

“Before 1933

*there was no  
paved road  
connecting  
Haifa and Acre;*

*there was a coastal, sandy road that ran along the seashore... What a beautiful road, running so close to those crashing waves that sometimes got entangled in the tires of cars and carriages... at times, the carriage proceeded leisurely, its wheels jostling with the waves; at times it flew on the snow-white sand, the horses' hoofs falling like strokes of melodies. The sea wind was invigorating, elating. The traveller enjoys the view of the clear blue sea and the sun's rays reflecting on its surface... this road from Haifa to Acre was, without exaggeration, one of the most beautiful in the world.”*

Rashid al-Haj Ibrahim, businessman, bank director, newspaper editor and Arabist is describing Haifa's landscape on the eve of rapid transformation. After 1933, the British mandatory authorities closed this old road and replaced it with one heading north through the oil refineries and the mushrooming European Jewish settlements. Ibrahim and his colleagues in the Haifa Arab Chamber of Commerce, as well as a number of various organisations in the city, objected to the closure. It was to be one of many struggles, hidden in the folds of informal politics, that Haifa businessmen waged in their attempts to preserve the markers of their city in the face of British colonialism and Zionist settlement.

Three issues emerge: first, that some Palestinians envisaged a nation-state which included a European Jewish minority. Secondly, that economic management became an arena in which Palestinian businessmen sought to shape the national struggle. Thirdly, that the British colonial government's unprecedented wartime intervention in

what Palestinian businessmen termed "economic affairs" created new opportunities for Palestinian cooperation with, and opposition to, the state.

Palestinian society before 1948 continues to be portrayed as being divided between the honourable peasant and the decadent, venal sophisticate. The trauma of 1948 has rendered the period before it a source of nostalgia for an idealised pastoral past.

When a middle class is recognised at all it is subject to three distinct narratives. The first approach sees it as an archaeological object whose excavation proves that Palestinians were "modern". Second, and more common, is the theme of shame at the middle classes' blind imitation of western modes, culture, and language. Thirdly, there is the larger narrative of failure which preoccupies the study of Palestinian history. If a middle class is recognised, it is only to say that it was too small and too ineffectual to influence change. Today, when a Palestinian state seems as far away as ever, academics continue to look to the past to explain what went wrong. But the nature of this search distorts the complexities of life as it was. What Palestinians did is of more interest than what they failed to do.

Historians have characterised the 1940s as a political vacuum when Palestinian Arabs were exhausted by three years of armed struggle, their political leadership in prison or exile, and their will drained. The 1940s, in fact, was a dynamic time. Political life did not close down. Its focus shifted from the hills and streets to the unexpected and often contradictory location of the Arab chambers of commerce.

These chambers dotted the cities of Palestine from the late Ottoman period. The 1940s witnessed a consolidation of the chambers' bureaucratic and institutional efforts, a proliferation of campaigns and projects as well as pamphlets, correspondence, and internal documents. The Jerusalem and Haifa chambers were the most organised in the 1940s and left behind the most extensive documentation of internal budgets and programmes.

During this period, chamber members, particularly those of Jerusalem and Haifa, launched bi-annual national economic conferences for service providers, retailers and entrepreneurs from the towns and villages of Palestine. These conferences issued popular calls to the general Arab population, ran campaigns at village and town level, and presented demands to the British colonial state in Jerusalem and London. Businessmen became figures of authority.

The consolidation of chamber efforts was in response to new colonial regimes involving economic intervention. As Europe moved towards all-out war in the late 1930s, Britain became increasingly

concerned about supply and distribution. The British government adopted a form of Keynesianism, marrying state and private interests in order to administer the war economy in the colonies. The British centralised the buying and holding of goods under its newly-established Middle East Supply Centre in 1941.

Palestine's colonial government played its part in this broader regime of British economic control, instituting a command economy by stages, beginning with regulating importers in 1939 to a full monopoly on all imports and locally-produced foodstuffs by 1942. In this period the colonial state made intimate incursions into people's daily lives, determining what and when they could eat (as in the 1941 meatless days ordinance) and the very shape of their food (as in the 1942 bread rules which limited bread baking to one shape and two sizes).

The state set up a large bureaucracy to administer the command economy. This process began with the establishment of the post of Economic Adviser in 1938 and culminated in the creation of the office of the so-called Control Authority in Palestine — which, at the height of the war, had more than 800 employees. A set of "defence regulations" became central to the colonial management of Palestine's economy; these regulations both marginalised Palestinian businessmen and provided them with new opportunities to organise their own interests.

The Past Trade Ordinance of 1939, which caused a great deal of discontent, was the first of a series of regulations around which Palestinian businessmen began casting their economic marginalisation in national terms and recasting the national struggle in economic terms. The ordinance forbade merchants from importing any product without documentation which could prove continuous activity from September 1938 to August 1939. This devastated Arab importers and merchants who had halted their business in 1938-1939 due to the boycott that accompanied the revolt. While not all businessmen supported the strike and revolt, none could continue business as usual.

Three strategies were employed by the chambers of commerce to oppose the ordinance. They organised an all-Palestine Conference, held in Haifa, to propose alternative policies; they began intensive petitioning campaigns; and they sent various special delegations to the Economic Adviser, Geoffrey Walsh. As the 1939 all-Palestine Economic Conference put it: "the particular period singled out for the Past Trade Ordinance miraculously happened to coincide with depression in Arab trade." This coincidence, the businessmen argued, was "directly connected to our very existence and will have a great bearing on our economic life." In this way economic survival

was linked to national existence. The nationalist language of the prior decade of non-cooperation and armed resistance shifted in the 1940s to a focus on economic prosperity as the nation's enabling structure.

The chambers and the economic conferences derived much of their social legitimacy from their ostensible role as mediators between the consumer and the colonial state. Yet these businessmen also sought to reform the society they claimed to represent. Those most closely associated with the chambers, such as Ibrahim, advocated caution about foreign (read British and Jewish) products along with encouragement for Arab-made goods. In 1943 the 13th Annual Arab Economic Conference, held in Haifa, issued a clarion call for action, distributed to newspapers and town criers up and down the country. It exhorted the population to "avoid indulgences in lifestyle and clothing... farm your land, protect your businesses and industries... and above all be fulfilled with necessity and abandon luxury."

As new regulations were published, businessmen used the systems of the everyday — markets and trade — to differentiate themselves from the official Palestinian political leadership and to gain social legitimacy. People's relationships to products was also a way for businessmen to define the "authentic Arab". A unitary Palestine held promise for businessmen and they saw the health of the Arab economy as central to their national survival within that unitary state.

Just who were these businessmen? As early as the First World War local industries including flour-milling, soap-making, weaving and metal-working shops were established in Palestine. While landowners continued to hold power in inland towns, important changes were taking place along the coast. Between 1918 and 1927 Arabs and Jews created 2,269 commercial and manufacturing enterprises, 60 per cent of which were Arab. By 1935, Arab capital investment had grown to include tobacco and a burgeoning textile industry. Wartime witnessed the largest growth: in 1939, there were approximately 340 Arab industrial establishments employing over 4,000 people. By 1943 the number of such establishments had jumped to over 1,500, employing almost 9,000 people.

These numbers are small compared to the rapid growth of Jewish manufacturing in Palestine, which went from generating 50 per cent of Palestine's output in 1920, to 60 per cent in 1930, and finally to 80 per cent during wartime-induced industrialisation. But Palestine's money supply grew sevenfold, and its domestic price level almost tripled. The two Arab banks grew faster in this period than any other financial institution in Palestine. Allied demands for agricultural products in the Middle East, and specifically Palestine, and the

increase in local demand for import substitution, offered farmers and villagers their first opportunity to escape indebtedness.

The middle class, always a nebulous category, should be understood flexibly in the mandatory Palestinian context. Lawyers, bank directors, and chairmen of commercial companies came to the forefront in the 1940s. During the late 1930s and 1940s the constituency of chambers of commerce in Haifa, Jaffa and Jerusalem was shifting from landowners to a growing group of commercial and manufacturing entrepreneurs.

Surviving membership lists of Arab chambers show a diverse membership including small and medium-sized service providers (manicurists to tailors), importers and retailers (grocers to department store owners), and ambitious if ephemeral finance initiatives (the Arab Bank). Political affiliations were also diverse. Chambers included figures such as Ahmad Hilmi Pasha, an Istiqlalist, who ran both the Arab Bank and the Arab National Fund; Fakhri al-Nashashibi, a loyalist of the pro-British, pro-Hashemite National Defence; and Ibrahim, who was a close ally of the Haifa-based populist movement and militant leadership of 'Izz al-Din al-Qassam as well as being an Istiqlalist. Inside these chambers, Palestinian businessmen took part in shaping a public whose general welfare, what they called the "public good", they would guard. It is the sober, realistic man and the frugal, creative, consumer-oriented woman that characterise a different sort of "national public" and the "public good" in this period.

Not all Palestinian businessmen had a negative attitude to imported goods; retailers, in particular, were dependant on them for their livelihoods. For example, Imil Butaji, a long-time retailer of British goods who ran a chain of small department stores, the largest of which was in Haifa, argued: "Luxuries are needs, necessary for the soul." In his correspondence with the Economic Adviser, Butaji claimed that stoves and refrigerators were essential to general well-being. Moreover, the HMV radio sets Butaji sold were crucial for putting across the message of British culture and civilisation to the peasants of Palestine. Butaji was aligned with the British and distant from what he called the "gangsters" of the revolt who had delivered "dark days" to his firm. While he was not closely affiliated with the Haifa Chamber of Commerce, his position shows internal disagreement about the official chamber stand on foreign imports specifically and austere consumption more generally. Perhaps more importantly, the ideal of subsisting off "local" goods and warding off "foreign" imports was rarely met in reality. So businessmen's attempts



*Jewish factory (Shemen works), 1930s.*

to cast the nationalist struggle in economic terms were constrained by their own interests.

Chambers made strides in the small struggles of the everyday, ensuring allotments of textiles, wheat, and rice for mills, wholesalers, retailers, and consumers. They also campaigned for increased loans to Arab farmers both from among their

membership and the government. Most of these efforts were short-term and were conducted in intermittent ways. The long-term and consistent business efforts were concentrated on contradictory bids to both oppose and take part in the colonial state.

Palestinian business institutions' influence was weakened by their tenuous dependency on the state. One consumption control scheme illustrates how access to state policy and decision-making was not the same for all parts of the community. In 1943, the colonial state went on the offensive against the high cost of living: profiteering in the vegetable markets was a severe problem and door-to-door vegetable hawking had become commonplace. The state reacted by establishing a consultative War Advisory Council which included Arabs and Jews and by launching a broad-ranging vegetable control scheme. Through a complicated system of road and transport control and the construction and regulation of municipal markets — all under the surveillance of the Palestine Police Force — the government attempted to set vegetable prices and bring the producer into direct contact with the consumer.

A Haifa District Commissioner report provides a glimpse of the heavy police presence in the vegetable scheme's implementation on October 11 1943. The police set up posts surrounding the city and inspected all incoming lorries. They directed unlicensed lorries to the municipal market with a notice about the details of the new scheme and a warning of the heavy penalties of contravening the new regulations. At the wholesale municipal market, food control inspectors checked vegetable lorries, countersigned permits, and transferred produce to wholesalers. They allowed wholesalers "to auction [produce] within price limits" and

licensed retailers to purchase vegetables. The municipal staff then supervised the retail markets.

In Jerusalem, the Arab market was “flooded by Jewish buyers, who cause a certain amount of bad feeling, and are prepared to pay high prices.” Resentment was also rife in Haifa where “retailers who had previously patronised the Jewish wholesale market were bidding in the open auction of vegetables at the Arab market.” The Haifa District Commissioner struggled to find temporary solutions, all of which seemed to fail. For example, he allowed the market to remain open to all bidders each morning until “it was found that an unreasonable quantity was being purchased by retailers from those parts of the town normally supplied by Talpioth [the Jewish market].” At that point food control inspectors stopped open bidding and permitted only retailers from the Arab market to purchase produce.

But the harder the state tried to control prices, the more unregulated prices flourished. This resulted in strife between the idealists at British headquarters in Jerusalem and the practical knowledge of district commissioners throughout Palestine. Arab and Jewish growers universally opposed the scheme; produce was left rotting in the fields rather than sold at the government’s low-base prices.

In the 1943-1944 crisis Arab vegetable producers were unorganised, which led to a policy of partial cooperation with government mechanisms and stunted attempts to oppose government control. Neither the chambers of commerce nor the executive council had the social base or legitimacy to mediate Palestinian demands and concerns. Jewish representations, in contrast, were almost always mediated. Jewish producers — like Jewish merchants and businessmen — were represented by well-established institutions. In the vegetable control scheme, the Tnuva cooperative — which represented 60 to 80 per cent of all Jewish settlement production — was a considerable force for the state to contend with. Three months after the vegetable control scheme went into effect the Jewish Agency assigned a committee to intervene in the debate. In a powerful move, this committee referenced E.M.H. Lloyd, who had laid the groundwork for the rationing system in Palestine and was the government’s colonial rationing expert. Local municipalities adopted the committee’s recommendations. European Jewish engagement with the British authority produced a unified “central directive” that brought the crisis to an end.

In the vegetable crises of 1943-1944 we see Shibli Jamal, an active chamber member, on the frontline pushing the colonial state on wartime regulation and Palestinian national independence. He appears

in the state's War Advisory Council, working alongside Golda Meyerson (later Meir), who would in 1969 become Israel's prime minister. For Jamal, participation in the war council was a chance to represent the Palestinian community and gain institutional experience. For Meyerson, who represented the Hebrew Labour Federation, the council was an important area of advocacy in an existing institutional network. Palestinians were aware of the need to build national bureaucracies and institutions, but the colonial state was the only place to do that.

The self-defined role of the chambers and economic conferences was to guard the nation's public good. Businessmen allied their interests with that of the national well-being. For their part local authorities, rural producers, and villagers often identified the businessman/merchant as the primary beneficiary of wartime Keynesianism. The chambers' role as mediating authorities guarding the public good was broadly presented but narrowly conceived.

So separatism was not, as has been long assumed, an ideological imperative for Palestinian nationalists. Businessmen shaped people's ideas about the healthy economy, the prosperous nation, and the normal Arab citizen-consumer. Palestine provides an example of how a colonised people understood access to commodities, as their "natural" right, in line with "natural" economic rights made possible by membership in those promising but shallow imperial representations of democracy and citizenship.

Such stories bring in a broader argument about the modern history of the Middle East. The British colonial state's crude implementation of colonial Keynesianism transformed Palestine into a single economic unit. The legacy continued long after 1948, both among Palestinians and throughout the region.

Businessmen in 1940s Haifa and throughout Palestine did not merely mimic the language of self-determination, citizenship, and national identity; they seized the vocabulary of freedom, democracy, and the Allied cause as potent ways to express their aims for self-rule. At the same time, the language of markets, commodities and trade provided opportunities for the privileged to shape the national identity and maintain their own social superiority.

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