

Chapter 3

DIAMOND WORK AND ZIONIST TIME



In our country the kind of system called “conveyor system” is usual. Every worker does only a small part of the work to begin with preparing the stone for cutting up till the cutting itself. Whereas the worker in Amsterdam and Antwerp completed the polishing from beginning to end, his Palestine colleague does only part of it and than hands the stone on to the next worker and so on, till the stone is finished. And since cutting a single-cut is rather uncomplicated thing and every worker does only part of it, it is clear that the necessary skill is easily acquired.

—David Rothblum, “Memorandum on the Prospects of the Diamond Industry in Palestine,” submitted to the Jewish Agency, 21 September 1943, CZA, S40/269/2.

The Reign of the Small Stone

It would have been expected that the traditional organization of diamond production as it had evolved for centuries in Amsterdam and Antwerp would be maintained in its new locations in Netanya and Tel Aviv. After all, the know-how of the craft, the methods of cutting and polishing, and the manner of enumerating the workers stood on deeply rooted norms and expectations, some of which were institutionalized in the nineteenth century in Amsterdam and after the First World War in Antwerp. Further-

more, the few diamond experts in Palestine who prior 1939 were already apprenticing the new workers carried with them from Belgium their cutting and polishing tools, know-how, traditions of induction, and also their notions of hierarchy and authority. Perhaps this burden of tradition and strict occupational-cultural norms were partly the reason why the British, advised as they were by such experienced figures in the diamond business as Ernst Oppenheimer, George Prins, Frederick Mathias, and Romi Goldmuntz, placed so much expectation on the “limited expansion” principle and on the adherence to it by Palestine’s diamond manufacturers. Limiting the expansion of Palestine’s and other centers’ diamond industries was perceived by these interested figures as guaranteeing Belgian postwar recuperation and a Jewish central role in it, and the maintenance of institutional traditions could well serve this purpose. In reality, however, the transplantation of the diamond industry to Palestine was more complex. It turned into a negotiation between tradition and novelty in which some occupational and organizational forms of operation were reproduced while others underwent an adaptation that was shaped by and catered to a variety of interests.¹

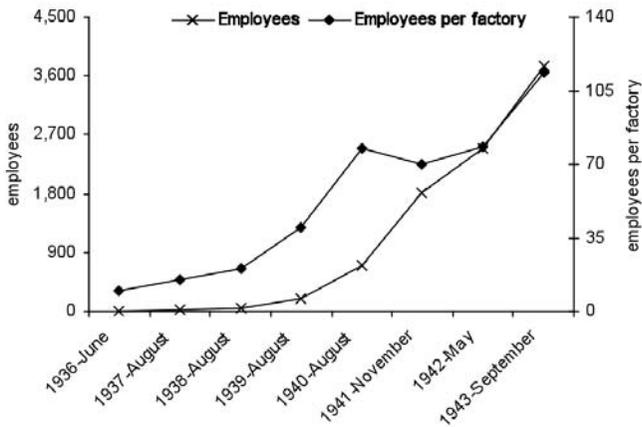
The context in which this negotiation developed was the restructuring of the map of the diamond commodity chain by the swift occupation of Antwerp and Amsterdam in spring 1940. Diamond mining could continue in countries yet untouched by the war, including in the Belgian Congo, which despite Belgium’s fall remained free and remained loyal to the Belgian government-in-exile in London. Diamond trading was, however, severely hit by the shutting down of the diamond exchanges in the Netherlands and Belgium. Business focused now on London and Johannesburg and was kept alive primarily by the distributive mechanisms of the De Beers cartel, by the American Diamond Dealers’ Club and by the shops on 47th street in New York. The decrease in trading by individual dealers caused by the paralysis of the Low Countries was now replaced by the invigoration of the purchasing activity of industrial diamonds by the warring governments.²

No less significant were illicit trade in diamonds and smuggling, which substituted formal business channels. The latter were evidently enhanced by the fervent search of the Axis countries to bypass the blockades imposed on them by the Allies, and by individual dealers who wished to profit from the war and challenge the boycott campaigns against the Germans. The map of cutting and polishing centers was thus redrawn. The cutting centers in Antwerp and Amsterdam were paralyzed by the occupation. Those in Hanau and Idar-Oberstein lost the contacts they had had with those centers that Germany attacked. The Germans occasionally revived diamond-cutting activity by forcing Jewish diamond workers to continue working. This was mainly done in the occupied countries; but

also in transition camps (such as Vught in the Netherlands), and from 1943, in the Star Camp in Bergen-Belsen in Lower Saxony, where skilled diamond craftsmen, mainly from the Netherlands, were forced to operate a diamond industry. Balancing the decline of the veteran polishing centers was the sprouting, in relatively short time, of the new centers in Palestine, England, Wales, Cuba, the US, South Africa, Brazil, and Puerto Rico.³

The spatial relocation and redistribution of the diamond-cutting centers evolved in different time spans, depending on the arrival of the refugees, the attitude of the governments, and the capacity of private capital to sustain the purchase of the rough diamonds and the labor cost of the diamond experts and workers. In the early years of the war Palestine seemed to have taken the lead as the fastest growing center (as demonstrated by the table below) because of the war-associated roles it was assigned to: to temporarily replace Antwerp, to keep the sales of De Beers going, to prevent the Germans from getting diamonds, to earn dollars for the war economies, and so on.

Figure 3.1 Palestine diamond employees, 1936–1943



Note: The total 3,759 in September 1943 consisted of 92 owners, 165 technical personnel, 154 clerks, 2,806 male workers, and 354 female workers. The technical personnel consisted of experts and work managers or foremen who considered themselves independent employees and apart from the workers and clerks.

Sources: CZA, S40/269/2; Jewish Agency, *Census of Palestine Industry*, Compiled by David Gurevich (Jerusalem, 1943), 210–19.

The sense of urgency in Palestine was fed also by the failure to bring over as many diamond experts because of the swift conquest of Belgium, and by the fear that an insufficient number of diamond workers could be duly inducted to sustain an industrial center. The “politics of limited

expansion” the Belgians and COFDI were practicing in London further fueled this sense of urgency, and they would keep up the tense atmosphere around Belgium’s “return” until late 1944. For the Palestine capitalist venture to succeed, the PDMA and the diamond manufacturers needed therefore not only steady supplies of raw material from the DTC, government backing in London and Jerusalem, and persistent demand for diamonds on the American market, but also time. The hurried selection of the new PDMA members, the consequent entry of investors lacking background in diamond production, and the prompt eruption of competition among the factories over experts reflected a sense of anxiety (less recognizable in other centers) over the short time given to the industry to strike root. No wonder therefore that the British, who needed nothing but disobedient capital owners and investors in Palestine, were quick to convey to the president of the PDMA Ben-Ami that the number of factories was reaching its limit, and that the expansion of the diamond industry in Palestine seemed already a challenging transgression.⁴

Time pressure affected, as we saw earlier, also the structure of the PDMA. The need to quickly establish a mechanism that would organize the industry, select its member-manufacturers, and negotiate the purchase of the rough diamonds in London, contributed to the PDMA’s hierarchical and centralized character. Ben-Ami’s authoritarian handling of the industry, and the network he wove among the manufacturers that was to depend on him, were partly a result of the pressure to act hurriedly in view of the German advance in Europe, COFDI’s pressures to limit Palestine’s advance, and even the attempts of the Department of Trade and Industry at the Jewish Agency to expand its influence over the manufacturers. This was one of the reasons why for many months to come the diamond manufacturers, who felt loyal to their occupational traditions in Antwerp and to the traditional relations in the industry, would revere Ben-Ami for his leadership and the business opportunity he created for them, and at the same time criticize him for the highly centralized orientation and regimentation the diamond organization was taking. The criticism was also the basis on which an internal opposition was gathering in the PDMA that would insistently call for a more liberal and pluralist employers’ association along the prewar Belgian model. This negotiation between tradition and adaptation, typical of the transplantation of the industry from Belgium, would focus, however, mainly on the labor process—the nature of work, the creation of the labor force, and, in the last instance, over employment relations.⁵

Any discussion of the labor process in Palestine’s diamond-cutting industry must start with what can be called the “reign of the small stone.” When the first factories began cutting diamonds in Petah Tikva and Tel Aviv in 1936–1938, rough diamonds did not arrive from the Diamond

Syndicate in London but from secondary middlemen and dealers in Antwerp. The latter kept close ties with the founders of the industry whom they knew from Belgium, and they were responsive to their demand for what they were accustomed to—a varied supply of all types of stones such as Sand, Meles, and Baguettes.⁶ The cutting and polishing of the small stones was Belgium's specialty in the 1920s and 1930s, and the mix of rough stones that was sent to Palestine did not seem to the Belgians a serious threat to their hegemony. Maintaining good trading relations with the Belgian dealers was more important for the few Palestine manufacturers than competing with the mother-center and the source of their supplies. When the war broke out the supplies from the Belgian sources dramatically decreased, and in winter 1940 the issue of the dried-up reserves of rough diamonds intersected with the turning of the syndicate in London into Palestine's sole source of supplies. It was during these negotiations that Ben-Ami and the manufacturers who joined his project began calling for a change of stone.⁷

The idea that Palestine should specialize in cutting and polishing small stones (and not in all types of stones) seemed to fit the notion of an alternative center to Antwerp that Mathias and Ben-Ami concocted in spring 1940. The paralysis of Antwerp could place De Beers in the trouble of unsold reserves of small stones. The American market was craving not only for industrial diamonds but also for small stones, which were perceived as a good investment for times of war. More significantly, in order to make a quick start (so the argument went) the Palestine industry should focus the induction of new workers on a narrower mix of stones, in particular on the small stones that required less expertise and training. The German success in competing with Belgium in the 1930s was, after all, based on a similar specialization.⁸

Mathias and Oppenheimer initially opposed the idea, contending that a new cutting center could not survive for long on a narrow selection of stones. They also suspected that Palestine's specialization in small stones would compromise the principle of "limited expansion" and harm Belgium's future recovery. What seemed to convince them to agree to Palestine's request was first that a variety of stones reaching Palestine would make it difficult to prevent some of them reaching the Germans (allegedly via Syria). Second, focusing on small stones allowed a smoother transition from Palestine's dependency on individual Belgian middlemen, to direct maintenance by the DTC and therefore greater regulation and control capacity by De Beers. Finally, Palestine needed a quick start, quick training of as many workers as possible, and the relatively quickly inducted small-stone specialization could well serve these purposes.⁹

The decision to focus on small stones that Ben-Ami and his leading manufacturers advanced was crucial. It was made before the establish-

ment of the PDMA and the selection of its member-manufacturers and thus impinged on the few existing factories, and on the future character of the industry. Palestine was now placed in a specific slot in an international division of labor, a slot occupied before the war by Belgium and fought over in the late 1930s by the Belgians against the advancing cutting centers in Germany. As the production of small diamonds was chiefly oriented to American consumers and to obtaining American dollars, the decision mixed the aims of British economic warfare with the economic needs of the government of Palestine and no less so with capitalist profit. Furthermore, the small stone gave Palestine an advantage over other centers that developed early in the war and did not have the institutional capacity to enforce such specialization. As we shall see later this specialization was indeed to play a crucial role in the industry's spurt and in Belgian apprehension of that spurt. At the same time, however, the small stone specialization determined Palestine's dependence on the DTC. After all, it would have to live off De Beers's reserves of small stones and the DTC channel was the only source of supply the British allowed Palestine to buy from. In turn this dependence harbored many risks. Any small-scale fluctuation in the supply of small stones (a routine phenomenon in the diamond trade) could hamper the smooth continuity of production in Palestine's new diamond factories, and any decision by De Beers to withhold (for a variety of financial or political considerations) such supply could well destabilize the relations in the factories. The diamond workers were mostly employed on a piecework basis and recurrent cessations of work due to this instability could fuel much anger. This is clarified by examining the labor process.¹⁰

The implications of the decision on small-stone specialization and its imposition on the factories shaped the labor process. Modern diamond cutting consists of four basic stages: assorting, sawing, cutting (or "brutting") and polishing.¹¹ The task of the first phase is to sort between rough stones (the raw material) that can be sawn and those that cannot. "Unsawable" stones (known as *Kappes*) would then undergo hand cleaving, cutting, and polishing. In contrast, the "sawable" stones (*Seigers*) would need first to be sawn and only then be cut and polished.

In the sawing phase that follows the assortment the stone is made a suitable shape. The rough stones are sawed into halves (or more workable pieces) by a sawing machine, usually with one worker-sawyer operating ten to fifteen sawing machines. The direction in which the stone is to be sawn is determined by the manager who takes into consideration the shape of the stone and the position of any flaws that may be in it. He marks on the stone a guiding line that shows the place at which it is sawn and the direction in which it would be sawn. The stone is then passed to the sawyer. The sawyer fixes the stone in cement, places the cement in a

sort of vice, and works through it with a power-driven saw in the direction marked out for him.

Then comes another phase in which the stones are cut into various forms suitable for polishing, and here one cutter is employed at one cutting machine. The cutter (or “bruter”) places the stone on a high-speed lathe and cuts the stone with another diamond. The cutter literally grinds away the edges until the stone has a round or circular base. These processes require great accuracy in the adjustment of the stone, steadiness of hand, and knowledge of the proper degree of pressure to be applied. An inexperienced hand might shiver a stone by applying undue pressure, and thus the main requirements are manual skill and knowledge of how to apply it.

In the final phase the facets of the diamond are polished or faceted, literally making the surfaces flat. Each facet is created by grinding the diamond on a horizontal blade as it spins with diamond dust and oil. The phase consists of four subphases. First, the large facet at the top is ground until level and smooth. Then the major facets are created on the bottom (the pavilion, the lower half below the girdle, which is the middle of the stone). This is followed by the large facets on top (the crown, the top half above the girdle). Then the pavilion facets are refined into more facets, followed by the crown facets. The final touch is often the tiny flat facet at the point of the pavilion (the culet).¹² These four subphases are applied in small stones, while in the slightly bigger ones another two are applied. A typical diamond worker in Amsterdam and Antwerp had to learn all the stones and all the phases, and even if he specialized as a sawyer, cutter, or polisher he would still need to learn all the four or six polishing subphases. It was for these reasons that apprenticeship in the Low Countries was a lengthy process, often up to three years, with the apprentice usually bound—by various material and nonmaterial ties—to the factory where he was apprenticed or directly to the trainer.¹³

In 1937–1940 the first diamond workshops in Petah Tikva and Tel Aviv taught their young apprentices the entire process. The experts—Zvi Rosenberg, Yosef Nadel, Sam Moed, Heinrich Goldmann, Moshe Offen, and Aharon Moritz—insisted on reproducing the traditions they themselves had acquired and taught in Antwerp. However, as we saw earlier, the outbreak of the war and the urgency felt by the British and in Palestine to quickly replace Antwerp and train new diamond workers in cutting of small stones determined that 70–80 percent of the stones supplied to Palestine was Sand, about 20 percent the slightly bigger Melees, and the rest big stones such as Baguettes. In the small stones there are 70–80 stones in 1 carat, while in the bigger ones 5–18 stones in 1 carat. Palestine’s concentration on the small stones meant therefore that the nascent industry needed and could absorb hundreds of workers. Moreover, the two main shapes

or cuts applied to the small diamonds were the single-cut and the full-cut. The single-cut (or eight-cut) shape (*Acht-Kant* in German or *Metuman* in Hebrew) has eighteen facets and it is often used for very small diamonds, Sand in particular. While the full-cuts (fifty-eight facets) have more brilliance and liveliness than the single-cuts, the latter have fewer facets and therefore are easier and less expensive to cut. Clearly, the concentration in single-cuts allowed greater industrial productivity.¹⁴

Finally and more significantly the logic that determined the concentration in the small stones and in single-cuts was reflected also in the restructuring the production process. The process was divided into a chain of specialized work stages (literally the “conveyor system,” in Hebrew *Shitat Ha-Sharsheret*), with each worker learning just one phase of the cutting, polishing, or even the subphases of polishing and the workers at each stage depending on the speed and quality of the workers in the former stage. A sort of an Adam Smith principle of the division of labor was adopted here, where instead of a factory based on working diamonds from start to finish and producing small amounts of finished diamonds, factories with workers allotted specialized tasks would produce many more diamonds. Thus compared to Antwerp, in Palestine four to six more workers were required to complete the polishing.¹⁵

This emphasis on the need for increased efficiency, productivity, and minute exploitation of time, and therefore on separating actual work from its planning and supervision was reminiscent of the principles of scientific management popularized by Frederick Taylor on the eve of World War I. Here again the time factor was behind the change in tradition: the need to quickly establish a cutting center, to preempt Belgium’s return to competition, and to prove the capacity of the new industry in Palestine to sustain its advancement. Similar to other areas of Zionist activity in interwar Palestine, also here the time factor became strongly associated with economic practice. Notions of increased efficiency, productivity, and Taylorization greatly advanced in Palestine during the Second World War and diamond finishing was certainly one of its leading carriers.¹⁶

The specialization and intensification of the labor process received the blessing of the British authorities and were effected from early on while the formation of the labor force had been still in progress. Geoffrey Walsh and John Fletcher learned first hand the difference that the new diamond factories were creating from the traditional centers and their support of the process was demonstrated by the pride the authorities felt and made known of the country’s new industry and new employment opportunities. The British interest in the issue stemmed from the contribution of the specialization and fragmentation of the labor process to the quickened turning of the Palestine diamond industry into a viable (albeit limited) alternative to Antwerp. No less significant was the prospect of more Ameri-

can dollars expected to be accrued from an intensely expanding industry. The British did not take part in the inner debates among the manufacturers on the problems that the fragmentation gave rise to. Neither did the British deal with the effects of the process on the work loads and working conditions of the individual worker. But the fact that the colonial state supported the process was as significant as its support of the industry's exclusion of Arabs. In both cases the British demonstrated a formative influence over the internal structure and relations in the industry.¹⁷

The implications of the conveyor system were obvious from the start. The increased number of workers that the division of production required brought about greater inspection. More crucially, the duration of training of the workers was drastically shortened from the three-year Antwerp model to three months. Small-stone specialization and chain production therefore needed an extensive system of induction, a great number of new apprentices, and adaptation of the manufacturers to the local model and to the contraction of the master-apprentice relations system.¹⁸

The shortening of the apprentice period dictated another change in tradition and in the occupational culture of the industry. An apprentice in Belgium would start his or her training by getting intimate knowledge of the cutting machine as well as from cloven stones, but not from sawn stones. This required the apprentice to get to know the stone very deeply and what effects the cutting machine could have on it. In Palestine the start of training was only from the "sawable" stones, thus neglecting deep knowledge of the quality of the stone and the intricate impacts of the cutting machine.¹⁹ The long apprenticeship in Belgium required extensive financing of the apprentice and his upkeep, and it also prolonged the period before he was able to start earning on his own. The system of bondage and obligation tied the apprentice and worker to the master and the factory and delayed his entry to the labor market.

In Palestine the apprentice became an earning worker after three months and could in a relatively short span of time turn into an ordinary factory worker. Workers' independence received therefore a new meaning. In Belgium independence was expressed in know-how and skill, in home work, in the respect of the arduous training process, and in the quality of work that stemmed from the long apprenticeship. These seemed to ease or balance the bondage. In Palestine the worker first achieved material independence. He was freer from the dependency on the factory owner or the labor unions to maintain his upkeep during training and he could become an earner at a quicker pace.²⁰

The chain or conveyor system of the labor process accentuated the supplanting of home work by the factory, did away with the integral character of the worker, and seriously impinged on the autonomy the diamond workers enjoyed in their traditional set up in the Low Countries.

Taylorization could add to profit and to quick expansion but it could also narrow the knowledge and multiple skills of the apprenticed worker. The body of the estranged worker became the extension of efficiency, as wrote one diamond worker in 1943: “The specialization of the worker in one part of the diamond processing which acquires the worker dexterity and great speed in a narrow and limited part of the profession, and considering that this is piecework—reduced the worker to the level of a machine without him being able to acquire for himself full and wide knowledge of the profession.”²¹

Thus, an entire work culture was undergoing a transformation, weakening the prewar linkages between old and new cutting centers. Notions of time, of the wholeness and totality of the skill, of the character of those initiated into the craft and of the traditional solidarities created by the old system—all these were changing now, blending technological change and efficiency for the sake of profit maximization with Zionist time considerations. The “Zionization” of the labor process, the merging of capitalist efficiency with quickened development and international competitiveness interested the Zionist economists who propounded the association between Herzl and Taylor, between national home for the Jews and efficiency. It also attracted the attention of the diamond people in London, some of them Jewish Belgian exiles, who feared that Palestine’s consequent specialization in small stones would not only surpass Belgium’s prewar supremacy but practically hamper its postwar recuperation. It was not therefore merely the German occupation of the Low Countries, their diamond industry being cut off from the Allied countries, and the fate of the Jewish diamond cutters that turned these worlds so distant in such a short time. It was also the diversification in Palestine of the traditional production process and its adaptation to local needs and interests that temporarily destabilized the continuity.²²

Gain and Discipline

The composition of the stones and the labor process determined the need for a large number of employees and thus quickened the selection of the labor force. The latter could be derived entirely from the Yishuv population as hardly any diamond workers were able to immigrate to Palestine after Germany occupied Antwerp. Young workers, male and female, who would be willing to be trained and to experience the intensive single-phase induction and the long hours of hard work that the expectation for high productivity dictated, were sought after. The young age of the apprentices (and consequently the high proportion of bachelors) was also influenced by the fact that the industry was new and that its novelty might have

deterred older workers in the Yishuv from risking moving to a new and unknown occupation and being treated as apprentices. This could also influence the majority of male workers. The fact that throughout the war about a quarter of all the workers was women indicated the extent of the industry's attraction and also the search of the industry for workers to whom it could pay less. It could well be that the new diamond manufacturers searched for workers with no previous affiliation to organized labor, and the young would therefore be preferred in particular when about 70 percent of the Jewish labor force in Palestine was part of the Histadrut.²³

Table 3.1 Employment in the Palestine diamond industry, late 1943

	Workers	Clerks	Foremen	Various	All Employed
Total	3,110	160	130	200	3,600
Tel Aviv	1,701	90	80	120	1,991
Netanya	1,181	60	40	70	1,351
Jerusalem	228	10	10	10	258

Note: Analysis was based on 32 factories: 17 factories in Tel Aviv, 13 in Netanya, 1 in Ramat Gan (included here in Tel Aviv) and 1 in Jerusalem. Of the 3,110 workers only 304 were women.

Source: D. Gurevich, *Workers' Wages in the Jewish Diamond-Polishing Industry in Palestine, 1944* (Jerusalem, 1945), 6.

In accordance with the ethnic character of the manufacturer membership, all the selected apprentices were Jews. The principled exclusion of Arabs reflected the joint British-PDMA consent on what they perceived as the need to create a trustworthy labor force, based on ethnic specification and ethnic solidarity, respect for the longstanding Jewish association with the diamond industry, and loyalty to the Jewish manufacturers. To create a Jewish-only industry was to strengthen the economy of the Yishuv and decrease unemployment among Jewish workers.²⁴ The ethnic and age selection drew many to the new industry and in turn added more to its sheer attraction among Yishuv workers. A wave of Jewish workers, Ashkenazi and Sephardi alike, from the Histadrut's youth organization to other labor organizations, flooded Histadrut-affiliated labor councils in Tel Aviv and Netanya in demand for a place in the new factories and training in diamond cutting. Many claimed they were willing to enter training in any condition, prepared to pay for the training and endure the hardships that the hasty apprenticeship entailed. The perceived profit was an equally important cause of attraction. The expected earnings of the individual worker, the promise it entailed even to support the parents,

and the expectation for material independence quickly overshadowed the training hardships.²⁵

Once the perception of the tempo of the industry's development became widespread, the supply of workers increased exponentially. Soon diamond cutting became Palestine's fastest growing industry with exports of polished diamonds increasing from LP 700 in 1940 to LP 2,600,000 in 1943. Other cutting centers, the industrial diasporas of the Belgian and Dutch diamond industries, could hardly match this growth. Moreover, hardly any industry in Palestine saw such dramatic increase in the size of its production units and average personnel.

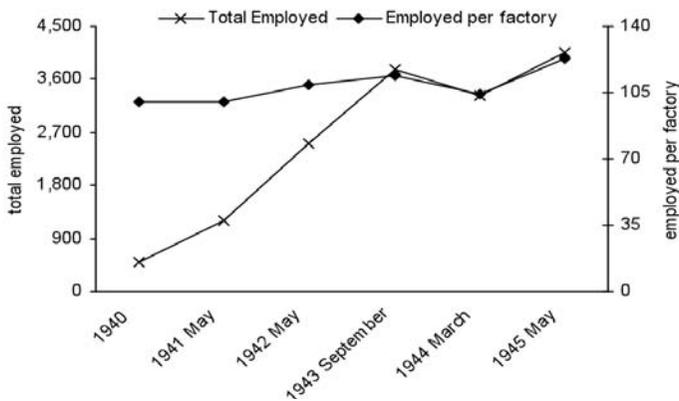
Table 3.2 Employment in the Palestine diamond industry, 1940–1945

	Factories	Workers	Other Employees	Total Employed
1940	5	400	100	500
1941 May	12	1,000	200	1,200
1942 May	23	2,100	400	2,500
1943 September	33	3,341	418	3,759
1944 March	32	2,875	455	3,330
1945 May	33	3,650	399	4,043

Note: On the eve of the German occupation there were 23,000–25,000 diamond workers in Belgium, of whom 18,000 were members of the *Algemene Diamantbewerkerbond van België* (ADB).

Source: "The Diamond Industry," *The Israel Economist Annual 1949–1950* (Jerusalem, 1950): 148.

Figure 3.2 Employment in the Palestine diamond industry, 1940–1945



Source: "The Diamond Industry," *The Israel Economist Annual 1949–1950* (Jerusalem, 1950): 148.

The employment arrangements in the factories were similarly associated with the consideration of control, time, and international division of labor. While home work in diamond cutting and the employment of domestic and familial labor were historically predominant, factory work became widespread in the Dutch and Belgian diamond scene already in the last third of the nineteenth century. Antwerp's increasing hegemony in diamond production and Germany's competitiveness were partly based on factory work, and in Palestine itself initial work was done in workshops that quickly developed into small electrical-driven manufacturing houses. At the same time, however, factory-focused cutting in Netanya and Tel Aviv was a built-in principle of the PDMA monopoly, and as a designed policy should be seen as another aspect of the cooperation between the manufacturers and the British. Home work was largely perceived as uncontrollable and thus exposed to the main danger the British feared in transplanting the industry to Palestine, namely, that stones would reach the Germans. Furthermore, the concentration of work in factories allowed the Ben-Ami monopoly to function, enforce the chain system and purchasing and exporting policies, reach generalized pay levels, and promise single-channel representation of the industry vis-à-vis the authorities and the diamond cartel in London.²⁶

The concentration of workers in factories and the associated prohibition of home work increased the PDMA's control of the manufacturers and enabled unified labor policy and remuneration. This was further enabled by the concentration of almost the entire diamond cutting workforce in Tel Aviv and Netanya.

Table 3.3 Diamond workers in Palestine by town, November 1943*

Town	Total	%
Tel Aviv	1,921	54.8
Netanya	1,403	40.0
Jerusalem	178	5.2
Total	3,502	100.0

* Excluding clerks and managers.

Sources: NCA, G/131/1117; Gurevich, *Workers' Wages*, 6.

Second, factory concentration created a potential for workers' solidarity and collective action, which domestic production discouraged. This was true in particular for the small factories, the majority, where 70–100 diamond workers on average were employed, and where by 1943 some 2,000 workers were employed in total each month. Third, it contributed to level-

ing of pay structures among large groups of workers, to restraint of further individual gain, and thus to common sources of complaint, collective action, and even militancy. The emergence of the large-sized establishment in the Palestine diamond industry in the early 1940s, the relatively high average number of employees per establishment (to other industries), and the fact that by 1942 one-third of the employees were concentrated in one-third of the factories, demonstrated these unities and how conducive the atmosphere was for further control, which both Ben-Ami and the British desired. However, as we shall see later it was also favorable to the expansion of the industry, which in the last instance would challenge exactly these regimentation principles.²⁷

The system of factory employment was two tiered. On the individual level, piecework was the predominant form, as was the case in the Low Countries. A worker would enter his factory and first encounter a clerk or work manager who handed him a small white envelope (*Briefke*, in Flemish means “small piece of paper”, or “banknote” in Frisian). On the piece of paper would be written the name of the worker, the types of stones (sawable or unsawables), and their weight. After each phase of work the clerk evaluated the number of the stones in the envelope and their weight so as to calculate the loss, and then the envelopes were handed over to the work manager for further evaluation and registration. The worker would then work the stones and get paid in accordance with the amount of stones he finished, regardless of the time spent and the damage he might have caused the stone (or its loss). This was the tradition in diamond cutting in the Low Countries, and it was adapted in Palestine mainly because this was the best way work could be evaluated by the managers. Moreover, it safeguarded the factory from loss of stones or harmed ones, a typical (and costly) hazard that an inexperienced worker had to face.²⁸

The second tier of the employment system was the collective agreement that was introduced in the factories by the PDMA already in autumn 1940. Its stipulations were largely conformed to by the member manufacturers and owners. The agreement was quite unprecedented in the world of diamond cutting, and it contrasted with the Low Countries’ traditions by demonstrating again the adaptations the industry in Palestine was undergoing. First collective contracts (known also as “work-constitutions”) emerged in the Yishuv in the 1920s. They expressed understandings between the Zionist institutions as employers and the Histadrut on working conditions, but they were hardly applied in the private-capital sector of the Jewish economy—in agriculture, industry, and small-scale manufacture. Despite pressures from the Labor movement to widen the use of the collective agreement in the Yishuv, the private sector succeeded in preventing the Histadrut, its affiliated unions, and the workers’ committees in the workplaces from impacting the labor market and the workplaces

through collective bargaining. Furthermore, Ben-Ami belonged to the liberal camp in the Yishuv that espoused the independence of the employers to hire workers, fix their pay, and dismiss them without consulting workers' representatives. While not a fierce enemy of labor and the Histadrut (from which many young apprentices were recruited to the diamond industry), the liberal approach Ben-Ami subscribed to was hardly conducive for widespread consensual relations between capital and labor.²⁹

The early and purposeful introduction of collective bargaining in the diamond industry by Ben-Ami and his fellow manufacturers had to do with its perceived advantages in securing a peaceful industrial atmosphere. From the PDMA's perspective the collective agreement was meant to achieve two objectives. One was to appease the Histadrut, which, as will be explained in the next chapter, had great difficulty in spreading its influence in the industry. The second was to allow other unions in the Yishuv to become signatories on the agreement and thereby promise that the Histadrut would not be the sole representative of the diamond workers. Furthermore, the British, who never applied collective agreements in the Mandate state sector (e.g., railways, government offices), and were much closer to Ben-Ami's liberal approach of industrial relations than to that of the Labor movement, gave their blessing to this means of achieving social peace during these troubled times of war. To the workers the collective agreement promised minimal security of pay and conditions (sick days, annual leave, provident fund, and cost-of-living increase) when the diamond market was fluctuating downwards and put in danger their piecework gains. In practice a diamond worker was promised that when there was insufficient supply of rough stones to work he would still receive a minimal pay. Though seldom applied in full and though manufacturers varied in their consent to this from-above directive, it signaled again the adaptation of diamond industry traditions to local circumstances.³⁰

Enforcement of this advantage was evidently problematic and the intense spurt of the industry hampered a smooth accommodation of the dual system of piecework and collective bargaining. As not all the factories ordered similar amounts of rough diamonds and as the quality of stones distributed to the factories varied, different wage levels had to be applied and consequently the collective agreements, which were signed at the peak level between the PDMA and the unions, differed in application. Moreover, the factories worked the raw material in different ways—some were better skilled than others in their capacity to extract the most from a rough stone, and workers had to be rewarded respectively. When it came to prices and wage policy, the PDMA had from the beginning a hard time convincing manufacturers that collective agreements were worth their while, and many workers were therefore exposed to insecurity and uncertainty in their pay levels. This was one of reasons why the PDMA's

quest for industrial peace and the British expectation that the diamond war-industry would remain obedient to the initial objects for which it was established were challenged from quite early on.³¹

The increasingly spreading perception among Yishuv youth and work-seekers of the high earnings expected from working in diamonds, which attracted so many and so quickly to the factories, was justified, however. As the apprenticeship was shortened and the pressure to free oneself from the debts accumulated during the training was burdensome, the passage of the apprenticeship to full-scale earning was short relative to what was customary in Antwerp. This meant that after an average of three months a young cutter and polisher could earn very well (e.g. LP 2.5–3 per week and LP 3–4 after six months), in comparison to wages paid in the Yishuv's industries and to wages paid to workers at the same age cohort. Moreover, differentiation in the overall income of the workers was increasingly growing, with the income of three-quarters of the workers in 1943 spreading between LP 20 and 50 per month. A comparison made in July 1943 showed that the average daily wage of a diamond worker could reach LP 1.3; workers in the food industry (LP 0.8), workers in the metal and wood industries (LP 0.9) and textiles (LP 0.85) lagged behind. In the following year (mid-1944) the average daily wage of a diamond worker was estimated as LP 1.43 compared to LP 0.98 for a Jewish industrial worker and to LP 0.4 for an Arab industrial worker. Consequently the diamond worker could claim that while the luxury industry of cutting diamonds for export was not on the Zionist occupational prestige scale, it was still a serious skill to acquire, it allowed him to support his parents, and even to surpass the earning levels they had experienced since their immigration to Palestine.³²

At the same time, however, the reproduction in Palestine of workplace arrangements that had been maintained for many years in the traditional centers resulted in material difficulties. Such was the case with the fee for use of the cutting table at the workplace (*Platzgeld*, "seat-money"), or the need to pay for hiring the cutting machine from the owner (known as *Mula*, from the Flemish *Molen*, "mill"). These expenses reduced the earnings of the diamond worker and significantly widened the earning gap between him and a more skilled worker or the work manager. More crucially, as most workers could pay these fees only after they started earning (usually after three to four months), they were kept tied to the factory where they were admitted as apprentices. The first months of apprenticeship and shortly after were dedicated to adapting to the new occupation, and thus workers in this stage had lower productivity and earned less piecework wages. A year after entering the factory the workers demonstrated totally other kinds of quality and productivity and therefore their earnings rose, with the manufacturers and the workers consenting on the

centrality of seniority in calculating pay. This was another symptom of the differentiation that the workers in the industry experienced.³³

True, in comparison to diamond workers in prewar Antwerp the Palestine diamond worker might have been considered cheaply paid. The low costs on labor certainly made the Palestine industry in a longer perspective more economically viable. Moreover, the focusing of production on small stones (and on Sand in particular) was certainly influential because their cutting required relatively less know-how and shorter induction. However, compared to other manufacturing workers in Palestine, the gains of the average diamond worker were high, they persisted in drawing more workers to the industry, and manufacturers incessantly complained in the PDMA's meetings on the low added value in the industry and high costs paid for labor. Furthermore, high earnings allowed workers to withstand periods of dearth in supply of raw stones they were given to cut and polish. During business downturns they often provided the worker with more comfort than the promises written in the collective agreements. This was the reason why union activists would often criticize the diamond workers for succumbing themselves to an industrial climate in which high gain compensated for lack of job insecurity. They were deferent to their employers because they taught them the skill and provided them with occupational pride, but more probably because there was hardly in Palestine such a similar option for high material rewards.³⁴

Conditions of work further emphasized this duality. The physically demanding aspects of the diamond industry are usually associated with the initial phase of the "commodity chain," that is, with the mining of the diamonds. Ample sources tell this side of the history of diamond production, in the Belgian Congo and Sierra Leone in particular, and the historiography of diamond mining has well explicated the human and social cost involved. The harsh aspects of the further phase along the chain, namely, diamond cutting and polishing, received much less publicity and scholarly attention, despite their illumination of the diamond labor experience and the contrast they present to the traditional image of diamond workers in the Low Countries as a sort of labor aristocracy. Like many diamond apprentices in interwar Antwerp and Flanders and the thousands of new diamond cutters and polishers in 1930s Germany, the Palestine diamond workers were attracted to new workplaces that promised not only gain but also significant material difficulties.³⁵

One aspect of this work ecology was the exertion of bodily strain associated with the long working hours of sitting at the polishing table. This was causally related to the piecework nature of the labor process. As the cutter and polisher received their pay according to the number of stones they completed, additional stone finishing would add to their earnings. Furthermore, the routine fluctuations in supply of rough stones from the

DTC in London to the PDMA and the factories in Palestine created an atmosphere of time pressure to exploit as much of the working day and the available supplies. The norm of eight hours per work day, partially maintained in the diamond industry in the Low Countries and even less so in many of Palestine's industries, was in sheer contrast to the piece-work arrangements in the industry, and as we shall see later were hardly a cause for labor struggle. The physical effort exerted by the long working hours (partly released in loud singing incantations during work), and the pressure to complete as many stones as possible in order to increase profits or demonstrate expertise to the managers was naturally related to the tendency by the diamond manufacturers to select young apprentices and workers who they perceived as willing to withstand the difficult labor process. This was clearly demonstrated in the recurrent phenomenon of workers shortening their careers in diamond production because of the demanding physical aspects of the labor process.³⁶

A closely relevant feature of this work ecology was the prolonged exposure of the polishers and diamond grinders to diamond dust and cobalt dust, which were known to be formative agents in breathing problems and in occupational lung disease. Contemporary depictions of a typical diamond factory provided a contrasted mix of cleanliness and dusty environment. The sitting position of the polishers seemed to make them directly exposed to the dust from the grinding process and in the absence of dust-masks (which were introduced in a much later stage) respiratory protection was minimal. Some apprentices reported that it was a sufficient cause to cease their apprenticeship abruptly, leave jobs quite early after completing their training, or simply shorten their diamond-cutting careers.³⁷ A related aspect, again closely associated with the propensity of the industry to attract young workers, was eye strain. The need to focus on minute-sized stones for long hours, and the difficulty of preventing diamond dust from contaminating the eyes, evoked recurrent requests to change place and jobs within the trade, often to clerical positions. The smallness of the stones, lengthy work hours, and the related ophthalmologic pressure was related often in the workers' bulletins though they were consistently denied by the manufacturers and experts as a real work hazard. Their effects were not always immediate and were therefore borne lightly by the young workers.³⁸

The mental aspect was perhaps the most exacting. From quite early on, workers complained extensively of the association between long hours of work and mental fatigue. Nerve-wrecking working days, boredom associated with the repetitive work, and the difficulty of sustaining a neuroathenic condition may have added to the desire to cut careers short. A less-known aspect, but one vocally referred to by contemporaries, was what could be termed the anxiety over the lost stone. The small size of the

stones the workers had to handle, the slow acquisition of hand dexterity, the misuse of the fast-turning disk, and the sheer lack of intimate knowledge of the stones made it easy for the stones to hop out of the tools and fall under the cutting tables. The sight of young workers in the diamond factories on their knees looking anxiously after the falling stones became a routine. If stones were not found, the workers had to reimburse the owners and consequently entered a cycle of debts that placed a heavy toll on those who actually lived on apprenticeship loans.³⁹ In one poetic gesture written by a diamond polisher, the words of a known poem, "Tsil Tsil" (Ring, Ring, 1909) by the national poet Hayim Nahman Bialik, were substituted with the diamonds he was polishing:

It is Gone . . . (by Binyamin Kosowsky)

Pink Pank—she's gone, Pink Pank—gone off,
 Pink Pank—and from the Cenga she took off.
 Sweet one, why did you away so rushed?
 And my hand had more than half left to cut.
 It's a shame! Before time parting came
 And on my feet had me standing again.
 Broom I took and looked for her
 And in grains of sand found her.
 And suddenly you said: farewell my dear,
 Voice of whip, noise of wheels,
 And once again I am solitaire.
 In a cloud of dust you distant fly
 And again with broom disheartened I.
 And from the garbage in the sand
 The mocking sound is dancing heard
 Pink Pank—she's gone, Pink Pank—gone off
 Pink Pank—and from the Cenga she took off.

The beloved woman in the original poem, symbolizing the word the poet gives birth to, was replaced with the uncut stone; though the cutter loved, was attracted to, and was possessive of it, it yet sought freedom. The stone deserts the lonely cutter like a poetic invention secularized by its mass use, and has to be sought after in a similar vein. The stone that fell began having a life of its own like the poet's word in the mouths of the users of language, with the cutter needing to bend on his knees and crawl fervently after the hidden stone, which may not even be willing to be found and would shine glaringly only to be further sought after. The cutter who loves and needs the stone wants to harbor her so as to avoid grave financial danger. The closeness of the cutter to the stone, his dependence on her, is akin to a disappointed love, and thus the fear of losing the stone, of going down on one's knees. The panic over the lost stone thus added to the time pressure, efficiency, and obsession with productivity that emerged as routine characteristics of the new diamond workplaces.⁴⁰

The care for the stone, safeguarding it from any harm during cutting, and the quality of the finished product structured an environment of discipline and regimentation. One disciplinary aspect was the premature cessation of the apprenticeship by the manufacturers, which hovered over the young workers as a persistent menace throughout their training. Another aspect was the disallowing of unauthorized movement of workers between the factories. Workers' wandering, as it was often called, could improve pay, distance the worker from an overly authoritarian manager, or simply express the wish of the young worker to be nearer to his family and neighborhood he left for apprenticeship in Tel Aviv and Netanya. Moreover, factories often lacked enough skilled workers and had to "borrow" workers, with the effect of a fluid and frequently a chaotic workplace system. Interdicting and regulating this movement were essential for the manufacturers who opposed it because they felt that their investment in training might be futile and that their fellow manufacturers were competing with them over the better foremen and more-skilled workers. After two years the problem seemed uncontrollable and no wonder the PDMA had to press the manufacturers in August 1941: "Please pay attention. The worker who today left your friend's manufacturing-house—might leave you tomorrow! Wanderings have no justification. Conditions and prices are identical!" For the workers, however, the prohibition meant strengthened bondage to the factory. They had to formally commit themselves to it and they thus felt harnessed to a workplace that was not always amicable. The prohibition stood therefore in sharp contrast to the material rewards, hampered stratification among the workers, and often evoked a sense of deferred independence. Such control of the labor force mirrored the centralized and disciplinary character of the manufacturers' organization and was thought to serve both the British quest for acquiescent workers and the PDMA design to shape a new type of industrial culture in a society accustomed since the 1920s to the powerful presence of organized labor.⁴¹

It was assumed by contemporaries in the early 1940s that only about a quarter of the trained apprentices were fully absorbed in the industry. Together with the high earnings this meant that the diamond workers showed some characteristics that differentiated them from other workers, a sort of an artisan-workers' elite group. Many signs pinpointed that particularity: pride in one's skill, the feeling of being needed by the manufacturers, the efforts the workers invested in acquisition of the special skill, the economic dependency of parents on their children's work, and even the prohibition of free movement between the factories that enhanced a sense of pride of the factory in them. The skills employed in the diamond industry certainly formed the workers' reputation as dexterous, quick, capable of enduring concentration, members of a long-standing and respectful tradition, and willing to invest a lot to survive in the industry.

Aspiring for expertise (and not just for gain) and being inducted by a particular, known master assigned the worker a role in the continuity of tradition and encouraged adaptation in a new location and in different circumstances. As we saw earlier, the diamond industry was from the start replete with notions of time, rapidity, precision, and efficiency, and the workers, through their hard work and regimentation, were gradually immersed in this craft-cultural environment.⁴²

The aspects of the employers' control over the labor process were at the last resort associated with the nature of the PDMA's control of its members. The same logic that dictated a single and enclosed import-export path also dictated a close watch over the process of the small stone from its entry into the envelope to its final return as a polished product to the hands of the manager. The loss of a stone by an inexperienced polisher, entailing as it did economic sanctions or delegitimization (with far-fetched personal consequences), was a localized symptom of a much wider anxiety of the entire system regarding the free movement (and smuggling) of stones. Harming a stone or low-quality cutting pressured the individual worker and created a stressed atmosphere in the workshop, but also were perceived as harboring a wider economic significance. These associations reflected cracks in the centralized system and the limitation of control, but in turn they also legitimized the need for further control and for further formal means for enhancing the lacking trust. This was why it became imperative to seal off the membership ranks, to increase the supervision of the members, to prevent domestic production as a space disconnected from factory life, and to enhance the regimentation of the workers by the experts and the managers. If the PDMA had first established a sort of "collectivization" of capital and manufacturers, it now turned into a centralized and regimented labor process in which workers were streamlined and constrained by solid boundaries of action.⁴³

The diamond industry was therefore undergoing an adaptation process that was in line with the centralization and power-building that characterized the structuring of the PDMA. Both the chain system and the regimentation of the apprentices and the skilled workers made the new cutting center not only different from its Belgian origins but also much more powerful and challenging. In this sense the PDMA used to the full the British umbrella to construct a new industrial branch with unprecedented powers. At the same time it did not just serve the building of an alternative to Antwerp. It quickly demonstrated a mix of capital, traits of an occupational community, and Zionist ideology that aspired to much more than serving the needs of the war and the interests of the British and De Beers. Indeed, when we distance ourselves from the daily mechanics of the cutting process, and attempt to grasp the atmosphere that this nascent industry and its practitioners were experiencing, a vivid sense and pres-

ence of power emerges. It was first and foremost the power of profit—of the great potential for further profitability, of the personal gain of both the manufacturers as owners and the workers as skilled craftsmen. The sense of success that hovered above the industry, which was made apparent by both the persistent attraction to the industry and by the tight sealing of its boundaries from more newcomers, made for the climate of energy, power, motivation, and a trajectory of advance. It was no less than the power to enforce differentiation between workers and segregate the proficient and skilled from the lesser workers, the loyal to the factory and to the manufacturer from the transgressor. Evidently the power expressed itself also in discipline and regimentation, of capital and organized ownership that could act freely and powerfully under the auspices of the Mandate state and the sheltering imperatives of the war. An industry that made such a quick and expressive start—that so early on became the most attractive industry and profitable industries in the Yishuv, that managed so quickly to transgress the limitations enforced upon its expansion on its birth, and that so early on created sophisticated routines of control, remuneration, and regimentation—was bound to convey an emphatic sense of a new power phase for local capital.⁴⁴

The intensity of the regimented work process, its young age structure, and the common expectation for high earnings created a web of links and associations among the workers and mirrored capital's power. These linkages expressed themselves in the collective opposition to the manufacturers and obviously in the striking activity of the diamond workers—but also culturally, in the shared panic of the young apprentices and workers over the lost stones, the collective search for it and the incessant singing incantations during work. Personal rage vented against the employers and individual makeshift strategies such as illegal domestic diamond cutting, moonlighting, and petty theft also expressed these shared experiences. However, what mostly linked the diamond workers to each other was the threat on earnings harbored in the piecework employment system, and in the dependence of the entire industry on supplies from London. The extent of the dependence will be better understood later when the industry's take-off and the politics behind the supply of the rough diamonds are discussed. But before that we should turn our attention to reactions in Yishuv society to the dual emergence of this new power of British-sheltered capital and centralized monopoly that PDMA represented on the one hand, and the new and growing group of workers whose living was so heavily dependent on the exogenous forces of supply in London and demand in New York on the other. These reactions were pertinent because, no less than the tradition and legacy of diamond cutting in the Low Counties, it was Yishuv society and its political and ideological languages that was

the environment in which the diamond industry sprouted and had to take account of.⁴⁵

Facing the “Triangular Thread”

The preceding discussion of the foundations of the diamond industry demonstrated the extent to which the transplantation of the diamond industry mixed state action with capitalist agency. One foundation, the umbrella provided by the colonial government, was a key to all developments. But it could not materialize without the second—the lifeline of small, rough diamonds steadily maintained by the Diamond Syndicate in London. The third foundation, the PDMA’s institutional regimentation of the member-manufacturers and the factories, equally intersected with the fourth, the adaptations in the traditional labor process. These features conveyed an aura of audacity and self-confidence, an atmosphere of self-assurance and economic success that in turn could bring the PDMA and the manufacturers to further decide on maintaining or diverging from the traditions of diamond-cutting and organization.

Sensing themselves as emissaries of the Jewish nation and an empire at war, part of a world industry and local economy, convinced in their roles as capitalists with a clear Zionist orientation, the state-backed manufacturers indeed felt unrestrained. This capitalist institutional and ideological power-building evolved however, in friction with a particular set of social and political norms that had predominated Yishuv life since World War I and the onset of the British Mandate. This normative context was aptly described by one of the PDMA’s members in a discussion over the industry’s relations with the Yishuv’s institutions as the “triangular thread.” The term referred to a three-armed, national-based coalition of ideology and interest. One arm was that of the Zionist institutions that ran the Yishuv and led by the Jewish Agency and by Mapai, its majority political party. For the diamond industry the expression of this national presence was the Department of Trade and Industry, which was usually at the hands of the liberal General Zionists Party. The second arm was the Palestine Manufacturers’ Association (PMA)—the loose umbrella organization of Jewish industrialists and manufacturers. The PDMA was not a member of the PMA until 1943, and its independence often strained relations between the two bodies. The third arm was the Labor movement. It was led by Mapai, Ben-Gurion’s Zionist-Socialist political party that dominated the Histadrut—the umbrella organization of labor’s economic institutions and unions that since 1933 also controlled the Jewish Agency. From early on it was clear that the Histadrut, representing around 70 percent of Jewish workers in Palestine, could not control the diamond industry, as it did other indus-

tries in the Jewish private sector, and its aspiration to have a strong union presence in the diamond factories materialized only partially.⁴⁶

Zionist state building was the primary set of ideas and practices that during the two decades before World War II held the parts of the triad together. In this agenda the Jewish Agency was the institution that ran the affairs of the Zionist Movement in Palestine, towering over a system of institutions that dealt with the absorption of Jewish immigrants, land purchase and settlement activities, economic investment and social planning, and the like. While it operated in parallel to the National Committee (Ha-Vaad Ha-Leumi), the body that conducted Jewish communal affairs in Palestine, for all intents and purposes it was the dominant political body and the main force that shaped Zionist policies during Arab-Jewish conflicts and in relations with the authorities. The PMA, the second arm of the triad, was since its establishment in the early 1920s an essential part of this agenda, cooperating closely as it did with the Jewish Agency, advancing (at least formally) the control of the Yishuv economy by Jewish labor, and mobilizing industry to national causes and not only to capitalist orientations. The Labor movement, the third arm, and in particular the Histadrut that was founded in December 1920, was to provide the social basis for the state-building project. In manning the Jewish settlements, in controlling and organizing the labor market, and in a variety of social and cultural functions it was to be an integral part of an agenda that necessitated industrial calm and conciliatory relations.⁴⁷

The most significant aspect of the “triangular thread” was the understanding of the three organs that private capital, capital owners, and individual entrepreneurs were free to operate, but at the same time be submissive to the Zionist agenda. It was therefore a variant of national-capitalism, in which maximization of profit and personal gain conveniently cohabited with thinking on and contributing to the Zionist social good, cultivating a common national vision, and actively participating in the Jewish state-building project. In reality, however, it meant that Zionist institutions aspired to be present in and influence the practices of private capital—in particular when they were involved in sensitive Yishuv issues such as employing Arab workers, relations with the government during this complex period of war and the Holocaust, and contacts with the Colonial Office. This interventionist approach of Zionist institutions became ever more emphatic in the wake of the boom that the World War II brought about in Palestine, the flourishing of private capital, and more significantly the deepening intervention of the government in the country’s economy and civil society. At the economic departments of the Jewish Agency it was strongly felt that not only was British involvement necessitating a closer Yishuv coalescence between the public and private spheres of economic

and employment activities but that its infrastructure should be well prepared for the new circumstances expected to emerge after the war.⁴⁸

As the British granted the PDMA a status of monopoly, the relations between the Zionist institutions and the diamond manufacturers were problematic from the start. Ben-Ami's victory of the national Tishby camp (discussed in chapter 2) made the designed public-Zionist presence in the diamond industry vaguely defined. As a war-born industry, the PDMA's monopoly was created, inspected, and protected by the government and the Colonial Office. It was closely tied to the British, to their war aims, to their financial considerations and relations with other European countries. The British set limits on the industry's expansion, membership, raw material supplies, and freedom of trade. Unlike Palestine's railways, which were run as a government department, the diamond factories were independent capitalist institutions and members of an association that kept itself apart from the Palestine Manufacturers' Association. Moreover, as Netanyahu's mayor, Ben-Ami made the diamond industry one of the economic strongholds of his town and a pillar of his local power. At the same time diamond cutting was also a Yishuv industry. It was Jewish only, perceived itself as Zionist and an absorber of Jewish immigrants, and as a part of the state-building project it selected only Jewish workers, transformed the Jewish settlement of Netanya, and (as we shall see later) developed a keen national expression and culture. The identity of the diamond industry was clearly Zionist, but its leaders and member-owners and manufacturers sought freedom of economic action and institutional autonomy.⁴⁹

The institutions that ran the Jewish community in Palestine, and in particular the Labor-Liberal coalition that dominated the Jewish Agency, were, as we saw earlier, instrumental in the birth of the industry. The Department of Trade and Industry at the Jewish Agency had been in the 1930s involved in attempting to bring over from Antwerp to Palestine diamond capital and expertise and in persuading the government to reduce the customs on rough diamonds. The department was also in close contact with dealers in Tel Aviv who ran a small exchange (the Diamond Club), and with Zionist activists in London and Johannesburg who helped with contacts with De Beers. At the same time, however, the British and the manufacturers around Ben-Ami destined the diamond industry to be a private affair, an independent capitalist venture under government auspices and free from Zionist institutional control. No matter how involved the national institutions in Jewish industry were, and how industrialization of the Yishuv economy was crucial in their eyes, they were kept outside the orbit of decision making and control over diamond production.⁵⁰

In the institutional sense the industry indeed wished to remain distant and autonomous. Its birth was a challenge to the Department of Trade and Industry, which attempted to lead the project, and it was never expected

that the Jewish Agency would support the industry financially. The ties of the industry with the Zionist Office in London weakened after mid-1940 when the PDMA formed direct contact with De Beers and with Hennig and Co., the brokerage company that represented the industry at the DTC. In Palestine the main link the PDMA created with the national institutions was through the banking system, namely, the Palestine Corporation (later Bank Igud) and the Anglo-Palestine Bank (later part of Bank Leumi). These gave the diamond industry credit to purchase rough diamonds, keep them and the finished stones for export in safes, and finance the mechanism of exporting the polished product.⁵¹

In late 1940 and early 1941 negotiations were on the way between the Department of Trade and Industry at the Jewish Agency, the PMA, the Histadrut, and the PDMA on creating a joint fund to finance apprentices in the factories, but they only accentuated how limited national intervention could be. The Diamond Club, which kept close ties with the Jewish Agency and reestablished itself in December 1940 to provide trading services to diamond and precious stones merchants, was of little significance now because of the British directive to export all finished diamonds and have the PDMA's member-factories serve as exporting units as well. Furthermore, the Jewish Agency occasionally offered its services as an arbitrator in labor disputes in the diamond factories, in particular when it was asked to by the Histadrut or even by manufacturers who wished to get the functionaries at the Department of Trade and Industry or Labor Department more involved in the industry. The PDMA saw to it that such involvement would be kept to a minimum.⁵²

The capacity of the diamond industry to carve itself an autonomous niche within the institutional constraints customary in the Jewish polity in Palestine could not have materialized without the help of the British and direct ties (again through British mediation) with the Diamond Syndicate. For Ben-Ami the autonomy was crucial. It proved the capacity of his liberal-capitalist ideals to materialize without the help of the Zionist funds and institutions. The latter, even more menacingly, could in his eyes meddle in the affairs of the diamond industry in London, and may even endanger its sensitive position at the DTC in the wake of growing pressure from the exiled Belgians against the expansion of Palestine diamond industry. Ben-Ami's success in founding a private venture under British auspices, and the consequent furor it caused among the political and economic leadership of the Jewish Agency, created further distance. In such circumstances it was expected that criticism would follow. It came from various corners—the Department of Trade and Industry that supported the Tishby camp; Arieh Shenkar, the PMA's president and one of the chief leaders of the Jewish industrialists; even Zionist activists in the UK (such

as Joseph Linton) who dreaded the lack of contact between the diamond industry and the Zionist executive in London.⁵³

But it ran deeper than that. It was a criticism against the lack of direct ties with the Zionist institutions, against the concentration of the industry in Netanya where Ben-Ami was running the affairs, and on denying the advice of the economic experts of the Jewish Agency that there was a limit to the industry's viability and success. The PDMA monopoly and the way it was run were blamed for what these experts perceived as too slow growth, little variety of suboccupations and types of stones polished, and a narrow range of exporting market destinations. Furthermore, continuing earlier tensions between the Ben-Ami and Tishby factions, a serious criticism against the PDMA's autonomy sprang up within the PDMA itself. Among the new oppositionists were diamond manufacturers such as Moshe Offen, the Schein brothers, and Carol Pickel. Ben-Ami was too dictatorial for their taste, they despised the Netanya stronghold, and the PDMA's disconnection from Zionist national institutions seemed to them to be taken too far. Some manufacturers even attempted in reaction to develop a freer, home-based cutting industry; others tried opening workshops in Beirut and Cairo. Rumors reached the Jewish Agency that Ben-Ami was personally profiting from the PDMA's President Fund, that the Diamond Syndicate itself was paying him for securing purchases of rough diamonds, and that he informally was a partner (and thus favored materially) in one of the factories. Furthermore, the manufacturers were so dependent on his distributional policies for rough diamonds that they feared criticizing him openly or destabilizing the lifeline he had so well cultivated with De Beers and the syndicate in London since 1940.⁵⁴

The internal opposition was at this stage quite weak and it lacked a solid social basis in the PDMA. Divergence from long-standing traditions in the diamond industry in Belgium that could potentially raise significant opposition on a professional base was only at its initial stage. Indirect ties some of the manufacturers did establish with the PMA and its President Shenkar exerted some pressure on Ben-Ami to soften his objection to closer relations between the PDMA and the PMA, but relations remained cool and mutually suspicious. Short of challenging the centralized structure of the PDMA by turning to the British or by attempting to create indirect ties with the Diamond Syndicate, there was not much in the institutional sense that the Jewish Agency could do to curtail this autonomy and freedom of action. Attempts to coordinate the activities of the PDMA with Zionist institutional structures, and influence the government to liberalize the PDMA's monopoly by allowing the importation of rough diamonds from sources other than the DTC (such as British Guiana), were to no avail. The only strategy left to the opposition was to question the industry's pretension to consider itself of such immense contribution to

Zionism, to challenge what was perceived as Ben-Ami's disrespect for the national institutions, and attempt to marginalize the industry culturally and ideologically by mobilizing the Yishuv's industrialists to "socialize" the diamond industry to the Zionist ideals expounded by the "triangular thread." The impact of these attempts was, as we shall see in a moment, to create a suspicious atmosphere around the monopoly and the interests Ben-Ami was advancing as Britain's special industrial "envoy." However, we should first examine another front against which the PDMA was building its power and autonomy of action and which in the long run would prove to be even more crucial.⁵⁵

Splintering Labor's Voice

In its rigid regimentation of its well-paid workers, the diamond industry was not unique. Since its establishment in the early 1920s, the Histadrut had focused much of its organizational efforts and campaigns against Jewish capital owners and employers in the Yishuv's private sector who enjoyed the absence of legal protection over workers, paid little regard to improving workers' pay and conditions, and dismissed workers at will and without compensation. The entire Histadrut infrastructure in Palestine's towns, based as it was on labor councils, unions, cooperatives, and economic enterprises, was built in close relation to this urban context; as much as employers and workers in the Yishuv shared basic Zionist tenets, they were busy in daily battles over employment arrangements and working conditions.⁵⁶ Whenever a new industry was established, this routine set of issues reemerged without, however, the legal climate harboring a message of change and without the intensity of employment disputes waning. The diamond industry emerged on a very small scale during the Arab rebellion of 1936–1939 when the national coalescence in the Yishuv brought some relaxation to industrial tension. The slow pace of the industry's growth before 1940 produced little unrest. However, in the context of the economic boom of the war this climate quickly changed, diamond cutting turning into one of the most turbulent foci of industrial tension and dispute.⁵⁷

At the heart of the tripled Zionist-based alliance of the Jewish Agency, PMA, and the Labor movement was a long-established norm that the Histadrut was a central actor in the industrial relations system and, that it played a key role in the project to materialize the shared Zionist ideal of the predominance of Jewish employment in Palestine's Jewish polity. Challenging the hegemony of the Histadrut in representing the workers in Jewish industrial enterprises tied traditional anti-Labor stances in the Yishuv with the manufacturers' claim for autonomy and supremacy. In

fact, in contesting the power of the Histadrut the diamond manufacturers were able to put into practice one of the cherished quests of the liberals and the right wing in the Yishuv.⁵⁸

Before the PDMA's entry to the scene the Histadrut was involved in the diamond industry in two ways. First it served in 1937–1940 as the labor exchange for young workers who were admitted to the few factories as apprentices. In some factories in Petah Tikva and Tel Aviv this contact was also expressed in representation of the workers in contracts and working conditions. The second aspect of Histadrut presence in the industry was in the contacts it created on the eve of the war with the diamond union leaders in Amsterdam (Herni Polak of the ANDB, Algemene Nederlandse Diamantbewerkerbond, the Dutch diamond workers' union) and in Antwerp (W. Daems of the ADB, Antwerpse Diamantbewerker Bond). The contact revolved around claims expressed against Palestine that it tried to compete with Antwerp by employing low-wage workers or in demanding that the Histadrut, through affiliating with the Universal Alliance of Diamond Workers (UADW) should see to it that an international wage balance was kept, a forty-hour workweek maintained, and competition be prevented. In this way Palestine was asked to join an international workers' front against the Germans, whose diamond-cutting industry flourished exactly because it reduced wages.⁵⁹

From the start of his project Ben-Ami, a staunch liberal, disliked the ties of the diamond workshops with the Histadrut and the latter's contacts with the unions in the Low Countries. In drawing manufacturers to Netanya he made it clear to the manufacturers that a too-powerful presence of the Histadrut in their factories was unwelcome. Furthermore, in the calls published in the Antwerp press for diamond experts and workers to apply for the Palestine project (partly financed by the Tel Hai Fund of the Revisionist Movement) a proviso was added that they would give up membership in the UADW, and that their trip ought to be financed by the Zionist Federation in Belgium. The criticism against these calls by union leaders in the Low Countries on the grounds that this was an antiunion act, and their demand from the Histadrut to oppose it, did not amount to much. The Ben-Ami project was built, among other things, on rejecting such union intervention.⁶⁰

On the establishment of the PDMA Ben-Ami and his fellow manufacturers introduced a paradoxical novelty to the politics of employment in the Yishuv. On the one hand they saw to it that the workers recruited to the industry would be Jews. They therefore fulfilled a long-standing "Hebrew Labor" tenet regarding the national segregation of the labor market that the Labor movement was advancing and fighting for throughout the 1920s and 1930s. This was a crucial point of coalescence between Jewish capital and Jewish labor—a consensus, in ideology and in practice,

over the ethnic and national character of the diamond industry. On the other hand the PDMA rejected in principle the long-standing hegemony of the Histadrut in the industrial sector of the Yishuv that was expressed in union representation, and in the relatively high number of Jewish industrial workers affiliated to the Histadrut compared to unions affiliated to other political parties such the Revisionists, the Religious Zionists, and the Orthodox Jews. Ben-Ami's approach to labor that this duality demonstrated has to be considered through the prism of a Zionist liberal whose social philosophy was shaped in the particular context of the Zionist state-building project and Labor's centrality in that project. Though seldom an employer of workers himself, Ben-Ami evolved as an entrepreneur in various fields such as agriculture and journalism and as a powerful land developer and municipal bureaucrat in which the conception of and relation to labor questions were central. Authoritarian in character and paternalist in practice, Ben-Ami upheld the notion that workers were to be protected and that any workers' organization had to be cooperated with, but that both should be limited in power and influence. Alliance between classes, either for the national cause or for running a business, was a means through which a free, liberal society should run. Consequently and in accordance with the Zionist liberal approach to industrial relations, the preference in the labor selection was for workers with a variety of organizational and union affiliations so as to prevent a single and powerful Histadrut-led representation.⁶¹

Ben-Ami's scheme to focus diamond production in Netanya worked well to forestall encroachments by the Histadrut. Netanya was not on the map of the Histadrut's power centers, and the town's Histadrut-affiliated Labor Council was if anything a frail labor exchange. Furthermore, from his seat in the Netanya town council Ben-Ami saw to it that the presence of the Histadrut in the new industry would be limited by the presence of other labor organizations. While anchored in the Yishuv's liberal politics and pluralist ideology of liberal Zionism, the anti-Histadrut stance was also an expression of Ben-Ami's sense of hierarchy. The workers in the cutting factories could be organized and represented, but they ought to see themselves as part of the factories and committed to the product, and the investment in them through apprenticing and promise of high earnings ought to be paid back fully by limiting their voice. In a sense the multitude of representational voices mirrored the division of labor and the fragmentation of the integrated worker.⁶²

The way the PDMA made union splintering certain was, first, to recruit the apprentices from various workers' organizations and parties (see below) and, second, to demand that each individual union would be a formal signatory to any labor contract. This forced the Histadrut to cooperate with the other unions on the formulation of the contracts and thus assured

the PDMA that the power of the Histadrut would be contained. Moreover, the PDMA ordered the diamond manufacturers not to negotiate individually with the workers and the unions. Splintering the union voice equaled centralization in labor policy.⁶³

Consequently the formation of the diamond workforce was coupled with splitting its representation among five unions. The largest was the Histadrut though it was not large enough to achieve majority among the entire diamond labor force. Second was the Revisionist-backed Histadrut Ha-Ovdim Ha-Leumit (National Workers' Federation). The two religious unions represented Hapoel Hamizrahi (religious Zionists) and the Orthodox Poalei Agudat Israel. Finally the liberals, Ben-Ami's own party General Zionists, were represented by Haoved Hatzioni. In a later stage the Communist Party would have a small representation as well. In contrast to many other industries in the Yishuv, the Histadrut, the largest union, found it impossible therefore to have its say automatically, and that the "minority organizations" could well challenge its policies and tactics. Furthermore, as the table below demonstrates, splintering was dynamic. The intensive increase in the number of diamond workers was not matched by a similar increase in the number of those affiliated with the Histadrut. In Netanya the Histadrut's position was even worse and though a local labor council operated in the small town as a labor exchange under the auspices of the Histadrut, its presence in the labor politics of the town was quite frail, at least compared to the main Histadrut strongholds in Haifa and Tel Aviv.⁶⁴

Table 3.4 Trade union structure in Palestine's diamond industry, 1941–1946⁶⁵

	All Towns		Tel Aviv		Netanya	
	Autumn 1941	Winter 1942	Winter 1946	Winter 1942	Winter 1942	Autumn 1944
Histadrut	410	650	1,750	500	150	480
Histadrut Haovdim Haleumit	250	300–320	550	100–120	200	250
Hapoel Hamizrahi	200	500	270	150		105
Poalei Agudat Israel	120	50	200	150	100	-
Haoved Hatzioni	-	100	120	50	100	30
Nonaffiliated	220	350	1,400– 1,700	350	100	450
<i>Total</i>	1,200	1,950	4,590	1,300	650	1,315

Note: In 1943 72.5% of the 137,000 Jewish workers in Palestine were members of the Histadrut.

Sources: Pinchas Smagarinsky, "Review of the Situation in the Diamond Industry," 11 February 1942, LA/IV-208-1-2941; Report of the Secretariat of the Diamond Workers Unions in Netanya, 14 November 1944, LA/IV-250-49-175-b; First Meeting of the Central Committee of the Union of Diamond Workers, 9 December 1946, LA IV208-1-4551.

The fragmentation of union structure in the local diamond industry was not simply a corollary of the strategy of the diamond manufacturers to prevent a recurrence of the Histadrut hegemony in industrial sector of the Yishuv. The variety of suboccupations comprising the cutting and polishing processes was no less influential, and so too was the tendency of some diamond workers to guarantee themselves from downturns in the industry by holding to another occupation or alternative source of income. If the variety of suboccupations resulted in a nonunitary structure of pay and benefits and in a variety of workplace solidarities, extra jobs or home work destabilized union membership. Unionization among the diamond workers was therefore a complex issue, partly structured from above by the PDMA's labor policies, partly by the organizational capacities of the various political parties, and partly by workers' strategies from below. The diamond manufacturers thought union multiplicity would weaken workers' collective representation, and in turn the pressure on pay increases. Many workers thought unions to be cumbersome and often antithetical to the relative freedom provided by the piecework system. Furthermore, the large number of unaffiliated workers testified both to the feeling of many of the more-skilled workers that representation was simply redundant; and to the fear—prevalent among many of apprentices and new workers—that affiliation was disfavored by the employers and may lead to dismissals.⁶⁶

The splintering of worker representation harbored three implications. First, many workers chose not to affiliate to any of the unions and therefore were potentially a difficult sector to mobilize for collective action, or alternatively an easy prey for manipulation of the manufacturers against the unions. As we shall see later, in labor disputes this unaffiliated contingent would be crucial. The second implication was that many workers sensed that as highly skilled workers on which the manufacturers came gradually to depend, they were as individuals entitled to better pay and improved working conditions. This "noncollective" strategy of the individual workers would cause a great deal of trouble to union activists later when the industry underwent technological adaptation and consequent reshuffling of the labor force. Finally, the fragmentation of the organized workers' voice further tarnished the image of the Histadrut among both workers and manufacturers, and it was feared in Histadrut circles that it was beginning to affect other expanding industrial sectors as well. The diamond industry signaled therefore the existence of a wider challenge to the Histadrut's hegemony in the Jewish industrial sector and practically to the entire system and understanding at the heart of the "triangular thread."⁶⁷

It took the Histadrut a long time to react to its containment. Taking for granted its hegemony among industrial workers in the Yishuv its ac-

tivists were late to discern the implications of the economic boom of the war period on union organization. More significantly, the Histadrut could hardly respond to the PDMA's policy of union plurality. It did not control the entry of the new apprentices to the factories and the transition of the apprentices to fully employed workers, and it lacked the money to finance and feed the trainees. The Revisionists ran their own apprenticeship fund and the religious unions operated another separate scheme. The fund that the Tel Aviv Labor Council (a Histadrut organ) established together with the Jewish Agency to support the trainees could not adequately match the massive wave of young workers entering the industry. The collective agreement signed in the industry in late 1940, on which the Histadrut as one of the signatories could take pride in, did not result from its pressure on the PDMA to improve working conditions, but rather from the manufacturers' strategy to quell potential labor unrest.⁶⁸

The weakness of union presence was reflected also in the fact that only in spring 1941, when the industry already employed some 1,300 workers and dozens of apprentices, would the Histadrut appoint a union bureaucrat to coordinate activities in the factories in both Netanya and Tel Aviv. Pinchas Smagarinsky (1900–1966) had no background in diamond cutting, he had to depend on a Histadrut committee that handled the negotiations, and it took some time before he could command the respect of the young workers or that of the PDMA negotiators. The activists representing the other "minority organizations" were as pale, and their presence in the factories was often overshadowed by workers' independent protest against the high apprentices' fees paid for a place in the factory and for tools, and the barring of free movement between the factories. The pressure to make the representation of workers more felt would hardly come from these unions, whose activists seemed overwhelmed by the dramatic material success of the diamond industry, but rather from the workers themselves. The restraint of the workers' collective power that the splintered union system aimed to achieve harbored therefore also the curtailment of the power that could restrain them. The strong propensity of the diamond workers to strike (discussed in chapter 5) was closely associated with this paradox.⁶⁹

The differentiation in the workforce that followed the initial expansion of the industry in 1941–1942 deepened the impact of union splintering. The young apprentices who expected to start earning after three months of training were in dire need of financing and care during the training period, and they felt exposed in particular when they lost or damaged the diamonds. They differed, however, from the larger group of accomplished diamond workers in their specialized functions, the hours they could work each day, and their distinct pay. The demands of these workers varied from improving items on the collective agreement to freedom

of movement among the factories, easing the paternalistic atmosphere in the factories, holding back wages, ending with prevention of dismissals.⁷⁰ Finally, the expanding group of expert foremen, clerks, and work managers tended to organize independently and formed, through differentiation from the cutters and polishers, particular interests and material demands to fit them. Clearly, the PDMA's success in preventing Histadrut supremacy among the workers meant that the pay differentiation among the groups of workers would potentially be higher.⁷¹

The collective agreement in the industry could hardly satisfy the increasingly diversifying needs of these groups. Moreover, their criticism against the unions of their organizational inadequacy added to the pressure by the manufacturers against cohesive union power. Sporadic strikes in individual factories in 1941–1942 reflected this criticism, as well as the growing number of nonaffiliated workers and their gathering in an organization of their own. The organization, the Supreme Committee (Ha-Vaad Ha-Elion, established in early 1941), was a mixture of individual workers and Communists, and it turned into a serious source of opposition to the politically affiliated unions and a mouthpiece of the seething unrest in the factories. The pressure to respond to workers' demands and the emergence of the Supreme Committee therefore forced the Histadrut and the "minority unions" to turn from mere accommodation with the PDMA's union-splintering policy to a more active coalescence of interest and action.⁷²

Less than a year passed since the establishment of the PDMA, and the Histadrut was facing three fronts—the manufacturers that prevented its hegemony in representing the workers, the "minority organizations" who also opposed the hegemony of the Histadrut among the workers, and the unaffiliated who criticized the Histadrut for its lack of action. The Histadrut tried in response to convince the other unions that its supremacy was worth their while. Once the idea was rejected, the Histadrut began a campaign to portray the "minority unions" as enemies of the diamond workers. Furthermore, it sought contact with the expert work managers and factories' office clerks so as to distance them from the manufacturers and organize them independently from the workers. Needy workers were taken care of—by financing their training, by loans to sustain the workers until apprenticeship was over, and by provision of temporary accommodation. A professional school for training diamond workers was planned by the Histadrut with the backing of the Jewish Agency so as to decrease the control of the manufacturers over the apprentices. Workers loyal to the Histadrut, usually those who originated in the Yishuv's agricultural sector, were encouraged to apply for apprenticeship, and the selection of Histadrut youth was tightened so as to implant Histadrut cells in the factories. Hoping to weaken the manufacturers' advantage in union

splintering, the Histadrut even tried to advance collective bargaining in individual factories without the PDMA's intervention.⁷³

Though most of these Histadrut plans and strategies were yet to materialize, they already at this early stage signaled the adaptation of organized labor to the PDMA's show of force. It recognized that capital's British-backed power ought to be contained by creating direct inroads to particular groups of workers in the factories who would then be mobilizing the rest of the workers. Moreover, recruiting the Jewish Agency and the PMA, whose intervention in the diamond industry the PDMA successfully pushed aside, seemed crucial. Such recruitment would put in practice the notion of the "triangular thread"; it would focus on joint national-based financial backing of the apprentices, on exerting pressure on the Colonial Office in London, and on the Palestine government in Jerusalem, or even in provoking the Yishuv's industrialists to alienate Ben-Ami and denounce the manner in which the PDMA was structured and operated. This was the context in which the contestation between capital and labor in the diamond industry and the Yishuv unraveled itself also as a battle over norms and images.

Zionist Legitimacy

The PDMA's autonomous stances vis-à-vis the "triangular thread" and its backing by the colonial state provoked among the Zionist political and industrial elites a barrage of historical and social stereotypes against the diamond manufacturers and the nature of their project. The independence of the diamond capitalists was criticized as lacking allegiance to the national institutions, preferring their profits and independence over Zionist state building and over cooperation with the more Zionist-obedient Manufacturers' Association. The diamond industry was criticized for producing luxury items (mainly for the American middle class) and for threatening to create an anomalous structure of the Yishuv's industry and export. The workers were blinded by the expected gain, they were nonproductive in the Zionist sense of norms of agricultural and industrial production, and they were steeped in unbridled indulgence of the acquisitive spirit and thus anathema to Zionist values. "The only Kosher person in this occupation is the worker," remarked one writer in one of the periodicals of Labor movement in summer 1942 in a telling Hebrew wordplay between cleanliness, legitimacy, and skillfulness.

First he is the miner in enslaved conditions, and then he is the cutter and polisher who for days on end lean their backs over the machines, inhale the dust which pierces their lungs, tone up their eye muscles and take blisters of burns on their fingers—and though they eat bread, plenty at times, in distress at oth-

ers, at crisis they are first to suffer hunger and unemployment. Evidently something of this atmosphere sneaks into Labor too, into the workers' organizations and to their mentality. At times the deceptive glare of the diamond dazzles them too, many haste to get richer, as if in a "gold panic," wishing to precede their friends, to tread on them, all regarding their work as a jumping board into the obscure mystery of the systems of great, swift and easy profit.⁷⁴

The meaning of such adversarial expressions was clear. If the profits accrued from exporting finished diamonds were harnessed to the Zionist project, if they would benefit not solely the capitalists and the British, the industry would be legitimate and the derogatory imagery would become irrelevant. Moreover, the problem was less with the capitalist nature of the industry but rather with its mirroring the incapacity of Zionism to fully engineer its social forces and control their acts, in particular when their autonomous action was supported by the Palestine government and economically by growing demand in the US for stones polished in Palestine. The resonance of these marginalizing images, springing mainly from the Department of Trade and Industry at the Jewish Agency and from the trade union department of the Histadrut, seemed to affirm that the state-backed capitalism that the diamond industry came to symbolize was indeed taking root in Palestine.⁷⁵

The central economic role of private capital in Palestine and its social acceptance in the Yishuv had been gradually advancing since the early rise of manufacturing in the mid-1920s, despite contemporary ambivalence towards Jewish participation in a capitalist economy and towards the urbanization of the Zionist project. These intertwined economic and cultural processes further intensified during the invigorated industrialization of the first half of the 1930s, as reflected in the parallel ripening of the industrial activity of the private sector in Palestine's towns, the rhetoric of the national role capitalism came now to fulfill, and the recognized capacity of capital to work for the "Zionist social good." Built on the assimilation of capital's national role in Zionist state building, and pushed further to the center of economic activity by Palestine's economic boom and British wartime protective economic policies, Jewish industrialists and manufacturers overcame the suspicion and even derogation they experienced in earlier decades regarding their social and Zionist roles—their "national egoism" as Labor's leader David Ben-Gurion phrased it in the mid-1920s. As a part of its formation the diamond industry was now reproducing this battle, and during the first half of the war period became one of its primary carriers.⁷⁶

The "Zionization" of the historically Jewish-dominated diamond industry was indeed hard to advance. The Labor movement was politically a dominant force in the Yishuv but it accepted capitalist Zionism as long as in some measure it corresponded to the state-building policies of national

institutions and to tripartite economic and political cooperation between the Jewish Agency, the Palestine Manufacturers' Association, and the Histadrut. As a national-oriented labor movement, however, the latter only objected to capital's quest for total institutional independence (and in that joined forces with many of the Yishuv's industrialists), but also couched it in an exclusionist terminology that made some diamond manufacturers sense that they were political and socially marginalized. "The reception accorded to this young industry both by the business community and by the authorities cannot be said to have been invariably friendly or encouraging," Ben-Ami reported to the British in October 1942. "Some viewed it with disfavor as a 'bastard industry,' rather off the beaten track of 'normal' industrial development, while there were many who regarded such an industry in times of war as a 'luxury' venture. But results and solid achievements belied the worst fears of the skeptics as well as the gloomy prophecies of the critics."⁷⁷

The "anti-diamond" rhetoric seemed to the circle of diamond manufacturers and diamond factory owners an empty diatribe that could be overturned swiftly once their autonomy was compromised. And indeed, the more the Jewish Agency realized the powerful economic performance of the industry during the war, the more it was willing to relax its estrangement from the industry. For Ben-Ami the introduction of a diamond industry to his small town of Netanya was to industrialize it, to attract the young, to urbanize. This was part and parcel of his Zionism, earlier founded on land acquisition, territorial expansion, and the designation of land and rural plantations to Jewish ethnic exclusiveness. But while the earlier vision was local, within the confines of Palestine, the diamonds widened the horizons. They could serve a national cause by modernization, international networking, and world trade. The earlier sense of the capitalist road to Zionist realization could now ripen in the Yishuv by springing out of the narrow locality and joining successfully in world capitalist competition. That was why according to the PDMA's logic all was to be harnessed to the cause—efficiency, productivity, regimentation. Indeed, the long-standing traditions of skilled cutting, cleaving, and polishing were nothing but a basis upon which organizational novelty and technological advancement could flourish.⁷⁸

The PDMA's pride in technological innovation was indeed part of the Zionist discourse it increasingly cultivated. As we saw earlier, the German occupation of Belgium in May 1940 abruptly curtailed the scheme to transplant a more massive part of the industry from Antwerp, and the number of diamond merchants, experts, and workers who arrived in Palestine was small. Consequently capital owners and a substantial amount of capital had to be recruited locally, apprentices had to be selected from the local young labor force, and, no less significant, the cutting machines and other

cutting and polishing devices had to be produced locally. Technological innovation followed suit, and it joined the specialized division of the production process in enabling the leaps the Palestine diamond industry was making and in cementing its world reputation. These developments were now couched in a national vocabulary, in legitimating the luxury industry in the context of Zionist state building, and in placing those employed in diamonds on a similar footing with other social contributors to the Zionist economic cause.⁷⁹

The presence of Zionist discourse in the diamond industry was an obvious corollary of its transplantation to Palestine. Jews in diamonds from Antwerp were directed to Palestine, to the Yishuv, and away from other diamond-cutting centers. Before the German occupation those who committed themselves to the project signed an obligation to settle in Netanya, and their diamond operation was oriented towards industrializing a Jewish and a Zionist spot. During the war Jewish refugees were sought after to reach Palestine and the transplantation of the industry increasingly meant the enhancement of the Zionist project in Palestine. The industry's social structure played an essential role, as well as the industry's national character. No Arabs, Muslims, or Christians, no other ethnic or religious group, found its way into the ranks of manufacturers and workers.

Netanya, destined by Ben-Ami and the British to serve as the center of the industry, was a Jewish townlet, and its chief industry would carry similar social traits. This ethnic selection contrasted with the social mix prevalent in the prewar diamond industries in the Low Countries. However, it also conformed to the pattern of Jewish refugees in the US, Cuba, and London in setting up diamond businesses. In Palestine such ethnic closure was directly related to the national splitting of the economy between Arabs and Jews, to the national divide the Arab-Jewish conflict had been shaping in the country, and to the British role in sustaining these divisions. Moreover, the richness of cultural techniques employed by the industry to associate itself with Zionist culture testified to the need to have this association manufactured and even forced as part of larger power struggle for recognition and social advancement. Some were overt, as in the case of the names the manufacturers gave their factories (see appendix A.1). Ophir and Tarshish anchored the factories in the biblical landscape. Yahalom, Nofekh, and Bahat were various expressions of diamonds in Hebrew and stressed the stones on the Ephod, the cloth of the great Cohen in the temple, thus widening the biblical landscape to include a deeper religious association. The association of the industry with the Biblical, Hebrew, and Zionist resources of images and metaphors was clearly an additional cultural statement on the nature of the industry as an integral part of the Jewish community. Moreover, it added to the manufacturers' sense of being members of a collective. There were factories that carried the

names of the owners. This was imperative because of changes of ownership. However, there seemed to be interplay between this individualistic form and the masking of the individuals by the factory's self-association with the national tradition. Interestingly it added another layer to the collective memory in the industry as those employed in the industry in the past often referred to their old workplaces by the names of the owners and not by the real names of the factories.⁸⁰

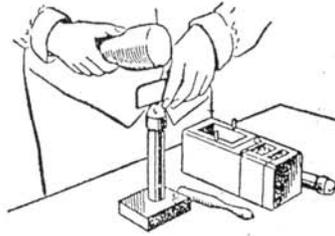
The most formal of all was the translation into Hebrew of tools and processes. It pointed to the cultural orientation propounded by the industry's captains, and Ben-Ami in particular, to join the "Hebrew revolution" that he was so close to when coediting *Doar Hayom* with the Hebrew renewalist Eliezer Ben Yehuda in the 1920s. Moreover, the national transliteration of the industry's vocabulary was far from confined to the manufacturers. The few bulletins produced by workers themselves in the factories, such as *Hatzohar* (the Aperture) and *Hasapir* (the Sapphire), testified to the cross-class nature of the phenomenon.⁸¹

The terminology the manufacturers used to challenge Labor's negative images of the diamond industry, as can be gauged from the PDMA's meetings and correspondence, alluded evidently to a twenty-year-old controversy in the Zionist Movement on the correct road (public or private) to Zionist state building. In focusing on the efficiency of private capital and on the imperative to postpone socialist experimentation to the period after a Zionist entity in Palestine materialized, the diamond manufacturers reproduced those elements of the 1920s debate that provided the diamond industry with an image of a fitting economic project, risky and successful, promising and real. Their independence was justified only because it was part of the Zionist project. The adaptation of the labor process, the plurality of union representation, and the consequent paternalism at the workplace were justified economically and nationally. It was a paternalism based not on the owner and employer just as a capitalist, but also as the source of inspiration for the linking of capital and nation, and the harnessing of capital accumulation to the Zionist cause. As was argued earlier, this combination of capitalist-driven efficiency and time, played a role in a sort of "Zionization" of the labor process that would later be perceived and advanced as a lever of international competition.⁸²

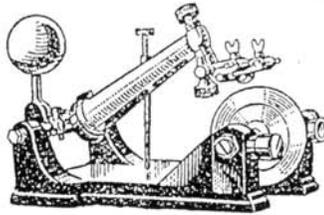
The language of the diamond manufacturers expressed in the rich minutes of the PDMA, its correspondence with various institutions, and the press revealed, however, also utilitarian conceptions that aimed to legitimize capital's roles in the wartime economy. The argumentation, partly novel in the Yishuv's capitalist discourse, focused on the industry's high productivity and the expected income from foreign trade. They were part of the Allies' war effort and had a role to play in absorbing refugee cutters and polishers from the Low Countries who were otherwise turned

into forced labor in the diamond-cutting workshops in Europe. They advanced the moral legitimacy of the Zionist economy in Palestine to inherit the German diamond industry (which competed with the Belgians in the 1930s), and played a key role in relaxing economic competition with Belgium through weaving international connections among the manufacturers and the diamond workers unions. The diamond industry in Palestine was a legitimate heir to Amsterdam and Antwerp, standard-bearer of long-standing European traditions in cutting and polishing and of the continuous presence of Jews in this particular niche. In this self presentation the diamond industry imagined therefore a world in which Zionism—despite the war and the persecution of Jews—did not reject its Jewish and European pasts but continued them through transplantation and adaptation. In this local politics of identity negotiated between the PDMA and the “triangular thread,” the reality in Europe came to play a key role, and the more economically successful the industry in Palestine became on the international level (as it did) the more legitimate it would become in Yishuv society itself.⁸³

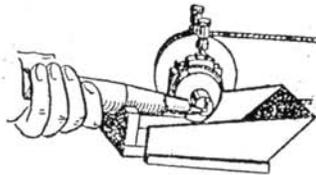
The diamond industry did not merely reproduce the ideological contention in the Yishuv over the proper way to Zionist state building, but adapted and equipped it with a new vocabulary. The language the manufacturers and the diamond entrepreneurial organizers used created essential slots of meanings that would later legitimize the unshackling of capital and the weakening of the Zionist Labor movement. The terminology idealized both the private-capital road to the materialization of Zionism, and service to the British Empire as a cultural means for securing the state’s sheltering and espousal of capital. More specifically it revered entrepreneurial capital and its independence, to the point of actually presuming to surpass other social forces as main builders of Zionist sovereignty. Not interrupting capital’s way; enabling its ambitious search for markets and skilled work; culturally legitimizing its social individualism, institutional independence, and high living standards—these were increasingly becoming their routine claims and accepted norms.⁸⁴ Furthermore, the battles of the diamond industry stressed that capitalism and its legitimization were both an internal Yishuv affair and, because of the manner of its formation, tightly linked to exogenous forces and events. Through the prism of the diamond industry the economic and social boundaries of Palestine’s Zionist polity seemed blurred, assimilating not only in larger political and military systems, but also in imperial economic networks and rival international interests.



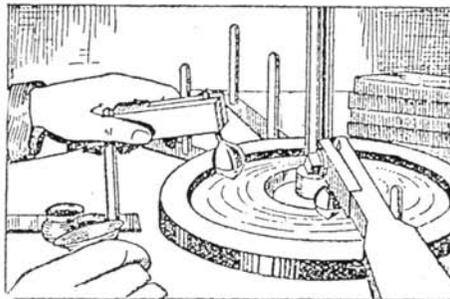
Cleaving



Sawing



Cutting



Polishing

Illustration 3.1. Diamond cutting. Illustrations from the 1940s.
Source: Heinrich Goldmann, *The Diamond and its Making*. Tel Aviv, 1946.

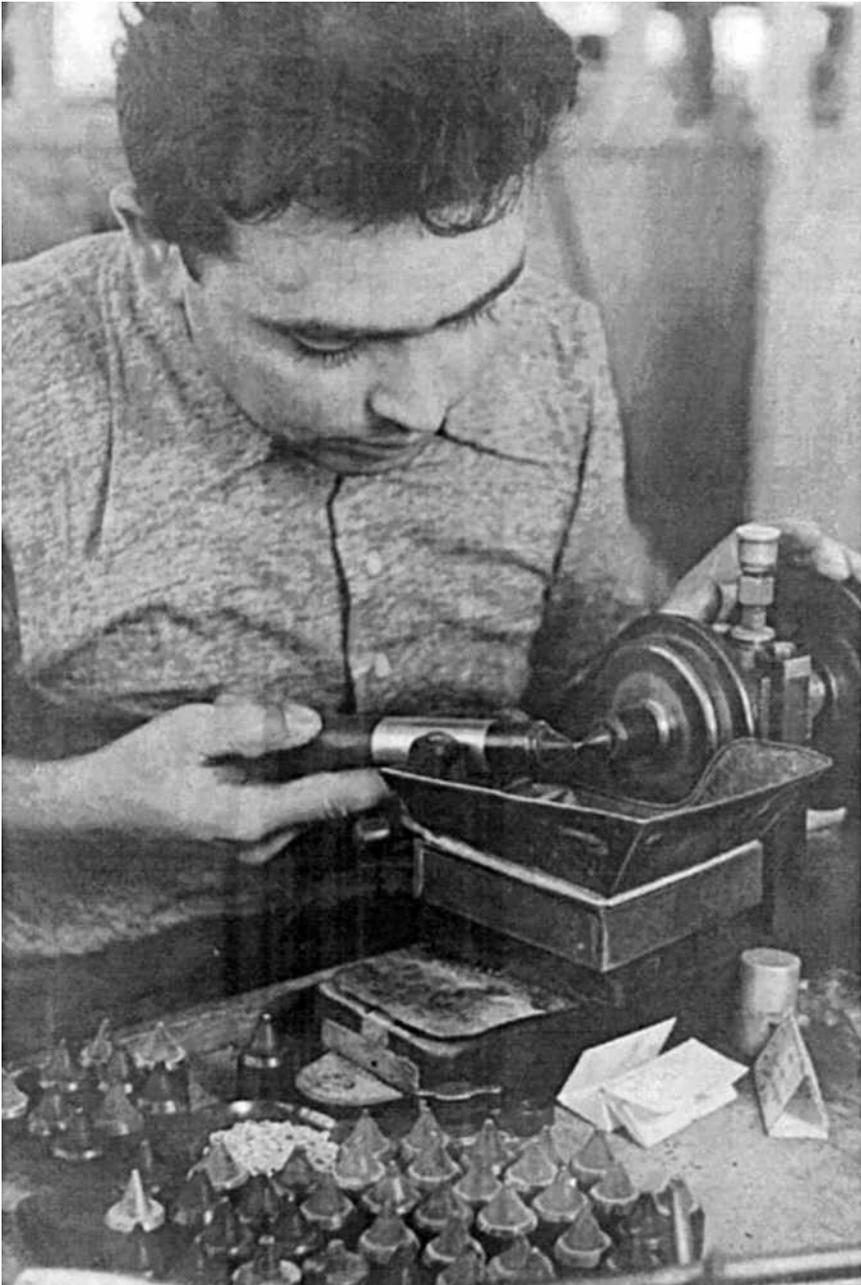


Illustration 3.2. A diamond expert polisher in Tel Aviv in the late 1930s.
Source: J.B. Hobman, Editor, *Palestine's Economic Future: A Review of Progress and Prospects*. London, 1946.