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The Tel Aviv Stock-Exchange and the creation of a Jewish Home in Palestine 1936-39

During the interwar period, the Jewish Agency in Palestine, also known as the *Yishuv*, created the institutions it deemed necessary for a functioning Jewish state. Under the benevolent umbrella of the British Mandate the Yishuv created important pre-state organizations such as Trade Unions, a self-defense force, and an educational system. When the British left Palestine in 1948, much of the nascent Jewish State's institutions were already in place.

While this is well known, very little work has been done on the creation of a financial market in Mandatory Palestine. Starting in the 1920s, Jewish authorities issued bonds and shares of state- enterprises in order to better finance settlement activities. Jewish banks further issued mortgage- backed securities to raise money and provide credit to settlers in Palestine. Starting in 1936, shares and bonds, as well as gold, traded daily on the newly founded Tel Aviv stock-exchange.

My paper studies these efforts to create the financial foundations of the new state. For the first time I present high-frequency data from the Tel Aviv stock-exchange in order to gauge investor confidence in relation to the Zionist project during the Arab Revolt (1936-39). Further I compare the performance of "Jewish" bonds to those issued with British Guarantee by the Mandatory Authority in London. Finally, research at the Zionist Archives in Jerusalem will reveal how Zionist leaders thought about the financial developments and whether they saw the creation of a functioning financial market as an important step towards achieving the objective of state-hood.