

Chapter 5

LABOR UNREST



The diamond industry is now in prosperity. The income of the private manufacturers grows progressively, and in comparison with market prices before the war this income is almost fantastic. And if in contrast we compare the wages of the worker to the average wages in Belgium we shall see that such wages were paid in Antwerp only during a slump. Should we comply with the fact that a worker must pay from his miserable wage a very high payment for the usage of the work tools and for the seat in the factory, which anyway remain the owner's private property? . . . And the diamond workers are privileged with another condition, unheard of in the civilized world. The workers (even the old-timers) are forbidden to move from one factory to another without the employer's permission (there were cases in which one owner bought from another a worker in high price). This is slavery in the full sense of the word which brings us back to Feudal times.

—A Diamond Worker, "At the Diamond Workers' Front,"
Hedei Netanya, June 1941

Actors and Issues

The diversification of the rough diamonds in autumn 1943 emphasized the duality in the politics of supply. On the one hand it was the lifeline of the industry and allowed the PDMA to maintain its monopoly. On the other hand it harbored the seeds of the industry's containment. This was the duality that shaped the character of the diamond industry and its practices from start—encouraging its expansion and limiting it at one and at same time. Accordingly, the manufacturers who persisted in building

the industry's economic infrastructure, the reputation of its qualities, and its financial future had also to calculate their strategies with caution. Demonstrating loyalty to the British and to the needs of the empire would have to be coupled with refraining from strained relations with the main artery that allowed the existence of the industry. It was a sense of economic realism that the PDMA and the diamond manufacturers were forced to cultivate, a measure of modesty and deference in the face of the power and interest that financial and political forces conveyed from London.

Equally ambivalent were the relations that evolved between capital and labor. Seemingly these relations lent themselves to control and regulation. The PDMA selected the labor force, the workers were entirely dependent on the knowledge and experience of their masters (the expert work managers), and union power was continuously kept at bay. While the manufacturers could little affect the exogenous sources of supply, they could still discipline the workers and delimit their representatives. Moreover, the manufacturers could build on the attraction of the industry for Palestine's youth and workers. It allowed them to mold workers' loyalty to the workshops and, more significantly, to limit the cost of labor that made diamond cutting worth it in the first place. However, a discrepancy increasingly yawned between the manufacturers' self confidence and what they wished would happen in employment relations. In reality the latter turned extremely tumultuous, and as the intensity of strikes in the Yishuv and Palestine as a whole significantly increased (see table below), they attracted the intense attention of public opinion. Moreover, the strikes often destabilized the balance of power in the diamond industry between owners and employees and added to the image of unruliness the British increasingly came to hold of their creation.¹

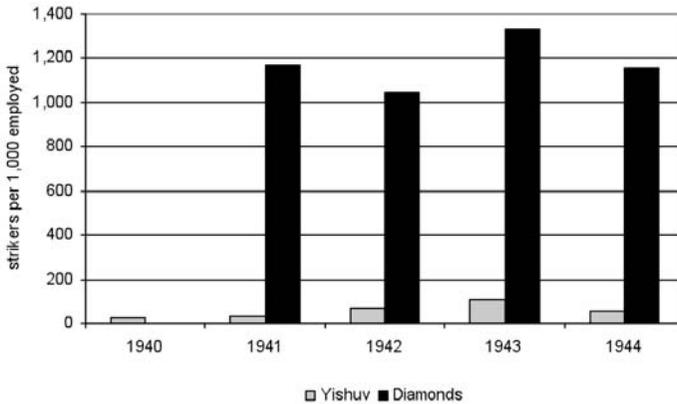
Table 5.1 Strikes and strikers in the Yishuv and in the diamond industry, 1940–1944 (Lockouts in brackets)

	Yishuv		Diamond Industry		% Diamond Strikers in Yishuv strikers
	Strikes	Strikers	Strikes	Strikers	
1940	93 (4)	3,317	-	-	-
1941	80 (9)	4,185	2	1,400	33.45
1942	94 (6)	9,258	13	2,613	28.22
1943	131 (8)	15,220	43	5,017	32.96
1944	93 (11)	7,805	16 (1)	4,166	53.37

Note: Most strikes in the Yishuv took place in industry and manufacture. The data was collected by the Histadrut, while government and ILO numbers were slightly different.

Sources: Yeshayahu Etkin, "Sixty Years of Striking in Israel, 1921–1980," MA thesis, Tel Aviv University, 1982, 215, 216, and 233; Aharon Blich, "Jewish Trade Unionism in Palestine," Typed manuscript at the LA library, Tel Aviv, 1945, chap. 5; *Sikumim* 18 (1946).

Figure 5.1 Strikers in the Yishuv and in the diamond industry, 1940–1944



Sources: Etkin, “Sixty Years,” 215, 216, and 233; Blich, “Jewish Trade Unionism in Palestine,” chap. 5; *Sikumim* 18 (1946).

The climate of instability was reflected in the intensity of work stoppages. At least 13 strikes erupted in the factories in 1942 alone, with one major dispute in the summer turning into a general all-industry strike in which 2,600 workers were involved. In 1943 the number of strikes jumped to 43, a third of all the strikes in the Yishuv that year. In 1942 each worker in the Yishuv lost 1.45 days of work on average, while each diamond worker lost 5.05. In 1943 it was 0.73 and 13.76 respectively. In 1943 61 percent of the work days lost in strikes were in diamond strikes, and in 1944 the share grew to 73.5 percent. Moreover, the general strikes in the diamond industry in 1942 and 1944 set precedents in Palestine and decidedly shaped the war as a formative period in the country’s history of industrial relations.² For a new and attractive industry, with workers’ pay levels generally high, unions kept frail, and manufacturers and workers deeply aware of the concern of the colonial government of industrial unrest during the war, why was the industry so volatile? To answer the question we need to follow the strikes as a narrative of collective action, attuned as it was to what has been emphasized in the preceding chapters—the expansion of the industry, the splintered voice of unionism in the diamond factories, and to the politics of supplies in London.

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From early on the PDMA resolved to ascertain its authority over labor in two main ways. One, in order to restrain competition and lowering wages,

was to interdict workers' free movement between the workshops. The second measure was the fixing of a general wage level for diamond cutting, a framework within which the manufacturers could freely operate but not transgress. The aim was to provide some unity to the industry, quell competition among the manufacturers, and, more significantly, to form the infrastructure for a collective agreement between the PDMA and the unions. As we saw earlier, the agreement meant to secure a minimum earning for the piecework workers who were decidedly dependent on the supply of stones, and to prevent industrial unrest. As much as the diamond industry succeeded in preventing the Histadrut from achieving hegemony in the factories, it also opted for this kind of arrangement in the hope it would lessen the impact of the fluctuations in stone supply and the difficulties in marketing abroad.³

From the start, however, some manufacturers failed to comply with these arrangements. Owners and manufacturers of the larger factories such as Ophir in Netanya insisted on total distancing of the unions from involvement in wage determination and in the selection of new apprentices and they kept themselves generally unresponsive to workers' demands for better conditions. This was true in particular for those manufacturers who held traditional liberal and antiunion approaches to employment relations, or upheld the concept of compulsory arbitration propounded by the Revisionist movement. The fact that Revisionist-affiliated workers and activists of its union, the National Workers' Federation (NWF), worked in their factories hardly made them more attuned to the workers' demands.

This was the background to the first strike in the diamond industry in March 1941 when fifty-five workers in Daskal's factory Even-Hayesod in Netanya ceased work in protest against the harsh working conditions and the material difficulties of the apprentices. Three aspects in this small strike should attract our attention. First, the strike drew the solidarity of diamond workers in the factories in Netanya and Tel Aviv, but none of the five unions to which the workers were formally affiliated (see Table 3.4 p. 97) was initially involved. Second, though short lived, the strike forced the unions to cooperate in negotiating with the PDMA on a collective agreement. Finally, the demands the strikers presented and the unions then adopted in the negotiations conveyed the expectation that the manufacturers maintain a balance: between the intensity of the cutting process, the expectation for high productivity, and the atmosphere of regimentation on the one hand; and, material improvement and some measure of social care on the other.⁴

The demands would recur time and again in many of the strikes that followed. The demand to annul the apprenticeship fee and to secure full wages after three months' training reflected the need to care for the young workers and compensate for the hard training. The demand to reduce the

“Platzgeld” (workplace fee), the pay for the usage of the manufacturers’ tools, and the obligation to pay for damaged stones aimed to allow more workers to be trained without adding too much to the factory’s cost on labor. To these were added the demand for annual leave, medical insurance, cost-of-living allowance, workers’ participation in decisions on dismissals, and teaching the new workers all parts and phases of the cutting process. In many ways the demands called the PDMA to comply with norms that the Labor movement had been advancing in Palestine since the early 1920s but were hardly applied in the new industry.⁵

The manufacturers wavered. They agreed to reduce the apprenticeship fee, enumerate the workers upon their entry to actual work, pay for medical insurance, insure the workers in case of accidents, and grant a one week of leave each year. At the same time, however, they opposed demands that entailed a raise in wages and full obligation to compensate the workers for periods of narrower supplies from London, or to paying cost-of-living allowances.⁶ Moreover, the negotiations advanced slowly because they were conducted in two separate routes—one between the PDMA and the four minority unions (NWF, Hapoel Hamizrahi, Poalei Agudat Israel, and Havoved Hatzioni); the other between the PDMA and the Histadrut. For the PDMA the double-track negotiations meant a capacity to manipulate; for the Histadrut it proved its incapacity to achieve hegemony in representation and in influencing the selection of new apprentices. For the mass of workers, who anyway seemed less concerned with which of the unions led the campaign, the PDMA’s procrastination and manipulations only provoked further unrest.⁷

The strike that broke out in August 1941 already mobilized 800 to 1,000 workers. The British, who were at the time preparing a legal campaign to restrict strike action in war-related industries, regarded this tumult with apprehension and pressed the manufacturers to discipline the workers. Also affecting the situation was the contemporary contention in the Yishuv over the Revisionists’ call for support of the government’s antistrike measures and of compulsory arbitration. The tense atmosphere was further fueled by some manufacturers who allowed workers to cut diamonds domestically so as to balance the financial losses the disputes caused them. Others turned to negotiate with their workers without consulting the PDMA. Many workers happily used the opportunity, as home work earned more, eased the strict factory discipline, and distanced them from the quarrels among the unions. The PDMA’s leaders attempted to discipline the manufacturers and incited the workers both against home work and the Histadrut. When these strategies failed the PDMA resolved, for the first time since its establishment, to lockout the entire industry.⁸

The move was effective and few days later the workers returned to work. Pressed by the British controller, the PDMA agreed to a 20 percent

wage increase (10 percent less than demanded by the workers), to pay the locked-out some compensation, and to establish a joint arbitration committee for future disputes. "Negotiation was hard and tiring," reported Ben-Ami to his colleagues, "its details were not connected to conditions or to wages—but to hegemony over work and over workers. . . . I hope that the tremors besetting our young industry and causing not only financial losses but also the slowing down of the tempo of development—will not return, and that the lesson of these days will galvanize our power and unity—and all together with our workers dedicate ourselves to quiet and productive work."⁹

Despite the commitment of the workers not to strike for the next six months normalization seemed distant. The agreement was signed only by the PDMA and the minority unions, and it took only few weeks for strike action to resurface. In November 1941, 150 workers at Akiva Pickel's factory in Tel Aviv "Yahalomim" started a strike in which they renewed older demands for a 30 percent wage increase, abolishment of the Platzgeld, and the fulfillment of the PDMA's promises of compensations for the lockout. The Histadrut, after rejecting the four unions' rapprochement with the PDMA, hurried to get involved. It established a new organ—the Diamond Workers' Union (DWO)—and focused its campaign on challenging the restrictions the PDMA placed on apprentices the Histadrut wanted to select for the factories. In conjunction, typical Histadrut schemes were drawn—to recruit reliable workers from the Kibbutz movement to the factories, establish (with government help) a Histadrut training school, and subsidize workers' accommodation. In return the trainees were obliged to stick with the Histadrut when they would become full-fledged workers and join the Histadrut campaign for collective bargaining in the industry.¹⁰

The Histadrut considered the strike a test of its power, in particular because the factory annulled the contract with the workers. For the workers the strike expressed the wish that gains the manufacturers were making should be more equally distributed. The PDMA in contrast perceived the strike as a scheme to destabilize the industry and called all the factories to unite in backing the Pickel factory.¹¹

After two weeks the strike finally ended through a proposal by the Jewish Agency for arbitration. The arbitration—in itself signaling a growing involvement of the Jewish Agency in the diamond industry—ended the strike with significant gains for the workers. At first the PDMA rejected application of the gains in the entire industry. However, mounting pressure from workers in other factories convinced the PDMA that the prospect of a general strike and growth of domestic work were more dangerous and it must give up.¹² The victory of the Pickel workers and of the Histadrut was partial, however, because the six-month collective agreement signed in August 1941, which aimed to cover all the factories, was left unaltered,

and some factories kept resisting its full enforcement. Unrest could therefore resume any moment, in particular because the industry was expanding and making huge profits.¹³

Further expansion resulted in further militancy in winter 1942, mainly among the unorganized. Consisting of half of the labor force, it was a heterogeneous group of workers, selected by the PDMA without the unions and thus bearing no commitment to any of them. They were mostly located in Tel Aviv where the factories were distant from the regimented frameworks prevalent in the PDMA's stronghold in Netanya. Their preference for piecework and free movement between the factories distanced them from the formal unions and the bureaucracies that demanded membership dues and union solidarity. Evidently some were members of the leftist oppositions in the Histadrut; some were close to the Palestine Communist party (PKP).¹⁴ Others were liberal oriented, objecting to affiliation with either the Socialist-Zionist Labor movement or the Revisionists. If anything provided some integrity to this group, it was their detestation of political regimentation of the workplace and their professed commitment and pride in their skill and high-quality work. In January 1942 they organized themselves, placed at their head the Supreme Committee (see p. 100), and began pressing for improvement and larger shares in the manufacturers' gains.¹⁵

As the Histadrut and the other four unions resisted the new body and as the PDMA totally ignored it, the nonaffiliated workers were pressed to act. In mid-January they started a strike in six factories in Tel Aviv, demanding a variety of improvements in pay and working conditions.¹⁶ In reaction the PDMA's secretary protested to Smagarinsky at the Diamond Workers' Organization "that the workers stopped the work in an irresponsible manner," and that the two weeks was "wild and unruly", and that "in such atmosphere and under such pressure there is not any possibility to have talks that may bring mutually satisfying conclusions." Therefore our executive decided to notify you that regrettably it could not enter any negotiation." The PDMA's insistence not to negotiate with the workers' organizations "as long as a strike still prevails" was further buttressed by the Histadrut's refusal of the Supreme Committee's request to lead the strike. The energy of the strike thus gradually waned. Sensing an opportunity to spread its influence among the workers, the Histadrut's DWO (representing a third of the organized diamond labor force) obtained from Ben-Ami a promise that the striking workers would not be harmed and convinced the Supreme Committee to call off the strike. After three weeks the workers resumed work and left the DWO to conduct the negotiations.¹⁷

The negotiations on a new collective agreement that started in March 1942 reflected the imbalance between the PDMA's power and the divided workers. The PDMA set up a special committee and asked Benyamin Avn-

iel, the labor relations specialist from the Palestine Manufacturers' Association, to serve as an advisor. This in itself was a novelty as it signaled a thaw in relations with the PMA and the PDMA's growing need for a wider Yishuv backing. The five unions were called in to negotiate, and split as ever, they created two parallel routes. One was the PDMA's negotiations with the Histadrut, the other with Revisionist NWF and the other minority unions. The Supreme Committee, now a full-fledged independent union of the nonaffiliated, was still held responsible by the PDMA for the January strike and thus was excluded from the talks.¹⁸

In both tracks the PDMA supported a two-year and all-encompassing agreement. Industrial stability and workers' restraint were paramount now in particular because of the pressure from London to limit the expansion of the factories and the export of diamonds. As a precondition for the entire process, the PDMA therefore demanded each worker and each union to commit themselves to refrain from industrial action until the new agreement expired.¹⁹ The unions disagreed. The liberal and the two religious unions blamed the Histadrut and the Supreme Committee for the unrest and were willing to commit themselves to a two-year agreement. The NWA and the Histadrut in an uncharacteristic consensus opposed the idea. They insisted that the PDMA's policy to employ unorganized workers was the reason behind the deterioration, that a single route for bargaining was essential, and that they could not vow that workers not affiliated with them would not strike. At the same time the Supreme Committee announced that neither the PDMA nor the unions were realistic and that neither they nor the workers would be obliged to bow to the forthcoming agreement.²⁰

The reality that the nonaffiliated workers wished the negotiators to be exposed to was the structural tension that beset the industry from start. On the one hand the PDMA advanced the conception that the factories should bring the workers as close as possible to the levels of productivity in Antwerp before the war (measured in quantity of stones polished daily by a single worker). Without such achievement Palestine would not be competitive and able to withstand the pressures expected upon the termination of the war situation and Belgium's recovery. On the other hand, the circumstances in the factories, the size of the labor force, and the chain system made any attempt to resemble the traditional industry in Antwerp unrealizable. While workers' relative earnings were high, the price they were required to pay in such a pressing work regime was simply too heavy in relation to their real income. Both employers and workers shared the wish to see a viable and competitive industry. However, to effectively assure sustained growth, only one of two options was possible. One was for the manufacturers to expand the industry and pay the workers more, which entailed the risk of a harsh reaction from the British and the Belgians. The

other option, at the hands of the workers, was to raise productivity and accept the regimentation in the factories without expecting to be better remunerated. The negotiations over these options were the prelude to one of the largest strikes to erupt during the Mandate.²¹

The First General Strike

The tension between labor and capital over profits and remuneration turned the bargaining intractable. Three issues were the thorniest. The first was the movement or wandering between the factories. For the workers the ability to move and change employers was an expression of their skill and social capital, of the autonomy that the investment in the acquisition of the skill promised, and of their expectation for material well-being that fitted their status. The manufacturers refused to permit unauthorized transfer of workers from one factory to another claiming that in contrast to Antwerp, where new apprentices worked without pay for twelve months, in Palestine workers were paid after a few weeks of apprenticeship, and that compensated for relinquishing free movement. The latter aggravated intrafactory competition, threatened to put out of business less-productive and less-successful factories, and resulted in the loss of the human resources they, as manufacturers, invested in.

A second and graver issue was the Platzgeld and the rent (LP 2 monthly) paid by workers for use of the machines. These fees, many workers argued, bonded the workers to the factory, exerted a heavy burden on the apprentices and slowed down the progress of the accomplished worker to earn well and spread the reputation of his skill. The manufacturers on the other hand opposed abolishing the fee for fear that it would seriously raise their costs and decrease profits.

The third issue, minimum wage, was problematic of all. The workers demanded a principled recognition in a minimum wage to express their investment of time and money in acquiring the skill and to recognize their share in the increasing profits. Moreover, the minimum wage should be complemented with a periodic increase in cost-of-living allowances (between 45 and 70 percent depending on the changes in standards of living). For the manufacturers these demands meant again higher costs, but also an obligation that in times of declining demand for polished stones might place them in high risk.²² They thus totally rejected the demands and also the neutral arbitration that the unions proposed.²³

Exogenous circumstances that emerged in spring 1942 turned these issues into a showdown. First was the growing fear at the MEW that Germany was able to obtain diamonds through Middle Eastern channels—a prospect that became ever more serious because of the menace (increasing

since mid-1941) of a German invasion of Palestine. Consequently Controller of Light Industries John Fletcher ordered the manufacturers to have a stricter accounting of their reserves and refrain from transferring more diamonds than was required for two weeks' work in the factories. The posting of new supplies from London was slowed down by order of the MEW so as to hammer home this point. Second, demand for polished stones in the US decreased, apparently following American government policy to reduce individual investment in luxury consumption. Consequently the absorption of new apprentices in the factories contracted, and the PDMA began to consider following the British and South African example and lockout the factories as a preventive measure.²⁴ The manufacturers' profits began now to be affected and another strike was on the way. "The temporary depression in the diamond market," Ben-Ami later reported to the British, "which resulted in a suspension of operations in the diamond cutting establishments in England and in South Africa did not pass without serious repercussions on the Palestine industry. The tense relations which prevailed between masters and men in this industry deteriorated rapidly."²⁵

The five-week general strike of summer 1942 taught Yishuv society the impact that the wartime boom capitalist expansion had on the balance of power between capital and labor. The beginning of the strike in the second week of June marked as usual the paralysis of communication lines between the PDMA and the unions, except for perhaps Haoved Hatzioni, the small, liberal-oriented union that was the closest to the progressive liberals, Ben-Ami's political party. After securing cooperation with the other three unions, David Remez, the Histadrut general secretary, decided to transfer the management of the strike from the frail DWO to the more experienced Tel Aviv labor council. Aharon Becker, the council's chief union specialist, took the leadership and in well-organized assemblies of diamond workers began to spread the reasoning behind the coming strike. Last-minute attempts to thwart strike action were made in a meeting between the PDMA and the Histadrut. The sides seemed to agree to transfer many issues to arbitration. The Histadrut was even willing to narrow down the demands for wage increases to the amelioration of just the diamond bruiters, the group that suffered most from intermittent work and incapacity to pay back apprenticeship tuition and various fees. However, once the Histadrut realized that the PDMA would not budge on the issue of workplace fees, and even intended to lower wages for some groups of workers so as to balance its expected losses from the raising of wages for others, it decided to call the strike. The other unions, as well as the nonaffiliated, quickly joined in, and on June 12th some 2,600 workers stopped work in the 33 factories in Netanya, Tel Aviv, Jerusalem, and Ramat Gan.²⁶

The breakout of the strike signaled in fact that the contested issues of free movement, workplace fees, and minimum wage could now be widened to include additional demands. Among the latter were a two-week annual leave, greater cost-of-living allowance, participation of the employers in a workers' provident fund, recognition of the employers of the hard and nerve-wrecking nature of diamond cutting, and the like. Taken as whole the demands reflected the realization of the workers and their representatives of the great advance the industry had made, and the great profits of the manufacturers. Moreover, in shaping the campaign the Histadrut attempted to do what it had failed to since the establishment of the industry—to educate the manufacturers and the PDMA's chiefs to the norms of the "triangular thread" prevailing in the Yishuv of consensual industrial relations, neutral arbitration, and clear hegemony of the Histadrut and Mapai in the Yishuv's industrial sector.²⁷

The manufacturers' response was negative only in part. The demands would increase their cost on labor during this period of contracting American demand. The workers were paid well, and arbitration would intrude on their managerial autonomy. Moreover, the strengthened presence of the unions in the daily work at the factories would in the last resort force upon the factories union participation in selecting new workers and dismissing the old. Blaming the Histadrut for leading an unnecessary strike, the PDMA called for immediate talks. The PDMA turned to the workers to realize the limits of the manufacturers and the danger that the strike portended to the factories. It was important for the PDMA to demonstrate to the British its resistance to what was perceived as a contest over power. Moreover, up to a certain point the prolonged strike may even have served the manufacturers as a temporary rationalizing check, conveying to the British their capacity to halt the industry's expansion and correct the image of an industry in chaos. This was perhaps the reason why for some it seemed that the PDMA was strangely refraining from immediate resolution of the crisis.²⁸

The material effects of the five-week strike were harsh. The factories were paralyzed, uncut diamonds were returned to the banks' safes, and only the last quantities of finished stones could be exported. The extent of loss of hard currency to the Palestine economy was never reported, but it was clearly on the minds of the British, who were preoccupied at the time in detecting diamonds that reached the Germans from the Middle East. The manufacturers were severely hit. Some had to hand over stones for domestic cutting despite the PDMA's warnings that home work would further harm the factories. Others were made idle and busied themselves in debating the crisis, maintaining the factories, or negotiating with the workers. The workers were equally hurt. Some 83,000 working days were lost, causing many workers to lose their piecework wages and to

reconsider, despite the arduous training, shirking the industry altogether. There is no clear evidence of the extent of support of the workers by the Histadrut's strike fund, but at the time it was known that some workers, in particular Histadrut members, were transferred to work in agriculture in Labor's cooperative settlements and kibbutzim where they could be given shelter and food. As an urban affair the strike occasioned an odd assembly and protest. Its noise was heard less in the factories and the streets and more in the press. The strike was widely reported and the politically oriented press was strongly manipulated to impact public opinion and the negotiations. Evidently the press amazed many with the effect that the advance of capitalism in the Yishuv was making on employment arrangements in the Jewish industrial sector and on social relations as a whole.²⁹

Serious negotiations began only after a month of sporadic contacts and futile attempts by the Jewish Agency to mediate between the PDMA and the unions.³⁰ First the PDMA proposed to hand over all questions of employment relations to a form of arbitration known in Jewish Law as "Zabla," a procedure in which the PDMA and the unions would both name an arbitrator and those two arbitrators would then select a third. The Histadrut rejected the proposal claiming that basic demands, such as minimum wage and workers' pay during the strike, could not be negotiated. After excruciating debate the manufacturers proposed another form of arbitration—a committee of Yishuv dignitaries. Initially the Histadrut rejected the idea but after realizing that the other four unions were willing to accept the proposal, it withdrew its objection. In practice many contentious issues were resolved even before the arbitration began its work. And once the unions gave up the demand for strike pay, the strike was over.³¹ Valid until March 1943, the agreement provided for a wage increases ranging from 40 to 60 percent. A minimum wage for apprentices was fixed and a progressive scale of cost-of-living allowances for all workers was established. Also provided were extended annual holidays and leaves, an unemployment insurance fund, and arrangements for transfer of workers from one workshop to another.³²

The strike reflected the realization of the Histadrut of the limits of its power. Lacking control over the entry of workers to the factories, over the funding of the trainees, and over the evasion of owners from fulfilling their commitments, it was pushed "from below" to conduct a general strike it did not really want. Whatever the achievements of the strike, its power in the workplaces was still limited. For the PDMA, on the other hand, the strike and its disastrous toll were a telling lesson in the need to replace one-sided control of employment relations with collective bargaining and arbitration. "The disturbance it caused," wrote Ben-Ami, "and its serious after-effects were such as it is hoped will serve as a warning not to make

use in any dispute that might occur in the future of a strike as a means of settlement of industrial differences."³³

In reality the strike's resonance stemmed from its length, the extent of participation, and the persistence of the workers. It thus demonstrated that in a short period the diamond workers turned into one of Palestine's most militant group of workers, and quite unexpectedly, a clear voice against capital. Moreover, the lengthy arbitration that terminated only in late 1942 turned into one of the foundations of the increasingly widespread Yishuv system of labor-capital arbitration.³⁴ No wonder the PDMA chose now to formally affiliate itself as a member of the Palestine Manufacturers' Association, the backing of which it needed, and that it finally accepted the cost-of-living allowance system customary in the Yishuv. From a wider perspective these steps reflected the veering of the industry to acquiescence with the "triangular thread," the Yishuv's national institutional system.³⁵

Labor-Capital Rapprochement

It took long weeks before the reconciliation between the PDMA and the unions materialized. The joint committee on workers' wanderings—one of the outcomes of the general strike—started working only in late 1942.³⁶ The arbitration itself was completed only a month later.³⁷ Sporadic strikes erupted in between. In Sam Moed's factory workers stopped work in November after being accused of stealing diamonds and after the owners searched the workers without the workers' committee present. In the Hakochoav factory, workers opposed the employer's intention to deduct from their wages a Yishuv tax destined to support the families of workers who were recruited to the British Army. Such disputes showed that despite the general strike and the arbitration, disputing became a routine, and workers and union leaders alike sensed that fundamental issues were far from resolved.³⁸

Ben-Ami asked the British to intervene and implement the strike law, which came into effect in Palestine in early 1942. "The diamond industry was excluded from the scope of [the Trade Disputes Order]," wrote Ben-Ami in October 1942 to the British authorities,

and we had thought at the time that both the relatively peaceful atmosphere in our relations, and the "light" character of our industry, warranted such exclusion. Experience, however, has proved that there is every justification for including our own industry within the scope of this legislation. This later impression is justified not only by the unfortunate labor disputes which have disturbed our progress, but, above all, by the fact that our diamond industry has been recognized as one of importance to the economic war effort. Our submis-

sion is, therefore, that the Palestine Government might be moved to extend the scope of the Trade Disputes Order to all diamond-cutting establishments. The regulation of man-power in Palestine makes such inclusion all the more imperative.³⁹

For both capital and labor it was a moment of reckoning. The PDMA recognized that the multiplicity of unions—in itself a product of the PDMA's initial ideological-oriented labor-control schemes—may have kept the power of the Histadrut at bay, but was far from quieting the young workers. On its side the Histadrut fully accommodated itself to the reality of its nonhegemonic power over the workers and looked up to the PDMA to create some minimum conditions for cross-class cooperation. "There is not one diamond factory without tense relations between the workers and the employers," contended Ben-Ami to the representatives of the unions in December 1942, "[and despite the July agreement] there were work stoppages. Work cannot be done in such an atmosphere. It is tiring." Smagarinsky, the DWO secretary, retorted that the problem lay not with the organized workers but with the unaffiliated whose number increased beyond control, recklessly employed the strike weapon and who reflected the blame of the PDMA for the imbalance between the organized and non-organized workers. Furthermore, Smagarinsky argued, there were manufacturers who still opposed the presence of a workers' committee in their factories, ignored the joint PDMA-union committee on resolving disputes, and paid less than determined by the agreement. The only solution was PDMA-unions cooperation. Eliezer Shostak, the Revisionist NWF leader, and Zeev Fisherschein (Zohar) of Poalei Agudat Israel concurred: the problem lay with the individual manufacturers who tended to despise the PDMA's authority and the consensual regime the agreements created, and what was needed was cooperation between the sides in forcing workers to affiliate themselves with one of the unions. Ben-Ami promised to cooperate but insisted that the workers and their unions should always remind themselves of London's concern of Palestine's growing threat to the future recovery of Antwerp and of the limit this implied for the further expansion of the local diamond industry.⁴⁰

Coloring the entire climate of employment relations in the diamond industry, the warning noted a change in the PDMA. The diversification of the stone supply forced it to seek cooperation with labor and to recognize the role of the unions in pacifying industrial unrest. Moreover, the adaptation of the industry to the stone change meant not only retraining but also dismissals; not only increased labor productivity but also stricter tuning in to the requirements of the international diamond market. Collective bargaining would facilitate the overcoming of these difficult issues and the new collective agreement that was destined to be signed in March 1943 would have to take these issues into consideration.⁴¹

The Histadrut also wished to cement the rapprochement, and in winter 1943 the DWO proposed to PDMA a new scheme for organizing the workers and the calming down the endemic militancy. The scheme aimed to give the Histadrut control over the selection of new apprentices and over the recruitment of apprentices from the other unions. It would help the PDMA regulate the movement of workers and it would participate with the manufacturers in bipartite committees to resolve disputes. In return the PDMA would be helped by the Histadrut in restraining the workers and in particular the pressures stemming from the unaffiliated and their militant organizations.⁴²

In reality the bipartite committees that began operating in winter 1943 in Tel Aviv and Netanya turned into tense contestation sites, and conveyed to the workers a strong sense of the precariousness of labor-capital cooperation. The compliance of manufacturers with the recommendations of the committees was only partial, the impact of the committees on higher-level negotiations remained minimal, and a vacuum emerged in anticipation for the real confrontation expected in the negotiation over the new agreement.⁴³ Evidently they could not prevent the reeruption of strikes and the renewal of the “war of nerves” (as Ben-Ami called it) between the PDMA and the unions. In the Ophir factory in Netanya, seventy workers stopped working in protest against the owner for not compensating them for a one-day lockout he decided on unilaterally. A few weeks later the diamond sawyers in Ophir started their own strike in demand for a wage increase in association with the stone change. In another factory in Ramat Gan workers stopped work for a month in demand for wages not paid to them for strike days in 1942. In various factories protests mounted against manufacturers canceling working days in order to decrease labor costs and against manufacturers’ attempts to refrain from paying cost-of-living allowances.⁴⁴ No wonder PDMA functionaries felt that some of these disputes and short work stoppages were premeditated by the unions in order to set the agenda for the coming negotiations, and warned the diamond manufacturers not to surrender to workers’ demands or negotiate with them individually. For the PDMA the problem lay in the workers and their unions focusing on minimum wage and cost-of-living allowances instead of the industry’s real problems—its technological advance, the related rate of productivity, and competitive capacity. For the unions and the Histadrut in particular, the issue was the workers’ share in the profits of the manufacturers, the abuse of authority in the workplace, and the freedom of the workers within the regimented atmosphere of the industry.⁴⁵

Negotiations started on the expiry of the agreement in mid-March 1943 while some strikes were still unresolved and new ones starting. As usual the four unions and the Histadrut handed in their demands separately. The Histadrut’s DWO presented the demand for a year-long collective

agreement expressing the wish that negotiations would not procrastinate as happened the previous year. The older demands for a minimum wage and the abolishment of workplace fees resurfaced in addition to new demands such as a substantial raise in basic wages, investment in provident funds, extra pay for extra hours of work, and the like. The four unions presented some similar demands regarding conditions of the workplaces and slightly different pay demands, and they generally preferred to focus on the need for arbitration. Finally, the unaffiliated workers, always suspicious of the unions' control of the workers' committees, called for a general assembly to define in a democratic way the contours of the bargaining with the employers.⁴⁶

The double-route negotiations took three months to conclude. The PDMA adamantly objected to the demands for raising the labor cost for the manufacturer; the unions were split and the nonaffiliated workers rejected the compromises the unions offered. However, the extent of the raise in wages and the demand to abolish the Platzgeld kept the PDMA and the unions apart. Once these were resolved, so the unions believed, the rest of the issues would follow and the unaffiliated would concur.⁴⁷

Three sources thawed the stalemate. One was the economic pressure on the manufacturers stemming from declining prices for polished stones on the American market, which in turn threatened to narrow down Diamond Syndicate supplies to Palestine. The second was the pressure of the occasional strikes that erupted during the negotiations and were associated with the manufacturers' decision to disregard demands until the new agreement was signed. Closely related to this was the decision by the government, which was increasingly worried about the endemic unrest in the industry, to direct all unions to notify the government's diamond controller on any dispute so as to allow preemptive mediation. The third source was again the unaffiliated workers, who gradually realized that an agreement was close and that the formal unions were about to compromise.⁴⁸

In mid-June the collective agreement was finally signed. "We must," concluded Ben-Ami, "uproot the opinion prevailing in the Yishuv that we all must 'grab and eat' for we do not know if this industry will survive in Palestine also after the war and the diamond workers would have to move to another job. This feeling must be uprooted because it might ruin the entire industry; the fate of thousands of young people is linked to it." The agreement was a great achievement, added Moshe Shapira of the Histadrut executive who was deeply involved in the negotiations: "The worker . . . has but just one demand—not to force him to work under conditions he does not want."⁴⁹

The agreement was indeed impressive, in particular after so many failed attempts to reach collective agreements in other segments of the Yishuv and after the opposition of some manufacturers to concede their

liberty to shape their factories' own working conditions and pay levels. Workplace and tool-usage fees were abolished, thus doing away with one of the main features in the traditional diamond cutting industry in Belgium. Training fees were annulled and older related debts were abolished as well. Workers were given assurances that they would be paid during declining supplies and contraction of the piecework. The controls over workers' movements were uplifted. The basic wages and cost-of-living allowances were increased although to a lesser rate than demanded in the first place. And finally, a series of improvements in working conditions such as employers' participation in medical insurance and provident funds were granted. No wonder many contemporaries perceived in the agreement a significant victory for the workers and an efficient means of maintaining industrial peace in the diamond industry, as well as a lesson for the Yishuv as a whole.⁵⁰

While the new agreement was to remain valid until summer 1944, it hardly narrowed down the number of strikes. Workers at the Dankner's Almaz diamond factory started a strike in mid-July 1943 in protest against forcing them to sign an obligation not to strike. At Feldman's diamond factory in Jerusalem, Poalei Agudat Israel workers went on strike in July 1943 against the refusal of the owner to comply with the collective agreement and his authoritarian attitude towards the workers. Some 120 clerks in the administration of the diamond industry who were at the time organizing their own union started a strike in protest of the PDMA's refusal to negotiate with them a separate collective agreement. On 12 August the entire industry went on a half-hour solidarity strike with the workers at Feldman's factory.⁵¹

The causes for the wave of strike lay first and foremost in the difficulty of the manufacturers to fulfill the collective agreement, blaming the low prices for polished diamonds on the American market and the risk to their profits. Second, a decreasing polishing quality was registered by the American buyers, which brought down sales of the Palestine product and consequently the contraction of the amount of work supplied to the workers. Third, international concern began to increase from mid-1943 regarding the future recovery of the diamond industry in Antwerp and revival of the German cutting industry, which in turn threatened the expansion of cutting in Palestine. Finally, many workers, in particular among the unaffiliated, refused to respect the verdict of the agreement and its compromises. Particularly detested was the forcing of each worker to sign the agreement and thereby commit himself to refrain from strike action. By autumn 1943 it was clear, therefore, that the threat on the June agreement was becoming widespread. The number of small factory-specific disputes increased and the PDMA formed a special fund to support manufacturers against financial losses. "The strikes in the diamond industry are very

numerous," warned R. K. Saunders of the government Labor Department. "Last year 100,000 workdays were lost. These numbers are relayed by the department of statistics to the government in London. The matter could influence its attitude to the industry."⁵² More than anything, however, the change of stones in autumn 1943 made it harder for the individual manufacturers to cope financially and the PDMA was therefore triggered to call for adapting the agreement to the new circumstances.⁵³

In these conditions labor activists felt the whole project of the diamond industry was shaky. The information on the change of supplies was initially perceived by the unions as a maneuver by the PDMA to justify violations of the June agreement, but it was now clear that it made the manufacturers search for reductions in the costs of workers' retraining. In Netanya people felt that unemployment among diamond workers was growing and that the attraction of workers to the small town was weakening. In early October the DWO notified the PDMA that it would not continue negotiations unless the June agreement was fully complied with and renewed contacts with the minority organizations on the need for a wider campaign.⁵⁴

Employment relations in the industry were thus entering a new phase. "We have before us a principled question," Ben-Ami told the manufacturers, "that stems from the new situation in the industry and that requires serious discussion which is the adaptation of the labor wage to the new reality. In the future we would need to work types of rough stones that according to the labor contract it would be impossible to sustain the industry. The question is whether we could influence the workers and the unions to realize that something has changed. We move from a period of war to a period of peace, and the transition could be long. If we do not hold on during this transition period we will not be able to sustain the industry. A general reorganization of labor relations and work conditions would be therefore needed. The workers and we share the same goal—to sustain the industry and therefore work would have to be adapted to the new conditions. A joint committee would have to sit and check the factors and make a plan. If the workers show understanding and we find a common language—good; otherwise they would force us to make the change real."

Indeed, in autumn 1943 the close association of industrial unrest with the politics of supply reached a dramatic peak when the diamond manufacturers began to turn back on their commitments in the collective agreement. Claiming that the economic circumstances had changed, the promised cost-of-living allowance of 46 percent was now refused, and other items relating to improved working conditions and benefits were violated. In practice this about-face was the immediate outcome of the change in supplies; and the consequent need for immediate retraining of the workers, formerly apprenticed in cutting Sand, to the production of Melees. Supplies and its politics were therefore at the heart of the cutters' unrest.⁵⁵

Propensity to Strike

Any explanation of the relatively high strike propensity of the diamond workers during the war must start by seeing the relations that had evolved between the manufacturers and the workers as a social pact. On one side of the pact there was an intensely expanding stratum of workers. They were mostly young and eager to work in a venture that seemed much more attractive than other available jobs. They quickly became highly skilled, and in comparison to the majority of Jewish industrial workers in Palestine their skill was rooted in tradition, knowledge, precision, and dexterity. On the other side of the pact were the diamond manufacturers, the providers of the economic opportunity and of the novel economic attraction in the Yishuv. The employment structure they created, described earlier as a Taylorized-style chain system, and its foundation on a mix of piecework and collective bargaining was conducive to high levels of efficiency and productivity. Long hours of work and high pressures on the immobilized body of the workers and on their penetrating eyes were coupled with an atmosphere of regimentation and recurring worries over losing stones or harming them. These were balanced by relatively high wages which were partly protected by an all-industry collective agreement, a strong sense of workplace solidarity, and pride in skill and in the worldwide reputation of the quality of their work. The diamond workers therefore felt their commonality much more through the labor process and work experience than by organizational framework, union affiliation, and presence of union activists. This was often reflected in their allegiance to the manufacturers and to the workplaces, the basic ingredient of any such social pact.⁵⁶

The diamond workers became strike prone more because the social pact with the factories was regularly under stress and often violated and less because of traditions of militancy. After all, the legacy of strike action among diamond cutters and polishers in prewar Europe and the US was hardly of one of adversity and militancy. The radicalism of the cutters and polishers in Amsterdam and Antwerp expressed itself less through strike action and more in robust organization, in the attainment of improved pay and working conditions, through piecemeal organizational (and educational) action, and composed demonstration of power. What the widely known leaders of the diamond workers' unions—from Henri Polak and Piet van Muyden in the Netherlands and W. V. Daems and Frans Schoeters in Antwerp to William Jacobs in England and Meyer Andries in New York—had in common was labor's reformism and gradualism. Much of their organizational energy in their respective countries was spent on constructing consensus with the diamond manufacturers and employers and less on fighting them. This was part of their definition as "labor aristocracy," a term usually connoting highly skilled jobs and workers. The re-

spect of the employers for the leaders of the diamond workers and to their organizations (e.g. the ANDB in the Netherlands, the ADB in Belgium, or the Protective Union of Diamond Workers in the US) testified not only to the sense of occupational commonality but also to the need to maintain industrial peace and large areas of consent.⁵⁷

It is difficult to substantiate why these reformist and nonradical legacies found less expression in Palestine, where so many of the traditions of the industry kept on feeding the daily life in the diamond workshops of Tel Aviv and Netanya. Perhaps it was due to the fact that those arrived in Palestine were diamond experts and not workers or union activists, and therefore the continuity of labor traditions of collective action was disrupted. It could have been also affected, as we saw earlier, by the PDMA's insistence on not allowing the Histadrut, evidently a nonradical union, to become the hegemonic representative of the workers and overshadow all other minority unions. Whatever the reasons, the diamond manufacturers in Palestine, some of them eager to reproduce the Belgian model of employment relations, repeatedly bemoaned the failure of the Low Countries' legacy of restraint to take root.⁵⁸

In the manufacturers' perception, the social pact as practiced in their factories was under constant threat because of the high exposure of the manufacturers themselves. On the one hand they were dependent on the regular supply of rough stones from London. The high irregularity of supply was a corollary not only of the war conditions but of the distributive policies of De Beers and the DTC, themselves influenced by fluctuation in demand for raw materials, and by the British policy towards the Belgian pressure to contain the expansion of the new cutting centers. The irregularity of stone supply could be expressed in varying size of stones sent for cutting in Palestine, but mainly in the constant thirst of the factories for more raw materials. On the other hand the reserves the manufacturers kept were under a constant threat of dwindling because of overproduction, low replenishment, or uneven distribution by the PDMA of the rough diamonds arriving from London. Each manufacturer in Palestine was therefore inclined to keep reserves to preempt irregularity.

Furthermore, for his guarantee the manufacturer had in parallel to cut on his costs on labor. He could do this by decreasing the distribution of stones to the workers, by decreasing the number of apprentices in his factory, or simply by tampering with workers' pay (cutting it, postponing it, and the like). All these the manufacturer could employ to a certain limit. He had to be careful not to harm the workforce he took so much care to cultivate and on whose trust and loyalty he so much depended. He had also to take into consideration the collective agreement the PDMA signed on his behalf, which obliged the manufacturers to guarantee workers' pay during times of decrease in supply of stones or forced temporary

closure of the factory. The manufacturers often preferred not to harm their workers and instead digressed from the PDMA's pay policies and collective agreements with the unions. In more extreme cases the manufacturer chose to lock out the factory for some time, drastically decreasing activity and renewing it when profit levels again allowed. All in all therefore the diamond manufacturer was incessantly calculating the extent of his exposure to his sales levels in the US, to London's policy regarding the distribution of stones, and to the PDMA's collective pay directives. His autonomy and freedom of action, so cherished by all the liberal-oriented diamond manufacturers, were therefore limited, and on encountering these limits he would opt to cut labor costs, otherwise it would not be profitable for him to go on. This was a permanent source of pressure on relations with the workers and it was often enhanced by the manufacturers and the PDMA who exaggerated the extent of these dangers to the press.⁵⁹

In this way the world of booming diamond production unraveled itself not only as an attractive source of income, occupational attainment, and mobility for the young diamond workers in Palestine. It was also unstable, fluctuating, and laden with threats to shatter the system of trust and coalescence of interest they shared with the manufacturers, the experts that taught them their skills, and the workplace that provided them with a sense of social order and economic future. The backing that could have been provided to them from outside by the presence of a solid union organization and a Labor movement were frail. Furthermore, the PDMA's successful splintering of labor organization in the factories discouraged the traditional restraining barriers usually placed by the Labor movement on the social unrest of the urban workers.⁶⁰

The age of the workers was indeed a crucial factor in explaining their propensity to strike. Upon entry to apprenticeship at a young age, the workers expected to start earning after three months. Despite the regimentation and arduous conditions of the work, they enjoyed the benefits that piecework accrued to them. Willingness to work for hours on end, the lack of familial commitment (other than to parents whom they could quickly provide for), and flexibility in their adaptation to changes in supplies and in sizes of stones all made them also susceptible to spontaneous action. They could be children of members of one of the four or five unions but were hardly satisfied with the collective agreement in the industry or paid little respect to the unions' restraining attempts. For the Histadrut activists they seemed an unruly lot, wholly dedicated to work and un-easily recruited to union work, distant from values of loyalty to a Labor movement and much more prone to organizational independence than to traditional union frameworks.⁶¹

The Labor department of the Palestine government was aware of these characteristics. In the department's logic the propensity of the diamond

workers to strike was related to the large number of unions in Palestine, and to the effect of the expansion of the industry on the entry of large numbers of unaffiliated workers. These explanations may have had a ring of truth to them but they ignored the relation between the entry of the unorganized and the PDMA's worker-selection policy. Furthermore, they overlooked the relation between the great number of unorganized and the fact that in times of low unemployment, Histadrut members could have preferred not to enter the diamond industry because they disliked its characteristics (long hours, the employers, the instability of the industry, etc.) despite the relatively higher pay rewards.

Clearly the multiplicity of strikes was related to the breakdown of negotiations on collective agreements and to the workers' consciousness of the increasing prosperity of the industry and active desire to have a share in it. The young diamond workers interpreted the recurrent intermissions of supplies and consequent changes in work schedules as a taken-for-granted feature of their work experience that turned work stoppages into routine. Manufacturers who wished to maintain rough stones in reserve instead of distributing them for cutting were quickly blamed for breaching their commitments to the apprentices and workers. Fluctuations in supply, and intermittent attempts to cut labor costs and to empty collective agreements of their original contents portrayed the manufacturers as unwilling to share their high profits from the industry. The workers' pride in acquiring a craft, in their technological adaptability and in the culture of the skill they cultivated, deeply affected this portrayal.⁶²

The impact of the persistent propensity of the diamond workers to strike and of the weakness of the labor organizations to restrain strike action was hardly confined to employment relations. In the first place the strikes added to the anxiety of the manufacturers regarding the steady supply of raw material from London as an element of instability. The latter contrasted to the image that the PDMA and its members wished to market (in particular to the British authorities and the Diamond Syndicate) of a viable industry and one that stood in service of the war effort and the empire. Second, the recurrent strikes exposed the weakness of those in the government and in the PDMA to fully control the industry, and thus added to the threats posed by the movement of experts between the factories and by the persistence of home work. Third, the strikes forced the manufacturers and their organization to take into account the chronic industrial unrest in their business-expansion strategies. This was clearly seen in their growing willingness, after three to four years of operation, to attenuate their principled objection to the presence of the labor organizations and—without precedence in Palestine—to a branch-wide collective agreement.⁶³

The strikes had a deeper effect on the labor organization, in particular on the Histadrut. To the PDMA's attempts to prevent a meaningful presence of workers' representation in the labor process, the strikes added a from-below challenge to the organizations themselves. Naturally this resulted in a growing effort to widen union influence over workers and in a concerted action by the Histadrut to unite the organizations under its umbrella and to discipline the workers through the cultivation of loyal workshop workers' committees. At the same time the strikes emphasized the partial effectiveness of these attempts and made the Histadrut recognize the limits both to its hegemony in the industrial sector in the Yishuv and to its capacity to advance accommodation with private capital.⁶⁴

The sense of a limited power produced among the Histadrut's union ideologues negative images that coupled the diamond workers with all the wrongs of capitalism and unorganized labor. Focusing on the "pathology" of workers' attraction to personal profit and defiance of organization, the images reproduced the traditional arsenal of social objection that since the 1920s Zionist-Socialism cultivated against capital and the unaffiliated. The imagery never excluded a national-oriented reasoning of Labor's need to cooperate with Jewish industrialists and capitalists; neither did it weaken the Histadrut's quest to widen its bases by tempting those objecting to organization. Nevertheless, uncontrolled militancy in the diamond industry signified for the Histadrut that its ambivalent language towards both capital and the unorganized remained ineffective. The militancy testified to the wider, menacing problem that the Histadrut was too weak to overcome of workers whose working conditions and power in the workplace improved by wartime boom, and who consequently defied Labor's authority and collective interests. The tactics used by Mapai and the Histadrut leadership to contain these better-off workers could not work in the diamond industry because of the piecework character of the labor process and because the PDMA and the manufacturers took care to keep workers' representation at bay. The Histadrut had nothing left but to recognize its failure, to divert its best forces to other industries, and to hope that relations with the industry and its workers after the war would correspond to the presence of organized labor it was used to before the war.⁶⁵

The impact was, however, wider. As a part of a state-building project the Zionist Labor movement in Palestine promoted the autonomy of the Yishuv economy and the preference of Jewish over Arab workers in all the workplaces in that autonomy (known as the struggles for Hebrew labor and the conquest of work). Many labor disputes and strikes against Jewish employers in agriculture, construction, and industry revolved around this issue. Moreover, many disputes over improvement of conditions were no less immersed in Zionist terminology—the employers claiming the workers were disrupting their national-capitalist operation and labor arguing

that the Jewish capital owners and employers were more capitalist than Zionist. This “Zionization” of the culture and language of capital-labor negotiation and of the repertoire of collective action did not mean that class issues were absent. Rather, they were overshadowed by an agenda that argued for the primacy of a political struggle and for the hegemony of the Zionist-oriented Histadrut in the labor market in providing the employers with a labor force, in participating in fixing wages, and in regulating the structure of the workforce. In the latter part of the Mandate period the contestation in the workplaces and the labor market became increasingly class based. The national agenda continued to influence the segmentation of the economy and the organizational segregation of the workforce. However, when the diamond workforce was created in the early stages of the war and during the booming of the economy during the war, the balance was already tipping away from the national politics of the labor market toward the social politics of relations between capital and labor.⁶⁶

The diamond workers clearly became the leading force in this gradual veering of relations from national-segregationist aspects of strike action to economic and social ones. For an industry and a workforce hardly existing before the war and representing just one type of manufacturing, such levels of conflict—an average of 34 percent of the strikers in the Yishuv—were remarkable. Even more significant was the fact that the diamond industry was Jewish-only, and that from the start it did not experience the labor market competition between Arabs and Jews that was so influential in social and employment relations in the Yishuv.⁶⁷

While the effects of the strikes on the manufacturers and on organized labor were direct, militancy had another, less blatant consequence. The close association in Palestine between the instability of supply of rough stones and industrial unrest made many aware of a similar association in the African diamond mines between the regulated punctuation of mining and the working conditions of the South African and Sierra Leone miners. As global diamond mining and trade never knew a supranational workers’ organization (similar to the Universal Alliance of Diamond Workers, which referred to cutters and polishers) this awareness never expressed itself in an organized international solidarity. However, the fact that the stones polished in the various centers originated in those African mines provided a sense of “imperial connectivity” that the war strengthened through the increasing importance of noncombatant regions for international politics. The effect of stone supply on the multiplicity of strikes made this connectivity another aspect of an imperial social formation that tied the experiences of diamond miners in Africa to those of the cutters in Palestine. This was partly reflected in the growing awareness by the PDMA of information on the tribulations of the diamond industry in other parts of the globe. It was also expressed by diamond workers in

Palestine who saw that apart from their participation in the local national project, they were also part of an empire, of a colonial network, and of an international war effort that crossed national borders. In the last year of the war this awareness of the relations between the postwar international arrangements, the plans for economic development, and their potential influence on the international division of labor in the diamond industry deepened.⁶⁸

The Long Showdown

The adaptation in the factories was a major effect of the stone change of autumn 1943. As almost all production focused on cutting and polishing eight-cuts, many of the workers would now have to be retrained, adapt themselves to new types of stones and cutting, and cultivate new specializations. Many workers would become unemployed in the process; some would have to leave the industry altogether. Those workers who could handle a variety of stones and sizes would become more secure and privileged. In turn relations with the unions had to change and items in the collective agreement would have to be renegotiated with the Histadrut. The latter gained quite a lot from the process. It was necessary to protect the redundant workers and formulate the demands that fitted the change in production. This empowerment was closely associated with the fact that the immediate effect of the change was a vigorous revival of militancy at the end of 1943 and again in spring 1944.⁶⁹

Table 5.2 General strikes in Palestine's diamond industry, 1942–1946

	Workers Affected	Working Days Lost	Average Intensity (Days lost per striker)
Jun. 1942	2,500	82,500	33
Dec. 1943*	2,000	24,000	12
Mar. 1944**	3,250	182,000	56
Jan. 1946***	4,320	56,160	13

*Partial Strike; ** Referendum taken among all diamond workers; *** Stoppage of Work.

Source: Histadrut, *The Diamond Worker*, 12–13.

Strikes in the diamond industry have always been associated with the state of supplies, with the fluctuating relations between the MEW and the PDMA, and practically with factors that were exogenous to the industry's system of employment relations. Prior to the stone change in autumn 1943 these relations were straightforward: supplies slow to arrive decreased the amount of work, the latter decreased piecework remuneration, and

workers demanded more work or compensation. The supply crisis that had been unfolding since the end of 1943 and through the first months of 1944 changed the order of the process: supplies decreased, employers violated the collective agreement, and strike action followed, without the renewal of supplies really mattering. This change was part of the growing awareness of the workers and their unions, in particular following the stone change, that the PDMA and the diamond manufacturers could not be spared a second front. One front—that of the struggle for supplies in London—could not be used anymore to justify social peace in the industry, and a parallel battle had to be waged to “educate” the manufacturers that in calculating their moves the workers had to be taken into account.⁷⁰

The first signs of this aggravation of employment relations emerged at the end of 1943 when the manufacturers began turning back on the June collective agreement.⁷¹ In early November the diamond cutters and their representatives were informed that pay envelopes for November would not include the war bonuses given during the past eighteen months—46 percent of salaries over LP 3,500 in addition to the regular allowances of 100 percent of the rise in the cost-of-living allowance index. The PDMA’s notice, which was attributed to decreased business, surprised the workers and protest meetings were hurriedly organized. Workers in the diamond factories in Netanya who were affiliated with the Revisionists and the IZL and LEHI Jewish underground organizations handed the manufacturers an ultimatum, and once rejected they started, still without the participation of Histadrut, a forty-eight-hour strike.⁷² The Jewish Agency tried to mediate, but to no avail. Workers affiliated with the minority unions in Tel Aviv and Jerusalem followed suit and joined in what soon seemed to be turning into a general strike. The strike ended, however, after two weeks because the Histadrut did not join in, and because the PDMA promised the minority unions to reconsider its retreat from the 1943 collective agreement. The workers achieved nothing, and the procrastinated negotiations in January 1944 over the fulfillment of both the June and the December 1943 agreements seemed to confirm what all sides knew all too well: that the unfavorable atmosphere in London and the fear of declining profits on the American market caused the manufacturers to make the workers pay the price.⁷³

For all intents and purposes employment relations in the diamond industry in winter 1944 were only formally functioning in a double framework of a collective agreement and piecework payments, that is, according to the amount of diamond cutting and polishing done. In practice the collective agreement was never fully complied with. Hovering over this grey area was the consistent threat of crisis, and it was further aggravated on the opening of discussions over a new collective agreement for 1944. The new agreement could not ignore the changes in the types of the rough

diamonds and the retraining and adaptation of the production process to the new stone regime. Many workers feared they would be soon out of work and they had to confront in the negotiation rooms panicked manufacturers who feared the collapse of their business. In this atmosphere the tension between the diamond workers and their union representatives increased, reflecting as it did a deeper conflict over a place in the industry and over the legitimacy of the unions as representatives of the workers during the transformation that the industry was now experiencing.⁷⁴

Following the PDMA's decision to stop paying the workers the cost-of-living allowances, in early March the workers' factory committees gave the manufacturers an ultimatum. They demanded full compliance with the collective agreement within a week, the payment of the promised cost-of-living allowance (of 46 percent), and manufacturers' consent to arbitration by the Jewish Agency. If a strike broke out the manufacturers would have to pay for the lost days and an additional 4 percent of a worker's wage for a strike fund. The unions were forced to join the ultimatum and the PDMA, hoping to avert the strike, succumbed to the pressure. In practice the unions and the PDMA joined hands here against the militancy of the workers, and attempted to reach a compromise before the work stoppage initiated from below.⁷⁵

The arbitrators, Itzhak Grinboim and Avraham Wertheim of the Jewish Agency's Department of Labour, proposed to reduce the allowance demanded from a monthly addition of 46 percent to 20 percent to be paid only for the next three months (60 percent altogether). Sensing that the arbitrators were taking into consideration the supply situation, the PDMA agreed at once. The workers, however, took some days to consider the offer, and then in a meeting of delegates of diamond workers' committees it was decided to extend the ultimatum for a few more days and to have a mass workers' meeting to have its final say. Consequently a split took place. Some workers, mainly in Netanya, stopped work for two days in protest against the postponement of the ultimatum, while others, mainly in Tel Aviv, agreed with the unions to allow the Jewish Agency another chance of mediation. Moreover, the PDMA and the unions composed a joint proposal for an agreement that was supposed to serve as a basis for negotiations and to avert the strike. The tension between the workers and the workers' committees on the one hand, and the unions who sought to extend the ultimatum and were criticized of curtailing collective action on the other, climaxed now, exactly when negotiations over supply in London reached their most sensitive stage.⁷⁶

This pressure from below was depicted at the time as a rebellion of the workers and the workers' committees against the secretaries of the unions. It mounted now because of the fear of further reduction of rough materials and further dismissals. Consequently the workers' committees

demanded that the workers themselves voice their opinion and that the unions follow their say. A workers' referendum thus followed, organized by the labor councils and diamond unions in Tel Aviv and Netanya. It was first of its kind in the diamond industry and a clear demonstration of the challenges the political unions were facing during the war. Out of 3,600 diamond workers, 2,861 participated in the referendum, 1,953 voted to start a strike (1,524 in Tel Aviv and 429 in Netanya), and 859 voted for an agreement (684 in Tel Aviv and 175 in Netanya).⁷⁷

The strike that broke out in mid-March 1944 was a corollary of the adaptation of the factories to the change in supplies on the one hand, and of the excruciating negotiations in London that caused shortages of rough diamonds in Palestine on the other. For the PDMA's leaders the strike was, as some manufacturers vehemently protested, like sticking a knife in the back of the manufacturers' delegates who were desperately attempting to secure the continued existence of the industry. "We see in this illegal and wild strike," wrote one of the PDMA's functionaries, "an intention on the part of the workers to prove that they and only they can determine what was right and what was wrong and they did not recognize any neutral authority and not even the unions who are party to the agreement." On their part the workers saw the strike as a means to restore rights they felt had been wrested from them. In reality the strike reflected the price the sides paid for keeping the Zionist institutions at distance.⁷⁸

Hardly anyone suspected the strike would last so long; definitely not the British, who found it a puzzling phenomenon in such straining times of trouble in supplies and reorganization of economic priorities. The unions themselves were dumbfounded in the face of the preparedness of the workers to carry the material burden for such an extended period. Both owners and workers seemed adamant in their decision to continue the strike until one or the other would give way, and the labor department at the Jewish Agency found it hard to bring the sides to talk. What seemed to bring a thaw in the stalemate after a few weeks was the fact that workers were severely hit, materially and mentally, and, as reported by the activities of the strike fund, the unions jointly established the number of workers in need for financial assistance, which grew by the day. This was corroborated by the exponent increase in domestic work and in informal employment relations outside the factories. Second, the shared sense that the Palestine diamond industry might be dismantled at the end of the war brought the sides closer. This shared economic nationalism was in fact the concept around which the Jewish Agency arbitrators sought to weave an understanding, practically a reflection of what was earlier defined as the logic of the "triangular thread."⁷⁹

However, as many items not complied with in former agreements had to be reopened, and as the workers were unwilling to forgo their demand

for compensation for the days lost in the strike, it took the Jewish Agency five weeks to renew the arbitration. The arbitration itself took another four weeks to conclude. The 46 percent cost-of-living allowance was reduced to 40 percent, the manufacturers agreed to pay the workers half of the wages they lost during their forced unemployment (itself caused by dearth of supplies), and the unions, to the dismay of many workers, agreed to replace their demand for a fixed minimum wage with a graded scale that promised to help the lower-paid workers but earned the better-off much less.⁸⁰

The significance of the agreement was wider. It ended a very long conflict of nine weeks that involved 33 factories, more than 4,000 workers, and 170,000 to 180,000 work days lost—considered at the time one of the biggest in the history of strikes in modern Palestine. The exports of polished diamonds decreased tremendously, which threatened to reverse the continuous economic success of the industry. Because of the size of the workforce in diamonds in Netanya, the entire town was deeply involved in the strike and suffered substantially from the decline of workers' purchasing power. While the strike expressed worker resistance to abolishing their previous achievements, at the same it also pinpointed the employers' difficulty to adapt. The change from Sand to Melees required much less labor and brought the manufacturers less income. The narrowing down of supplies that followed the change of stone decreased the amount of work needed, and the workers clearly felt they had to resort to a temporary paralysis of the industry in order to force the manufacturers to protect them from the effects of the change. The tension this strategy caused between the workers and the unions, and the pressure the workers' committees exerted on the unions not to shorten the strike, taught the unions, and in particular the Histadrut, of their need to be more attuned to their organizational weakness among industrial workers. This would soon be reflected in the strengthening of cooperation among the five unions and in the enhanced power of the Histadrut among the diamond workers. Furthermore, it brought some unity to the front that stood against the PDMA and the manufacturers who from start wished to keep labor representation splintered.⁸¹

The boundaries the workers set for the manufacturers during this period of intensive supply politics, and the emphasis of the unions on respecting collective agreements, enhanced the voices inside the PDMA calling for further rapprochement with the Zionist institutions. The tightening of these relations was reflected in the assistance given by the Jewish Agency to the industry in summer 1944 in surveying and advising on the workers' pay structure. Significant too was the strengthening of ties between the agency's Department of Trade and Industry with Hennig & Co., the PDMA's brokers in London. Indeed, if the Zionist institutions

could be part of the campaign of the diamond industry to improve the supply position of the industry, they could well help to bridge over employment conflicts in the industry in Palestine itself. This growing Zionist rapprochement would become clearer after the war.⁸²

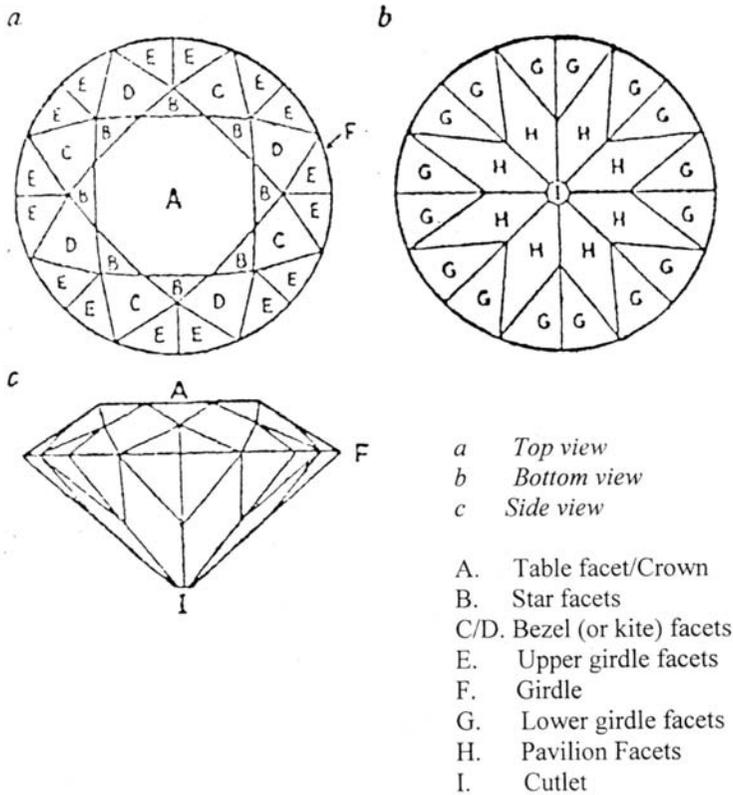


Illustration 5.1. Diamond cut. Source: Heinrich Goldmann, *The Diamond and its Making*. Tel Aviv, 1946.



Illustration 5.2. Diamond workers at a Netanya factory, 1946. Source: CZA/PHR/1174096. Used with permission of the Central Zionist Archive.