

Unemployment Assistance During the Period of the Yishuv: Philanthropy, Productivity and Mutual Aid*

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In the Spring of 1970, Israel's Parliament passed legislation requiring the payment of unemployment insurance . . . Its seeds were planted four decades earlier, when the Yishuv . . .

Introduction

Every society has been faced with economic crisis bringing unemployment, hardship and hunger to its inhabitants. Such was the case of the Yishuv in Eretz Yisrael, during the fourth immigration (1924-1929). Suggestions on how to deal with the problem were not only of a pragmatic nature, they reflected deep seated values and views which determined the solutions sought to the crisis at hand. These views were to influence welfare policy in general and unemployment policy in particular.

Between the years of 1925 and 1927, the economic situation in Palestine became most difficult. Unemployment was beginning to take its toll. Of the work force, estimated at 26,000 people, about 35 percent were without jobs.¹ In Tel Aviv the proportion was higher, with approximately 50 percent of the work force unemployed. These trends were likely to increase since immigration to Palestine was continuing with 1,500 people entering the country monthly. The non-aligned newspaper *Haaretz* indicated that the newcomers lacked financial means, thus burdening the economy even further.² A central issue which took on dramatic proportions was the question of how to deal adequately with the problem of unemployment. The situation was grave with the Yishuv not having faced such a severe test since the Second Immigration in 1904.

* I am indebted to Itzhak Ben Aharon, M.P. a member of the Fourth Aliya and former Secretary General of the Histadrut for the extended interview granted me in November 1976 in Tel Aviv for the purpose of this paper.

¹ Dan Giladi, *Jewish Palestine During the Fourth Aliya Period (1924-1929)*, Tel Aviv, Am Oved, 1973, pp. 179-185.

² *Haaretz*, Dec. 10, 1925.

Mutual Aid

Both the Vaad Leumi,³ or National Council, and the Histadrut, General Federation of Jewish Labour in Palestine, turned to the mandatory government for assistance. They requested funds for the creation of public works. The response was neither enthusiastic nor forthcoming.

The Histadrut thus turned inward to its organization and membership for help. Perhaps the unemployment crisis could be met through their own efforts and energies. Consequently *Yom Choser Avodah*, "a work day for the unemployed" was declared. The principle was one of mutual aid, the more fortunate assisting their fellow members in time of need. Funds received from the employed would be utilized for creating work projects for the unemployed. Ben Gurion stated that such cooperation is "an ideal which unifies the workers into one body."⁴ This noble idea was insufficient however to stem the tide of unemployment or reverse the economic situation facing the Yishuv. Neither were all workers ready to participate in this voluntary enterprise. An editorial appearing in *Davar*, the labor daily was critical of the limited support.

What have we done in the area of Mutual Aid? . . . Awaken friends, awaken, the hour is pressing. Every worker in the city and village

³ The *Vaad Leumi*, or National Council, was elected by the *Asefot Ha-Nivtarim* or elected assembly which had developed its own governmental agency. The National Council comprised the executive committee of seven to administer the internal affairs of the Jewish community.

⁴ Ben Gurion, "Ha-Histadrut-VeHamiflagoth," *Kuntres*, Vol. 13 No. 13, Summer 1926.

should give the maximum tax to the unemployed.⁵

The response was not fast in coming; the economic situation was beginning to take its toll. In Petah Tikva, for example, the earliest of Jewish settlements, conditions for the worker became unbearable. As an observer noted, "There is no housing. On two dunam of land one can find 250 inhabitants. In a tent that is designed for four beds, twice the number occupy that space. We are confronted with sickness, even epidemics with almost 1,500 workers starving."⁶ At a gathering of workers in Herzeliyah, Ben Gurion, chairman of the Histadrut, addressed the assembly to inform them of economic developments. "Leader," cries came forth, "give us bread." His immediate response was "I do not have bread, but I do have a vision."⁷ The vision of a Jewish society producing and creating through labor, viewed as fundamental in building a homeland, would have to be delayed. There simply was not enough work to go around. Efforts on all fronts, including those by the World Zionist executive, to stimulate the economy came to no avail. It has been suggested that the executive made "desperate efforts" to request funds for work projects, but without much success.⁸ The alternative and perhaps only choice available at the time was the creation of *Seua* (lit: assistance support) or financial aid for the unemployed. It was the Zionist executive who initiated the idea for its establishment, and it was through labor boards in Palestine that assistance was arranged.⁹

The creation of relief payments came under severe criticism by the Histadrut. Some termed it "as creating the most tragic chapter in the

⁵ *Davar*, January 24, 1926.

⁶ *Davar*, February 25, 1926.

⁷ Solomon Aran, "Shnotiam Harishonot" (The First Years) *Hapoel Hatzair*, No. 12, 1960.

⁸ Giladi, *Ibid.*, p. 191.

⁹ *Report of the Executive of the Zionist Organization*, The 15th Congress of Basle, August 30, September 9, 1927, London, Central Office of Zionist Organization.

history of the labor movement."¹⁰ Philanthropy rather than productivity was beginning to emerge. The very ideals and principles of the labor ethic was being threatened. The days of Chalukah (contributions from abroad to those living in Palestine) which the pioneers conquered so successfully were threatening to return once again.

Seua-Assistance

The unemployment assistance program was designed in 1926 and funds were distributed during the summer. The by-laws of the program provided for residual aid. Support was given only to those unemployed who were out of work for at least two months. Recipients registered at the labor board three times a week, and funds were granted after an interview by a committee of the board. The stigma which accompanied assistance was vividly described by one observer.

It is sufficient to stand on Friday during the distribution of financial aid in the labor exchange and observe even from afar the destruction this brings to our pioneers. Are these not the same pioneers who were once so proud in displaying the flag of religion of work?¹¹

Joseph Sprinzag¹² who was the director of the labor exchange noted

What was the tragedy of the period? The tragedy was a double one. Hunger and assistance. Hunger hurts the individual and aid degrades him. He ceases to be a human being who can stand straight.¹³

A more moderate view by a leader in the labor movement suggests that there was really little choice. He states that more industrialized countries are forced to provide financial aid in periods of crisis. If there was any criticism it was directed more to the administrative

¹⁰ A. Kersel. The Histadrut, *Tarbut Vechinuch*, 1960, p. 40.

¹¹ A. Rosner, *Kuntres*, Vol. 15, No. 1, 1927, pp. 27-29.

¹² Speaker of the House in Israel's First (Knesset) Parliament.

¹³ Zvi Even Shoshan, *Tultod Tnuot Hapoalim Berez Yisrael*, Am Oved, 1966, p. 31.

features where men and women were "examined seven times before aid became available."¹⁴

The view that no other options were open was certainly in the minority. Furthermore it was not only the human dimension and stigma in receiving aid which was criticized. The issue was more fundamental. *Seua* was in direct contradiction to fulfilling the goals and aspirations of Zionism. Only through employment and productivity could one arrive at the creation of a national homeland. Aliya for example would have to be curtailed if work was not available. Ben Gurion declared "For us everything is aliya. One cannot expect the land to develop, industry to grow, and population to increase if employment ceases."¹⁵

The national executive of the Histadrut called for supreme efforts to channel funds for work projects. It turned to the Zionist movement and insisted that an investment of this nature would bring the whole Zionist cause forward. If a positive response is forthcoming then, "aliya will continue. If not . . . aliya will cease and people will leave the country . . . work induces aliya."¹⁶

One of the strongest advocates of the cessation of unemployment assistance was Ben Gurion. The executive head of the Histadrut, and later Israel's first prime minister, expanded on the theme of work and Zionism. He indicated that

for all of us lack of employment is not only a question of those who suffer, but a question which goes to the heart of Zionism. We have come here to reach a goal, and work is the means to that goal.¹⁷

He added:

the question of unemployment is not only a humanitarian question; a question of morali-

¹⁴ Geora Lando, *Kuntras*, Vol. 20, No 4, January 15, 1927, p. 7.

¹⁵ *Ibid.*, Ben Gurion, Ha-Histadrut, Vol. 13.

¹⁶ *Ibid.*, Executive Report to the Third National Assembly of the Histadrut, Vol., 13.

¹⁷ Ben Gurion "Lemilchama B'choser Avodah" (War Against Unemployment), *Kuntras*, Vol. 14, No., 17, 1927, p. 7.

ty and inequality. These issues are complex in themselves . . . But they do not enter into the very substance of the debate.¹⁸

The conflict between labor leaders and the Zionist executive over policy increased. Ben Zvi, a member of the labor executive and Israel's second president, charged the Zionist executive with misconstruing the aims of the movement; if funds for work projects were not forthcoming, then such monies would be collected independently by the movement. Ben Gurion went further and stated that he would withdraw from the Zionist executive. He accused them of inaction and castigated them severely by taking the position that there was an "excess of Jews in Palestine," and that too many settlements were created without aim and purpose.¹⁹ Upon his return from the Zionist executive meeting in London, Ben Gurion proposed to the National Histadrut the following motion:

if within a month the unemployed will not find adequate work which will satisfy the Histadrut . . . then it does not see any possibility for its continued participation as members in the Zionist executive.²⁰

The motion was defeated by a narrow margin of two votes reflecting the severity of the situation.

It would be incorrect to suggest that the Zionist executive was totally antagonistic to the cause of labor or responsible for inaction. Chaim Weitzmann, president of the Zionist movement, was certainly sympathetic and friendly to their cause. An editorial in *Davar*, the workers' daily, praises him for voicing concern during the crisis.²¹ In September 1927 when the employment situation was still critical he noted,

It is assumed that the Zionist organization will continue to use every endeavor to expedite the process of recovery by procuring the introduction of fresh capital and its investment to sound productive undertakings.

¹⁸ *Ibid.*, p. 10.

¹⁹ *Ibid.*, Ben Gurion, "Lemilchama," pp. 10-11.

²⁰ *Ibid.*, pp. 11-12.

²¹ *Davar*, April 25, 1926.

A sense of reality remains however since, the probability must be reckoned with, that a considerable residue of urban unemployment will remain. It is for this reason that it has been deemed prudent to suggest the budget . . . have provision for the unemployed. However, as far as financial exigencies permit, the provision of public works is preferable to the grant of subsistence allowances.²²

In the latter part of 1927, efforts by the Zionist executive were partially instrumental in bringing *Seua*, unemployment assistance, to a close. They were responsible for stimulating government work projects, developing small industry and absorbing workers in cooperative settlements.²³ The consequences were that aid to the unemployed ceased in Jerusalem, Haifa, and Afulah. By Passover 1928, *Seua* came to a close in Tel Aviv and the country as a whole.

A significant drop in unemployment was also due to the ratio of immigration to emigration, the latter being considerably higher than the former. The development of the citrus industry was an additional factor in the employment of thousands of new workers. In the last quarter of 1928, the economic situation had improved considerably. At least for the while the vociferous ideological conflict regarding financial support for the unemployed had abated.

Mishan

Though the debates were over and unemployment assistance ceased, the hardships, hunger, and frustration could not easily be forgotten. The Yishuv had not faced such despair in the modern period. Response in providing residual or institutional programs was not forthcoming. No clear policy either by the Zionist organization or mandatory government emerged. It was left to the Jewish labor federation to create its own program known as *Mishan* (lit. to lean on).

²² *Statement of Policy Presented by the President of the Zionist Organization and the President of the Zionist Executive to the 15th Congress*, Basle, September 2, 1927. Bachdruerici, Emil Birkhauser and Co., Basel, pp. 12-14.

²³ *Ibid.*, Gilad, pp. 229-230.

Starting out modestly as a loan fund for unemployed workers, it gradually grew into a program for financial assistance and later expanded to providing a host of social services. Ostensibly it would appear contradictory that the very movement which so vehemently opposed any form of aid should be the very designers of such a service. The rationale for its establishment was three-fold. To begin with, assistance was based on the principle of mutual aid. It was thus selective, only pioneers or laborers benefitting. Secondly, it was originally created as a loan fund, thus eliminating any thought of philanthropic contamination. Thirdly, and perhaps most significant, was the fact that though in later years it was to operate independently, at the outset it was inextricably tied to and under the auspices of *Keren Choser Avodah*. This was an investment fund for the creation of work projects, which channeled monies to support *Mishan*. The main purpose of the fund for the unemployed was to get as many people back to productive employment. *Mishan* served as the arm which organized social services when employment was not available.

Recognition by the labor movement that aid in time of crisis was a necessity, particularly for the unemployed, presented a dramatic change in outlook. Only four years earlier such thinking was viewed as almost heretical. The social services which *Mishan* was to provide, though selective in practice, did establish a more liberal outlook for members of society facing unemployment and hardship. Furthermore, it established roots in the area of social welfare which became more progressive with time, though not universal even with the creation of the state.

Mishan was established in the early decade of the thirties, only three years after the difficult economic crisis of the fourth aliya. In 1931 members of the Tel Aviv labor council called for support recognizing, perhaps more than ever, the need for unemployment assistance. As one member put it, "We have sinned a grave sin in not paying sufficient attention to our members."²⁴

²⁴ Yosef Ulizila, *Mishan*, Histadrut, 1956, p. 19.

The aim of *Mishan* goes to the heart of mutual aid. It was Ben Gurion who stated its underlying philosophy: "We are responsible each to his brother and today is our guarantee for tomorrow."²⁵ The uncertainty of unemployment and hardship faced the Yishuv as a whole and consequently, Ben Gurion added, "all of us are liable to be on the receiving end."²⁶ The unpredictability and instability of future times can be countered by investment in the present. Ben Zvi elaborated by stating that *Mishan* was neither a loan fund based on economic principles, nor a fund formulated on philanthropic principles. Rather, mutual aid, joint responsibility and a "moral stand" by the giver and recipient were emphasized. The former contributes with open cordiality, the latter returns payment when possible.²⁷

The original by-laws of *Mishan* were quite specific, selective and often quite regressive. Acquiring a trade, procuring work tools and returning people to the work force were given preference to any other assistance. Furthermore, an individual could not receive aid if a member of his family was employed. Periodic checks by *Mishan* to determine the worker's eligibility was common practice.²⁸

Mishan operating as the welfare arm of the unemployment fund explains its rather regressive features. A member requesting aid had to receive approval and show cause that such aid was justified. A potential recipient had limited power of negotiation and what was viewed as a right was often challenged by the board.

As *Mishan* became more autonomous its policies became more liberal. In time unemployment assistance would comprise only one facet of its services. Loans gave way to grants; food supplies were purchased at reduced rates; free clothing was distributed; newcomers were given free education and housing.²⁹ During

²⁵ *Mishan, Labor Archives*, 251, IV, Tel Aviv, No Date.

²⁶ *Ibid.*

²⁷ *Mishan, Agudat Ovdim Leezrach Haddit*, Tel Aviv, Achdut Press, 1937, p. 15.

²⁸ *Ibid.*, *Mishan, Labor Archives*, p. 251.

²⁹ *Mishan, Labor Archives*, Document 251, IV, 1747, 1938.

different periods men and women of the Yishuv turned to *Mishan* for assistance. The economic crisis of 1938-1939 found *Mishan* besieged with requests for aid. A rather touching letter from the Greater Parents committee of Tel Aviv primary schools read

More than five thousand children within our schools are confronted with hunger and a large percentage lacks decent clothing.³⁰

Similar pleas came from a broad range of schools and institutions.

The first director of the department of social welfare in the Yishuv, Henrietta Szold³¹ was somewhat critical of *Mishan's* varied activities. She noted:

I thought that *Mishan* was an institution which distributed loans and its main task to assist those who were unemployed. Lately however I noted that I was wrong. The goal is to convert it to a department of social welfare.³²

What indeed started as a loan fund for the unemployed was later converted into grants-in-aid and eventually into a social service network of significant proportions.

With the creation of the State of Israel attempts to seek continuity in the form of legislation for the unemployed failed. Efforts by the Kanev commission to include provisions for unemployment insurance in the framework of an overall welfare program did not materialize. The government was determined to seek productivity in building the new state and to discourage dependency through assistance.³³

In the Spring of 1970, Israel's Parliament passed legislation requiring the payment of unemployment insurance. A further step in the

³⁰ *Mishan, Labor Archives*, 1439, April 6, 1939.

³¹ Henrietta Szold, Architect of Hadassah, founder of Youth Aliya, was also responsible for transferring health and educational activities from the World Zionist Executive to the Palestine Committee. This brought about the establishment of the Department of Social Welfare created in 1931. Miss Szold was its first director.

³² *Mishan, Labor Archives*, 1939, April 6, 1969.

³³ Abraham Doron, *The Controversy over Social Security 1948-1953*, Hebrew University Press, July 1975, pp. 1-50.

creation of a welfare framework in modern Israel had been achieved. Its seeds were planted four decades earlier, when the Yishuv faced its severest crisis of unemployment, hunger and despair.