanisms of a supposedly dispassionate economic rationality. This appeal on Zionists’ behalf, based on logic and reason, would come soon and from an unexpected source—the PEC’s representative in Palestine, Harry Viteles, who through keen maneuvering and a deep understanding of the PEC leadership’s perspective would permanently shift his bosses’ policies, and open the doors for the PEC to lend directly to Zionist funded settlements.

¹²¹ Singer To Van Vriesland, 2 March 1926, A114/228, CZA

While the PEC's American leadership generally agreed to avoid making loans to settlements supported by the Palestine Zionist Executive (PZE), they rarely stated this policy outright. Instead, they typically resorted to coded language, claiming only that they were unwilling to lend to a Zionist settlement "on general principles." This vague phrasing signaled their underlying disapproval of Zionism and its institutions, even as their actions aligned with many of the same practical goals of Jewish settlement.¹²² Viteles, however, had no similar qualms about loaning to Zionist settlements. He was very supportive of the cooperative nature of the kibbutzim and moshavim, and explicitly asked the PEC to delineate a policy on loaning to Zionist settlements.¹²³ Before the PEC leadership could respond with a definitive policy, Viteles took a seemingly minor action that would force the PEC's hand on the matter—he approved a loan of sixty pounds—far smaller than any other PEC long-term loan—for the building of a chicken coop at Nahalal, a PZE-supported moshav.¹²⁴

When the PEC leadership learned of the loan, they were apoplectic, upbraiding Viteles and stating that "the loan was entirely unauthorized" and they "very much regret that [Viteles] gave it."¹²⁵ The anger was understandable—Viteles was required to seek approval for all long-term loans from the PEC and was not authorized to lend out PEC money, no matter how small the amount, without the American board's approval. The PEC leadership claimed to Viteles that their anger over the matter had nothing to do with Nahalal being a Zionist settlement but rather a matter of process and security. Viteles had approved the loan without their knowledge, and for a settlement that had no land to offer as security.¹²⁶ They demanded that the loan be taken off their books immediately and transferred instead to the Central Bank, which already offered loans to

¹²² Singer To Flexner, February 9, 1927, box 1, folder Agriculture long term loans-general January 1927, NYPL [hereafter: Singer to Flexner, February 9, 1927]

¹²³ Memo: Recommendations of Mr. Viteles, box 1, folder Agriculture long term loans-general December 1926, NYPL.

¹²⁴ PEC executive to Viteles, February 4, 1927, box 1, folder Agriculture long term loans-general January 1927, NYPL (Hereafter: PEC executives to Viteles, February 4, 1927).

¹²⁵ PEC executives to Viteles, February 4, 1927.

¹²⁶ This was due to the fact that the Jewish National Fund rather than the members of Nahalal owned the land. PEC executives to Viteles, February 4, 1927; Viteles to PEC executives, March 7, 1927, box 1, folder Agriculture long term loans-general January 1927, NYPL (Hereafter Viteles to PEC executives, March 7, 1927).

Zionist cooperatives, albeit only short-term loans. Of course, the difference between the loan being a Central Bank loan or a PEC loan through the Central Bank was largely semantic. The PEC was the majority owner of the Central Bank and therefore was financing much of the loan regardless.¹²⁷ In addition, transferring the loan to the bank would do nothing to change the terms of the loan, the effect on Nahalal, nor improve the security of the loan. Yet the PEC insisted repeatedly that it was “a matter of principle” and that moving the loan to the Central Bank wasn’t just important, but urgent for the PEC.¹²⁸ While PEC leadership tended to maintain the stance that their request had nothing to do with Nahalal being a PZE settlement, on one occasion Paul Singer, the PEC’s representative in London, made the reality clear. In a letter to another PEC board member, Singer stated, “you will recall that this deals with a loan to Nahalal which we did not want to grant because we did not want to create the precedent of granting long-term loans to Zionist settlements.”¹²⁹

Why, then, did the PEC leadership react with such intensity to a loan that was, in practical terms, a tiny portion of their overall budget? At its core, this anger reveals that the distinction between non-Zionist and Zionist support for Jewish settlement in Palestine was less about concrete differences in economic practice and more about the self-conception and ideological identity of the PEC leadership. Maintaining a perception of separation from the Zionist movement was crucial less for external audiences, than for themselves. It allowed the PEC leaders—who did have some genuine ideological differences in regards to Jewish nationalism with the Zionist movement—to imagine themselves as responsible, controlled, and principled actors, distinct from Zionists, whom they imagined as ideologically hot-headed, and irresponsible. This loan, however, undercut the very notion that such separation was possible, exposing the fiction that non-Zionist support for Jewish settlement could exist entirely outside the political aims of the Zionist movement. In effect, it marked the beginning of the collapse of

¹²⁷ Viteles to PEC executives, March 7, 1927.

¹²⁸ Singer To Flexner, February 9, 1927

¹²⁹ Singer to Cohen, August 15, 1927, box 56, folder Nahalal 1927-1928, NYPL.

the last, already fragile firewall between the PEC and the Zionist movement—forcing the PEC to confront the reality that their activities were, inevitably, part of the same larger project.

While Viteles executed the order to move the loan off the PEC's books and onto the Central Bank, he made no secret of his displeasure with the PEC's policy and its underlying hypocrisy. Rather than addressing the PEC's legitimate grievances—that the loan had been made without proper approval and lacked adequate security—Viteles instead repeatedly pressed the broader point: that the PEC appeared unwilling to lend to Zionist settlements for reasons that had little to do with business.¹³⁰ Speaking in the plural, as if representing the entire Advisory Council (a rhetorical strategy he often employed), Viteles warned that without some willingness to lend to PZE-supported settlements, “it will be impossible to avoid creating the impression that the P.E.C. is boycotting the Palestine Zionist Executive settlements.”¹³¹

Viteles sharpened his case further by pointing out that the economic prospects and security of a loan to Nahalal were no worse than those of other loans already granted to cooperatives at Rishon LeZion or Motza. He argued that refusing to lend to settlements such as Nahalal, Kfar Yehezkel, and Ben-Shemen—solely because they were PZE-supported—ran counter to the PEC's own professed commitment to act on strictly business principles. He warned that even the expert committee believed the PEC's reluctance was driven by politics, not economics—a point he clearly intended as a challenge to the self-image of the PEC leadership as rational and apolitical actors.¹³² In doing so, Viteles subverted the PEC's own logic: while the leadership viewed lending to Zionist settlements as a political act, he argued that it was, in fact, the refusal to lend—based solely on PZE affiliation—that constituted a political intervention. By holding Zionist-supported settlements to a different standard despite equivalent economic conditions, the PEC was itself acting on political motivations, undermining its supposed neutrality and rationality.

¹³⁰ Viteles to PEC executive, March 7, 1927, box 56, folder Nahalal 1927-1928, NYPL, Viteles to Flexner, June 18, 1926.

¹³¹ Viteles to PEC executives, March 7, 1927.

¹³² Singer to Bawly May 6, 1927

Viteles' intervention proved remarkably effective. The PEC leadership, compelled to maintain their image as apolitical financial actors, seemed stung by the accusation of political bias and began to reconsider their position almost immediately. Within a month, a PEC leader confirmed that so long as the 60-pound loan for the chicken coop was removed from its books, the PEC would consider—and likely grant—a much larger loan request for Nahalal.¹³³ This rapid about-face, coming just a year after the refusal of the Van Vriesland Plan and only weeks after a board member had insisted on avoiding the “precedent of granting long-term loans to Zionist settlements,” raises a crucial question: what changed?

The answer lies in Viteles's rhetorical precision and the challenge he posed to the PEC's core identity. By demonstrating that the PEC could not plausibly claim to operate “on a strictly business basis” while refusing loans to otherwise qualified settlements for political reasons, Viteles exposed the logical inconsistency at the heart of the PEC's position. Likely, the PEC leadership also feared reputational damage if they were perceived as enacting a boycott of Zionist settlements. But perhaps most fundamentally, Viteles's challenge undermined the PEC's cherished self-conception: instead of embodying “calm thought” and detached economic rationality, their stance was exposed as driven by emotion and political calculation.¹³⁴ Rather than truly confronting the entanglement of economics and politics, the PEC leadership shifted their position and began lending to Zionist settlements—an adaptation aimed less at acknowledging reality than at preserving their own self-image as principled, rational actors above the political fray.

So eager were the PEC to maintain their self perception and prove Viteles incorrect that they suddenly went out of their way to find a Zionist settlement to loan money to. Correspondence between the PEC leadership reveals that shortly after Viteles' letter accusing them of a political boycott of Zionist settlements, the PEC leadership began discussions on

¹³³ PEC executive to Viteles, March 31, 1927, box 1, folder Agriculture long term loans-general January 1927, NYPL; Unknown author to Cohen, April 22, 1927, 2326, box 1, folder Agriculture long term loans-general April-July 1927, NYPL.

¹³⁴ Singer To Van Vriesland, 2 March 1926, A114/228, CZA

intentionally finding a Zionist settlement with adequate finances to offer them a loan—a loan designed to prove they weren’t avoiding loaning to PZE settlements.¹³⁵

To review the various whiplash-inducing twists and turns: initially, the PEC was unwilling to lend to PZE settlements. While they claimed this was for purely economic reasons, the reality—which they occasionally admitted amongst themselves—was that they were choosing not to lend to PZE settlements because they were supported by the Zionist movement. After the PEC demanded the Central Bank remove an unauthorized loan to a Zionist settlement from their books, Viteles took the PEC leadership to task for their behavior—accurately accusing the PEC of intentionally avoiding loans to PZE settlements for reasons that had nothing to do with economics. So eager to avoid this (true) accusation, the PEC not only reversed its policy but proactively sought to find a Zionist settlement to which it could lend to in order to prove that they were not boycotting Zionist settlements. Ironically, in doing so, the PEC again put a thumb on the scale, but now on the other side, subverting their normal lending procedures to proactively find a PZE settlement to lend to. In the end, what counted as “political” or “apolitical” was not an objective truth, but a continual negotiation between the PEC and its intermediaries in Palestine as they sought to justify their choices. More broadly, the PEC’s experience reveals how, in a landscape where Zionism defined the terms of Jewish settlement, the aspiration to conduct purely apolitical economic activity was ultimately impossible—laying bare the inseparability of economic action and political reality in the making of modern Palestine.

Ultimately, the PEC decided the best settlement to lend to was, in fact, Nahalal and offered a 500-pound loan for the construction of a new general store. Since the settlement couldn’t offer its land as security, the PEC proposed a novel solution: the Central Bank would pay 500 pounds for the erection of the general store and register the store in its name. They would then charge rent to Nahalal for five years to cover the cost of the loan plus interest. At the

¹³⁵ Singer to Simon, March 21, 1928, box 1, folder Agriculture long term loans-general March-April 1928, NYPL; Singer to Bawly, May 6, 1927.

end of the five years, assuming the rent was paid in full, the Central Bank would transfer ownership of the general store to the settlement.¹³⁶

The PEC intended this arrangement, and the entire practice of lending to a PZE-supported settlement, to be an exception designed to prove their willingness to do so, but not a new policy. They were soon disappointed, however, when Ben Shemen, another moshav supported by the PZE, requested a loan and explicitly noted the loan to Nahalal as a precedent.¹³⁷ More importantly, Viteles was unsatisfied with the single loan to Nahalal and was ceaseless in requesting new loans to Zionist settlements. Just a week after the loan for the general store was approved, Viteles floated another idea of a 1,000-pound loan to Nahalal for the purchase of cows. In this case, he suggested a herd of cattle valued at over 10,000 dollars could be used as security for the loan. Given the excessive security on the loan of movable property (far better terms than any other cooperative had offered), and that the PEC had already approved a loan to Nahalal, it seemed difficult to refuse. To apply further pressure, however, Viteles made clear that a single loan to a PZE settlement wasn't enough to prove the PEC wasn't boycotting Zionist settlements, stating, "We have so far refused loans in Nahalal as being a Zionist settlement although granting a loan for building for a consumer's store there."¹³⁸ With this pressure from Viteles and the highest recommendation from the Advisory Committee on the loan, the PEC had little ground to refuse and ultimately approved the loan with less drama than their first loan to Nahalal.¹³⁹

Still, Viteles pushed harder, making clear that neither he nor the Advisory Committee were satisfied with the PEC's lending to a single Zionist settlement. In late 1927, Viteles

¹³⁶ Unknown sender to Viteles, April 29, 1927, box 1, folder Agriculture long term loans-general April-July 1927, NYPL. Of course, as Viteles would point out, such an arrangement hardly improves security. If Nahalal had been unable to pay the rent to the Central Bank, maintaining ownership of a general store on JNF land in the Nahalal settlement would hardly be remunerative.

¹³⁷ Singer to Viteles, July 18, 1927, box 1, Agriculture long term loans-general April-July 1927, NYPL.

¹³⁸ Singer to Flexner, May 5, 1927, box 56, folder Nahalal 1927-1928, NYPL. While the letter came from Singer it quoted a report from Viteles. Later Viteles would claim said that he had either never offered 10,000 dollars security (which he had), or if he had, it was a typo. This was after the loan process was almost completed. While it's impossible to know for sure if this was intentional, it appears it may have been.

¹³⁹ Bernhardt to Singer, October 24, 1927, box 56, folder Nahalal 1927-1928, NYPL.

advocated for a loan to the Kibbutz Degania. Anticipating the PEC response, Viteles made clear in his initial request that the Advisory Committee had determined Degania was self-supporting and no longer receiving subsidies from the PZE.¹⁴⁰ Unable to state their true reason for denying the loan—their continued unwillingness to be seen as supporting Zionist settlements—the PEC rejected Viteles' request, stating that they did not believe Degania to be self-sufficient. Viteles was merciless in his response, stating, "As we are the 'experts,' it was the advisory committee and not the PEC who could determine the economic standing of Degania." He also emphasized that even a few loans to Nahalal were not enough to sway opinion in Palestine on the PEC's relationship to Zionist settlements, stating after the refusal, "It is not surprising that all members of the advisory Committee are under the impression that Zionist Executive Settlements are not receiving fair treatment, — in spite of your favorable decision on the Nahalal Cow and Building applications."¹⁴¹ Underlying this ongoing dispute was a deeper irony: the PEC's policy rested on a narrow definition of "Zionist settlement," focusing only on those created with official support from the PZE, when in reality, nearly all agricultural settlers in Palestine identified as part of the Zionist movement. In practice, this selective distinction could never fully obscure the fact that, by the late 1920s, Jewish settlement in Palestine was inseparable from Zionism itself.

To bolster his case that Degania was no different from other settlements that had already received PEC loans, Viteles provided the PEC leadership with a litany of statistics demonstrating Degania's self-sufficiency.¹⁴² While the PEC had access to other data sources—such as newspaper and British government reports—they had come to rely on the comprehensive system of inspections, bookkeeping, and auditing established by the Central Bank. Ironically, this system, which Viteles had once resisted, now became his greatest leverage: as the gatekeeper of the facts, he controlled the flow of financial information the PEC deemed essential for

¹⁴⁰ Viteles to PEC Executive, December 29, 1927, box 1, folder Agriculture long term loans-general January 1928, NYPL.

¹⁴¹ Viteles to Bernhardt, March 22, 1928, box 1, folder Agriculture long term loans-general March-April 1928, NYPL.

¹⁴² Viteles to Bernhardt, May 31, 1928, box 2, folder Agriculture long term loans May-July 1928, NYPL.

responsible lending. Viteles used this position to full advantage, contrasting his evidence-based approach relying on “facts” with what he characterized as the PEC’s reliance on mere “opinions.”¹⁴³ Viteles again proved to have an exceptional understanding of his bosses and an impressive instinct for using their belief in market rationality to manipulate their actions. Unable to rebut Viteles’ claims that loaning to Degania made economic sense and committed to upholding their own logic of acting on a “strictly business basis” and “apolitically,” the PEC approved the loan to Degania.¹⁴⁴

One has to consider just how calculated Viteles’ actions were in this matter. While it’s possible he authorized the initial loan for a chicken coop at Nahalal with no ulterior motivation and simply accurately reflected the impressions of the Advisory Committee on the PEC’s decision against lending to PZE settlements, the evidence seems to suggest otherwise. First, Viteles had already accused the PEC of being unwilling to lend money to Zionist settlements before this unauthorized loan—so he was hardly unaware that a loan to Nahalal would be controversial.¹⁴⁵ Second, at no other time, even when extremely frustrated with the PEC’s decisions, did Viteles circumvent their approval for a loan. The terms of the agreement between the PEC and the Central Bank were simple and explicit, and there is no reason to think that Viteles happened to misunderstand them on this lone occasion.

In addition, Viteles repeatedly demonstrated not only political astuteness but also a willingness to employ dubious and manipulative tactics to advance his objectives. For instance, in late 1927, he urged the PEC to make an exceptional five-year loan to Mr. Abrevaya, the Tel Aviv manager of PICA, for the expansion of his orange groves—despite the fact that the annual

¹⁴³ Flexner Memo on Loans, July 18, 1928, box 2, folder Agriculture long term loans August-October 1928, NYPL.

¹⁴⁴ The potential contradiction that Degania was founded by the Labor movement and appeared opposed to the PEC’s capitalist ideals was not much of a sticking point for the PEC. Given their faith in economic rationality, PEC officials were convinced the kibbutzim and moshavim would fail due to immutable economic laws. Therefore, from an economic perspective, the PEC was only concerned that settlers on the Kibbutz would stay on the land after what they believed to be the inevitable failure of the socialist experiment and transition to a moshavah, a colony populated by farmers engaging in capitalist methods of farming. While the PEC leaders objected to Degania’s association with the PZE, they seemed to believe that in offering these loans they were aiding the Labor institutions in their inevitable transition to capitalist practices. Singer to Van Vriesland, January 27, 1926, folder A114/228, CZA.

¹⁴⁵ Viteles to Flexner, June 18, 1926; unknown writer to Viteles, January 1929, box 2, folder Agriculture long term loans January 1929, NYPL.

budget for long-term loans had already been exhausted and that the loan was to an individual rather than a cooperative. Viteles's rationale was transparent: by extending such a favorable loan—what might reasonably be considered a bribe—he hoped to improve relations between the PEC and PICA.¹⁴⁶ While there is no definitive evidence, it is not difficult to imagine that Viteles's earlier unauthorized sixty-pound loan may have been part of a similar pattern of maneuvering to achieve his aims regarding long-term loans to Zionists. Finally, it is worth noting that, in her autobiography, Harry's wife Rose Viteles mentions that the couple were neighbors and close friends with Siegfried Adolf Van Vriesland and his wife Simcha. It seems likely that this personal relationship further motivated Viteles to advocate for the central ideas of the Van Vriesland Plan—especially his push for loans to Zionist settlements, even in the face of PEC resistance.¹⁴⁷

Viteles consistently prioritized the needs of Jewish settlers in Palestine in his dealings with the PEC, acting as an advocate for their interests rather than as a mere functionary of the corporation. While he technically lacked the authority to decide who received PEC long-term loans, his role as intermediary gave him considerable influence. In championing the loan to Nahalal and skillfully managing the subsequent fallout—including securing the 500-pound loan for the moshav and a loan for Degania—Viteles leveraged his control over information and the PEC's reliance on his expertise to maximize benefits for Jewish settlers. He adeptly navigated the PEC's own logic and bureaucracy to secure new lines of long-term capital for PZE settlements.

The extent of Viteles's advocacy for Jewish settlers is thrown into sharp relief by his lack of comparable effort on behalf of Palestine's Arab population. Though Viteles could be a cunning and forceful champion for Jewish borrowers, his priorities had clear limits. While on several occasions Viteles advocated for lending money to Palestinian Arabs, he showed little

¹⁴⁶ Memo: Long term loan for Mr. Abrevaya, December 22, 1927, box 1, folder Agriculture long term loans-general December 1927, NYPL.

¹⁴⁷ Rose Viteles, *Rose Viteles An American in Israel: 1926-1957* (Hadassah Women's Zionist Organization, 1960), 10.

resolve in the face of PEC resistance or bureaucratic delay.¹⁴⁸ Rather than push back, he quietly accepted the exclusion of Arab borrowers, allowing the Central Bank's long-term lending to remain reserved for Jews.¹⁴⁹ Ultimately, Viteles's tactical skill and determination were marshaled in service of a specific vision for Palestine—one that centered Jewish settlement above all else. As a result, his influence proved transformative for the prospects of Jewish cooperatives and Zionist settlements, even as Arab communities remained largely excluded from this new system of credit.

The impact of this advocacy was profound. After this point, disputes over loans to Zionist settlements largely disappeared; such loans became a routine part of PEC operations. In effect, Viteles had succeeded where Van Vriesland had failed, transforming the PEC into an active participant in Zionist settlement efforts. The PEC became a crucial source of desperately needed capital for settlements that had progressed beyond the need for subsidization but were not yet able to access commercial lending banks.

While the PEC's loans to PZE-supported settlements from 1926 until the end of 1928 were more modest than their loans to private settlements, they had a similar effect. The discipline imposed through the loan process, coupled with investments in capital improvements such as wells and irrigation pipes, increased per capita productivity in the PZE-sponsored settlements—though not as dramatically as in the private settlements.¹⁵⁰ Although the PZE could not eliminate the need for subsidies, the burden on Keren Hayesod to subsidize existing settlements was greatly diminished by 1929. The new line of credit, along with the improved economy, enabled the Zionist Organization to resume the creation of new Zionist-sponsored settlements in 1929.¹⁵¹

Conclusion

¹⁴⁸ Correspondence from Palestine Economic Corporation to Mr. Singer, 16 January 1931, box 24, folder Arab Loans 1930-1937, Palestine Economic Corporation records, NYPL ; Follow up can be found in Correspondence from F. H Kisch to Mr Viteles, 17 April 1931, box 24, folder Arab Loans 1930-1937, NYPL.

¹⁴⁹ Correspondence from F. H Kisch to Mr Viteles, 17 April 1931; Correspondence from Unknown to Viteles, 30 June 1931.

¹⁵⁰ Giladi, *The Yishuv in the era of the fourth Aliyah*, 224.

¹⁵¹ Giladi, *The Yishuv in the era of the fourth Aliyah*, 221.

By 1929, Palestine had weathered the worst of the economic crisis. Harvests improved, and unemployment stabilized. Multiple factors contributed to this recovery: the end of the drought, an improving trade imbalance, and the integration of relatively wealthy Polish immigrants into the economy, particularly through citriculture.¹⁵² Yet alongside these, the economic contributions of the PEC, which arrived on the scene when its capital was desperately needed, must be counted as a major factor.

The \$335,000 in long-term loans and millions more in short-term loans issued between 1926 and 1928 were just one dimension of the PEC's interventions. As explored in the next chapter, the PEC also made major investments in developing industry, purchasing land and constructing hotels—efforts that helped stabilize both urban and rural economies. While initially hesitant to lend directly to Zionist settlements, the PEC's eventual support eased the significant burden of subsidies for the Zionist movement. Although the sums lent to PZE-supported settlements were modest, they were critical given the PZE's perpetually overstretched finances. Beyond the financial relief, however, the PEC's influence can be measured by the structural transformation it helped bring to the Yishuv. Its insistence on capitalist “discipline”—requiring standardized accounting, annual audits, and legible books—helped institutionalize a modern financial infrastructure in Palestine.¹⁵³ This discipline, combined with the arrival of middle-class immigrants, pushed the Yishuv's economy toward a modern capitalist system and made it possible for cooperatives to access capital independent of the old colonization agencies.¹⁵⁴ In just a few years, the PEC had significantly altered the everyday workings of the Jewish economy in Palestine.¹⁵⁵

¹⁵² Scholars often consider the fourth Aliyah as having “brought” capitalism to Palestine, but the critical role of the PEC in disciplining has been overlooked Giladi, “The Economic Crisis during the Fourth Aliyah,” 135.

¹⁵³ Shamir, *Current Flow: The Electrification of Palestine*, 123.

¹⁵⁴ Giladi, “The Economic Crisis during the Fourth Aliyah,” 132.

¹⁵⁵ Punctuating this point in 1929 was David Ben-Gurion, the rising star in the Labor movement, along with other labor leaders' acceptance of capitalism in the Mandate and willingness to work together with the Yishuv's capital class to build the Jewish national home. Sternhell, *The Founding Myths of Israel: Nationalism, Socialism, and the Making of the Jewish State*, 175, 221, 239, 225.

Yet these so-called “apolitical” investments and managerial reforms were never just technical innovations; the “apolitical” capital and managerial expertise of non-Zionist American Jewish investors played a foundational role in the project of Zionist colonization. Their loans, oversight, and new standards of economic rationality did not merely stabilize the Yishuv in crisis; they provided the material and organizational foundations upon which Zionist settlement and, eventually, state-building would proceed. The very structures that enabled economic growth also helped reinforce the boundaries of the Jewish polity, sharpening patterns of exclusion that would have long-term consequences for Palestine’s majority Arab population.

While the chapter ends with the PEC leadership reassured in their “proof of concept”—that American capital could foster profit and development in Palestine—events in 1929 would soon force a new reckoning with both the political realities and the limits of “apolitical” intervention.

Chapter Three

Planning Progress, Engineering Inequality: Investment and Development at the Dead Sea and Haifa Bay

*Whoever holds the Dead Sea holds the key to the Middle East. It might be said that Haifa harbour, the electrification and irrigation of the Jordan valley, and the Dead Sea, constitute a unique industrial trilogy, which can unlock to the world great beneficent powers and revive again an active civilisation from the River Nile to the River of the Euphrates...*¹

- British MP Viscount Templetown

When conservative MP Templetown spoke the above words in the House of Lords in March 1929, he was weighing in on a bitter dispute over who should control the Dead Sea mineral concession: Moshe Novomeysky, a Jewish engineer, or a rival “all-British” syndicate. The controversy had simmered since 1927, when reports of Novomeysky’s private talks with the Colonial Office leaked and his opponents—led in the Commons by Conservative MP Charles Howard-Bury—denounced the scheme as a Zionist front for foreign interests.² For Templetown, the issue extended well beyond commerce. He cast the concession as a test of Britain’s ability to secure a strategic nexus of resources and infrastructure, essential to maintaining imperial dominance in the Middle East. His anxieties reflected a wider recognition that development in Palestine—whether mining the Dead Sea or expanding the port at Haifa—could not be separated from contests over empire, nationhood, and sovereignty. It was precisely within this collision of British strategic interests, Zionist ambitions, Arab protests, and emerging American financial influence that the Palestine Economic Corporation sought to stake its claim.

Templetown’s warning thus provides a fitting entry point for this chapter, which traces how the PEC positioned itself in the struggle over Palestine’s most valuable land and resources. Focusing on Haifa Bay—the marshy, sparsely populated region east of the planned harbor—and the mineral-rich Dead Sea, I argue that PEC investments in the mid-1920s and management

¹ “Transcript: House of Lords Debates on Dead Sea Concession,” n.d., Volume 73: Debated on Wednesday 20 March 1929, Hansard archive online.

² Jacob Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 1st ed. (Oxford: Oxford University Press, 2013), 156–57.

through the 1930s were critical in securing Jewish influence—if not outright control—over the exploitation of these key regions and natural resources, shaping them in ways that overwhelmingly benefited the Jewish population, while largely excluding Arabs. These projects, I suggest, offer the clearest window into the contradictions of American capitalist development in Mandatory Palestine: they were framed as universal goods, even as they entrenched structural inequalities. And as I will show, these projects required consistent effort by PEC leaders to reconcile their self-images as benevolent agents of modernization with the tangible harm being inflicted.

Zionists and British officials alike often cast Palestine as a barren, undeveloped land—a view rooted in colonial frameworks that dismissed Ottoman-era infrastructure and recognized only certain intensive forms of land use.³ Yet even as it was labeled underdeveloped, Palestine’s perceived economic potential proved a powerful draw—not only for Zionists and the Arab population, but also for the British who saw the land as central to their strategic position in the Eastern Mediterranean. Among Britain’s “New Imperialists”—intellectuals intent on reimagining the empire amid growing resistance to traditional colonial rule—Palestine emerged as a frontier for experimenting with new models of colonial development. In the New Imperialists’ eyes, British stewardship could harness the region’s resources while securing a vital foothold in the Middle East.⁴

This British vision of Palestine as economically indispensable, either formally incorporated into the Empire or within its sphere of influence—generated complex tensions with the Zionist movement. British officials were intrigued by the prospect of using Jews, whom they viewed as natural developmental agents, to achieve their economic aims in Palestine; at the same time, they harbored suspicions about Jewish motives and trustworthiness, a view often tinged

³ For example, see: Yair Wallach, *A City in Fragments: Urban Text in Modern Jerusalem* (2020), 128.

⁴ Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 8–9. (Norris, 2013, p. 8-9) see also “Public Contracts during the Mandate,” Interactive Encyclopedia of the Palestine Question – Palquest, accessed May 13, 2025, <https://www.palquest.org/en/highlight/38280/public-contracts-during-mandate>.

with antisemitic overtones. As Arab-Zionist tensions intensified, British authorities increasingly perceived Zionist ambitions for economic dominance as potential threats to imperial goals.⁵

These tensions influenced British decisions regarding Jewish participation in economically critical projects. The Arab Palestinian backlash in June 1923 against the concession of Palestine's electrical development to the prominent Zionist Pinhas Rutenberg alerted British officials to the potential consequences of appearing complicit in what Arabs viewed as the plundering of their country's resources.⁶ Memories of Arab marches in the streets of Yaffo, chanting that Rutenberg's light posts would be the gallows of the nation weighed heavily on British deliberations regarding Jewish involvement in similarly vital projects in Palestine.⁷

For Britain, the stakes of these ventures were immense. British officials believed imperial control of a supply of potash, a critical component in chemical fertilizer and an abundant salt in the Dead Sea, was necessary for the Empire's agricultural security.⁸ In addition to its strategic importance, the Dead Sea's mineral wealth was astonishing. Indeed, a 1929 *New York Times* article cited a French scientist estimating the Dead Sea's minerals to be worth upwards of \$250 billion in 1925 dollars—over four trillion in 2025 dollars.⁹

Haifa Bay held comparable significance as the planned terminus of the Iraqi Petroleum Company's pipeline, designed to transport oil from the Iraqi oil fields in Mosul to Haifa, facilitating its distribution throughout the Empire.¹⁰ In building a deepwater port at Haifa, the British planned the location to be the key industrial and commercial center of Palestine, if not the entire region. As Jacob Norris has shown in his groundbreaking study of colonial development in

⁵ Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 68, 91.

⁶ Fredrik Meiton, *Electrical Palestine Capital and Technology from Empire to Nation* (University of California Press, 2019), 2.

⁷ Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 156.

⁸ "Transcript: House of Lords Debates on Dead Sea Concession"; Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 152.

⁹ "DEAD SEA RICHES TO BE EXTRACTED; After Years of Negotiation, a Syndicate Receives A Concession to Recover Potash and Salts From This Strange Body of Water," Archives, *The New York Times*, June 2, 1929, <https://www.nytimes.com/1929/06/02/archives/dead-sea-riches-to-be-extracted-after-years-of-negotiation-a.html>. Inflation calculated in terms of buying power by US inflation calculator "Inflation Calculator | Find US Dollar's Value From 1913-2025," August 12, 2025, <https://www.usinflationcalculator.com/>.

¹⁰ Walter Adams et al., "Retarding the Development of Iraq's Oil Resources: An Episode in Oleaginous Diplomacy, 1927-1939," *Journal of Economic Issues* 27, no. 1 (1993): 72.

Mandatory Palestine, these two projects were the key factors shaping British policy in the region—yet Norris admits that the role of the financial system in these projects has “thus far received scant attention from scholars” and is in “need for future research.”¹¹

This chapter builds on Norris’s call to foreground financing, contending that the flow of capital was central to the development of major infrastructure projects at Haifa Bay and the Dead Sea. As I will show, despite British unease over extensive Jewish involvement in development, the PEC successfully helped secure Jewish control over these enterprises and deliberately structured them to advance Jewish economic interests, aligning them closely with the aims of the Zionist movement. Operating in a landscape shaped by British imperial ambitions, the PEC leveraged its resources and deployed a range of strategies to ensure that Jews, and not, Arabs would play the decisive role in shaping these ventures. In turn, Arab exclusion from these projects, and the perception that they received neither control over nor benefit from the resources of their own land, became a potent source of resentment towards both the British and the Jewish community in Palestine.¹²

Arab exclusion in these ventures was not simply the byproduct of local dynamics. It reflected the distinctive ways American financing operated under British rule, constrained yet ambitious, and committed to advancing Jewish settlement. Unlike U.S. interventions in Latin America or the Caribbean, where “dollar diplomacy” relied on coercive tools such as receiverships, fiscal controls, and the threat of military force, the Palestine Economic Corporation (PEC) lacked such levers.¹³ It had to secure influence through persuasion, negotiation, and alliances with British officials, Zionist leaders, and, at times, Arab interlocutors. These limits did not diminish its imperial ambitions; rather, they produced a distinctive form of American financial imperialism—one that advanced expansive capitalist aims from inside

¹¹ Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 161. A pair of works by Kristen Alff also begins to answer this challenge: Kristen Alff, “Changing Capitalist Structures and Settler-Colonial Land Purchases in Northern Palestine, 1897–1922,” *International Journal of Middle East Studies* 55, no. 4 (2023): 675–92; Kristen Alff, “Levantine Joint-Stock Companies, Trans-Mediterranean Partnerships, and Nineteenth-Century Capitalist Development,” *Comparative Studies in Society and History* 60, no. 1 (2018): 150–77.

¹² Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 188.

¹³ Tillman, *Dollar Diplomacy by Force*.

another empire's framework. To navigate these conditions, the PEC devised novel strategies rooted in American financial practice, including selling non-voting stock in Palestine Potash Ltd. to Arab investors or employing town planning as a tool of demographic engineering. Such initiatives reveal how American, British, and Zionist projects of domination did not operate in isolation but collided and interwove, creating a layered imperial order in Palestine. It was precisely in their points of overlap—where cooperation and conflict blurred—that new mechanisms of control and exclusion emerged, shaping Palestine's political economy in ways that neither empire nor movement could have achieved alone.

The PEC's investment strategy in Haifa Bay and the Dead Sea was shaped as much by political calculation as by economic promise. Like the British, PEC leaders viewed potash extraction and Haifa's industrial expansion as transformative for Palestine's economy.¹⁴ Yet internal communications reveal a parallel aim: to use these projects as instruments for consolidating Jewish economic dominance, positioning Jews to outcompete the Arab population. Pursuing this goal exposed a core contradiction in the PEC's self-presentation. How could an organization claim to be apolitical and distinct from Zionism while openly working to shift the economic balance in favor of Jews? Before 1929, PEC leaders, like most Zionists, barely acknowledged this tension, in part because they seldom regarded Arabs as political actors.¹⁵ Primarily concerned with Zionist nationalism and demands for Jewish political autonomy, the PEC mostly ignored the Arab population, thinking of them as a background condition, one of several impediments to economic modernization, akin to malarial swamps or underdeveloped credit systems—problems they believed could be resolved through Western methods and capital.

While this stance may have seemed tenable to the PEC before 1929, it became increasingly indefensible after the outbreak of widespread intercommunal violence that August.

¹⁴ For example, see: Palestine Economic Corporation, "Fourth Annual Economic Corporation," 1931, 56–58.

¹⁵ For example, David Ben-Gurion negotiated with some Arab elites but believed that the Zionist movement needed to gain as much strength as possible before an inevitable "Arab national awakening," resulted in a more unified Arab resistance to Zionism. Anita Shapira, *Land and Power: The Zionist Resort to Force, 1881-1948* (New York: Oxford University Press, 1992), 189.

Sparked by disputes over control of the Western Wall in Jerusalem, the unrest quickly spread into a week of violent clashes across the country, laying bare the depth of Arab discontent.¹⁶ For PEC leaders—particularly Felix Warburg, who consistently framed his investments in humanitarian terms—the events underscored that Arabs were not passive economic obstacles but active participants in shaping Palestine’s future.¹⁷ Furthermore, in the aftermath of the violence, Mandate authorities made clear that future PEC initiatives would be expected to deliver tangible benefits to both Arabs and Jews.

Consequently, the PEC’s conception of “non-political” action began to shift. As explored in previous chapters, PEC leaders in the mid to late 1920s emphasized a rational and emotionally detached approach as central to their claims of empirical neutrality, alongside maintaining nominal independence from official Zionist organizations—though such independence was more rhetorical than real. After 1929, while still emphasizing rationality, the PEC for the first time adopted the position that their projects benefited all of Palestine’s residents, regardless of background, and consequently were separate from the political conflict in the Mandate.

In reality, however, the PEC’s shift after 1929 was more rhetorical than substantive. Development projects proceeded much as before and, in some cases, even deepened the harm to the Arab Palestinian population—most notably by pressing British authorities to expel the Ghawarneh Bedouin from Haifa Bay.¹⁸ Given this record, and the fact that internal correspondence at times reverted to framing PEC initiatives explicitly as a means of helping Jews outcompete Arabs economically, it is difficult to see the corporation’s claims of benefiting the Arab population as anything other than rhetorical cover.

Yet I propose a more nuanced interpretation. The PEC’s reframing of its projects can be understood as a form of rationalization—an effort by its leaders to reinterpret their actions as

¹⁶ Hillel Cohen and Haim Watzman, *Year Zero of the Arab-Israeli Conflict 1929*, Schusterman Series in Israel Studies (Brandeis University Press, 2015), XI–XIII.

¹⁷ Rafael Medoff, *Zionism and the Arabs: An American Jewish Dilemma, 1898-1948* (PRAEGER, 1997), 28,37,57.

¹⁸ Memo from Emanuel Mohl marked Confidential, 2 March 1931, MS 457, box 277, folder 3, Palestine 1931, Warburg Papers, AJA; Letter Salado to Horowitz, February 8, 1931 MS 457, box 277, folder 3, Palestine 1931, Warburg Papers, AJA.

aligned with their own moral worldview. In this case, the rhetoric surrounding PEC initiatives sought to reconcile the tangible economic harm inflicted on the Arab population with the organization's leaders' self-image as benevolent humanitarian actors and a force for enlightened development. This logic paralleled other instances of American dollar diplomacy, which justified economic intervention as a path to stability, prosperity, and mutual benefit. As Emily Rosenberg observes, American dollar diplomats often acknowledged the disruptions their policies caused abroad, but framed them as the necessary growing pains of economically inevitable transformations.¹⁹ The PEC's activities in Palestine reflected this worldview, presenting economic intervention as a form of uplift and using this discourse to rationalize and justify the harm it caused, while obscuring—including to themselves—the inequalities it deepened.

This chapter begins by examining the concept of the “benefit theory” in Palestine—the claim advanced by supporters of Jewish settlement in Palestine that Jewish economic development would ultimately improve conditions for the Arab population, despite those communities' resistance to Zionism. I analyze how the PEC adapted this narrative after 1929 and used it as a form of rationalization, enabling PEC leaders to present projects explicitly designed to secure Jewish economic advantage as universally beneficial. The chapter then turns to two of the PEC's most consequential initiatives—Palestine Potash Limited and the development of Haifa Bay—highlighting the decisive role PEC capital played in structuring these ventures for Jewish benefit, even as the justification the PEC offered publicly shifted over time to emphasize collective progress. In doing so, the PEC left a lasting imprint on both the Mandate and the future State of Israel: it helped establish Palestine Potash (now Dead Sea Works), one of Israel's largest corporations, and created the master plan for Haifa Bay, the vast tract of land between the Kishon River and Acre, designing the roads, zoning, and residential areas of what would become the largest industrial center first of Palestine and later of the State of Israel.

¹⁹ Emily S. Rosenberg, *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900-1930*, American Encounters/Global Interactions (Duke University Press, 2003), 19.

Given the expansive scope and extended timelines of these development projects, this chapter covers a broader chronological span than any other chapter. It begins in the mid-1920s, before the formal establishment of the PEC, and traces developments through the late 1930s. This longer arc allows for a fuller account of how the PEC's discourse and practices surrounding these projects evolved as the projects progressed and the conditions in the Mandate changed. Finally, the chapter considers the long-term legacies of these initiatives, noting that while short-term gains overwhelmingly favored the Jewish population, the environmental consequences at both the Dead Sea and Haifa Bay have ultimately harmed Jewish and Arab communities alike, complicating triumphalist narratives of Zionist economic ascendancy in Israel/Palestine.

Benefit Theory and Rationalization

Alan Dowty has described “benefit theory” as the default mode through which many Jewish settlers in Palestine, from the earliest days of Jewish settlement at least until the Arab Great Revolt, understood their relationship with the Arab population. Developed in response to Arab resistance to Jewish settlement, Zionists argued their settlement in Palestine would ultimately bring material and civilizational benefits to the entire population of Palestine, so even while most Arabs opposed Zionism, Jewish settlement in Palestine was ultimately to their benefit.²⁰ As Labor Zionist leader Ber Borochov stated of Zionism, “Ultimately the inhabitants [in Palestine] will subject themselves to this cultural influence, since they will find it brings benefit and blessing even for them.”²¹ This framing served Zionists not only by justifying the movement's goals but also in focusing on the individual welfare of Arabs, rather than recognizing the Arab population of Palestine as a political or national collective. Zionists were far from unique in this framing: the British relied on a similar logic in Palestine, and more

²⁰Although Dowty coins the term benefit theory, several different scholars examine the phenomenon Alan Dowty, *Arabs and Jews in Ottoman Palestine; Two Worlds Collide* (Indiana University Press, 2019), 272; Anita Shapira, *Land and Power: The Zionist Resort to Force, 1881-1948* (New York: Oxford University Press, 1992), 117; Rafael Medoff, *Zionism and the Arabs: An American Jewish Dilemma, 1898-1948* (PRAEGER, 1997), 38–39.

²¹ Shapira, *Land and Power*, 51.

broadly much of European imperialism and colonialism employed a discourse of being purveyors of progress, or civilizing missions.

American dollar diplomacy drew heavily on this same rhetoric. Advocates of U.S. financial supervision in the Caribbean and Central America routinely insisted that their interventions were not exploitative but uplifting. Nicaragua and the Dominican Republic, for instance, were supposed to serve as “showcases for the progress” that would follow dollar-diplomacy supervision. When that progress failed to materialize, policymakers nevertheless defended the system in the same terms, insisting that America’s aim was “not to exploit but to aid; not to subvert but to lay the bases for independent government; not to control but to bring prosperity, peace, and law.”²² Defenders of U.S. policy in Haiti likewise emphasized the benevolence of American-sponsored sanitation and road-building projects, portraying imperial domination as justified by the promise of uplift.²³ Even in the earliest days of dollar diplomacy in the 1890s, when initiatives were often “informal, extemporaneous, and unsystematic,” they were framed as part of a larger effort to reorient Caribbean societies toward “modern” governance and financial stability.²⁴ In each case, dollar diplomacy operated through a version of benefit theory: interventions were justified as technical means of delivering prosperity and order, while resistance was dismissed as irrational opposition to one’s own advancement. Thus, American imperialism like Zionism shifted the focus away from political sovereignty and toward individualized measures of welfare—balanced budgets, new infrastructure, fiscal “discipline”—recoding imperial supervision as neutral expertise to the benefit of the population.

In contrast to Zionist settlers and American dollar diplomats, who had long relied on a rhetoric of benefits to legitimize their projects, the Palestine Economic Corporation only belatedly adopted this framework when it concerned the Arab population. That delay reveals the instrumental character of benefit theory itself: if it were truly central, PEC leaders would have

²² Rosenberg, *Financial Missionaries to the World*, 136.

²³ Rosenberg, *Financial Missionaries to the World*, 138.

²⁴ Veesser, *A World Safe for Capitalism: Dollar Diplomacy and America’s Rise to Global Power*, 30.

articulated it from the outset rather than only invoking it once Arab resistance made justification unavoidable. Before 1929, PEC officials almost never described their work as benefiting the Arab population. When they mentioned Arabs at all, it was typically to cast them as economic competitors rather than as prospective beneficiaries of modernization. At the 1918 AJC meeting, Cyrus Adler dismissed the idea of Jews sharing a land with a population “2,000 or 3,000 years behind the Jews in civilization.”²⁵ At the 1924 Non-Partisan Conference where the PEC was created, Arab concerns appeared only as potential risks to Jewish investment.²⁶ Only after the 1929 riots did PEC leaders begin to echo the broader language of benefit theory, aligning their rhetoric with Zionist and American patterns. This belated turn underscores how such claims operated less as a principled framework than as a justificatory strategy, deployed when expedient and never grounded in a genuine recognition of Arab collective rights or sovereignty.

As we will see in greater detail later in this chapter, the PEC’s major investment projects were initially framed not as mutually beneficial but as mechanisms to secure Jewish economic advantage. Although Jews enjoyed significant structural advantages in the Mandate—among them greater access to capital (see chapter two) and legal privileges embedded in the Mandate’s charter—PEC leaders portrayed their work as a necessary corrective to an economically embattled population. For example, in the case of Haifa Bay, PEC leaders purchased land explicitly to prevent it from reverting to Arab ownership after a missed mortgage payment by a Jewish landholding company.²⁷ At the Dead Sea the PEC viewed its investment as an opportunity to secure exclusive Jewish control over Palestine’s most important natural resource and promote predominantly Jewish labor.²⁸ While not examined in this work, in 1927 the PEC was asked to help finance the construction of the King David Hotel, designed to be the most important modern

²⁵ “Meeting of the Executive Committee March,” 38.

²⁶ “Proceedings of Non-Partisan Conference to Consider Palestine Problems,” February 17, 1924, 60, Berman Jewish Policy Archive. Ironically, it was the invited Zionist speakers, Chaim Weizmann and Arthur Ruppin, who devoted significant time to assuring the gathered non-Zionists that Zionist settlement would benefit the Arab population—perhaps anticipating opposition on this point. Yet no such objections were raised.

²⁷ Flexner to Warburg, May 9, 1926, box 87, folder 1923-1937, Marshall papers, AJA; Singer to Viteles, August 17, 1926, box 69, folder General Correspondence April 1926-1927, NYPL.

²⁸ *Precis of Preliminary Agreement and Heads of Concession*, May 22, 1929, box 265, folder 14, Palestine Potash LTD 1930, Warburg Papers, AJA.

hotel in Palestine. The PEC agreed to participate in the project under the condition that it provided strict preference for Jewish labor, a clause they insisted on and highlighted time and again.²⁹

Only after the 1929 violence did this discourse, though not practice, begin to shift. In the wake of widespread intercommunal conflict, PEC documents and annual reports began to celebrate how Arabs and Jews worked side by side at Palestine Potash and the King David Hotel and proudly showcased the inclusion of an Arab member (discussed more below) on Palestine Potash Limited's board.³⁰ This change in framing—from stressing only Jewish advancement to a more universal uplift—reflect not only a rhetorical evolution but also the internal contradictions PEC leaders navigated in Palestine. As the opposition to Jewish settlement among the Arab Palestinian population became clear, and public and official expectations changed, the PEC began to adopt benefit theory not because its goals had shifted, but because its justifications had to.

This shift toward “benefit theory” within the PEC was driven above all by its new honorary president and most influential leader, Felix Warburg. One of New York City's wealthiest Jews—by inheritance and through marriage into the Schiff banking family—Warburg

²⁹ Memo to the exec Committee, 28 July 1927, box 87, folder PEC 1923-1937, Louis Marshall Papers, AJA; Memo to Goldsmith and Rothschild re hotel and Haifa Bay, July 28, 1927, box 69, folder General Correspondence May-July 1927, NYPL; Unknown author to Cohen re hotel subscriptions, December 7, 1928, box 243, folder 16, Warburg Papers, AJA. More broadly PEC officials consistently prioritized Jewish labor in their investments, lamented when ventures employed Arab workers, and explicitly saw their loans as tools to induce Jewish employment. See: report on Inspection Trip Made by Advisory Committee on Intermediate and Long Term Loans On May 13th - 15th, 1930, June 13 1930; Singer To Bernhardt 15 May, 1928, box 1, folder Agricultural and long Term Loans- General May-July 1928 NYPL.

³⁰ Warburg to Flexner, August 17, 1931, box 277, folder 3 Palestine 1931, Warburg papers, AJA; Singer to PEC leaders, October 13, 1936, box 330, folder 8 Palestine Potash LTD, Warburg papers, AJA; Simon to Warburg and Flexner, August 5, 1936, box 330, folder 5 Palestine, Marshall papers, AJA; Moshe. Novomeysky, *Given to Salt: the Struggle for the Dead Sea Concession.*, Dead Sea Concession (London: Parrish, 1958), 277; Palestine Economic Corporation, “Fourth Annual Economic Corporation,” 68; Palestine Economic Corporation, “Tenth Annual Report,” 1936, 16. The rhetorical shift in Haifa Bay was less pronounced but nonetheless visible. In some planning documents, PEC officials continued to speak of the need to help Jews compete economically with Arabs. Yet, increasingly, this language was accompanied by appeals to broader, universal benefits. In one 1934 memo, for instance, PEC staff claimed that their city design would be best for the population as a whole—immediately after asserting that it would also give Jewish labor an advantage. Mohl to Simon, January 29, 1934, box 74, folder Emek Zebulon- Town Planning- Correspondence December 1933-July 1934, NYPL.

was renowned for his tireless optimism, personal generosity, and flamboyant style.³¹ After immigrating to the United States in 1894, he became a partner at Kuhn, Loeb & Company, but soon found banking tedious and redirected his energies toward philanthropy. Beginning with his relief efforts during World War I, Warburg increasingly devoted himself to charitable work, eventually overseeing his firm's philanthropic activities and emerging as a central figure in American Jewish communal life. He co-founded and led major institutions, including the Jewish Federation of New York and the Joint Distribution Committee, cementing his reputation as one of the era's most influential Jewish philanthropists.³²

Warburg's philanthropic commitments and self-conception as a benevolent humanitarian strongly shaped his response to the violent events of August 1929. Deeply troubled by the intercommunal violence and disturbed by the possibility that Jewish settlement had contributed to Arab suffering, Warburg publicly broke ranks with many Jewish leaders by asserting that Jews must accept partial responsibility for the unrest—advocated raising funds to provide relief for Arabs hurt in the violence.³³ Warburg began advocating for joint Jewish–Arab committees dedicated to shared development initiatives—projects that would provide “better roads, better hospitals, better schools, better technical education, better civil service training... benefiting Jews and Arabs alike.”³⁴ His vision for Palestine was explicitly linked to U.S.-led post–World War I reconstruction programs in Europe, which framed infrastructure building and public works as instruments for fostering political stability, integrating economies into liberal capitalist systems, and reinforcing American influence abroad.³⁵

Warburg assumed the PEC's honorary presidency position at a critical juncture, following the sudden death of Louis Marshall in September 1929, just weeks after the intercommunal violence. As honorary president and largest individual investor, Warburg wielded enormous

³¹ David Farrer, *The Warburgs: The Story of a Family* (Stein and Day, 1975), 64–65.

³² Farrer, *The Warburgs: The Story of a Family*, 69–73 also see chapter one of this dissertation.

³³ Medoff, *Zionism and the Arabs: An American Jewish Dilemma, 1898-1948*, 55–56.

³⁴ Medoff, *Zionism and the Arabs: An American Jewish Dilemma, 1898-1948*, 56.

³⁵ Medoff, *Baksheesh Diplomacy*, 28.

influence over the PEC's direction and policies, advocating a significant reorientation, albeit one which was largely rhetorical.³⁶ Instead of explicitly promoting Jewish economic competition against Arabs, PEC documents increasingly emphasized mutual benefit, coexistence, and shared prosperity.³⁷ Yet this ideological pivot came after the PEC's most significant investments—Palestine Potash Limited and the Haifa Bay development—had already been structured to ensure Jewish economic dominance. In practice, neither Warburg nor his colleagues showed serious interest in investing in Arab enterprises, nor promoting Arab empowerment and the PEC's capital remained tied to projects whose design and operation offered little tangible benefit to the Arab Palestinian population. The result was a public commitment to principles the corporation was neither structurally equipped nor institutionally inclined to pursue.

That gap between rhetoric and practice was not simply a local contradiction; it reflected a broader American capitalist mode of operation. Warburg and his colleagues justified their projects through the same language of efficiency, progress, and benevolence that underpinned U.S. financial imperialism in the Caribbean, Latin America and elsewhere.³⁸ With the global spread of American finance and management systems, economists increasingly referred to this process as “rationalization,” presenting capitalist methods as the scientific elimination of inefficiency and the maximization of returns.³⁹ But rationalization also functioned on another register: as a moral framework by which owners of capital explained away the social costs of their activities—whether outwardly, to preserve legitimacy, or inwardly, to maintain their own ethical self-image. In the case of the PEC, the language of mutual benefit and coexistence served

³⁶ For more on Brandeis and the Brandeis groups invocation of “benefit theory” see Allon Gal, “Brandeis, Judaism, and Zionism,” in *Brandeis and America* (University Press of Kentucky, 1989).

³⁷ Unknown to Warburg, August 12, 1931, box 24, folder Arab loans 30-37, PEC records, NYPL. Arab Jewish cooperation in Emek, 30 April 1931; Memorandum: Decisions Reached in Conference of messrs, Flexner, and Simon, 17 September 1931 box 24, folder Arab Loans 1930-1937, NYPL.

³⁸ Hiroaki Ataka and Jose Caballero, “Selling Progress: Benevolent Hegemony and the Remaking of the Latin American Ideological Structure,” *49th Parallel* Engaging the ‘New’ American Studies, no. 19 (2006): 1–2.

³⁹ Vadim Cherepanov et al., “Rationalization,” *Theoretical Economics* 8, no. 3 (2013): 775–800.

precisely this role, recasting projects designed for Jewish economic domination as universally humanitarian and socially progressive.⁴⁰

In the PEC's case, this process involved not so much introducing new practices as reinterpreting old ones. Arab employment at the Dead Sea works—once resisted by the PEC and accepted only under pressure from the British concession agreement—was reframed as a deliberate vehicle for Arab–Jewish coexistence. The purchase of Haifa Bay land, originally justified as a means to block Arab ownership, was now heralded as the foundation for joint economic opportunity. By attaching fresh meanings to established actions, PEC leaders could present themselves as adapting to the realities of intensifying Arab–Jewish conflict without changing their underlying policies. This reframing preserved their self-image as benevolent capitalists, even as the material effects of their investments—exclusionary land policies, economic consolidation, and the deepening of communal divides—undermined that benevolence.

Attending to this process of moral rationalization exposes a deeper contradiction in the infusion of moral language in American financial imperialism. The very mechanisms of capitalist development—competitive land acquisition, resource control, profit-driven investment—often generate inequities that cannot be resolved without altering the underlying practices. Recasting those practices as socially beneficial may protect the legitimacy of the enterprise, but it also conceals the harm being done, allowing exploitation and exclusion to persist under the banner of enlightened capitalist intervention. As Rosenberg and other scholars of dollar diplomacy have noted, this dynamic—where economic interventions are rhetorically reframed as engines of mutual prosperity even when their structure privileges the investor's interests—was a consistent feature of American financial ventures abroad.⁴¹ In the PEC's case, the contrast between rhetoric

⁴⁰ For more on how Cognitive Dissonance functions in these cases see: William L. Davis, "Economists' Uses for Cognitive Dissonance: An Interdisciplinary Note," *Psychological Reports* 73, no. 3_suppl (1993): 1179–83; Elliot Aronson, *The Social Animal*, Eight edition (Worth Publishers, 2007), Self-Justification. A special thanks to Dr. Steven Fein for helping me understand the literature on economics and cognitive dissonance.

⁴¹ Veesser, *A World Safe for Capitalism: Dollar Diplomacy and America's Rise to Global Power*, 5; Rosenberg, *Financial Missionaries to the World*, 136; Sklar, *The United States as a Developing Country*, 100.

and reality was unusually stark: its leaders placed humanitarianism at the center of their mission, yet operated in a setting where the Arab–Jewish conflict made the material harms of their projects highly visible and politically charged, forcing them to publicly defend the very practices that produced those harms. As we will see in the pages that follow, this makes the PEC—particularly its flagship projects at Haifa Bay and Palestine Potash—an especially revealing case for understanding the mechanics of moral rationalization in the spread of American capitalism overseas, where similar contradictions often existed but were less openly contested. Seen in this light, the following case studies of the PEC underscore a broader dynamic: when humanitarian goals are pursued through capitalist means, what I have labeled as *mission capitalism*, the legitimacy of the enterprise can rest on rationalizing harm as benefit, enabling systems of exclusion and inequality to persist behind a façade of enlightened progress.

The Dead Sea, the Jewel of the Middle East

The mechanics of rationalization were not abstract tendencies—they played out in specific, material contexts where the PEC was forced to navigate competing imperatives. Nowhere was this more evident than at the Dead Sea, where the corporation’s claims to apolitical economic development collided most acutely with the political and strategic stakes of Jewish control over Palestine’s most valuable natural resource. As the PEC deepened its investment in Dead Sea mineral extraction, its leaders embraced a narrative of shared progress and mutual benefit—despite mounting evidence that these claims obscured significant inequality and exclusion. The weight of these contradictions becomes clearer when one considers the global importance of the mineral at the center of the PEC’s ambitions: potash.

Potash—a term used for a variety of water-soluble potassium salts, often pinkish in color—had by the early twentieth century become indispensable to industrial agriculture and, by extension, to modern economic life. Its value lay in the potassium contained within the mineral, one of the three essential nutrients required for plant growth. For centuries, farmers replenished potassium through practices like crop rotation or by spreading wood ash, but as industrialization advanced, populations expanded, and fewer people worked the land, these traditional methods no

longer sufficed. Sustaining rapidly growing urban centers now required intensive agricultural production on a scale possible only with chemical fertilizers.⁴²

Unlike nitrogen, the most important component of fertilizer, which can be synthesized from the air, potassium must be extracted from mineral deposits. Though potash is geologically abundant, commercially viable sources are concentrated in only a few major deposits around the world.⁴³ By the late nineteenth and early twentieth centuries, the most productive of these deposits were found in Germany which became the world's dominant supplier. To control output and stabilize prices, the German government established a state-mandated cartel that regulated production, shuttered unprofitable mines, and fixed prices across the industry. This system allowed Germany to effectively corner the global potash market and drive most foreign competitors out of business.⁴⁴

For Britain, France, and other European powers, this consolidation was troubling even in peacetime. But with the outbreak of World War I, German control of potash became a crisis. Germany banned exports of the mineral to all non-allied nations, cutting off Britain, France, and even the neutral United States from access to a resource essential for maintaining agricultural productivity. Potash prices soared more than fifteen-fold, national fertilizer reserves dwindled, and governments scrambled to identify alternative sources—from extracting potassium from sea kelp to mining marginal deposits in places like Nebraska.⁴⁵ The strain on the global food supply was severe and left a deep psychological scar on the European great powers. In the war's aftermath, securing an autonomous and stable supply of potash became a central goal for Britain

⁴² Peter Neushul, *Seaweed for War: California's World War I Kelp Industry*, 2025, 562.

⁴³ Maureen Appel Molot and Jeanne Kirk Laux, "The Politics of Nationalization," *Canadian Journal of Political Science / Revue Canadienne de Science Politique* 12, no. 2 (1979): 229–30.

⁴⁴ J. W. Turrentine, "The American Potash Industry," *The Scientific Monthly* 70, no. 1 (1950): 41–42; Neushul, *Seaweed for War: California's World War I Kelp Industry*, 563.

⁴⁵ Richard E. Jensen, "Nebraska's World War I Potash Industry," *Nebraska History* (Lincoln) 68, no. 1 (1987): 29; Harlow Bradley, "Potash—What We Are Doing About It," *Scientific American* 117, no. 16 (1917): 287. The deposits were marginal both in that they were small deposits, but also that they were only economically viable in the unique conditions of WWI.

and France, which emerged from the conflict determined not to rely on a rival for access to such a key resource.⁴⁶

For France, the solution to the wartime potash crisis lay close to home. The border region of Alsace, whose recovery from Germany had long been a strategic goal, was not only reclaimed as a condition of the Treaty of Versailles but also came with one of Europe's largest potash mines. With Alsace securely under French control, France was able to ensure its national supply of this vital mineral.⁴⁷ Britain, not wanting to rely on its imperial rivals for a key mineral had no such immediate solution. In this context, the Dead Sea—widely believed to contain one of the largest untapped deposits of potash in the world—became a site of exceptional interest. Alongside Haifa Bay, whose harbor promised to link Palestine to the broader Eastern Mediterranean trade network, the mineral riches of the Dead Sea became one of the primary economic justifications for British control over the territory.⁴⁸

Yet despite its promise, the Dead Sea posed considerable technological and logistical challenges. Unlike most known potash deposits, which were mined from solid rock, the Dead Sea's mineral wealth was dissolved in water.⁴⁹ The site presented additional difficulties: situated at the lowest point on earth, it lacked adequate infrastructure and electricity, while its extreme heat and isolation made sustained labor and transport a daunting prospect. Given these obstacles, the British government judged that direct state exploitation of the resource would be too risky. As John Vernon, head of the Palestine Department in the Colonial Office, and High Commissioner Herbert Samuel put it, "it was not the business of the Government and... the administration had

⁴⁶ Fred S. Mohme, "The Potash Industry of Europe," *Economic Geography* 5, no. 2 (1929): 141–48; Jacob Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 1st ed. (Oxford: Oxford University Press, 2013), 151.

⁴⁷ Mohme, "The Potash Industry of Europe," 141–42; Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 152.

⁴⁸ "Dead Sea Salts Concession - Hansard - UK Parliament," accessed April 18, 2025, <https://hansard.parliament.uk/Lords/1929-03-20/debates/5a8acb93-3dc1-4468-892a-b69e3f8eb60f/DeadSeaSaltsConcession>; Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 148.

⁴⁹ Previous examples of commercial potash extraction from liquid sources had taken place in Nebraska during the First World War, but methods remained guarded and ultimately proved economically unsustainable once the soaring wartime prices came back to earth. Jensen, "Nebraska's World War I Potash Industry," 39–40.

not the money.” The Crown Agents investigating the matter reached a similar conclusion, warning that “the Government should not expose themselves to being landed with responsibility.” Instead, officials opted to pursue development through private capital, offering a monopoly concession in exchange for commitments on production, export quotas, and tax revenue.⁵⁰

Numerous actors—Zionist, Arab, and international—competed for the coveted Dead Sea concession. Yet for the British, the most intriguing bids came from Moshe Novomeysky, a Siberian-born Jewish mining engineer with experience extracting gold and other minerals in the harsh climate of Siberia.⁵¹ Novomeysky first learned of the mineral potential of the Dead Sea while living in Berlin, where Otto Warburg, a prominent member of the Zionist Organization, gave him a report outlining the Dead Sea’s mineral wealth.⁵² Convinced that potash extraction could play a critical role in the development of a Jewish homeland, Novomeysky immigrated to Palestine and began experimenting with small-scale extraction. Using a low-tech process of pumping mineral-rich water into shallow evaporation pans, he developed a method that relied on solar power to crystallize potash—an innovation that demonstrated economic feasibility under the region’s extreme conditions and allowed for the harvesting of other valuable salts such as bromide, which was used in a variety of industrial processes from the water.

Despite his technical expertise and pioneering work, Novomeysky’s bid for the concession encountered numerous obstacles. Concerns from British parliamentarians doubting his loyalty to the Empire (which at times invoked antisemitic tropes), preferences for awarding the concession to a British firm, and legal disputes from rival French, Arab, and American bidders all posed serious challenges. But the most persistent hurdle was financing.⁵³ The British Mandatory government made it clear that technical knowledge alone would not suffice—without

⁵⁰ Quotes found in: Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 154.

⁵¹ Moshe Novomeysky and Alec Brown, *My Siberian Life* (Max Parrish, 1956), 92–95.

⁵² Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 55.

⁵³ A significant portion perhaps even the majority of Moshe Novomeysky’s personal memoir on the Dead Sea concession is devoted to his efforts to trying to secure capital for his efforts. Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession*.

capital behind his venture, Novomeysky's bid would not be considered. This requirement was difficult under any circumstances, given the risky and experimental nature of the enterprise, but Novomeysky's commitment to keeping the Dead Sea concession under Jewish control further limited his pool of potential investors.⁵⁴ As he later recalled, British officials refused to even entertain his proposal until he could show evidence of initial financial backing.⁵⁵

While previous scholarship has focused on Novomeysky's vision of Jewish nationalism, along with the technical and legal aspects of Novomeysky's campaign, which will not be repeated here, little attention has been given to the central role played by American Jewish capital in transforming his ambitions into a viable enterprise.⁵⁶ As the next section will demonstrate, leaders of the Palestine Economic Corporation, motivated by a desire to see this critical resource in Jewish hands and employ Jewish labor, played a critical role in securing financing for Novomeysky to secure the concession. A project which ensured that the most valuable economic resource in Palestine would be controlled, managed, and symbolically claimed by the Zionist project.

Financing the Dead Sea Extraction

In his search for financing, Moshe Novomeysky traveled across Europe and North America, seeking Jewish financiers willing to support his vision of securing Dead Sea mineral rights under Jewish control. His first trip to the United States in 1924 brought him to Felix Warburg, who would later become one of the PEC's most prominent leaders. Warburg, according to Novomeysky's recollection, was intrigued but reluctant to be the first investor.⁵⁷ A year later, Novomeysky returned and secured the support of Louis Brandeis and Bernard Flexner, who

⁵⁴ Memo To the Executive Committee, Dead Sea Concession, N.D., box 87, folder PEC 1923-1937, Marshall Papers, AJA; Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession.*, 71–74.

⁵⁵ Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession.*, 17, 37.

⁵⁶ Gershon Shafir, "CAPITALIST BINATIONALISM IN MANDATORY PALESTINE," *International Journal of Middle East Studies* 43, no. 4 (2011): 611–33; Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*.

⁵⁷ Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession.*, 42.

pledged £10,000 (approximately \$50,000). This first critical investment allowed him to finalize his plans and attract further backers.⁵⁸

The investment came not directly from the yet-to-be-formed PEC, but from the Palestine Cooperative Company (PCC), a Zionist-run American development corporation which just a few months later would be absorbed into the PEC. Novomeysky recalled the PCC leaders' motivation for the investment, stating "were all good Zionists, devoted to the idea of the creation of a National Home for the Jewish people in Palestine. They considered their work as a personal contribution to the realization of that ideal." At first glance, the distinction between the PCC and PEC might seem like a minor technicality—indeed, Novomeysky himself misstates the detail in his memoir.⁵⁹ But the difference mattered: the PCC's explicitly Zionist mandate contrasted sharply with the more ideologically heterogeneous PEC, whose non-Zionist leaders were wary, especially at the beginning of their formation of projects branded too openly as Zionist ventures.

This difference in framing shaped how the project was received. For Novomeysky, developing the Dead Sea was inseparable from building a Jewish national economy. Zionist leaders agreed, with Chaim Weizmann later describing the concession as one of the movement's greatest achievements, "much more to me politically than all the promises of great governments or great political parties."⁶⁰ By contrast, non-Zionist leaders of the PEC, including Warburg and Louis Marshall, initially resisted projects tied too closely to the Zionist Organization. As discussed in Chapter Two, they had once refused even a modest loan to a chicken coop in Nahalal for that reason. Had the PEC been asked at its founding to back Novomeysky's concession, it might have hesitated, worried about its political associations—even though Novomeysky's entrepreneurial, productivity-focused brand of Zionism overlapped significantly with their own development ethos. Such hesitation could have doomed the venture: British

⁵⁸ Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession.*, 90

⁵⁹ Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession.*, 97-98 Novomeysky wrote the investment was made by the PEC, but in contrast to Novomeysky's recollections, the PEC had not yet been formally established in 1925

⁶⁰ Chaim Weizmann, *Trial and Error: The Autobiography of Chaim Weizmann*, Book 2 (New York: Harper, 1949), 338

officials pressed Novomeysky to merge with better-financed competitors, a move he resisted in order to preserve Jewish control over what was widely seen as Palestine's most valuable resource.⁶¹ That pressure only eased once the PCC's initial investment gave the project firmer footing.

Subsequent rounds of support followed. Just over two years later, in 1928, as the British government prepared to issue the concession, Novomeysky again turned to the PEC. According to his account, without securing financing at this late hour Novomeysky's application for the concession would have been rejected. After some initial hesitation, PEC leaders pledged to help raise an additional \$350,000, of which the PEC itself committed \$75,000.⁶² Key figures within the PEC—including Louis Marshall, Herbert Lehman, and Robert Szold—leveraged their networks to connect Novomeysky with additional investors. Several PEC leaders also contributed privately; including Felix Warburg, who would become the Palestine Potash Limited's president after the concession was granted.⁶³

This final infusion of capital proved decisive and in 1930, the British Government awarded Novomeysky a monopoly concession on mineral extraction from the Dead Sea, enabling the formal launch of his company Palestine Potash Limited (PPL) in 1930.⁶⁴ Following the company's establishment, the PEC continued to increase its financial commitment, investing more capital nearly every year between 1929 and 1933 maintaining its status as PPL's single largest investor. By 1933, PEC's total investment had reached nearly \$300,000, granting it one-quarter of the board seats along with the presidency of the board, further cementing its influence.⁶⁵ These increases were in line with the PEC's goals of keeping their stake at just over

⁶¹ Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession*, 116.

⁶² Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession*, 209–10; Palestine Economic Corporation, "Third Annual Report," 3–4. Novomeysky seems to downplay the role of the PEC in securing the concession, seeming to indicate that it was difficult to get them to increase their initial subscription, but seems to overlook the fact that it was PEC leaders who pledged to help raise an additional 350,000 dollars.

⁶³ Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession*, 98, 208; PEC to Warburg, June 16, 1927, box 69, folder General Correspondence May-July 1927, PEC records, NYPL; Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 156. Herbert Lehman, another PEC leader was also an early investor in PPL, and appears to have remained actively engaged throughout securing the concession.

⁶⁴ Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession*, 208-210

⁶⁵ Palestine Economic Corporation, "Seventh Annual Report," 1933, 20.

10 percent (the largest of any shareholder) and an approximately 75 percent total Jewish ownership.⁶⁶ The investment proved sound financially as well, as PPL became a major global exporter of potash, Palestine's largest privately owned corporation for most of the Mandate, and after a period of limited profitability, due to German and French flooding of the market, one of Palestine's most profitable enterprises.⁶⁷

Yet while the PEC's financial stake deepened, the ideological rationale behind the investment shifted. The PCC's initial support in 1925 was rooted in an explicitly Zionist vision for Palestine's future. By contrast, when the PEC expanded that investment in the late 1920s, it no longer framed the project as a Zionist endeavor. From its founding, PEC leaders had repeatedly attempted to make a distinction between Zionist politics and their economic work, couching their approach in American ideological terms. As one leader remarked in 1924, "if the future program of the Zionist Organization means a political state, then I think we are determining problems of principle... I might as well be asked to join with a group in the United States who are intending to develop a monarchy in this country—a proposition absolutely foreign to my own conviction of a republican or democratic form of government."⁶⁸ Such statements reveal how deeply PEC leaders feared that political Zionism would appear un-American, even as they rationalized their own role as a legitimate, economic way to support Novomeysky's ideological goals: securing Jewish control of a key resource and promoting majority or even exclusive Jewish labor. Internal correspondence confirms that the PEC initially endorsed Novomeysky's desire to employ exclusively Jewish workers at the site—a plan later abandoned under British pressure and omitted entirely from Novomeysky's memoirs.⁶⁹

⁶⁶ Memorandum to Members of the Executive Committee, November 1931, B 277 folder 4 Palestine 1931, Warburg Papers, AJA

⁶⁷ For example, see: Minutes of the Twenty-Eighth Meeting of the Board of Directors of PPL, February 14, 1932, Ms 457, box 293, folder 14 Palestine Potash, AJA; Shafir, "CAPITALIST BINATIONALISM IN MANDATORY PALESTINE," 619.

⁶⁸ "Proceedings of Non-Partisan Conference," 60.

⁶⁹ Unknown to Bernard Flexner, re Dead Sea Concession, November 16, 1926, MS 359, box 87 folder PEC 1923-1937, Warburg Papers, AJA.

After 1929, however, the rhetoric justifying the investment again shifted and the PEC began to frame Palestine Potash Limited as a model of Jewish-Arab cooperation and mutual economic benefit. This new discourse cast the project as one of shared development, even as the PEC's actions—continued investments, control over board appointments, and efforts to maintain an allied Jewish board majority—further entrenched Jewish control over the Dead Sea minerals.

Palestine Potash: A Vision of Harmony

The violence that erupted in August 1929, resulting in hundreds of deaths and many more injuries, sent shockwaves throughout Palestine and the Jewish world. While not the first instance of intercommunal or anti-British violence in the Mandate, the riots were unprecedented in scale and overtly political—so much so that historian Hillel Cohen has described them as the “year-zero” of the Israeli-Palestinian conflict.⁷⁰ After an initial period of shock and assessment of the material damage to their investments, PEC leaders began to interpret the unrest as symptomatic of deeper structural discontent which resulted in Arabs not reaping the benefits of economic development. In response—and under increasing British pressure to ensure that their work visibly benefited both Arabs and Jews—the PEC began to shift the rhetorical framing of its activities, albeit without making concrete changes, including its flagship investment in Palestine Potash Limited.⁷¹

Prior to 1929, the PEC's annual reports on potash investment were largely technical in tone and focused on geological assessments, logistical challenges, and the economic potential of the Dead Sea. While work had not begun at the Dead Sea before 1929, annual reports in general emphasized a preference for employing Jewish labor predominantly if not exclusively.⁷² After 1929, however, this tone changed—gradually but significantly. The 1930 annual report remarked on the “satisfactory relationship between Jewish and Arab workman” at the site.⁷³ Subsequent

⁷⁰ Hillel Cohen, *Year Zero of the Arab-Israeli Conflict 1929*, Schusterman Series in Israel Studies (Brandeis University Press, 2015), XI–XIII.

⁷¹ Palestine Economic Corporation to Mr. Singer, 16 January 1931, box 24, folder Arab Loans 1930-1937, PEC records, NYPL; F. H Kisch to Mr Viteles, box 24, folder Arab Loans 1930-1937, NYPL.

⁷²For example, see Palestine Economic Corporation, “Third Annual Report,” 1930, 37.

⁷³ Palestine Economic Corporation, “Third Annual Report,” 44–45.

reports continued in this vein. The 1931 report included photographs of Jewish and Arab workers side by side, labeled to emphasize cooperation, and described “friendly relations” among Jews and Arabs.⁷⁴ By the time of the Tenth Annual Report, released in 1936 amid the outbreak of the Arab Revolt, the PEC claimed it was “gratifying... that the relations between the Jewish and Arab workers of the company remained uniformly friendly throughout the disturbances.”⁷⁵ References to preferences for Jewish labor largely disappeared from the annual reports, replaced by congratulatory commentary on the employment of Arab workers and claims about the project’s benefits to surrounding Arab communities.⁷⁶

These observations from close readings of annual reports are supported by large-scale textual analysis. Using a TF-IDF analysis in Python—a method for measuring the relative importance of terms in a text without evaluating their emotional tone—the terms *Arab* and *Arabs* appear with comparable frequency and weight before and after 1929. However, when applying a lexicon-based, polarity sentiment analysis (in this case, sentence-level analysis with TextBlob, which assigns each sentence a score from negative to positive based on a dictionary of weighted terms), a marked shift emerges. In the pre-1929 reports, sentences mentioning “Arab” or “Arabs” contained primarily neutral or negative sentiment values, reflecting technical assessments or the language of economic competition. By contrast, post-1929 reports used far more positive terms in these contexts, aligning with the optimistic rhetoric of benefit theory that the PEC leadership sought to project.⁷⁷

⁷⁴ Palestine Economic Corporation, “Fourth Annual Economic Corporation,” 59, 88.

⁷⁵ Palestine Economic Corporation, “Tenth Annual Report,” 15.

⁷⁶ Palestine Economic Corporation, “Second Annual Report,” 90; Palestine Royal Commission and Palestine Economic Corporation., *The Record of Activities of the Palestine Economic Corporation, Presented to the Palestine Royal Commission* (New York, Palestine Economic Corp., 1936), 13.

⁷⁷ To assess shifts in the PEC’s public rhetoric, I applied two complementary text-analysis methods. First, term frequency-inverse document frequency (TF-IDF) analysis was used to identify words and phrases whose prominence increased or decreased over time, highlighting changes in thematic emphasis within annual reports, shareholder circulars, and public statements. Second, sentiment analysis—using the TextBlob natural language processing library—generated polarity scores (ranging from negative to positive) and subjectivity scores (ranging from objective to subjective) for each document, allowing comparison across periods and rhetorical contexts (e.g., discussions of Arab-Jewish relations versus internal investment strategy). These computational results were interpreted in conjunction with close readings of the underlying documents to account for context, irony, and shifts in meaning over time. This analysis was applied to Palestine Economic Corporation., *Annual Report/ Palestine Economic Corporation (1-11)*, ([New York]), The Palestine Economic Corporation, 1926-1936.

While sentiment analysis of historical sources must be interpreted with caution—given the risk of misclassification, and the fact that lexicon-based methods are trained on modern language—they can quantitatively reinforce patterns identified through close reading, offering an additional layer of evidence for shifts in discourse over time.

While the annual reports from the PEC were intended for a broader consumption—American stockholders, the Mandatory government, and, to some degree, the broader U.S. public, this new language of mutual benefit and coexistence was also echoed in internal communications and the PEC’s correspondence with the British administration. In a 1933 letter to the High Commissioner, Novomeysky emphasized that expanding production to the southern end of the Dead Sea would provide new employment opportunities for Arabs.⁷⁸ In another letter, the PEC argued that PPL’s development could support agricultural development among Arab populations living near the Dead Sea through increased electrification and infrastructure.⁷⁹ Internal memos likewise framed PPL as a public good, promoting coexistence and stability in the region.⁸⁰ As intercommunal tensions escalated again in 1936, PEC leaders reiterated their belief in PPL’s unique role as a zone of cooperation, expressing satisfaction that relations at the site between Jews and Arabs remained positive.⁸¹

The PEC also sought to publicize these claims to a broader audience. Leaders encouraged favorable media coverage, including in the *Manchester Guardian*, which reported on the supposed equality and collaboration between Jews and Arabs at the Dead Sea facility.⁸² Novomeysky himself—who had previously advocated for exclusively Jewish labor at the site—joined this discursive shift. In his memoir, he claimed that no Arabs employed at PPL had participated in anti-Jewish violence, nor could he “recall a single case of Jewish-Arab hostility”

⁷⁸ Novomeysky to High Commissioner, approximately June/July 1933, MS-457, box 293, folder 14, Palestine Potash, Felix M. Warburg Papers, AJA.

⁷⁹ Chief secretary office of Palestine to unknown recipients, June 23, 1933, MS 457, box 293, folder 14 Palestine Potash, Warburg Papers, AJA.

⁸⁰ Proxy Notices, August 1, 1934, box 304, folder 7 Palestine Potash, Warburg Papers AJA.

⁸¹ Singer to PEC, October 6, 1936, box 330, folder 8 Palestine Potash LTD. Felix M. Warburg Papers, AJA.

⁸² Flexner to Warburg Regarding Jewish Arab Relations, October 26, 1934, box 304, folder 2 Palestine 1934, Warburg Papers, AJA.

rather Jewish workers would defend their Arab colleagues if they were mistreated.⁸³ He went further, offering a vision of PPL as a beacon of civilizational progress, invoking colonially tinged language, saying PPL represented, “in the heart of the desert of a modern civilized community, within the large gates of the potash works the visitor found a scene of lively industrial activity... Arabs and Jews mixed...”⁸⁴

The most significant symbolic gesture in the campaign to present PPL as a model of coexistence was the appointment of an Arab director to the company’s board. By the terms of the concession, PPL was required to include Arab investors but not Arab leadership, and until 1934 Arabs had no representation on the corporation’s board.⁸⁵ For Felix Warburg, adding an Arab director could serve as a gesture of goodwill and, in his words, “might give tangible proof of our desire to have the non-Jewish population join us in constructive work in Palestine.”⁸⁶ To this end, Warburg and Novomeysky approached Musa Alami, one of Palestine’s most prominent Arab leaders, known for his willingness to dialogue with British and Zionist leaders despite his strong belief in Arab nationalism. Alami often acted as a de facto representative of the Arab population in conversations with Zionist leaders such as David Ben-Gurion and Judah Magnes, who engaged him in discussions over Palestine’s political future.⁸⁷ Recognizing his stature and reputation as a moderate nationalist, Warburg believed Alami would be the ideal figure to symbolize Arab inclusion.

Yet Alami’s candidacy quickly faltered. The cost of a board seat required an investment of 25,000 pounds, a sum he could not raise. When the proposal came before the board, Julius Simon—who, alongside Warburg, held the PEC’s seats on PPL’s board—dismissed the idea of making an exception, insisting he was “accustomed to go along economic lines but not along

⁸³ Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession.*, 277.

⁸⁴ Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession.*, 281.

⁸⁵ Medoff, *Baksheesh Diplomacy*, 54.

⁸⁶ Warburg to Simon, April 8, 1931, MS-457, box 277, folder 3 Palestine 1931, Warburg Papers, AJA.

⁸⁷ Geoffrey Warren Furlonge, *Palestine Is My Country; the Story of Musa Alami* (Praeger, 1969), 73–90; “Musa Alami - Politicians (1897 - 1984),” Interactive Encyclopedia of the Palestine Question – Palquest, <https://www.palquest.org/en/biography/29920/musa-alami>; Benny Morris, *One State, Two States: Resolving the Israel/Palestine Conflict* (Yale University Press, 2009), 54–60.

political lines” and could not “contemplate appointments for political reasons.”⁸⁸ Framed as a refusal to politicize the corporation, this stance in practice excluded precisely the kind of politically engaged Arab leader whose presence might have given substance to the rhetoric of cooperation. The inconsistency was striking: PEC leaders had previously shown flexibility in defining “non-political” conduct, whether by lending to Zionist-funded settlements or, as later sections will show, collaborating with the Jewish National Fund on major land purchases. While Warburg himself supported the idea of making an exception for Alami, Simon and the rest of the board were unwilling to extend this flexibility, and when Alami failed to raise the necessary capital, the nomination collapsed.⁸⁹

Nearly three years passed before the board revisited the issue of Arab representation. This time, with a push from High Commissioner Arthur Wauchope, they turned to Abdul Rahman Taji, a wealthy landowner who had already invested above the required threshold for a board seat. Taji and Alami, however, stood worlds apart. Whereas Alami was a prominent Arab nationalist, trusted by many Palestinians, Taji—despite holding a seat on the Supreme Muslim Council—was deeply enmeshed with Zionist and British circles. He owned a home in the largely Jewish settlement of Nes Ziona and had sold significant tracts of land to Zionists on multiple occasions, sales many Arabs regarded as a betrayal.⁹⁰ It was precisely this record of accommodation to Zionists, combined with his lack of outspoken nationalism, that made him an attractive candidate to the PPL board. Recommended by both Wauchope and the head of Barclays Bank, Taji not only met the financial threshold but, as Novomeysky later emphasized, pledged to “play no part in politics.”⁹¹ The fact that Taji himself preferred not to attend PPL board meetings in London, instead offering to send his son, then a student at Cambridge, only

⁸⁸ Medoff, *Baksheesh Diplomacy*, 53.

⁸⁹ Medoff, *Baksheesh Diplomacy*, 52.

⁹⁰ Rafiq Hussein, *Exiled from Jerusalem: The Diaries of Hussein Fakhri al-Khalidi* (Bloomsbury Publishing, 2020), 85, 219; Hillel Cohen, *Army of Shadows: Palestinian Collaboration with Zionism, 1917-1948* (University of California Press, 2008), 2–10.

⁹¹ Lytton to Novomeysky, February 2, 1934, box 304, folder 8 PPL, Warburg Papers, AJA; Warburg to Flexner, August 17, 1931, box 277, folder 3 Palestine 1931, Warburg papers, AJA; Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession.*, 277.

reinforced the perception that—unlike Alami—he would not be a demanding or politically assertive presence on the board.⁹² Taji captured exactly what PPL’s leadership sought: Arab participation confined to the realm of symbolism, stripped of any influence or political meaning. Yet despite his close ties to the British administration and his significant financial commitment to PPL, PEC leaders still viewed him with racialized suspicion. Paul Singer remarked that he feared any confidential information shared with Taji “may, a week later, be heard in the Bazaar.”⁹³

His appointment could thus be paraded as proof of Arab-Jewish cooperation, even as it underscored the deeper reality: Arab participation was permitted only when stripped of political meaning, thereby preserving Jewish primacy in investment, labor, and decision-making.

Rhetoric versus Reality at the Dead Sea

The PEC’s portrayal of Palestine Potash Limited (PPL) as a site of Arab-Jewish harmony stood in sharp contrast to the daily realities of the enterprise. As with nearly all Jewish-owned enterprises in Palestine, PPL operated on the assumption that Jewish workers not only required but deserved significantly higher wages than their Arab counterparts.⁹⁴ On average, Jewish laborers were paid ten shillings a day, while Arab workers received only three—a disparity the PEC did not attempt to justify by referencing skill differentials or occupational roles but instead accepted as self-evident.⁹⁵

The company’s residential arrangements reflected similar racialized logic. Despite Novomeysky’s claim that the potash works represented a “modern civilization” in which “Arabs and Jews mixed,” PPL maintained strictly segregated living quarters. Jewish and Arab workers lived in separate encampments, ate separately in distinct kitchens, and, as a rule, the Arab facilities were inferior in quality.⁹⁶ While Arabs and Jews were employed in roughly equal

⁹² Paul Singer to PPL re Financing, July 13, 1934, MS 457, box 304, folder 8 PPL, Felix M. Warburg Papers, AJA.

⁹³ Medoff, *Baksheesh Diplomacy*, 53.

⁹⁴ Shafir, “CAPITALIST BINATIONALISM IN MANDATORY PALESTINE,” 619.

⁹⁵ PPL cost of production estimates, approximately, March 1936, box 304, folder 8 PPL, Warburg Papers, AJA; Flexner to Warburg, October 19, 1931, box 277, folder 3, Palestine 1931, Warburg papers, AJA; Norris cites a smaller, though still considerable wage gap Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 201.

⁹⁶ Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 201.

numbers, cultural and recreational activities were conducted exclusively in Hebrew, effectively excluding Arab workers from company-sponsored community life.⁹⁷

These disparities—particularly in wages and conditions—became a major source of Arab grievance. The Arab newspaper *Mirat al-Sharq* decried the discriminatory practices and the absence of any meaningful recourse for Arab workers at the Dead Sea, asking pointedly: “To whom can the Arab labourer complain?” While the terms of the British concession required PPL to employ both Arab and Jewish workers, there was no stipulation that they be treated equally.⁹⁸ Even as Novomeysky and PEC leaders celebrated their employment of Arabs in public forums, they appear never to have seriously entertained the idea of treating them as equals.

Control over labor, however, was only one part of a broader strategy to ensure that PPL remained firmly in Jewish hands. The issue came to a head in 1933–34, as PPL entered a new phase of development. The experimental years had yielded promising results: Novomeysky had developed efficient methods of potash extraction, PPL had become a major player in the global potash trade, and it was now the world’s leading exporter of bromine.⁹⁹ However during this phase, the PPL had largely broken even financially, and profit necessitated expansion to the southern end of the Dead Sea, which in turn required a new infusion of capital. To this end the company planned to raise an additional 420,000 pounds, nearly doubling its total stock.

This posed a problem for the PEC and Novomeysky. The new stock offering risked altering the balance of control within the company, particularly if non-Jewish investors purchased a significant portion. PEC leaders reviewed the shareholder rolls and crudely sorted existing stakeholders into two camps by presumed loyalty based solely on ethnic/confessional background: Jewish-aligned and non-Jewish-aligned.¹⁰⁰ The tally revealed that roughly 70

⁹⁷ PPL cost of production estimates, approximately March 1936, MS 457, box 304, folder 8 PPL, Warburg Papers, AJA.

⁹⁸ Quoted in Novomeysky, *Given to Salt; the Struggle for the Dead Sea Concession*, 201.

⁹⁹ PPL to Shareholders, April 30, 1934, box 304, folder 8 PPL, Warburg Papers, AJA.

¹⁰⁰ Even Major T. G. Tulloch Novomeysky’s British partner, and close associate in the enterprise was classified as non-Jewish-aligned on the assumption that despite his critical help in forming PPL might someday diverge from the Jewish members PPL’s leadership; Memo PPL voting positions, November 16, 1934, box 304, folder 7 PPL, Warburg Papers, AJA.

percent of shares were then held by Jewish-aligned stakeholders, including the PEC, PEC associates, Novomeysky, and the Anglo-Palestine Bank (a Zionist institution). But this figure, while superficially reassuring, did not guarantee future control. Jewish shareholders might sell their stock, abstain from votes, or oppose key initiatives. As one December 1934 internal memo warned, if Jewish control was further diluted a Jewish voter disagreeing on a particular measure or being unable to vote could allow the non-Jewish voters to band together and overrule the Jewish-aligned voters.¹⁰¹

To preempt such outcomes, the PEC devised a stock conversion scheme that would create two classes of shares: **preference shares**, which offered a fixed dividend of five percent but no voting rights, and **ordinary shares**, which offered only residual profits—paying out dividends after preference shares—but full voting rights.¹⁰² While both types of shares were initially valued equally at one pound per share, the preference shares were designed to appeal to profit-motivated investors seeking dividends. The ordinary shares, though less financially attractive, preserved control. By converting 75 percent of the existing and new stock into non-voting preference shares, PEC leaders hoped to insulate PPL from unwanted political or ideological interference. So long as Jewish-aligned investors retained enough of the ordinary shares, the PEC could safeguard Jewish dominance. To further cement control, ordinary shareholders were forbidden from selling their stock so that control could not shift after the new stock was purchased. Such stock classifications were and remain relatively common in American finance, where they served to attract equity investors: investors prioritizing steady returns rather than corporate governance.¹⁰³ Yet the PEC's application of this model in Palestine had a very different purpose. Arabs were not disinterested investors looking to diversify a portfolio; they were supposed to be stakeholders in, and beneficiaries of, the exploitation of their own country's

¹⁰¹ Memo: PPL voting position, Dec 12, 1934, box 304, folder 7 PPL, Warburg Papers, AJA.

¹⁰² Leavitt to Flexner, 18 Jan. 1934, MS 457, box 304, folder 2, Warburg Papers, AJA; Tulloch to Warburg, October 29, 1933, box 293, folder 15 PPL 1933, Warburg Papers, AJA.

¹⁰³ Clifford G. Holderness et al., "Were the Good Old Days That Good? Changes in Managerial Stock Ownership Since the Great Depression," *The Journal of Finance* 54, no. 2 (1999): 450.

natural resources. By creating a special class of preference shares to market to Arab investors—guaranteeing modest dividends while withholding voting rights—PEC leaders sought to channel Arab participation into narrowly financial terms, stripping it of any influence over decision-making. The structure invited Arabs to profit passively from the Dead Sea but barred them from shaping its future.

Not all stakeholders were comfortable with this plan. Major Tulloch objected that Arab shareholders would likely perceive the scheme as a “swindle,” reinforcing the perception that PPL was a “a purely Zionist company.”¹⁰⁴ Despite these warnings, PEC leaders pressed ahead. Even the appointment of Abdul Rahman Taji to the board—presented as a gesture of Arab inclusion—was in part a tactical move to sell the scheme. Taji was expected to reassure Arab investors and persuade them to accept a system that guaranteed them dividends but denied them power, effectively enlisting an Arab face to legitimize their own exclusion.¹⁰⁵ Arab investors might be allowed to profit but not decide the future of the company. With the support of American non-Zionist capital, the structure of PPL, from its wage hierarchy to its boardroom politics, was engineered to ensure that the Zionist movement would remain firmly in control of Palestine’s most valuable natural resource.

Haifa: The City of the Future

If the Dead Sea was the PEC’s flagship industrial investment, Haifa Bay represented its most ambitious attempt at spatial and urban engineering. While the potash works had tied capital to resource extraction, Haifa Bay offered a different kind of power—control over land, infrastructure, and the very shape of urban life. Initially, the PEC’s involvement was driven by concern that the territory might revert to Arab hands after the collapse of a Jewish-owned land syndicate. But what began as a defensive maneuver quickly became an opportunity to project a broader vision. As the PEC partnered with the Jewish National Fund and hired British town planners, it recast its aims in the language of economic modernization and universal benefit. As

¹⁰⁴ Tulloch to Warburg, October 29, 1933, box 293, folder 15 PPL 1933, Warburg Papers, AJA.

¹⁰⁵ Lytton to Novomeysky, February 2, 1934, box 304, folder 8 PPL, Warburg Papers, AJA.

the following sections show—and the next chapter continues—Haifa Bay became a laboratory for transnational Jewish investors, not merely to invest in Palestine’s future, but to design it. In the process, the PEC helped advance a vision of development that claimed neutrality while embedding ethnic, economic, and political hierarchies into the landscape itself.

During the Mandate, Haifa and the surrounding region were widely imagined as an area of immense economic promise, a future center of industry and trade in an evolving regional and global economy.¹⁰⁶ British officials, Zionist planners, and American Jewish investors all envisioned Haifa as the linchpin connecting the British Empire to the Near East: a model city planned with the highest Western ideals that would stand in stark contrast to the chaotic disorganization of Zionist urban life in Tel Aviv.¹⁰⁷ Unlike many of the older urban centers of the region, Haifa was a comparatively young city, dating only to the seventeenth century, and its initially small population experienced explosive growth during the Mandate—from 25,000 in 1922 to 100,000 in 1938. Its strategic location, combining Palestine’s most viable deepwater port site with a sparsely settled bay that lacked large-scale urban or industrial development, made Haifa and the surrounding region a prime site for projecting economic fantasies and imperial ambitions.¹⁰⁸

For the British, Haifa’s importance was unrivaled in Palestine. As the planned terminus of the Iraqi Petroleum Company pipeline, the city was to become the Empire’s logistical hub for channeling oil from Mosul to the Mediterranean. The British government even approved a major loan—an exceptional measure during the Mandate period—to fund the construction of a deepwater port.¹⁰⁹ The possibility of a future port made the region around Haifa the choice for

¹⁰⁶ “Haifa and the Early Industrialization in the Yishuv / חיפה בראשית התיעוש היהודי בארץ,” *The Economic Quarterly* / *הרבעון לכלכלה*, no. 106 (1980): 310–15.

¹⁰⁷ Singer to Mohl, July 17, 1930, box 8, folder Haifa Bay Town Planning 1930-1932, PEC records, NYPL. Singer to Simon, October 27, 1932, box 8, folder Haifa Bay Town Planning 1930-1932, PEC records, NYPL. Report of the Proceedings of the Meeting of the Shareholders, 31 Oct. 1934, MS-457, box 304, folder 4, Warburg papers, AJA,

¹⁰⁸ Report on Haifa Bay development, June 15, 1927, box 69, folder General Correspondence August-September 1927 (1 of 2), PEC records, NYPL.

¹⁰⁹ May Seikaly, *Haifa : Transformation of a Palestinian Arab Society 1918-1939* (I.B. Tauris, 1995), 138–39.

multiple Jewish industries including Nesher Cement, Shemen Oil, and the Rothschild Flour Mills.¹¹⁰

Haifa's rapid growth, strategic location, and relative lack of historical baggage allowed it to absorb a wide range of symbolic projections. Within the Yishuv, it was widely stated that Jerusalem represented the past, Tel Aviv the present, and Haifa the future.¹¹¹ For the PEC and its allies, Haifa was a chance to imagine a modern industrial center shaped by their investment. In a meeting with PEC leaders, Baron Rothschild said he believed Haifa, or perhaps Tel Aviv, would one day become the "New York of Asia," highlighting the possibility of Haifa's imagined global centrality and cosmopolitan promise.¹¹² PEC officials echoed these metaphors, likening Haifa's importance to Manhattan or Long Island—and elsewhere to Liverpool and Manchester, evoking both its maritime function and industrial potential.¹¹³

These layered comparisons—New York, Manchester, Long Island—reflected more than boosterism. They reveal how Haifa was imagined as a site where capitalists, Zionists, imperialists, and regional planners could project their vision for the future of Palestine. It was not just a city of the future but a city where futures—Jewish, imperial, and capitalist—were being deliberately designed and contested, often with little consideration for the existing populations of Palestine—in particular the Arab Palestinian population, but at times Jewish as well.

The Haifa region was also central to one of the largest Jewish land purchases in the history of the Mandate. Between 1901 and 1925, a series of transactions known collectively as the Sursock Purchases saw large swaths of land around Haifa and the Jezreel Valley transferred from the Sursock family—a Christian Arab elite family from Palestine living in Beirut—to various Jewish interests. The most significant of these acquisitions was in Haifa Bay (also known

¹¹⁰ Report Haifa Bay Development Company, N.D. [Likely 1927], box 69, folder General Correspondence April 1926-1927, NYPL

¹¹¹ "Haifa and the Early Industrialization in the Yishuv / 309", חִיפָה בְּרֵאשִׁית הַתְּיָעוּשׁ הַיְּהוּדִי בְּאַרְצֵנוּ.

¹¹² Simon to Flexner, December 10, 1932, box 283, folder 17 Palestine Economic Corporation 1932, Warburg Papers, AJA. Rothschild suggested that either Tel Aviv, Haifa, or the entire region may be this so called "New York of Asia"

¹¹³ Haifa, Report to the JNF and PEC, June 12, 1930, folder J107/83, CZA; Simon to Singer, July 23, 1927, box 69, folder General Correspondence May-July 1927, NYPL.

as Emek Zebulon), a stretch of nearly 50,000 dunams running from the northern bank of the Kishon River to the outskirts of Acre.¹¹⁴ The sparsely populated and swampy land ran to the east and north of the existing town of Haifa but was seen as a key area in a future metropolitan region. The land was acquired by a consortium of Zionist organizations who formed a joint venture called the Haifa Bay Development Company (HBDC) to manage the purchase and resale of the land in Haifa.¹¹⁵

The HBDC's business model was speculative and precarious from the start. The company anticipated that land values would soar with the construction of Haifa's harbor and the completion of the oil pipeline. But it spent nearly all of its capital on a 97,000-pound down payment, leaving insufficient funds to cover the remaining 75,000 pounds due in annual installments to the Sursocks.¹¹⁶ To service the debt, the HBDC aimed to sell subdivided plots to middle and upper class diaspora Jews—Polish and American Jews who would immigrate to Palestine—who they believed would want a higher standard of living than what was offered in existing towns and agricultural colonies. However, the model depended on continual land sales to finance outstanding obligations, especially infrastructure improvements, including drainage and roads, needed to make the land livable. When improvement costs ballooned and the Polish economy contracted in 1926 leaving few potential buyers, the HBDC's revenue stream dried up. The company found itself unable to make its next mortgage payments—threatening a default that could unwind the entire enterprise.¹¹⁷

The PEC, which had only recently emerged as a major force in Palestine's economic life, responded with alarm. Reports of the HBDC's looming insolvency began trickling in during the

¹¹⁴ List of villages sold by the Sursock and their partners to Zionist land organizations since the British occupation of Palestine, evidence to the Shaw Commission, 1930, p.1074, exhibit 71

¹¹⁵ Report Haifa Bay Development Co. Limited, Aug 3, 1926, box 69, folder General Correspondence April 1926-1927, NYPL; Haifa, Report to the JNF and PEC, June 12, 1930, folder J107/83, CZA. The HBDC was made up of the American Zion Commonwealth, Meshek, and a German-Romanian group of Zionist investors.

¹¹⁶ Report Haifa Bay Development Co. Limited, Aug 3, 1926, box 69, folder General Correspondence April 1926-1927, NYPL.

¹¹⁷ Singer to Viteles, August 17, 1926, box 69, folder General Correspondence April 1926-1927, NYPL; Viteles to Singer, Aug 3, 1926, box 69, folder General Correspondence April 1926-1927, NYPL; Flexner to Warburg, May 9 1926, box 87, folder 1923-1937, Marshall papers, AJA; Report Haifa Bay Development Co. Limited, Aug 3, 1926, box 69, folder General Correspondence April 1926-1927, NYPL.

summer of 1926, and PEC leaders quickly concluded that the consequences could be disastrous—not only financially but ideologically.¹¹⁸ Because Palestine lacked a banking system capable of handling large-scale land purchases, the Surssocks were effectively accepting payment in installments rather than through a traditional mortgage. A default, therefore, risked returning the land to its Arab owners, and internal PEC communications reveal deep anxiety about maintaining Jewish control. This concern was never expressed in neutral economic terms. Even in public-facing documents such as the PEC's annual report, the debt owed to the Surssocks was described as an "Arab mortgage," with explicit warnings against the land reverting to "Arab land owners." The framing left little doubt: the stakes of the venture were bound to the question of racialized land ownership.¹¹⁹ As in the PEC's potash enterprise, the preservation of Jewish control was presented not merely as a matter of operating on a "strictly business basis" but as a responsibility to fellow Jews.

To forestall the collapse of the Haifa Bay Development Company (HBDC), the PEC stepped in to cover a critical mortgage payment in 1927, securing in return an option to purchase nearly all of the company's land holdings—excluding parcels already sold or encumbered.¹²⁰ This intervention bought the PEC valuable time to assess its options, raise capital, and weigh the risks of a full acquisition. The Haifa Bay land was seen as both a promising investment and a strategic asset. In internal discussions, PEC officials described it as a means to "further the economic development of Palestine and the settlement thereof an increasing number of Jews."¹²¹ Yet the scale of the transaction posed a dilemma: acquiring the land outright would have required dedicating a significant portion of the PEC's capital to a single project, an imprudent move for a still-new institution.

¹¹⁸ Singer to Flexner, July 1, 1926, B 69, folder General Correspondence April 1926-1927, NYPL; Singer to Viteles, August 17, 1926, box 69, folder General Correspondence April 1926-1927, NYPL; Flexner to Warburg, May 9 1926, box 87, folder 1923-1937, Marshall papers, AJA.

¹¹⁹ Palestine Economic Corporation, "Second Annual Report," 86.

¹²⁰ Palestine Economic Corporation, "Second Annual Report," 29.

¹²¹ PEC to Warburg, June 16, 1927, box 69, folder General Correspondence May-July 1927, NYPL.

Seeking to spread the risk, the PEC pursued potential partners. Among the first was Pinhas Rutenberg, the Russian-Jewish engineer who held the British concession to electrify much of Palestine and had already expressed interest in purchasing Haifa Bay land for infrastructure development.¹²² On paper, Rutenberg seemed an ideal collaborator. Though a committed Zionist, he framed his projects in the language of technocracy and capitalist efficiency—terms that echoed the PEC’s self-image as an apolitical, economically rational actor.¹²³ But behind Rutenberg’s technocratic façade, the PEC discerned risk. Rutenberg’s financial backers included non-Jewish British investors, raising fears that key land at Haifa Bay might fall under foreign or imperial influence—an irony PEC officials seemed to miss, as they too of course represented a foreign influence in Palestine.

In a clipped telegram to Felix Warburg—its brevity shaped by the high cost of cables—Bernard Flexner warned that “acquisition [of Haifa Bay land] by Rutenberg Group [could cause] serious detriment [to] Jewish interests [in] Palestine.” He cautioned that even PEC participation in a Rutenberg-led deal would not be enough to “prevent this damage.” Warburg agreed, voicing his own concern that Rutenberg might serve as an agent of “English colonial influence perhaps [to the] detriment of Jewish interests.”¹²⁴ Ultimately, partnering with Rutenberg was judged too great a risk—not because of his Zionist ties, but because of his connections to British investors. For the PEC, allying with a Zionist could be acceptable, but control of Haifa Bay land had to remain entirely in the hands of Jewish investors.

Souring on Rutenberg, the PEC ultimately turned to a less obvious partner: the Jewish National Fund (JNF). As the official land-acquisition arm of the Zionist movement, the JNF’s mission was to purchase land in Palestine and hold it in trust for the Jewish people. On its face, this alliance might have posed a direct ideological challenge to the PEC’s professed apoliticism.

¹²² Extract of a letter by Mr. Shocken to Mr. Naiditch dated February 8, 1927, box 69, folder General Correspondence April 1926-1927, NYPL.

¹²³ Meiton, *Electrical Palestine*, 9–12.

¹²⁴ Flexner to Warburg, box 69, folder General Correspondence April 1926-1927, PEC records, NYPL; Warburg to Flexner, N.D. Likely March 1927. box 69, folder General Correspondence April 1926-1927, NYPL.

Yet PEC leaders expressed almost no reservations. In practice, the JNF was the only institution with both the capital and the mandate to ensure Haifa Bay land remained in exclusively Jewish hands—the PEC’s overriding concern.¹²⁵ As this chapter and earlier ones make clear, when forced to choose between maintaining rhetorical distance from Zionism and pursuing initiatives they believed advanced Jewish interests, the PEC reliably chose the latter, reframing its actions within an ever-flexible definition of apoliticism. Unlike in the mid-1920s, when PEC leaders agonized over funding settlements tied to the Zionist Organization, the decision to work with the JNF prompted little debate. This was not because they had abandoned their claim to apoliticism, but because they had come to regard certain aspects of Zionism itself—particularly those that secured Jewish economic dominance—as compatible with, even constitutive of, their supposedly neutral mission.

Confronted once again with the contradiction of distancing itself from Zionism while partnering with a major Zionist institution, PEC leaders developed a new rationalization. They framed the Haifa Bay investment as an opportunity not to align with the JNF, but to transform it—Julius Simon, one of the Zionist members of PEC leadership, claimed it was the chance to remake a “semi-philanthropic institution” into a fully economic body, “at the top of the whole economic structure in Palestine,” with “its leaseholds becom[ing] marketable titles.” In PEC thinking, this shift toward market rationality stripped the JNF of its overtly ideological and philanthropic character and recast it as a neutral, profit-seeking institution. To them, embedding Zionist landholding within the logic of the market made it less political, even non-political, as they viewed capitalist forms of ownership and exchange as universal and objective. In this framing, the PEC was not compromising its apoliticism by working with the JNF; rather, it was legitimizing the Zionist institution by translating its mission into the supposedly neutral language of the market.¹²⁶

¹²⁵ The PEC also reached out to PICA, a more natural partner, but they declined to put capital towards the purchase of land: Viteles to PEC, February 22, 1927, box 69, folder General Correspondence April 1926-1927, NYPL.

¹²⁶ Simon to Granovsky, June 9, 1933, box 8, folder Haifa Bay Town Planning 1933, NYPL.

With possible ideological qualms set aside, the PEC and JNF formalized an ambitious joint acquisition in late 1928. Together they purchased nearly all remaining HBDC land for approximately a million dollars.¹²⁷ The agreement stipulated that, in a future division, the PEC would receive one-quarter of the land—including half of what was yet to be designated as the “most valuable” portions of the land—while the JNF would control the remaining three-quarters, including what was to be more sparsely populated and agricultural areas. Although held jointly for years, all strategic decisions about the land were made by consensus, with the PEC typically setting the agenda and the JNF acquiescing.¹²⁸

Capital contributions followed this ownership ratio: the JNF paid 75% of the cost, while the PEC covered 25%. Crucially, however, the PEC fronted the JNF’s share as a loan, to be repaid over time with interest.¹²⁹ This not only gave the PEC a steady income stream and minimized its financial exposure—but it also reinforced the imbalance of power between the two institutions. The arrangement ensured that Haifa Bay’s economic development would be shaped by PEC priorities, even as the JNF would eventually own more of the land. Through this deal, the PEC secured control over arguably the most valuable portion of the largest Jewish land purchase in Mandate Palestine—and kept it firmly in Jewish hands.¹³⁰

Haifa Bay: A Land Designed by Industry

Although the PEC and the JNF had jointly acquired much of Haifa Bay in 1928, both organizations initially treated the land as a long-term project rather than an immediate development site. With the Haifa port and the Iraqi Petroleum Company pipeline still under construction, PEC leaders anticipated that land values would soon rise and expected to profit by holding the land until that occurred—ensuring it remained in Jewish hands in the meantime. To facilitate this strategy, the PEC established a Palestine-based subsidiary, Bayside Land,

¹²⁷ Palestine Economic Corporation, “Second Annual Report,” 4.

¹²⁸ For example, see: Mohl to Singer, July 7, 1930, box 8 folder Haifa Bay Town Planning 1930-1932, PEC Records, NYPL; a more comprehensive view can be found in Benjamin Hyman, “British Planners in Palestine, 1918-1936” (London School of Economics and Political Science, 1994), 628.

¹²⁹ Mohl to Singer, July 7, 1930, box 8 folder Haifa Bay Town Planning 1930-1932, NYPL.

¹³⁰ Memo Haifa Bay, July 25, 1927, box 69, folder General Correspondence May-July 1927, NYPL.

eventually investing over a million dollars in it, to assume formal possession and carry out minimal improvements, mostly draining mosquito-infested swamps to reduce malaria risk.¹³¹

The PEC's relatively passive stance soon gave way to a far more assertive one. Within eighteen months, its leaders were no longer content with ownership alone; they sought control over the very design and regulatory framework of Haifa Bay. Alarmed that British authorities were developing the land without regard for long-term planning—threatening both property values and Jewish settlement ambitions—the PEC moved to insert itself directly into the machinery of urban regulation. It hired Patrick Abercrombie, an elite British town planner with close ties to colonial officials, and positioned him to draft the official plans for the region. In doing so, the PEC positioned itself not only as a major landholder but as a quasi-public authority, blurring the boundary between private capital and state power. Through the language and instruments of technocratic planning, it reshaped Haifa Bay into a zone of Jewish development, ensuring that future growth would serve its vision of the bay as the industrial and settlement hub of Jewish Palestine.

That shift was triggered in late 1929 when the British government granted the Iraqi Petroleum Company a concession for an oil storage facility along the Haifa coastline.¹³² PEC leaders viewed the decision as a direct threat to their vision for Haifa Bay. The facility, they believed, would block future residents from coastal access, sever future Jewish neighborhoods in the Bay from the main town of Haifa, and diminish the area's appeal and profitability. Though the PEC issued a formal protest, it quickly concluded that British officials were unlikely to reverse course, given Haifa's growing importance as an imperial oil hub.¹³³ To strengthen its leverage, the PEC resolved to embed itself directly in the planning process—appointing its own

¹³¹ Mohl to Singer, July 7, 1930, box 8 folder Haifa Bay Town Planning 1930-1932, NYPL; Bayside Land Corporation Balance, March 31, 1938, box 6, folder Bayside land corporation LTD-Bayside numbered letters to PEC April-May 1938, NYPL.

¹³² Mohl to Singer, August 14, 1930, box 8, folder Haifa Bay Town Planning 1930-1932, NYPL

¹³³ Hyman "British Planners in Palestine, 1918-1936," 596.

town planner to draft alternatives and negotiate with the government and the Iraqi Petroleum Company over the spatial future of the region.

The PEC found its ideal town planner in Patrick Abercrombie, a prominent British figure known for his work on major planning projects in areas such as Plymouth, Cyprus, London, and Edinburgh.¹³⁴ While Abercrombie's credentials were impressive in their own right, what made him most attractive to the PEC was his close relationship with British administrative elites. As a respected insider, Abercrombie had the kind of access to Mandate officials that the PEC believed essential to influencing Haifa Bay's spatial future.¹³⁵ Initially brought on in a consulting capacity, Abercrombie would remain on retainer for eight years, during which time he developed the master plan for the entire Bay region—effectively becoming the architect of the PEC's territorial vision.

Abercrombie's status soon blurred the lines between public authority and private interest. Although he was formally hired to represent the PEC and JNF as major landholders, Mandate officials would soon treat him as a *de facto* government planner. That ambiguity deepened when Abercrombie asked the PEC to hire his former student, Clifford Holliday, to assist with the project. Unlike Abercrombie—who was based in Britain and only visited Palestine periodically—Holliday resided in Palestine, working as a town planner for the British administration. His presence allowed him to conduct regular site assessments and liaise directly with local officials, qualities Abercrombie particularly valued.¹³⁶ Yet Holliday's appointment introduced a new layer of entanglement. At the time, he was not only assisting the PEC but also serving as a leading member of the Mandate's Central Town Planning Commission—the body responsible for approving all town planning schemes. Holliday played a central role in the commission: he sat on most subcommittees, chaired the influential by-laws committee, and

¹³⁴ Hyman, "British Planners in Palestine, 1918-1936," 582.

¹³⁵ Hyman, "British Planners in Palestine, 1918-1936," 580–82.

¹³⁶ Report, PEC meeting of the Shareholders, October 31, 1934, box 304, folder 4 Palestine Economic Corporation, Warburg Papers, AJA; Singer to PEC, June 13, 1933, box 8, folder Haifa Town Planning 1933, NYPL.

wielded significant power in determining the fate of planning applications.¹³⁷ Though the precise approval mechanisms evolved throughout the Mandate—from centralized oversight to more regionalized control—Holliday’s influence remained pivotal.

The conflict of interest was striking. In his official capacity, Holliday had advocated for a planning system insulated from non-governmental interference, stating that “all land owners and others with vested interest should be excluded” from the process.¹³⁸ Yet in practice, he helped draft Haifa Bay’s town plans on behalf of its largest private landowners—and then used his official position to push for their approval. In hiring Abercrombie and Holliday, the PEC managed, under the guise of a benign development ethos, not only to own the vast tract of land but control of the planning authority.

The PEC and JNF’s elevation to the role of *de facto* public planners was formalized in a series of closed-door meetings convened by Galilee Governor Edward Keith-Roach in late 1931 and early 1932. As Keith-Roach explained, the purpose was to “establish an agreed basis from which such development could be planned along well ordered lines to the benefit of all concerned”—in practice, to empower a small circle of actors to determine the region’s future.¹³⁹ Participants included representatives from the Mandate government, the Iraqi Petroleum Company, and the PEC and JNF, along with their planners, Patrick Abercrombie and Clifford Holliday. Officially, the meetings addressed the location of the petroleum tanks along the Haifa Bay waterfront; in reality, they became the venue where the economic and spatial future of the entire region was decided.¹⁴⁰

Keith-Roach made his position clear: the British government had limited priorities in the further development of the Bay—primarily the location of the aerodrome, the railway workshop,

¹³⁷ Hyman, “British Planners in Palestine, 1918-1936,” 433, 531, 528, 530.

¹³⁸ Hyman, “British Planners in Palestine, 1918-1936,” 542.

¹³⁹ Minutes of meeting to discuss Haifa future, December 29, 1931, box 8, folder Haifa Town Planning 1930-1932, NYPL.

¹⁴⁰ Minutes of meeting to discuss Haifa future, December 29, 1931, box 8, folder Haifa Town Planning 1930-1932, NYPL; Abercrombie to Singer, Dec 30, 1931, box 8, folder Haifa Town Planning 1930-1932, NYPL. It is unclear if there were two or three of these meetings. At the end of the second meeting Keith-Roach makes clear they will meet again for a third meeting, but I have not been able to locate a records of a third meeting

and the alignment of the Haifa Acre road —and beyond that, he was willing to accept a regional plan agreed by the other invited stakeholders. He tasked Abercrombie and Holliday with consulting their respective employers and the oil company and returning with a plan acceptable to all parties. As one PEC official put it, Keith-Roach made clear that he would “go along with whatever consensus he is presented, but won’t lead,” leaving it to the PEC to “get everyone to agree and present him with a united front.”¹⁴¹

According to Abercrombie, Keith-Roach described the purpose of the meetings as bringing together “all interested in Haifa development on the Bayside area.”¹⁴² But this inclusivity was illusory. The only Arab participant, Rafiq Bey El Beydoun, an administrative officer of the northern district, appears only fleetingly in the record: he attended just one meeting, according to the minutes, did not speak, and appears to have left no historical trace beyond a few documents listing his name and position in the British administration.¹⁴³ No residents of Haifa Bay, Arab or Jewish, were invited to attend, nor were other local stakeholders. In effect, Keith-Roach outsourced the planning of an entire region to a coalition of corporate and Zionist landholding elites, entrusting them—via their representatives Abercrombie and Holliday—to decide how Haifa Bay would be shaped. Such exclusion was typical for the period; meaningful community participation in planning processes would not emerge in town planning until the 1960s.¹⁴⁴ What was less typical was the degree to which landholders, rather than state authorities, were able to wield decisive power. These meetings formalized the PEC and JNF’s role not just as stakeholders, but as architects of regional policy, and left to their discretion and benevolence the fate of the Bay’s current and future residents.

PEC officials consistently phrased their vision for the land as beneficial for all the future inhabitants of the region—through a planned and considered expansion to create an idyllic

¹⁴¹ Mohl to Singer, December 19, 1932, box 8, folder Haifa Town Planning 1930-1932, NYPL.

¹⁴² Abercrombie to Singer, Dec 30, 1931, box 8, folder Haifa Town Planning 1930-1932, NYPL

¹⁴³ Minutes of meeting to discuss Haifa’s future, December 29, 1931, box 8, folder Haifa Town Planning 1930-1932, NYPL; Minutes of the Second meeting to discuss Haifa’s future January 8, 1932, December 29, 1931, box 8, folder Haifa Town Planning 1930-1932, NYPL.

¹⁴⁴ Peter Hall, *Cities of Tomorrow: An Intellectual History of Urban Planning and Design Since 1880* (John Wiley & Sons, 2014), 341.

seaside community with a mix of industrial development and preserved open spaces.¹⁴⁵ This vision harmonized with Abercrombie, who saw the three prongs of town planning to be a focus on “health, beauty and convenience.”¹⁴⁶ Both the PEC and Abercrombie as their agent framed their work as a neutral technocratic process designed to create the sort of orderly and planned expansion that would provide universal benefit. Time and again the PEC contrasted their vision for Haifa Bay with Tel Aviv, which they saw as constructed quickly, haphazardly, and without proper planning.¹⁴⁷ “The mistakes of Tel-Aviv will not be repeated in Haifa Bay” PEC leaders put in their report on their vision of Haifa Bay to shareholders, before elaborating on how town planning could seamlessly blend industry and population in the Haifa Bay region.¹⁴⁸

While both Abercrombie and the PEC presented their visions for Haifa Bay as the result of a neutral process: “an orderly expansion of Haifa safeguarding the common public interest and ... harmonize all legitimate private interests” the reality was that their vision for Haifa Bay relied on several assumptions about whom and what to prioritize in future development, in particular prioritizing private interests, industrial development, and Jewish economic access.¹⁴⁹ The PEC took for granted the idea that Haifa Bay should naturally be the industrial center of the Yishuv. This assumption was made in part due to existing industries, such as the Nesher cement plant just south of the Bay founded by the Russian Jewish industrialist Michael Pollak, as well as the location near the port. However, the PEC also saw centering industrial development in Haifa Bay as key to increasing their own land value and thus returning a healthy profit on investment.¹⁵⁰

In addition, because the PEC owned only a quarter of the eventual Bay land, they saw it in their interest to concentrate industry as much as possible, increasing the value per dunam of

¹⁴⁵ Singer to Simon, October 27, 1932, box 8, folder Haifa Bay Town Planning 1930-1932, NYPL; Singer to Mohl, July 17, 1930, box 8, folder Haifa Bay Town Planning 1930-1932, NYPL.

¹⁴⁶ Hyman, “British Planners in Palestine, 1918-1936,” 581.

¹⁴⁷ Singer to Mohl, July 17, 1930, box 8, folder Haifa Bay Town Planning 1930-1932, NYPL.

¹⁴⁸ Report, PEC meeting of the Shareholders, October 31, 1934, box 304, folder 4 Palestine Economic Corporation, Warburg Papers, AJA.

¹⁴⁹ Singer to Simon, October 27, 1932, box 8, folder Haifa Bay Town Planning 1930-1932, NYPL.

¹⁵⁰ Singer to Mohl, May 24, 1933, box 8, folder Haifa Bay Town Planning 1933, NYPL; Mohl to Simon, January 29, 1934, box 74, folder Emek Zebulun- Town Planning-Correspondence December 1933-July 1934, NYPL.

their land.¹⁵¹ In initial talks with the government Haifa Bay was to be split into five zones—residential, industrial, light industrial, commercial, open, along with some still undetermined land.¹⁵² In aligning with their vision of a concentrated industrial center, the PEC pushed through Abercrombie and Holliday, for the undetermined zone to become a “noxious zone,” an area in which industry could be both heavily concentrated and heavily polluting.¹⁵³ Grouping the industries would create an area of highly valuable industrial land—where industries could legally spew higher levels of noxious particulate into the air. Not only would the zone increase the values of land owned by the PEC, but they also took the opportunity to ensure space for their industries, reserving a space for Palestine Potash Limited’s chemical plant within the noxious zone, as well as a potash jetty at the harbor.¹⁵⁴

By contemporary town planning standards, the noxious zone was considered a progressive move, separating all residential housing from the worst polluting industries. However, the PEC’s interests in the region meant that the corporation and its representative Abercrombie failed to seriously consider alternatives, such as whether noxious industry should be built so close to population centers, or whether a more dispersed industrial area would produce less pollution while still separating residents from noxious industry. Making matters worse, as will be explored more in the next chapter, the PEC designed workers’ suburbs in Haifa Bay, and intentionally placed them “situated near, solidly together, with very easy transport-access to the noxious zone” ensuring that even the nominal separation of industry and population would not prevent workers from the deleterious effects of living near noxious industry.¹⁵⁵

¹⁵¹ Singer to Simon, October 27, 1932, box 8, folder Haifa Bay Town Planning 1930-1932, NYPL; Abercrombie to Singer, Dec 30, 1931, box 8, folder Haifa Town Planning 1930-1932, NYPL.

¹⁵² Minutes of the Second meeting to discuss Haifa’s future January 8, 1932, December 29, 1931, box 8, folder Haifa Town Planning 1930-1932, NYPL.

¹⁵³ Thank Nimrod Ben Zeev who initially clued me into the history of the Haifa Bay Noxious Zone and the PEC’s connection to it. Singer to Mohl, May 24, 1933, box 8, folder Haifa Bay Town Planning 1933, NYPL; Mohl to Simon, January 29, 1934, box 74, folder Emek Zebulon-Town Planning- Correspondence December 1933-July 1934, NYPL. An agricultural zone was also added in the north closer to Acco

¹⁵⁴ Singer to Mohl, May 24, 1933, box 8, folder Haifa Bay Town Planning 1933, NYPL; Mohl to Simon, January 29, 1934, box 74, folder Emek Zebulon-Town Planning- Correspondence December 1933-July 1934, NYPL; Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948*, 118.

¹⁵⁵ Mohl to Simon, January 29, 1934, box 74, folder Emek Zebulon-Town Planning- Correspondence December 1933-July 1934, NYPL.

Eventually, Abercrombie convinced the Iraqi Petroleum Company to renounce their waterfront concession for oil storage and move their facilities inside the noxious zone.¹⁵⁶

Abercrombie's and Holliday's designs would be approved by the government in 1938 as the official plan for the region, legally enshrining the PEC's and JNF's designs for the land.¹⁵⁷ The town planning didn't just include zoning, all sorts of details were drawn up by Abercrombie: road alignment, placement of the aerodrome, and railroad lines, but it was the placement of industry, and its relative proximity to planned Jewish residential areas, that was of chief importance to the PEC, and, as we will see, of greatest legacy to Abercrombie's work. However, embedded in the town planning was another critical process whose goals were less explicitly stated, designing the region to prioritize Jewish economic empowerment through access to land and industry.

The Illusion of a Blank Slate

In his planning documents for Haifa Bay, Patrick Abercrombie described the region as a *tabula rasa*—a blank slate onto which a modern industrial future could be projected.¹⁵⁸ In doing so, he was not only invoking a foundational conceit of colonial planning—the idea that development begins with emptiness—but, along with the PEC and JNF, actively participating in its reproduction. On his maps, only land owned by the PEC or JNF appeared as occupied; all other holdings were simply omitted, visually erasing any preexisting ties to the land. One PEC official made this logic explicit, explaining that Abercrombie believed “it is not necessary for us to consider the plans” of other groups, including “the H.B.D.C., of Kovno Jews, of Arab owners adjoining our land etc.,” since the town planning commission had “the power to compel these adjoining owners to fall in with the scheme.”¹⁵⁹

¹⁵⁶ Abercrombie to Keith-Roach, March 11, 1932, box 8, folder Haifa Bay Town Planning 1930-1932, NYPL; Hyman, “British Planners in Palestine, 1918-1936,” 619.

¹⁵⁷ Bayside Land Corporation Manager's Report May 20, 1938, box 6, folder Bayside Land Corporation LTD - Bayside Numbered Letters to PEC April-May 1939, NYPL.

¹⁵⁸ Hyman, “British Planners in Palestine, 1918-1936,” 615.

¹⁵⁹ Singer to PEC, June 15, 1933, box 8, folder Haifa Bay Town Planning 1930-1932, NYPL. Seikaly, *Haifa: Transformation of a Palestinian Arab Society 1918-1939*, 66.

But the land, while sparsely populated, was far from empty. Though its salt marshes had limited dense development, the area was home to the Ghawarneh Bedouin, smaller Arab villages—including the shantytown of Ard al-Raml created by peasants who had moved to Haifa for employment but had been unable to find housing—and a settlement of Lithuanian Jews from Kovno whose presence predated the PEC's acquisition.¹⁶⁰ These communities were treated not as populations to be planned for, but as obstacles to be removed. They did not fit into the PEC's vision of Haifa Bay as a rationally ordered industrial hub or as a model of Jewish economic progress. The future residents for whom the PEC claimed to be designing were imagined as Jewish, urban, and industrial—not Arab, rural, or nomadic.

The logic behind this vision was unambiguous. In a 1938 letter discussing strategies for “strengthening Jewish influence in the Haifa Bay,” a JNF official warned the PEC that “land-ownership alone does not assure political rights. Population is at least as important a factor. K.K.L. and Bayside will only have secured the Haifa Bay for Jewish settlers if the population will be increased and spread out to cover the bulk of the area.”¹⁶¹ Securing the land was not enough. The goal was demographic dominance: ensuring that Jewish landownership would translate into long-term control.

The demographic transformation began almost immediately after PEC and JNF acquired the land. In early 1931, Ghawarneh Bedouin physically blocked Bayside Land—the PEC's Palestine-based subsidiary—from working the land in the area. When the police declined to intervene—citing protections for tenants—the PEC hired the Jewish lawyer Shalom Horowitz to press its case to the Attorney General. Horowitz insisted the Bedouin had no ownership claims and should be treated as trespassers. He pointed to legal precedents where Arabs had been expelled from land after Jewish purchase and argued that the same principle should apply here.¹⁶²

¹⁶⁰ Seikaly, *Haifa: Transformation of a Palestinian Arab Society 1918-1939*, 217; Anat Kidron, “Shaping the Acre Region in Mandatory Palestine 1917–1948: Environmental Conditions and Conflicting Colonial Interests,” *Mediterranean Historical Review* 37, no. 2 (2022): 239.

¹⁶¹ Ettinger to Simon, April 29, 1938, box 6, folder Bayside land corporation LTD-Bayside numbered letters to PEC April-May 1938, NYPL

¹⁶² Horowitz to office of the Attorney General, January 5, 1931, F38/1246, CZA.

In a follow-up letter, Horowitz referred to the Bedouin as “strange Arabs” and accused them of “infiltration,” suggesting they were recent arrivals rather than the longstanding grazing population they actually were.¹⁶³ Appealing to a Mandate government that was increasingly consolidating its territorial authority through controls on internal and external migration, Horowitz framed the Bedouin not as tenants but as “strange Arabs” and “infiltrators,” urging officials to apply the Collective Punishment Ordinance and to “deny grazing rights of Bedouin in toto.”¹⁶⁴ Abercrombie, fully embedded in the PEC’s project, was tasked with producing land surveys to demonstrate legal ownership as a tool to use against any Bedouin claims.¹⁶⁵ The Hebrew press echoed the PEC’s narrative. In 1931, *Davar* claimed that the Bedouin were recent arrivals, who had been “lured” to the land with false promises and implied that political weakness alone prevented the authorities from expelling them.¹⁶⁶

The legal campaign succeeded. The Ghawarneh were forcibly expelled by police. So too were the residents of Arab shantytowns like Ard al-Raml. Resistance was met with state violence, and according to May Seikaly, the expulsions were a pivotal radicalizing moment for Haifa’s Arab community, which had previously maintained a relatively moderate posture toward Zionist expansion.¹⁶⁷ In stark contrast, Jewish settlers from Kovno whose settlement was in the planned noxious zones were offered land swaps—new plots in non-industrial zones, free of charge.¹⁶⁸ For the PEC, the goal was not simply clearing space, but ethnically cleansing Haifa Bay in alignment with its racial, demographic, and economic priorities.

What makes this history particularly revealing is how the PEC rationalized exclusionary and often violent policies within the language of technocratic development. Like many colonial

¹⁶³ Seikaly, *Haifa: Transformation of a Palestinian Arab Society 1918-1939*, 172.

¹⁶⁴ Memo to Attorney General re Haifa Bay Lands, March 5, 1931, MS 457, box 277, folder 3 Palestine 1931, Warburg Papers, AJA; Lauren Banko, “Refugees, Displaced Migrants, and Territorialization in Interwar Palestine,” *Mashriq & Mahjar Mashriq & Mahjar Journal of Middle East and North African Migration Studies* 5, no. 2 (2018): 43.

¹⁶⁵ Letter Salado to Horowitz, February 8, 1931, MS 457, box 277, folder 3, Palestine 1931, Warburg Papers, AJA.

¹⁶⁶ Transcript from “Davar” of March 11, 1931, MS 457, box 277, folder 3 Palestine 1931, Warburg papers, AJA.

¹⁶⁷ Seikaly, *Haifa: Transformation of a Palestinian Arab Society 1918-1939*, 217.

¹⁶⁸ Mohl to PEC re “Kowno Jews,” June 26, 1933, box 8, folder Haifa Bay Town Planning 1933, NYPL; PEC to Mohl, July 12, 1933, box 8, folder Haifa Bay Town Planning 1933, NYPL. The records do not indicate if the Jews from Kovno accepted the offer or relocated.

developers of the interwar era, PEC officials portrayed themselves as rational capitalists and enlightened modernizers, not as political actors or colonial planners. But their rhetoric was cast in a distinctly American idiom: one that fused humanitarian claims with the logics of spreading financial interests abroad. By presenting Jewish expansion as rational progress, exclusion as economic necessity, and Arabs as “strangers” or “infiltrators,” the PEC justified its role in reshaping Palestine as part of a universal project of capitalist development. In this framing, the displacement of existing populations was not an aberration but a natural byproduct of modernization—an outcome rationalized rather than confronted.

Conclusion: Capital, Conflict, and Environmental Afterlives

The history of the PEC’s involvement in Haifa Bay and the Dead Sea reveals a paradox at the heart of the PEC’s work in Mandatory Palestine: projects portrayed as apolitical, technocratic, and universally beneficial were in practice deeply ideological, exclusionary, and structurally embedded in the Zionist project. In both cases, the PEC mobilized the tools of capitalist planning—investment capital, infrastructure design, and legal expertise—to reshape the physical and demographic contours of Palestine in ways that advantaged Jewish settlement and industry while systematically marginalizing the Arab population.

At Haifa Bay, PEC leaders claimed to be stewards of rational development, offering modern planning and industrial infrastructure to the benefit of all. Yet in practice, their planning efforts prioritized Jewish industry, and Jewish demographic dominance, and relied on the forced displacement of Arab Palestinian inhabitants. At the Dead Sea, PEC rhetoric evolved from openly promoting solely Jewish economic uplift to proclamations of coexistence and shared progress. But the underlying logic remained unchanged: to secure Jewish control of Palestine’s most valuable natural resource and when Arab labor was employed it was under unequal conditions.

These projects succeeded in economic terms. Palestine Potash Limited, with PEC support, became one of the largest industrial employers in the Mandate, and today continues as Dead Sea Works, a subsidiary of Israel Chemicals Ltd. a multibillion-dollar enterprise. Haifa Bay

emerged as a hub of Israeli heavy industry and petrochemical storage, fulfilling the PEC's vision of the region.¹⁶⁹

But the long-term consequences of these developments—human and environmental—complicate triumphalist narratives of industrial progress. The Dead Sea, once the PEC's great investment, is now shrinking at a rate of over one meter per year due to unchecked mineral extraction combined with diversion of the Jordan River. Sinkholes, caused by dropping water tables, dot the landscape, threatening roads, buildings, and entire communities. Ecologists warn that the ecosystem is nearing irreversible collapse, with few viable plans in place for preservation or restoration.¹⁷⁰

Haifa Bay tells a similarly cautionary tale. The region is now one of the most polluted in Israel, home to oil refineries, chemical plants, and heavy industry that release carcinogenic pollutants into the air, soil, and sea. Cancer and respiratory illness rates in surrounding Arab and Jewish neighborhoods are significantly above the national average. Ironically, the PEC's decision to build Jewish neighborhoods near the noxious zone, meant to advantage Jewish access to industrial jobs, has exposed these very communities to some of the worst levels of contaminants. In 2021, the Israeli government announced plans to shut down the Haifa refineries and redevelop the area—tacitly acknowledging the mistake of the noxious zone and its deleterious effect on the Jewish communities surrounding it whose wellbeing the government prioritizes, but the timeline

¹⁶⁹ Ilana Curiel, "Government Negligence in Dead Sea Works Cost Israel Millions, Report Finds," *Ynetnews*, March 11, 2025, <https://www.ynetnews.com/environment/article/hjge5j0sjg>; "ISRAEL CHEMICALS LTD. SEC Filing, Registration No. 333-," September 12, 2014, <https://www.sec.gov/Archives/edgar/data/941221/000104746914007594/a2221184zf-1.htm>; "Gav-Yam Haifa Bay | גב-ים," Gav Yam Haifa, accessed May 15, 2025, <https://www.gav-yam.co.il/en/projects/gav-yam-haifa-bay/>; "Plan Approved to Remove Polluting Factories from Haifa Bay," *The Jerusalem Post* | JPost.Com, December 19, 2023, <https://www.jpost.com/business-and-innovation/real-estate/article-777872>. Gav Yam is the continuation of the PEC's Bayside Land.

¹⁷⁰ Ofir Berman, "The Dead Sea Is Dying. These Beautiful, Ominous Photos Show the Impact," *The Picture Show*, *NPR*, December 11, 2022, <https://www.npr.org/sections/pictureshow/2022/12/11/1139524126/photos-dead-sea-water-level-dropping-sinkholes-erosion>; "A Sinking Feeling: The Beautiful Tragedy of Israel's Dead Sea," *The Jerusalem Post* | JPost.Com, March 11, 2023, <https://www.jpost.com/business-and-innovation/energy-and-infrastructure/article-733798>.

remains uncertain, and activists continue to push for environmental justice and transparency in remediation efforts.¹⁷¹

The PEC's legacy at Haifa Bay and the Dead Sea is then not only one of economic transformation but also of unresolved tensions—between inclusion and exclusion, progress and dispossession, growth and degradation. In shaping the landscape of Mandatory Palestine, the PEC helped lay the foundation for both the industrial infrastructure of the modern Israeli state and the environmental crises it now faces. The same logic that allowed PEC leaders to rationalize displacement and inequality in the name of development also justified environmental exploitation in the name of prosperity.

If, as this chapter has shown, the PEC's ideology was grounded in rationalizing harm while insisting on benevolence—then its environmental legacy is not incidental. It is structural. The pursuit of economic modernization, cast as a humanitarian uplift, left not only political fault lines but physical scars across the land. And those scars—polluted air, collapsing shorelines, poisoned water—are now borne in part by the very populations the PEC once claimed to benefit.

¹⁷¹ Raanan Raz et al., “Associations between Exposure to Industrial Air Pollution and Prevalence of Asthma and Atopic Diseases in Haifa Bay Area,” *Atmosphere* 12, no. 4 (2021): 4; The Jerusalem Post | JPost.Com, “Plan Approved to Remove Polluting Factories from Haifa Bay.”

Chapter Four

The Financial Frontier: Palestine in the World of American Empire

“...We can do for Palestine what we have done for other countries: help it stand on its own legs as soon as possible and stop charity as soon as possible, and let the laws of economics take their course...”

-Felix Warburg¹

Tel Aviv, 1932. The usual bustle of Rothschild Boulevard slowed as Sir Arthur Wauchope, the British High Commissioner of Palestine, passed through the barricades and entered the Levant Fair—the first visitor to enter.² Conceived as a grand exhibition of regional industry, commerce, and modern promise, the fair offered visitors a curated vision of the Middle East’s future, rendered through pavilions, machinery, and displays of agricultural abundance.³

Yet Wauchope, like thousands of other visitors to follow, lingered not only at the fair’s monumental structures but before a modest three-room house. Plainly furnished and deliberately unremarkable, the structure appeared almost out of place amid the spectacle: this house was no architectural curiosity, it was an experiment.⁴ Designed to be cheaply replicated across Palestine, the house embodied a social and economic vision grounded in individual homeownership, small private landholdings, and the promise of stability through property.⁵ It offered a pointed alternative to the collective ethos and socialist ideals gaining traction within the Zionist movement—substituting American-inflected individualism, domesticity, and prosperity for communal labor and shared ownership.⁶

¹ “Non-Zionist Conference Concerning Palestine. Verbatim Report of the Proceedings,” October 20, 1928, 20, Berman Jewish Policy Archive.

² Mohl to PEC, April 18, 1932, box 59, folder Exhibition - Levant Fair 1932, NYPL.

³ Noam Dvir, “Tel Aviv’s Forgotten Palace,” Israeli Culture, *Haaretz*, May 19, 2009, <https://www.haaretz.com/israel-news/culture/2009-05-19/ty-article/tel-avivs-forgotten-palace/0000017f-df86-d3ff-a7ff-ffa607820000>.

⁴ Mohl to PEC, April 18, 1932, box 59, folder Exhibition - Levant Fair 1932, NYPL; Mohl to PEC, April 4 1932, box 59, folder Exhibition - Levant Fair 1932, NYPL.

⁵ Memo regarding Building Competition, N.D. [likely May 1930], box 59, folder Competitions 1933, NYPL.

⁶ I previously wrote a similar version of this introduction in: Stroum Center for Jewish Studies, “Nearly One Hundred Years Ago a Group of American Jews Hatched a Plan to End the Kibbutz. Today It Looks like Their Plan Might Have Worked,” *UW Stroum Center for Jewish Studies*, May 23, 2025, <https://jewishstudies.washington.edu/israel-hebrew/kibbutz-private-homeownership-palestine-israel-1900s/>.

The response to this rather unremarkable house confirmed what a bold statement it was making. Within the first three hours of the fair's opening, more than 5,000 visitors crowded to view it—so many that fair organizers stationed five workers to control the flow.⁷ Visitors received pamphlets explaining, in Hebrew and English, that the structure formed part of a broader social experiment. “The creation throughout the country of this type of settler,” the pamphlet promised, “each with a small holding of his own, will be a material factor in securing agrarian prosperity for Palestine and will assure the economic stability of the country.”⁸ The model home thus functioned as both prototype and propaganda: a tangible claim that Palestine's future could be engineered through property relations, domestic space, and carefully managed forms of settlement.

If the house represented a discrete experiment in social engineering, Palestine itself functioned as a laboratory. During the 1930s, the Palestine Economic Corporation—the sponsor of the home exhibit at the fair, as well as of identical homes constructed across the coastal plains of Palestine—treated the Mandate not only as a site for economic intervention and Jewish uplift, but increasingly a testing ground for experiments in land ownership, suburban development, racial separation, and resource allocation. Emboldened by earlier successes, alarmed by the growing influence of Labor Zionism, and operating in closer coordination with European non-Zionist organizations, PEC leaders entered a new phase of ambition characterized by a more active role in shaping social organization and life in the Mandate. They pursued what they understood as the universal applicability of American capitalism, individualism, and social relations, convinced that these principles could be transplanted wholesale into Palestine and used to organize both the economic and social lives of Jewish settlers.

Yet the supposedly American ideals animating these experiments were far from coherent or unified. The PEC's efforts to import American values were often haphazard and ad hoc,

⁷ Mohl to PEC, April 18 1932, box 59, folder Exhibition - Levant Fair 1932, NYPL.

⁸ Pamphlet, *A Peasantry in the Making*, בנק משכנתות ואשראי ארץ-ישראל בע"מ, N.D. [likely 1931], [Hebrew and English] S90/2185/3, CZA.

reflecting less a clearly articulated vision for the Yishuv than a vaguely defined desire that it should reflect a set of American economic and social ideals. As discussed in this dissertation's introduction, the "Americanization of Zionism" is a familiar historiographical framework. Since Melvin Urofsky first articulated the thesis in 1975, scholars have emphasized how the American environment shaped U.S. Jewish engagement with Palestine.⁹ In this view, American Jews translated Zionism into recognizable national idioms—invoking the Pilgrims, frontier settlement, and agrarian regeneration—while grounding their politics in Progressive Era ideals of efficiency, rationalization, and civic uplift. Louis Brandeis's celebration of settlers as "Jewish Pilgrims," and his insistence on their manly, democratic character, has long served as emblematic of this approach.¹⁰

Yet for all its durability, this framework remains limited. Most notably, it reduces American influence to rhetoric and ideology, obscuring the extensive material, institutional, and financial interventions undertaken by both Zionist and non-Zionist American Jews in Mandatory Palestine.¹¹ At the same time, it rests on a narrow conception of what was "American" in the early twentieth century. Brandeis and his circle indeed drew from Progressive urban reform and selective invocations of the founding era. But by the 1920s, the United States was not merely a progressive metropolis; it was a sprawling continental and overseas empire, operating across an expanded geography of influence and intervention. In this chapter, I argue that the version of America that informed the PEC's social engineering of the early 1930s did not primarily derive from the metropolitan cities of the East Coast so often associated with the Americanization of Zionism thesis. Instead, PEC leaders drew from the experience of the United States as an imperial power: operating within overlapping circuits of knowledge, expertise, and practice forged across the American West, Latin America, the Caribbean, and the Pacific—spaces where

⁹ Urofsky, *American Zionism from Herzl to the Holocaust*, 2–3; Halpern, "The Americanization of Zionism," 15–17.

¹⁰ Urofsky, *American Zionism from Herzl to the Holocaust*, 427; J. De Haas, *Louis D. Brandeis: A Biographical Sketch: With Special Reference to His Contributions to Jewish and Zionist History: With Full Text of His Addresses Delivered from 1912 to 1924* (Bloch, 1929), 284.

¹¹ Halpern, "The Americanization of Zionism"; Friesel, "Brandeis' Role in American Zionism Historically Reconsidered."

U.S. capital had fused economic development with social planning and managerial control. Palestine, in this sense, joined a wider geography of American expansion: one more frontier within an emerging informal empire.

The previous chapters traced how one strand of this imperial repertoire—dollar diplomacy—shaped the PEC’s work in Palestine through long-term agricultural credit, managerial oversight, and technocratic expertise. But dollar diplomacy was only part of a broader landscape of American expansion. Long before the interwar period, the United States had consolidated its continental empire pushing west through the expropriation of Indigenous land. By the early twentieth century, these practices had migrated outward, binding state power and private capital into what scholars have described as capital “spillover,” “corporate colonialism,” or most often “informal empire”: a system of economic domination that relied less on formal annexation than on financial leverage, corporate governance, and claims of benevolent modernization.¹²

The contradictions at the heart of this informal empire—expansion coupled with the denial of imperial ambition—were crystallized in the Roosevelt administration’s “Good Neighbor” policy. While publicly renouncing direct intervention in Latin America, U.S. policymakers and corporations intensified efforts to draw societies in the Caribbean and Central America into the orbit of American economic, cultural, and social norms. The result was a proliferation of quasi-imperial experiments in exporting American models abroad.¹³

Henry Ford’s Fordlandia, a vast plantation-town carved out of the Amazon, epitomized this impulse. Ford envisioned a model American community—alcohol-free, orderly, disciplined, and anchored in domestic life—even as the project collapsed under the weight of ecological miscalculation and worker resistance.¹⁴ Hershey’s company towns in Cuba replicated similar

¹² McCormick, *China Market; America’s Quest for Informal Empire, 1893-1901*, 7; Wilkins, *The Emergence of Multinational Enterprise*; Martin, *Banana Cowboys*, 7.

¹³ Greg Grandin, *Empire’s Workshop: Latin America, the United States, and the Making of an Imperial Republic*, Updated and expanded. First Picador paperback edition, (Picador, 2021), 3.

¹⁴ Greg Grandin, *Fordlandia: The Rise and Fall of Henry Ford’s Forgotten Jungle City*, 1st ed (Metropolitan Books, 2009), 11, 15.

ideals, complete with bungalows, schools, baseball fields, and movie theaters.¹⁵ In the Panama Canal Zone, American planners briefly pursued the construction of a utopian metropolis before abruptly abandoning the project and forcibly removing its residents.¹⁶ Meanwhile, United Fruit and rival Cuyamel built extensive networks of towns across Central America and the Caribbean, embedding American-style housing, hospitals, commissaries, and recreational facilities into plantation economies structured by racialized labor hierarchies.¹⁷

These were not merely corporate outposts. They were efforts to impose social order through capital investment—fusing corporate welfarism, managerial authority, and claims of benevolence into a single developmental logic.¹⁸ It was precisely this logic that PEC leaders would adapt to Palestine.

Seen in this broader context, the PEC's activities in 1930s Palestine appear not as a parochially Jewish or narrowly Zionist project but as part of a wider wave of American efforts to export economic systems, social norms, and managerial practices overseas. These connections were not abstract. PEC leaders were deeply embedded in the institutional circuits of the U.S. informal empire and brought that experience directly into their work in Palestine. Felix Warburg, the PEC's driving force, was a partner at Kuhn, Loeb & Co., a bank that combined its prominent role in U.S. dollar diplomacy in Asia with extensive financial leverage in Honduras, Costa Rica, and Nicaragua, positioning it as one of the most influential American financial institutions operating abroad outside of J. P. Morgan.¹⁹ Lewis Strauss, another PEC board member and fellow Kuhn, Loeb partner, had been closely involved in Herbert Hoover's economic reconstruction initiatives in postwar Europe, where technocratic planning and financial

¹⁵ Grandin, *Fordlandia*, 12–14.

¹⁶ Grandin, *Fordlandia*, 12–14.

¹⁷ Stacy May and Galo Plaza Lasso, *The United Fruit Company in Latin America*, United States Business Performance Abroad; 7th (National Planning Association, 1958), 13–18; Martin, *Banana Cowboys*, 70.

¹⁸ Grandin, *Fordlandia*, 11; Martin, *Banana Cowboys*, 65–67.

¹⁹ Peter James Hudson, *Bankers and Empire: How Wall Street Colonized the Caribbean* (University of Chicago Press, 2017), 8, 46, 120; Susie J. Pak, ed., *Gentlemen Bankers: The World of J.P. Morgan*, First Harvard University Press paperback edition, Harvard Studies in Business History 51 (Harvard University Press, 2013), 7–8; Mark Metzler, *Levers of Empire* (University of California Press, 2006), 180.

coordination were deployed as tools of political stabilization.²⁰ Julius Fohs, a central figure in the PEC's water-drilling operations, built his career facilitating American oil exploration in Canada and West Asia and brought to Palestine techniques and assumptions forged in both resource extraction and water development in the American West.²¹ Samuel Zemurray—the longtime president of Cuyamel and later United Fruit—also sat on the PEC board and personally oversaw surveys of Palestine to assess the feasibility of banana cultivation, directly linking plantation-style agricultural development in Central America to PEC planning in the Mandate.²²

It was in this imperial register that Warburg could declare in 1928, “We can do for Palestine what we have done for other countries.”²³ The statement collapsed Palestine into a familiar geography of American intervention, treating it not as an exceptional Jewish case but as another site where economic discipline, market rationality, social engineering, and the managed withdrawal of aid could be deployed to reorder society. This chapter traces how that vision took material form. I argue that PEC experiments in the 1930s—particularly in rural land management, homeownership, suburban design, and resource allocation—were embedded within the wider world of the U.S. informal empire, drawing on institutions, individuals, technologies, and ideals that stretched across the American West, Latin America, Asia, and the Caribbean. As these models were translated into the Mandate context, they imprinted Palestine's landscape, settlement patterns, and economic institutions with distinctly American assumptions about property, credit, governance, and social order, shaping the terms on which later development—and conflict—would unfold.

As in the past, the PEC leaders recognized that they could not operate independently in Palestine. PEC leaders found sympathetic actors within the Zionist movement to coordinate their

²⁰ Jaclyn Granick, *International Jewish Humanitarianism in the Age of the Great War*, 1st ed. (Cambridge University Press, 2021), 225.

²¹ F. Julius Fohs, “Middle East Oil,” *Scientific American* 179, no. 3 (1948): 9–15; F. Julius Fohs, “Petroleum - Technologic Progress in the Oil Industry,” 1927; W. A. Reiter Sr, “Memorial: Ferdinand Julius Fohs (1884-1965),” *Bulletin of the American Association of Petroleum Geologists* 49, no. 7 (1965): 1009–11.

²² Memorandum for meeting of committee of the business corporation, box 98, folder Business corporation for Palestine-reports memoranda and general correspondence 1930, NYPL.

²³ “Non-Zionist Conference Concerning Palestine. Verbatim Report of the Proceedings,” October 20, 1928, 20, Berman Jewish Policy Archive.

work—particularly among the landholding class of Jews in Palestine, many of whom arrived in the first wave of Jewish migration to Palestine in the late 1800s, along with bourgeois members of the Jewish Agency and American Zionist movement. While the PEC did not succeed in fully Americanizing Jewish society and economy in Palestine, they helped carve out what scholar Liora Halperin has called the “alternative center” of the Yishuv, a center which contrasted the Labor Zionist vision for Palestine, and instead supported private land ownership, American-style capitalism, reverence for Western expertise, and a limited endorsement of a mixed Jewish Arab labor market.²⁴ In the process the PEC began to redefine what it saw as “political” in Palestine. Where once the PEC feared that any entanglement with Zionism could be political, they increasingly saw only Labor Zionists—who they saw as promoting radical economic policies—as political actors, whereas Jewish settlers outside the labor movement (or associated with the Labor movement only out of convenience) were increasingly seen as potential partners in the world of “apolitical” development.²⁵ Arabs, in contrast, were increasingly perceived as inherently political, and all investment in Arab enterprises was avoided under the claim that it would be too political.

The chapter proceeds in four parts. I begin by examining the conditions that produced this shift in the PEC’s approach to Palestine, focusing on the corporation’s expanding relationships with global non-Zionist actors, the growing challenge posed by Labor Zionism, and a changing emotional outlook among PEC leaders—one marked by increasing confidence, even hubris, fueled by earlier successes. I then turn to agricultural experiments, showing how PEC leaders sought to impose homesteading ideals and technologies drawn from the American West onto the Palestinian countryside. Next, I analyze suburban geographies, focusing on developments around Haifa Bay, and demonstrate how these spaces mirrored not only the American suburb but also the company towns constructed by U.S. corporations in Latin America.

²⁴ Zionism in general had a reverence for technical expertise and technocracy. However, Zionists in Palestine rejected the attempts to impose expertise by those external to the movement Penslar, *Zionism and Technocracy*, 22.

²⁵ Joint Palestine Survey Commission, *Report of the Joint Palestine Survey Commission* (The Press Printers Ltd., 1928), 106.

Finally, I examine water extraction, tracing how methods of drilling, control, and allocation—first honed in the American West and parts of Asia—were transplanted to Palestine, and how these technological inheritances generated conflicts over authority, expertise, and decision-making on the ground.

Before turning to this material, a brief methodological note is necessary. In the previous chapter, wherever possible, I provided detailed quantitative estimates of the PEC's economic footprint, calculating its share of total investment in the Mandate, its corporate stakes in major ventures, and its overall contribution to Palestine's economy. Beginning in the 1930s, such precision becomes significantly more difficult for several reasons. As discussed below, the PEC increasingly operated through consortia that included other non-Zionist institutions, outside investors such as the Simon Marks and Israel Sieff (known in Zionist circles as "the family"), and at times, its own investors. Felix Warburg, in particular, frequently invested personal funds in ventures simultaneously supported by the PEC—a practice that mirrored the common operation of investment trusts in the United States.²⁶ Therefore, PEC accounts in the 1930s fail to reveal the full extent of investment they helped leverage.

Compounding this problem, PEC leaders helped establish the Emergency Fund for Palestine in 1929, ostensibly to address the damage caused by the intercommunal violence of that year. In practice, the fund was often used to finance PEC-related ventures, which at times were kept off PEC books through arrangements such as placing them on the Palestine Endowment Funds' books.²⁷ Aware that some of these arrangements violated Palestinian legal regulations, PEC leaders admitted in an internal letter to deliberately keeping portions of these investments off the corporation's formal balance sheets, making it extremely difficult to reconstruct the full scale of PEC and affiliated investment during this period.²⁸ For these reasons,

²⁶ Letter Unknown to Bernard Flexner, May 14, 1930, MS 457 Warburg Papers, box 265, folder 12 Palestine Economic Corporation, AJA; Memorandum to members of the Executive committee, N.D. (likely early 1931); Pak, *Gentlemen Bankers*, 16–18.

²⁷ Mohl to PEC, February 24, 1931, folder A405/170, CZA; Palestine Economic Corporation, "Fifth Annual Report," 1931, 17–18; Palestine Emergency Fund, *Report of the Emergency Fund for Palestine Sept. 1, 1929 — Dec. 31, 1934* (Jerusalem).

²⁸ Julius Simon to Judge Mack, June 7 1934, box 12, folder Mack, Julian — Correspondence 1934-1940

rather than attempting an exhaustive accounting of the PEC's economic impact in the 1930s, this chapter focuses only on a few of their ventures. In doing so, it aims to illuminate both the measurable financial contributions the PEC made to these projects and the broader qualitative transformations they produced within Palestine's social, spatial, and economic landscape.

Hubris: Non-Zionism in a New Key

The transformation traced in this chapter did not emerge fully formed in the 1930s, nor was it the result of a single decision or doctrinal shift. Rather, it took shape through a series of institutional encounters, expert interventions, and leadership realignments that gradually reoriented non-Zionist—both American and European—engagement with Palestine. As confidence accumulated and transnational coordination deepened, PEC leaders began to move beyond investment toward a more assertive developmental posture—one grounded in social engineering through expertise, private property, and managerial authority. This section traces the emergence of that posture, showing how non-Zionism was recalibrated through imperial experience, expert knowledge, and new forms of organizational power.

The first major impetus for this transformation came in 1928 with the Report of the Experts to the Joint Palestine Commission. The commission was formally a joint British–American initiative launched at the behest of Chaim Weizmann, president of the World Zionist Organization, together with Mark Schwartz, director of the Palestine Department of the Zionist Organization of America. Conceived as an Anglo-American study of changes in agricultural colonization since 1923, the commission emerged from growing unease—within Zionist leadership itself—over the rapid proliferation of the kibbutz during the mid-1920s and the marginalization of bourgeois, property-based settlement models.²⁹

The commission's chairman, Elwood Mead—long an adviser to the PEC and widely regarded by Zionists as “the best living authority on agricultural colonization”—embodied this

²⁹ Ilan Troen, “American Experts in the Design of Zionist Society: The Reports of Elwood Mead and Robert Nathan,” in *Envisioning Israel: The Changing Ideals and Images of North American Jews*, ed. Allon Gal, American Jewish Civilization Series (Magnes Press, Hebrew University, 1996), 197.

convergence of expertise and imperial experience.³⁰ Mead's authority was inseparable from his career within the infrastructure of U.S. western expansion. As a professor in the California land-grant system and later Commissioner of the U.S. Bureau of Reclamation, he had spent decades transforming the arid American West through homesteading legislation, irrigation projects, and federally guided land management.³¹ He brought to Palestine a vision of rural modernization directly shaped by this imperial project, assuming that tools developed to organize settlement, water control, and agriculture in the American West could be exported wholesale to the Middle East. Mead "explicitly argued for the transfer of American experience in homesteading" to Palestine, believing that only such a system could create a viable modern society.³² Although Mead's report was cautious in tone, its central objective was clear: to counter emerging socialist agricultural experiments and re-anchor settlement in private property, family autonomy, and market-oriented farming.³³ Mead's team—composed of economists, engineers, public-health officials, and public-works experts—had been convened largely in response to the rise of the kibbutz, which they viewed as undermining the individual landholding and initiative required for their model of agrarian development. From the early 1920s, Labor Zionists had successfully sidelined the more bourgeois agrarian village model in favor of communal farms, and Mead's commission aimed to reverse that trajectory, reinstating the principles of private farming that had structured American settlement across the West.³⁴

Following the Experts' Report, a second special commission, less technical in background—including Felix Warburg—conducted an additional survey and strongly endorsed these findings. Echoing Mead's conclusions, the commission stressed that "capitalism,

³⁰ Troen, "American Experts in the Design of Zionist Society: The Reports of Elwood Mead and Robert Nathan," 198; Joint Palestine Survey Commission, *Report of the Joint Palestine Survey Commission*, 13.

³¹ Linda Nash, *Inescapable Ecologies: A History of Environment, Disease, and Knowledge*, 1st ed. (University of California Press, 2006), 97.

³² Troen, "American Experts in the Design of Zionist Society: The Reports of Elwood Mead and Robert Nathan," 197–99.

³³ Troen, "American Experts in the Design of Zionist Society: The Reports of Elwood Mead and Robert Nathan," 197–98.

³⁴ Troen, "American Experts in the Design of Zionist Society: The Reports of Elwood Mead and Robert Nathan," 201.

efficiency, and individualism” were essential to the future of the Mandate and that communal settlements grounded in “social theories” were uneconomic and restrictive.³⁵ This formulation did important ideological work. It cast Labor Zionist institutions such as the kibbutz as speculative social experiments, while presenting capitalism itself as something other than theory: a neutral, natural order rooted in individual incentive, private property, and economic rationality. The commission’s critique therefore did not simply oppose collectivism to efficiency. It naturalized one social vision while marking its rival as ideological.

While diplomatically phrased, the report singled out the kibbutzim as inefficient, as limiting personal liberty, and as incompatible with modern agricultural development. The American experts therefore recommended a transition to the U.S. homestead model: secure private landownership, independent family farms, the cessation of new kibbutzim, the parceling of existing communal lands into smallholdings, and a Jewish National Fund land policy focused on private sales rather than communal leases.³⁶ Such measures, they argued, would encourage “industry and thrift” and restore freedom to individuals and families—values deeply rooted in both American frontier mythology and Progressive-Era economic thought.³⁷

PEC leaders, who had long viewed Labor Zionist settlement models as impractical but had been resigned to working alongside them, embraced the report as a crucial corrective. At the 1928 non-Zionist conference in New York, Louis Marshall distributed copies of the 750-page document to every attendee and delivered a keynote address praising the commission’s expertise and authoritative vision for Palestine’s economic future.³⁸ He offered detailed biographies of each expert and underscored the report’s significance in articulating an alternative developmental path centered on private landholding, individual enterprise, and managerial efficiency.³⁹ Marshall’s promotion of the report highlighted an underlying shift within non-Zionist circles: a

³⁵ Joint Palestine Survey Commission, *Report of the Joint Palestine Survey Commission*, 106.

³⁶ Joint Palestine Survey Commission, *Report of the Joint Palestine Survey Commission*, 105.

³⁷ Joint Palestine Survey Commission, *Report of the Joint Palestine Survey Commission*, 52.

³⁸ “Non-Zionist Conference Concerning Palestine. Verbatim Report of the Proceedings,” 9–11.

³⁹ “Non-Zionist Conference Concerning Palestine. Verbatim Report of the Proceedings,” 9–18.

movement toward a coordinated, programmatic, and more activist role in shaping Palestine's future based increasingly on models from the American frontiers. The conference not only disseminated the findings but also helped to unite non-Zionists around a shared critique of Labor Zionist models and facilitated closer cooperation among American, British, and French Jewish elites.

These efforts soon became linked to preparations for non-Zionist participation in the expanded Jewish Agency for Palestine, a subject covered extensively elsewhere and therefore treated only briefly here. The expanded Agency was meant to bring non-Zionists into the governance of Jewish affairs in Palestine, extending their role beyond the economic sphere that institutions such as the PEC had claimed as their proper domain before 1929. Although scholars generally agree that non-Zionist influence within the Agency remained limited, the process of creating it had one lasting consequence: it drew non-Zionist leaders from different countries into sustained transnational coordination.⁴⁰

Representatives of global non-Zionists met in Zurich in May 1929 to finalize the terms of participation. While there non-Zionist delegates from the United States, Britain, and France also began discussing a separate but related project: closer economic cooperation among themselves. These conversations sketched the outlines of a new transnational non-Zionist investment corporation, designed to advance their developmental vision in Palestine and, when necessary, to counterbalance Labor Zionist priorities.⁴¹

The Zurich meeting proved decisive for yet another reason. During the conference, Louis Marshall—the undisputed leader of global non-Zionism—died unexpectedly.⁴² His death created an immediate leadership vacuum, one that was quickly filled by Felix Warburg. Although Warburg had long been the principal financier of American non-Zionist activities, he had

⁴⁰ Parzen, “התאגדות הציונית של אמריקה וייסוד הסוכנות היהודית” / Louis Marshall, the Zionist Organization of America, and the Founding of the Jewish Agency”; Parzen, “The Enlargement of the Jewish Agency for Palestine: 1923-1929 a Hope: Hamstrung”; Urofsky, *American Zionism from Herzl to the Holocaust*, 330–33.

⁴¹ Full Record Washington Conference on Palestine, Nov. 24, 1929, box 100, folder Washington Conference on Palestine 1929, NYPL, 1-2 [Hereafter cited as Washington Conference on Palestine.]

⁴² Special Cable To The New York TIMES, New York Times Studio, “LOUIS MARSHALL DIES ABROAD IN 73RD YEAR AFTER A BRAVE FIGHT,” *The New York Times*, September 12, 1929.

generally deferred to Marshall's political judgment and strategic leadership. Now, as the wealthiest and most internationally connected figure in the movement—and deeply embedded in both American finance and European Jewish elite networks—Warburg assumed leadership with a decisiveness that exceeded Marshall's more cautious style.⁴³ In the years following Marshall's death, Warburg moved to strengthen the PEC's centrality within non-Zionist strategy, expand its developmental agenda, and bring its work into closer alignment with the emerging networks of global non-Zionist cooperation.

Less than two months after Marshall's death, Felix Warburg moved decisively to reshape the direction of the PEC and allied Jewish investors outside the US. In November 1929 he convened a major international conference in Washington, assembling non-Zionists and business-oriented Zionists from the United States, England, France, the Netherlands, Germany, Palestine, and Canada. His aim was to secure consensus for an ambitious reorganization: the creation of a unified, transnational non-Zionist corporation that would coordinate investment in Palestine and implement the economic vision articulated in the recent expert reports. In Warburg's conception, this new entity would operate as an international "business corporation for Palestine," with the PEC serving as its North American arm and parallel organizations in Europe functioning as regional branches.⁴⁴

Like Marshall, Warburg believed that through capitalist investment and development, Western Jews could expand Jewish settlement in Palestine and transform the political economy of the region without, "touch[ing] politics."⁴⁵ Warburg refrained from defining what he meant by apolitical, stating only that "Palestine, if it is to develop at all, must be developed on business lines pure and simple... Speech making will not develop the country. Politics will retard it"—rather he and his associates took it as self-evident that as long as their work in Palestine focused

⁴³ Farrer, *The Warburgs: The Story of a Family*, 63–65.

⁴⁴ Allied Zionists attended the conference as well including Louis Brandeis who gave a keynote speech; Washington Conference on Palestine, 7.

⁴⁵ Washington conference on Palestine 154.

on business opportunities it would remain inherently apolitical and, consequently, separate from the Zionist movement.⁴⁶

While Warburg emphasized continuity with the PEC's "calm businesslike way" of operating, the scope of his proposal marked a qualitative shift. Once, the PEC's claim to apoliticism had signified an effort to maintain an institutional separation between non-Zionists and Zionists—an ideal that had always been more aspirational than real. By the end of the 1920s, "apolitical" increasingly meant distinguishing between *kinds* of Zionism. Labor Zionism, with its collectivist ethos and emphasis on "social theories," was framed as a political intrusion into what PEC leaders believed should be a natural, depoliticized economic order.⁴⁷ By contrast, bourgeois landholding Zionists—particularly those working the coastal plain—were increasingly seen as potential partners. Capitalist development, in PEC eyes, was not a political program at all but a neutral, universal framework that could restore Palestine to economic health. The PEC never refused to work with Labor Zionists; instead, they sought to guide them toward patterns of private landownership, family farming, and individual enterprise that aligned with the PEC's preferred model of development.⁴⁸

With this ideological foundation in place, Warburg and Alfred Mond—the head of the Palestine Corporation, the much smaller British counterpart to the PEC which owned a ten percent stake in the Central Bank of Cooperative Institutions in Palestine—drafted organizational charts envisioning the merger of the PEC, the Palestine Corporation, a proposed Continental corporation, and possibly even PICA into a single coordinated framework. Through consolidation, they hoped to eliminate duplication, reduce overhead, and pool managerial expertise for wide-ranging projects across the Mandate.⁴⁹

⁴⁶ Washington conference on Palestine 2.

⁴⁷ Joint Palestine Survey Commission, *Report of the Joint Palestine Survey Commission*, 106.

⁴⁸ Paul Singer to Julius Simon, January 17, 1934, box 89, folder Haifa Bay Workers' Suburb 1933-1940, NYPL.

⁴⁹ Memorandum Business Corporation, box 99, folder organization charts and related correspondence 1928-1936 (3 of 4), NYPL, New York, NY; Washington Conference on Palestine; Chart Economic Corporation for Palestine, n.d. [likely 1929], box 97, folder Memorandum drafts 1929 (1 of 2), New York, NY.

Two committees formed at the conference ultimately concluded that creating an entirely new corporation was unnecessary. Instead, they proposed that the PEC itself be expanded and restructured to serve as the umbrella for global non-Zionist capital.⁵⁰ This surprising consensus reflected the PEC's growing reputation. European non-Zionists, long frustrated by the limited capacity of their own organizations or, in the case of PICA, largely retired from new ventures, recognized the PEC's financial discipline, managerial competence, and superior credit infrastructure. Wally Cohen, the leading English non-Zionist, admitted bluntly that the British Economic Board for Palestine could no longer be effectively run given divergent priorities within its ranks, and that its credit operations would be better handled by PEC systems—or by a mutually appointed third party.⁵¹ PICA, despite owning the most valuable land assets in Palestine, also signaled a willingness to work more closely with the PEC, especially in ventures requiring American technical expertise. James de Rothschild offered joint financing for irrigation and fruit-packing initiatives and proposed that the two organizations co-own a well-drilling company to expand agricultural capacity in the coastal plain.⁵² Even smaller European bodies, such as German Jewish mortgage firms, expressed interest in pooling resources under PEC leadership.⁵³

The technical challenges of merging operations and capital were substantial and unfolded over several years. Yet the significance of these negotiations was less in their bureaucratic outcome than in the ideological shift they represented. Rather than establishing a new

⁵⁰ At the conference this idea was already proposed. However, Mond's strong desire that the corporation would be based in London inclined participants towards a new corporate entity. Yet, once the subsequent committees realized the massive tax benefits of incorporating in the US, Mond's objections were overruled. Agreeing on incorporating in the US the parties felt that using the existing structure and name of the PEC made more sense than starting from scratch. Memo to the Members of the Administrative Committee of the Agency, March 3, 1930, box 98, folder reports memoranda and general correspondence 1930, NYPL; Felix Warburg on "The Question of the place of Incorporation," March 4, 1930, box 98, folder Business corporation for Palestine- reports memoranda and general correspondence 1930, NYPL.

⁵¹ Paul Singer to Bernard Flexner, May 8, 1930, box 98, folder Business corporation for Palestine- reports memoranda and general correspondence 1930, NYPL.

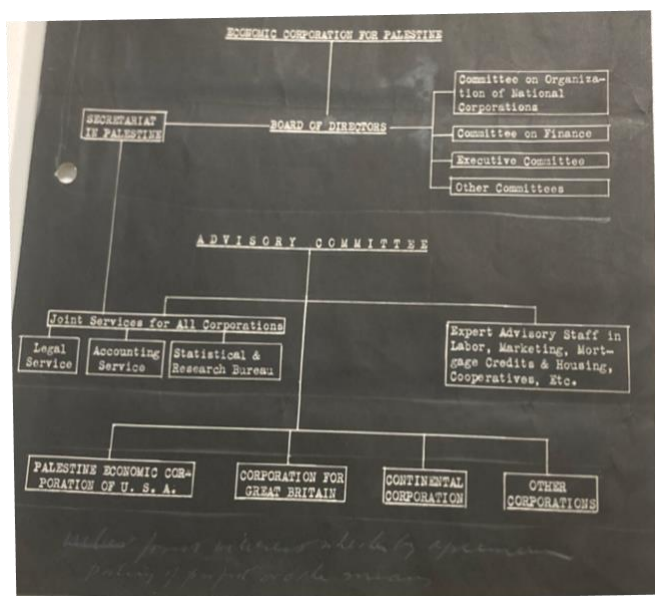
⁵² Memorandum for meeting of committee of the business corporation, box 98, folder Business corporation for Palestine- reports memoranda and general correspondence 1930, NYPL.

⁵³ Untitled memorandum, July 25, 1929, box 99, folder Organization charts and related correspondence and memoranda C. 1928-1930 2 of 4, NYPL.

transnational corporation that would supersede the PEC, non-Zionist leaders increasingly viewed the PEC itself as the institution capable of expressing and coordinating their shared developmental ambitions.⁵⁴ The PEC, already the most active and most sophisticated of the non-Zionist enterprises, began to serve as the de facto global instrument through which non-Zionists hoped to enact their alternative vision for Palestine.

⁵⁴ A full summary of this corporate integration is outside the bounds of this investigation but included a number of practices which in no way aligned with the PEC's vision of operating on a business basis, but allowed the corporation to expand without offering significantly new stock. Capital from the JDC's initial asset transfer to the PEC was converted from stock to surplus capital, greatly increasing PEC cash on hand, and allowing new stock sales without diluting stock. Felix Warburg purchased significant investments to his personal portfolio in Palestine, including 200,000 dollars in the Palestine electrical corporation, and appears to have endowed this money to the PEC, again following a practice which could not be considered a "strictly business practice." Authorized capital was increased to 10 million but likely given the glut of cash on hand stock was not actually increased for some years, at which point it became difficult to actually sell the stock for reasons covered in the next chapter. Letter Unknown to Bernard Flexner, May 14, 1930, MS 457 Warburg Papers, box 265, folder 12 Palestine Economic Corporation, AJA; Memorandum to members of the Executive committee, N.D. (likely early 1931), FA405/170, CZA; Newspaper clipping, PEC Plans New Share Issue, No newspaper identified, N.D. (likely 1936), likely 1936, S90/2069/1, CZA.

Warburg's proposed corporate structure of Global Business Corporation for Palestine:⁵⁵



Actual integration of PEC with European non-Zionist organization in Palestine in the first half of the 1930s.

Organization	Joint projects with PEC
JCA	• PEC management of all intermediate credit loans • Minority stake in Central Bank of Cooperative institutions*
Palestine Corporation	• Joint investment in orange packing house • Joint investment in expanded railroad line near Rehovot • PEC management of some loans • Minority stake in Central Bank of Cooperative institutions*
PICA	• Joint construction of new neighborhoods near PICA settlements • Partnership in bringing fruit packing machinery and packaging experts from United States

⁵⁵ Economic Corporation for Palestine and associated bodies outline of administrative organization

	• Joint ownership of well drilling unit • PICA Partnerships with Palestine Water Company Ltd
Palestine Emergency Fund and other smaller organizations	• PEC management of mortgage loans • Additional, and at times unclear, capital infusion into PEC projects

*preceded 1929 conference

This consolidation coincided with a significant shift in the emotional and intellectual disposition of PEC leaders—one with direct implications for how they imagined Palestine and their role within it.⁵⁶ The convergence of positive developments—favorable reports, strengthened international coordination, and an increasingly bullish leader in Felix Warburg—produced a growing sense of confidence that increasingly bordered on hubris, aligning the PEC’s self-understanding with the broader imperial belief that American managerial expertise carried universal authority. By 1930 and 1931, PEC annual reports declared the organization’s “experimental phase” complete, presenting its work as having entered a more mature stage in which larger, riskier, and more transformative undertakings were not only possible but necessary.⁵⁷ This confidence rested on the success of the corporation’s major investments: the King David Hotel, celebrated as the most luxurious in the region upon its opening in 1930; the dramatically undervalued land at Haifa Bay, expected to appreciate with the development of the port and the Mosul oil pipeline; and, most lucratively, the PEC’s 10 percent stake in Palestine Potash, which leaders described as “one of the greatest single sources of wealth in the world.”⁵⁸ Even amid the global depression, the 1929 riots, and Palestine’s own economic downturn, the PEC’s loan portfolios remained strong, and the Central Bank of Cooperative Institutions continued to generate steady profits.⁵⁹ This confidence extended even to the possibility of issuing dividends, which leadership cautiously explored as evidence that the corporation had reached a stage at which immediate returns to investors could be reconciled with long-term developmental goals.⁶⁰ Financial stability thus became not merely a sign of institutional success but a foundation for a transformed sense of authority and ambition.

⁵⁶ Palestine Economic Corporation, “Fourth Annual Economic Corporation,” 21; Palestine Economic Corporation, “Fifth Annual Report,” 35.

⁵⁷ Palestine Economic Corporation, “Fourth Annual Economic Corporation,” 21; Palestine Economic Corporation, “Fifth Annual Report,” 35.

⁵⁸ Palestine Economic Corporation, “Fourth Annual Economic Corporation,” 6; Palestine Economic Corporation, “Third Annual Report,” 1930, 176–77; Washington Conference on Palestine, 35, 94–96.

⁵⁹ The exception to this was their loan to Solel Boneh, which as expected left a considerable default. See chapter 2.

⁶⁰ Joshua Bernhardt to Mr. Cohen, October 23, 1930, B 53, folder ICA cooperation July–December 1930, NYPL; Palestine Economic Corporation, “Third Annual Report,” 8.

Profit, for PEC leadership, functioned as both vindication and warrant. Financial success reinforced their conviction that expertly guided, ostensibly “apolitical” capitalist development represented an optimal fusion of humanitarian obligation and modern economic practice. Their language grew correspondingly expansive. PEC leaders spoke of their work in increasingly bold terms, such as suggesting it offered a “solution of Palestine.” These expansive claims rested on an increasingly explicit epistemic hierarchy.⁶¹ PEC leaders and their allies frequently invoked what they described as a distinctive form of “Jewish genius,” defined by the integration of education, empiricism, and practical experimentation. Louis Marshall praised the high “intellectual, business and Jewish standards” that guided the selection of the 1928 Palestine Commission, which included Warburg and followed the Experts’ Report.⁶² The commission itself contrasted Jewish agricultural methods with what it portrayed as Arab primitivism, asserting that “it is characteristic of Jewish genius that education goes hand-in-hand with empiricism” in Jewish practice, while Arab cultivation supposedly relied on techniques “1,000 years old.”⁶³ Such language did more than express ethnic pride. It naturalized PEC authority by framing development as a technical problem best solved by those possessing the appropriate habits of mind, while casting alternative practices as backward, irrational, or incapable of improvement without external guidance. Brandeis made this logic explicit when he told the conference of the Business Corporation for Palestine that “we have taught the Palestinians” how to become a “self-supporting population,” crediting PEC-led intervention for these transformations.⁶⁴

⁶¹ Washington Conference on Palestine, 94.

⁶² Joint Palestine Survey Commission, *Report of the Joint Palestine Survey Commission*, 158. This idea of Jewish genius was also referenced in Washington Conference for Palestine, 26. For more on the history of claims of Jewish genius see Jay Geller, “Of Mice and Mensa: Anti-Semitism and the Jewish Genius,” *The Centennial Review* 38, no. 2 (1994): 361–85.

⁶³ Joint Palestine Survey Commission, *Report of the Joint Palestine Survey Commission*, 58.

⁶⁴ Bernard Flexner Reviews Activities of Palestine Economic Corporation, N.D. (likely 1930), box 98, folder Business corporation for Palestine- reports memoranda and general correspondence 1930, NYPL [Hereafter, Bernard Flexner Reviews activities of PEC] note that at the time Palestinian was used to refer to both Jews and Arabs in Palestine, and in this quote almost certainly meant Jews.

PEC leaders applied the same hierarchical logic inward, distinguishing their own managerial rationality from what they perceived as the emotional and ideologically driven tendencies of Zionist actors, particularly those rooted in Eastern European and Labor Zionist traditions. They emphasized their reliance on “actual facts,” “scientific survey,” and the “light of knowledge,” contrasting these with what they described as sentimental politics, misplaced “trust,” and the irrational allocation of “national capital.”⁶⁵ In their view, Labor Zionist development strategies tethered capital to unproductive ventures, subordinated economic judgment to ideological commitments, and deterred new investment. By positioning themselves as dispassionate stewards of capital, non-Zionist leaders cast the PEC as the guardian of economic rationality and the only institution capable of modernizing Palestine on sound, sustainable terms.

As confidence in their own methods grew, PEC leaders’ posture toward Zionist shortcomings shifted. What had once been framed as a dangerous political liability increasingly appeared as an almost endearing inefficiency. At the 1928 non-Zionist conference, Louis Marshall drew laughter by suggesting that the Zionist Executive might struggle even to read the English-language Experts’ Report.⁶⁶ Another speaker, David Philipson, playfully remarked on Zionist tendencies to name-call their opponents, including himself, generating further amusement.⁶⁷ The transcript’s repeated notations of “laughter,” noted more than thirty-six times captured more than levity; they signaled a sense of success.⁶⁸ American non-Zionists no longer regarded radical Zionists as a serious threat to the economic direction of the Yishuv. Confident that capital investment, managerial discipline, and properly structured incentives would ultimately prevail, they believed they could redirect Zionist energies toward forms of development aligned with their own priorities.

⁶⁵ “Non-Zionist Conference Concerning Palestine. Verbatim Report of the Proceedings,” 9, 13.

⁶⁶ “Non-Zionist Conference Concerning Palestine. Verbatim Report of the Proceedings,” 14.

⁶⁷ “Non-Zionist Conference Concerning Palestine. Verbatim Report of the Proceedings,” 55.

⁶⁸ “Non-Zionist Conference Concerning Palestine. Verbatim Report of the Proceedings.”

This growing self-assurance reflected not only PEC's internal successes but also a broader imperial habitus characteristic of early twentieth-century American overseas engagement. As historian Greg Grandin has observed, U.S. interventions abroad were animated by a pervasive conviction that American modes of organization possessed universal validity—a belief that blurred the boundary between humanitarian uplift and hierarchical domination. While the PEC lacked the coercive power of the U.S. state or corporations such as United Fruit, the logic animating its work closely resembled this imperial mindset.⁶⁹ PEC leaders treated American managerial rationality as inherently neutral and benevolent, and resistance to it as evidence of backwardness, ignorance, or emotionalism rather than legitimate difference. The failures, displacement, and violence that often accompanied such projects elsewhere, such as the United Fruit plantations in Latin America or the Panama Canal Zone, underscored the arrogance embedded in these assumptions, even when they were articulated in the language of reform and efficiency.⁷⁰

By the end of the 1920s, PEC leaders had fully absorbed this imperial confidence into their understanding of Palestine. They believed their technocratic, “apolitical” economic strategies could reorder Mandate society more effectively than either British administrative policy or Zionist ideological programs. This emotional posture—marked by certainty in their own methods, condescension toward competing visions, and faith in the universality of American economic models developed and refined across the wider landscape of American empire—proved decisive. Combined with expanding access to capital and strengthened international coordination, it propelled the PEC into a new phase of activity. As the 1930s began, the corporation stood prepared to undertake far more ambitious projects that would reshape Palestine's physical landscape, economic infrastructure, and control of land and water, embedding its imperial habits of mind directly into the material fabric of Mandate Palestine.

Americanizing the Land and Home

⁶⁹ Grandin, *Fordlandia*, 11.

⁷⁰ Grandin, *Fordlandia*, 11.

Nowhere did the PEC's growing confidence—and its alignment with American imperial outlooks—translate more directly into practice than in its approach to land and home ownership. The 1928 Experts Report presented a prominent critique of settlement policies in Palestine, focusing on issues related to land ownership, private property, and communal farming. Like the report, the PEC had long ideologically differentiated between cooperative methods in Palestine, which they viewed as extending the benefits of capitalism to otherwise excluded classes, and collective policies of national land ownership and farming, which they saw as a fundamentally flawed social experiment. However, until the Experts Report was published, the PEC had limited leverage to challenge Zionist collectivist policies, resigned, at least temporarily with the Labor Party's emerging dominance in Palestine and waiting for the supposed economic inefficiencies of the Kibbutz to bring about its eventual collapse.⁷¹ However, backed by the Experts Report's critique of the Kibbutz and communal land holdings of the JNF, and adopting a more activist approach, the PEC in the 1930s sought to introduce an alternative model for land and home ownership in Palestine—one grounded not in collective tenure but in secured individual property.

For agricultural land—the largest share of Jewish settlement by total area—this meant the PEC sought to bring models from the settlement of the American West, particularly the homestead—independent, family-run, privately owned farms. Ellwood Mead, who continued to consult with PEC officials on their rural land policies after the 1928 report, had recommended this model, arguing that farmers needed to be secure owners of the land and independent in approach in order to succeed economically.⁷² Furthermore, Mead explicitly argued that the experience of American homesteading provided the ideal model for replication in Palestine.⁷³ While Mead presented the homestead as a natural and neutral method of agriculture,

⁷¹ Singer to Van Vriesland, January 27, 1926, folder A114/228, CZA; for more see chapter two of this dissertation.

⁷² Joshua Bernhardt to Elwood Mead, May 9 1932, box 82, folder Water company January-June 1932 (2 of 2), NYPL; Joshua Bernhardt to Elwood Mead, March 18, 1932, box 82, folder Water company January-June 1932 (2 of 2), Frank Adams to Elwood Mead, November 28, 1934, box 82, folder Palestine Water Company, Ltd General correspondence October-December 1934, NYPL; Elwood Mead to Bernard Flexner, December 11 1934, MS 457, Felix M. Warburg Papers, box 304, folder 22 Palestine Economic Corporation, AJA.

⁷³ Troen, "American Experts in the Design of Zionist Society: The Reports of Elwood Mead and Robert Nathan," 197–98.

homesteading had been a key component of American westward expansion and the dispossession of Natives from their land—a reality recognized even by contemporaries, such as U.S. Representative Galusha Grow, who advocated for the Homestead Act by arguing it would lead to “great empires of free States, built on the ruins of savage life.”⁷⁴ Mead’s own career was deeply rooted in these settler-colonial practices of US expansion. As a leading architect of Western irrigation districts, he helped design settlement schemes that converted Indigenous lands into irrigated farm colonies reserved for white families, tying access to water and land directly to white ownership. In California, he pushed for legislation that barred Japanese farmers from buying or leasing agricultural land and justified it by claiming that only white family farmers could properly cultivate and steward the soil.⁷⁵

The model of the private farm was not entirely alien to Palestine. While the Kibbutz is prominent in historical memory, it was far from the only agricultural model practiced by Jews in Palestine. Older settlements on the coastal plains, established largely before the Zionist Movement formally encouraged settlement in Palestine, practiced what has been characterized as a plantation style of agriculture—large monocrop groves of oranges, worked by hired Jewish and Arab labor.⁷⁶ While built on the model of European farming villages rather than homesteads, the PEC greatly preferred these capitalist-oriented farmers over the Labor-affiliated agricultural settlements.⁷⁷ However, plantation-style agriculture, which required massive capital investment, large tracts of land, and substantial water resources, was not a feasible model for widespread private farming. Moreover, it generated a class of Jewish itinerant laborers who possessed neither land nor homes of their own.⁷⁸

⁷⁴ Wilm, Julius. “‘The Indians Must Yield’: Antebellum Free Land, the Homestead Act, and the Displacement of Native Peoples.” *Bulletin of the German Historical Institute*, no. 67 (2020), 17.

⁷⁵ Kate A. Berry and Sue Jackson, “The Making of White Water Citizens in Australia and the Western United States: Racialization as a Transnational Project of Irrigation Governance,” *Annals of the American Association of Geographers* 108, no. 5 (2018): 27.

⁷⁶ Karlinsky, *California Dreaming*, 5–8; Halperin, *The Oldest Guard: Forging the Zionist Settler Past*, 4–5.

⁷⁷ Bernard Flexner Reviews Activities of Palestine Economic Corporation, N.D. (likely 1930), box 98, folder Business corporation for Palestine- reports memoranda and general correspondence 1930, for more see chapter two.

⁷⁸ Palestine Economic Corporation, “Fourth Annual Economic Corporation,” 34.

For the PEC, this large class of Jewish itinerant laborers who had neither a private farm of their own, nor were members of one of the Jewish collectivist farms represented the ideal candidate for experimentation. The corporation believed that Jewish agricultural laborers could be guided along a civilizational path: from rootless day-laborers toward stable residents, and ultimately toward smallholders who owned and worked modest plots of their own.⁷⁹ This progression—what PEC leaders described as an “organic” evolution—was imagined as both an economic and moral advance. Stability of residence, regular employment, and the eventual acquisition of a small holding were the milestones in what they saw as the making of a modern, self-reliant Jewish farmer.⁸⁰

The PEC’s role, in its own telling, was to shorten the most precarious and “trying” early stages of this trajectory. By offering opportunities for fixed employment, mortgages for home ownership, modest attached plots, and access to small holdings in new settlement schemes, the corporation believed it could accelerate the transition from drifting worker to independent farmer.⁸¹ Through such measures, PEC leaders envisioned the emergence of a broad class of property-holding Jewish farmers who embodied the virtues of Western rural capitalism: industriousness, stability, and self-sufficiency.

Scaled across the country, this process would, they argued, create Jewish agricultural workers who were “healthy” and “self-reliant,” that would anchor Jewish life on the land and provide the foundation for Palestine’s economic stability.⁸² The vision ultimately rested on the conviction that American-style rural capitalism—steady wage labor, small proprietorship, and disciplined home ownership—could be transplanted to Palestine and serve as a civilizational blueprint. The PEC’s ambition was not merely to reform labor conditions but to reshape the very

⁷⁹ Troen, “American Experts in the Design of Zionist Society: The Reports of Elwood Mead and Robert Nathan,” 199–201.

⁸⁰ Pamphlet, *A Peasantry in the Making*, בנק משכנתאות ואשראי ארץ-ישראל בע”מ, N.D. (likely 1931), [Hebrew and English] S90/2185/3, CZA; Palestine Economic Corporation, “Second Annual Report,” 30. [Hereafter, Pamphlet, *A Peasantry in the Making*.]

⁸¹ Pamphlet, *A Peasantry in the Making*

⁸² Pamphlet, *A Peasantry in the Making*

character of the Jewish population through a staged ascent up the rungs of property, stability, and agricultural discipline.⁸³

Prior to 1930, the PEC already had some limited experience in resettling these laborers. In 1927, Louis Brandeis independently contributed \$30,000 for the creation of an American-style farming suburb near Hadera. The PEC's subsidiaries in Palestine managed much of the construction and financing for this new suburb, known as Kfar Brandeis (Brandeis village, later referred to as Shekhunat Brandeis meaning Brandeis neighborhood). Settlers in Kfar Brandeis received houses with small fenced plots for vegetable gardening and stables.⁸⁴ If settlers successfully managed their land as independent farmers over a three-year period while also working as wage laborers, they were granted ownership of the land, establishing a model community rooted in private home and individual land holdings.⁸⁵



*Homes and small farms at
Kfar Brandeis⁸⁶*

⁸³ Troen, "American Experts in the Design of Zionist Society: The Reports of Elwood Mead and Robert Nathan," 199–201.

⁸⁴ Pamphlet, *A Peasantry in the Making*; Palestine Economic Corporation, "Second Annual Report," 30.

⁸⁵ Pamphlet, *A Peasantry in the Making*

⁸⁶ Palestine Economic Corporation, "Third Annual Report," 23.

Kfar Brandeis was never intended to create fully self-sustaining farmers; rather, it aimed to supplement the income of agricultural workers. Additionally, since the initial capital and vision originated outside the PEC, it did not adhere strictly to a “business-only” basis and was funded largely with philanthropic dollars. However, this model served as a prototype for the PEC’s larger initiative to promote small-hold agriculture in Palestine.

In collaboration with Moshe Smilansky and Eliezer Jacobson, two leading figures among the capitalist farming class of the coastal plain, the PEC began identifying locations and prospective farmers to establish their model of small private farms. The first implementation of this vision took place in Rehovot, a settlement founded in 1890 through private capital, where approximately \$60,000 was lent to the local cooperative society to purchase land and develop small privately owned orange farms for itinerant workers.⁸⁷ Additional loans were granted to farmers in Rehovot who already owned land and homes but required resources to establish their small farms.⁸⁸ The Rehovot project was explicitly framed as a trial venture in developing innovative models of land ownership and agriculture in Palestine. Encouraged by initial results, the PEC quickly expanded this model, establishing similar farming communities together with PICA named Schunath Yaakov (near Binyamina) and Tel Zwi (near Pardes Hanna).⁸⁹ At the same time, the PEC extended substantial housing and farm-improvement loans across the older plantation colonies, hoping to catalyze the same process of conversion among workers and small proprietors in Petach Tikva, Nes Ziona, Rehovot, Rishon LeZion, Kfar Saba, Magdiel, Hadera, Herzliya, Ranana, Netanya, Binyamina, and Shekhunat Yaakov.⁹⁰ These appropriations, recorded throughout 1931 and 1932, described the aim of such lending: to “convert the workers into self-supporting small-holders” by providing the material basis—land, housing, and initial capital—required for the transition.⁹¹

⁸⁷ Palestine Economic Corporation, “Fourth Annual Economic Corporation,” 34.

⁸⁸ PEC to Viteles, October 22, 1930, box 53, folder ICA cooperation July-Dec 1930, NYPL; Palestine Economic Corporation, “Fourth Annual Economic Corporation,” 35.

⁸⁹ Pamphlet, *A Peasantry in the Making*; Palestine Economic Corporation, “Fifth Annual Report,” 36.

⁹⁰ *Rural Mortgages*, February 9, 1931, box 60, folder Farmers’ and Workers’ Housing 1931-1933, NYPL.

⁹¹ *List of Appropriations*, N.D. (Likely late 1931 or early 1932), box 9, folder Haifa Bay Worker’s Suburb 1932-1933, NYPL.

This language of “conversion,” or “guidance” repeated in internal reports and budgets, reveals the deeper ideological ambition that animated these projects.⁹² The PEC’s loans were not merely financial transactions; they were instruments of social transformation. By guiding workers’ wages into home ownership, restructuring daily routines around private plots, and embedding workers in the rhythms of small-scale agriculture, PEC leaders believed they could reshape both lifestyle and identity. A worker who acquired a fenced garden, a stable, and a modest orchard would, in their view, adopt new ideals of independence, discipline, and self-reliance. This was in the PEC’s view, a civilizational process—one that would channel the population toward the habits and virtues associated with Western agrarian modernity.⁹³

This civilizational logic extended beyond landownership and agriculture to the very design of the home. In all their settlements, the PEC aimed not merely to encourage private farms but to impose a particular ideal of the home—the single-family American-style house. These homes were to be spacious enough for comfort yet efficient enough for replication, “sanitary” (likely referring to airflow) in layout, and cheap enough to be reproduced across Palestine. To identify the optimal design, the PEC organized a competition among builders throughout the country. Detailed technical specifications were issued emphasizing ventilation, light circulation, spatial efficiency, and hygienic standards.⁹⁴ Twenty-three builders submitted plans that complied with these requirements, offering one- and two-bedroom homes complete with kitchens, verandas, and bathrooms with modern showers. Although the builders were not required to construct the houses, the prize conditions allowed the PEC to acquire full sets of the architectural plans.⁹⁵

⁹² List of Appropriations, N.D. (Likely late 1931 or early 1932), box 9, folder Haifa Bay Worker’s Suburb 1932-1933, NYPL; Paul Singer to Julius Simon, January 17, 1934, box 89, folder Haifa Bay Workers’ Suburb 1933-1940, NYPL.

⁹³ Paul Singer to Julius Simon, January 17, 1934, box 89, folder Haifa Bay Workers’ Suburb 1933-1940, NYPL; Report of Mr. Julius Simon, President to the board of directors, April 4, 1932, box 85, folder Water Drilling Unit (Harzfeld Plan) March-May 1932 (1 of 2), NYPL

⁹⁴ Palestine Economic Corporation, “Sixth Annual Report,” 27.

⁹⁵ Memo regarding Building Competition, N.D. [likely May 1930], box 59, folder competitions 1933, NYPL
Palestine Economic Corporation, “Sixth Annual Report,” 43.

From these submissions, the PEC distilled multiple standardized house types—varieties of the American model home adapted to Palestinian climate and conditions. They incorporated high ceilings for ventilation, strategically placed vents, and efficient floor plans that reflected the corporation's fusion of technical rationality with social engineering. Because the homes were uniform in design, the PEC contracted factories to mass-produce standardized parts, lowering construction costs through economies of scale.⁹⁶ According to later estimates by Jewish National Fund experts, PEC-built houses were between 13.5 and 20 percent cheaper than identical homes constructed by other builders; compared to typical homes in the colonies (likely specifically meaning the settlements of the coastal plain), they cost approximately 35 percent less per square foot.⁹⁷ The PEC touted these savings as proof that American rationalization—applied to the domestic sphere—could modernize Palestine's built environment.⁹⁸

So proud were PEC leaders of this idealized, standardized home that they showcased a full-scale model—complete with furnishings—at the 1932 International Building Exposition in Berlin and again at the Levant Fair in Tel Aviv. As mentioned at the beginning of this chapter, amidst pavilions celebrating global architecture and industrial innovation, the PEC's house stood as a testament to what American design, mass production, and domestic order could achieve in Palestine.⁹⁹ It was both a display piece and a manifesto: a physical embodiment of the corporation's belief that civilization could be engineered, standardized, and exported from the American West to Palestine—one small house, one small farm, one small holder at a time.

Paying for the construction and selling of so many homes of course required a massive financing operation. In its early years the PEC had almost completely avoided granting loans for construction—a logical choice given the 1926 depression in Palestine was caused by an

⁹⁶ Palestine Economic Corporation, "Sixth Annual Report," 27.

⁹⁷ Letter Julius Simon to Chaim Weizmann, February 5, 1936, box 330, folder 5, Warburg Papers, AJA; Pamphlet, *A Peasantry in the Making*; Palestine Economic Corporation, "Third Annual Report," 21; Palestine Economic Corporation, "Sixth Annual Report," 23–24; Palestine Economic Corporation, "Fourth Annual Economic Corporation," 22.

⁹⁸ Vilentchuk to PEC leaders, December 25, 1936, box 58, folder General Correspondence 1932-1938, NYPL

⁹⁹ Rebecca Davis, to the Executive Committee, May 11, 1932, box 59, folder Exhibition-Levant Fair 1932, NYPL; Palestine Economic Corporation, "Sixth Annual Report," 33.

overdependence of speculative building. However through their initial subsumption of the assets of the Palestine Cooperative Company (the Brandeis groups led development company), the PEC had inherited a mortgage bank named the Palestine Mortgage and Credit Bank as a fully owned subsidiary.¹⁰⁰ Initially the PEC largely ignored the institution, counting on its local manager to continue to collect debts owed for loans it had granted before its takeover by the PEC, but issuing no new mortgages. However, as it embarked on its housing and land project the PEC realized that Palestine was largely bereft of mortgage granting institutions. As such the PEC invested additional money to increase the strength of the bank.¹⁰¹ Another influx of liquid capital came in 1929 with the creation of the Palestine Emergency Fund, a fund raised by donations from Jews abroad after the 1929 intercommunal violence to help rebuild damaged communities in Palestine. To avoid duplication the fund asked the PEC through the Mortgage and Credit Bank to offer, administer and collect on mortgage loans using their money.¹⁰² Following suit the General Zionist Bank and a South African mortgage venture in Haifa handed the management of some of their loans to the PEC once again increasing the bank's capital considerably.¹⁰³ In just a few years the PEC went from having no desire to provide mortgage loans to holding the mortgages on all the homes in five communities, and managing the granting and repayment of considerable additional mortgages.

While the core of the Zionist movement never fully embraced mortgages and private home ownership, the PEC quickly established alternative systems for financing, land ownership,

¹⁰⁰ Memo re meeting in London on August 28, 1929, box 98, folder Business corporation for Palestine, memorandum general correspondence 1929 2 of 2, NYPL; Palestine Economic Corporation, "Fourth Annual Economic Corporation," 10.

¹⁰¹ Memo: suggestions for Economic Activity in Palestine, June 26, 1929, box 98, folder Business corporation for Palestine, memorandum general correspondence 1929 2 of 2, NYPL; Memorandum with Reference to Mr. Strickland's proposal and the development loan, N.D. [likely 1931] B277, folder 4, Palestine 1931, Warburg Papers, AJA

¹⁰² Mohl to PEC, February 24, 1931, folder A405/170, CZA; Palestine Economic Corporation, "Fifth Annual Report," 17–18.

¹⁰³ Memorandum to Members of the Executive Committee, November 1931, box 277, folder 4 Palestine 1931, Warburg Papers, AJA; memorandum for meeting of committee of the business corporation, box 98, folder Business corporation for Palestine- reports memoranda and general correspondence 1930, NYPL.

and homebuilding in Palestine, ultimately developing communities in the heart of the coastal plains based on these models.

Homes, of course, were not merely physical structures but centers of domestic life, and the PEC aimed to shape not only the structure of these homes but also the lives of those who inhabited them. In contrast to the Labor Zionist ideal of female pioneers working the land alongside men—an ideal at times misaligned with reality—the PEC promoted a vision of bourgeois American domesticity characterized by a clear division between male and female roles.¹⁰⁴

The PEC's model communities offer one of the few places where gender relations become visible within the corporation's projects in Mandate Palestine. Similar to the Zionist ethos on *Muskeljudentum* or "muscle Judaism," the PEC concentrated on the male settler, with the first PEC President Bernard Flexner declaring its goal to support "...an increasing number of manly, self-reliant Jews imbued with high Jewish ideals to live in Palestine on a sound, self-sustaining economic basis..."¹⁰⁵ While most PEC long term loans went to cooperatives rather than individuals, records show that funding (disbursed from the cooperatives to individual settlers) rarely, if ever, went to female settlers—reflecting a male-centered approach in the PEC's broader initiatives.

However, in selecting settlers for their model communities PEC memos emphasized that all applicants must be married, and both the man and his wife needed to be interviewed before being selected.¹⁰⁶ The emphasis was notable not only in the implication that the character of a female settler mattered for the success of the project, but also for the fact the requirement that the denizens of the PEC's model villages be married. Palestine in the 1930s was awash in single men, including much of the class of itinerant laborers, so requiring couples significantly lowered

¹⁰⁴ דר, יחזקאל, and Yechezkel Dar. "Shifting Conceptions of Justice: The Changing Evaluation of Work in the Kibbutz / צדק חלוקתי משתנה: תמורות בהערכת העבודה בקיבוץ" *Horizons in Geography / אופקים בגאוגרפיה*, no. 66 (2006): 44–64, 45.

¹⁰⁵ Bernard Flexner to Felix Warburg, February 5, 1930, box 99, folder organization charts and related correspondence and memoranda c. 1928-1930 1 of 4, NYPL. Flexner was likely paraphrasing Brandeis who had earlier made a similar statement.

¹⁰⁶ Palestine Economic Corporation, "Sixth Annual Report," 33.

the pool of viable applicants, and clearly reflects an intentional choice on the part of the PEC signaling its commitment to a specific vision of family-centered domestic life with distinct roles for men and women.¹⁰⁷

Documents from the PEC further clarified that their plans for their model communities imagined a gendered division of labor with the wife maintaining a kitchen garden—intended to supply food for her family—while the husband balanced wage labor with managing the family’s personal orange groves.¹⁰⁸ This domestic arrangement drew on the family-farm ideal central to American settlement in the U.S. West, where the stability and “civilizing” promise of homesteads rested on the complementary labor of husbands and wives.¹⁰⁹ PEC planners reproduced this logic almost wholesale: the home was to anchor the settler, the wife’s labor was to ensure self-sufficiency, and the husband’s dual role as wage earner and smallholder was to bind him to both the land and the broader capitalist economy. In this model, the family—not the individual farmer nor the socialist collective—was the true unit of settlement.

Like the homesteads of the American West, these households were imagined as engines of order, productivity, and moral discipline.¹¹⁰ PEC plans and correspondence framed the wife’s garden not merely as supplemental food production but as a means of cultivating what they saw as proper domestic habits, anchoring the family economically and socially, and reinforcing a gendered hierarchy deemed essential to stable settlement. The husband’s expected rhythm—moving between paid work and tending the family grove—mirrored the mixed-labor expectations placed on American homesteaders, whose success depended on both engagement with wage markets and continuous cultivation of their own plots.

A 1933 PEC memo provides a vivid illustration of these domestic ideals: it announced a competition for PEC mortgage holders to reward “the most attractively kept homes and kitchen

¹⁰⁷ Boaz Neumann and Haim Watzman, *Land and Desire in Early Zionism*, 1. Schusterman Series in Israel Studies (Brandeis University Press, 2011).

¹⁰⁸ Palestine Economic Corporation, “Sixth Annual Report,” 33.

¹⁰⁹ Katherine Harris, “Sex Roles and Work Patterns among Homesteading Families in Northeastern Colorado, 1873-1920,” *Frontiers: A Journal of Women Studies* 7, no. 3 (1984): 43–44.

¹¹⁰ Joan Smith, “Learning to Be Homesteaders: Frontier Women in Oklahoma,” *American Educational History Journal* 37, no. 1 (2010): 171–72.

gardens.” According to the memo, the competition aimed “to stimulate private ownership of workers’ houses and to make the owners conscious of the appearance of their homes.”¹¹¹ Originally, the memo read “to stimulate private ownership,” but a hand-corrected version replaced this phrase with “pride of ownership.” Yet both formulations underscored the PEC’s vision of home and land ownership as central and connected to its ideal of domesticity. The focus on well-maintained homes and kitchen gardens—both traditionally feminine domains—reflects the PEC’s drive to instill a distinctly Western, bourgeois domestic ideal in Palestine, one that mirrored values of the American West. This emphasis on gendered roles within domestic spaces was further underscored by the PEC’s selection of a female judge, Hanna Meisal, as a judge for the competition, likely one of the few occasions the PEC directly involved a woman in its work in Palestine.¹¹²

In effect, PEC planners imported a full domestic ideology alongside their land and credit structures: a vision in which agricultural settlement succeeded only when grounded in stable nuclear families, gendered labor divisions, and a home-centered moral economy. Unlike Labor Zionist collectives, which imagined—though rarely lived up to—radical visions of gender equality, and idealized a form of female pioneer, PEC saw domestic differentiation as indispensable.¹¹³ It was precisely this domestic order—articulated through gardens, groves, and the rhythms of household labor—that they believed would produce disciplined, responsible, and economically independent settlers, much as American policymakers had once argued that homesteads would “civilize” the U.S. West.

Suburban Empire: From Fordlandia to Kiryat Haim

PEC efforts to create new models of settlement and community touched urban landscapes as well as agriculture across the coastal plain, but the most notable projects were in Haifa Bay,

¹¹¹Joshua Bernhardt to Emanuel Mohl, May 11, 1933, box 59, folder Competitions 1933, NYPL. Cross out in original message.

¹¹² Joshua Bernhardt to Emanuel Mohl, May 11, 1933, box 59, folder Competitions 1933, NYPL

¹¹³ יחזקאל, דר, and Yechezkel Dar. “Shifting Conceptions of Justice: The Changing Evaluation of Work in the Kibbutz / צדק חלוקתי משתנה: תמורות בהערכת העבודה בקיבוץ.” *Horizons in Geography / גאוגרפיה באופקים*, no. 66 (2006): 44–64, 45.

where the corporation used its large landholdings to experiment with what it considered ideal forms of small, homogenous urban communities built around close personal relations and a sense of security. While the PEC influenced the layout of several urban neighborhoods across Palestine, including financing the construction of a new neighborhood north of Tel Aviv, Hazafon (today the Old North neighborhood of Tel Aviv), its most significant attempt to impose a coherent social and spatial vision was the Krayot, the suburbs around Haifa Bay, in particular, Kiryat Haim, a suburb intended for lower-middle-class Jewish workers employed in the emerging industrial zone.¹¹⁴ Although American suburban design offered one source of inspiration, PEC planners drew even more clearly on the proliferating model company towns that American firms established throughout Latin America during the height of U.S. financial expansion. These enclaves, themselves distillations of the American suburb, functioned as laboratories in which U.S. investors projected American forms of social order, domesticity, and community life onto foreign landscapes.¹¹⁵



PEC homes built in Hazafon (today The Old North) Tel Aviv¹¹⁶

As mentioned earlier the most emblematic of these was Henry Ford's experiment in the Amazon. Fordlandia, begun in 1928, was conceived as a town for workers on his rubber plantations, but the ideal was far more ambitious than a housing scheme: it was meant to be a

¹¹⁴ Paul Singer to Joshua Bernhardt, January 25, 1928, box 1, folder agriculture long term loans-general January 1928, NYPL; Palestine Economic Corporation, "Third Annual Report," 21–23.

¹¹⁵ Grandin, *Empire's Workshop: Latin America, the United States, and the Making of an Imperial Republic*, 3.

¹¹⁶ Palestine Economic Corporation, "Fourth Annual Economic Corporation," 21; Palestine Economic Corporation, "Third Annual Report," 21.

model American community rising out of the jungle. Ford imagined a settlement with neat wooden houses, gridded streets, manicured lawns, and a regimented moral order—alcohol banned, churchgoing encouraged, and leisure restricted to approved activities. Town rules reflected a mix of broader conservative American sensibilities with Ford’s personal obsessions—such as the banning of jazz, which many conservative white Americans like Ford viewed as morally and racially suspect and experiments in raising children on soy milk to avoid reliance on cattle—reflecting Ford’s personal hatred for cows.¹¹⁷ Fordlandia was thus a social project as much as an economic one, grounded in the belief that American domestic norms, labor discipline, and moral rectitude could be reproduced, and perhaps even improved, abroad.¹¹⁸ Its spectacular failure and the eventual abandonment of the site did little to challenge the conviction among American investors that built environments could transplant U.S. ways of life abroad.¹¹⁹

Milton Hershey’s ventures in Cuba reflected the same ethos, though in a more polished idiom. Around his sugar mills he constructed towns with American-style bungalows, hospitals, schools, baseball diamonds, and movie theaters—creating environments meant to feel familiar, orderly, and aspirational to both American staff and select local workers. These communities were deliberately engineered to evoke the rhythms of small-town Pennsylvania, complete with civic institutions, recreational spaces, and the architectural grammar of an American suburb. Hershey’s towns, like Ford’s, rested on the assumption that controlling the spatial and social

¹¹⁷ For more on Ford’s hatred of cows see: Grandin, *Fordlandia*, 11–15; Henry Ford, quoted in Wilbur Forrest, interview with Henry Ford, *New York Tribune*, February 9, 1921, 1, 4; “Henry Ford Quotations,” *The Henry Ford*, quoting *Detroit Free Press*, July 16, 1936, and George Sylvester Viereck interview, *New York American*, August 5, 1928; Jim McCabe, “Soybeans: Henry Ford’s Miracle Crop,” *The Henry Ford*, November 17, 2014; David Halberstam, *The Reckoning* (New York: William Morrow, 1986); Ibtisaam, “Henry Ford and a Brief History of the Quest for Cowless Milk,” *Medium*, April 3, 2019; Andrew Martin, “Why Henry Ford Wanted to Abolish Cows and Make Milk with Machines,” *Medium*, February 9, 2025, <https://historianandrew.medium.com/why-henry-ford-wanted-to-abolish-cows-and-make-milk-with-machines-087c8687fa55>; The Sunday Times review by Ed Caesar, *Fordlandia: The Rise and Fall of Henry Ford’s Forgotten Jungle City* by Greg Grandin, January 31, 2010, <https://www.thetimes.com/world/us-world/article/fordlandia-the-rise-and-fall-of-henry-fords-forgotten-jungle-city-by-greg-grandin-fkmrqv7bsmv>; “The Great and Sad Henry Ford,” *The Daily Beast*, May 14, 2013, <https://www.thedailybeast.com/the-wonderful-horrible-life-of-henry-ford/>.

¹¹⁸ Grandin, *Fordlandia*, 12–14.

¹¹⁹ Grandin, *Fordlandia*, 13–15.

environment would stabilize labor, manage unrest, and transmit American values through the routines of daily life.¹²⁰

Yet it was the United Fruit Company that perfected and expanded this model across the Caribbean and Central America. In Guatemala, Costa Rica, Panama, Honduras, Cuba, and Colombia, the company built towns that replicated American small-town life while embedding racial and occupational hierarchies into their very design. As Emily Martin notes, United Fruit quite literally mapped its social order onto space: white American managers and technicians lived in centrally located, well-serviced neighborhoods, while indigenous and Afro-Caribbean laborers were placed in segregated quarters at the periphery.¹²¹ Streets were wide and walkable, encouraging constant face-to-face encounters among white American employees; sidewalks, lawns, and standardized houses created a sense of familiarity and insulation. For an American moving to a United Fruit town meant entering a community of people who shared cultural expectations, professional status, and social norms.¹²² And unlike Fordlandia or Hershey's towns, United Fruit had a direct personal connection to the PEC: board member Samuel Zemurray—formerly of the Cuyamel Fruit Company—rose to the presidency of United Fruit in 1933, creating a tangible link between the PEC board, the gridded streets of Latin America's banana towns and the new Jewish settlements emerging in Haifa Bay.

It was this combination of spatial control, engineered domesticity, and social insulation—separating supposedly “primitive” or dangerous populations from the settlers—that appealed to PEC planners imagining Haifa Bay's future. Kiryat Haim was not a company town in the strict sense, but its underlying logic—shaping community life through design, cultivating a particular kind of resident, and buffering Jews from their surroundings—mirrored the assumptions that underpinned Fordlandia, Hershey's Cuban towns, and especially the enclaves built by United Fruit.

¹²⁰ Grandin, *Fordlandia*, 12–14.

¹²¹ Martin, *Banana Cowboys*, 70.

¹²² Martin, *Banana Cowboys*, 74.

The effort to build Kiryat Haim—together with the neighboring Kiryat Motzkin, Kiryat Shmuel, and later Kiryat Yam—emerged directly from the crisis atmosphere that followed the 1929 intercommunal violence. As Jewish families fled mixed neighborhoods in Haifa and struggled to find housing in exclusively Jewish quarters, the PEC and its financial arms positioned themselves as the institutions capable of constructing a new settlement zone in Haifa Bay.¹²³ Working with the Jewish Federation of Labor, the Jewish National Fund, and a rotating cast of engineers and architects, the PEC drew on both its regular budget and the newly created Emergency Fund for Palestine. Patrick Abercrombie, already conducting broader urban surveys in the region (see chapter 3), was brought in to evaluate potential sites and propose layouts emphasizing open space, order, and long-term growth.¹²⁴ The PEC envisioned a coordinated suburban belt along the industrial corridor: Kiryat Haim as a workers' suburb populated largely by labor-movement families; Kiryat Motzkin as a middle-class enclave; Kiryat Shmuel as a religious settlement.¹²⁵ These were not ad hoc responses to housing pressures but an attempt to impose a comprehensive spatial strategy on northern Haifa—one grounded in security concerns, industrial expansion, and the PEC's faith in planned, socially engineered communities.

Kiryat Haim's association with the labor movement might seem at odds with the PEC's capitalist leadership, yet PEC officials understood the suburb as an opportunity rather than a contradiction. The workers settling there were viewed as ideologically malleable: new immigrants who joined the Histadrut out of convenience rather than conviction and who could be guided away from radicalism through stable employment and homeownership. Internal correspondence suggested that PEC leaders believed the era of immigrants "attracted by idealism" had passed. If the PEC had once described its role as the "canalisation of idealism"—that is, directing idealistic settlers into productive economic channels—it now increasingly

¹²³ Ettinger to Julius Simon, June 5, 1934, box 9, folder Haifa Bay Workers' Suburb 1933-1940, NYPL; Simon to PMBC and Bayside Land, January 21, 1935, box 9, folder Haifa Bay Workers' suburb 1933-1940, NYPL.

¹²⁴ Julius Simon to Paul Singer, December 19, 1933, box 9, folder Haifa Bay Workers' suburb 1932-1933, NYPL.

¹²⁵ Ettinger to Julius Simon, June 5, 1934, box 9, folder Haifa Bay Workers' Suburb 1933-1940; Simon to PMBC and Bayside Land, January 21, 1935, box 9, folder Haifa Bay Workers' suburb 1933-1940, NYPL, later Kiryat Yam was designed as a settlement of mostly German-Jewish immigrants.

emphasized the cultivation of “constructive social aspects” through fiscal responsibility, homeownership, and community life.¹²⁶ Concentrating PEC resources in Kiryat Haim—while leaving the JNF to take the lead in Kiryat Motzkin and Kiryat Schmuel—reflected this strategic focus. While there was some worry that the Histadrut might hold back “the tendency of the Kirath Chaim [sic] settler to become a small bourgeois” PEC leaders were confident in their ability to lead Labor affiliated settlers through the promise of home ownership.¹²⁷

This protective ethos was embedded directly into the physical and institutional design of Kiryat Haim. Although the neighborhood outwardly resembled a modest suburban district, its internal power arrangements more closely resembled the company towns established by American firms in Central America. Through the PEC and its financial subsidiaries, the corporation retained control over virtually every aspect of daily life: it owned the land, supervised mortgages, approved architectural plans, vetted prospective residents, and regulated access to water.¹²⁸ Residents frequently chafed under this arrangement. Settlers complained that although they bore the financial burden of their mortgages, engineers and planners answered exclusively to the PEC’s Mortgage and Credit Bank, leaving residents with little say over the design of their own homes.¹²⁹ The PEC, for its part, dismissed such grievances as signs of immaturity or entitlement, characterizing the settlers as “spoiled” and insufficiently appreciative of expert oversight.¹³⁰ This paternalistic response echoed the managerial attitudes long familiar from American corporate enclaves, where control was justified as necessary discipline rather than domination.

Planning and land allocation further revealed the depth of PEC authority. Patrick Abercrombie, employed by the PEC, was responsible for site selection as well as the provision of open spaces and parks, while the PMCB imposed strict regulations governing plot size and

¹²⁶ Paul Singer to Julius Simon, January 17, 1934, box 89, folder Haifa Bay Workers’ Suburb 1933-1940, NYPL.

¹²⁷ Ettinger to Paul Singer, Nov 8, 1934, box 9, folder Haifa Bay Workers’ Suburb 1933-1940, NYPL.

¹²⁸ Memo: Haifa Bay Workers Suburb, March 5, 1931, box 9, folder Haifa Bay Workers’ suburb 1931, NYPL.

¹²⁹ Palestine Mortgage and Credit Bank response to Haifa Workers, November 29, 1932, box 9, folder Haifa Bay workers’ Suburb 1932-1933, NYPL

¹³⁰ Palestine Mortgage and Credit Bank response to Haifa Workers, November 29, 1932, box 9, folder Haifa Bay workers’ Suburb 1932-1933, NYPL

construction schedules to ensure what it defined as “constructive” land use.¹³¹ Housing designs were largely standardized, drawn from models selected through the PEC’s housing design competition (see previous section), with residents permitted only limited modifications.¹³² Even the composition of the community itself fell under PEC scrutiny. Prospective settlers were subjected not only to financial audits but also to workplace inspections and home visits as part of the selection process.¹³³ Although no surviving documentation specifies the precise criteria applied during these visits, the process strongly suggests an effort to identify residents deemed compatible with the PEC’s vision of a disciplined, respectable small-town community modeled on suburban ideals. By prioritizing skilled trades—railway workers, postal clerks, and mechanics—the PEC ensured that Kiryat Haim was not only ethnically homogeneous (both in terms of all Jewish, but also the Jews themselves were relatively homogenous in each community) but also occupationally and socially curated, producing a workforce that embodied the industrious, stable working class the corporation sought to cultivate.¹³⁴

Social infrastructure reinforced this model of regulated domesticity. During his visit to Palestine, PEC president Julius Simon praised the cooperative store’s spotless cold room, the school’s airy and immaculate classrooms complete with individual towels, and settlers’ orderly vegetable gardens, which helped offset mortgage costs.¹³⁵ To PEC officials, these details signaled proper household management, moral discipline, and economic responsibility. Even leisure was carefully managed. PEC leaders encouraged plans for a movie theater as a means of keeping families within the suburb and out of Haifa, where mixed populations and the temptation to

¹³¹ Granowsky to Keith-Roach, November 20, 1935, box 9, folder Haifa Bay workers’ suburb 1933-1940, NYPL; Workmen’s village draft report, N.D. [likely early 1932], box 9, folder Haifa Bay Workers’ suburb 1932-1933, NYPL.

¹³² Workmen’s village draft report, N.D. [likely early 1932], box 9, folder Haifa Bay Workers’ suburb 1932-1933, NYPL.

¹³³ Moses A Leavitt to Robert Szold, September 29, 1938, box 9, folder Haifa Bay Worker’s suburb 1933-1940, NYPL; Workmen’s village draft report, N.D. [likely early 1932], box 9, folder Haifa Bay Workers’ suburb 1932-1933, NYPL.

¹³⁴ Workmen’s village draft report, N.D. [likely early 1932], box 9, folder Haifa Bay Workers’ suburb 1932-1933, NYPL.

¹³⁵ Simon to PMBC and Bayside Land, January 21, 1935, box 9, folder Haifa Bay Workers’ suburb 1933-1940, NYPL

spend money were viewed as threats to the formation of the ideal Jewish settler household.¹³⁶ Labor, leisure, consumption, and domestic life were thus intentionally contained within the neighborhood, cultivating the feel of an American small town transplanted into the landscape of Mandate Palestine.

Security was built directly into the landscape. Reinforcing the sense that the homogenous Jewish suburb offered a safe alternative to the mixed city, the PEC financed and constructed for the British government a permanent police post in the heart of the suburb, justified as essential for the “proper protection” of Jewish residents relocating from mixed neighborhoods.¹³⁷ The PEC assumed full responsibility for the building’s construction, taking on expenditures that ordinarily fell to municipal bodies or the colonial administration—an unusual step that underscored how central security was to its social vision. By investing in a structure that would remain under British control, the corporation signaled that the success of the suburb depended not only on housing or employment but on embedding mechanisms of oversight directly into the urban plan. The police station thus materialized the logic of the entire project: Jewish workers would be safest, most orderly, and most cohesive when clustered together under concentrated supervision, with the physical infrastructure itself reinforcing the community’s boundaries and its separation from the mixed city.

Taken together, these elements amounted to a deliberate attempt to create a version of an idealized American town in Mandate Palestine—one organized around personal acquaintance, tidy domestic routines, and the sense of belonging that came from living among one’s social and ethnic peers. The resemblance to the model towns of Latin America went beyond inspiration: like those enclaves, the Haifa Bay suburbs were unified under a single institutional authority, structured through the consolidation of housing and credit, and grounded in the belief that social

¹³⁶ Simon to PMBC and Bayside Land, January 21, 1935, box 9, folder Haifa Bay Workers’ suburb 1933-1940, NYPL

¹³⁷ Memo Permanent police post for Haifa bay workers’ suburb, box 9, folder Haifa Bay workers’ suburb 1931, NYPL; Unsigned to Mohl Re: “Police Station-Haifa Bay Suburb, July 7, 1931, box 9, folder Haifa Bay workers’ suburb 1931, NYPL; Dr. Bernhardt to Mohl, August 27, 1931, box 9, folder Haifa Bay workers’ suburb 1931, NYPL.

order could be engineered through proximity. And like those enclaves, they depended on racial segregation—Jews here, Arabs elsewhere—achieved through planning practices and land-sale restrictions.¹³⁸

If Fordlandia and the banana towns sought to anchor Americans abroad by recreating the familiarity of home, the PEC's Haifa Bay project attempted something analogous for Jewish workers: a space where a new class could be shaped, stabilized, and protected within boundaries drawn by planners, engineers, and bankers. The result was not a company town in a formal sense, but a community governed by the same logic—one that turned the landscape itself into a tool for producing the social order the PEC hoped to see.

Drilling Authority: Water, Expertise, and Power

From its founding, the Palestine Economic Corporation (PEC) regarded foreign capital as the essential engine of Palestine's development. Its leaders believed that, if capital could be mobilized at sufficient scale and deployed rationally, Palestine might be transformed into a self-sustaining capitalist economy.¹³⁹ By the early 1930s, this vision drove the PEC to expand its credit offerings. Through its Central Bank, the PEC introduced an intermediate loan program offering three- to five-year loans to cooperatives—addressing a critical gap in an economy otherwise dominated by short-term credit. Notably, the nearly \$400,000 allocated to this program came not from new PEC capital, but entirely from the Jewish Colonization Association (ICA), the most senior non-Zionist settlement agency in Palestine. That the ICA approached the PEC to manage these funds marked an implicit acknowledgment of the PEC's growing authority within the non-Zionist philanthropic and investment world.¹⁴⁰

Yet as the PEC expanded access to capital, its leadership increasingly recognized that money alone could not secure Palestine's economic future. Sustainable development, they

¹³⁸ Memo workers' houses - Haifa Bay, December 26, 1930, box 60, folder Haifa Bay workers suburb 1930, NYPL.

¹³⁹ "Non-Zionist Conference Concerning Palestine. Verbatim Report of the Proceedings," October 20, 1928, 20, Berman Jewish Policy Archive.

¹⁴⁰ Bernard Flexner to De Lieme, May 26, 1930, box 98, folder business corporation for Palestine- reports memoranda and general correspondence 1930, NYPL; Joshua Bernhardt to Mr. Cohen, October 23, 1930, box 53, folder ICA cooperation July-December 1930, NYPL.

concluded, depended just as fundamentally on access to water. By PEC estimates, nearly half the cost of establishing a new orange grove went to irrigation infrastructure, while water accounted for roughly ten percent of annual maintenance expenses.¹⁴¹ Water provision in Palestine remained highly decentralized: growers drilled their own wells, laid their own pipes, and bore the risks of failure individually. The PEC, by contrast, believed that technological innovation and economies of scale could reduce costs, expand access, and even render water infrastructure a profitable investment in its own right.¹⁴²

The timing of PEC intervention proved critical. Between 1930 and 1934, Palestine experienced an extended drought, during which existing wells—largely privately drilled and locally managed—produced only a fraction of their previous output.¹⁴³ The resulting water scarcity threatened the future of citriculture, already strained by overplanting, rising costs, and declining returns. British regulatory responses compounded these pressures: while the Mandate government limited the drilling of new wells in restricted areas, it did not cap extraction from individual wells, privileging those who could produce more water from fewer sources.¹⁴⁴ Under these conditions, technologies capable of producing deeper, more efficient wells would prove remarkably beneficial, tapping into deep reserves of groundwater at lower long-term cost. The situation presented the opportunity for Jewish growers to gain a significant competitive advantage if they could drill deeper wells, an opportunity the PEC was quick to seize on.

The immediate impetus for PEC involvement in water development came from Edmond de Rothschild, who proposed a joint initiative between the PEC and the Palestine Jewish Colonization Association (PICA) to drill wells across Palestine. Rothschild pointed to the

¹⁴¹ Bernard Flexner to De Lieme, May 26, 1930, box 98, folder Business corporation for Palestine- reports memoranda and general correspondence 1930, NYPL; Joshua Bernhardt to Mr. Cohen, October 23, 1930, box 53, folder ICA cooperation July-December 1930, NYPL.

¹⁴² Paul Singer to PEC, May 17, 1932, box 82, folder Water Company January-June 1932 (1 of 2), NYPL; in fact, water promised to potentially be so profitable that PEC leaders and allies felt ambivalent of applying business methods to the venture. Brandeis to Hexter, May 31, 1932, box 82, folder Water Company January-June 1932 (1 of 2), NYPL; Joshua Bernhardt to Paul Singer, April 29, 1932, box 82, folder Water Company January-June 1932 (2 of 2), NYPL.

¹⁴³ Cristina Violante, "The Tempo of Water," *Journal of Palestine Studies* 51, no. 4 (2022): 77; Karlinsky, *California Dreaming*, 128.

¹⁴⁴ Violante, "The Tempo of Water," 77.

experience of Ahuza Aleph, a New York–based development company active in the coastal orange belt. Ahuza Aleph had successfully purchased land, developed orchards, and installed water systems, but the high cost of well drilling had tied up its capital in long-term debt, limiting its ability to acquire new land. A partnership between PICA and the PEC, Rothschild suggested, could relieve such organizations of the heavy infrastructural burden of well construction, enabling them to focus instead on settlement and agricultural expansion.¹⁴⁵

To evaluate the proposal, the PEC dispatched board member Julian Fohs to Palestine. Fohs's record is hazier than that of many of the other Americans in this study, but the available evidence suggests a career deeply embedded in the expanding world of American petroleum expertise. He worked as a consulting geologist, later headed the Fohs Oil Company, chaired the petroleum division of the American Institute of Mining and Metallurgical Engineers, and was remembered as one of the prime movers behind the creation of the Society of Petroleum Engineers in the 1920s. Contemporary observers described him as unusually skilled at identifying oil-bearing regions, and his work appears to have ranged across the American West, Canada, Iraq, the Soviet Union, Palestine, and Transjordan.¹⁴⁶ Later in life, he also became an important Cold War voice on global oil politics, warning American officials about Soviet petroleum potential and urging the United States to expand its own oil frontiers in response.¹⁴⁷

By the time the PEC sent him to Palestine, Fohs had already surveyed the region for oil and consulted closely with Elwood Mead, the irrigation expert who chaired the Joint Palestine Commission's report.¹⁴⁸ Upon his return from that trip he offered an optimistic assessment of

¹⁴⁵ Memorandum for meeting of committee of the business corporation, box 98, folder Business corporation for Palestine- reports memoranda and general correspondence 1930, NYPL; Palestine Economic Corporation, "Fifth Annual Report," 15.

¹⁴⁶ W. A. Reiter, "MEMORIAL TO FERDINAND JULIUS FOHS (1884–1965)," *Geological Society of America Bulletin* 76, no. 9 (1965): P121, [https://doi.org/10.1130/0016-7606\(1965\)76%5BP121:MTFJF%5D2.0.CO;2](https://doi.org/10.1130/0016-7606(1965)76%5BP121:MTFJF%5D2.0.CO;2); F. Julius Fohs, "Petroleum - Technologic Progress in the Oil Industry," 1927.

¹⁴⁷ F. Julius Fohs, "PETROLIFEROUS PROVINCES OF UNION OF SOVIET SOCIALIST REPUBLICS1," *AAPG Bulletin* 32, no. 3 (1948): 317–50, <https://doi.org/10.1306/10.1306/3D933B4E-16B1-11D7-8645000102C1865D>.

¹⁴⁸ Flexner to Brandeis, June 3, 1932, box 82, folder Water company January-June 1932 (1 of 2), NYPL

water development's financial and agricultural potential.¹⁴⁹ Drawing on techniques developed in California's deep-well drilling industry, as well as his own experience drilling for oil, Fohs argued that substantial untapped groundwater reserves could be reached at economical rates and used to dramatically increase agricultural productivity. He endorsed the proposed PEC–PICA partnership and committed himself personally to translating the latest techniques of American deep-well drilling from the American West to Palestine. With his approval, the PEC and PICA jointly established a drilling unit tasked with boring new deep wells across the country.¹⁵⁰

What followed, however, was among the most contentious and difficult ventures undertaken by the PEC in Palestine. Although PEC and PICA leaders were accustomed to relatively harmonious collaboration—grounded in shared bourgeois transatlantic ideals, paternalistic visions of Jewish uplift, and a degree of distance from mainstream political Zionism—the joint management of the drilling unit quickly devolved into near-constant conflict. Alongside notable technical successes, the project produced repeated failures and public embarrassment. At the heart of these disputes lay a fundamental question: who possessed the authority to define correct technical practice in Palestine? Engineers whose expertise had been forged abroad—in this case the frontier environments of American empire—or technocrats whose authority derived from years of local experience in the land of Israel itself?

These conflicts scrambled expected institutional alignments. PEC leaders in New York found themselves at odds not only with PICA officials in Palestine, but also with their own representatives on the ground, some of whom initially sided with local expertise against instructions from abroad. Meanwhile, PICA leadership in Europe struggled to determine whom to trust and seriously considered severing its partnership with the PEC. The episode exemplifies what Derek Penslar has identified as a central tension in Zionist technocratic culture: a reverence for expertise coupled with a refusal to accept the authority of experts external to the pioneer

¹⁴⁹ Joshua Bernhardt to Elwood Mead, March 18, 1932, box 82, folder Water company January-June 1932 (2 of 2), NYPL; Flexner to Brandeis, June 3, 1932, box 82, folder Water company January-June 1932 (1 of 2), NYPL.

¹⁵⁰ See also: Ruti Berman et al., “מים רבים - Many Waters,” *Cathedra: For the History of Eretz Israel and Its Yishuv* / *קתדרה: לתולדות ארץ ישראל ויישובה*, no. 172 (2019): 85–87.

community.¹⁵¹ Yet the outcome of the drilling controversy complicates this model. Despite sustained resistance, the PEC ultimately succeeded in asserting external authority over local objections, demonstrating how transnational standards of expertise—including those forged in American Empire—penetrated and reshaped the practices of Jewish settlement.

Existing scholarship has largely overlooked this episode. While historians have devoted sustained attention to water pumping and irrigation—domains in which settlers themselves adapted techniques associated with the American West—well drilling during the Mandate has received comparatively little scrutiny. The limited works that do address drilling tend to credit the Palestine Jewish Colonization Association (PICA) with early breakthroughs in coastal-plain well construction, correctly noting its role in developing private wells during the earliest phases of Jewish settlement. From there, these accounts typically trace a linear progression: PICA is credited with innovations in deep-water drilling in the 1930s, before responsibility for technological advance passes seamlessly to Mekorot, later institutionalized as Israel's national water company.¹⁵²

Taken together, these narratives present technological change in well drilling as a continuous, largely uncontested European process, mirroring broader histories of Jewish settlement in which proto-Zionist practices pioneered by the PICA are smoothly absorbed into later Zionist institutions. Such framings obscure the extent to which drilling techniques and

¹⁵¹ Derek Penslar, *Zionism and Technocracy the Engineering of Jewish Settlement in Palestine, 1870-1918* (Indiana University Press, 1991), 8.

¹⁵² Karlinsky, *California Dreaming*, 127–28; Violante, “The Tempo of Water,” 77; Palestine (1917-1948) et al., *A Survey of Palestine: Prepared in December 1945 and January 1946 for the Information of the Anglo-American Committee of Inquiry*, A Survey of Palestine: Prepared in December 1945 and January 1946 for the Information of the Anglo-American Committee of Inquiry, v. 1 (Government Printer, Palestine, 1946), 375; As is often the case, this history is extended back to the German Templars, see: Gil Gordon, “שנלר-ואגנר-דויטץ והופעתה של הבאר הממונעת - Schneller-Wagner-Duetz and the Emergence of the Modern Motorized Water-Well in Palestine in the Late Ottoman Period,” *Cathedra: For the History of Eretz Israel and Its Yishuv* / לתולדות ארץ ישראל 172 (2019): 25–50. The one exception is the well-researched and relatively recent article “Many Waters” which highlights the importance and innovation of the PEC in the history of water in the Yishuv, tracing how the PEC Water company (founded after the drilling unit) was the most innovative actor in the field, before being pushed aside based on the ideological preference for Mekorot among Zionist actors. The article has little to say, however, about well drilling technology, and seems to have limited access to PEC sources, basing its arguments primarily off the limited circulating PEC sources such as annual reports rather than archival records. Berman et al., “מים רבים - Many Waters.”

professional standards forged in the American imperial experience—often contested, resisted, and unevenly applied in Palestine—played a decisive role in reshaping both the methods of water extraction and the authority to control it. By foregrounding these American influences, this section reveals how struggles over drilling technology were simultaneously struggles over expertise, governance, and power, with consequences that extended into the era of the Israeli state.

The narrative that follows introduces a larger cast of actors than elsewhere in this dissertation. Where possible, I have generally sought to limit the number of named individuals, but the conflicts surrounding the drilling unit unfolded through a web of personalities whose positions and institutional affiliations mattered profoundly. Many of these figures appear elsewhere in the dissertation; a brief orientation here is intended to help the reader follow the unfolding disputes.

Julian Fohs served as the PEC's principal water engineer and drilling expert. His technical authority derived from experience drilling wells in the American West, as well as oil exploration work around the world. Fohs understood Palestine not as an exceptional case, but as another frontier environment whose geological limits could be overcome through techniques already refined elsewhere.

Israel Rosenfeld, by contrast, was a PICA technocrat based in Palestine, with years of local drilling experience. Tasked with overseeing PICA's role in the joint drilling project, Rosenfeld resented what he perceived as Fohs' remote authority and repeatedly sought to undermine his directives by asserting the primacy of local knowledge.

Emmanuel Mohl, a PEC employee stationed in Palestine, occupied an uneasy intermediary position. Involved in nearly all PEC projects outside the Central Bank, Mohl was expected—given his engineering background—to faithfully implement Fohs' instructions. To the PEC's frustration, however, Mohl initially aligned himself with Rosenfeld, reinforcing claims that local conditions demanded locally determined solutions.

R. Stolley, an American drilling foreman with experience operating Star drills, the equipment used by the drilling unit. He was sent to Palestine to train local workers in the new techniques. His competence would become a persistent source of dispute, and on balance it does appear that he may not have been a particularly skilled driller.¹⁵³

Henri Franck, the director of the PICA based in Europe and second only to Baron Edmond de Rothschild in institutional influence, played a crucial adjudicating role. Franck's shifting assessment of the drilling unit's failures and successes would ultimately help determine the outcome of the conflict.

The PEC and PICA initially launched their joint drilling venture with high expectations. Both organizations believed that deeper, more productive wells could be achieved through the careful application of modern technology. As with pumping and irrigation, the PICA did not object in principle to technologies originating outside Palestine. Indeed, PICA leadership explicitly sought out expertise from the American west, insisting early in negotiations that the PEC communicate with Star Drilling's Los Angeles office rather than New York—an instruction justified by an assumed proximity to frontier drilling knowledge, though unsupported by any concrete evidence about the firm's internal organization.¹⁵⁴ The episode suggests not an aversion to American methods, but a desire to control the terms under which they were adopted.

At the outset, cooperation appeared smooth. The PEC and PICA agreed to purchase a drilling machine from Star Drilling capable of reaching greater depths than existing equipment in Palestine.¹⁵⁵ They agreed to share costs and to manage the drilling unit jointly, with Mohl and Victor Kohn of the PICA overseeing administration, and Rosenfeld and Stolley directing the technical work.¹⁵⁶ Such was the level of mutual trust that the two organizations declined to

¹⁵³ Stolley's name is always given as R. Stolley or Mr. Stolley, and it is unclear what his first name is.

¹⁵⁴ Paul Singer to PEC, January 28, 1932, box 85, folder Water drilling unit 1931-February 1932 (1 of 2), NYPL. It appears that Star Drilling did not even have a New York office, but rather PEC leaders were speaking with Star's Ohio office.

¹⁵⁵ Mohl to Julius Fohs, November 19 1931, box 85, folder Water drilling Unit 1931-February 1932 (2 of 2), NYPL.

¹⁵⁶ Mohl to Julius Fohs, November 19 1931, box 85, folder Water drilling Unit 1931-February 1932 (2 of 2), NYPL.

formalize their arrangement in a written contract, relying instead on long-standing institutional relationships to ensure cooperation and shared responsibility.¹⁵⁷

This early harmony extended to the unit's first well at Wadi al-Hawareth. Despite resistance from the local Arab population—a conflict discussed further below—the technical process of drilling proceeded with relatively little internal disagreement. Rosenfeld and Stolley appeared largely aligned in their execution of the comparatively modest well, which used the “Giddings Method” for well drilling, already common at the time in Palestine.¹⁵⁸

Disputes emerged only after this initial success, when Fohs began prescribing more ambitious technical changes designed to push well production beyond anything previously achieved in Palestine. The Wadi al-Hawareth well produced approximately 1,100 gallons per minute—a substantial improvement over existing wells and, according to a later PICA estimate, nearly five times the average output in Palestine.¹⁵⁹ For Fohs, however, this represented only a partial realization of the drilling unit's potential. By implementing new techniques—most notably gravel packing and revised pipe fitting—he believed that wells could be drilled far deeper, producing as much as 3,000 gallons per minute while requiring significantly less maintenance than existing installations.¹⁶⁰

It was this escalation—from improvement to transformation—that precipitated the conflicts examined in the following sections. As the drilling unit moved from incremental adaptation toward the wholesale application of American techniques—with specific instructions on implementation written outside of Palestine—disagreements hardened over not only how

¹⁵⁷ PICA to Mohl regarding correspondence with Star drilling, November 24, 1931, box 85, folder water drilling unit 1931-February 1932 (2 of 2), NYPL

¹⁵⁸ Fohs Memo Technical Suggestions, January 28, 1932, box 85, folder Water drilling Unit 1931-Feb 1932 (1 of 2), NYPL; Fohs on Drilling Unit, October 10 1932, box 85, folder Water drilling Unit (Harzfeld Plan) June-October 1932, NYPL; Rosenfeld Memo: Wells at Pardes-Hana, N.D., box 85, folder Water Drilling Unit January-February 1933, NYPL. It's unclear from existing documents exactly what the Giddings method is, but likely a relatively shallow large borehole is dug with a percussion drilling method, with large, filtered pipes inserted to prevent collapse and filter out sand.

¹⁵⁹ Julius Simon to Paul Singer, November 10, 1932, box 85, folder water drilling unit (Harzfeld Plan) June-October 1932, NYPL.

¹⁶⁰ Fohs on Drilling Unit, October 10, 1932, box 85, folder Water drilling Unit (Harzfeld Plan) June-October 1932, NYPL.

wells should be drilled, but who possessed the authority to decide. The struggle that unfolded at the drilling unit's third well at Pardes Hanna would ultimately reveal that what appeared to be a technical dispute over gravel, pipes, and borehole diameter was, in fact, a contest over expertise itself—and over the legitimacy of importing standards forged in the American West into the political, environmental, and institutional landscape of Mandate Palestine.

The crux of Fohs' method for improvement relied on two technological innovations, the first of which was the newly developed technique of gravel packing. Popularized in the American West—particularly California—as an alternative to metal well screens, this method addressed the inherent weaknesses of the era's standard filtration systems. Rather than relying on fixed screens that could easily clog or collapse under the immense pressure of deep wells, gravel packing involved surrounding the central well casing with carefully graded gravel. This envelope stabilized the surrounding formation while allowing water to pass freely into the well. In the sandy, unconsolidated alluvial soil of Palestine's coastal plain, this method was transformative, as it simultaneously reduced sand infiltration and dramatically increased the longevity and yield of deep wells.¹⁶¹ Fohs viewed this not simply as a matter of efficiency but as a means of transforming Palestine's groundwater regime. By minimizing clogging and abrasion, gravel-packed wells required less frequent maintenance and could sustain higher pumping rates over longer periods. Fohs emphasized in his correspondence that Palestine's existing wells were fundamentally mismatched to the region's geology, often reaching a terminal state after only five years before screens failed.¹⁶² Gravel packing offered a technically rational solution that aligned Palestine's subsurface conditions with American standards of groundwater exploitation.¹⁶³

Inseparable from gravel packing were the improved casing and drilling techniques Fohs insisted upon, specifically the installation of heavy steel pipes securely seated within these gravel

¹⁶¹ Mehaysen A. Mahasneh, *Well Screens and Gravel Packs*, 2015, 29–30; Oscar Meinzer, *Outline of Ground-Water Hydrology, with Definitions*, Report no. 494, Water Supply Paper (1923), 65–66, USGS Publications Warehouse.

¹⁶² Fohs on Drilling Unit, October 10, 1932, box 85, folder Water drilling Unit (Harzfeld Plan) June–October 1932, NYPL

¹⁶³ Tolman C. F., *Ground Water* (1937), 405–8, <http://archive.org/details/in.ernet.dli.2015.1788>.

envelopes. While the PEC and PICA utilized the percussion drilling already common in Palestine—which hammered a hole into the earth through repeated impact—they revolutionized the process through the introduction of the Stovepipe method—also referred to as the California Method.¹⁶⁴ At the heart of this system was the mudscow, a heavy, hollow steel cylinder equipped with a flap valve. As it pounded the ground, the mudscow functioned as a high-efficiency scoop, “gulping” up the wet sand and gravel that typically stymied local equipment. To prevent the walls of the deep hole from caving in, engineers used “stovepipe” casing, consisting of short, overlapping sections of heavy steel pipe.¹⁶⁵ These pipes were forced into the earth using hydraulic jacks as the mudscow cleared the path inside them.¹⁶⁶

These mechanical advances served a larger scientific goal of engineering precision. Fohs paired these methods with the use of pilot holes—small-scale exploratory bores drilled before the main well was established. Because the mudscow pulled up relatively intact samples of the earth rather than a fine slurry, engineers were able to perform a thorough analysis of the size of sand and gravel in the soil. This data allowed them to match the size of the machine-perforated casing slots and the gravel envelope to the specific geological conditions of the site. This level of precision resulted in wells that maintained steadier pressure, required less electricity to operate, and enjoyed a significantly longer lifespan.¹⁶⁷ Ultimately, these innovations reflected Fohs’ broader conviction that Palestine’s water problem was not one of scarcity, but of insufficient technical modernization.¹⁶⁸ In this sense, the mudscow and the gravel pack became emblematic of a wider American engineering ethos—one that framed environmental limits not as fixed

¹⁶⁴ Meinzer, *Outline of Ground-Water Hydrology, with Definitions*, 64.

¹⁶⁵ Description of Drilling Unit, October 30, 1932, box 85, folder water drilling unit (Harzfeld Plan) Nov-Dec 1932, NYP; Fohs to the PEC executive regarding large bore wells, January 3, 1933, box 85, folder water drilling unit January-February 1933, NYPL; Fohs to Bernard Flexner, January 28, 1932, box 85, folder Water Drilling Unit 1931-February 1932 (1 of 2), NYPL

¹⁶⁶ Tolman C. F., *Ground Water* 408-410.

¹⁶⁷ Meinzer, *Outline of Ground-Water Hydrology, with Definitions*, 45–46.

¹⁶⁸ Fohs to Bernard Flexner, January 28, 1932, box 85, folder Water Drilling Unit 1931-February 1932 (1 of 2), NYPL; Tolman C. F., *Ground Water*; Meinzer, *Outline of Ground-Water Hydrology, with Definitions*, both these works in particular Meinzer reflect Fohs outlook ethos.

barriers, but as challenges to be overcome through expertise, mobile capital, and the transfer of technologies honed in the most trying conditions.

The promise of gravel packing and deep-well drilling quickly gave way to conflict once these methods were put into practice at Pardes Hanna, a PICA owned settlement selected under conditions of what PEC leaders repeatedly described as emergency need, as drought and declining well output threatened nearby citrus groves.¹⁶⁹ It was here that long-simmering disagreements over expertise, technique, and authority crystallized into an open institutional crisis.

At the center of the dispute was Israel Rosenfeld, the PICA's representative in Palestine and a drilling expert whose authority derived from years of experience sinking wells under local conditions. Rosenfeld did not object to the introduction of new technology per se. Rather, he insisted that drilling methods had to be adapted to what he understood as Palestine's specific geological realities, and that such adaptations could only be made by those with intimate local knowledge—though ironically valued knowledge came from settlers, not natives. In particular, Rosenfeld rejected Fohs' insistence on relatively narrow-diameter wells combined with gravel packing. In his view, water output was directly proportional to the size of the borehole: narrower pipes meant less water, regardless of depth or packing technique.¹⁷⁰ Rosenfeld also appeared to simply chafe under instruction from those unfamiliar with the climate of Palestine regardless of specific technical designs. In multiple letters, including one exceptionally long rant, Rosenfeld attacked Stolley as incompetent, accusing him of having no experience digging these sorts of wells, and at least for a time partially persuading Emmanuel Mohl, and some of the PICA leadership that Stolley and Fohs were leading the drilling unit to disaster.¹⁷¹

¹⁶⁹ Telegram to Palecor, November 18, 1932, box 85, folder water drilling unit (Harzfeld Plan) Nov-Dec 1932, NYPL; Ben Cohen to Julius Simon, November 21, 1932, box 85, folder Water drilling unit, (Harzfeld Plan) Nov-Dec 1932.

¹⁷⁰ Memo re: Drilling Unit, January 11, 1933, box 85, folder water drilling unit January-February 1933, NYPL.

¹⁷¹ Rosenfeld Memo: Wells at Pardes-Hana, N.D., box 85, folder Water Drilling Unit January-February 1933, NYPL; PEC to Mohl re Drilling Unit, October 11, 1932, box 85, folder Water drilling Unit (Harzfeld Plan) June-October 1932; Memo re: Drilling Unit, January 11, 1933, box 85, folder water drilling unit January-February 1933, NYPL.

Fohs, by contrast, drew on a very different epistemology of drilling. His expertise was forged on the technical frontiers of the American West, where gravel packing and carefully fitted casing had been developed precisely to allow deep wells to maintain high output without the structural failures common in older screen-based systems. From Fohs' perspective, Stolly was a far more experienced driller, and in Fohs' words a "genius."¹⁷² In Fohs' telling Rosenfeld's insistence on large diameters reflected an outdated understanding of groundwater mechanics. Water yield, he argued, depended not on the size of the hole but on the stability of the formation, the depth of the aquifer reached, and the efficiency of sand control—conditions gravel packing was designed to optimize.¹⁷³

While the PEC leadership in New York consistently sided with Fohs, viewing him as the technical authority on deep drilling, the PICA attempted to remain neutral, wary of alienating its own long-serving expert in Palestine. The resulting situation left Henri Franck and the PICA leadership in Europe unsure whom to trust, and on more than one occasion the institutions considered that if the infighting could not be resolved, one party might have to buy out the other's share in the drilling unit and the still young partnership be dissolved.¹⁷⁴

The crisis came to a head with the collapse of the first well at Pardes Hanna in January 1933. Both sides immediately assigned blame. Rosenfeld attributed the failure to Fohs' insistence on narrow diameters and to Stolley's incompetence in executing gravel packing under Palestinian conditions. Mohl initially echoed these concerns, suggesting that the American methods were being applied too rigidly and without sufficient room for local adaptation.¹⁷⁵ Fohs, however, was unequivocal: the collapse, he argued, resulted not from his instructions but from Rosenfeld's

¹⁷² Notes for the Files, January 19, 1932, box 65, folder water drilling unit, NYPL.

¹⁷³ Memo re: Drilling Unit, January 11, 1933, box 85, folder water drilling unit January-February 1933, NYPL; Fohs on Drilling Unit, October 10, 1932, box 85, folder Water drilling Unit (Harzfeld Plan) June-October 1932, NYPL; Fohs to the PEC executive regarding large bore wells, January 3, 1933, box 85, folder water drilling unit January-February 1933, NYPL.

¹⁷⁴ Ben Cohen to Julius Simon, November 21, 1932, box 85, folder Water drilling unit, (Harzfeld Plan) Nov-Dec 1932.

¹⁷⁵ Ben Cohen to Julius Simon, November 21, 1932, box 85, folder Water drilling unit, (Harzfeld Plan) Nov-Dec 1932.

refusal to follow them. The drilling was proceeding too slowly, gravel was being introduced improperly, and the casing was not being handled according to specification.¹⁷⁶

In the aftermath of the collapse, Rosenfeld formally agreed to “adhere strictly” to Fohs’ instructions in the drilling of a second well at Pardes Hanna, in part, Mohl believed, so that he could prove to the Americans the inevitable failure of their methods.¹⁷⁷ Not long after, a second well drilled at Pardes Hanna also collapsed, Rosenfeld again blamed the American system, insisting that gravel packing could not be effectively executed in such tight boreholes, claiming that narrow pipes too easily bent and laying out what he described as five fundamental defects in Fohs’ approach. He proposed retaining existing Palestinian drilling methods while selectively eliminating metal filters in favor of gravel packing—a hybrid solution that preserved his authority over implementation.¹⁷⁸

By February 1933, however, the balance of institutional trust had begun to shift decisively. Internal PEC correspondence increasingly suggested that Rosenfeld was not, in fact, following Fohs’ instructions as agreed, but continuing to impose his own methods while claiming technical compliance.¹⁷⁹ Mohl reported persistent infighting between Rosenfeld and Stolley, and warned that no further modifications should be made lest Rosenfeld use them as “excuses and explanations” for failure.¹⁸⁰ Soon after, PICA officials including the Baron Rothschild’s most trusted assistant, Henri Franck, conceded that Rosenfeld’s core assumption—that water output was proportional to borehole diameter—was incorrect, and that Fohs’ insistence on smaller pipes combined with gravel packing was technically sound.¹⁸¹

¹⁷⁶ Fohs to Flexner, February 10, 1933, box 85, folder water drilling unit January-February 1933, NYPL

¹⁷⁷ Mohl to Fohs, box 85, folder water drilling unit January-February 1933, NYPL

¹⁷⁸ Extract of a letter from the PICA to Mr. Rosenfeld, original letter dated February 6 1933, box 85, folder Water drilling unit January-February 1933 NYPL, NYPL; Rosenfeld Memo: Wells at Pardes-Hana, N.D., box 85, folder Water Drilling Unit January-February 1933, NYPL.

¹⁷⁹ Ben Cohen to Julius Simon, November 21, 1932, box 85, folder Water drilling unit, (Harzfeld Plan) Nov-Dec 1932

¹⁸⁰ Mohl to Simon, February 14, 1933, box 85, folder water drilling unit March-April 1933, NYPL

¹⁸¹ Simon to Ben Cohen, February 11, 1933, box 85, folder water drilling unit January-February 1933, NYPL; Extract of a letter from the PICA to Mr. Rosenfeld, original letter dated February 6, 1933, box 85, folder Water drilling unit January-February 1933 NYPL.

Franck's reassessment of the Pardes Hanna disaster marked a turning point. In a detailed letter to the PEC, he acknowledged that Fohs' preference for smaller-diameter drill pipes had been "far from unjustified," noting that narrower pipes reduced bending risks, lowered gravel pressure on the casing, and increased drilling speed. Excessive gravel loading, Franck now admitted, may itself have contributed to the collapse, and future efforts should prioritize verticality and controlled packing over sheer volume.¹⁸² By late February, the PICA had formally aligned itself with Fohs' approach and agreed to follow his lead unreservedly, even as it sought to replace Stolley with a new American driller whose competence it hoped would be beyond dispute.¹⁸³ Following Pardes Hanna, the drilling unit continued to bore new wells across the country, particularly in areas connected to PEC mortgages, such as Haifa Bay, or to PICA settlements. Rosenfeld no longer played an important role in overseeing the work, while Fohs continued to guide technical refinement from abroad.

The Pardes Hanna incident thus revealed that the conflict was never simply about drilling technique. At stake was the question of who possessed the authority to define correct practice in Palestine: engineers whose expertise emerged from years of local experience, or those whose authority derived from frontier environments where new techniques had been developed precisely to overcome geological limits. In asserting Fohs' authority over Rosenfeld's objections, the PEC did more than resolve a technical dispute. It imposed an American standard of expertise that subordinated local judgment to externally defined metrics of efficiency, yield, and scalability—reshaping not only how water was extracted, but who was empowered to make decisions about Palestine's most critical resource. In the years that followed, the drilling unit drilled new deep wells across Palestine's coastal plain and even helped create Water Company Aleph, which for a time was one of the largest water companies in the Mandate. Had Zionist

¹⁸² Memo on Drilling unit, October 2, 1933, B 85, folder water drilling unit March-April 1933, NYPL.

¹⁸³ Bernard Flexner to Fohs, February 21, 1933, box 85, folder Water drilling unit January-February 1933, NYPL

officials not favored more overtly Zionist institutions, it might have become something akin to a national water carrier.¹⁸⁴

Despite eventually being excluded from the consolidation of Zionist water carriers, the PEC's technological vindication would prove enduring. Mekorot, the future water carrier of the state of Israel, would follow the drilling unit's lead and begin deep water boring in the late 1930s.¹⁸⁵ Although the precise timing and mechanisms through which this technology was transmitted and institutionalized remain unclear, gravel packing has persisted as a core method of filtration and stabilization in Israeli well construction, suggesting a direct if potentially uneven lineage from the PEC's early 1930s drilling experiments to the emergence of Mekorot.¹⁸⁶ The continued use of gravel packing in contemporary Mekorot well design underscores the durability of these frontier-derived techniques, first introduced during the Mandate and subsequently embedded within the infrastructural practices of the Israeli state.¹⁸⁷

The resolution of the Pardes Hanna crisis appeared, on its face, to settle a narrowly technical dispute. By early 1933, the PEC and PICA had reached broad agreement on drilling practice, affirmed Fohs' authority, and aligned around a shared understanding of efficiency, yield, and scalability. Yet this convergence masked a deeper consensus that went largely unquestioned: that water produced through these new techniques was a settler resource, intended exclusively for Jewish use. If debates over drilling method revealed fractures within the Jewish institutional world, they rarely extended to fundamental questions about who should benefit from groundwater extraction. It was at Wadi al-Hawarith, the site of the drilling unit's first successful well, that the political implications of this consensus became unmistakable.

Wadi al-Hawarith (in the Tulkaram region of the coastal plain, today Emek Hefer) comprised approximately 40,000 dunams of land owned by the Tayan family, wealthy urban

¹⁸⁴ Berman et al., "מים רבים - Many Waters," 88.

¹⁸⁵ Violante, "The Tempo of Water," 77.

¹⁸⁶ Violante, "The Tempo of Water," 77; Berman et al., "מים רבים - Many Waters."

¹⁸⁷ Joseph Guttman and Zigmund Barenblat, "Improving Borehole Design and Upgrading Its Hydraulic Properties: Case Studies from Unconsolidated Aquifers in Israel," *Environmental and Earth Sciences*, September 13, 2023; Joseph Guttman et al., "Design and Testing of Recharge Wells in a Coastal Aquifer: Summary of Field Scale Pilot Tests," *Water* 9, no. 1 (2017): 53.

merchants, and cultivated by Arab tenant farmers who lived and worked on the estate. In April 1929, the Jewish National Fund purchased the land in what became its third-largest acquisition of the pre-state period, creating a strategically contiguous block of Jewish-owned territory along the coastal plain. Although much of the surrounding area remained privately held, the purchase transformed Wadi al-Hawarith into a focal point of Zionist settlement—and of Arab resistance.¹⁸⁸

It was here that the PEC's newly formed drilling unit undertook its first major well. Technically, the well was a striking success. Drilled on JNF land adjacent to Kfar Brandeis, it produced water sufficient to meet the household needs of roughly 150 families and irrigate 1,500 dunams, while still leaving a substantial surplus for sale. PEC engineers projected that further increases in depth—without enlarging borehole diameter—could raise output to as much as 3,000 gallons per minute, creating what Fohs described as a “more positive basis for colonization.”¹⁸⁹

The surplus transformed water into a marketable commodity. The PEC entered negotiations to sell excess water to Russian and Yemenite Zionist settlers establishing themselves in the Wadi al-Hawarith area, many of whom faced chronic shortages and high costs. To meet demand, the PEC drilled additional wells and constructed an expanding infrastructure of tanks, pipes, and fittings, ultimately overseeing a system that included ten wells and fourteen tanks. One well was drilled explicitly on contract for Russian Zionist settlers.¹⁹⁰ To PEC leadership, the project exemplified their developmental vision: technological innovation in the service of Jewish settlement, paired with modest financial return.

For the Arab population, however, drilling was neither neutral nor benign. As Mohl reported, Bedouin residents of Wadi al-Hawarith attempted to halt drilling on at least two occasions in early May 1932, prompting members of the drilling unit to contact the police to

¹⁸⁸ Weldon C. Matthews, *Confronting an Empire, Constructing a Nation: Arab Nationalists and Popular Politics in Mandate Palestine*, The Library of Middle East History 10 (I. B. Tauris, 2006), 189.

¹⁸⁹ Fohs on Drilling Unit, October 10, 1932, box 85, folder Water drilling Unit (Harzfeld Plan) June-October 1932, NYPL.

¹⁹⁰ Memorandum: New Projects, N.D. [likely early 1934], box 83, folder Palestine Water Co. LTD.-Haifa Bay-Hadar Hacarmel June 1933-April 1934, NYPL; Memorandum: Notes on Conversation with Mr. Simon, January 26, 1934, B 83, folder Palestine Water Co. LTD.-Haifa Bay-Hadar Hacarmel June 1933-April 1934, NYPL.

clear the protesting Arabs.¹⁹¹ To local Palestinian Arabs, the well represented not simply infrastructure, but the extraction of a shared resource for exclusive settler benefit. Water, like land, was being removed from their control and redirected toward a settlement project from which they were excluded.

These tensions unfolded against the backdrop of a prolonged legal struggle. Arab tenant farmers at Wadi al-Hawarith refused to vacate the land following the JNF purchase, launching a widely publicized court battle that became a cause célèbre across Palestine. As Weldon Matthews notes, the final eviction order issued in June 1933 came to symbolize for many Palestinians the “progressive loss of land to the Zionist movement and Jewish private enterprises,” galvanizing nationalist opposition to both Zionism and the Mandatory state.¹⁹² Yet throughout this legal conflict, PEC negotiations with Jewish settlers proceeded uninterrupted. Water was sold, new wells were drilled, and infrastructure expanded. Official PEC documentation makes no mention of Arab tenants, protests, or court proceedings, suggesting either ignorance of—or indifference to—the broader political ramifications of its work.

The Wadi al-Hawarith well thus exposes the limits of the PEC’s self-understanding. While the corporation framed its interventions as an alternative to Labor Zionism—emphasizing private initiative, technological efficiency, and capitalist development—its projects frequently intersected with and reinforced Zionist settler expansion. The technical disputes that consumed PEC and PICA officials were ultimately resolved within a shared framework that assumed Jewish priority over water resources. For Palestinians, this alternative vision offered little relief. Even where the PEC’s most ambitious schemes for Arab resettlement elsewhere never materialized, its drilling operations materially contributed to the dispossession and marginalization already underway. Water infrastructure, like land policy, became a mechanism through which technological authority translated into political exclusion.

¹⁹¹ Mohl to PEC re Water Drilling Unit, May 10, 1932, box 85, folder water drilling unit Harzfeld Plan March-May 1932 (1 of 2), NYPL

¹⁹² Matthews, *Confronting an Empire, Constructing a Nation*, 198.

Conclusion: The Limits of Hubris

The PEC entered the 1930s convinced that society in Palestine could be engineered. From model homes and suburban belts to land, credit, and water, its leaders treated the Mandate as a laboratory in which disciplined finance and planned environments could make Jewish society orderly, property-owning, and unlikely to turn to the more radical options of socialism. This confidence was not simply ideological. It rested on institutional power: the ability to mobilize capital, set standards, police space, and claim that these interventions were merely technical or “non-political,” even when they reorganized social life.

Yet the reach of this developmental ambition had clear limits. The same leaders who spoke—often loftily—about improving the Arab population through investment (see Chapter Three) repeatedly insisted that meaningful Arab-directed development lay beyond their capacity, their mandate, or their neutrality. This was not for lack of prompting. In the wake of the 1929 violence, British officials, primarily C.F. Strickland, a member of the Indian Civil Service sent to Palestine to investigate the roots of intercommunal violence, repeatedly encouraged the PEC to support Arab cooperative agriculture and rural credit as a means of stabilizing the countryside.¹⁹³ The corporation’s response was telling. PEC leaders professed sympathy for the goal while declining to provide capital, offering instead to provide technical advice, and extend financial assistance only if the Mandatory government assumed financial responsibility and political risk.¹⁹⁴ Even modest proposals from the Mandate government were reframed as dangerously “political,” incompatible with the corporation’s self-definition as a strictly economic actor.¹⁹⁵

When the PEC did briefly experiment with Arab lending, it did so in ways that minimized exposure and responsibility: issuing a single, tightly circumscribed loan, channeling funds through Jewish intermediaries (the cooperative KMV Rehovoth), labeling the effort explicitly

¹⁹³ The original request does not appear to be preserved but is documented in Correspondence from Palestine Economic Corporation to Mr. Singer, January 16, 1931, box 24, folder Arab Loans 1930-1937, NYPL; Follow up can be found in Correspondence from F. H Kisch to Mr. Viteles, 17 April 1931, box 24, folder Arab Loans 1930-1937, NYPL.

¹⁹⁴ Palestine Economic Corporation to Mr. Singer, January 16, 1931, box 24, folder Arab Loans 1930-1937, NYPL

¹⁹⁵ Memorandum: Arab Jewish cooperation in Emek, April 30, 1930, box 24, folder Arab Loans 1930-1937, NYPL

experimental, and insisting that it establish no precedent. The moment external pressure eased, the initiative quietly disappeared.¹⁹⁶ Claims of insufficient funds, concerns about politicization, and deference to London partners provided a convenient vocabulary for withdrawal, allowing the PEC to evade sustained engagement without ever issuing an outright refusal.¹⁹⁷ The PEC even created a committee which was designed to review any potential loans to Arabs to ensure that “politics in whatever form not be allowed to enter.” Ironically, the committee, composed of three Jewish leaders in Palestine, included future Israeli prime minister David Ben-Gurion.¹⁹⁸ The PEC’s hubris appeared boundless when it came to Jewish society in Palestine, yet they were quick to point out the limits and constraints when asked to apply the same methods to Arabs.

Seen in this light, the PEC’s social engineering of Jewish society, combined with their failures to concretely improve Arab Palestinian life was characteristic of a broader repertoire of American informal empire. Like U.S. development efforts elsewhere—from the Caribbean to Latin America—its interventions depended on the claim that capital, expertise, and planning could operate outside politics, even as they quietly reordered power, space, and social relations. Palestine thus functioned not only as a site of Jewish settlement, but as a node for an American model of overseas intervention that was confident in its capacity to engineer compliant subjects, yet deeply reluctant to confront the political consequences of that engineering where power could not be insulated or displaced. The PEC’s hubris, in other words, was expansive but selective. It rested on a deliberate choice to deploy the fiction of apolitical capitalism where it advanced Jewish settlement and institutional authority, and to abandon that fiction altogether where investment in Arab society offered little return and threatened to entangle the corporation in matters it had no desire to assume.

¹⁹⁶Letter, Harry Viteles to PEC, 1932 May 22, box 24, folder Arab Loans 1930-1937, NYPL.

¹⁹⁷ Paul Singer to Mr. Viteles, April 21, 1932, box 24, folder Arab Loans 1930-1937, NYPL.

¹⁹⁸ Simon to Viteles, March 31, 1932, box 24, folder Arab Loans 1930-1937, NYPL.

Chapter Five

New Geographies: Refugees, Transfer, and the Limits of Informal Empire

*“The Jews in Palestine have shown that they have the pioneering qualities necessary to overcome the hardships of developing a frontier country. It is not surprising, therefore, that the settlement of Jews in Palestine, one of the great colonization efforts of modern times, is being closely studied by all who have under consideration plans for settling refugees in other countries.”*¹

-PEC annual report for the year 1939

On the rugged, mountainous island of Mindanao, O.D. Hargis, head of Goodyear Rubber’s agricultural operations, led a team of American expeditioners deep into the interior of the Philippine island. Assembled by Isaiah Bowman—the president of Johns Hopkins’s School of International Relations—the group brought together corporate managers, scientists, and agricultural experts tasked with surveying the island and identifying suitable sites for a planned project of mass colonization.² Thousands of miles away, Wilson Popenoe, chief agronomist for United Fruit, undertook a similar investigation in the Quiché and Zacapa regions of Guatemala. Acting on behalf of company president Samuel Zemurray and under the direction of Arthur A. Pollan, vice president in charge of the Tropical Bananas Division, Popenoe evaluated whether the land—particularly its soil—could sustain plantation-style agriculture, and whether German Jews might settle there while generating profit through banana cultivation.³ Across the globe, former English journalist Montague Bell wrote from his hotel in Iraq, offering commentary that the country suffered from a shortage of Arab agricultural labor. Although his articles made no explicit reference to Palestine, Bell and his employer—Jewish millionaire and newly appointed PEC board member Edward Norman—hoped they might subtly encourage Iraqi officials to consider the mass transfer of Palestinian Arabs to Iraq.⁴

¹ “Palestine Economic Corporation Thirteenth Annual Report for the Year 1939,” 1940, 3.

² *Report of the Mindanao Exploration Commission Refugee Economic Corporation*, 1.

³ Popenoe to Pollan, February 13, 1936, box 331, folder 5, Refugee Economic Corporation, Warburg papers, AJA.

⁴ Rafael Medoff, *Baksheesh Diplomacy: Secret Negotiations between American Jewish Leaders and Arab Officials on the Eve of World War II* (Lexington Books, 2001), 124.

Separated by thousands of miles and unfolding in vastly different political and ecological settings, these projects throughout the mid to late 1930s formed part of a single, coordinated web of investigations launched by the leadership of the Palestine Economic Corporation and its ideological offshoot, the Refugee Economic Corporation. This network extended well beyond Mindanao, Guatemala, and Iraq to include Venezuela, Panama, Costa Rica, Cyprus, Madagascar, New Zealand, Australia, South Africa, and numerous other locations. Most of these initiatives sought to assess the feasibility of a refugee resettlement, ideally through large-scale colonization schemes, though in practice they more often resulted in limited programs of small-scale resettlement or economic support. Other efforts pursued different objectives altogether, including short-term agricultural training in Holland, the creation of loan funds in Latin America, or the deliberately indirect—and politically sensitive—scheme for Arab Palestinian transfer to Iraq.⁵

Taken together, these plans marked a dramatic expansion in the geographic imagination of PEC leaders in the mid-to-late 1930s, as they sought new arenas in which to implement their mission capitalist vision of combining investment with Jewish humanitarianism. In this framework, expert knowledge, methodical engineering, and carefully applied capital promised not only to alleviate the suffering of persecuted European Jews, but also to generate modest returns and affirm the unimpeachably American identity of their benefactors. Although Palestine remained a central node within this expanding web, it no longer occupied an exclusive—or even clearly preeminent—position. Instead, it became one geography among many in which the American Jewish elites of the PEC and REC hoped to engineer the future of emigrating European Jews.

While Palestine may have lost its central, nearly singular position as a site of Jewish resettlement for PEC officials—a status it had occupied for nearly a decade—it retained its importance as a model for how they understood and conducted development work. PEC leaders sought to generalize the lessons they believed they had learned there over more than a decade of

⁵ REC, *Refugee Economic Corporation Annual Report 1936* (American Geographical Society, 1936), 5.

operation: the value of expert investigation, planned settlement, export-driven agriculture, capital investment, methodical preparation prior to implementation, and above all, that settlement would function best when it was a profit producing venture. Palestine thus served as proof of concept for the applicability of what they understood as distinctly “American” methods abroad, and as evidence that those methods could now be exported outward from Palestine to new geographies.⁶

Yet however ambitious these global plans were, they did not emerge from the same posture of confidence that had characterized PEC social engineering in Palestine in the early 1930s. Instead, they reflected a growing sense of desperation and a loss of control over the ability to shape Jewish futures. The twin shocks of the rise of Nazism in Germany and escalating Arab resistance to Jewish settlement in Palestine—combined with the near-ubiquitous tightening of immigration restrictions worldwide—left PEC leaders with increasingly few viable options for Jewish rescue and resettlement. Therefore, their turn toward new geographies amounted to an implicit acknowledgement that their earlier vision of Palestine as a planned, capitalist outlet for Jewish refugees no longer matched the scale or urgency of the crisis confronting European Jewry.⁷ This sense of powerlessness was compounded by the erosion of the PEC’s influence within Palestine itself: shifts in the political economy, most notably the massive influx of German Jewish capital, sharply reduced the relative leverage of PEC institutions, leaving them with only a fraction of the authority they once exercised.⁸ PEC leaders not only lamented this loss of influence but increasingly questioned how to sustain their model of mission capitalism as they found themselves squeezed between Jewish philanthropic organizations soliciting from the same limited pool of capital and conventional investments offering higher returns than the PEC could provide, making it increasingly difficult to raise new funds.⁹

⁶ Hochschild to Hirsch, September 21, 1935, box 457, folder 15 Palestine Economic Corporation, Warburg Papers, AJA.

⁷ Warburg to Mayer, February 8, 1935, box 316, folder 15 Palestine Economic Corporation, Warburg Papers, AJA; REC, *Refugee Economic Corporation Annual Report 1936*.

⁸ Singer to Flexner, March 20, 1936, box 6, folder Capital, New 1930-1939, NYPL; Singer to Flexner March 17, 1936, folder Capital, New 1930-1939, NYPL.

⁹ Singer to Flexner, November 1, 1935, folder Capital, New 1930-1939, NYPL.

Confronted with intensifying persecution in Germany, mounting resistance to Jewish immigration in Palestine, and the absence of major new infusions of capital, PEC leaders leaned increasingly on their most durable resource: their embeddedness within the infrastructures of American empire—its experts, institutions, corporate circuits, and political leaders—while simultaneously drawing on overseas Jewish humanitarian networks. For more than a decade the PEC had focused on channeling American expertise in technology, finance, settlement planning, and social organization into Palestine, embedding it within the broader circulation of American capital and corporate influence across the U.S. informal empire. Now, they sought to reverse that flow—mobilizing the same imperial pathways to export methods of Jewish resettlement developed in Palestine outward, in the hope of establishing new geographies for Jewish settlement across the terrain of American empire.

To accomplish this, PEC leaders created a new institution, the Refugee Economic Corporation (REC), explicitly tasked with applying the methods and lessons of Palestine to potential sites of Jewish resettlement anywhere in the world, and doing so through capital deployed on what they termed an investment basis.¹⁰ While some of the REC's more durable initiatives proved relatively modest—most notably its loan funds in Latin America, which leaders pursued often reluctantly as more ambitious schemes faltered—this chapter focuses instead on the REC's most expansive projects: plans for mass Jewish colonization in Latin America and on the Philippine island of Mindanao.¹¹ In addition, it examines an initiative never formally endorsed by either the PEC or the REC, yet deeply entangled with their leadership and, as I argue, philosophically aligned with their approach to Jewish social engineering: the proposal to transfer a substantial portion of the Arab Palestinian population from Palestine to Iraq. Rather than imagining a new site of Jewish settlement, PEC leaders' efforts at Arab resettlement sought to reconfigure the demographic and economic conditions of Palestine by removing what its

¹⁰ Hochschild to Hirsch, September 21, 1935, box 457, folder 15 Palestine Economic Corporation, Warburg Papers, AJA; REC, *Refugee Economic Corporation Annual Report 1936*.

¹¹ Ernst Kahn to unknown recipient, September 30, 1935, box 316, folder 15, Warburg Papers, AJA; REC, *Refugee Economic Corporation Annual Report 1936*, 5.

proponents framed as an obstacle to Jewish settlement. While the plan for population transfer was little more than a fantastical exercise, with virtually no prospect of implementation, I argue that in the very process of pursuing it, the idea circulated and gained endorsement within influential sectors of the U.S. government, helping to normalize displacement as a conceivable solution to the “Arab Problem.”

Despite their disparate geographies and different aims, these projects were united by PEC leaders’ belief in the universal applicability of American capitalism as a tool of uplift, as well as by their prior experience in Palestine of proposing technocratic solutions to seemingly intractable problems facing the Jewish people. I therefore focus on how PEC leaders mobilized the networks of American empire—and, to a lesser extent, Jewish humanitarian networks—that they had previously trained on Palestine in order to explore and attempt to shape unfamiliar geographies where they often possessed little local expertise. These connections with actors such as the leadership of the United Fruit Corporation, American high commissioner to the Philippines, and bankers operating in Latin America made the REC’s investigations possible and opened significant doors to power brokers such as direct lines of communication to the presidents of Costa Rica, Venezuela and the Philippines. However, they also imposed significant constraints: widespread suspicion of foreign influence in Latin America and the Philippines, shaped by decades of U.S. intervention and corporate expansion, generated broad resistance to schemes of Jewish settlement and ultimately were a key reason for the failure of the REC’s efforts.

This chapter argues that in a moment defined by crisis, loss of institutional authority, and shrinking possibilities for Jewish rescue, PEC leaders doubled down on their most durable remaining resource: their embeddedness within elite networks of American capital, expertise, and imperial power, supplemented by global Jewish philanthropic circuits. Through the creation and operation of the Refugee Economic Corporation, they sought to redeploy methods forged in Mandate Palestine—expert investigation, planned settlement, export-oriented agriculture, and investment-based humanitarianism—across new imperial geographies, from Latin America to the Philippines and Iraq. These efforts largely failed, but their significance lies not in their outcomes

so much as in what they reveal about the circulation of American imperial practices and the place of Palestine within those circuits: not merely as a recipient of capital and expertise, but as a proving ground from which models of American empire refracted and attempted to be exported outward. Furthermore, this chapter exemplifies a central argument of the dissertation as a whole: that in the face of sharply constrained options for Jewish relief, restrictive immigration quotas and persistent doubts about American Jews' national loyalty, American Jewish elites came to see their ability to navigate the structures of American empire and to practice humanitarianism through the idiom of capitalism as a viable form of Jewish internationalism, one that they believed affirmed rather than jeopardized their claims to American identity. At the same time, the REC's reliance on American imperial networks exposed the limits of this project, as anti-imperial suspicion in Latin America and the Philippines thwarted settlement schemes. Meanwhile, the logic of capitalist uplift as a universal good enabled PEC leaders to contemplate—and promote—the mass transfer of Arabs from Palestine. In tracing these efforts, this chapter shows how crisis-driven experiments in capitalist humanitarianism not only revealed the operational limits of American empire as a vehicle for Jewish rescue but also exposed the moral and political costs of treating displacement, development, and population management as technical matters to be solved through the application of capital.

I begin this chapter by tracing the changing fortunes and self-understanding of the PEC as it moved from the relative confidence of the early 1930s to the desperation and sense of diminished agency that accompanied the rise of Nazism and escalating Arab resistance to Jewish immigration. I then turn to the creation of the Refugee Economic Corporation, examining how PEC leaders' experience in Palestine shaped the REC's assumptions about development, expertise, and refugee resettlement, and how the organization relied on the infrastructures of American empire—particularly in Guatemala, Costa Rica, and the Philippines—to pursue its vision of mass German Jewish colonization. The chapter concludes by shifting focus to Arab transfer, analyzing how Edward Norman's Iraqi scheme of the 1930s fit within a broader PEC approach to the Arab population of Palestine, and how multiple PEC leaders—most notably Felix

Warburg—helped legitimate and circulate Norman’s proposals, advancing the idea of population displacement as a constructive solution within the highest levels of the U.S. administration.

From Confidence to Crisis

The mid-1930s marked a decisive rupture in the position of the Palestine Economic Corporation. A convergence of global crises and developments in Palestine precipitated a sharp erosion of the PEC’s financial power, constraining its capacity to shape economic and social policy in the Mandate and producing a profound crisis among its leadership. Long accustomed to presenting themselves—both publicly and privately—as effective architects of political economy in Palestine, PEC leaders now confronted the limits of their social-economic model. The shift was abrupt and disorienting. As late as early 1934 PEC officials continued to recount their successes in molding Jewish society through rational investment and institutional planning.¹² Yet the rapid loss of influence they experienced in Palestine, combined with the rapidly deteriorating situation of Jews in Europe, pushed the organization into a markedly different posture. Increasingly defined by a sense of desperation, PEC leaders turned toward expansive and often fantastical schemes as ways to address both the escalating crisis facing European Jewry and their own growing inability to respond effectively through the incremental investment strategies that had previously defined their work.

The most immediate and destabilizing of these pressures was the rise of Nazism in Germany. After 1930, antisemitism transformed from a political ideology into state policy, and following Hitler’s appointment as chancellor in 1933, German Jews were progressively excluded from economic, professional, and civic life, a process that culminated in the Nuremberg Laws of 1935 and the widespread violence and dispossession of 1938.¹³ By the late 1930s, German Jews faced mounting pressure to emigrate even as international avenues for refuge narrowed dramatically.¹⁴ For PEC leaders, who had long conceived of capitalist development as a gradual

¹² Paul Singer to Julius Simon, January 17, 1934, box 89, folder Haifa Bay Workers’ Suburb 1933-1940, NYPL; for more examples see the previous chapter.

¹³ Saul Friedländer 1998. *Nazi Germany and the Jews*. New York, NY: HarperPerennial. 33–35, 143.

¹⁴ Feingold, *Bearing Witness: How America and Its Jews Responded to the Holocaust*, 94–97.

and stabilizing response to Jewish insecurity, the accelerating tempo of persecution undermined the assumptions embedded in their approach. The crisis no longer appeared amenable to incremental investment or long-term planning, intensifying the sense that the conventional economic tools on which the PEC relied were no longer adequate to the scale or urgency of the problem.

Conditions in Palestine further constrained the PEC's ability to respond to this refugee emergency. The Arab Great Revolt of 1936–1939 constituted a sustained uprising against British rule and the expansion of Zionist settlement, rooted in long-standing grievances over land, immigration, and political exclusion.¹⁵ British suppression of the revolt entrenched reliance on coercive governance while deepening Jewish–Arab antagonism at precisely the moment when refugee pressures were intensifying. The revolt and its aftermath also produced tighter immigration controls and stricter enforcement of quotas, further narrowing the space in which PEC leaders could plausibly claim that economic development alone might reconcile competing national claims or absorb rising numbers of Jewish migrants.¹⁶

At the same time, political developments within the Yishuv marginalized the PEC's influence. By the early 1930s, Labor Zionism had consolidated power, a process closely associated with the rise of David Ben-Gurion as the dominant figure in Zionist politics. The formation of Mapai in 1930 unified previously fragmented labor factions and signaled a more aggressive political strategy centered on national consolidation and state-building.¹⁷ During the Arab Great Revolt of 1936–1939, Ben-Gurion endorsed close tactical cooperation with British security forces, viewing the uprising as an opportunity to expand Jewish military capacity and to present Labor Zionism as the most disciplined and reliable partner of the Mandate state.¹⁸ By the mid-1930s, his leadership of Mapai, control of the Histadrut, and chairmanship of the Jewish

¹⁵ Matthew Hughes, *Britain's Pacification of Palestine: The British Army, the Colonial State, and the Arab Revolt, 1936–1939*, 1st ed. (Cambridge University Press, 2019), 8–15.

¹⁶ Hughes, *Britain's Pacification of Palestine*, 46.

¹⁷ Anita Shapira, *Land and Power: The Zionist Resort to Force, 1881–1948* (New York: Oxford University Press, 1992), 183.

¹⁸ Shapira, *Land and Power*, 211.

Agency institutionalized Labor Zionism's dominance, granting Ben-Gurion and his allies' effective control over Zionist diplomacy, security coordination, and economic policy in Palestine.¹⁹

While many scholars have questioned Labor Zionism's commitment to socialism, noting that Ben-Gurion consistently subordinated socialist ideals to nationalist priorities, that distinction mattered little to the PEC.²⁰ For its leaders, the rise of a movement publicly associated with socialism—even if unevenly so in practice—undercut one of the organization's central self-congratulations: the claim that it had helped redirect Jewish immigrants in Palestine away from the appeal of radical economic doctrines through disciplined capitalist development.²¹ More concretely, shifting power dynamics within the Zionist movement marginalized the PEC's traditional allies—bourgeois European Zionists and the capitalist-oriented settlers of the coastal plains—and narrowed the political space available to an institution that claimed to support Jewish settlement while remaining formally detached from the project of building a Jewish polity in Palestine.²²

Perhaps most devastating for PEC leaders was the growing recognition that they no longer possessed either the resources or the authority within the Mandate to shape the character of Jewish settlement. The arrival of German Jewish capital, particularly through the controversial “transfer” agreement with the Nazi government, brought a massive inflow of capital into Palestine and accelerated the financialization of its economy, spurring the creation of numerous new financial institutions including Ellern's Bank, Feuchtwanger Bank, and most durably

¹⁹ Shapira, *Land and Power*, 204, 209–10, 291.

²⁰ Gershon Shafir, *Land, Labor, and the Origins of the Israeli-Palestinian Conflict, 1882-1914*, Updated ed. (Berkeley : University of California Press, 1996), 165; Zeev Sternhell, *The Founding Myths of Israel: Nationalism, Socialism, and the Making of the Jewish State* (Princeton: Princeton University Press, 2009), 14–15.

²¹ For example, see: Paul Singer to Julius Simon, January 17, 1934, box 89, folder Haifa Bay Workers' Suburb 1933-1940, NYPL.

²² Liora Halperin, *The Oldest Guard: Forging the Zionist Settler Past*, Stanford Studies in Jewish History and Culture (Stanford University Press, 2021), 4; Sternhell, *The Founding Myths of Israel: Nationalism, Socialism, and the Making of the Jewish State*, 217.

Discount Bank.²³ In this transformed landscape, PEC officials increasingly understood that they were no longer a dominant financial actor. Harry Viteles, head of the Central Bank of Cooperative Institutions in Palestine, wrote urgently to his superiors in New York requesting additional capital, lamenting that Palestine was now saturated with better-capitalized institutions—none of which, he insisted, possessed the same capacity for economic and social direction as the Central Bank.²⁴

Recognizing that both deteriorating conditions in Germany and Palestine and their own declining financial leverage demanded new sources of capital, PEC leaders nevertheless found prospects for investment bleak. Early efforts to raise funds revealed a limited appetite among American Jews to aid German Jews through a commercial venture. As one PEC official noted in 1934, with numerous Jewish organizations already soliciting donations for German Jewish relief, potential investors saw little reason to commit “sentimental capital” when philanthropy could be pursued more directly.²⁵ Faced with this resistance, the PEC began to reconsider the balance between its economic and social objectives.

If humanitarian appeals no longer sufficed to attract investors, PEC leaders contemplated whether capital might be raised by promising higher returns, including the removal of the organization’s long-standing two percent dividend cap.²⁶ Although such proposals appeared attractive in the abstract, they provoked deep unease within the organization. An unsigned internal memorandum warned that the pursuit of higher profits would require riskier investments, such as extending mortgages to less creditworthy borrowers and potentially foreclosing on them. In stark terms, the author asked under such conditions, “What is the P.E.C. function to be? ... is its main purpose the ‘milking’ of its subsidiary organizations for profits?” In other words, the

²³ Jacob Metzer, *The Divided Economy of Mandatory Palestine* (Cambridge University Press, 2002), 77–78, 169; Sharon Livne, “One get used to everything, even to turbulent days” German-Jewish Bankers in Palestine 1933-1948, *Chidushim: Studies in the History of German and Central European Jewry*, Volume 22, 2020. Pp. 97-131. [Hebrew]

²⁴ Viteles memo “Need for additional Resources” April 4, [No year likely 1934], box 6, folder capital, new 1930-1939, NYPL.

²⁵ Singer to Flexner, April 17, 1934, box 6, folder capital, new 1930-1939, NYPL.

²⁶ Morrison to Simon, March 10, 1935, box 6, folder capital, new 1930-1939, NYPL.

pursuit of greater profits could mean a loss of the PEC's identity as a humanitarian organization.²⁷

For years, PEC leaders had maintained the claim that their humanitarian and economic commitments were fully aligned—a “third way” that promised to reconcile profit with social uplift, positioned rhetorically between what they portrayed as heartless capitalism and inefficient charity (and, notably, as an alternative to socialism, albeit less often explicitly stated).²⁸ Sustaining this vision required considerable rhetorical and emotional labor, as earlier chapters have shown, yet within the organization it functioned as a deeply held conviction: that if done correctly economic rationality and humanitarian purpose reinforced one another. By the mid-1930s, however, the effort to secure new capital exposed the fragility of this equilibrium. PEC leaders were increasingly forced to confront the possibility that their objectives in Palestine—humanitarian assistance to Jewish migrants and the generation of profit—were not naturally complementary and could just as readily come into conflict as into alignment.

This crisis of purpose and identity—unfolding amid acute and widely acknowledged Jewish distress—produced unusually candid language in PEC correspondence. Paul Singer, who typically wrote in the restrained, technical prose characteristic of a financial executive, struck a markedly different tone in a 1935 memorandum: “... I have merged my life in P.E.C. and a change of its social economic policy is a life and death matter for me...”²⁹ Singer's statement was not simply rhetorical excess but a reflection of the stakes as he struggled to identify a path that might attract additional investment without abandoning the organization's long-standing effort to balance profit with social purpose. In this context, he endorsed Felix Warburg's proposal to raise \$1.5 million through a new class of non-voting preferred shares paying dividends of up to four percent—still modest by market standards, but substantially higher than existing returns.

²⁷ Unsigned to Simon, April 12, 1935, box 6, folder capital, new 1930-1939, NYPL.

²⁸ Statement of the plan and purposes of the Palestine Economic Corporation, 1924, box 216, folder 17, Felix Warburg papers, AJA; Paul Singer to Julius Simon, January 17, 1934, box 89, folder Haifa Bay Workers' Suburb 1933-1940, NYPL.

²⁹ Singer to Flexner, November 1, 1935, folder Capital, New 1930-1939, NYPL.

PEC leaders ultimately rejected the proposal. While conceding that “capital for the P.E.C. in considerable quantity cannot be obtained without offering a hope of a fair return,” they warned that a four percent dividend was unsustainable absent a fundamental change in policy in Palestine.³⁰ Since its founding, the PEC had generally yielded a steady two percent return, supplemented by one-time profits from land sales. Issuing preferred shares with a four percent dividend—paid out ahead of earlier stock—raised the specter that initial investors might never receive returns at all. Without a dramatic increase in profitability, PEC officials feared that such a move would undermine confidence entirely, making it “impossible ever again to obtain any more capital.”³¹ The contrast was stark. Only six years earlier, PEC leaders had drafted expansive plans to transform the organization into the hub of a global network of non-Zionist investment corporations; by the mid-1930s, they worried that the absence of higher profits might permanently foreclose the raising of future capital.

By 1936, Felix Warburg identified a limited means of increasing the PEC’s capital, though one that carried significant ideological and practical drawbacks: selling stock to German Jews seeking to move assets out of Germany. Warburg developed the plan in consultation with his brother Max, who remained in Germany, and succeeded in placing approximately \$1.5 million in shares with increasingly desperate German Jewish investors.³² The initiative proved deeply unsatisfying. The sum was insufficient to restore the PEC’s earlier financial standing, and the motivation of the investors themselves exposed new vulnerabilities. German Jews were drawn to PEC stock not by its social-economic mission, but as a vehicle for capital transfer. This raised fears that shares would be quickly liquidated—often at a loss—once holders emigrated to Palestine, and provoked deeper unease about the implications of an investor base lacking ideological commitment to the organization’s goals.³³

³⁰ Comments on Paul Singer’s letter of 1935 Nov 1, folder Capital, New 1930-1939, NYPL.

³¹ Comments on Paul Singer’s letter of 1935 Nov 1, folder Capital, New 1930-1939, NYPL.

³² Newspaper clipping, PEC Plans New Share Issue, No newspaper identified, No date, likely 1936, S90/2069/1, CZA.

³³ Singer to Flexner March 17, 1936, folder Capital, New 1930-1939, NYPL.

The entry of German Jewish investors also prompted a more fundamental reckoning with questions of identity that PEC leaders had long preferred to leave unspoken. Throughout this dissertation, I have argued that overseas capitalist investment functioned for American Jewish elites as a means of reconciling commitments to Jewish humanitarianism with an affirmation of American national belonging. PEC officials rarely articulated these tensions explicitly, instead sustaining the claim that no conflict existed between their American and Jewish identities. The partial sale of PEC stock to non-Americans disrupted this equilibrium. While PEC subsidiaries such as Palestine Potash Ltd. or the Cooperative Bank had sold stock to non-Americans, the PEC itself remained totally American owned. Edward Norman, newly appointed to the board and discussed in greater detail later in this chapter, forcefully opposed the idea of selling shares to foreigners. “If the company loses its exclusively American character through the sale of even a small percentage of its shares to foreigners,” he warned, “it will have lost one of its most valuable qualities, and I frankly want you to know that my belief in the salability of these shares will have been lessened...”³⁴ Norman did not spell out why the PEC’s “exclusively American character” was so vital, but the context is revealing. The prospect of foreign shareholders represented yet another fracture in the PEC’s self-understanding, compounding a moment in which the organization’s financial, ideological, and emotional foundations were already coming apart.

Taken together, the deteriorating situation facing Jews in Germany, increasingly pessimistic assessments of conditions in Palestine, and persistent doubts about the viability of the PEC’s social-economic model help explain the organization’s turn toward ever more desperate solutions. That model was not merely an ideological commitment but a core element of PEC leaders’ identity and sense of purpose. As confidence in their ability to shape events in Palestine eroded, PEC officials increasingly embraced schemes that were expansive, implausible, and at times overtly coercive. Proposals for mass Jewish resettlement in Latin America and the

³⁴ Norman to Flexner, September 24, 1934, box 5, folder Capital, New 1930-1939, NYPL.

Philippines, as well as plans for the transfer of Arabs out of Palestine, represented efforts not only to address Jewish suffering but also to recover a sense of agency, authority, and moral self-assurance that PEC leaders felt slipping away. In pursuing these initiatives, they became progressively willing to disregard questions about their feasibility or ethical implications. Longstanding efforts to maintain a formal distance from Zionist politics in Palestine—once a recurring refrain in PEC correspondence—largely disappeared, set aside as leaders abandoned earlier constraints in their search for renewed relevance and control.

Before turning to these initiatives, it is important to note that not all PEC activity in the mid-1930s conformed to this pattern of contraction and desperation. At least two projects briefly suggested the possibility of continued influence in Palestine. The first was the establishment in 1933 of Water Company Aleph, intended to operate in tandem with the PEC's drilling unit by developing water distribution systems connected to newly sunk deep wells. Although the company has attracted little scholarly attention, existing research indicates that it was well positioned to become a major water carrier in Palestine.³⁵ Its prospects were ultimately curtailed by Zionist opposition, most notably from Chaim Weizmann, who accused the PEC of seeking to monopolize water resources. Preferential treatment for water enterprises formally affiliated with the Zionist movement further excluded Water Company Aleph from the consolidation process that eventually produced Israel's national water carrier.³⁶

A second exception was the late-1930s effort, led primarily by Harry Viteles and Julius Simon, to standardize rules for citrus packaging and export. This initiative capped years of largely fruitless work by Viteles to promote cooperative principles within citriculture and to strengthen the international marketing of the Jaffa orange through quality controls and uniform grading. A breakthrough came in 1937, when PEC president Julius Simon was charged with

³⁵ President's Report to the Stockholders, April 1935, box 82, Water company General Correspondence, January-April 1935, NYPL; Berman, Ruti, Yitor Nemer, and Selzer Assaf. "מים רבים - Many Waters." *Cathedra: For the History of Eretz Israel and Its Yishuv* / *קתדרה: לתולדות ארץ ישראל ויישובה*, no. 172 (2019): 87.

³⁶ Simon to Weizmann, 5 February 1936, MS-457, box 330, folder 5, Felix Warburg Papers, AJA; Ruti Berman et al., "מים רבים - Many Waters," *Cathedra: For the History of Eretz Israel and Its Yishuv* / *קתדרה: לתולדות ארץ ישראל ויישובה*, no. 172 (2019): 88–89.

appointing a committee to establish unified regulations for the industry through new rules for and an expansion of the Pardes orange syndicate. Serving alongside two other bankers in Palestine, Viteles came close to realizing his vision of a largely unified Jewish citrus sector. Yet deep divisions between Labor and non-Labor growers—particularly over issues such as the proportion of Hebrew labor—produced significant defections, leaving the new Pardes syndicate representing far less than the targeted eighty percent of growers.³⁷ The outbreak of the Second World War effectively ended Pardes’s operation on the open market.³⁸ Water Company Aleph and the Pardes initiative showed that the PEC’s influence in Palestine had not disappeared altogether; yet both also revealed how constrained that influence had become, helping push PEC leaders toward a broader search for new geographies of Jewish economic reconstruction.

From the Palestine Problem to the “Jewish Problem”: The Refugee Economic Corporation

In late 1935, Felix Warburg, along with a handful of other veteran leaders from the PEC and the JDC, announced the formation of a new corporation: the Refugee Economic Corporation (REC). As its name suggested, the REC was conceived as an ideological twin of the PEC—designed to apply the same logic of Jewish resettlement and uplift through capitalist investment but no longer bound by the geographic confines of Palestine. Its immediate formation was driven by the overlapping crises outlined in the previous section: the escalating persecution of German Jewry, new quotas and disturbances that sharply limited Palestine’s capacity to absorb refugees, and growing doubts about the PEC’s ability to meet the scale and urgency of the moment. This sense of emergency was made explicit in an initial letter sent by REC leadership to prospective investors, which declared that “in the opinion of competent observers... a more permanent solution of the problem [of German Jewry] requires economic assistance to refugees in order to

³⁷ Nahum Karlinsky, *California Dreaming: Ideology, Society, and Technology in the Citrus Industry of Palestine, 1890-1939* (Albany: State University of New York Press, 2005), 213–14.

³⁸ Although this episode is treated in detail by Nahum Karlinsky, the institutional role of the PEC itself remains underexplored. Notably absent is any explanation of why growers in Palestine entrusted the president of an American corporation with appointing the unification committee. As with Water Company Aleph, this unresolved question points to avenues for future research rather than conclusions that can be drawn here. Karlinsky, *California Dreaming*, 214.

enable them to become independent and self-sustaining. The Refugee Economic Corporation is designed to fill this urgent need.”³⁹

In another sense, however, the REC was not simply a response to crisis, but a logical extension of the PEC’s underlying ideological commitments. If American capitalism offered a universal blueprint for human development, and if investment could operate simultaneously as a tool of Jewish uplift and a means of affirming American identity, then there was little reason for Palestine to remain the exclusive focus of such efforts. Non-Zionists—including many of the PEC’s own leaders—had long claimed, often to the frustration of Zionists, that while Jews maintained a powerful sentimental and religious attachment to Palestine, it need not serve as the sole geography in which to construct a Jewish future.⁴⁰ Once Palestine appeared incapable of absorbing refugees at the scale required, extending this capitalist approach beyond the Mandate followed not as a rupture, but as a natural progression.

This expansion, however, marked more than a shift in geography; it reflected a subtle but consequential ideological transformation. In the mid-1920s, capitalist investment in Palestine had emerged as an iterative and largely ad hoc response to the non-Zionist “Palestine problem”—the dilemma of how to reconcile skepticism toward political Zionism with the reality that Jewish settlement in Palestine was advancing regardless of non-Zionist preferences, and few alternatives to Palestine existed for Jewish immigration.⁴¹ By the mid-1930s, Warburg and his fellow PEC/REC leaders increasingly imagined their brand of mission capitalism as a comprehensive solution to the “Jewish problem” itself. In this framing, investment was no longer intended merely to “relieve immediate distress,” but to function as a universal, scalable, and ostensibly apolitical mechanism through which Jewish suffering could be managed, transformed, and ultimately rendered governable across multiple geographies.⁴²

³⁹ Letter, REC to unknown recipients, October 14, 1935, box 316, folder 13, Warburg Papers, AJA.

⁴⁰ David G. Dalin, “Cyrus Adler, Non-Zionism, and the Zionist Movement: A Study in Contradictions,” *AJS Review* 10, no. 1 (1985): 61.

⁴¹ Tara Zahra, “Zionism, Emigration, And East European Colonialism,” in *Colonialism and the Jews*, ed. Ethan Katz et al. (Indiana University Press, 2017), 167.

⁴² Refugee Economic Corporation (REC) to unknown recipients, 14 October 1935, box 316, folder 13, Warburg Papers, AJA; M. Hochschild to Alfredo Hirsch, 21 September 1935, box 316, folder 14, Warburg Papers, AJA.

Like the PEC, the REC was designed explicitly as an alternative to charity. Organizational documents emphasized that its goal was to “resettle the German refugees in such a manner as to enable them to earn their own living without charitable support, and... with an expectation of a modest return.”⁴³ Yet, as with the PEC, the reality of REC operations depended heavily on non-capitalist practices and philanthropic support. The REC almost always worked alongside Jewish charitable organizations such as the JDC or the German *Hilfsverein*. In recognition that the scale and urgency of the refugee crisis would require at least a temporary reliance on charity, REC leaders also created a separate—albeit much smaller—charitable organization, the Emigree Charitable Fund, to operate alongside the REC and finance initiatives that could not be made financially remunerative but were nonetheless deemed essential to the REC’s broader plans.⁴⁴

Persistent difficulty in raising capital (as described in the previous section) further shaped the REC’s structure and operations. Rather than cultivating a broad base of investors, REC leaders relied on a small pool of large investors who were ideologically committed to the organization and drawn largely from existing PEC and JDC circles. As with the PEC, Felix Warburg (with financial support from his wife Frieda) was not only the organization’s principal ideological champions but also its largest investors. Additional capital came from PEC executives Bernard Flexner, Samuel Zemurray, and James Rosenberg. From the JDC world came multiple members of the Guggenheim family—as well as the foundation itself, which became an investor—and Charles Liebman, a JDC veteran who assumed the chairmanship of the REC.⁴⁵ The organization began with a relatively modest capitalization of \$1.5 million, with plans to raise an additional million. Yet because the REC operated in tandem with far more deep-pocketed

These correspondence directly discusses their work in terms of the “Jewish problem. See also Beckert, Jacob, *Capitalism and the Jewish Problem: Mission Capitalism in the Inter-War Era*, AJS Review, No 50, 2026, Forthcoming.

⁴³ Excerpt found in: Bruno Schachner to REC, January 25, 1937, box 331, folder 6 Refugee Economic Corporation, Warburg Papers, AJA.

⁴⁴ Emigree Charitable Fund Minutes, box 331, folder 6 Refugee Economic Corporation Felix Warburg Papers, AJA.

⁴⁵ Bruno Schachner to Warburg, December 19, 1935, box 316, folder 13 Refugee Economic Corporation, Warburg Papers, AJA.

philanthropic organizations, most importantly the JDC, limited capital posed less of a chronic constraint than it had for the PEC during these years—though capital may well have become a more acute problem had the REC succeeded more fully in its ambitions.⁴⁶

In practice, the REC operated a diversified portfolio of programs designed to combine capitalism with Jewish resettlement and uplift: loan funds, training farms, housing schemes, and more. Its activities even extended back into Palestine, where it supported efforts to drain the Huleh swamp so that German refugees could populate the reclaimed land.⁴⁷ Yet these relatively modest initiatives were never the primary focus of REC leadership. From the outset, the organization's central ambition lay in large-scale colonization schemes—projects in which the REC could identify the right combination of sympathetic government, available land, and profitable enterprise, allowing tens of thousands of German Jews to be resettled and securely integrated through a single—or at most a handful—of ventures.⁴⁸

This preference for scale reflected the broader ethos of PEC/REC leaders, “men of calm thought” who carefully studied problems before taking bold, audacious actions.⁴⁹ If, as they believed, they had uncovered a universal and objectively correct method for ameliorating Jewish suffering and uplifting refugee populations, then it followed that such methods should be deployed on the grandest possible scale rather than dispersed through small loan funds or incremental training programs. As a result, while the REC's smaller initiatives often proved more viable and effective in practice, they consumed far less of the organization's time, attention, and resources than its repeated—and largely unrealized—efforts to finance a single transformative project of mass Jewish resettlement.

As REC documents, which are far more scattered and less comprehensive than PEC records, make clear, any program of large-scale colonization would necessarily take place in

⁴⁶ Warburg to Mayer, February 8, 1935, box 316, folder 15 Palestine Economic Corporation, Warburg Papers, AJA.

⁴⁷ REC, *Refugee Economic Corporation Annual Report 1936*, 5.

⁴⁸ REC, *Refugee Economic Corporation Annual Report 1936*, 5.

⁴⁹ Singer To Van Vriesland, March 2, 1926, A114/228, CZA; Rafael Medoff, “American Zionist Leaders and the Palestinian Arabs, 1898-1948” (1991), 210.

what REC leaders described as the “underdeveloped” parts of the world, since countries in the West were “loath to admit refugees, and we can hope to place large numbers of [refugees] only in countries which are still in the process of development.” This language was not incidental. It reflected a broader assumption—shared by REC leaders and many involved in American informal empire of the interwar period—that regions labeled “underdeveloped” possessed both surplus land and political conditions that made them receptive to externally guided schemes of economic development and population transfer.⁵⁰ In practice, this meant focusing on territories that lay within, or were closely entangled with, the expanding U.S. sphere of influence, particularly in Latin America, the Caribbean, and the Philippines.

REC officials hoped that these connections could be leveraged to identify suitable land, secure cooperation from local governments, and embed refugee settlement within ostensibly profitable enterprises capable of sustaining themselves over time. Resettlement, in this framing, was imagined not merely as rescue but as development: a process in which German Jewish refugees—already understood by REC leaders as economically capable and technically skilled—could be presented as agents of modernization, bringing Western agricultural methods, technical expertise, and economic productivity in exchange for sanctuary. It is to the REC’s attempts to realize this vision that we now turn.

Bananas, Banks, and Refugees: Settlement within American Informal Empire

From its first years of operation, the leaders of the REC identified Latin America as the region most compatible with their model of capitalist refugee resettlement. In its 1936 annual report, released after its first full year of operation, the directors stated that “careful investigation and repeated consultations with various experts have convinced your directors that the absorptive capacity of Latin American countries for new human material is so large that a substantial contribution to the solution to the refugee question can be made there.”⁵¹ The language of

⁵⁰ “Cooper and Packard, *International Development and the Social Sciences Essays on the History and Politics of Knowledge*,” 1997, 1–5.

⁵¹ REC, *Refugee Economic Corporation Annual Report 1936*, 5.

“absorptive capacity” was telling. Latin America was imagined not simply as a refuge, but as a developmental space capable of incorporating refugees as productive economic actors. The region appeared promising precisely because its immigration regimes, though tightening in the 1930s, still privileged settlers who could be framed as agriculturally useful, economically self-sustaining, and socially stabilizing—categories that aligned with the REC’s insistence on profit-producing colonization rather than relief-based rescue.

Several structural features reinforced this conclusion. Latin America possessed long histories of European migration; American corporate and governmental networks offered access and expertise; and existing Jewish communities provided limited institutional footholds. Most important, however, was the legacy of immigration policy itself. Across the late nineteenth and early twentieth centuries, many Latin American republics had tolerated—and at times actively encouraged—European immigration, including Jews, in order to secure agricultural labor, populate frontier regions, stimulate urban commerce, and in some cases advance explicitly racialized projects of “whitening.”⁵² By the interwar years, this relatively open posture narrowed but had not entirely closed. Nationalist regimes, anxieties over labor radicalism, racialized antisemitism, resentment of U.S. political and economic influence, and the diffusion of fascist and Nazi ideas rendered Jewish immigration increasingly fraught.

Argentina illustrates both the durability and the limits of this older immigration regime. The country’s turn-of-the-century agricultural and industrial expansion made immigration central to national development, and the Immigration and Colonization Law of 1876 kept the republic formally open to European settlers, even as officials retained broad discretion over who qualified as “desirable.”⁵³ Sustained demand for rural and urban labor coexisted, however, with rising fears of proletarian “extremism,” labor unrest, and a Catholic-Hispanic nationalism that cast

⁵² Mônica Raisa Schpun, “Getúlio Vargas and the Making of Restrictive Migratory Policies in Post-1930 Brazil,” *Social Sciences* 13, no. 1 (2024): 5; Haim Avni, *Argentina and the Jews: A History of Jewish Immigration*, 1991, 46; Julie Gibbings, “*Mestizaje* in the Age of Fascism: German and Q’eqchi’ Maya Interracial Unions in Alta Verapaz, Guatemala,” *German History* 34, no. 2 (2016): 220–21.

⁵³ Avni, *Argentina and the Jews: A History of Jewish Immigration*, 46–47.

immigrants—Jews among them—as socially and politically suspect.⁵⁴ Even after the Depression prompted restrictive measures in 1932–1933 and again in 1938, Argentine authorities continued to regard certain forms of immigration—particularly family reunification and agriculturally productive settlers—as economically useful and socially stabilizing. Limited channels of entry thus persisted within an increasingly exclusionary framework.⁵⁵

Elsewhere the contraction was sharper. In Guatemala, a country that had long attracted German and other European immigrants and that housed a small but economically prominent German-Jewish community, the 1930s brought mounting hostility. The government expelled largely Jewish peddlers in 1932 and enacted further restrictive legislation in 1936 under the influence of a substantial German population, reducing the Jewish population to roughly 800 by 1939—even as the country continued to function as a transit point for migrants seeking visas to the United States.⁵⁶

Brazil similarly moved from encouragement to constraint. During the First Republic, officials aggressively promoted immigration to secure “hands for coffee picking” and to advance a racialized project of national “whitening.” With Getúlio Vargas’s rise in 1930, however, the state replaced the earlier open-door posture with increasingly centralized and racialized controls. The 1934 quota system—initially shaped by anti-Japanese agitation—became one of several mechanisms that curtailed Jewish refugee entry later in the decade. Although agricultural immigrants were sometimes still admitted, Jewish applicants were heavily scrutinized, particularly when authorities suspected that ostensibly rural settlers might in fact seek urban livelihoods.⁵⁷

Taken together, these cases reveal a regional pattern crucial to the REC’s calculations: Latin American governments were not completely closed to the possibility of immigration,

⁵⁴ Avni, *Argentina and the Jews: A History of Jewish Immigration*, 93, 100–101.

⁵⁵ Avni, *Argentina and the Jews: A History of Jewish Immigration*, 127, 135, 143.

⁵⁶ Gibbings, “*Mestizaje* in the Age of Fascism,” 233–34; “Guatemala Virtual Jewish History Tour,” Jewish Virtual Library, accessed February 11, 2026, <https://www.jewishvirtuallibrary.org/guatemala-virtual-jewish-history-tour>.

⁵⁷ Schpun, “Getúlio Vargas and the Making of Restrictive Migratory Policies in Post-1930 Brazil,” 5; Jeff Lesser, *Welcoming the Undesirables: Brazil and the Jewish Question* (University of California Press, 1995).

rather, they had recalibrated immigration policy in ways that privileged “productive” settlers, rural colonists, and demographically desirable Europeans, while constricting entry for those deemed politically, racially, or economically suspect. It was precisely within these narrowing but not entirely closed channels that American Jewish planners hoped to insert their schemes of refugee colonization, schemes that would allow for mass, primarily rural, settlement of settlers engaged in the “productive” work of agriculture. PEC leaders sought to apply the same logic to Latin America that they had developed in Palestine, where they believed that profit producing settlement, especially in “productive” fields not only benefited the investor, but society as a whole, as the settler could be absorbed as an economically contributing member of their new society.

The PEC also received encouragement to investigate Latin America from Joseph A. Marcus, a former high-ranking official in the Department of Labor who specialized in the region.⁵⁸ Shortly after the formation of the REC, Marcus wrote to Felix Warburg to congratulate him on the creation of the organization, offer his assistance, and suggest that Latin America presented the most promising opportunities for Jewish resettlement. “As [sic] former expert in Latin America Affairs in the U. S. Government,” he wrote, “I know that at that time we could have made some very attractive arrangements.”⁵⁹ Marcus further argued that Jewish settlement in Latin America could serve American economic interests, stating that refugees “could render an invaluable service to Americans by handling American exports in the Latin American countries where our own Americans have not made a good showing.”⁶⁰ From the outset, then, proposals for Latin American settlement were framed not only as humanitarian projects, but as ventures that could intersect with American governmental and commercial interests.

Personal connections among members of the PEC board to the region played an even more significant role than Marcus’s encouragement in directing attention to Latin America.

⁵⁸ Marcus’ position is mentioned multiple times in Committee on U.S. Dependencies and Elizabeth Lynskey, *Puerto Rico and the U.S.* (The Catholic Association for International Peace, 1931), 5.

⁵⁹ Marcus to Warburg, August 1, 1935, box 316, folder 15 Palestine Economic Corporation, Warburg Papers, AJA.

⁶⁰ Marcus to Warburg, August 1, 1935, box 316, folder 15 Palestine Economic Corporation, Warburg Papers, AJA.

Kuhn Loeb & Co., the bank in which both Felix Warburg and Lewis Strauss were partners, was deeply involved in the region, floating loans to Latin American governments and participating in the financial practices associated with dollar diplomacy and U.S. informal empire.⁶¹ These existing financial ties provided both familiarity with regional conditions and access to governmental elites.

Even more consequential was Samuel Zemurray, one of the most influential private actors in Central America. As head of the Cuyamel Banana Corporation Zemurray had supported the PEC from its early years, sitting on its board and participating in investigations into the feasibility of banana cultivation in Palestine.⁶² By 1935, however, Zemurray had risen to the presidency of United Fruit and wielded considerable influence in Guatemala, Honduras, and Costa Rica. He made the resources of his operations in Latin America—staffed by agronomists, accountants, and experienced “banana men” with deep regional knowledge and political connections—available to the REC.⁶³ Internal memoranda confirm that Zemurray offered “whatever the United Fruit Company could do to help us.”⁶⁴ At the same time, this cooperation was to remain confidential, likely given the corporation’s complex reputation in the region, and potential to spawn resentment among local populations.⁶⁵ As one memo emphasized, “the officials of the United Fruit Company are assisting us in Central America, and in this connection,

⁶¹ Peter James Hudson, *Bankers and Empire: How Wall Street Colonized the Caribbean* (University of Chicago Press, 2017), 8.

⁶² In 1926 Zemurray helped select Geo Odum, a scientific expert on bananas residing in London who had previously worked in Rhodesia, to travel to Palestine to evaluate the possibilities of growing bananas for export. Zemurray financed half of Odum’s expedition and pledged additional capital should the venture prove viable. Although Odum’s report was generally positive, neither Zemurray nor the PEC ultimately pursued the project, perhaps because of concerns over parasitic nematodes or because Zemurray, then head of the smaller Cuyamel syndicate, was preoccupied with his struggle against United Fruit in Latin America. Odum to Zemurray, June 29, 1929, box 5, folder Banana Cultivation general, May 1926-July 1927, NYPL; Zemurray to Lehman, July 12, 1926, box 5, folder Banana Cultivation general, May 1926-July 1927, NYPL; Viteles to PEC re Banana cultivation, May 24, 1927, box 5, folder Banana Cultivation general, May 1926-July 1927, NYPL.

⁶³ For more on “banana men” see: James W. Martin, *Banana Cowboys: The United Fruit Company and the Culture of Corporate Colonialism* (University of New Mexico Press, 2018).

⁶⁴ Memo REC Settlement in Guatemala, 12, Nov. 1935, box 316, folder 13, Warburg Papers, AJA.

⁶⁵ It’s also possible that Zemurray did not want UFC shareholders learning that he was pursuing projects not strictly connected to increasing corporate profits.

let me emphasize again that the name of the United Fruit Company and the names of its officials are to be kept very much sub rosa.”⁶⁶

Leveraging their connections in financial circles and at United Fruit, the REC launched a series of investigations across Latin America, led primarily by Americans with longstanding corporate ties and regional influence. The goal was to identify both a productive tract of land for sale and a government either willing—or susceptible to United Fruit’s influence—to permit its settlement by German Jewish refugees.⁶⁷ Although most large-scale settlement schemes envisioned agricultural colonization, REC leaders expressed skepticism about whether German Jews would themselves engage in intensive agricultural labor.⁶⁸ While the REC supported efforts to train refugees for agricultural life—most notably through a training farm in Holland—internal memoranda suggest that, particularly in labor-intensive export sectors such as banana cultivation, German Jews were expected to serve as managers and administrators, with local labor performing the physical work.⁶⁹

From late 1935 through early 1937, investigations fanned out across the region as the REC searched for one or two sites suitable for concentrated effort.

Venezuela initially appeared among the most promising possibilities, largely through banking and diplomatic intermediaries connected to U.S. financial oversight in the hemisphere. In April 1936, C. E. McGuire—identified as chairman of the board of the National Bank of Nicaragua and an advisor to the Venezuelan government—wrote to REC leaders regarding discussions he was conducting in both Nicaragua and Venezuela about colonization projects akin to those envisioned by the REC.⁷⁰ Liebman soon reported to Warburg that McGuire believed

⁶⁶ letter REC to Alfred Houston, 1936 Nov 27, box 331, folder 1, Warburg Papers, AJA.

⁶⁷ REC, *Refugee Economic Corporation Annual Report 1936*, 4–5.

⁶⁸ The exception to this was Brazil, where the REC joined onto an existing ICA project for suburban colonization. Memo: on participation of the REC in the New ICA colony in Rezende, Brazil, October 27, 1936, box 331, folder 1 Refugee Economic Corporation, Warburg Papers, AJA.

⁶⁹ REC to Alfred Houston, November 27, 1936, box 331, folder 1 Refugee Economic Corporation, Warburg Papers, AJA; Memo REC Settlement in Guatemala, 12, Nov. 1935, box 316, folder 13, Warburg Papers, AJA, Cincinnati, OH; Kahn on interview with Hochschild, September 30, 1935, box 316, folder 14 Refugee Economic Corporation, Warburg Papers, AJA.

⁷⁰ Constantine McGuire to Liebman, April 14, 1936, box 331, folder 2 Refugee Economic Corporation, Warburg Papers, AJA.

Venezuela might admit between 40,000 and 50,000 Jews.⁷¹ REC contacts extended to members of the Venezuelan cabinet and even to the president, who personally indicated he would study formal proposals.⁷² Yet despite the extraordinary scale under discussion—far exceeding what most other countries contemplated—the REC never placed settlers there and appears to have made little sustained effort to convert diplomatic interest into a concrete settlement plan. Unlike in Central America, the REC did not develop a structured system for land investigation or agricultural feasibility studies in Venezuela, perhaps reflecting the absence of both a United Fruit presence and a local Jewish institutional infrastructure capable of supporting implementation.

In Argentina, REC efforts unfolded through collaboration—and friction—with established Jewish communal and philanthropic institutions. Correspondence in September 1935 described the possibility of placing approximately 3,000 young German Jews in the country, contingent upon securing roughly 600 pesos per person to cover six months of maintenance and Spanish instruction.⁷³ The Hilfsverein, which routinely received newcomers in Buenos Aires, lacked the capital for such an undertaking. Warburg signaled that the REC was prepared to advance funds on a revolving basis, confident that refugees would repay the investment once economically established—an approach he claimed had precedent in Palestine as well as JDC initiatives in Russia. In this framing, Jewish leaders in Argentina imagined the REC as an American counterpart to the Hilfsverein: a Jewish engine of “permanent” resettlement rather than short-term relief.⁷⁴

Beneath this apparent alignment, however, lay institutional tension. Memoranda and correspondence from late 1935 through 1936 reveal disagreements among the Hilfsverein, the Jewish Colonization Association (ICA), B’nai B’rith leadership in Buenos Aires, and other local

⁷¹ Liebman to Warburg, April 24, 1936, box 331, folder 2 Refugee Economic Corporation, Warburg Papers, AJA.

⁷² Letter President Contreras to Pereira Mendes, box 331, folder 3, Warburg Papers, AJA; Liebman to Mendes, N.D. box 457, folder 6 Refugee Economic Corporation, Warburg Papers, AJA.

⁷³ Hochschild to Hirsch, September 21, 1935, box 457, folder 15 Palestine Economic Corporation, Warburg Papers, AJA.

⁷⁴ REC, *Refugee Economic Corporation Annual Report 1936*, 1.

actors, whose overlapping authority and ideological commitments complicated cooperation.⁷⁵ Reports from the Argentine investigation noted both political uncertainty—given the Conservative government’s hostility to immigration—and rivalry over land access, authority, and strategic direction.⁷⁶ Although the REC established a permanent representative in Buenos Aires, appropriated funds for loans and training facilities, and created credit networks, the dense and competitive institutional landscape limited its ability to impose a unified, large-scale settlement scheme. Ultimately, while the REC invested significant resources in Argentina, the presence of entrenched Jewish institutions dissuaded it from pursuing the kind of expansive, centrally directed colonization it sought elsewhere.

Brazil followed a similar pattern of collaboration with established Jewish colonization bodies rather than reliance on American corporate intermediaries. REC efforts intersected directly with the long-standing work of the Jewish Colonization Association (ICA), which already possessed landholdings and administrative experience. In December 1935, Liebman reported cooperation with the ICA in planning a suburban agricultural colony near Rio de Janeiro.⁷⁷ A tract at Rezende had been purchased, and the REC pledged \$10,000 toward settling Jewish farmers there, explicitly aligning the project with Brazilian governmental desires to “whiten” the countryside and populate underdeveloped regions with European settlers.⁷⁸ Unlike the Central American investigations, which leaned heavily on United Fruit’s influence, the Brazilian initiative rested on the institutional credibility of preexisting Jewish colonization efforts.

Yet this philanthropic pathway proved no more secure. By the mid-1930s, immigration policy hardened under the increasingly authoritarian regime of Getúlio Vargas. The ICA’s prior

⁷⁵ Memo Extract from Mendes, September 6, 1936, box 331, folder 4, Warburg Papers, AJA; Liebman to Hochschild, December 18, 1936, box 331, folder 4 Refugee Economic Corporation, Warburg Papers, AJA.

⁷⁶ Report of the Argentinian investigation, October 22, 1936, box 331, folder 5 Refugee Economic Corporation, Warburg Papers, AJA.

⁷⁷ Liebman to Warburg, December 17, 1935, box 316, folder 14 Refugee Economic Corporation 1935, Warburg Papers, AJA.

⁷⁸ Schachner to Liebman, October 23, 1936, box 331, folder 1 Refugee Economic Corporation, Warburg Papers, AJA.

practice of bribing officials to secure entry for Jewish refugees on tourist visas fueled official suspicion. Amid rising nationalism and antisemitism, Pinheiro Machado, director of the national department of settlement, denounced “Jews ... and other parasitical elements” as destabilizing minorities. In December, a government official formally informed the ICA that Jewish immigration to the Rezende property would not be permitted, though no public justification was issued. Even when British officials raised concerns and Vargas acknowledged the theoretical desirability of agriculturists with capital, visas were denied and the Rezende project was largely abandoned by both the ICA and the REC.⁷⁹

Panama briefly entered REC discussions but never developed into a fully investigated project. In July 1935, Liebman explored possibilities in the Canal Zone, attempting to arrange meetings with high-ranking officials and noting that a former canal official, Myron S. Falk, had volunteered to travel to assist the REC.⁸⁰ A contact at City Bank, George E. Robarts, suggested that the Panamanian highlands might be suitable for “white settlers.” Given Panama’s deep entanglement with American imperial power, it might have seemed an ideal site for REC ambitions, yet no sustained investigation followed.

Imperial Leverage and Sovereign Limits: Guatemala and Costa Rica

After surveying this patchwork of possibilities, the REC concluded by early 1936 that only a small number of sites possessed the political alignment, corporate mediation, and territorial scale necessary for the kind of centralized, large-scale colonization it envisioned. Attention gradually narrowed to two countries—Guatemala and Costa Rica—both deeply enmeshed in the commercial and political orbit of the United Fruit Corporation.

Guatemala emerged as the initial test case for this more ambitious strategy. Its apparent political stability, combined with its deep entanglement in American banking and United Fruit networks, made it especially attractive. For REC leaders, the central question was not simply

⁷⁹ Lesser, *Welcoming the Undesirables*, 84–86.

⁸⁰ Liebman to Warburg, 6 July 1935, box 317, folder 1, Warburg Papers, AJA.

whether a government would admit refugees, but whether existing financial and corporate relationships could be translated into a structured, territorially grounded colonization project. Investigations proceeded through intermediaries embedded within those same networks. Arthur A. Pollan, vice president of United Fruit, served as a key conduit, introducing REC leaders to Mr. Armstrong, an influential banker involved in the liquidation of the Pacific Bank of Guatemala, itself tied to California banking interests and Wells Fargo.⁸¹ Armstrong approached President Jorge Ubico directly regarding the admission of German Jewish settlers.⁸² Once again, REC leaders leveraged their proximity to United Fruit and American banking to secure access to the highest levels of political authority.

Early discussions focused on acquiring an existing plantation—the El Chocoma coffee estate owned by the Central America Plantation Company (CAPCO), whose shareholders included German and British interests, among them Max Warburg.⁸³ REC officials hoped Warburg might persuade shareholders to sell, enabling German Jewish refugees to assume management of an already profitable enterprise. The proposal reflected the REC's broader ideology: refugees would not be passive recipients of aid but productive managers inserted into an established capitalist framework. President Ubico, however, rejected the transfer of developed estates already in production to foreign purchasers. Instead, he suggested that state lands might be made available, provided settlers offered guarantees of cultivation, pointing to regions such as Manabique or the Quiché district.⁸⁴

Ubico's refusal did more than derail a single land purchase. It clarified the political terms under which the REC's networks operated. The REC's proximity to United Fruit and American banking had secured rapid access to Guatemala's highest authorities, but it could not determine how questions of land ownership and sovereignty would be resolved. A proposal that appeared

⁸¹ Letter, unknown author to Charles Liebman, September 17, 1935, box 316, folder 13, Warburg Papers, AJA; Liebman to Warburg, November 21, 1935, box 316, folder 15 Palestine Economic Corporation 1936, Warburg Papers, AJA; Gibbings, "*Mestizaje* in the Age of Fascism," 218.

⁸² Letter J. P. Armstrong to A Pollan, 30 November 1935, box 316, folder 14, Warburg Papers, AJA.

⁸³ Memo REC Settlement in Guatemala, 12, Nov. 1935, MS 457, box 316, folder 13, Warburg Papers, AJA.

⁸⁴ Letter J. P. Armstrong to A Pollan, November 30, 1935, box 316, folder 14, Warburg Papers, AJA.

commercially rational to REC leaders—the transfer of a productive estate to refugee managers—offered little obvious advantage to a regime concerned with retaining control over developed assets and managing domestic perceptions of foreign influence.

Guatemala had seemed, on the surface, ideally suited to the REC's ambitions. United Fruit's power was immense: it controlled vast tracts of land and the country's sole railroad, while President Ubico maintained a close relationship with the corporation and welcomed American investment. Yet, as Marcelo Bucheli has shown, such alliances were contingent rather than absolute. The partnership between right-wing dictators and United Fruit depended on the company's ability to generate steady revenues and on the regime's need to balance foreign capital with domestic political stability.⁸⁵ Imperial proximity created leverage, but it did not eliminate sovereign calculation.

Even with United Fruit's backing, therefore, REC leaders still had to persuade Guatemalan authorities that refugee settlement advanced national interests. The El Chocla scheme—transferring an existing, productive estate to foreign purchasers—offered few clear fiscal or political incentives. Although Samuel Zemurray assured REC officials that resistance could be overcome through his influence, the episode revealed a structural constraint: American commercial power facilitated entry into negotiations, but it could not always compel agreement.⁸⁶ Even within a U.S.-dominated sphere, nationalism and sovereignty shaped the boundaries of what informal empire could accomplish.

REC agents adjusted accordingly. Attention shifted toward less-developed regions, including the Zacapa valley for banana cultivation, despite objections from the Jewish Colonization Association (ICA), which warned of malaria, poor soil, and high transportation costs.⁸⁷ Undeterred, the REC pressed forward.⁸⁸ In February 1936, Wilson Popenoe, United

⁸⁵ Marcelo Bucheli, "Multinational Corporations, Totalitarian Regimes and Economic Nationalism: United Fruit Company in Central America, 1899–1975," *Business History* 50, no. 4 (2008): 441, 444.

⁸⁶ Liebman to Warburg, May 19, 1936 box 331, folder 2 Refugee Economic Corporation, Warburg Papers, AJA.

⁸⁷ Charles Liebman to Felix Warburg, 20 October 1936, box 331, folder 1, Warburg papers, AJA.

⁸⁸ Charles Liebman to Louis Oungre, 20 October 1936, box 331, folder 1, Warburg papers, AJA.

Fruit's chief agronomist, reported that Zacapa lacked sufficiently large tracts of high-quality land; the Quiché region, also under consideration, suffered from poor soil.⁸⁹ Popenoe's skepticism carried considerable weight. What had initially appeared to be a politically feasible project for refugee resettlement increasingly looked unlikely to yield financial returns, bringing the REC's humanitarian ambitions into tension with its commitment to profitable returns.

Throughout 1936, attention oscillated between Quiché and Zacapa.⁹⁰ Guatemala repeatedly seemed within reach: United Fruit stood ready to negotiate with the government, acquire land, and even help mobilize wealthy American investors to capitalize the project.⁹¹ Yet no site satisfied the REC's combined requirements of political approval, large-scale viability, and economic sustainability. Restrictions on foreign purchase of productive estates pushed the search toward undeveloped lands, intensifying concerns about soil quality, disease, and infrastructure. The very factors that made Guatemala politically accessible rendered it agriculturally and financially uncertain.

Guatemala thus crystallized a central tension in the REC's approach. Corporate connections could secure meetings with presidents, bankers, and agronomists—but as a powerfully connected foreign actor they also generated suspicion—especially as they tried to purchase highly productive land. More significantly, the REC's insistence that resettlement be profitable as well as humanitarian narrowed its options. Large tracts and a cooperative regime were insufficient; projects had to promise long-term economic return. In practice, that standard slowed decision-making and raised the threshold for action. The infrastructure of American commercial influence proved real, but it could not overcome either ecological constraint or the REC's own economic criteria.

If Guatemala revealed that the REC's primary asset, operating through imperial networks, could also prove to be a liability, Costa Rica exposed it more starkly. There, the REC came

⁸⁹ Popenoe to Pollan, February 13, 1936, box 331, folder 5 Refugee Economic Corporation, Warburg papers, AJA.

⁹⁰ Liebman to REC, box 331, folder 2 Refugee Economic Corporation, Warburg Papers, AJA.

⁹¹ Paul Baerwald to Liebman, December 3, 1936, box 331, folder 1, Warburg Papers, AJA.

closest to realizing a settlement project—only to encounter nationalist resistance that transformed its most promising venture into its most dramatic failure. The very visibility of foreign backing that had opened doors would ultimately trigger the backlash that closed them.

As in Guatemala, United Fruit played a central role. Through its local networks—particularly the efforts of George Peters Chittenden, United Fruit’s Costa Rican manager—the REC secured high-level access. In November 1935, Warburg met with Raúl Gurdian, Costa Rica’s Minister of Foreign Affairs, who indicated that large tracts of government land were available near both the Panamanian and Nicaraguan borders.⁹² United Fruit eventually helped identify and negotiate an option to purchase between 25,000 and 50,000 acres, concentrating on the Tenorio estate in Guanacaste, reportedly available for \$27,000–\$35,000.⁹³ As in Guatemala, American-commercial intermediaries with deep influence in the region converted personal relationships into concrete land options.

United Fruit’s recommendation was reinforced by Leo R. Sack, the U.S. envoy in Costa Rica, who assured the REC that President León Cortés was sympathetic and that “there is no obstacle in the form of anti-Semitism.”⁹⁴ Agronomists inspected the Tenorio property and submitted a detailed report—accompanied by photographs—recommending purchase.⁹⁵ The land, held by the Bank of Costa Rica following foreclosure, had been used for cattle grazing but was deemed suitable for agricultural conversion and capable of supporting at least 250 families—a far more modest proposal than the REC’s earlier visions of settling tens of thousands of refugees.⁹⁶ Yet Costa Rica thus appeared to offer what no other country in Latin America offered: a politically cooperative government, extensive American networks, and technically viable land, leading REC officials to support even such a scaled down project. Ultimately despite

⁹² Memo of conversation between Warburg and Raul Gordian, November 1935, box 316, folder 14, Warburg papers, AJA.

⁹³ Minutes of the REC board of Directors meeting, May 13, 1937, box 331, folder 1, Warburg papers, AJA.

⁹⁴ Haim Avni, *Costa Rica and the Jews During the Holocaust*, 7 (2013): 218.

⁹⁵ Avni, *Costa Rica and the Jews During the Holocaust*, 220.

⁹⁶ Minutes of Eighth meeting of the Board of Directors of the REC, N.D., box 331, folder 6 Refugee Economic Corporation, Warburg Papers, AJA. The document is stamped by the Kuhn Loeb and Co receiving department as Aug 18, 1929—a clearly incorrect date.

the reduced ambition, the REC proceeded in part because Costa Rica had become the only remaining plausible Latin American site for larger-scale colonization.

In the summer of 1937, the REC moved forward with the purchase of the estate—the only Latin American project ever to reach that stage. In what proved a costly misstep, REC leaders also publicized their efforts. On August 12, 1937, *The New York Times* announced that 50,000 acres had been secured for a colony of Jewish refugees.⁹⁷ The article described plans for modern villages, roads, cattle operations, and even an airstrip.

The announcement proved fatal. A Costa Rican public already wary of foreign interference reacted sharply. Newspapers—particularly *Diario de Costa Rica*—warned of a “state within a state,” alleging that a \$12 million Jewish organization intended to implant 1,500 families who would remain alien to national interests.⁹⁸ The figures were inflated, but the rhetoric resonated amid domestic political tensions. President León Cortés, already criticized for favoritism toward American corporations and Jewish immigrants—especially Polish peddlers who had arrived earlier in the decade—faced mounting opposition. Non-Jewish German expatriates living in Costa Rica also helped shape elite opinion against the project at a moment when Germany commanded admiration among segments of Costa Rican society. Therefore, antisemitism combined with fears of foreign encroachment in the region recast settlement not as agricultural development but as a beachhead for outside insidious interests.⁹⁹

By November 1937, the government announced restrictions on further Jewish entry, ostensibly pending investigation of those already resident.¹⁰⁰ In a more immediate blow, Costa Rican courts blocked transfer of the Tenorio land to the REC. To complete the purchase, the REC had operated through a local attorney, Luis Castro Ureña, who acquired the estate on its behalf.

⁹⁷ Avni, *Costa Rica and the Jews During the Holocaust*, 217; Air Mail to the New York Times, “COSTA RICAN SITE BOUGHT FOR JEWS; 50,000 Acres to Be Developed Into Colony for Refugees From Nazi Germany,” Archives, *The New York Times*, August 12, 1937, <https://www.nytimes.com/1937/08/12/archives/costa-rican-site-bought-for-jews-50000-acres-to-be-developed-into.html>.

⁹⁸ Avni, *Costa Rica and the Jews During the Holocaust*, 224–25; Special Cable to The New York Times, “JEWISH COLONY OPPOSED,” *The New York Times*, August 20, 1937.

⁹⁹ Avni, *Costa Rica and the Jews During the Holocaust*, 227.

¹⁰⁰ Avni, *Costa Rica and the Jews During the Holocaust*, 229–30.

The subsequent transfer should have been routine. Instead, amid mounting nationalist pressure, the courts denied Ureña's appeal and refused to authorize the transaction.¹⁰¹ Without the transfer, the legally executed purchase could not be used for the REC's purposes.

The timing further narrowed any opportunity to reverse the decision. Although REC allies within United Fruit wielded significant influence, the company was simultaneously negotiating commercial concessions with the Costa Rican government. When the terms of those concessions became public in early 1938, opposition parties attacked President Cortés for capitulating to foreign interests. Cortés ultimately approved the concessions, but at considerable political cost. Under such scrutiny, he was unlikely to endorse an additional, highly visible project tied to foreign ownership and refugee settlement.¹⁰² United Fruit, for its part, appeared at such a sensitive moment unwilling to expend further political capital on the REC's behalf.

Costa Rica thus became the REC's most advanced and most publicized Central American effort—and its clearest demonstration of the limits of operating through imperial networks. Unlike Guatemala, where agronomic doubts and land restrictions halted progress before purchase, Costa Rica reached acquisition and international announcement before unraveling. As a 1937 report conceded, the Corporation found itself “impeded by political forces in spite of its attempts to make the settlement a business venture without creating public issues in the countries concerned.”¹⁰³ Corporate intermediaries and diplomatic assurances had secured provisional approval, but public nationalism and domestic rivalry ultimately determined the outcome.

The REC would never settle German Jews in Costa Rica. In an ironic coda, twelve years later, in 1949, the Corporation offloaded the still empty Tenorio, selling the land for a sum which doubled their initial investment. The buyer? The United Fruit Company.¹⁰⁴

From Informal to Formal Empire: The Mindanao Experiment

¹⁰¹ Avni, *Costa Rica and the Jews During the Holocaust*, 223.

¹⁰² Avni, *Costa Rica and the Jews During the Holocaust*, 226.

¹⁰³ REC, *Refugee Economic Corporation, Annual Report 1937*, 3.

¹⁰⁴ Avni, *Costa Rica and the Jews During the Holocaust*, 225.

After the collapse of its Central American ventures, the REC mounted one final effort at large-scale colonization. This time the proposed site lay not in Latin America but in the Philippines, specifically on the island of Mindanao. The plan—to settle up to ten thousand German Jewish refugees through capitalized agricultural development—followed a familiar pattern. As in Guatemala and Costa Rica, a location was identified through American imperial networks; local officials weighed cooperation for a mixture of humanitarian and strategic reasons; American experts with corporate and colonial experience were dispatched to evaluate land, climate, and profitability; and just as implementation seemed within reach, political resistance intervened. Yet Mindanao differed in one crucial respect. Unlike the Latin American republics, which lay within the U.S. sphere of influence but retained formal sovereignty, the Philippines was itself an American overseas territory, legally incorporated into the structures of U.S. empire even as it moved toward independence.¹⁰⁵ For that reason, the Mindanao project offers the clearest illustration of how PEC/REC leaders attempted to mobilize American imperial authority for Jewish rescue—and how even formal empire could not guarantee success.

The possibility of Jewish settlement in the Philippines dated back to the REC's earliest months. In August 1935, an REC official corresponded with Dr. Ernest Gruening, head of the Bureau of Insular Affairs in the Department of the Interior, who suggested that Jewish settlement might be feasible in several U.S. possessions, including the Virgin Islands, Alaska, Puerto Rico, Hawaii, and the Philippines. Gruening even relayed encouragement from President Roosevelt, reporting that the president "thinks that the situation [in these overseas territories] is hopeful" for refugee settlement. Despite this high-level endorsement, however, REC leaders devoted little sustained attention to the Philippines during their early investigations.¹⁰⁶

¹⁰⁵ Daniel Immerwahr, *How to Hide an Empire: A History of the Greater United States*, (Farrar, Straus and Giroux, 2019), INTRODUCTION: LOOKING BEYOND THE LOGO MAP.

¹⁰⁶ Memo, Settlement possibilities U.S. Insular Possessions, August 29, 1935, box 316, folder 13 Refugee Economic Corporation 1935, Warburg Papers, AJA. It's possible the memo has the wrong position listed for Dr. Ernest Gruening, as other sources list him in a different government position.

The delay likely proved consequential. On paper, the Philippines appeared ideal: it lay under formal American sovereignty, and U.S. immigration quotas did not apply there. Yet while Washington's authority was stronger in Manila than in Latin America, the REC's own institutional networks were weaker. Its most reliable channels of influence—Kuhn, Loeb banking ties, United Fruit intermediaries, and Jewish philanthropic contacts—were concentrated in the Western Hemisphere.¹⁰⁷ Only after its options in Guatemala and Costa Rica collapsed did the REC turn seriously to the Pacific. By then, time was short, and a plan that might have succeeded with more time failed to come to fruition.

Frustrated in Central America, the REC reopened conversations about the Philippines in 1938. Without the corporate leverage of United Fruit—absent from the islands—the organization relied instead on political intermediaries. The opportunity emerged when Paul McNutt, the American High Commissioner to the Philippines, returned to visit the United States after his first year in office. Julius Wise, a leader in both the REC and the JDC, enlisted his brother Jacob—an ally of McNutt from his days as governor of Indiana—to initiate contact.¹⁰⁸ McNutt proved an unexpectedly enthusiastic supporter. “I am deeply interested in the solution of the problem of... political refugees,” he wrote, adding that he was eager “to have any experiment in the Philippine Islands succeed.”¹⁰⁹

With McNutt's backing, a limited program of Jewish immigration began to take shape. Despite the Philippines being a U.S. territory, American quota restrictions, which were a matter of domestic law, did not apply. Upon returning to Manila, McNutt met with leaders of the small local Jewish community and Commonwealth officials to establish the Jewish Refugee Committee of Manila. The committee drafted criteria designed to ensure that incoming refugees would be economically self-supporting and socially “integratable” into the existing Jewish

¹⁰⁷ Kuhn Loeb also wielded significant influence in China and Japan.

¹⁰⁸ Rebecca Wessels, “A Haven in the Pacific: Jewish Rescue in the Philippines, 1937-1941” (Masters Thesis, University of Cincinnati History Department, 2012), 12.

¹⁰⁹ Wessels, “A Haven in the Pacific: Jewish Rescue in the Philippines, 1937-1941,” 12; F. Ephraim, “The Mindanao Plan: Political Obstacles to Jewish Refugee Settlement,” *Holocaust and Genocide Studies* 20, no. 3 (2006): 412.

society. It sought “physicians, dentists, auto-mechanics, accountants, chemical engineers, registered nurses, and one Rabbi,” preferably individuals under forty, married, conservative (likely meaning a bourgeois worldview), and English-speaking.¹¹⁰ Although refugees were expected to sustain themselves, few could depart Germany with sufficient funds. The REC, together with several affluent members of the Manila Jewish community, therefore provided the required entry deposits—\$125 for individuals and \$235 for families. The U.S. State Department, despite its broader hostility to Jewish immigration to the mainland, vetted and approved visa lists for those deemed economically useful and politically reliable.¹¹¹

Between 1938 and 1939, more than one hundred German and Austrian families entered the Philippines under this arrangement and were absorbed into Manila’s Jewish community. This modest program constituted one of the REC’s most tangible refugee achievements. Yet it did not satisfy the organization’s ambitions. Urban absorption in Manila was limited in scale and offered no prospect of financial return. True to its guiding ethos, the REC again turned toward the vision of large-scale agricultural colonization—confident that, as in Palestine, concentrated investment could transform refugees into self-sustaining settlers and convert humanitarian rescue into profitable development.

The REC soon found another willing ally in Philippine President Manuel Quezon. For Quezon, the admission of Jewish refugees offered multiple advantages. It promised humanitarian prestige, the possibility of strengthening ties with Washington, and the prospect of channeling skilled, capital-backed settlers into underdeveloped regions of the Commonwealth. Encouraged by the relative success of the selective immigration program in Manila, Quezon proposed that Mindanao—the second largest island in the archipelago—serve as the site of a more ambitious agricultural colonization project.¹¹² Yet his support was necessarily cautious. Although the

¹¹⁰ Wessels, “A Haven in the Pacific: Jewish Rescue in the Philippines, 1937-1941,” 30.

¹¹¹ Wessels, “A Haven in the Pacific: Jewish Rescue in the Philippines, 1937-1941,” 15; REC, *Refugee Economic Corporation, Annual Report 1937*.

¹¹² Wessels, “A Haven in the Pacific: Jewish Rescue in the Philippines, 1937-1941,” 5; Refugee Economic Corporation, “Refugee Economic Corporation Annual Report 1942,” New York, April 15, 1942.

Philippines was moving toward formal independence in 1946, it remained under American sovereignty, and immigration policy ultimately required U.S. approval. Quezon therefore sought to ensure that any large-scale refugee settlement would proceed with explicit endorsement from Washington. To move too boldly risked provoking American scrutiny or domestic backlash at a politically delicate moment in the Commonwealth's transition toward independence.¹¹³

Quezon's suggestion of Mindanao grew out of a long history of entangled imperialism in the region and from persistent anxieties about sovereignty on an island that had long resisted centralized control. From the moment of American conquest in 1898, Mindanao was imagined simultaneously as frontier and opportunity: a vast, fertile, and resource-rich space that attracted the attention of American capitalists as well as Filipino policymakers eager to unlock its agricultural potential.¹¹⁴ Yet it was also a region populated by Muslim and other non-Christian communities who had not been fully incorporated into the structures of colonial or later Commonwealth rule.¹¹⁵ Unlike Christian-majority provinces, Mindanao and the Sulu Archipelago were long governed through exceptional arrangements, including periods of military rule and sharply limited local autonomy.¹¹⁶ Even as "Filipinization" accelerated after 1912 and civil administration expanded, integration remained uneven. This desire to control the island, combined with its abundant natural resources, made Mindanao the object of sustained infrastructural ambition: roads, agricultural surveys, and settlement schemes drew public funds and private interest alike, as both American and Filipino officials sought to convert frontier into productive territory.¹¹⁷

By the 1930s, however, these developmental ambitions were refracted through mounting geopolitical anxiety. The rapid growth of a Japanese settler and commercial presence, particularly in the city of Davao, generated fears in both Manila and Washington that

¹¹³ Wessels, "A Haven in the Pacific: Jewish Rescue in the Philippines, 1937-1941," 12.

¹¹⁴ Nobutaka Suzuki, "Entangled Island: Filipino Colonial Technocrats, the Philippine Legislature, and Mindanao Settlement Plans from the 1920s through the Late 1930s," no. 3, preprint, Center for Southeast Asian Studies, Kyoto University, December 26, 2023, 463.

¹¹⁵ Suzuki, "Entangled Island," 464.

¹¹⁶ Suzuki, "Entangled Island," 464.

¹¹⁷ Suzuki, "Entangled Island," 463.

demographic concentration might translate into economic dominance or even strategic leverage in a region already viewed as incompletely consolidated. In response to American concerns that the expanding Japanese community in Mindanao threatened Philippine and American national security, the Philippine Assembly passed the Quirino-Recto Colonization Act of 1934 aiming to bring more settlers to Mindanao and further develop the island.¹¹⁸

In this context, Jewish colonization offered Quezon a politically useful opportunity. European Jewish refugees could be framed not merely as victims in need of sanctuary but as settlers who would reinforce Commonwealth authority in a contested zone. Their projected agricultural communities would occupy and cultivate land in areas where Manila sought firmer demographic presence, thereby diluting Japanese concentration without overt confrontation and extending state-backed development deeper into the island. At the same time, by cooperating with American advisors and aligning the project with existing colonization schemes, Quezon could signal to Washington that the Commonwealth was a reliable steward of regional security at a moment of intensifying Pacific tension. For the Filipino leader Jewish settlement thus promised to fuse humanitarian policy with strategic consolidation: refugee rescue became a means of reshaping the demographic balance of Mindanao, strengthening claims of effective governance, and embedding the island more securely within both the Philippine nation and the American imperial orbit.

From this point, the REC followed a familiar script. As in Palestine in 1928 and across Latin America in the 1930s, it convened a commission of American experts with corporate and colonial experience to assess the feasibility of large-scale settlement. Lacking direct knowledge of Mindanao, REC leaders entrusted the project to Isaiah Bowman, the prominent geographer and president of Johns Hopkins University, with strong political connections to the Roosevelt administration.¹¹⁹ Bowman selected O.D. Hargis to chair what became known as the Mindanao

¹¹⁸ Suzuki, "Entangled Island," 463.

¹¹⁹ See Neil Smith, *American Empire: Roosevelt's Geographer and the Prelude to Globalization*, (University of California Press, 2003).

Exploration Commission. Hargis brought twenty-five years of experience with Goodyear Rubber, including the establishment of a plantation in Mindanao, as well as professional work in other zones of American imperial influence such as Panama, Sumatra, and Java.¹²⁰ The remaining members reflected a similar imperial pedigree. Stanton Youngberg, a professor of veterinary medicine at Ohio State, had previously served as director of the Philippine Bureau of Agriculture, while Hugh J. Casey had conducted hydroelectric surveys for General MacArthur in the islands.¹²¹ Financed by the REC with an initial appropriation of \$10,000, the commission departed for Mindanao in April 1938 to determine whether the island was “suited to purposes of European settlement.”¹²²

Although much of the commission’s report was technical—detailing rainfall, soil composition, and crop potential—its framing echoed earlier surveys of Palestine. Mindanao, it observed, had been “quite erroneously thought of as still having vast empty expanses of arable land, waiting for the plow and crying for settlers,” and was therefore widely regarded as unusually promising for colonization.¹²³ In reality, while not densely populated, the island already contained significant agricultural development, particularly on its most fertile lands, as well as expanding infrastructure.¹²⁴ Even so, the commission concluded that up to 10,000 refugees could be settled in commercial agriculture if supported by adequate capital, transportation, and technical oversight. In language that closely aligned with REC assumptions, the report stressed that “Successful colonization of white people in the Tropics demands the most expert technical guidance and assistance, ample means of transportation for products they grow, and accessible markets in which to dispose of them.” Settlement, in short, required precisely the fusion of capital, expertise, and infrastructure that the REC believed it could supply.¹²⁵

¹²⁰ *Report of the Mindanao Exploration Commission Refugee Economic Corporation*, 1.

¹²¹ *Report of the Mindanao Exploration Commission Refugee Economic Corporation*, 1; Ephraim, “The Mindanao Plan,” 418.

¹²² *Report of the Mindanao Exploration Commission Refugee Economic Corporation*, 5. Sources do not make clear, but part of the 10,000 dollars may have been used to pay commission members.

¹²³ *Report of the Mindanao Exploration Commission Refugee Economic Corporation*, 5.

¹²⁴ *Report of the Mindanao Exploration Commission Refugee Economic Corporation*, 4–5.

¹²⁵ *Report of the Mindanao Exploration Commission Refugee Economic Corporation*, 61.

REC leaders responded enthusiastically. By late 1939 they began taking concrete steps toward implementation. In collaboration with the Agro-Joint (Russian branch of the JDC), the organization appropriated an initial \$100,000 for the project, and Youngberg was hired to return to Mindanao to coordinate preparations for what appeared to be the imminent arrival of refugees.¹²⁶

Momentum, however, slowed almost immediately. Legal questions arose concerning the scale of land acquisition the REC envisioned. Although advisers reportedly informed President Quezon that no statutory changes were necessary—only notification to the Philippine legislature and the U.S. State Department—Quezon hesitated to publicize the scheme.¹²⁷ The timing was politically delicate. The Philippine National Assembly was already debating new immigration quotas that would restrict foreign entry. Announcing a plan to introduce thousands of European refugees risked inflaming nationalist sentiment at precisely the moment Quezon sought to consolidate support for the Commonwealth's transition toward independence.

That caution soon proved justified. The National Development Company (NDC), which oversaw the leasing of public lands, emerged as a significant obstacle. NDC officials resisted efforts to transfer large tracts either to an American corporate intermediary acting for the REC or directly to German Jewish settlers.¹²⁸ Their objections extended beyond technicalities. At stake were broader concerns about sovereignty, economic control, and the optics of allocating public land—particularly in a politically sensitive frontier region—to foreign interests. What the REC framed as humanitarian development could easily be interpreted as a revival of externally driven colonization.

Quezon did not immediately abandon the project. In April 1940 he publicly endorsed a revised and more cautious version of the proposal. Refugee numbers would be capped at ten thousand and phased in gradually; settlers would be confined to agriculture and forbidden from

¹²⁶ Ephraim, "The Mindanao Plan," 422.

¹²⁷ Ephraim, "The Mindanao Plan," 423.

¹²⁸ Ephraim, "The Mindanao Plan," 420.

commerce; and the Philippine government would exercise close supervision to ensure mutual benefit. Above all, Quezon framed the initiative as a moral demonstration that the Commonwealth was “hospitable, just, and humane,” even as he emphasized safeguards for Filipino economic interests.¹²⁹ In this reformulation, Jewish colonization was stripped of its more expansive developmental rhetoric and recast as limited agrarian settlement under state authority.

Even so, final authorization required one additional imperial gatekeeper. Because the Philippines remained under American sovereignty, the revised immigration measure which set new quotas on immigration in the Philippines required President Roosevelt’s signature. For reasons that remain unclear, Roosevelt delayed approval for nearly three months, signing only on August 26, 1940. The delay proved consequential. In the interim, the National Development Company stalled negotiations over land transfers, effectively freezing the project’s material foundation. By the time formal authorization arrived, political momentum had dissipated. Quezon, though still sympathetic, confronted mounting pressures: escalating Japanese aggression in Indochina, the uncertainties of his upcoming election, and his own declining health.¹³⁰ The window for decisive implementation narrowed rapidly.

Confidence waned within the REC and the Joint as well. The elaborate apparatus that had seemed poised to replicate Palestine’s earlier experiments in capitalized agricultural settlement now appeared entangled in bureaucratic delay and geopolitical instability. Discussions continued, and Youngberg maintained contact regarding possible next steps, but the expectation of imminent refugee transport faded. By late 1941, world events rendered the debate irrelevant. The Japanese attack on Pearl Harbor and the subsequent invasion of the Philippines extinguished any remaining prospect of organized Jewish settlement in Mindanao.¹³¹ What had been envisioned as a final, large-scale act of capitalist rescue collapsed under the combined weight of imperial transition and global war.

¹²⁹ Ephraim, “The Mindanao Plan,” 424.

¹³⁰ Ephraim, “The Mindanao Plan,” 426.

¹³¹ Wessels, “A Haven in the Pacific: Jewish Rescue in the Philippines, 1937-1941,” 26.

The Mindanao episode thus provides the clearest illustration of both the reach and the limits of the REC's imperial strategy. American networks—through McNutt, Bowman, and a cadre of experts shaped by U.S. overseas ventures—opened doors even more readily than in Latin America. The Philippines' formal incorporation into the American empire appeared to promise smoother alignment between humanitarian ambition and territorial governance. Yet formal empire did not eliminate constraint. Filipino nationalists defended sovereignty, quasi-state development agencies guarded control over public lands, Washington retained ultimate authority, and intensifying Pacific tensions pushed refugee colonization to the margins of strategic concern.

In the end, Mindanao exposed the central paradox of the REC vision. Its leaders believed that capital, technical expertise, and imperial connectivity could convert refugee rescue into profitable development, transforming crisis into opportunity across multiple geographies. But the very imperial structures that made such projects conceivable also rendered them politically vulnerable. Where Palestine had offered a semi-autonomous laboratory for American Jewish capital, Mindanao stood at the intersection of decolonization and great-power rivalry. Its failure—shaped by contingent events yet rooted in structural constraint—revealed the limits of attempting to resolve a European catastrophe through the instruments of American overseas empire.

The PEC and the Arab Problem

Concurrent with the REC's increasingly desperate attempts to resettle German Jews in new geographic regions, certain leaders of the PEC became entangled in an even more ambitious scheme to “solve” what they termed the Arab problem: the large-scale transfer of the Arab Palestinian population from Palestine to underpopulated and fertile regions of Iraq through a planned colonization effort financed by wealthy Jews. Known as the “Norman” Plan, after its chief architect and advocate, PEC board member Edward Norman, the proposal bore all the hallmarks of the PEC's broader approach to what it perceived as intractable crises in Jewish life abroad. Rather than acknowledging a political impasse between Arabs and Jews, the plan reframed the conflict as a problem of economic organization. Arab resistance to Jewish

settlement was treated not as a political claim but as a misallocation of land, labor, and capital—one that could be resolved through financial engineering. Moving nearly the entire Palestinian Arab population from Palestine to Iraq would simultaneously free land in Palestine for Jewish refugees and open new agricultural frontiers elsewhere.

The proposal also reflected a familiar fusion of humanitarian language and capitalist logic. Western Jewish capital would be mobilized into a scheme framed as mutually beneficial: Arabs would gain access to fertile land and development capital in Iraq, while Jews would secure demographic space in Palestine. At the same time, the plan promised eventual profitability. Like earlier PEC ventures, it imagined that moral obligation and market rationality were not in tension but mutually reinforcing. Finally, the Norman Plan rejected incremental solutions. It was conceived as a sweeping technocratic intervention—a decisive application of Western expertise, capital, and planning designed to resolve once and for all the structural “problem” posed by Arab presence and resistance in Palestine.

Yet despite these ideological affinities, the plan was neither devised nor formally adopted by the PEC. Although PEC leaders were deeply involved in promoting and exploring its implementation, it never became official organizational policy. Still, the distinction between formal endorsement and informal advocacy mattered less in practice than it did on paper. Felix Warburg in particular played a central role in advancing the proposal in its early stages, as did other PEC leaders—first among American Jewish elites, then among Jewish leaders in Europe and Palestine, and eventually among non-Jewish American officials.¹³² Through these efforts, PEC leadership helped move the idea of Arab transfer from whispered discussions within Zionist circles into the realm of respectable discussion among bourgeois Western leaders. What had once been a nationalist fantasy was recast as a technocratic development proposal.

Before turning more directly to the Norman Plan, it is worth briefly revisiting the PEC’s broader approach to Palestinian Arabs, as well as the place of transfer within Zionist thought

¹³² It’s important to note that I could not find any records of any PEC leaders objecting to the plan or the broader idea of Arab transfer.

more generally. As discussed in earlier chapters, the PEC's position evolved alongside growing recognition of Arab resistance to Jewish settlement, yet it consistently rested on the assumption that such resistance could be managed—or neutralized—through economic measures alone. Prior to 1929, PEC leaders largely treated Arabs as economic competitors who could and should be outperformed through superior Western investment and organizational methods.¹³³ Following the intercommunal violence of 1929, the organization increasingly adopted a discourse of economic uplift. Investment and Jewish development were said not merely to advance Jewish settlement but to improve Arab living standards, thereby encouraging Arab acquiescence.¹³⁴

Embedded within this shift was what Liora Halperin has termed “hierarchical coexistence,” a framework that combined economic entanglement with structural inequality: Jews and Arabs could coexist peacefully through shared economic life, but on unequal terms, with Jews occupying a dominant position.¹³⁵ The logic was explicit in practice. At Palestine Potash, Jewish and Arab workers were employed side by side yet compensated at unequal rates. It was even articulated programmatically by Moshe Smilansky, a member of the Central Bank's advisory committee, who declared that “...the proper solution to the problem, in this country” was for Jewish plantation owners to employ 75 percent Jewish workers and 25 percent Arab workers.¹³⁶

Viewed retrospectively, the movement from economic competition to uplift combined with hierarchical coexistence, and finally to transfer can appear as a coherent and linear progression. The reality was far less orderly. PEC leaders often advocated contradictory policies simultaneously, revealing not a steady evolution but a persistent reliance on economic tools to solve social issues applied in shifting forms. For instance, in November 1930—fully a year after embracing the rhetoric of uplift—Harry Viteles and Paul Singer discussed expanding Jewish

¹³³Unknown to Warburg, August 12, 1931, box 24, folder Arab loans 30-37, NYPL. Arab Jewish cooperation in Emek, 30 April 1931; Memorandum: Decisions Reached in Conference of messrs, Flexner, and Simon, 17 September 1931 box 24, folder Arab Loans 1930-1937, NYPL.

¹³⁴ Palestine Economic Corporation to Mr. Singer, 16 January 1931, box 24, folder Arab Loans 1930-1937, PEC records, NYPL; F. H Kisch to Viteles, box 24, folder Arab Loans 1930-1937, PEC records, NYPL.

¹³⁵ Halperin, *The Oldest Guard: Forging the Zionist Settler Past*, 67–70.

¹³⁶ Moshe Smilansky to PEC, May 1, 1927, box 89, folder Citrus industry reports general 1926-1929, NYPL.

vegetable production specifically to displace Arab produce from Tel Aviv markets.¹³⁷ Likewise, in 1932 PEC leaders insisted that “There is no intention to suggest that Arab fruit should be discriminated against,” even as they justified precisely such discrimination in order to preserve the reputation of the Jaffa orange by excluding Arab fruit which they saw as inferior from markets.¹³⁸

These tensions were not anomalies but structural features of the PEC’s worldview. Economic uplift, competition, hierarchy, and exclusion were not mutually exclusive strategies but interchangeable tools within a broader conviction: that demographic and political conflict could ultimately be managed through the calibrated application of capital.

Similarly, PEC leaders had considered and supported the possibility of Arab Palestinian transfer out of the Mandate well before Edward Norman developed his plan. As early as 1925, Julius Fohs, an American engineer and PEC board member, had proposed a “Transjordan Development Company” to channel Western capital into Transjordan, appearing intended to entice Palestinian Arabs in search of economic opportunity.¹³⁹ Underlying the underhanded nature of this corporation, it was to have a second board in the United States or Europe which was elected by the shareholders (and presumably with actual governing power) and any capital invested from Jews was “not [to] be known officially as being Jewish and some form or other will have to be found to cover the source of the capital...” [underline in original].¹⁴⁰

While there is no evidence that the Transjordan Development Company materialized, discussions of encouraging Arab Palestinian displacement continued in PEC circles. One PEC memo, likely from 1931, refers obliquely to analyzing migration trends “from the open country to the cities and the landless element in the villages of Egypt and Syria (for reasons which do not

¹³⁷ Viteles to Singer, November 28, 1930, folder F43/3, CZA.

¹³⁸ PEC to Singer, February 16, 1932, box 94, folder Sharon District Interview with Chief Horticultural Officer 1932, NYPL.

¹³⁹ As Nur Masalha points out, economic development of surrounding Arab countries was often linked, either explicitly or implicitly to Arab transfer. See: Nur Masalha, *Expulsion of the Palestinians: The Concept of “Transfer” in Zionist Political Thought, 1882 - 1948*, Ebook Edition (Inst. for Palestine Studies, 2001), 19.

¹⁴⁰ Memo: Transjordan Development Company, January 7, 1924, Louis Brandeis Microfilm, Series 6, Zionism/Palestine, Reel 86.

call for further explanation)”—implying a continued interest, albeit one left better unspoken, in regional resettlement.¹⁴¹ On another occasion Louis Brandeis sent money to Fohs to conduct a survey of Hauran and Jaulan in Transjordan and just over the newly established border in Syria.¹⁴² The reason for the survey was not explained, and it’s possible Brandeis was curious about settling Jews in the region—however, given that it was Fohs who proposed the Transjordan Development Company to encourage Arab resettlement, it is not far-fetched to imagine the survey was connected to exploring the possibilities of Arab resettlement in Transjordan.¹⁴³

On occasion, however, discussions of resettling Arabs were markedly blunt, as illustrated at the 1929 conference for the business corporation for Palestine where speaker Asher Pierce explicitly connected development in Palestine to the displacement of Arabs beyond the Mandate. He stated:

It is impossible for you to kill [the Arabs] off. The government won’t let you... So then we come to the practical thing: What is going to become of the Arab if you buy his land and he has no place to live... He can go to Syria and get land for much less money... Instead of deporting him, he will go of his own free will. For that reason, I have become fully convinced that the idea [of a global economic corporation] is a good one.¹⁴⁴

Pierce himself was not a member of the PEC nor a regular associate—so it is important not to consider his words official PEC policy. However, his words generated no rebuke from others at the conference, and for part of his quote he claimed to be quoting a conversation he had with Alfred Mond, a close PEC associate.

At the same time, even as some PEC leaders became increasingly intrigued by the prospect of transfer, they did not abandon the language of economic uplift. In their 1936 report to the Peel Commission, the PEC repeatedly emphasized—more than twenty times—the positive

¹⁴¹ Memo Comparative analysis of cost of living in Palestine, N.D. [likely 1931], A405/170, CZA

¹⁴² While Jaulan is technically in Syria Louis Brandeis appears to have believed it was in Transjordan, leading him to state the expedition was to Transjordan even though it likely crossed into Syria.

¹⁴³ Bernard Flexner to Felix Warburg, box 345, folder 14 Flexner, Bernard 1932, Felix Warburg papers AJA.

¹⁴⁴ Washington Conference on Palestine, 60.

effects of its activities on the Arab community of Palestine, arguing that Jewish investment was raising Arab living standards and fostering cooperation between Jews and Arabs.¹⁴⁵

How is one to understand these simultaneous, and seemingly contradictory impulses to the Arab population? One possibility is the uplift rhetoric was insincere, particularly when it was so rarely matched by institutional practice. Yet the record complicates so straightforward a conclusion. As discussed in chapter 3, even when institutional follow-through was limited, Felix Warburg appears genuinely to have believed that economic development could lay the groundwork for peace, and he expended both political and financial capital in pursuit of that vision.¹⁴⁶ The tension, then, was not simply between rhetoric and reality, but between multiple, overlapping applications of the same underlying framework.

PEC leaders consistently framed the Arab Palestinian population as a problem to be solved. Arab presence and resistance were conceptualized less as expressions of competing national claims than as economic dissatisfaction or developmental inefficiency. Once cast in those terms, they could be addressed through a repertoire of technocratic tools: competition, uplift, hierarchy, regional resettlement, or large-scale transfer. These were not mutually exclusive alternatives but variations on a single premise: that capital, properly organized and sufficiently scaled, could engineer demographic and social outcomes without confronting the underlying political conflict. Wage differentials, market exclusion, development schemes in Transjordan, and proposals for mass transfer all flowed from this managerial conviction. Historian Rafael Medoff, who has written more extensively than perhaps any other scholar on American Jewish leaders' rhetoric toward Arabs, reaches a similar conclusion. He argues that the "Taylorist" (see chapter one), technocratic orientation that shaped their thinking enabled them to shift between sharply divergent prescriptions for "solving" the "Arab problem," because each approach was

¹⁴⁵ Palestine Royal Commission and Palestine Economic Corporation., *The Record of Activities of the Palestine Economic Corporation, Presented to the Palestine Royal Commission* (New York, Palestine Economic Corp., 1936). Other examples from around this same time period can be seen in Simon to Hall, June 19, 1936, box 330, folder 4 Palestine, Warburg Papers, AJA; Simon to Warburg, October 1, 1936, box 330, folder 5 Palestine, Warburg Papers, AJA.

¹⁴⁶ Medoff, *Baksheesh Diplomacy*, 97.

grounded in the same confidence that expert administration, rational planning, and calibrated economic intervention could reorder society and defuse opposition.¹⁴⁷

This problem-solving ethos explains why PEC leaders could, within the same year, advocate boycotting Arab produce, celebrate the uplifting effects of Jewish investment, and quietly explore avenues for Arab migration beyond the Mandate. Each proposal emerged from the same managerial imagination that had animated their agricultural loans, cooperative banks, and industrial ventures. Just as their financial engineering had, in their view, stabilized the Yishuv during the economic crisis of the mid 1920s, so too might it stabilize intercommunal relations. When incremental measures failed—when violence persisted, compromise remained elusive, and PEC leaders became increasingly desperate to secure locations for Jewish refuge—the scale of intervention expanded. Transfer thus represented not a rupture with prior thinking but its furthest extension: the broadest application of economic planning to what they defined as structural friction in Palestine’s political economy.

Seen in this light, the Norman Plan did not erupt suddenly or anomalously. It crystallized assumptions long circulating within PEC circles, and more broadly in American imperialism—that populations could be moved like capital, that land and demography could be reshaped through financial instruments, and that political antagonism might yield to sufficiently ambitious schemes of economic reorganization.¹⁴⁸ Mass transfer appealed because it promised, in one sweeping intervention, what incremental policies had failed to secure: a decisive reconfiguration of Palestine’s human geography through capital. Transfer was therefore not an aberration but the moment at which developmental logic, untethered from political constraint, claimed the authority to resolve a conflict its proponents continued to define in economic terms.

Nor was transfer anathema to Zionist thinking; on the contrary, it was deeply embedded within it. As historian Nur Masalha has demonstrated, nearly every major Zionist leader in

¹⁴⁷ Medoff, “American Zionist Leaders and the Palestinian Arabs, 1898-1948,” 210; Medoff, *Baksheesh Diplomacy*, 108–11.

¹⁴⁸ Greg Grandin, *Fordlandia: The Rise and Fall of Henry Ford’s Forgotten Jungle City*, 1st ed (Metropolitan Books, 2009), 70.

Europe and Palestine at some point entertained the possibility of Arab emigration, whether through supposedly voluntary agreement or through expulsion as a condition for the movement's success.¹⁴⁹ Such discussions remained largely theoretical until the 1937 Peel Commission, when British proposals for partition and population exchange transformed transfer from speculative idea into legitimate political subject.¹⁵⁰ Even then, the practical realities of operating within the Mandate—negotiating with British authorities and navigating ongoing relations with the Arab population—constrained the Zionist movement's ability to actively pursue such schemes, at least until the collapse of political order in the 1948 war.¹⁵¹ Moreover, Zionist leaders consistently understood transfer as a political process: demographic reordering, even when presented with a moral or historical self-justification, was recognized as a political instrument for creating more favorable sovereign realities.¹⁵²

The Norman Plan, by contrast, emerged from American circles and was framed not as an instrument of political sovereignty but as an economic development program. It circulated primarily among American elites before reaching Palestine, representing a distinct genealogy of transfer thinking—one rooted less in statecraft and more in technocratic development discourse.¹⁵³ Where Zionist leaders treated transfer as a fundamentally political act tied to partition, sovereignty, and power, Norman and his American interlocutors recast it as a matter of

¹⁴⁹ Masalha, *Expulsion of the Palestinians*, 6. When writing about Zionist thinking on transfer, one of the most useful sources is a text written by Chaim Simmons, a Rabbi with a PhD in Chemistry. Simmons has no formal training in history and has a potential bias of being a resident of the Jewish settlement of Kiryat Arba. That said, his collection of writings on transfer proposals is second to none in its breadth, containing a well-researched collection of background information on various proposals and fantasies about ideas of Arab transfer out of Palestine. The text is largely encyclopedic in nature, with long quotes from primary sources and limited editorialization and commentary. I have cross checked numerous quotes and found them all to be accurate. I have relied on Simmons only when a quote is available only in his text (as opposed to another secondary source) and the context he is talking about is mentioned in other texts. Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947* (Gengis Khan Publishers, 1988), <http://archive.org/details/AHistoricalSurveyOfProposalsToTransferArabsFromPalestine1895-1947>.

¹⁵⁰ The possible exception to this rule is Joseph Weitz who did put effort into preparing the ground for transfer prior to Peel Masalha, *Expulsion of the Palestinians*, 53, 65.

¹⁵¹ Masalha, *Expulsion of the Palestinians*, 44.

¹⁵² Masalha, *Expulsion of the Palestinians*, 87, 90.

¹⁵³ However, both American non-Zionists and Zionists looked at the Greek/Turkish population transfer as a model to be replicated. Perhaps not surprisingly American Jews never saw Native Americans as a historical precedent to be replicated Medoff, *Baksheesh Diplomacy*, 63; Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947*, 90.

economics and engineering, a tool for a properly organized settlement process. The differences extended to consequence as well as conception. While scholars ponder the extent to which pre-1948 Zionist discussions of transfer shaped the forced displacement of Palestinians in the Nakba, it is difficult to imagine that the Norman Plan served as any sort of blueprint for the Palestinian expulsions in 1948-49. Its most significant impact lay elsewhere: in its circulation among American elites and in its normalization of the idea that Palestine's Arab population was unproductive, loosely tied to the land, and economically mobile, and therefore movable without profound moral or political cost.

The PEC and the American Mainstreaming of Transfer

As the details and development of the Norman Plan are laid out elsewhere, I only briefly summarize them here, instead focusing on the role the PEC played in its support and dissemination.¹⁵⁴ Norman, an American Jewish millionaire and non-Zionist, first became interested in Palestine upon reading the Joint Survey Commission's report (in which the PEC played a critical role; see chapter four), which he read as a warning that Jewish colonization in Palestine rested on unstable foundations. The Yishuv, he concluded, was proceeding "from an idealistic rather than from a realistic basis."¹⁵⁵ That outlook made Norman a natural ally of the Palestine Economic Corporation (Norman was also a major supporter of capitalist cooperatives, again making him a natural ally). By 1933 he began serving together with PEC leaders on the board of Palestine Potash, and in 1934 he joined the PEC board—one of the few investors in the era to provide a new capital infusion into the institution.¹⁵⁶

Norman gradually came to the conclusion that many Zionists and non-Zionists had come to before him, that continued Jewish immigration into Palestine would require large-scale Arab

¹⁵⁴ Rafael Medoff covers the history extensively in his work. His account is far more narrative driven than here and is focused more on the personal characters of Warburg and Norman, rather than their institutional and ideological connections. Medoff, *Baksheesh Diplomacy*. Nur Masalha also details the program, however, much more briefly, and largely discounts its importance.

¹⁵⁵ Medoff, *Baksheesh Diplomacy*, 20.

¹⁵⁶ Minutes of the Twenty-Eighth Meeting of the Board of Directors of PPL, February 14, 1932, box 293, folder 14 Palestine Potash, Warburg Papers, AJA; Memo: New Capital for Palestine Economic Corporation, October 13, 1934, box 6, folder Capital, New 1930-1939, NYPL.

transfer. In private correspondence he acknowledged that Jewish settlement entailed “taking over Palestine without the consent of the indigenous population,” and that the Arab population “cannot be exterminated, nor will it die out.” If Jews were to “fill up Palestine,” the Arabs would have to be found “a place to go.”¹⁵⁷ His solution was to construct a systematic, capitalized mechanism for transfer. In draft plans first composed in early 1934 (and subsequently revised), Norman proposed the creation of a Palestine and Iraq Colonization Company that would purchase Arab land in Palestine in bulk, resell it to Jewish settlers at higher rates, and use the profits to finance the resettlement of Palestinian Arab peasants in Iraq at an estimated cost of roughly \$300 per person. Over time the projected scale expanded dramatically, with discussions envisioning the transfer of hundreds of thousands—and ultimately up to a million—Palestinian Arabs to Iraq, nearly the entire Palestinian Arab population, thereby freeing large tracts of land for Jewish settlement.¹⁵⁸

Norman envisioned the plan unfolding in stages. First, the “principle” of transfer would be discussed discreetly among influential men accustomed to viewing Palestine affairs “from the economic point of view.”¹⁵⁹ Next, inquiries would be made—without public disclosure—into whether the Iraqi government possessed sufficient unused fertile land and would welcome Arab agricultural immigration.¹⁶⁰ Finally, land would be purchased, one village at a time, with the entire village unit departing together for Iraq. To assess support in Iraq for the scheme, Norman dispatched the journalist and political intermediary Montague Bell to Baghdad. Operating on Norman’s payroll in 1938–39, Bell attempted to elicit governmental support for the project by writing expert articles suggesting that Iraq was in dire need of additional Arab farmers—without ever explicitly mentioning the idea of Arab Palestinian transfer from Palestine.¹⁶¹ These

¹⁵⁷ Masalha, *Expulsion of the Palestinians*, 93.

¹⁵⁸ Masalha, *Expulsion of the Palestinians*, 93–95; Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947*, 151–52.

¹⁵⁹ Masalha, *Expulsion of the Palestinians*, 94.

¹⁶⁰ Masalha, *Expulsion of the Palestinians*, 95.

¹⁶¹ Medoff, *Baksheesh Diplomacy*, 124; Masalha, *Expulsion of the Palestinians*, 97–99.

underhanded efforts even involved the payment of substantial sums—reportedly including £2,500 to Iraqi Foreign Minister Tawfiq al-Suwaidi intended to secure official cooperation.¹⁶²

Throughout, Norman framed the proposal as mutually beneficial. Arab peasants would receive land in Iraq, often described as more fertile and irrigable; Iraq would gain agricultural settlers; and Jews would gain access to land in Palestine without resorting to overt coercion. The mechanism, however, depended on capitalization and coordinated land transfer. Arab villages in Palestine would be purchased and depopulated; Jewish settlers would take possession; the proceeds would underwrite transportation, mortgage advances, and resettlement in Iraq.¹⁶³ The plan thus translated demographic reordering into an investment scheme—one in which displacement, land speculation, and humanitarian rhetoric were interwoven within a corporate structure designed to render transfer administratively feasible and financially profitable.

Not surprisingly given its framing, many leaders of the PEC became strong champions of the Norman Plan. Felix Warburg was the first major Jewish American figure to endorse the plan, and his encouragement was particularly strong. According to contemporaries, Warburg was so enthusiastic about the proposal that he offered to contribute ten dollars for every dollar Norman himself invested in advancing it—a striking endorsement given Norman’s own wealth and the scale of funds under discussion.¹⁶⁴ Warburg also advised that exploratory contacts in Iraq be conducted through a non-Jewish intermediary, so that the initiative might *appear* to originate from Iraqi interests rather than Jewish design.¹⁶⁵ Norman followed this recommendation by hiring Bell, whose job was to sow the seeds of Palestinian transfer in Iraq in such a way as to make the idea seem to sprout indigenously from Iraqi society.

While past writings on the plan have made it seem like a purely private crusade, Norman imagined the PEC would play a critical role in its eventual implementation.¹⁶⁶ Writing to PEC

¹⁶² Medoff, *Baksheesh Diplomacy*, 181.

¹⁶³ Norman to Simon, box 15, folder PEC stock-program for sale 1935, 1939, NYPL; Masalha, *Expulsion of the Palestinians*, 93–95.

¹⁶⁴ Medoff, *Baksheesh Diplomacy*, 184.

¹⁶⁵ Masalha, *Expulsion of the Palestinians*, 97.

¹⁶⁶ This is a real throughline of the second half of Rafael Medoff’s work, as he stresses Norman “picking up the torch” from Warburg, but moving primarily in the direction of Transfer. In private correspondence between myself

president Julius Simon in 1939, Norman spoke of his plan for the “transfer of Arab peasants from Palestine to Iraq.” He continued “next winter may find me in possession of an agreement with the Kingdom of Iraq that will make possible such a resettlement provided the necessary funds can be found. It seems to me that the P.E.C. would be the right instrument through which to obtain such funds from America.”¹⁶⁷ Funds would be required not only to purchase Arab villages in Palestine, but also to advance capital to the Iraqi government so that it could extend mortgage loans to incoming settlers. In Norman’s vision, PEC capital would thus underwrite both sides of the demographic exchange: acquisition of land in Palestine and agricultural development in Iraq.

Support for the plan extended beyond Warburg. Figures closely associated with PEC and its wider orbit—including James Rosenberg, Cyrus Adler, Maurice Karpf, Paul Baerwald, and Sol Stroock—expressed sympathy for or interest in the scheme, many of them non-Zionists who, like Norman, viewed economic organization as the primary lever for resolving the Palestine impasse.¹⁶⁸ Even Louis Brandeis, technically not on the PEC board but closely involved with its work and at moments supportive of binational arrangements, reportedly described Norman’s plan as “good” and urged him to give priority to the Iraq proposal.¹⁶⁹ In each case, what made the scheme palatable was its humanitarian framing and presentation as a rational program administered by experienced men accustomed to large-scale economic undertakings.

The plan’s circulation widened considerably after the Peel Commission of 1937 legitimated partition and population exchange as subjects of official debate. Although the Commission’s recommendations did not adopt Norman’s proposal, they rendered the concept of transfer discussable within mainstream political forums. Norman traveled to London in late 1937 and early 1938, where he met with leading Zionist figures including Chaim Weizmann, David Ben-Gurion, Moshe Shertok, Vladimir Jabotinsky, and others connected to the Jewish Agency

and Dr. Medoff he reiterated this belief in the idea of Norman’s efforts as a personal crusade; Medoff, *Baksheesh Diplomacy*.

¹⁶⁷ Norman to Simon, box 15, folder PEC stock-program for sale 1935, 1939, NYPL.

¹⁶⁸ Medoff, *Baksheesh Diplomacy*, 185–86.

¹⁶⁹ Medoff, “American Zionist Leaders and the Palestinian Arabs, 1898-1948,” 210.

and the Zionist Executive.¹⁷⁰ While reactions varied, Norman reported that they were “very much interested in the scheme.”¹⁷¹ What had begun in private correspondence among American economic elites thus moved into conversations at the highest levels of Zionist leadership.

The proposal also reached the American executive branch through the mediation of Brandeis. In October 1938 Brandeis met with President Franklin Roosevelt and discussed the proposed plan for Arab transfer out of Palestine. In subsequent correspondence Roosevelt expressed surprise at the increase in the Arab population of Palestine—reflecting a frequent Zionist talking point that many Arabs in the country were newcomers without deep roots in the land—and inquired about the availability of land in neighboring Arab countries.¹⁷² Within months Roosevelt was writing of relocating “two to three hundred thousand Arabs” to Iraq and speculating about a financing structure in which the United States, European governments, and Jewish private subscriptions would each contribute substantial sums—possibly \$100 million apiece—to underwrite development and resettlement.¹⁷³ The language echoed Norman’s own: irrigation, well-digging, agricultural settlement, capital advances. Transfer was framed not as an act of expulsion but as a coordinated program of development and demographic adjustment.

Norman himself reinforced this movement into official channels through direct contact with members of the State Department. He met with officials including Wallace Murray and Paul Alling, presenting the plan in measured, technocratic terms and emphasizing its economic logic and supposed mutual benefit. Assistant Secretary of State Adolf A. Berle reportedly described himself as “very much impressed with Mr. Norman’s reasonable views on the Palestine problem,” a telling formulation that cast large-scale demographic reordering as sober policy analysis rather than ideological extremism.¹⁷⁴ Even where skepticism persisted—particularly regarding the feasibility and the political consequences of compulsion—the fact that such

¹⁷⁰ Masalha, *Expulsion of the Palestinians*, 97–99; Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947*, 110.

¹⁷¹ Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947*, 110.

¹⁷² Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947*, 149–50.

¹⁷³ Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947*, 151–52; Medoff, “American Zionist Leaders and the Palestinian Arabs, 1898-1948,” 212–16.

¹⁷⁴ Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947*, 149.

conversations took place at senior levels of the department illustrates how thoroughly the proposal had entered mainstream diplomatic discussion.¹⁷⁵

The diffusion did not end there. Former President Herbert Hoover, whose earlier rhetoric and practices of infusing capitalism and humanitarianism had shaped the PEC's own understanding of investment as uplift, publicly endorsed a proposal in the mid-1940s informed by the Norman scheme. Hoover suggested that Iraq be financed to complete large-scale land development on the condition that it serve as the site for Arab resettlement from Palestine, thereby "clearing" Palestine for Jewish immigration.¹⁷⁶ He presented the idea as a practical and humane solution, stating that as an engineer, he sought to achieve "an engineering" solution to the Palestine conflict" and that such a plan would benefit "the Jewish people, the Palestinian Arabs and the State of Iraq."¹⁷⁷ Hoover went on to try and popularize the plan for transfer of Arabs to Iraq, writing an article to the Associated Press on the concept, which then sent it to 350 newspapers across the country.¹⁷⁸ Drawing almost directly from Norman, Hoover stated "the Arab Palestinian population would be the gainer from better lands in exchange for their present holdings. Iraq would be the gainer for it badly needs agricultural population." Hoover also promoted the plan directly to influential leaders, including James G McDonald, the former high commissioner of refugees who had been appointed to the Anglo American Committee of inquiry to Palestine. McDonald responded that he had read the statement carefully and was sure the Anglo-American committee would carefully study the idea of transfer to Iraq.¹⁷⁹

Taken together, these episodes demonstrate how the Norman Plan, though never formally adopted by the PEC nor implemented in Iraq, achieved a remarkable degree of elite normalization. Through PEC networks it acquired institutional credibility; through Warburg and Brandeis it entered the inner circles of American Jewish leadership; through Roosevelt and

¹⁷⁵ Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947*, 149–50.

¹⁷⁶ Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947*, 155–56; Masalha, *Expulsion of the Palestinians*, 105–7.

¹⁷⁷ Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947*, 155.

¹⁷⁸ To Hoover's consternation, it appears only seven papers published his article. Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947*, 157.

¹⁷⁹ Simons Chaim, *A Historical Survey of Proposals to Transfer Arabs from Palestine, 1895-1947*, 161.

Hoover it was discussed in the language of presidential statecraft. At each stage, the proposal retained its original structure: demographic reordering financed by capital, justified as development, and administered through corporate forms. In this sense, the Norman Plan exemplified a distinct American articulation of Arab displacement: a vision in which population movement was rendered legible, and at times attractive, as a problem of investment, engineering, and administrative coordination rather than as a fundamentally political act.

Conclusion

On October 20, 1937, Felix Warburg died at home at the age of sixty-six after suffering a heart attack. Friends and family later speculated that the immense strain he carried in his final years—confronting the rise of Nazism and struggling to respond to the increasingly perilous situation of Jews in Germany and Palestine—had taken a profound toll.¹⁸⁰ Known for his buoyant spirits and outward joviality, Warburg had long served as the PEC's indispensable leader: its most tireless advocate, most connected power broker, and largest financier. His death accelerated an already evident decline in the influence of both the PEC in Palestine and the REC abroad. Without his personal authority and deep pockets, the PEC would never regain its earlier prominence.

Warburg's death did not create the PEC's decline so much as expose how quickly the institution had fallen. Even before 1937, PEC capital no longer commanded the leverage it once had in Palestine, abroad the REC's ties to American overseas investment and imperial networks were proving increasingly double-edged—sources of access but also of political vulnerability and backlash. Furthermore, political realities had shifted in Palestine: American Jewish investment was no longer sufficient to dictate developmental priorities, and claims that economic development could resolve intercommunal conflict rang increasingly hollow. The institution's capacity to concretely shape Jewish life in Palestine had already diminished; after Warburg, that capacity effectively collapsed, even as the PEC continued existing work in Palestine. Although

¹⁸⁰ Medoff, *Baksheesh Diplomacy*, 112–13; Cyrus Adler, "FELIX M. WARBURG," *The American Jewish Year Book* 40 (1938): 23–40.

the REC continued to explore new avenues of Jewish resettlement—including the Mindanao plan, which began to take shape in 1938—and PEC leaders entertained proposals for Arab transfer to Iraq, these efforts unfolded within an institutional structure that had lost the leverage it once possessed.

The attempt to reproduce in Latin America and the Philippines what had once seemed workable in Palestine revealed how dependent the PEC's model had always been on specific imperial conditions. In these new settings, leaders encountered two distinct but compounding obstacles. First, American capital operated within fraught imperial landscapes. Unlike Mandatory Palestine—where British authorities welcomed outside Jewish investment—these regions carried long histories of U.S. intervention and were wary of the political conditions embedded within American development schemes. Access came entangled with suspicion.

Second, and no less consequential, the PEC's technocratic method proved tragically ill-suited to the accelerating crisis of European Jewry. Expert commissions, feasibility studies, and carefully structured settlement plans had once been held up by PEC leaders as hallmarks of responsible planning. Under the pressure of Nazi persecution, however, deliberation and study translated into delay. Months and years of investigation allowed narrow windows of rescue to close, with painfully few German Jews resettled.

And yet despite its diminished power in Palestine, and failure to export its work to new geographies, the PEC did not simply disappear. Its material imprint on Palestine's landscape, its rhetorical insistence on “non-political” economic intervention, and its effort to reconcile Jewish humanitarian obligation with the logics of American capitalism proved far more durable than its institutional power. If the PEC as an actor waned, its language, practices, and assumptions endured. It is to these afterlives—to the ways its models outlived its moment of dominance—that we now turn.

Conclusion: The Afterlives of the PEC

Felix Warburg's death in 1937 did not mark the end of the Palestine Economic Corporation (PEC), but it did symbolize the collapse of its original ambitions to transform Jewish life in the Mandate through the application of American capital and managerial expertise. The institution continued to manage its assets in the region and offered some new investments, yet it no longer possessed the influence necessary to realize those expansive goals. This shift is visible in the PEC's 1939 annual report, which reads less like a celebration of the organization's capacity to shape Palestine's economic and social development and more like a chronicle of events unfolding beyond its control. By that year, the scale of Palestine's economy had grown dramatically; more than a billion dollars sat in bank deposits in 1939, making capital and credit far more accessible and rendering the PEC's financial resources insufficient to meaningfully direct broader political and social developments in the Mandate.¹

At the same time, the corporation's activities were not irrelevant. The Central Bank of Cooperative Institutions alone extended roughly \$1.5 million in loans in 1939, demonstrating that the PEC still exercised a measurable economic presence. Yet these were primarily short-term loans of a year or less—forms of credit which, as discussed in chapter one, carried far less capacity to shape the region's political economy than the long-term developmental financing that had once defined the corporation's ambitions. As its relative economic leverage declined, broader political conditions further constrained the organization's role. British officials in the Mandate increasingly grew wary of Jewish led development projects, while the Zionist movement's turn toward an ideology of "statism" left diminishing room for a private non-Zionist American-led body such as the PEC to maneuver.²

By the end of the decade, the corporation had been pushed toward the more routine functions of a financial institution—lending money, collecting debts, and managing subsidiaries.

¹ PEC, "Palestine Economic Corporation Thirteenth Annual Report for the Year 1939."

² Jacob Norris, *Land of Progress: Palestine in the Age of Colonial Development, 1905-1948* (Oxford University Press, 2013), 91; Anthony Berris and Anita Shapira, *Israel: A History* (Waltham, Mass. : Brandeis University Press, 2012), 89.

Though still economically active in Palestine, the PEC had largely lost its capacity to shape the region's political economy. In a final irony, the institution achieved its claim to apolitical status only because it became increasingly marginal.

Warburg's death also marked an important shift in historians' ability to reconstruct the history of the PEC. Most documents produced before 1938 that are now held in archival collections—including the main repository of PEC papers at the New York Public Library—bear a stamp from the investment bank Kuhn, Loeb & Company, where Warburg served as a partner. These stamps mark the date on which the bank received each document, often several weeks after the document itself was written. Although there is no direct documentary evidence explaining this practice, the pattern suggests that Kuhn, Loeb functioned as the primary site for the long-term filing of PEC records rather than the corporation's own offices. After 1937, however, few documents bear this stamp. The archival trail correspondingly thins, and the record of the PEC becomes scattered across dozens of personal and institutional archives. Much like the institution itself, the archival footprint of the corporation contracts dramatically after Warburg's death.

What remains, however, are decades of annual reports—some apparently lost, but others still preserved in research libraries—which track the corporation's activities over the next sixty years. Taken together, they portray an organization that increasingly resembled a conventional holding company. As one PEC leader once warned in his bleak vision for the institution's future, the corporation risked becoming little more than the “‘milking’ of its subsidiary organizations for profits.”³ The reports continued to celebrate the broader success of Jewish settlement in Palestine—or, after 1948, the State of Israel, where the newly renamed PEC Israel Economic Corporation continued to operate—but they claimed a far more modest role for the organization

³ Unsigned to Simon, April 12, 1935, box 6, folder capital, new 1930-1939, NYPL.

itself, presenting the corporation primarily as a supporter of promising economic ventures rather than a driver of the region's political economy.⁴

The final decades of the PEC further reflected this transformation. In 1970 the now named PEC Israel Economic Corporation became a partially owned subsidiary of IDB Bank Holding, the parent company of Israel Discount Bank, one of Israel's major banking institutions, which had been founded in 1935 in response to the influx of German Jewish capital into Palestine.⁵ By 1990, the PEC appears to have sold the last of its remaining shares to IDB and was subsequently delisted from the New York Stock Exchange, effectively marking the end of the corporation.⁶

The PEC thus enjoyed a long—and deeply ironic—afterlife. Founded by American Jewish leaders, many of whom opposed the creation of a sovereign Jewish commonwealth and who sought instead to guide Jewish settlement through the mechanisms of private capital, the corporation had originally aimed to steer the Yishuv away from radical economic experiments and toward a model of American-style capitalism. Yet the institution ultimately ended its existence absorbed into a major bank operating within a sovereign Jewish state. The decades between its initial absorption by IDB and final dissolution also coincided with a broader transformation in Israel's political economy, as the country gradually moved away from the remaining vestiges of Labor Zionism's socialist ethos toward the far more market-oriented, neoliberal economic system that characterizes Israel today.⁷

Whether the founders of the PEC would have viewed this outcome as failure or vindication is difficult to say. They might have lamented the triumph of Jewish nationalism and the loss of the corporation's influence over the direction of Jewish settlement. Yet they also

⁴ The name change appears to have taken place sometime between the year 1961 and 1970 PEC Israel Economic Corporation, *PEC Israel Economic Corporation Annual Report for the Year 1970* (1971).

⁵ PEC Israel Economic Corporation, *PEC Israel Economic Corporation Annual Report for the Year 1970*, 3.

⁶ The article doesn't make clear if sale actually takes place, but given the record of the PEC disappears at this time, it is safe to assume it did. Bloomberg News, "Sale of PEC Shares To Parent Is Urged," Business, *The New York Times*, August 19, 1999, <https://www.nytimes.com/1999/08/19/business/sale-of-pec-shares-to-parent-is-urged.html>.

⁷ Arie Krampf, *The Israeli Path to Neoliberalism: The State, Continuity and Change*, Routledge Studies in Middle Eastern Economies (Routledge, 2018).

might have recognized something familiar in the penetration of market capitalism into nearly every sector of Israeli society which allowed it to be absorbed by a homegrown Israeli bank. The afterlives of the Palestine Economic Corporation, however, extend far beyond the institution itself. Its legacies are etched into the physical landscape of the State of Israel—visible not in archival files but in industrial zones, suburban neighborhoods, agricultural systems, and extraction sites scattered across the country. One can still encounter the traces of the PEC’s ambitions by moving through the geography of Israel itself. A tour of these landscapes reveals how the corporation’s vision of capitalist development reshaped the terrain of Mandate Palestine and continues to structure economic life in Israel today.

The journey might begin in the north, in Haifa Bay, where the PEC helped advocate for the creation of a major industrial district during the Mandate period. The region was deliberately zoned for heavy industry and surrounded with Jewish residential neighborhoods so that Jewish workers would have direct access to industrial employment. That spatial logic remains visible today. Refineries, petrochemical plants, and shipping facilities still dominate the bay, while nearby residential areas of the Krayot house the descendants of the communities the PEC hoped would benefit from the jobs created there. Yet the industrial zone has also produced consequences few planners anticipated. Haifa Bay is now widely considered the most polluted area in Israel, with elevated rates of cancer and respiratory illness reported in nearby communities. In recent years environmental activists and municipal leaders have pushed for the closure of the refineries; in 2021 the Israeli government announced plans to phase them out and redevelop the area, but as of now, their future remains unclear.⁸

Leaving Haifa and traveling south along the coastal plain—perhaps along streets the PEC itself helped to align and plan—one encounters another layer of the PEC’s influence in the agricultural towns and suburban communities that dot the region. Neighborhoods in Binyamina,

⁸ Raz et al., “Associations between Exposure to Industrial Air Pollution and Prevalence of Asthma and Atopic Diseases in Haifa Bay Area”; The Jerusalem Post | JPost.Com, “Plan Approved to Remove Polluting Factories from Haifa Bay.”

Pardes Hanna, and Rehovot were created through the corporation's housing loans and construction programs.⁹ In addition credit for land purchases and home construction, flowed into other coastal settlements including Petach Tikva, Nes Ziona, Rehovot, Rishon LeZion, Kfar Saba, Hadera, Herzliya, Netanya, and Ra'anana, all the way down to what is today called the Old North in Tel Aviv.¹⁰ The intention behind these programs was explicit: to encourage independent, and secure homeowners living an American style of life, either in agricultural or suburban settings. In the language of the PEC's own reports, the goal was to transform Jewish settlers into "self-supporting small-holders."¹¹

The social vision behind these policies remains visible today. Many of these towns have become some of the most desirable residential areas in Israel—quiet suburbs defined by private homes, gardens, and small-scale agriculture as well as the Old North, one of the most desirable urban areas in the country.¹² Their continued character reflects the PEC's wager that private property and wage labor would prove an attractive alternative to the collectivist models championed by Labor Zionism. Driving through these communities today, one might also pass some of the hubs of Israel's modern high-tech economy: the sprawling technology parks in cities such as Ra'anana, Herzliya, Tel Aviv and Holon. Many of the buildings that house these firms are owned by Gav-Yam—the Hebraicized name of Bayside Land, the same corporation originally created to hold PEC-owned land in Haifa Bay—which has since grown into one of Israel's largest real-estate companies, owning and operating more than a dozen technology parks and commercial campuses across the country—as well as twenty upscale private residential developments.¹³

⁹ Pamphlet, *A Peasantry in the Making*; Palestine Economic Corporation, "Fifth Annual Report," 36.

¹⁰ Rural Mortgages, February 9 1931, Box 60, Folder Farmers' and Workers' Housing 1931-1933, NYPL.

¹¹ List of Appropriations, N.D. (Likely late 1931 or early 1932), Box 9, Folder Haifa Bay Worker's Suburb 1932-1933, NYPL.

¹² Rebecca Kopans, "Tel Aviv's Most Desirable Neighborhoods," Gindi, *Haaretz*, September 16, 2020.

¹³ TOOLBOX-DIGITAL MEDIA, "Gav-Yam Maniv Real Estate Company: Offices, Logistics and High-Tech Centers for Rent," Gav-Yam Maniv Real Estate Company: Offices, Logistics and High-Tech Centers for Rent, accessed March 13, 2026, <https://www.gav-yam.co.il/en/>.

Continuing south across the coastal plain, the agricultural infrastructure of the region reveals another layer of the corporation's legacy. The PEC invested heavily in irrigation systems, groundwater extraction, and export-oriented farming during the Mandate period. Although some of the institutional frameworks that once coordinated these activities—such as the Pardes citrus marketing system—have long since disappeared, the export-driven agricultural economy that the corporation helped stabilize continues to shape Israeli farming today. Even some of the physical infrastructure introduced in the interwar years—particularly well-drilling techniques and groundwater management systems introduced along the coastal plains—remains embedded in the region's agricultural landscape.¹⁴

Turning east toward the Dead Sea, the tour reaches one of the most enduring—and most complicated—monuments to the PEC's investment strategy. Here the corporation helped support Palestine Potash, the mineral extraction enterprise that transformed the Dead Sea into one of the region's largest industrial operations. The modern successor to this venture, ICL Group Ltd., remains a major player in global fertilizer and chemical markets.¹⁵

Yet the landscape surrounding the Dead Sea also reveals the long-term costs of this development. The sea itself has been shrinking rapidly for decades, losing more than a meter of water level each year as mineral extraction combines with the diversion of water from the Jordan River. As the shoreline retreats, sinkholes have appeared across the desert floor, swallowing roads, infrastructure, and sections of coastline.¹⁶ What once represented one of the PEC's most promising industrial investments has become an ecological crisis that continues to unfold. Seen together, these sites form a kind of geographic archive of the PEC's ambitions. From Haifa's industrial basin to the suburban towns of the coastal plain and the extraction complexes

¹⁴ Joseph Guttman and Zigmund Barenblat, "Improving Borehole Design and Upgrading Its Hydraulic Properties: Case Studies from Unconsolidated Aquifers in Israel," *Environmental and Earth Sciences*, September 13, 2023; Joseph Guttman et al., "Design and Testing of Recharge Wells in a Coastal Aquifer: Summary of Field Scale Pilot Tests," *Water* 9, no. 1 (2017): 53.

¹⁵ "ICL Group: Global Manufacturer of Specialty Minerals and Fertilizers," accessed March 6, 2026, <https://www.icl-group.com/>.

¹⁶ Berman, "The Dead Sea Is Dying. These Beautiful, Ominous Photos Show the Impact"; The Jerusalem Post | JPost.Com, "A Sinking Feeling."

of the Dead Sea, the landscapes shaped by the corporation's investments remain central to Israel's economic life. The PEC itself may have faded as an institution, but the physical world it helped construct continues to organize the daily lives of those who live there.

Beyond these physical legacies, the influence of the PEC persists in less tangible ways—in the patterns through which American Jews, and Americans more broadly, relate economically and emotionally to the State of Israel. The corporation's founders believed that financial instruments could create a legitimate and politically acceptable framework through which diaspora Jews could support Jewish development in Palestine. That logic has proven remarkably durable.

One of the clearest examples emerged shortly after Israel's founding. In 1951, as the new state struggled to recover from the 1948 war while absorbing hundreds of thousands of refugees, David Ben-Gurion traveled to the United States seeking financial support. Rather than relying primarily on charitable donations—the primary mechanism through which the Zionist movement had raised funds—Ben-Gurion introduced a new instrument: Israel Bonds. The bonds offered American Jewish investors a modest return, roughly 3.5 percent, while simultaneously channeling capital into the Israeli state. The strategy proved immediately successful. In their first year alone, the bonds raised more than fifty-two million dollars, more than double the amount Ben-Gurion had originally projected.¹⁷

Over time Israel Bonds have become one of the most prominent ways American Jews participate in the life of the Israeli state raising over 56 billion dollars and blurring the boundaries between religious ritual, civic identity, and economic investment.¹⁸ The High Holidays provide a particularly revealing example. In many synagogues, bond appeals are woven into the liturgical calendar: a rabbi, often standing on the bimah beneath both American

¹⁷ "Israel Business & Economy: State of Israel Bonds," Jewish Virtual Library, accessed March 3, 2026, <https://www.jewishvirtuallibrary.org/state-of-israel-bonds>.

¹⁸ "Israel Bonds | Invest in Israel," accessed March 3, 2026, <https://www.israelbonds.com/About-Us/DCI-Israel-Bonds.aspx>; Douglas Mulliken, "'It's Not Just Money; You Are Investing in Your Identity': Israel, the Jewish Diaspora and the Israel Bonds Programme," *Capital Markets Law Journal* 19, no. 2 (2024): 169–83.

and Israeli flags, urges congregants to purchase Israeli debt as an expression of communal solidarity. The Israel Bonds organization itself casts these appeals in explicitly ritual language. In its own materials, and using a strangely mixed metaphor, it compares the High Holiday bond drive to the Passover Seder: a recurring communal practice designed so that children will witness it, ask questions about it, and learn that supporting Israel can take the form of purchasing Israeli bonds.¹⁹ Through such practices, what began as a financial instrument has taken on the character of a communal rite. Even the leaders of the PEC—who believed that capitalist investment might help solve the “Jewish problem”—could scarcely have imagined the degree to which financial instruments themselves would become embedded in the liturgical rhythms of modern Jewish life, connecting American Jews to Israel.

The continuing resonance of this logic can also be seen in the thinking of contemporary American Jewish leaders. In a lecture delivered in 2025 at the University of Haifa celebrating his recent donation, hedge fund manager Bill Ackman described the evolution of his philanthropic philosophy. Early in his career, he explained, he had imagined accumulating wealth in order to distribute it through charitable giving. Over time, however, he came to believe that markets themselves often generate greater social benefit than philanthropy alone, with charitable efforts serving primarily to address the gaps markets leave behind, such as universities to which he was willing to donate. The sentiment echoes the worldview of this earlier generation of American Jewish investors who believed that economic development and private capital could serve as engines of social transformation.²⁰

This discourse, however, was never confined to American Jews. It appealed to them precisely because capitalist uplift—whether through associationism at home or dollar diplomacy abroad—had been framed as a distinctly American form of reform. Such approaches promised transformation through rationalized expertise, investment, and institutional design rather than

¹⁹ “Israel Bonds | Invest in Israel.”

²⁰ Judah Ari Gross, “Bill Ackman Gets Warm Welcome, Honorary Degree from University of Haifa, Says He’s ‘Bullish’ on Israel,” *eJewishPhilanthropy*, September 15, 2025, <https://ejewishphilanthropy.com/at-university-of-haifa-bill-ackman-gets-warm-welcome-honorary-degree-says-hes-bullish-on-israels-future/>.

through ongoing charitable dependency. Today similar ideas circulate widely among proponents of American capitalism under banners such as Environmental, Social, and Governance (ESG) or “conscious capitalism.”²¹ In this sense, contemporary discussions of socially responsible markets represent a continuation of the mission-capitalist ethos that once gave rise to the PEC.

For Palestinians in Israel, the occupied territories, and the diaspora, the PEC’s conviction that economic investment could resolve fundamentally political problems has proven remarkably durable. Successive development initiatives have continued to promise prosperity as a substitute for political rights, often reproducing rather than resolving the inequalities they claim to address. During the Biden administration, officials increasingly emphasized economic development and regional investment as pathways toward stability even as the formal peace process—officially still focused on the goal of a two-state solution—remained largely dormant.²² Similar ideas circulated among liberal American Jewish organizations. J Street, for example, has promoted investment in the Palestinian planned city of Rawabi as evidence that economic growth could foster a more stable future for Palestinians, presenting development as a pragmatic path forward when diplomatic solutions appear distant.²³

The same language of economic transformation has appeared across the political spectrum. Most recently Donald Trump has offered a highly publicized and ludicrous scheme to transform Gaza after its flattening by Israeli bombs into a “Middle East Riviera,” an imagined landscape of tourism, real estate development, and international investment. Whatever their ideological differences, these proposals share a striking premise: that capital, markets, and development might succeed where politics has repeatedly failed. They also share a long track

²¹ Kyle Edward Williams, *Taming the Octopus: The Long Battle for the Soul of the Corporation*, First edition (W.W. Norton & Company, 2024), 3–4.

²² Jacob Beckert, “Perspective | Biden’s Promises to Palestinians Probably Won’t Help Foster Peace,” *Washington Post*, July 24, 2022, <https://www.washingtonpost.com/made-by-history/2022/07/24/bidens-promises-palestinians-probably-wont-help-foster-peace/>.

²³ Nancy Reichman et al., *DAR Constitution Hall, 1776 D Street NW*, n.d.; Rawabi Home, *Rawabi Newsletter* (2015), 26.

record of failure, with few to no examples of economic development bringing peace or prosperity to Palestinians.²⁴

Alongside this enduring faith in economic solutions, another PEC-era legacy has also persisted—the belief that American Jews can maintain a relationship with Israel that is somehow insulated from politics. This idea was famously codified in the Ben-Gurion–Blaustein Agreement, in which David Ben-Gurion acknowledged the delicate position of American Jews by affirming that “the Jews of the United States... have only one political attachment and that is to the United States of America. They owe no political allegiance to Israel.”²⁵ The agreement created conceptual space for American Jews to support Israel while maintaining that such support did not compromise their civic loyalty.

Over time this notion of an “apolitical” relationship with Israel has proven remarkably flexible. Contemporary American Jewish institutions often describe their engagement with Israel in terms that emphasize culture, identity, or education rather than politics. Programs such as Birthright Israel or campus organizations like Hillel frequently frame their activities as nonpolitical encounters with Jewish identity and explicitly call themselves apolitical or non-political.²⁶ Defenders of Birthright, for instance, argue that the program simply exposes participants to Israeli society and a range of perspectives. In a recent defense of the program, historian Gil Troy went further, arguing that Zionism for American Jews should be understood primarily as a matter of identity rather than politics, and therefore should not be treated as politically controversial within Jewish communal institutions.²⁷ Such arguments extend a logic

²⁴ “Trump’s ‘Riviera of the Middle East’ Plan Fundamentally Misreads the Arab World,” *Center for American Progress*, February 26, 2025, <https://www.americanprogress.org/article/trumps-riviera-of-the-middle-east-plan-fundamentally-misreads-the-arab-world/>.

²⁵ “The Blaustein–Ben-Gurion Agreement,” *Jewish Museum of Maryland*, April 5, 2018, <https://jewishmuseummd.org/the-blaustein-ben-gurion-agreement-a-milestone-in-israel-diaspora-relations-part-1/>.

²⁶ Hillel has a slightly different framing, calling it “political pluralism” “Hillel Israel Guidelines,” *Hillel International*, n.d., accessed March 6, 2026, <https://www.hillel.org/israel-guidelines/>. For example see: Leonard Saxe and Barry I. Chazan, *Ten Days of Birthright Israel: A Journey in Young Adult Identity*, Brandeis Series in American Jewish History, Culture, and Life (Brandeis University Press ; University Press of New England, 2008).

²⁷ Gil Troy, “Opinion | The Left and the Right Are Both Wrong: For American Jews, Zionism Is Not Political.,” *The Forward*, accessed September 10, 2020, <https://forward.com/opinion/454046/the-left-and-the-right-are-both-wrong-for-american-jews-zionism-is-not/>.

already present in the earliest conception of the PEC: that American Jews could participate in the development of Palestine—today Israel—through frameworks that claimed to lie outside politics, even as those activities inevitably connected to and shaped political realities on the ground.²⁸

Perhaps the most profound legacy of the PEC, however, lies in the way Israel itself has come to occupy a distinctive place in American political imagination. From its earliest days, American supporters portrayed Jewish development in Palestine through familiar American narratives—of frontier settlement, technological ingenuity, and the transformative power of markets. Warburg, Marshall, and their contemporaries hoped that American capital and expertise might “do for Palestine what they had done for other countries,” linking the region to broader circuits of American influence and development.²⁹ What they could not have anticipated was how thoroughly Israel would come to be imagined within the framework of American political culture.

Today Israel is frequently celebrated in the United States among conservatives, evangelicals, and significant segments of the Democratic Party as an outpost of Western—and specifically American—values in the Middle East. Political leaders regularly emphasize supposedly shared commitments to democracy, free enterprise, and technological innovation. Organizations such as AIPAC describe Israel as a partner that shares America’s core ideals of “freedom, democracy, equality, and pluralism,” while politicians across the ideological spectrum echo similar themes.³⁰ For example, then Senator Marco Rubio described Israel as “the only pro-American, free-enterprise democracy in the Middle East,” while Democratic figures such as Hillary Clinton have emphasized the countries’ shared democratic and economic values in speeches before pro-Israel audiences.³¹

²⁸ “Meeting of the Executive Committee February”; “The American Jewish Committee Meeting of the Executive Committee Held on March 10, 1918,” March 10, 1918, AJC digital archive.

²⁹ “Non-Zionist Conference Concerning Palestine. Verbatim Report of the Proceedings,” October 20, 1928, 20, Berman Jewish Policy Archive.

³⁰ “AIPAC - Israel at 75: Shared Values,” AIPAC, accessed March 3, 2026, <https://www.aipac.org/resources/israel75-shared-values>.

³¹ “Rubio Campaign Press Release - WATCH: Marco Rubio Blows Away Audience with Speech on His Commitment to Israel | The American Presidency Project,” accessed March 6, 2026, <https://www.presidency.ucsb.edu/documents/rubio-campaign-press-release-watch-marco-rubio-blows-away->

Popular narratives about Israel's economy reinforce this image. Books such as the best-selling *Start-Up Nation* celebrate Israel as a hub of entrepreneurial innovation and technological dynamism, portraying the country as a model of market-driven creativity. Such narratives often foreground economic achievement while paying far less attention to the political and social conflicts, not to mention racial exploitation that accompany and even enable it.³² In this framing, Israel appears not only as an ally but as a particularly vivid expression of the values associated with American capitalism itself.

The exchange of ideas has also been bidirectional. Israeli leaders have at times embraced this framing, presenting Israel as evidence that capitalism can serve moral and national purposes. Former Israeli ambassador to the United States Ron Dermer, for example, has argued that Israel's economic success demonstrates how markets function primarily as moral tools, offering a narrative of capitalism as a force for collective flourishing.³³

Seen from these perspectives, the ambitions of the PEC's founders appear both modest and prophetic. Warburg, Marshall, and their colleagues sought to link Palestine to the circuits of American capital and expertise, imagining that economic development might reshape the region while allowing American Jews to remain politically distant from the project they were financing. They could not have foreseen, nor were they particularly interested in trying to imagine, the precise form these relationships would take. Yet the assumptions that guided their work—the faith in markets as instruments of social transformation, the belief that financial investment could provide a politically acceptable framework for engagement, and the conviction that Palestine could be understood through American models of development—continue to shape the ways Israel is imagined, financed, and debated today.

audience-with-speech-his; "Read Hillary Clinton's Speech to AIPAC," TIME, March 21, 2016, <https://time.com/4265947/hillary-clinton-aipac-speech-transcript/>.

³² Dan. Senor et al., *Start-up Nation: The Story of Israel's Economic Miracle*, 1st ed. (Twelve, 2009).

³³ "Israel's U.S. Ambassador on Capitalism, Genius and Chutzpah," *Knowledge at Wharton*, n.d., accessed March 3, 2026, <https://knowledge.wharton.upenn.edu/article/israels-u-s-ambassador-on-capitalism-genius-and-chutzpah/>.