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*Commodities and Power:
Edible Oil and Soap in the History of Arab-Jewish Haifa*

Mustafa Abbasi and David De Vries

The production and trade of edible oil and soap has for long held a significant role in the history of modern Haifa as a mixed town. One reason was the impact of olive oil and soap on the general history of trade in the town itself and in the wider Haifa region. This impact was not only economic, but also social and political, exemplified in the formation of the local oil merchants as one of the leading groups in Haifa's Arab elite. The second reason was the towering presence of the Shemen factory in the town's economy, in the industrialization of Haifa during the period of the British Mandate, and in the economic and social roles that the factory came to play in the development of the Jewish sector and in its relations with Haifa's Arab society. Finally, oil and soap products have always been essential to Haifa because they reflected the presence of the British rule: in the protection the Palestine government gave to the Shemen factory and thereby to the Jewish sector, in the ownership of the factory since 1929 by a British stockholding company (Unilever), and in the direct attempts of the British authorities during World War II to increase the trading potential and exporting capacities of local oil and soap.

Much has been written on these aspects, in particular on their impact on the intertwining economic, social and political significance. Since the early 1920s the demands of the producers and merchants from the colonial regime for economic support filled in mounting correspondence and reporting. The close association of the Shemen factory with the institutions of the Zionist movement (both in London and in Palestine) likewise produced rich textual and analytical materials. The occasional inquiry commissions the British held during the Mandate period to discuss Palestine's economy and politics often referred to Haifa and to Palestine's oil and soap industries.

And in the Jewish sector itself – both in its communal and neighborhood institutions and in the organs of the labor movement – the progress and tribulations of the edible oil industry were often on the public agenda. To this was added a rich historiography that has for long described and analyzed the olive oil’s historical, economic and symbolical expressions. These varied sources substantiated the association of oil and soap in the Haifa region with the politics of the Mandate period, with the relations of Haifa society with the colonial ruler, as well as with the relations between Haifa’s Arabs and Jews.²¹⁶

Despite the richness of sources there is however a clear imbalance in the historiography of Mandate Palestine between, on the one hand, the voluminous sources on the Shemen factory in Haifa’s Jewish sector, and the paucity of sources on edible oil and soap production in Haifa’s Arab community on the other. The imbalance is further accentuated by the marked difference between the Arab and Jewish communities in Haifa – the first traditionally concentrating on home-based production, trade and on local consumption, while the latter on industrial production and export. Furthermore, the myriad connections between the main center of oil and soap production in Nablus and the edible oil and soap merchants in Haifa further emphasize the absence in the literature of a wider regional perspective. It is partly for these reasons that the dual character of oil and soap production in Haifa remained understudied, and that the imbalance of sources between the interacting Arab and the Jewish sides of the story made it all the more difficult to provide a fuller perspective that respects mutual economic intersections and related political aspects. The discussion below attempts to start filling in the gap by focusing, from the perspective of Haifa Arab merchants of olive oil products and that of the Shemen factory, on how economic entanglement and duality came about. To answer the question the discussion touches upon the nature of the olive oil and soap production in Haifa and in the Haifa region before World War I, the impact of the Shemen factory on the Arab olive oil and soap merchants, and finally the role the Palestine government played in these relations.²¹⁷

²¹⁶ The archival and historiographical richness, partly detailed in the bibliography, stands out also in relation to the histories of other economic branches and consumer products in Mandate Palestine.

²¹⁷ Zachary Lockman, *Comrades and Enemies: Arab and Jewish Workers in Palestine, 1906-1948* (1996), pp. 3-9; Jacob Metzger, *The Divided Economy of Mandatory Palestine* (2002); Jacob Metzger, “Economic Growth and External Trade in Mandatory Palestine: A Special Mediterranean Case”, in Sevket Pamuk and Jeffrey

Early Contexts

Prior to the 20th century the production of edible oil and olive oil based soap in the Haifa region was relatively small. The branch, based as it was on olive trees and on domestic oil presses, was largely concentrated in Nablus and Jaffa. Haifa and its small population were but another marketing spot for the more established Nabulsi oil and soap. However, three characteristics of olive oil products produced in Nablus prior to World War I bore formative influences on the future development of olive oil trade in Haifa. The first was the high price of the products, and in particular of the virgin oil. The second was its high acidity, relative to the edible oil produced in other Mediterranean countries. The third characteristic was its limited storage life.²¹⁸ These characteristics determined the low export capacity of the Palestinian olive oil products, its limited capacity to compete with the products produced in other regions in the Mediterranean (Spain in particular), and its consequent reliance on local consumption and on markets near Palestine, such as Egypt and Anatolia.²¹⁹ Moreover, these were also the causes for the small number of oil and soap merchants in the Haifa region in the late 19th century. They also explain the limited productive capacity of the Haifa soap factory ran by the German Templars, and the economic tribulations experienced by Atid, the small Jewish factory established in Haifa in 1906, which produced oil and soap mostly from olives press waste.²²⁰

G. Williamson (eds.), *The Mediterranean Response to Globalization before 1950* (2000), pp. 363-366.

²¹⁸ Said B. Himadeh, *Economic Organization of Palestine* (1939), pp. 216-217; Beshara Doumani, *Rediscovering Palestine: Merchants and Peasants in Jabal Nablus, 1700-1900* (1995), pp. 14-15.

²¹⁹ Himadeh (1939), p. 146; Ramón Ramón-Muñoz, "Specialization in the International Market for Olive Oil before World War II", in Sevket Pamuk and Jeffrey G. Williamson (eds.), *The Mediterranean Response to Globalization before 1950* (2000), pp. 159-198. Acidity determines the extent of the oil's oxygenation. The lower the acidity the better chances of the oil to guard itself from oxygenation and the better the quality of the oil. Still, in some parts of Palestine consumers preferred high-acidity olive oil.

²²⁰ Shmuel Avitsur, "Nahum Wilbusch: From Traditional to New Industries", *Inventors and Adaptors: The Makers of the Revolution in Palestine's Manufacturing* (1985) (in Hebrew), pp. 122-128; Shmuel Avitsur, "The Production of Olive Oil in the Galilee and Its Dimensions at the Beginning of the Century", *Ofakim Be-Geographia* 20 (1987) (in Hebrew), pp. 3-16; David Kushner, *Palestine in the Late Ottoman Period* (1986), table 9 on p. 201. In his memoirs Nachum Wilbusch told that the Atid attempted to export toilet soap to Egypt, Anatolia and Syria, but without

These were also the reasons for the focusing of the entire branch in the hands of few Arab families in the Haifa region whose social and economic status was undergoing a change due to the reorganization of the Ottoman Empire in 1839-1876 and the Tanzimat reforms. This was true in particular in comparison to Acre that suffered deeply from the 1830s Egyptian occupation of Palestine, causing as it did the transfer of social and economic gravity points from Acre to Haifa. Economically Haifa saw now the beginning of a modernization phase, a significant enlargement of commercial activity, the multiplication of production factors, the adoption of technological innovations, and a change in the structure of the business sectors. Equally influential on the status of the Arab trading families was the growth in the volume and character of consumption, parallel to the improvement in living standards of Haifa's society generally. This was further supported by the incoming of new social forces, e.g. Jews, Templars and others, that further cemented the links between Haifa and the Mediterranean and western economies, and contributed to gradually making Haifa a cosmopolitan entrepôt. These processes have to be further contextualized in a larger demographic process in which Haifa's population increased from 2,000 around 1840 to 24,600 in 1922. Haifa of the late Ottoman period was a town in dynamic growth and it was therefore not accidental that the Ottoman authorities chose the town as the principal seaport of the Hijaz railway system (in operation since 1905). This maritime linkage further secured the expansion of the Haifa economy, and allowed Haifa's merchants to materialize the potentialities of the Arab hinterland in connecting its oil, sesame, wool and corn producers with destinations beyond Haifa and Palestine.²²¹

The Catholic Sa'd family was a typical example of this burgeoning prosperity that the Tanzimat reforms initiated. The family, headed by Fu'ad Sa'd, was related by

much success. See Zvi Kroll (ed.), *The Oil Jug: Shemen's Twenty Year Anniversary* (1945) (in Hebrew), p. 62. Olives press waste is *Gefet* in Hebrew and *Jift* in Arabic.

²²¹ Mahmoud Yazbak, *Haifa in the Late Ottoman Period, 1864-1914: A Muslim Town in Transition* (1998), p. 16; Yehoshua Ben Arie, "The Population of Large Towns in Palestine during the Eighty Years of the Nineteenth Century According to Western Sources", in Moshe Ma'oz (ed.), *Studies on Palestine During the Ottoman Period* (1975), pp. 49-69; Government of Palestine, *Palestine Report and General Abstracts of the Census of 1922*, edited by John. B. Barron (1922); Alexander Scholch, *Palestine in Transformation 1856-1882* (1993), pp. 19-46; Yosef Vashitz, "Social Changes in Arab Society during the British Mandate: Merchants, Entrepreneurs and Others", in Nachum Karlinsky and Avi Bareli (eds.), *Economy and Society in Mandatory Palestine, 1918-1948* (2003), p. 395.

marriage to the Catafago – a family of merchants from Italy led by Salim Bey Catafago (d. 1922) who was Fu’ad Sa’d’s grandfather on his mother side. The two families ran a prosperous land and trading businesses in Acre, Kufur ‘Inan, Mughar, Sajur and Ramih in the late 19th and early 20th centuries. And on Acre’s economic decline they moved their operations to Haifa – the town has now gained the region’s economic supremacy. The Salname (the Ottoman yearbooks) of the Syrian and Beirut provinces tell that Jubran, Fu’ad Sa’d’s father, was a prominent political figure in the Acre region, at least since his initial membership in 1875 of the Acre town council and his activity in banking.²²² In 1880 he worked also as a translator in the Italian Consulate in the town and his connections with the latter were greatly helped by the Italian Catafago network.²²³ During this period the family turned one of the richest feudal families of the region and he was already exporting from the Acre port the edible oil brought from his lands around Ramih.²²⁴ By 1885 he sat on the district agricultural board, and by 1901 he was a member of the town’s trade and agriculture board. Similar to Jubran, Salim Catafago reached also public prominence as a member of the highly influential district administrative council.²²⁵

These roles demonstrated the high status of both families in the late Ottoman period, and they clearly assisted Fu’ad Sa’d when he transferred the gravity center of his commercial and land activities to Haifa. Though the move hardly challenged the hegemony of Nablus in the production of edible oil and soap, it laid in Haifa a new commercial infrastructure – exemplified by the establishment of an edible oil factory in the *al-hara al-gharbiyya* (the Western neighborhood). It even brought the Nabulsi family to later relocate to Haifa some of the marketing of oil and soap. Furthermore, the association of the Sa’d family with local politics, and the centrality of Jubran and Fu’ad Sa’d in the establishment of the ‘Catholic Society’ in Haifa, demonstrated the

²²² Salname of Syria Province (Istanbul, 1875), p. 99; on the Catafago family see also Thomas Philipp, *Acre: The Rise and Fall of a Palestinian City, 1730-1831* (2001).

²²³ Salname of Syria Province (Istanbul, 1880), p. 196.

²²⁴ Mustafa Abbasi interviews with Ghattas Yusif Ghattas and Hasan Ahmad Mansur, Ramih, 7 September 2010.

²²⁵ Salname of Syria Province (Istanbul, 1885), p. 136; Salname of Beirut Province (Istanbul, 1901), pp. 140-142. Fu’ad Sad also bought land in the Zichron Yaakov area, established an ice factory in Haifa and worked as a translator for the German Consulate in Haifa. For Sa’d’s later land activities see CZA J/15 5134 and J/15 2094. His oil press in Ramih in the late 1920s was known to have developed modern technology. See *al-Karmil*, 6 February 1928.

making of a new Arab bourgeoisie in the town – based as it was on land ownership, trading and marketing networks, and, no less significantly, on social notability.²²⁶

Incipient Change

The acceleration in the economic and demographic development of Haifa in 1890-1910 – that made this social process possible – was curtailed by World War I. Similar to other economic branches a crisis in the development of local oil and soap production and commerce ensued, and it was not until the conquest of Palestine by the British in 1917/1918 that another substantial change again took place.²²⁷ The impact of the British conquest is all too known in Palestine's and Haifa's historiographies. The British support of a National Home for the Jews, the Jewish immigration that followed, and the administrative infrastructure that the British began establishing in the Haifa district, triggered a chain of economic and social processes that deeply influenced the edible oil and soap industry. Particularly affected was the main process under discussion here – the splitting of the branch into two separate routes of production and trade.²²⁸

An examination of the establishment of the Shemen factory in 1919-1924 reflected the onset of that splitting. After the Atid factory collapsed early in World War I the engineer and architect Gedalia Wilbushewitz (1865-1943) started a company that aimed to produce oil-related products. The Zionist Wilbushewitz, himself a veteran founder of Atid, was for many years engaged in surveying areas in Palestine for water extraction and edible oil production; and after the war he led the industry department at the Delegates Committee (Vaad Hatzirim), the committee

²²⁶ Salname of Beirut Province (1908), p. 278; *al-Karmil*, 18 February 1934; May Seikaly, *Haifa: Transformation of an Arab Society, 1918-1939* (2002), p. 110; Kenneth W. Stein, *The Land Question in Palestine, 1917-1939* (1984), pp. 26 and 223; Shmuel Avitsur, *Apparatuses in Landscapes: Chapters in Palestine's Industrial Archeology* (1994) (in Hebrew), p. 95; Johnny Mansour, "The Hijaz-Palestine Railway and the Development of Haifa", *Jerusalem Quarterly* 28 (1983), pp. 5-21; Itzhak Klein, "The Arabs in Haifa under the British Mandate: A Political, Economic and Social Survey", *Occasional Papers on the Middle East* (1987), New Series, No. 5 (in Hebrew).

²²⁷ Alex Carmel, *The History of Haifa under Turkish Rule* (1977) (in Hebrew); Yazbak (1998), Chapter 6. It should be noted that soap production continued to function despite Atid's collapse. This continuity was essential when Shemen began to operate in 1924. See also Seikaly (2002), p. 36.

²²⁸ Splitting and dualization are used in this chapter interchangeably so as to simplify a much needed problematization of the two concepts.

under Chaim Weizmann's leadership that in 1918-1921 represented Jewish society in Palestine and handled its postwar recovery. Wilbushewitz linked Russian Jewish capital owners (among them the oil magnate Ilia Eliyahu Paenson) with his brothers, Moshe and Nachum Wilbushewitz, who were engaged in Russia and Switzerland in food engineering and renovations in oil production, and the group established in London in 1919 The Palestine Oil Industries (Shemen), Ltd. After two years of failed attempts to start an industrial plant in Caesarea (and to convince the British to declare the Caesarea port as free trade zone), the entrepreneurs decided to move to Haifa. Here they joined in the Agolin company, that produced oil in Alexandria (owned by Paenson himself and Barki, a Sephardic Jew), and established a factory close to Haifa's coast, at the location of the ruined Atid.²²⁹

The reason for the passage from Caesarea to Haifa was twofold. First, the older image of Haifa as the 'city of the future' of industrial development in Palestine—an image strengthened after the war because of the town's importance for the British and its attraction for Jewish industrial entrepreneurs. The second reason stemmed from Haifa's advantageous position as a port town, an entrepôt of land crossroads, and an essential point of entry for immigrants, capital and machinery. It was against this background that Shemen's early association with the Zionist project has to be understood – through the acquisition of land for the industrial plant, its role in the economic infrastructure of the Jewish settlement in Haifa (which grew during the 1920s into a third of the town's population), ending with the exclusive employment of Jewish immigrants and workers in building the factory and in production. Similar to the many other forces that shaped the dualization of the Palestine and the Haifa economies, the establishment of Shemen too, and the start of its operations in December 1924, was the end result of a mix of forces, of external capital and local initiative, exogenous know-how and initiative and endogenous political forces. The mix of economy, politics and national ideology was essential in the progress of Shemen factory in the latter part of the 1920s, and in its positioning on a separate

²²⁹ The capital invested at the establishment of the factory was ca. LP 250,000. The construction of the factory, the purchasing of the machinery and the initial labor costs increased the invested capital with at least LP 100,000. See also "From the History of Jewish Industry in Palestine", *Davar*, 26 April 1934.

route from the older Palestinian oil and soap industries and commerce.²³⁰

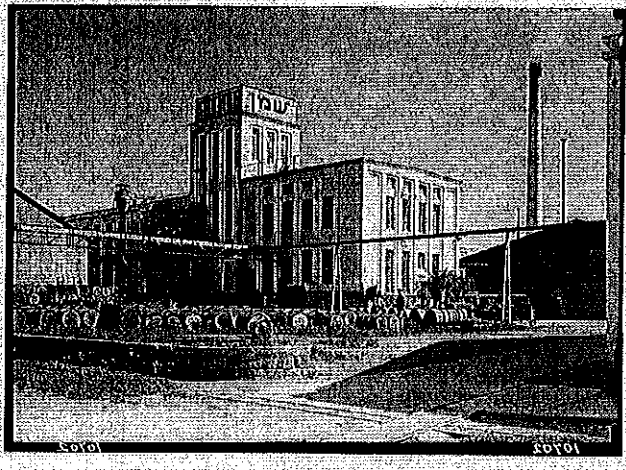


Fig. 1: Shemen Oil Works, Haifa, March 1939

Source: Photo Department, American Colony, Jerusalem.

An Economic-Political Complex

To clarify the process three problems with which the new factory in Haifa had to face have to be borne in mind. The first was the conflict between the aspirations of the factory's owners for continuous and industrially-punctuated production on the one hand, and the shortage in the raw material caused by the one-time yield of crops that olive groves gave in a year on the other. The implication of that shortage was the total dependence of Shemen on importing raw materials (mainly sesame seeds and coconuts) from outside Palestine, and the need of the owners to pay high customs on that import. The problem turned all the more acute because of the intention of Shemen to extend its production beyond edible oil and soap, mainly to cosmetics for which coconut oil was essential.

The second problem Shemen faced at the onset of its operation was competition with relatively cheaper edible oil and soap products which were produced outside Palestine – in particular the cottonseed oil imported into Palestine from Egypt, and soap imported from Marseilles (Savon de Marseilles, which was made of

²³⁰ Correspondence and minutes of protocols of Shemen in Central Zionist Archive, A/112, files 134-137; Shemen's correspondence with the executive of the Histadrut (General Federation of Jewish Labor) in the early 1920s, in the Labor movement archive, Lavon Institute, IV-208-1-3-1b; Kroll (1945), pp. 64-67; Nachum Gross, "Haifa at the Beginning of Jewish Industrialization in Palestine", *Riv'on Le-Kalkala* (September 1980), pp. 308-319 (in Hebrew).

vegetable oil). Significantly, the customs on the import of these items into Palestine was lower than those levied on the raw materials Shemen so direly needed. Thirdly, Shemen entered a well established market in Palestine which, as has been mentioned earlier, was dominated by Nablus producers, and in which it had to compete with oil and soap merchants in Haifa itself and the northern region in general. These products – marketed as they were in Haifa and the rest of Palestine – were expensive, but still cheaper than the costs the Shemen factory had to pay for the import of the raw materials it was interested in.²³¹

These problems – relatively high import costs, exogenous competition and local competition – became closely interrelated by the presence of the British authorities: all the actors were dependent on British customs policies and on the British preference (indeed, from the start of their rule) to lend support to any sector that would improve the balance of its expenses on governing Palestine. As the economic historiography of Mandate Palestine has already demonstrated this preference for a ‘strong economic sector’ meant mainly support of Jewish capital and the Zionist project. It thus implied a formative British impact on the making of the dual economy.²³²

Shemen’s first problem began to be resolved in late 1925 upon the British decision to cancel the customs on the import of the raw materials that the factory aspired for. The cancellation meant a significant reduction in Shemen’s overall expenses on customs. It allowed the factory to increase the import of raw materials and to begin competing with externally and locally produced products. This was true not only with regard to edible oil itself, but also in relation to soap which Shemen now produced from imported coconuts. Syria, the United States and England itself would become now Shemen’s main exporting destinations. Moreover, the change in customs costs also allowed manufacturing variegation, namely, the production of coconut oil and flaxseed oil for dies (extracted from linseeds). Finally, the change in

²³¹ For a contemporary reference to these problems see Kroll (1945). See also Deborah S. Bernstein, *Constructing Boundaries: Jewish and Arab Workers in Mandatory Palestine* (2000), pp. 117-122. Coconut oil in Hebrew is Shemen Kokus and in Arabic *Zayt Juz al-Hind*. Cottonseed oil in Hebrew is *Shemen Kutna*, and *Zayt Budhur al-Outun* in Arabic.

²³² Central Zionist Archive, S8/1152/2; “The Manufacture of Oil and Soap in Palestine”, *Palestine and Near East Economic Magazine*, 25 November 1926; Seikaly (2002), Chapter 8; Roza I.M. El-Eini, *Mandated Landscape: British Imperial Rule in Palestine, 1929-1948* (2006).

customs enabled Shemen to start producing sunflower oil (used both in cooking and in cosmetic emollients for skin softening). The sunflower oil also allowed Shemen to tackle a forgery problem – the marketing of Egyptian cotton oil in Shemen’s cans. Product variation and sophistication of marketing and advertisements naturally increased Shemen’s revenues, and explained why industrial relations in the factory were quiet, relatively to Haifa’s turbulent labor disputes and strikes.²³³

All in all British policy in protecting Shemen stemmed from the economic interests of the British Empire, and in particular from the need to reduce the Empire’s financial burden, through increasing local competitive capacities and through encouraging export.²³⁴ However, the protection, protested against by the Arabs, could not be dissociated from political issues. And in particular from the pressures exerted by the Zionist movement – in themselves originating from the thorny problems the Jewish settlement in Haifa and Palestine as a whole were faced with during and following the massive mid-1920s immigration wave of Jews.

Furthermore, the overwhelming backing Shemen was given by both the Zionist movement and the British could not be understood without the novel technological and managerial message the factory carried, and the lowering of costs it allowed. The novelty lay first in the joining under one roof of all the phases of pressing and production of oil and soap. In the traditional way olive oil was extracted by pressure and sold as virgin oil (that is using physical means and no chemical treatment). It had a limited storage life (the raw material could be kept only for a few days after the autumn harvest), and it contained many impurities. Storage could be prolonged only if the pressed oil was chemically refined (by heating and extraction), and it was usually done by a separate firm. What Shemen did was to apply vertical integration – combining the extraction and the refinement at one plant, thus allowing a year round operation and overcoming the short seasonal nature of traditional production. To this Shemen added industrial production of soap and later also

²³³ Central Zionist Archive, S8/1152/2; Haifa Labor Council, *The Histadrut in Haifa, 1933-1939* (1939), pp. 66-70; David De Vries, *Idealism and Bureaucracy in 1920s Palestine: The Origins of 'Red Haifa'* (1999) (in Hebrew). Linseeds in Hebrew are *Zirei Pishtan*, and *Zayt 'Abbad al-Shams* in Arabic. Sunflower oil in Arabic is *Zayt al-Nakhil* and *Shemen Hamaniot* in Hebrew.

²³⁴ Barbara Smith, *The Roots of Separatism in Palestine: British Economic Policy, 1920-1929* (1993), pp. 335-340; Seikaly (2002), pp. 101-107; Yosef Vashitz, *Social Changes in Haifa's Arab Society under the British Mandate*, PhD (1993) (in Hebrew), p. 404.

cosmetics, some of which was produced from imported raw materials such as oilseeds. The second aspect of the novelty was the variety of products forwarded now to the local market, and increasingly to export. It was this association of the political perceptions of technological and managerial advantages with customs policies that explained Shemen's growing competitive capacity. For these reasons the impact of Shemen's emergence in the edible oil and soap market of Haifa and of the wider region was not only economic.²³⁵

Duality

Shemen's impact on Haifa's economy was clearly felt in the Jewish sector. The economic absorptive capacity of Jewish immigrants increased, and the spatial and economic presence of the Jewish sector widened. The Jewish owners and the managers of the factory (among them brothers Wilbushewitz, Shmuel Slitzan and Menashe Erman), added to the strengthened presence of local Jewish industrial and managerial elite, and challenged the Haifa Labor Council (the local representative of the Histadrut – General Federation of Labor) to new challenges and contests in industrial relations. Though in its first two years of operation the factory's accumulation of capital was moderate, its economic and social impact was wider, because it linked with a wider industrialization process that the Zionist movement and private capital led in the 1920s and 1930s in the town.²³⁶

For these reasons the impact of Shemen's emergence on Haifa's Arabs was Janus-faced. In the slow recovery of the Haifa economy after World War I the establishment of Shemen reflected a larger split between small size enterprises that characterized the town's Arab sector, and the larger enterprises in the Jewish one. The building of the factory was assigned mostly to Jews, and many of the builders remained later as the factory's oil and soap workers. The few Arabs who were employed in the building of the factory did not. This added to the Zionist policy of the factory on Jewish-only employment, and was in line with the principle of 'Hebrew Labor' advanced by the Labor movement and the Histadrut and which was followed

²³⁵ Rafael N. Rosenzweig, *The Economic Consequences of Zionism* (1989), pp. 41-43; Seikaly (2002), pp. 87-89. On the industrial development of Haifa's Jewish sector see Arnon Sofer, *Industrial Location in Haifa Bay Area*, PhD (1971) (in Hebrew), and Shimon Stern, *The Development of Haifa's Urban Network, 1918-1947*, PhD (1971) (in Hebrew).

²³⁶ Gross (1980), pp. 308-319.

by some of the Jewish industrialists in Palestine. The employment pattern further reflected the gradual 'dualization' of the local economy and the segregationist nature of the incipient Zionist presence in the mixed town.²³⁷

Shemen's competition with Arab edible oil merchants, and the support the factory was given by the Zionist movement and the British were certainly part of the process. At the same time however the variety of Shemen's products quickly placed the product on a totally different route of production and marketing than that of the Arab merchants and retailers – to the point that direct competition gradually became insignificant. Moreover, Arab consumption of the relatively cheaper products of Shemen gradually widened, and by the early 1930s the spread of Jewish oil products among Arab consumers meant less demand of traditional Arab produce. This was apparently expressed in increasing Arab consumption of Shemen's edible oil, adding to the customary Arab cooking fat. Furthermore, it was also reflected even in the widening of Arab consumption of the various Shemen products in other mixed towns as well. The spatial aspect of that consumption reflected not only the factory's emphasis placed on marketing and bi-lingual advertisement in the Palestine press, but also Shemen's capacity to compete with edible oil factories in the Tel Aviv area.²³⁸

It took however a few years for the more dramatic impact of Shemen to become explicit. Despite Haifa's economic attraction industrialization in the 1920s was gradual, and the group of entrepreneurs and industrialists was still smaller relative to craftsmen and manufacturers. The town's Arabs (among them merchant families who moved from Nablus to Haifa following the 1927 earthquake), saw in suspicion the link between the emergence of the Shemen industrial plant and its openness to the employment of Jews only. Still, as can be gauged from the sources, not many merchants internalized Shemen's aspirations for a wide variety of products and such a variety of exporting destinations (that is, beyond Egypt, Syria and some other Mediterranean countries).²³⁹

²³⁷ On Shemen's association with Zionism see Kroll (1945); Itzhak Roll and Yaakov Yasuur, "Shemen and the Development of Jewish Haifa", in *Haifa-1954: Municipality Book* (1955), pp. 270-273 (in Hebrew); Ariella Bat-Zvi, "On the Nature of a Pioneering Enterprise", *Davar*, 5 January 1961. At the end of the decade Shemen reported that at least 40% of its produce was purchased by Haifa's Arabs. See also Bernstein (2000), pp. 117-122.

²³⁸ Seikaly (2002), pp. 82-97 and p. 107. Reliable quantitative sources on these changes in consumption were not found.

²³⁹ Seikaly (2002), p. 107

The gap between the factory's economic infrastructure and the awareness of a looming change it was about to cause in Haifa's economy (indeed, in Palestine as a whole) characterized also the presence of the Nesher factory near Haifa, that would turn from 1926 onwards into the largest factory in the Mediterranean for cement. It characterized also the Grands Moulins des Palastine that industrialized in Haifa the wheat economy and the making of flour. Haifa's Arab press (*al-Karmil* in particular) was aware of Shemen's competitiveness, and harshly criticized the British policy of reducing customs on imported edible oil, the import of sesame seeds (that have greatly assisted Jewish industry), and the absence of protection on local oil and soap production. But this criticism hardly provoked the Arab merchants who pointed their protest more against the British and much less against Shemen itself.²⁴⁰

Among them were Palestine's leading oil and soap producers prior to World War I Hajj Hasan Nabulsi and his sons, of whom Hajj Nimr Nabulsi who owned two big soap factories in Nablus was prominent. This family while focusing their activities in Nablus moved many of their commercial operations to Haifa. This was the main link between the basis of the Arab oil and soap industry in Nablus and the new commercial developments in the Haifa region, and it was clearly influenced by the demographic growth of Haifa and the growing demand for edible oil and soap.²⁴¹

²⁴⁰ *Al-Karmil*, 7 February 1926 and 14 March 1926; for earlier examples of mechanization modifying traditional oil production see also Massimo Mazzotti, "Enlightened Mills: Mechanizing Olive Oil Production in Mediterranean Europe", *Technology & Culture* 45/2 (2004), pp. 277-304.

²⁴¹ 'Izzat Muhammad Darwazza, , *One Hundred Palestinian Years*, Vol. I (1984) (in Arabic).

(1984), pp. 77-81. Hajj Nimr al-Nabulsi was born in Nablus in 1870. He was educated in Nablus and studied at al-Azhar University in Cairo. He returned to Palestine where he inherited his father's wealth and became well known in the soap trade in Palestine and Egypt. In 1934 he was one of the founders of the Palestinian Defense Party and active in charity during the strike of 1936. He kept a rich library which is a reference for old manuscripts; built a mosque in Nablus and donated his personal library to it; the mosque and a soap factory in Nablus still carry his name; Hajj Nimr al-Nabulsi died in 1940. See http://www.passia.org/palestine_facts/personalities/alpha_n.htm.



Fig. 2: Hajj Nimr al-Nabulsi 1870-1940

Source: http://www.passia.org/palestine_facts/personalities/alpha_n.htm

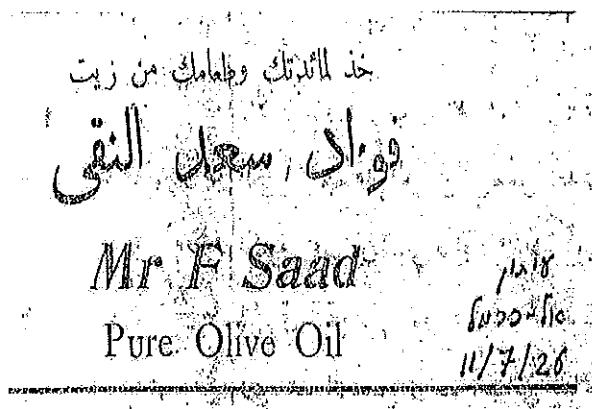


Fig. 3: Fou'ad Sa'd advertisement, *al-Karmil*, 11 July 1926.

Another merchant who moved part of his operations from Nablus to Haifa was Hajj 'Abdul-Rahim Efandi al-Nabulsi who was connected to the former family. 'Abdul-Rahim not only marketed his soap in Haifa but elaborated an advertisement campaign increasingly appearing in the press from the 1930s onwards. The advertisements testified to the link of the merchants with Najib Nassar, the editor of *al-Karmil*, and the involvement of the editor in the marketing of the soap from his own newspaper office and to the fact that he enjoyed part of the income. These links would become

even more apparent later when ‘Abdul-Rahim was elected as member of the committee on olive oil that the British established in 1941.²⁴²

In practice the gap began to close in the late 1920s only when the Arab economic elite of Haifa grasped the full significance of the association between the British plan to build a modern port in Haifa on the one hand and the support they gave Jewish industry on the other. Nevertheless, when this awareness also trickled to the stratum of Arab merchants that marketed oil and soap in Haifa and the Galilee the gap and the splitting of the oil economy turned a full-fledged reality.

The dualization of the oil economy harbored also an indirect impact – the forcing of the Arab merchant to reduce the prices he demanded for his oil and soap products. The merchant’s capacity to variegate the products he marketed and to leverage (like Shemen) a sophisticated marketing system was limited. The few that could, such as Hajj Nimr al-Nabulsi mentioned above, narrowed themselves to creating new types of body soaps and oral hygiene products. And as industrial efficiency was irrelevant to the merchants’ operations the main option left for the marketers of oil and soap (and for those who cultivated olive groves and sesame plants in the Haifa region) was to reduce prices and narrow down labor costs.²⁴³ However, these options were usually possible only with government assistance and encouragement, through customs policy in particular, given mainly to the Jewish sector.²⁴⁴

²⁴² *Al-Karmil*, 23 March 1932.

²⁴³ In 1931 *al-Karmil* reported on a sharp decline in soap production in Nablus and called the soap producers to unite so as to save the branch. See *al-Karmil*, 20 February 1931; see also Seikaly (2002), Chapter 8.

²⁴⁴ *Al-Karmil*, 8 January 1928. These efforts continued in the following years and demonstrated Shemen’s technological influence on the Arab producers as reported by *Al-Karmil*, 4 June 1932 on the soap production of Hajj Nimr al-Nabulsi. These issues were partly dealt with by a government for which see the Johnson-Crosbie Committee Report (1930). See also Y. Ben-Dor, “The Decrees in Favor of the Agriculturalists”, *Davar*, 15 August 1930; and, M. Dana, “The Soap Industry in Nablus”, *Davar*, 26 May 1932.

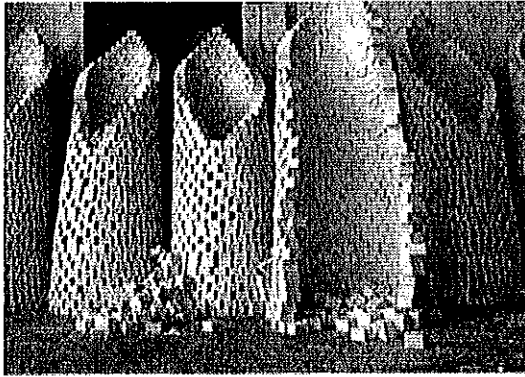


Fig. 4: Soap factory in Nablus

This was further clarified by the growing external competition of the Haifa merchants in the 1930s. The 1929 customs agreement enabled Syria to export to Palestine customs-free olive oil which was cheaper than that marketed in Haifa.²⁴⁵ To this was added the change in the production of laundry soap. If the latter depended until 1928 entirely on olive oil, from that year on it was replaced with acid oil which was also used at Shemen's in the production of margarine. The replacement of olive oil soap with acid soap was instrumental in the increase in Shemen's exports, and thus in the hardships of the Arab oil industry and in deepening the split in the branch. Furthermore, in 1931 Egypt placed customs on the imports of olive oil soap, directly harming the marketing options of the Palestine merchants. In 1925 Palestine exported to Egypt 5,125 tons, by 1933 it decreased to 1,064 and by 1936 it deteriorated to 792 tons alone.²⁴⁶

A clear contrast increasingly yawned in the first half of the 1930s between the capacity of the Haifa merchants to compete and export on the one hand, and the intensive development of Haifa as a port town and industrial entrepôt on the other. This was further clarified at the onset of the Arab Rebellion. While Palestine's export

²⁴⁵ Syria was a long-standing exporter of olive oil to Palestine and a major factor satisfying local demand. See "The Olive Oil Industry", in Report of the Olive Oil Sub-Committee, 10 November 1941, ISA/672/AG/38/1/2. On the competition with Syria see also an interview with Hajj Nimr al-Nabulsi the owner of a soap factory in Nablus, in "In the Arab Economy", *Davar*, 26 October 1932. On the effect of the agreement see also Nahla Zu'bi, "The Development of Capitalism in Palestine: The Expropriation of the Palestinian Direct Producers", *Journal of Palestine Studies* 13/4 (1984), pp. 88-109.

²⁴⁶ Government of Palestine, *Report by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of Palestine and Trans-Jordan for the year 1929* (1930); Himadeh (1939), pp. 266-267; Seikaly (2002), p. 84. Acid oil is *Zayt Ma'mal* in Arabic and *Shemen Dekalim* in Hebrew.

of unrefined edible oil further declined from 309 tons in 1932 to 179 tons in 1937, export of refined oil (produced mainly by Shemen in Haifa and Yitzhar in Ramat Gan) only increased. Further evidence to that, and to the failure of the Arab boycott during the rebellion to advance the Arab oil industry, was provided by the huge increases of imports of both factories of the raw materials they used – decorticated groundnuts, sunflower and copra. The intense economic activity could have hardly been balanced by British assistance to the Haifa merchants, and in particular without enforcing customs on the import of the raw materials.²⁴⁷

The Impact of War

The problem of government presence was all the more significant during World War II, as demonstrated in the case of *Jam'iyyat Ta'awun al-Qura* – the association of village cooperation.²⁴⁸ The association appealed to the Palestine government already in 1926 regarding the import of oil and sesame, claiming, as *al-Karmil* reported, that

exempting these two types clearly harms the [Arab] farmers. These farmers expected the government to protect their agricultural production from any external competition so that they could be paid suitable prices for their agricultural product – the farmers who toiled hard to prepare the soil and grow, who were in great difficulty to find a proper market, and all these because of the external competition with the imported oil. This was why we – the association of villages in the Haifa district, who represent the interests of the Fellahin, turn to you in request to reconsider the said step, and place a custom for the protection of local produce.²⁴⁹

These appeals were reiterated in the following years but to no avail. Indeed, the assistance came only in 1941-1942 when the needs of the British war economy made imperative food control, making available various food products for the growing number of military forces in the Mediterranean, and the encouragement of

²⁴⁷ "Palestine's Oil Industry", *Palestine Post*, 29 July 1936; Gail Hoffman, "Made in Palestine", *Palestine Post*, 1 November 1938; Vashitz (2003), p. 404; Himadeh (1939), p. 146; Metzger (2000), p. 380.

²⁴⁸ The association was headed by Nayif Al-Madi, son of a wealthy family in Haifa and in nearby Ijzim. See Seikaly (2002), p. 187.

²⁴⁹ *Al-Karmil*, 21 February 1926.

the exports from Palestine of oil-related products.²⁵⁰ The Arab olive oil and soap merchants were central actors in this scheme and in the working of the British-led committee that aimed to put the assistance to export into practice.²⁵¹

The Olive Oil Committee was established on 5 November 1941, and brought together Arab olive oil growers and merchants such as 'Abdul-Rahim Afandi al-Nabulsi, Jewish oil industrialists, and British officials. The committee held six meetings and examined ways to improve production, with the needs of the forces stationed in the region probably impacting the deliberations. The outcome of the deliberations was a government Ordinance instituting control over the harvesting and the pressing process of olive oil. Moreover, the committee recommended the improvement of the marketing of the Palestine products in British markets and even the American markets. These recommendations were followed in 1943 by a census of the olive oil industry in Palestine.²⁵²

Not much is known on the operation of the Arab oil and soap merchants of Haifa after the war ended. The merchants probably enjoyed the better years of the world war and of the improving crops; let alone the attention given to them by export-minded officials of the Palestine government and the imperatives of the war-economy. It seems however that the 1930s limitations on the expansion of their activities have now re-emerged. This was partly expressed by the effect of the competition on the Fua'd family to sell large parts of their lands in the Galilee (in the village of Kufur

²⁵⁰ Shemen's press announcement, "Facts about Soap Shortage", *Palestine Post*, 6 November 1941. Edward Mayow Hastings Lloyd, *Food and Inflation in the Middle East, 1940-45* (1956), pp. 263-265. On food control in wartime Palestine, see Sherene Seikaly, *Meatless Days: Consumption and Capitalism in Wartime Palestine 1939-1948*, PhD (2007).

²⁵¹ Shemen to the Food Department of the Government of Palestine, 12 September 1939, Israel State Archive, 5035/16; Government of Palestine, Office of Statistics, Census of Olive Oil Production 1943/44 Season, Israel State Archive, M/17/672 and 18; Uriel Friedland, "Palestine's Oil Industry", *The Palestine Economist Annual* (1948), pp. 102-106; Vashitz (1993), p. 76; El-Eini (2006), pp. 132-133.

²⁵² Editor, "Local Olive Oil Production", *Palestine Post*, 18 May 1941; ISA, MEM/18/672; Government of Palestine, Office of Statistics, Census of Olive Oil Production, 1940/41 Season, ISA, 4342/42; Gail Hoffman, "Harvesting Our Oil Crop", *Palestine Post*, 2 November 1942; Government of Palestine, Office of Statistics, Census of Olive Oil Production 1943/44 Season, Israel State Archive, M/17/672; Anglo-American Committee of Inquiry on Jewish Problems in Palestine and Europe, Report (1946), p. 1004; *Davar*, 11 May 1941. On the committee see note 30 above, and Shaul E. Cohen, *The Politics of Planting: Israeli-Palestinian Competition for Control of Land in the Jerusalem Periphery* (1993), pp. 51-53.

'Inan for example) by 1944 to Fallahin who previously owned them. The sale narrowed down significantly the family's olive oil trade.²⁵³ Moreover, in the Shemen anniversary book, *The Oil Jug*, which came out in Hebrew in 1945, and aimed among other things to emphasize the contribution of the factory to Haifa's and Palestine's industrialization, the Arab merchants were not mentioned. The Zionist links of the factory and the latter's role in the Jewish settlement and economic expansion in Haifa were expressed in the book in its exclusivist presence in the Haifa oil and soap scene.²⁵⁴

However, despite the wartime increase of income among Arab growers from olive oil products, the scheme to encourage exports was largely ineffective. This was made clear by a petition forwarded to the High Commissioner of Palestine written in August 1945 by olive farmers in the Acre and Haifa regions:

His Honor the High Commissioner knows only too well that the two main economic branches in Palestine are citrus and olive oil. The agreement between the government and the Jewish companies pertained to edible and salad oil which are produced from plants with a small addition of the famous Palestinian olive oil, and its marketing in all Palestine's markets in cheap prices, backed by the Mandate government that imports the seeds for oil production from abroad. These impact the produce of Palestine and serve a severe blow to local produce, causing stoppage in the sale of Palestinian oil from the day that the new salad oil has began to be marketed. This brought about a severe financial crisis in the sector of Arab oil producers. We demand to decree the cessation of the sale of salad oil and the support of the marketing of local olive oil.²⁵⁵

The ineffectiveness of government assistance was further aggravated by the ending of the war, the termination of emergency conditions and the olive tree crop failures of 1946-1947. Evidently, the Haifa Arab merchants, mainly the Sa'd and the al-Nabulsi families, who initially pressed to convene the committee, and after the war tried to improve the technology of their soap production in order to compete with the local marketing of Marseille soap, could now achieve only little governmental attention,

²⁵³ Interview with Hasan Ahmad Mansur, 7 September 2010.

²⁵⁴ Kroll (1945); Friedland (1948), pp. 102-106.

²⁵⁵ Petition of the olive oil growers, 16 August 1945, ISA 22/4305; see also Amos Nadan, *The Palestinian Peasant Economy under the Mandate: A Story of Colonial Bungling* (2006), p. 89.

and consequently the branch in the Arab sector of the town further deteriorated.²⁵⁶ The nearing withdrawal of the British from Palestine and the 1948 war would be now crucial in sealing off the process. Both the Sa'd and the al-Nabulsi families were turned into refugees, their commercial and marketing establishments were shut down, and the economic operations which they started a few decades earlier in Palestine's north and in the Haifa area in particular came now to an end. The impact of the war on the two families thus accentuated the human and political aspects of this economically-focused history.²⁵⁷

In the final analysis the Haifa Arab trade in edible oil and soap could little develop before the war beyond the confines of the local Palestine market, and already by the end of the 1930s Shemen alone provided half of the entire edible oil consumption of the country. Arab merchants, some of whom also even marketed Shemen products, could hardly withstand the competition, or exert pressure on the government to balance the structural change and strong competitiveness that Shemen put forth. This is made clear by the mix of factors that shaped this change since the Shemen's emergence in Haifa in the mid-1920s: its technological and marketing advance, the backing it received from the Zionist movement, the protection of the Palestine government, the Egyptian customs policy, and last but not least the competition stemming from regional specialization.

Haifa society may have developed a form of commercial bi-nationalism: with Shemen purchasing raw materials from Arab farmers, Shemen exporting to Trans-Jordan, Syria and Lebanon, Arab merchants selling Shemen products, and the Arab and Jewish communities consuming to a certain degree products produced in both. However, this economic exchange and reciprocity was overshadowed by the splitting and dualization in which both political and economic forces played a role, and which increasingly shaped the branch's fate. It is for these reasons that production and marketing of oil and soap in Mandate Haifa, and the fate of the Arab role in them in particular, shed light on what the Arab economy and society faced at the advance of

²⁵⁶ On the consequent sale of lands in the Sajur village by the Sa'd family, lands which after 1948 were defined as absentee, see interview with Ghattas Yusif Ghattas, 7 September 2010.

²⁵⁷ On technological innovation by the Nabulsi soap industry in 1944-1945, see in the Yosef Vashitz papers, Yad Yaari Archive, file 35-95.7(3). On Shemen at the end of the Mandate period, see Friedland (1948), pp. 102-106. The report ignores the Arab oil and soap merchants.

the British-backed Jewish sector, and of the complex transformation of such a historically symbolic branch as olive oil.