

JEWISH COLONISATION
AND ARAB DEVELOPMENT
IN PALESTINE

By
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Note to reader:

David Horowitz served as Director of the Economics Department of the Jewish Agency, (recognized by the British Government as the political organization representing official Jewish interests in Palestine under the Mandate). Before reaching that title, Horowitz churned out hundreds of analyses, papers, and publications dealing with all aspects of Palestine's economy. His meticulous work can be found in dispatches and reports filed on behalf of the Jewish Agency to the British government from the 1930s onward. He rose to become the Director of the Economics Department of the Jewish Agency and became a member of the Jewish Agency's delegation to the United Nations General Assembly in 1947. After statehood, Horowitz became Director-General of the Israeli Ministry of Finance. From 1954-1971, he served as The Bank of Israel's first Governor. On his retirement, he was appointed Chairman of the Advisory Council and the Advisory Committee of the Bank of Israel, and later Honorary Chairman, until his death in August 1979.

This report is detailed analysis of how Jewish economic development, growth, and investment had a salutary impact upon the Arab population of Palestine. Using irrefutable statistical evidence, Horowitz shows the varying degrees of impact which Jewish growth and development in Palestine had upon the Arab population there. He analyzes demographic changes, Arab health care, growth of industrialization, commerce, and agriculture to show how Zionist colonization positively contributed to the social and economic betterment of the Arab community. He makes useful comparisons to standards of living elsewhere in the Middle East. Finally, he notes that Arab immigration into Palestine was comparatively negligible.

Material in the report was used by Jewish Agency officials in their testimony to the Anglo-American Commission of Inquiry, 1946, and in presentations made to the United Nations Special Committee on Palestine (UNSCOP), 1947 that looked into the possibility of dividing Palestine into Arab and Jewish states, a decision finally taken by the UN in 1947.

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Neither political aggrandizement nor economic expansion is the motive prompting Jewish colonization work in Palestine. Its original and ever driving impulse is to be found in the aspiration of a homeless and persecuted people to free itself of degradation and oppression, to protect itself from the danger of physical extinction and to develop its creative genius. The tragic events in Europe are commentary enough on the plight of World Jewry. Under such conditions, the fact that Palestine was able to absorb as much as nearly 50% of the total Jewish emigration during the last 8 years before the war, has rendered this country peculiarly important in the eyes of the Jewish people.

But the work of Jewish colonization must be judged, not only by its motives, but by its achievements. What has been its effect on the development, the economic structure, and the cultural level of the country? What new values of individual well-being, material prosperity, health conditions and educational progress has it produced? How has the position of the indigenous population been influenced? It is the object of the present analysis to submit the work of reconstruction in Palestine to a comprehensive examination, with a view to providing a conclusive reply to these fundamental questions.

The Jewish effort in Palestine is of an unprecedented character. It is not based on military conquest, nor directed and subsidized from a national center elsewhere, as was the case in almost every other effort of colonization, it is the community to be established in Palestine which is designed to become the national center of the Jewish people. Nor are the capital resources by which it is financed of the type which generally seek profitable investment in colonial enterprise. In so far as Jewish financial investments in Palestine are not made a *fond perdu* by national funds collected from voluntary contributions, they represent capital permanently transferred to the country, frequently on a non-commercial basis, by Jewish immigrants. The returns on the capital thus invested remain in the country and increase its purchasing power. Nor, finally are the immigrants drawn only from the class comprising entrepreneurs, professional people and officials: the immigration is, in even greater measure one of the working classes, a mass movement of all strata of the nation. The Jewish immigration into Palestine is composed essentially of permanent settlers ready to invest not merely their capital but also their labour, their technical knowledge and their practical experience.

There is a fundamental difference between colonial and colonization ventures. While the former is entirely based on investment of foreign capital in an undeveloped country with great natural resources and cheap labour and is not connected with any appreciable influx of new settlers except for a sprinkling of managers, foremen and some skilled workers to run the economic enterprises employing cheap native labour, the latter is a combined movement of labour and capital into the country to be colonized, i.e. co-migration. Such a venture is entirely different from one of colonial development, as it is mainly based on access of capital and workers resulting in the establishment of a full-fledged new economic structure.

It is under the influence of these forces that Palestine, which before the War was a neglected outlying province of the Turkish Empire, has been transformed beyond all recognition. The position of the country as it was at the end of 400 years of Turkish rule is well depicted in the following passage from the Report of the British Civil Administration for 1920-21: [□]

“The country is undeveloped and under-populated. The methods of agriculture are, for the most part, primitive; the area of land now cultivated could yield a far greater product. There are in addition large cultivable areas that are left untilled. The summits and slopes of the hills are admirably suited to the growth of trees, but there are no forests. Miles of sand dunes that could be redeemed, are untouched, a danger, by their encroachment, to the neighbouring village. The Jordan and the Yarmuk offer an abundance of water-power; but it is unused. Some industries – fishing and the culture and manufacture of tobacco are examples - have been killed by Turkish laws; none have been encouraged; the markets of Palestine and of the neighbouring countries are supplied almost wholly from Europe. The seaborne commerce, such as it is, is loaded and discharged in the open roadsteads of Jaffa and Haifa: there are no harbours. The religious and historical associations that offer most powerful attractions to the whole of the Western, and to a large part of the Eastern world, have hitherto brought to Palestine but a fraction of the pilgrims and travelers, who, under better conditions, would flock to her sacred shrines and famous sites. The country is under populated because of this lack of development. There are now in the whole of Palestine hardly 700,000 people, a population much less than that of the province of Galilee alone in the time of Christ.”

[□] Interim Report on the Civil Administration of Palestine 1920-1921. p.4

In every one of the spheres here mentioned, changes have since been wrought. The primitive agrarian province of less than two decades ago, has been transformed into a semi-industrialised modern state, with a rising standard of living, good communications, modern methods of production, and a civilized mode of life. An improvement in the condition of the indigenous population has been brought about, such as in unequalled in any other part of the Middle East.

During a quarter of a century, i.e. up to 1945, approximately 100 million have been invested in Jewish economic enterprise. These sums do not include investments of non-Jewish foreign capital attracted by the unforeseen possibilities created in Palestine by Jewish colonization.

More than 350,000 Jewish immigrants have struck root in the country and there is no walk of economic and cultural life which does not bear testimony to their vitalizing influence.

Some economic indications are clear proof of the effect of Jewish colonization on the country's development in the inter-war period. While the Jewish population has increased from 84,000 to 475,000 – the access being due three quarters to immigration and one quarter to natural increase – the Arab population increased by nearly 60%, passing the one million mark just at the outbreak of the war. The main reason for this unprecedented growth is to be found in the improved sanitary and social conditions resulting, inter alia, in a decrease of Moslem infant mortality from 196 per 1000 live births on the three years average 1922/24 to 143 in 1937/39. But it should not be overlooked that Palestine which previous to World War I had been an immigration country attracted in the inter-war period a considerable non-Jewish net immigration, mostly unrecorded.

During this period the annual consumption of principal commodities per head of settled population had risen by 85% and the gross production of agriculture and industry per head of the settled population by 150%. Imports per head increased from P. 7.--- to P. 9.---with a growing share of capital goods and industrial manufactures within the total imports, and exports from P. 1.--- to P. 3.500 approximately per head of the settled population. Prior to 1925, there was no public supply of electric power at all; in 1938/39 consumption of electricity amounted to 60 kwh per head, 90% thereof being supplied by a Jewish-owned company. The local revenue of the Government increased from P. 2.750 per head p.a. (During the first five years of the British

administration) to approximately P. 3.75 p.a. per head on the average of the last five years before the second world war. There are definite indications that these achievements were by no means confined to the Jewish

-4-

colonization sector, but that the indigenous population participated considerably in the economic and social progress.

□ However, if the effect of the colonisation process on the indigenous population is to be traced, it is essential to dissect the economy into two component sectors and to check the assumption of rising a standards in the indigenous population by empirical tests guided by the following considerations:-

Colonisation and Indigenous Economy:-

- (a) The two sectors of economy are not hermetically sealed compartments. There are certain points of contact between them, the first being the market. Large capital import within so small a country must have percolated from one sector into another. The remarks on such percolation made in 1925 □ when the import of capital into Palestine was estimated “at least at LP. 6,000,000 becomes even more true for the period when this import reached I.P. 110 mill.
- (b) Land sales by the indigenous population to the new settlers provided one of the channels through which during the whole period sums amounting to 8^{1/2} millions I.P. □ percolated into the

¹ Cf. Statistical Abstract of Palestine 1941 (prepared by the Government Office of Statistics) p. 3-5 “Statistical Summary of the Progress of Palestine”.

² Report of the High Commissioner on the administration of Palestine 1920-25, p. 43: “of the large Jewish expenditure in the country, a considerable part percolated to the Arab population; the sales of land enabled many others to free themselves from debt and to obtain capital with which to develop the lands which they retained. It is impossible for six million pounds to be spent in so small a country without all sections of the people feeling the economic benefit.

¹ Calculated from Statistical Abstract of Palestine (Government Office of Statistics), op. cit. 1941.

Arab sector of economy. The settlers were ready to pay much more than the economic value of the land. The same or better land is available a few kilometers to the east or north of the Palestine frontiers at one tenth or less of the Palestinian price.

-5-

A market was provided mainly for agricultural products. Agriculture being the occupation of 55-60% of the indigenous population, the returns must have accrued mainly to this sector. The expansion of agricultural production by the new settlers must in the nature of things have lagged for some time behind the increase of population. The incoming population concentrated to a greater extent on industry than on agriculture and within the two decades increased the percentage of urban population from 34.9% in 1922 to 45.2% in 1940²) thus extending the market for agricultural produce of both the new settlers and the indigenous population.

(c)

The expansion of the economy provided additional employment opportunities for the indigenous population.

(d)

Some assimilation in methods of cultivation, economic organization etc., of the indigenous section of the population to the super-imposed colonization structure took place which must have raised the standards of production and consumption of the former.

² Calculated from Statistical Abstract of Palestine (Government Office of Statistics), op. cit. 1941.

Increments of Government revenue 88% of which, according to Calculations,¹ (for the period 1930-1941) derived from the incoming population led to:

(i)

(ii)

-6-

decrease of taxation of the rural population from LP.O. 574 per capita to LP).167 per capita² during this period,

(iii)

increased Government services, in particular health and education services ??? mainly to the indigenous population.

The Actual indices of consumption corroborate this view. The bearing of these economic phenomena on the real income and standard of life can, however, be ascertained only through empirical tests.

¹ Source: 1) Granovsky: "Taxes in Palestine", 2) Statistics, Bulletin, Jewish Agency for Palestine, Department of Statistics, April – May, 1942.

² Report on the accounts & Finances for the year 1939/40, "Blue Book", 1938 (Government of Palestine); 2) Report of the Palestine Partition Commission.

THE DEMOGRAPHIC TEST

The first and most important criterion of economics of welfare is the demographic development. As in Palestine statistics are computed according to religions, the development of the indigenous population would be most poignantly reflected in vital statistics of Moslem population in Palestine. The number of Moslems in Palestine has increased very rapidly, [□] and the rate of increase has proceeded at a 2.7 times greater flow than the average increase of world population within the last 20 years. Already in 1936 the Government Statistician commented on this increase as follows:[□]

”from 752,048 to 1,336,518 or of 77.7 per cent., which is probably the highest rate of increase in any country of the world during this period. There are 16 persons present in Palestine in 1936 for every 9 who were here in 1922.”

The following table illustrates this development:-

Average of Yearly Increase in Population [□]

¹ Cof. “The Arabs of Palestine” (Hinden, Sociology Review, Jan. and April 1940) (“The Economics of 1960” by Colin Clark, 1942, p.14)

² General Monthly Bulletin of Current Statistics, Sept. 1936, p.1, Government Office of Statistics.

³ Sources: 1) Statistical Yearbooks of the League of Nations, op.. cit.. 2) Annual Bulletin of Vital Statistics (Office of Statistics, Government of Palestine). 3) H. Bunle: Notes Statistiques sur la Demmographic des Colonies Francaises, “Metron”, June 1925. 4) R. Pearl The Biology of Population growth, London 1926. 5) W. Cleland: The Population Problem in Egypt, Lancaster, Pens. 1926) Censimento delle Colonie e dei Possedimenti, Roma, 1931. 7) Annuaric Statistico Italiano, published by Institute Centrale di Statistica, Roma.

<u>Moslem population of Palestine</u>	<u>1922-41</u>	<u>2.7</u>
Whole population of :	1920-35	1.1
Europe		
Africa	“	1.3
America	“	1.7
Asia	“	1.7
Oceania	“	1.5
World	“	1.0

From 1922 to 1939 the non-Jewish population (excluding nomad Bedouins), increased by 75.2%, During approximately the same period – between the two world wars, the population of Egypt increased by 25%, that of Japan, which is known to be rapidly increasing, by 21%, and that of Brazil, also an immigration country, by 33%. The unusual increase of the Palestinian Arabs during these years was not due to any sudden rise in the birthrate. Its cause must rather be sought in the falling death and infant mortality rates, consequent on the general improvement in health and economic conditions.

-8-

A further interesting fact is that the increase of the Arab population has been largest in those zones where Jewish development has been most marked. This applies both to urban and rural areas. From 1922 to 1942 the non-Jewish population has increased most in the towns which have a large Jewish population:

Thus, in Haifa the Arab Community (incl. A small number of non-Arab Christians) has increased by 216%, in Jaffa by 134%, and in Jerusalem by 97%, and in the purely Arab town of Ramle by 101%.

The growth of the Arab population is smaller in the same degree in which the respective town is removed from Jewish influences. At Nablus, it increased by 42% only, at Jenin by 40%, at Hebron by 37%, at Bethlehem by 32% and at Beit Jala by merely 23%, i.e. the increase of these towns is not only by far below the general rate of increase among the non-Jewish settled population, which amounted during the period 1922-1942/43 to 95%, but it stands in even more marked contrast to the trend of development of the urban population. During the twenty years

^x Excl. the nomadic Bedouin population enumerated in 1931 at 66,553 or 7% of non-Jewish population; changes in the Bedouin population being of unknown magnitude, no changes “in this figure are made”, i.e. present percentage = 3^{1/2}% of non-Jewish population (Stat. Abstr. 1943 Govt. of Palestine).

under review, the Moslem urban population had doubled and the share of town population within the total Moslem population has risen from 23.5% to 27.2%. However, the trend towards urbanization was by no means strong enough to affect essentially the predominantly rural character of the Arab population, the rural Moslem population representing still 72.8% of the total Moslem population at the end of 1942, and the non-Jewish rural population 67.2% of the non-Jewish population.

By contrast, the population of the six largest towns of Egypt grew between 1917 and 1941 by 72%, while the total population increased by 34% only, and the share of all towns of more than 10,000 inhabitants in the total population increased during the ten years period 1927-1937 from 23.0% to 33.2%.

-9-

The development of the Moslem rural population is similar to that of the urban population. In the subdistrict of Jaffa, where the Jewish share in the total population increased within a period of twenty years from 36.9 to 74.0%, the Arab rural population increased simultaneously by 273%; in the Haifa subdistrict, where the Jews constitute today approximately 47% of the total, the increase in the Arab rural population was 108%. In the subdistricts of Ramleh and Nazareth, with a Jewish percentage of 26% and 18% respectively, the Arab rural increase amounted to 118 % and 93% respectively. In the entirely non-Jewish subdistricts of Jenin, Nablus and Hebron, the Arab rural increase was 765, 72% and 75% respectively, i.e. below the average rate of increase in the total non-Jewish population, and in the Gaza subdistrict with a Jewish population of 1.2%, the Arab rural population increased by 51% only.

These facts corroborate the correlation of the degree of Jewish penetration and of the intensity of Jewish development activities with the increase of the Arab population.

The Moslem population of Palestine also deviated in its rate of increase from that of the Mediterranean and Middle East Countries to which it geographically and ethnologically belongs.

Average % Yearly Rate of Increase

<u>P a l e s t i n e</u>		<u>Syria & Lebanon</u>	<u>Iraq</u>
<u>_____</u>	<u>Settled Moslem</u>	<u>Total Population</u>	<u>Total Population</u>
<u>Total Moslem</u>			

<u>Population</u> 1922-31: 2.8	<u>Population</u> 1931-41: 2.5	2.7	1921-31: 2.2	1920-39 : 1.4		
<u>Turkey</u> Total Population 1927-40 : 2.7	<u>Egypt, Total Population</u> 1882-97 2.4	1897-1907 1.5	1907-1917 1.2	1917-27 1.1	1927-39 1.3	
<u>French Morocco</u> Total Population 1921-36 : 0.5	<u>Tunis, Total Population</u> 1906-11 1.3	1911-21 0.8	1921-26 0.6	1926-31 2.2	1931-36 1.6	
		<u>Algeria, Indigenous Population</u>				
1886-91 1.7	1891-96 1.1	1896-1901 1.6	1901-06 1.8	1906-11 1.1	1911-22 0.4	1921-31 1.4
			<u>Lybia Moslems</u>			
			1931-36 : 3.4			

It is generally assumed that the Census of 1931 exaggerated the rate of increase of the Lybian Moslems.

-10-

The decisive question is to what extent is this increase due to a decline in the death rate? The answer to this question will provide reliable evidence as to the economic status of the indigenous population. It is clear, even if allowances are made for insufficient registration in Arab countries, that the decrease of mortality in Palestine has been rapid to an extraordinary degree

Carr Saunders defines the reasons for decline of death rates as follows: -[□]

Our aim is to discover why health conditions have improved

Why, that is to say, the death rate has fallen. For the

Purposes of this discussion the conditions, of which note

must be taken, may be classified into four groups, though the boundaries between them are indefinite and though there is much overlapping: ((1) political, that is conditions relating to the maintenance of external and internal order;

(2) social, including the state of knowledge in relation to the production and use of food, and to the making and use of clothing;

(3) sanitary, that is conditions relating to housing, drainage and water-supply; (4) medical, including both the state of knowledge concerning the prevention and cure of diseases and its application to the public at large.”

Thus the average expectation of life of a population is considered as one of the important indices of welfare.

The decline of death-rates, however, is almost inevitably followed by a decline of birth rates. Nevertheless, a very rapid decrease of death rates leads to an increase of population as in that case the decline of birth rates temporarily lags behind the decline of death rates.

This phenomenon is explained as follows :-

“.....stronger Government able to maintain order and security, medical science, and control of epidemics are bringing a fall in the death rate. The birth rate, meanwhile, stays, high, or falls only with considerable lag.”

In this context most conclusive of all indices is that of infant and child mortality, for the following reasons : [□]) 3)

“There seems to be a well-established correlation between the earning power of the parents, their economic status, and the rate of infant mortality. The various studies of the Children’s Bureau in Infant Mortality bearing out this point.”

¹ “World Population: Fast Growth and Present Trends, by A.M. Carr Saunders p. 75

² Edward Byron Reuter “Population Problems” p. 156

Infant and child mortality constitute – particularly among the Moslem population of Palestine – a very important factor influencing the numbers of total population; secondly, infant and child mortality very much more in respect of time and place than the mortality of other age groups and constitute, therefore, an excellent index of differences and changes of environment and social conditions.

-11-

On the basis of current vital statistics it is possible to obtain for infants fairly correct estimates by districts for several years earlier and later than the census years.

Rate of Infant Mortality among the Moslem Rural Population.

<u>Subdistrict</u>	<u>1935/27</u>	<u>1928/30</u>	<u>1932/33</u>	<u>1934/36</u>	<u>1937/39</u>
Jaffa	141.9	158.4	119.4	110.4	81.4
Haifa	176.5	177.0	170.2	150.0	117.7
Ramle	187.0	149.6	136.4	118.7	114.8
Nazareth	116.2	201.5	172.5	147.1	157.6
Tiberias & Beisan	151.9	200.6	180.4	166.5	150.0
Tulkarm	227.1	222.7	168.3	149.4	152.5
Jerusalem & Jericho	186.0	172.9	179.5	181.9	164.3
Safad	215.5	187.5	219.4	203.6	177.0
Acra	149.5	152.1	112.2	140.1	133.9
Gaza & Majdal	225.7	281.7	194.3	155.4	150.2
Ramallah	145.4	181.0	184.4	156.1	171.5
Janin	174.2	219.7	178.4	166.6	156.7
Nablus	217.3	233.7	204.6	142.6	144.5
Bethlehem	252.1	247.6	239.6	207.9	176.4
Total Palestine (excl. Beersheba & Hebron)	189.1	193.9	179.3	151.6	140.6

Since 1924, (the first year for which reliable data are available) infant mortality among the Moslems of Palestine has been subject to two types of variations: Three-years cycle. With the sole exception of 1927, a year of heavy mortality is followed by a year of mean mortality, which is followed by a year of light mortality, as illustrated by the following table : □

<u>Infant Deaths per 1000 Births ¹⁾</u>					
1927: 210.8					
Heavy	1924: 210.1	1928: 207.8	1931: 189.6	1934: 172.7	1937: 177.4
Mean	1925: 196.0	1929: 200.5	1932: 185.0	1935: 155.1	1938: 126.0
Light	<u>1926: 175.1</u>	<u>1930: 172.6</u>	<u>1933: 159.1</u>	<u>1936: 128.0</u>	<u>1939: 121.8</u>
Average:	193.7	197.9	177.9	155.3	141.8

¹ Sources: 1. Annual Bulletin of Vital Statistics, op. cit.

2. Original records of the Government Health Department for 1923-1937. Recalculated and reclassified by Prof.

Robert Bachi, Jerusalem. The corresponding figures for the years 1940 and 1941 are as follows : Heavy 1940: 149.6

Mean 1941: 134.4

The main cause for this appears to be measles which is widespread among Moslem children, claims a large number of victims and shows a very clear triennial periodicity.

-12-

A. A regular decreasing trend, which may be seen very clearly, if instead of individual yearly data, triennial figures are taken, as has been done by the Government office of Statistics.¹ From 1927-30 to 1937-39, i.e. during about 10 years the mortality decreased by about 28%.

Compared with the infant death rate in almost all countries, the rapidity of the decline of the Moslem infant death rate in Palestine appears to be quite remarkable. A comparison with the approximate rates of infant mortality since 1876-85 for the whole of Europe shows that the Moslem rate in Palestine in 1927-30 (four years' average: 198.6) was about as high as the European rate in 1876-85. But in 1937-39 (three years' average : 142.8) it was already substantially lower than that of Europe in 1906-14.

Approximate Rates of Infant Mortality in Europe

<u>1876-85</u>	<u>1886-95</u>	<u>1896-1905</u>	<u>1906-14</u>	<u>1921-27</u>	<u>1929-36</u>
194.9	193.7	177.9	152.2	114.9	106.9

It must further be pointed out, that, while in 1924-30 the infant mortality rate of Palestinian Moslems was one of the highest then recorded in the entire world, their rate for 1937-39 was not only lower than that of a large number of African, Asiatic and South-American countries, but even lower than those of some European countries such as Romania, Yugoslavia, Bulgaria, etc.

The above analysis has been made on the basis of triennial cycles in consideration of the special circumstances prevailing in respect of infant mortality in Palestine. The annual rate of infant mortality of the total Moslem population is reflected in the following table:-

¹ "The Moslem rate" (of infant mortality) was over 200 per 1,000 on four occasions in the post-war period, the last being in 1929. Since that date it has risen to a peak at three-yearly intervals, the figures being 186.50 in 1931, 175.34 in 1934, 179.31 in 1937 and 147.14 in 1940. It was below 150 in 1935 – for the first time and has remained below 150 in every subsequent year except 1937. (Statistical Abstract of Palestine, 1942 p. VI).

RATE OF MOSLEM INFANT MORTALITY PER 1000 LIVE BIRTHS [□]

(1922-1940)

1922	163.02		1929	204.93		1936	236.17
1923	199.23		1930	169.56		1937	179.31
1924	196.85		1931	186.50		1938	127.61
1925	200.85		1932	164.44		1939	121.50
1926	172.41		1933	156.80		1940	147.14
1927	216.59		1934	175.34		1941	131.72
1928	203.45		1935	148.10		1943	113.8

-13-

The figures for the second decade are more reliable than those for the first. Infant mortality is a very sensitive test, but general figures for the country as a whole are insufficient. The new approach to vital statistics which is being increasingly applied in other countries is a “regional: one as against the former “national” analyses” ^{□□})

In Palestine the regional test is even more important than in other countries, considering the very strong connection between the degree of integration of the colonization economy with the indigenous economy and the economic conditions of the indigenous population. As this integration is dependent on the relative weight of the two sections which varies according to zones and districts, the regional test would seem to be indicative of the repercussions of the new colonization structure projected into the economy of the indigenous population.

² Statistical Abstract of Palestine, op. cit., 1941, p.23, Table 32

¹ “An important part of the author’s technique in dealing with this question is the measurement of vital statistics of one area in the country against another: he makes a careful study of “regional: as against “national” health. In doing this there is revealed a close association of high death rate, high sickness rate and high inefficiency rate with poverty – end – results, all of them, in the main of malnutrition.”

)Richard M. Titmus: “Poverty & Population”, A Factual Study of Contemporary Social Waste. Foreword by Lord Horder, London 1938 p.vi

² In the Final Report of the Mixed Committee of the League of Nations on Nutrition it was stated that “the general mortality rates in poor districts are 50 per cent higher than in the wealthier ones, while tuberculosis mortality is almost four times as high in the former as in the later, and the corresponding proportion of infantile mortality is as 2 to 1”. (Agenda, Vol. 1, No.2 April 1942, p. 120. London School of Economic and Political Science).

For the purpose of regional tests infant mortality rates have been calculated for the triennial periods 1925/27, 1928/30, 1934/36, and 1937/39 for the Moslem rural population in each of the subdistrict (excluding Beerheba and Hebron, for which no reliable data were available), as is shown in the following table:-

-14-

Moslem Rural Infant Mortality and Jewish penetration [□]

Villages in the Subdistrict	B. Infant Mortality (per 10000) among <u>The Moslem Rural Population</u>			Decrease from 1925/7 To 1928/30	<u>B</u> Jews per 100 of Population		
	1925/7	1931/3	1937/9		1922	1931	1940

¹ The influence of Jewish colonization on the Arab population is measured by the effect on the Moslem rural population, as a) Moslem form appr. 90% of the whole Arab population; b) Moslems form 95% of the rural Arab population in Palestine; c) 66% of the Arab settled population is rural; d) Agriculture is the decisive factor influencing conditions throughout the whole Arab economy in which conditions in the towns are closely interwoven with those in the villages. The effect of Jewish colonization on the urban Arab population is decidedly favourable as no Jewish labour is employed in the Arab economy and therefore in no way reduces the source of livelihood open to the Arabs. On the other hand, Arabs are employed in the Jewish economy in the towns, their number increasing with Jewish immigration (transport labour in the ports, supply of some building materials.)

Sources : - 1) Annual Bulletin of Vital Statistics, op. cit.

2) Unpublished data for 1925-37 filed with the Govt. Health Dept. Recalculated and reclassified by Prof. Rob. Rachi, Jerusalem.

3. Census of Palestine 1922 Govt. of Pal. Op. cit. 4)

5) The Jewish Population of Palestine, J.A., op. cit. 6) A Review of the Control of Malaria in Palestine, 1918-1941, Govt. Dept. of health.

Jaffa	141.9	119.4	81.4	-48.6	36.9	47.9	71.8
Haifa	176.5	170.2	117.7	-33.5	15.5	24.5	52.3
Ramle	187.0	136.4	114.8	-38.6	8.0	12.0	22.0
Nazareth	166.2	172.5	157.6	-21.0	3.1	11.1	15.0
Tiberias & Beisan	151.9	180.4	150.0	-25.2	22.1	23.1	32.3
Tulkarm	227.1	188.3	152.5	-32.8	0.1	1.4	19.4
Jerusalem & Jericho	186.0	179.5	164.3	-11.7	36.9	41.1	44.8
Safad	215.5	219.4	177.0	-17.9	16.9	9.3	9.9
Acre	149.5	112.2	133.9	-12.0	0.4	0.7	2.9
Gaza & Majdal	225.7	194.3	150.2	-35.3	0.4	0.4	1.2
Ramallah	145.4	184.4	171.5	- 5.3	-	-	-
Jenin	174.2	178.4	156.7	-28.7	-	-	-
Nablus	217.3	204.6	144.5	-38.2	-	-	-
<u>Bethlehem</u>	<u>252.1</u>	<u>239.0</u>	<u>176.4</u>	<u>-30.0</u>	-	-	-
Total Palestine Excl. Beer Sheba and Hebron	189.1	179.3	140.6	-27.5	11.1	16.9	30.0

A comparison of section A with section B of the above table shows that there is a clear interdependence between Jewish penetration and Moslem infant mortality, i.e. between the percentage of Jews in the population of the sub-district under review and Moslem rural infant mortality.

The results of the table can be summarized as follows:-

-15-

Jewish Total Penetration and Moslem Rural Infant Mortality

SERIAL NO.	SUB-DISTRICT	MOSLEM RURAL INFANT MORTALITY	JEWS IN PERCENTAGE OF TOTAL POPULATION
		<u>1937/39</u>	<u>1940</u>
1.	Jaffa	81.4	71.9
2.	Ramleh	114.8	22.0
3.	<u>Haifa</u>	<u>117.7</u>	<u>52.3</u>
4.	Acre	133.9	2.9
5.	Nablus ¹	144.5	0.0
6.	Tiberias and Beisan	150.0	32.3
7.	Gaza	150.2	1.2
8.	Tulkarm	152.3	19.4
9.	Jenin	156.7	0.0
10.	Nazareth	157.6	15.0
11.	Jerusalem & Jericho	163.3	44.8
12.	Ramallah	171.5	0.0
13.	Bethlehem	176.4	0.0
14.	Safad	177.0	9.9
Total (excl. Beersheba & Hebron)		140.6	30.0

¹ Irregular.

The districts with the highest degree of Jewish penetration, such as Jaffa and Haifa, where the weight of colonization economy is greatest, show the lowest rate of infant mortality. There are very few exceptions to this rule, among which are Nablus and Jenin. At the other end of the scale the high figures for Ramallah, Bethlehem and Safad[□]) with little or no Jewish penetration also appear to be significant.

The conclusion which can be drawn from the above table is corroborated by the following quotation from the Government Vital Statistics Bulletin. :-[□])

“Regionally, the highest death rates per 1,000 of population, were recorded in the Arab towns of Gaza (30.1), Hebron (29.8), Khan Ynis (27.1), and Beisan (25.8).

On infant death rates it writes as follows: -

“The highest rate of all was recorded for Bethlehem[□]) (303), other high rates being Beisan (200), Jericho and villages (200), Majdal (188), Hebron (179) and Ramallah villages (176)”

Almost all those places are far removed from the sphere of colonization activity.

The comparison of Moslem infant mortality in Palestine before the beginning of Jewish mass immigration and in later periods, and the comparison of Moslem infant mortality in the various regions of Palestine classified according to the intensity of Jewish penetration into these regions provides a basis for certain conclusions as to the repercussions of Jewish colonization on the indigenous population. Changes in Moslem infant mortality in various zones and the degree to which they were concomitant with Jewish penetration into these zones lends weight to the conclusion that the repercussions of Jewish colonization resulted in a considerable improvement in the health and hygiene of the Arab population.

This improvement has been reflected in a rapid decrease of mortality – particularly infant mortality – and has reduced the Arab death- rate to a relatively low level. It appears that the Moslem population of Palestine is passing through a transition period – the period which lies between a high birth-rate and a high death-rate (the characteristics of backward peoples) and a low birth-rate and low death-rate (the characteristics of advanced peoples). The following figures illustrate this trend:-

TOTAL POPULATION MOVEMENTS, MOSLEMS ONLY[□])

	<u>Death Rate</u>	<u>Birth Rate</u>
Average 1925/27	28.6	52.6

² Safad has only a pre-colonisation Jewish population which is on the decrease and, according to standard of life and economic role, is not closely connected with the colonization life.

³ Government Vital Statistics Bulletin (Annual) No. 1, 1938, pp10, 11, 12.

⁴ Town only.

¹) calculated from Statistical Abstract of Palestine, 1942, p. 13.

Average 1927/39

20.3

47.8

Decrease

-29%

-9%

In Palestine the death-rate has fallen rapidly, but the birth-rate has remained high, the reason being that the rapid development of the country and the integration of the colonisation with the indigenous economy caused a general rise in the standard of life. This rise is reflected in the decline in death-rates, particularly of infants, while the birth rate did not follow suit at the same pace. In countries in which the process is gradual the decline in the death-rate, owing to general improvements, is, as a rule, accompanied by simultaneous changes, mental, psychological and cultural, leading to declining birth-rates. It is obvious, however, that if the process of material improvement is very rapid and revolutionary, psychological and cultural changes of environment cannot keep pace with this rapid improvement and the decline in the birth-rate lags behind the decline in the death-rate, the result being an extraordinarily rapid increase of population.

-17-

The Palestine Partition Commission commented in 1938 on this development:-¹)

“ It would seem that the growth of population must be due mainly to a lower death-rate, brought about, not so much by a change in personal habits (although in this region also the affect of education and advice by Government medical officers and clinics is beginning to be seen), as by general administrative measures, such as anti-malarial control, under an efficient enlightened Government.”

“.....a death rate which could only be brought about under an enlightened modern administration, with both the will and the necessary funds at its disposal to enable it to serve a population unable to help itself. It is indeed an ironic commentary on the working of the Mandate, and perhaps on the science of Government, that this result, which so far from encouraging has almost certainly hindered close settlement by Jews on the land, could scarcely have been brought about except through the appropriation of tax-revenue contributed by Jews.”

Similar developments were observed in some colonial countries:-

“.....On the other hand, the entry of a higher, let us say European civilization, now means a general improvement of sanitation and a lowering of Mortality. The introduction of sanitation applied to the native population. In so far as this population has higher reproduction rates than the white colonist, there is, therefore, a tendency for its growth to outstrip the growth of white population and to exert pressure against the European colonist increasingly as time goes on.”

The increase of the Moslem population in Palestine would seem to provide evidence that the expansionist tendencies of Palestine's economy lend to a rise in the standard of life following the increase of production and access of capital.

NON-JEWISH MIGRATION

¹ Palestine Partition Commission Report

The demographic test of mortality and infant mortality can be supplemented by another indication: that of Arab migration movements from and to Palestine for which, however, statistical data are incomplete. Palestine's frontiers with Trans-Jordan and Syria are almost open and it is generally assumed that unrecorded immigration, both permanent and seasonal, greatly exceeds the number of recorded immigration. The analysis of data available will be confined to official statistics:-

The Partition Commission in 1937 estimated Arab immigration during the period of the British Mandate up to the year 1937 at 35,000.[□]) This figure is corroborated by statistical calculations quoted in the above table, which results in an estimate of a non-Jewish net immigration of 30,525 during the period 1925-1937 only, i.e. excl. the first four years after World War I, for which figures are particularly inaccurate – and an additional 6,783 in the years 1938 and 1939.

The annual records of immigrants arriving and residents departing, as compiled by the Department of Migration, do not reflect in full the actual movements of population. For the period between the two Govt. census of 1922 and 1931, the necessary

-18-

adjustments have been made by the author of the Census Report of 1931, Mr. E. Mills, Commissioner of Migration and Statistics. The actual net immigration during the period 1923-1931 are 7,000 non-Jews as against the figure of 1,000 only mentioned in the annual recorded of migration. According to Government statistics which from 1933 are more detailed and includes illegal immigrants not Arab immigration in the period 1933-1939 migrated 27,900 and for the whole inter-war period (including the above number for the years 1923-1931 and the recorded net immigration of 1932) 37,800. Moreover, there is an evidence correlation between this immigration and Jewish immigration into Palestine as shown by the following table:-

Not immigration (+) or emigration (-) of Jews and
Non-Jews 1923-1929

<u>Year</u>	<u>No. of Jews</u>	<u>No. of Non-Jews</u>
1925	+ 4,709	- 578
1924	+ 11,855	+ 816
1925	+ 32,235	- 5
1926	+ 6,490	- 110
1927	- 2,037	+ 208
1928	+ 10	+ 1,115
1929	- 3,503	+ 1,742
1930	+ 3,265	+ 1,624
1931	+ 3,409	+ 2,030

² Ditto, Cmd.5854, Oct. 1938, p.23

1932	+ 9,829	+ 2,565
1933	+ 30,735	+ 3,050
1934	+ 42,585	+ 5,559
1935	+ 59,677	+ 5,787
1936	+ 23,011	+ 3,294
1937	+ 4,973	+ 3,410
1938	+ 8,011	+ 4,296
1939	+ 27,310	+ 2,437

The fact is that Palestine has changed from a country of Arab emigration into one of Arab immigration. In 1913 Arab emigrants from the Jerusalem district alone numbered 2,000¹ , whereas during 1920-30 there were no more than 1,340² Arab emigrants yearly from the whole of Palestine. In 1935 Arab emigration from Palestine had sunk to 387³. On the other hand, there is now a very considerable Arab immigration into Palestine, a feature unknown before the War. Twenty to thirty thousand immigrants from the Hauran (Syria) were estimated to have entered Palestine at least temporarily from 1922-1927. All this is in marked contrast to the situation in Syria where emigration has remained relatively high throughout, the annual average from 1924 to 1935 being 9,300³ i.e. about seven times as large as Arab emigration from Palestine.

-19-

The following conclusions as to non-Jewish immigration can be drawn from these data:-

Simultaneously with Jewish immigration there was some non-Jewish immigration. The non-Jewish immigration is represented by an almost constantly rising curve with smaller fluctuations than those of Jewish immigration. However, the small absolute increase in this immigration, as far as recorded, qualifies the conclusions drawn from the analysis of this process. On the other hand, legal restrictions on such immigration enhance the significance of the current, which, although small, serves as an indication of potential immigration and is symptomatic of the desire of the population of adjoining countries to immigrate to Palestine. As far as such fluctuations have taken place, particularly in 1931 and 1937, they correspond to the trend and fluctuations of Jewish immigration rising and declining concurrently with it.

From a country of net non-Jewish emigration Palestine was transformed in the twenties into a country of net immigration and has remained so ever since.

¹ A. Ruppin: "Syrien als Wirtschaftsgebiet", Vienna 1920, p. 26

² Report of H.M. Government to the Council of the League of Nations on the Administration of Palestine & TransJordan 1935, p 214.

³ Economic Organisation of Syria", B.S. Himadeh, published by the American University of Beirut, 1936, p. 17

The main current of this movement, limited as it is by legal and other considerations, comes from Syria and Trans-Jordan. It is of some importance to compare the relative crude densities in these three countries.

Arithmetical Density of Palestine, Syria[□] and
Trans-Jordan (Persons per sq.km.)

Country	Arithmetical density (<u>Total Population: Total Area</u>)
Palestine	41
Syria	14
Trans-Jordan	3

Considering that the Arab population of Syria as well as of Palestine is mainly agricultural the figures of cultivable and particularly striking :-

Cultivable area (1935)20,000 sq.km. [□]
 Cultivable area (1936)10,500 sq.km. (52.5%)

-20-

Thus, the cultivable but uncultivated area in Syria is much more extensive than in Palestine, Nevertheless, migration did not flow to the country of land surplus from the country of more limited land areas, but the other way round. The conclusion would be that a leveling-up of standards is taking place by migration processes upon the following lines:-[□]

“Population tends to flow from a region of low to one of a higher level of living. The potential gradient, if a metaphor derived from hydraulics is permissible, is rather one of levels of living than of density of population. People may move from a region of slight density of population but low living standards to one of greater density of population but higher living standards (Mexico to U.S.A.)”

These conclusions are also substantiated by a comparison of wages between Palestine and the countries from which most of the non-Jewish immigrants hail. Such a comparison is possible only for 1936/37 as till then the data are insufficient and inaccurate. These were years

¹ Quoted or calculated from the following sources :- Census of Palestine 1931 by E. Mills (Govt. Of Palestine). Syria : See footnote 2), on this page. Trans-Jordan: “Palestine and Trans-Jordan” Report by H.M. Government in the U.K. of Gr. Britain and Northern Ireland to the Council of the L.O.N. on the Administration of .. for the Year 1934

² Source :- A.S. Himadeh : “Economic Organisation of Syria” Beyrout 1936, pp.29 & 71.

¹ J. Bowman: “Limits of Land Settlement”, A Report on Present-Day Possibilities, New York,, Council on Foreign Relations, 1937, ?

of depression in Palestine, but, nevertheless, the table shows a fairly steep gradient between Palestine and the countries from which non-Jewish immigration infiltrated into this country:-

Index of Wage Rates for Adult Male Arab [□]
Workers in Industry
(Palestine = 100)

	<u>1936-1937</u>	
	Highest	Lowest
<u>Palestine</u>	<u>100</u>	<u>100</u>
Other Countries in % <u>Of Palestine:</u>		
Syria	34	54
Iraq	17	32
Egypt	--	45
Cyprus	44	66

This is a purely interspatial comparison, while an intertemporal comparison is possible for only two countries. The Syrian wage-rates, expressed in percentage of the Palestinian rates at the same period were:-

Development of Wage Rates in Syria and Palestine ²⁾

	<u>1932/33</u>		<u>1935</u>		<u>1936/37</u>	
	<u>highest</u>	<u>lowest</u>	<u>highest</u>	<u>lowest</u>	<u>highest</u>	<u>lowest</u>
Syria (Palestine = 100)	<u>62</u>	<u>30</u>	<u>39</u>	<u>21</u>	<u>34</u>	<u>54</u>
Palestine 1932/33 = 100	100	100	117	103	111	116

-21-

□

The differentials of wages would substantiate the assumption that the real income of the indigenous population in Palestine is somewhat higher than in the adjacent countries where similar categories of labour are engaged. This statement must be

² Calculated from the following sources:- 1) Wage Rates Bulletin Govt. of Palestine, op.cit. 2) General Monthly Bulletin of Govt. of Current Statistics, op.cit. 3) Statistical Abstracts of Palestine, op. cit. (continued on p. 21)

¹ (continued from page 20) Palestine op. cit. 4) Himadeh: "The Economic Organisation of Syria", op. cit. p. 171. 5) Palestine Royal Commission Report, op. cit., p. 127. 6) Statistical yearbook of the League of nations, op. cit., 1938/39.

Current and systematic wage statistics are only available for Palestine. For the other countries only occasional quotations taken from the above mentioned sources, could be used. The figure given in these sources probably do not represent the maximum or minimum rates or the actual average. For Palestine, the average wage-rates of agricultural workers in 1940 were available, for Cyprus only wage-rates of workers employed in railway workshops.

qualified by the incompleteness of statistics and the uncertainty as to the identity of the various categories of workers concerned.

No data are available on internal migration from one zone to another and from one district to another within the country itself which would also be indicative of the degree of attractions exercised by zones with higher degree of penetration by modern colonization economy on the more backward indigenous population. The only indications available are those of the 1931 Census, i.e. prior to the more intensive penetration of the country by colonization. Since then, however, the process of transformation of the Palestine economy, in particular that of certain zones, has been greatly intensified and accelerated. Nevertheless, such scanty data as are available would seem to corroborate the conclusions arrived at on the basis of other indications. The Central Range is that area where the penetration by the colonisation sector has been the slightest and where the indigenous economy has least integrated with the modern sector. The movement of population, according to the Census, was from this Central Range to the Maritime Plain, which is the area most affected by modern colonization processes and where integration between the indigenous and the colonization economy is the highest:-[□]

“Consequently it may be concluded that emigration from the Central Range is almost entirely to other parts of PalestineIt follows that the emigration from the Central Range is towards the Maritime Plain. This is in complete obedience to economic laws : development attracts productive labour from areas where development is not anticipated, or where livelihood is stationary.

It is therefore, legitimate to infer that development is the Main attraction of emigration from the Central Range, and That the closer ‘packing’ of the population in the Maritime

-22-

Plain, so far from driving people away either from Palestine or to the other parts of Palestine, has had the effect of attracting people from the hill country and so relieving the population and soil pressures in that area. It is impossible to predict future movements. So far as I am aware, there is no reliable estimate of optimum density for either the Maritime Plain or the Central Range. The application of growing human intelligence and experience obviously changes the ‘lot viable’. It seems to be necessary to concentrate skilled attention on the agricultural possibilities in the hill country if the ‘Lot viable’ is, on the average, to be reduced with an improving standard of life.

^x Census of Palestine, 1931, Vol.1, Part I, Report by E. Mill

AGRICULTURE

Land.

The interrelation between Jewish development and the economic conditions of the indigenous population of Palestine involve first and foremost the problem of land.

Jewish agricultural colonization in Palestine developed till 1945 in an area of 1,680,000 dunams, i.e. 64% of the total land area of Palestine. If the Beersheba Sub-district (which contains wide tracts of desert) is excluded, the area in Jewish possession with concessions amounts to 1,260,000 dunams or to 11.4% of the total (Beersheba

excluded). On this area a Jewish rural population of 140,000 is supported, while on an area of 12,183,000 dunams a rural Arab population of 760,000 souls is being maintained. The population in the Beersheba sub-district has a further rural population of 52,000, mostly nomads. The possibilities of development, which are determined not only by the availability of cultivable land but by irrigation are indicated by this difference. The projection of the density of Jewish agricultural settlement on the whole country would amount to a complete revolution in the density of agricultural settlement in this country. Moreover, the difference in the standard of living between the modern irrigated and the primitive indigenous agricultural farm are indicated by the following figures:

The total gross income of a 25 dunam irrigated farm with 2 earners amounted before the war according to the calculation of the agricultural Research Station, Rehoboth, to LP. 214.550. If the estimate of the Report of a Committee on the Economic Conditions of agriculturists in Palestine (Johnson Crosbie Report, 1930) as to the income of an Arab farm of 100 dunams (almost entirely non-irrigated) with a family of 6 is recalculated on the basis of the prices and taxes of 1939, the gross income of such a farm amounted to LP. 64.500. net income of the owner cultivator of the Fellah farm was LP. 40.600, and after deduction of rent the net income of the tenant cultivator amounted to LP. 25.400, the net income of the Jewish irrigated farm of 15 dunams being LP.114.060. Hence, on a plot of land one fourth the size of the non-irrigated farm a net income by 181% larger can be attained. Another calculation comparing an average Fellah farm of 100 dunams unirrigated land with an improved Fellah farm of 10 dunams irrigated land shows an increase of the net income fro LP. 29.350 (including income from outside work of LP. 12.) to LP. 79.460, i.e. an increase of 171%.

-24-

A recent publication of an Iraq economist ¹) shows the appallingly small returns of an average family farm in Iraq. The annual income of a farmer (including his family of 5 or 6 persons) is estimated according to zones at about L.15 to L. 20 (pre-war prices). His income from other sources is stated to be somewhere around L. 2 to L. 6. This in a country where according to the author “the agricultural potentialities are colossal.”

The whole problem of agricultural settlement in Palestine boils down to one of productivity of the soil. The conception that colonization must be based on a displacement of population is based on the Malthusian doctrine which has long been disproved both by actual experience and theoretical analysis. The accepted scientific opinion of this theory is well defined in the following statement:²

“The principal doctrine of Malthus, forecasting a growth of popouation greatly in excess of the production of food, has been completely disproved by the real course of events. Malthus had no idea – and could have had no idea – of the enormous importance of the part that was to be played by the technical arts and by science in the service of material production and transportation..

In fact, the law of diminishing returns has operated only to a limited extent in the realm of agriculture. Thanks to the development of world economy, famines no longer occur except in certain backward regions of the globe – the population of which, it is true, still represents more than half of the human race.”

The productivity of the soil has increased more rapidly than the population. The fallacy of the conception of land as a fixed entity in contradistinction to an increasing population has been exposed by recent developments in agriculture.

Agriculture has undergone a technical revolution. So great has been the increased productivity of the soil, that the former ideas as to what a unit of land could support are today completely inappropriate. Nor has the process of increasing productivity reached its limits. The comparison of output per hectare of some agricultural crops in various countries with that of Denmark provides an interesting illustration of this point:-

¹ “The Social Structure of Iraq” Hashim Pawad, 1945

² The Skysthetic Optimum of Population by I. Ferenzi, 1938, pp. 16-17.

Approximate Output in Bushels per Hectare[□]
 In Denmark as compared with average for
 Hungary, Poland, Roumania, Yougoslavia.

	<u>Denmark</u>	<u>Average</u>
Wheat	29	11.25
Barley	38	11
Oats	28	10
Potatoes	170	77.50
Sugar-beet	350	185

The difference between the yields of Jewish and Arab farming in Palestine illustrates this point within the confined of one country, but with reference to two different sectors of economy.

Yield in Kilos per Dunam of Principal Crops[□])

	<u>Jewish</u>	<u>Arab</u>
Wheat	109-111	48-70
Barley	153-177	59-63

This table was completed in 1930. Since then, the divergence has become still further pronounced.

Last but not least, the profitability of agriculture varies in accordance with the use to which the land has been put. In Palestine for instance the income accruing from half a hectare of vegetables or one-third of a hectare of citrus is equal to the income accruing from 10 hectares of cereals.

Thus, the land problem is of a complex economic character composed of many variable factors all of which must be taken into account before a valid conclusion can be reached. To simplify this question superficially by reducing it to an easy arithmetical formula is merely to avoid or ignore the very core of the problem.

The attempt was made to deduce from Malthusian ideas a theory of agricultural congestion in Palestine. The argument was based on the alleged scarcity of land in certain areas, and supported by a calculation based on a mechanical division of the land by the number of its inhabitants. This approach to the problem is obviously unreal. The lot viable is not a problem of arithmetics but of economics. It is a function of a degree of intensification and diversification of farming of social and economic conditions, of distribution of land, etc. The idea underlying this approach is that land is eternally and finally fixed in certain categories of cultivable and uncultivable land, as well as of high and low grade land. However, the process of transition of land from the category of uncultivable to cultivable and from lower to higher grades is continually taking place. Forty years ago it was generally assumed that the Maritime Plain was uncultivable, and it was left uncultivated. Only in parts was it considered fit for the cultivation of water

¹ Preliminary Investigation into Measures of a National or International Character for Raising the Standard of Living. Memorandum Prepared by Mr. N.F Hall, 1938, p. 51

² Report of a Committee on the Economic conditions of Agriculturists in Palestine and the Fiscal Measures of Government in Relation thereto. Govt. of Pal., 1930, pp. 3, 30.

melons and vines of small yield and low quality. However, vineyards and almond groves planted on the sands of ??? and Rehoveth radically changed this valuation of

-26-

land and resulted in its re-classification. Instead of 8/- dunam they yielded an income of L. 4 per dunam on the same land. Fifteen years ago the land of Wadi Hawaret, of Migdal, Raanana, Herzlia, etc., was also considered as being of inferior quality. But citrus groves were planted there which have increased the income accruing from the same land to L. 20. – per dunam gross. Many Arab villages also bear witness to the fact that improvement of land has resulted in the decrease of their lot viable and/or transfer of land of lower grade to a category of land of higher grade.

There are two basic standards in the valuation of land:

One concerned only with actualities, such as is adapted for purpose of taxation and another concerned with agricultural development which takes into consideration agricultural potentialities, which in the long run determine the utilization of land. The production in Palestine of vegetables has increased fivefold since 1929 while the area planted with citrus has since 1922 increased tenfold, including a sevenfold increase in Arab plantations.

A striking example of transference of land of lower grade to land of higher grade is the Sub-district of Jaffa. The area of land per head of rural population, irrespective of whether it is planted or not, is very small there. This was the result of colonization activities connected with the purchase of land at high prices, which enabled the fellah to introduce intensification and diversification of farming on the basis of irrigation.

Moreover, it is interesting to note that even from the extremely crude point of view of what is scientifically called physiological density, Palestine ranks among the countries possessing a considerable range of development possibilities. Physiological density is defined as the number of inhabitants per unit of productive soil of a given national territory. The following table indicates the physiological density in Palestine in comparison with other countries:-

Population Density per Sq. Km. Of [□])
Cultivable Land (1935)

Japan	993	New Zealand	184
Holland	802	Palestine (1936)	141=183
Great Britain	800	Algeria	182
Belgium	640	France	178
Austria	349	Poland	160
Italy	307	Sweden	159
Germany	305	Hungary	152
Ireland	252	Bulgaria	146
Czechoslovakia	241	Roumania	140
Yugoslavia	211	Spain	138
India	205	Denmark	130
Chile	193		

This comparison is entirely based on the Government definition of “cultivable” land. The definition hitherto officially adopted reads as follows:- [□])

“The term cultivable land is held to cover land which is actually under cultivation or which can be brought under cultivation by the application of the labour and financial resources of the average Palestinian cultivator.”

Sir Alison Russel, and the Director of the Government Department of Agriculture, however, maintained a different view on the definition of cultivable land:- [□])

“I do not think too much importance should be attached to any estimates at the present time as they doubtless depend largely on the interpretation by individuals as to what is or may be cultivable, and these figures may be subject to considerable modification, when proper soil surveys of the land have been undertaken.”

A considerable proportion of land which, according to the official definition, should have been classified as uncultivable has been converted, through development work into fertile agricultural soil. The valley of Esdraelon as well as Wadi Hawaret offer striking examples of conversion from “uncultivable: to cultivable land.

In light of these considerations the analysis of the land problem made by the Partition Commission after careful study and investigation is particularly instructive:- [□])

“There is no doubt that Palestine could support a larger agricultural population if better methods of cultivation were adopted, if the area under irrigation could be extended, and if markets for the increased produce could be found. But for these changes capital is needed, and this the Arab lacks.”

Thus, the problem seems to be not one of area but first and foremost one of capital to develop and increase the productivity of the available land.

¹) League of nations, International Economic Conference, Geneva, Population and Natural Resources.

²) Memorandum Prepared by the Government of Palestine to the Royal Commission, p. 17.

³) Commission Report, p. 256, para 16 (f)

⁴) Commission Report, 1938, p. 30, para 47

INDIGENOUS AGRICULTURE IN THE INTER-WAR PERIOD.

The condition of agriculture in Palestine prior to the commencement of Jewish colonisation is well known from contemporary reports. Authoritative statements do not mince words in describing the plight of agriculture during the early years after World War I. The following quotation from the Report of the High Commissioner on the Administration of Palestine, 1930-25 presents an instructive summary:

“Although nearly two-thirds of the population of Palestine are engaged in agriculture and allied occupations, the country districts are thinly peopled and for the most part poorly cultivated....By far the greater part of the cultivable area remains in the hands of the Arabs. Each year a considerable portion of this is left untilled. The methods of cultivation employed are usually primitive. Until recently land was rarely manured; when one patch was exhausted another was ploughed. Many villages had suffered severely by the felling of olive trees for fuel and by the loss of their ploughing animals during the war. The few forests that had survived till then were almost all cut down during those years. The characteristic that, to the European eye, most distinguished the typical Palestinian scene is its absolute bareness of trees.”¹)

The Palestine peasant, as competent Arab opinion has openly admitted, was sunk in poverty and distress.

“Yet the fellah in Palestine has always been, until recently the subject of oppression, neglect, and ill treatment by his own countrymen and the old political regime. The feudal system played havoc in his life, and the effendi class looked down upon him, and the old Turkish regime was too corrupt to be concerned with such a vital problem.”²)

In agriculture in the East, the central and most important factor overshadowing all others, is the question of indebtedness. The situation is most strikingly described in the Memorandum³ prepared by the Government of Palestine which was submitted to the Royal Commission in Palestine:-

“It has long been recognized that indebtedness is no new thing in Palestine. It is generally alleged that the Palestinian fellah is born in debt, lives in debt and dies in debt. It is also contended that for many generations, and indeed centuries, his life has been made miserable by the pressure of his creditors and that his moral and material progress has been severely handicapped by the burden of his debts and the cruel rate of interest paid by him.”

As to the rate of interest at which this credit is extended the same

Memorandum states:

“A rate of 30 per cent per annum is perhaps the commonest but 50 per cent for three months is no unusual. The result is that many farmers now owe sums that are quite beyond their capacity to pay.”

The Government was handed a clear diagnosis of the disease attacking Arab agriculture by a most competent authority, appointed by The Government itself, by Mr.

¹ Report of the High Commissioner on the Administration of Palestine during 1920-25, London 1925, p. 16

² Afif J. Tannus in the "The Open Court", 1935/36

³ Memorandum to the Royal Commission, pp. 41, 42, 43.

C.F. Strickland of the Indian Civil Service. He was called upon to study the problem on the spot and submitted his report at the end of 1930. His most important conclusion was:¹⁾

“The amount of (the fellah’s) debt is not only burdensome and such as to hamper any attempt at progressive agriculture, but no small percentage of the cultivators are entirely insolvent and neither cooperative credit nor any form of State loans can place them on a solvent footing if the whole nominal claim of their creditors is to be paid.”

The years between the two wars were disastrous ones for the agriculture in nearly all countries. In 1929 the world-wide depression began which was accompanied by a catastrophic slump in agricultural prices and brought ruin to the producers of foodstuffs and raw materials in all countries. The impoverishment of the peasantry was no less marked in the Near-Eastern countries adjacent to Palestine than elsewhere. This may be corroborated by a few quotations from authoritative sources.

In the study, “The Economic Organisation of Syria,²⁾ the following passage appears:

“A large proportion of the emigration from the State of Syria may be traced to the inability of the Syrian peasantry to gain an adequate living in agricultural pursuits either as labourers or as proprietors. Wages of agricultural labour are very low because of the low primitive methods of cultivation has kept the productivity of the soil so low that even in good years the struggle for existence is difficult.” (p. 15)

In Egypt the situation was not better:

“...it is a matter for regret that circumstances have forced the Fellasheen to disgorge in part or in whole the contents of their bas de laine, sure evidence of the hard time through which they have been and are passing.”³⁾

The following remarkable comment on the condition of the Egyptian fellahin was made by Dr. el-Waki during the Egyptian Medical Congress in Luxor 1934:

¹ Memorandum to the Royal Commission, pp. 41, 42, 43.

² S.B. Himadeh, Economic Organisation of Syria, American University Beirut, 1936

³ From Report on Economic Conditions in Egypt, July 1933, by C.H. Selous, O.B.E., assisted by L.B.S. Larkins, p.

“What are the reasons for the fellah’s misery? Dr. el-Wadi tracks them back to one single root: poverty. Three quarters of the rural male population have nothing but their body to depend on to make a living for their families. Without any means whatsoever, completely ignorant, used to resignation and mental inertia, for the greater part without ambition, they are satisfied with what they have got.... The fellah who has not the means to defend himself accepts everything. Their dwellings are breeding places of evil. Since there is nothing but polluted water at their door, why shouldn’t they drink it? The stable is installed inside the dwelling place for the humans, the raek penetrates everywhere it is doubtful whether the race would still be healthy if life in the open air would not save the working people from the worst infections.”

This general picture of the agricultural situation is corroborated by every indication of trade and finance and by the flocking of thousands of Syrians and Trans-Jordanians into Palestine where the impetus of Jewish colonisation has given different complexion to the development of agriculture.

EFFECT OF JEWISH COLONISATION

In Palestine during the past three decades agriculture has undergone a marked development as regards both, quantity and quality. Jewish colonisation has developed an agriculture on modern lines, of highly intensive character based on dairy farming and partly irrigated areas. But also the primitive indigenous farming based mainly on cereal growing has been influenced by the influx of Jewish immigration onto the Palestine economy. Production and consumption indices reflect a considerable rise per capita. It scarcely seems possible to assume that this very accentuated rise was due entirely to the superimposition of an increment of population with a high standard of living on the indigenous population with stationary economic standards. The demographic and migration data available for the indigenous sector seem to corroborate the view that this was not the case.

The following table provides some details with regard to agricultural production:-

	<u>Non-Jewish Agricultural Production per Capita of Non –Jewish Population</u>	
	1922	1938
	LP.	LP.
Excl. Citrus	3.853	4.220
Incl. Citrus	4.393	6.847

In the hill districts which had formerly been pronounced uncultivable fruit trees were planted by the fellahim; they now constitute a considerable part of the fellahim hillside economy. The area under fruit plantations in the Arab villages of the hill region increased, according to Government figures, from 332,000 dunams in 1931 to 832,000 dunams at the end of 1942.

Another striking indication is the access of livestock in the indigenous agricultural sector. According to the Government Census of 1943 cattle in Arab ownership numbered 214,570 head. The corresponding figure for 1930 was 134,000, the increase in these 13 years being 60%. Simultaneously, the number of poultry in the Arab sector rose from approximately 900,000 to 1,460,00, i.e. by 62%.

The most outstanding feature of Palestine's agricultural development before the war was the ever growing citrus industry. After a few years of experiments and concentrated effort, Palestine became the second large citrus exporting country in the world, the Arab sector developing almost to the same extent as the Jewish sector.

THE DEVELOPMENT OF CITRUS PLANTATIONS

(in dunams)

End of Year	<u>Area of Citrus Plantations in Dunams</u>		Total
	Jews	Non-Jews	
1922	10,000	22,000	32,000
1927	24,000	33,000	57,000
1930	60,000	47,000	107,000
1933	120,000	81,000	201,000
1935	153,000	134,000	287,000
1937	155,000	144,000	299,500

Citrus exports – the backbone of Palestine’s export trade increased from 931,000 cases in the 1920/21 season to 15,310,000 cases in 1938/39, the increase in value being from LP. 206,000 in 1931 to LP. 3,808,000 in 1939. About 45% of this export originated from Arab plantations.

The increase of Arab agricultural production per capita up to the war seems to be considerable. It is much more pronounced if citrus is included in the total estimates as the citrus are increased about sevenfold. In the mixed farming, where cereals which cannot be rapidly increased, play a very considerable part, the rise must naturally be much less pronounced. The per capita increase must be seen against the background of an extraordinarily rapid increase of the indigenous population, so that simultaneously with the rise in the standard of living additional sources of livelihood had to be found for the increment of the population. Nevertheless, even in mixed farming some increase is noticeable, due in the main to the opening up of marketing possibilities by the increase of the urban population and to some accumulation of capital, resulting from land sales and decrease of agricultural taxation. The development of cereal and vegetable production of the country as a whole is indicative of these changes:

The Development of Cereal and Vegetable Growing.

	<u>Cereals M. Tons</u>	<u>Vegetable M. Tons.</u>
1930	184,468	12,865
1931	137,712	15,068
1932	90,825	24,371
1933	87,233	21,305
1934	193,992	36,465
1935	219,393	67,847
1936	153,350	70,321
1937	236,860	120,395
1938	174,424	109,088

This trend of stationary cereal crops and increasing vegetable production is intimately connected with the expansion of urban markets and is particularly marked in districts adjacent to such markets.

The following table demonstrates the expansion of poultry farming in Palestine:-

<u>Year</u>	<u>Number of Poultry (Excl. young chicken)</u>	<u>Index</u>
1932	474,916	100
1934	390,689	124
1937	1,020,390	215
1943	1,980,866	417

The change over from extensive to intensive and diversified farming is connected with Jewish colonisation and the resulting development of large urban markets. Impoverishment is hardly consistent with such a spectacular increase in stock both of cattle and poultry within so short a period.

Although the intensification of mixed farming (as against cereal production) decreases the subsistence area, and therefore leads to what is called "congestion", it nevertheless, in spite of the decreased area, raises the income of the fellah.

By no stretch of imagination can a correlation be found between this "congestion" and impoverishment. The transition to more intensively irrigated agriculture, made possible by the lucrative prices obtainable for poultry, dairy and vegetable produce in urban markets in the proximity of growing towns, is by no means an indication of impoverishment.

In this connection, several points must be considered:-

- 1) The use to which the land is put.
- 2) The proximity of markets and the prices ruling in those markets.
- 3) The cattle and poultry stock and the demand for its produce.

Rural density is at its height mainly in such areas as Jerusalem and Haifa, which contain large conglomerations of urban population, and in regions in which the proportion of urban to rural population is highest, i.e. Jerusalem, Jaffa and Haifa

where the ratios of urban to rural population are 4.2:1; 7.7:1; 4:1 respectively as against Ramallah 1:10.5; Tulkaram 1:7.4 and Beisan 1:3.3.

The pronounced rural density in Jerusalem and Haifa sub-districts accounted for by:-

- a) Structural changes in agriculture do to the expansion of markets for the produce of intensive and diversified agriculture, which depends more on irrigation, and on high prices for specialized produce, than on the area of land.
- b) The higher proportion of rural non-agricultural population connected with employment facilities in the towns- eg. The supply of building materials, such as gravel and stones etc.

All indications of economic conditions such as infant mortality rates, standard of living, etc. show a direct correlation of the degree of penetration by Jewish colonisation into various districts and Arab prosperity in those areas.

It was inevitable that the progress of the Jewish agricultural settlements and the growth of a modern urban population should exercise a favourable influence on the position of the Arab peasantry. Four distinct channels can be traced through which that influence has been exerted.

The first has been the Jewish purchase of land. An official investigator, Mr. G. Fl Strickland, who was sent out in 1930 to inquire into the possibilities of agricultural cooperation in Palestine, wrote as follow on this much debated questions: ¹)

“There is in general much to be said for encouraging the fellah to sell a part of his irrigable land. and to repay the reasonable claims of his creditors from the sale proceeds and develop the remainder of his irrigable land with any surplus remaining.”

This has actually been achieved though not by any pre-designed scheme. The very facts of Jewish immigration and of the Jewish desire to strike root in the land have of themselves developed the Palestine land market. This development has had one extraordinary feature: its basis has, from the start, been noncommercial The balance of land sold by non-Jews and retained by Jews during the years 1920-39 was bought at an average price of LP. 11.3 per dunam. In years of large Jewish immigration this

price was much higher, e.g. in 1934 it reached LP.26.5 per dunam. It should be assumed that only a small fraction of the land purchased by Jews from non-Jews was urban land, and that before the war rural land was bought at prices ranging from LP.5 to LP.15 per dunam, according to the situation and the quality of the land. At a distance of some kilometers east of Jordan, land of the same quality could be obtained at a fraction of this sum. It is obvious that the poor Arab farmer, working with the members of his family from dawn to dusk on a plot of 100 dunam, and

¹ Report by Mr. C.F> Strickland on the Possibility of Introducing a System of agricultural cooperation in Palestine, 1930, p. 39.

receiving in return a paltry LP.35¹ per annum, stood to benefit greatly by selling this same plot for LP.500 or LP. 1000.

Since April 1940, purchases of rural and urban lands appear separately in Government statistics. In the nine months April-December 1940 – a period of depression in Palestine – rural land was sold by Arabs to Jews at an average price of LP.8.2 per dunam. During the war land prices increased considerably. In the year 1944, rural land was sold by Arabs to Jews at an average price of LP.78.8 per dunam.

The difference between the land problem in Palestine and other colonial countries needs little elaboration. Elsewhere, settlers purchase land for its sheer commercial value, and manage as a rule, to obtain it at low prices, - it not, indeed, free – through economic and political pressure on the natives. In Palestine too, land prices bear no real relation to land-values, but for exactly the opposite reason. Just as in other countries economic and political pressure have compelled the natives to sell at any price, so in Palestine the same pressure has compelled the Jews to buy at any price. In this way the Arab land-owners selling a portion of their land at inflated prices they have been enabled to intensify and make profitable cultivation on the remainder.

The second way in which Jewish immigration has raised the level of fellah agriculture is by the development of extensive urban markets in Palestine, the customers being prepared to pay high prices for all types of agricultural produce. Marketing is the most difficult problem of agriculture in all countries. Its solution in Palestine is dependent on the rapid growth of an urban population. This new population, with its European standards of life and high purchasing power, is of quite a different character from the earlier population of Palestine.

-38-

Its consumption of foodstuffs per head is much higher, and it demands more varied commodities. The products of intensive mixed farming – vegetables, fruit, eggs, and poultry- rather than grains cereals, are its choice. This change in marketing conditions has transformed Palestinian agriculture from its primitive pre-war state to present day standards, and its influence on the fellah has been officially recognized:

¹ Report of Government Committee on the economic conditions of agriculturists, 1930, p.48.

The Arab rural community has certainly benefited to a large extent from increased immigration and industrial activity which have created an abnormal demand for all classes of produce with a resulting inflation of prices.[□])

The European part of the Jewish urban population consume vegetables, potatoes, fruit, eggs, meat, poultry and fish originating from Arab farms, while urban Jews with oriental nutrition habits consume also cereals, olive oil and milk products of Arab origin, the portion of Arab produce in their consumption being particularly high. Further, intensive agriculture created a market for animal feeding stuffs and organic manure from Arab farms. Jewish industry purchased a certain part of Arab produced raw materials such as tobacco and unrefined olive oil. It may be estimated that in the last years before the war about 30% of Arab agricultural produce for the market were absorbed by the Jewish sector.

The growth of urban markets has also benefited the local agriculturist in more indirect fashion. Cereal agriculture, which is of special interest to Arab cultivators, received protection on an extensive scale at the expense, in large measure, of the urban population. The principle laid down by the administration, principles to which no exception was taken in any quarter – included ‘the preservation of the market for local agriculturists during harvest-time’, an object attained by a sliding scale of duties relative to local market prices, to which was added, where necessary the quantitative restriction of imports by means of a licensing system. In this way, the Palestine fellah was fortunate in securing some alleviation of the depression in prices.[□]

The third benefit which the fellah has enjoyed as a result of Jewish immigration is the remission of taxes. Wholesale tax remissions have been made possible, owing to the unusually flourishing state of Palestine’s finances. Agricultural taxes fell from 12.4% of the country’s revenue in 1922 to 4% in 1937/38; in absolute figures from LP.286.521[□] to LP. 165.390. In 1944/45 agricultural taxes represented 3.9% of the total revenue. In addition, the Government has been able to confer substantial benefits on the fellah e.g. by way of loans,

agricultural instruction and free distribution of seeds.

The fourth benefit to the Arab peasantry derives from the springing up, side by side with the old-fashioned Arab agriculture, of a new, progressive Jewish farming. New opportunities have been opened to the Arab farmer through the example of his Jewish neighbours.

“All this activity, together with the object lesson of the results obtained by the practice of modern agriculture in the Jewish villages that are dotted over many parts of the country, has had an effect. Some of the Arab villages are beginning to

¹ Department of Agriculture, Report 1925, pp. 6-7.

² A. Granovsky, Das Steuerwesen Palestinas, p. 15

adopt improved methods, and a larger number than before are specializing in crops that are more remunerative than cereals.”¹

Since that time (1925) progress in every line of fellah agriculture has been rapid. An interesting sign of this process is the increasing use of machinery on the part of the fellashin. The following quotations from official reports show the progress of this development which may change very considerably the structure of agriculture in the districts concerned:-

“The existence of Jewish farms on which modern agricultural methods are invariably employed, has not failed to exercise a beneficial and civilized effect upon the neighbouring Arab villages.”

“The increased employment of modern agricultural machinery was noted and increased sales testify to the more frequent use of artificial fertilizers. The cultivation of vegetables under partial irrigation for the early market gained headway, especially in Arab villages of the south”²

“In more progressive farms ploughing of the harvested areas by tractor and animal power is recorded. Several villages are buying tractors on a cooperative basis.”³

Two further aspects of Jewish agricultural activity have left their mark on the Arab population. Jewish drainage and afforestation have proved of primary importance for the general rural community. Also the experiments carried through in the Jewish scientific institutes and laboratories have benefited the whole countryside. This applies equally to the fight against animal and plant pests, and to the discovery of industrial uses for surplus agricultural products.

¹ Report of the High Commissioner on the Administration of Palestine 1920;35, pp. 16-17.

² Quoted from the Agricultural Leaflets of the Department of Agriculture and Forests Series II, No. 1 “Agriculture and soils of the Jaffa and Sub-Districts by H.E.Z. Raczkowsky, Agricultural Chemist, p. 7.

³ H.M. Government’s Report to the Council of the League of Nations on the Administration of Palestine and TransJordan for the year 1929, p. 96.

⁴ Report of the Department of Agriculture for September, 1934, published in the Palestine Commercial Bulletin, Vol. II, No. 9, p. 276.

“The arrangement whereby the Government in cooperating in the research work carried out by the different institutions maintained by the Jewish Agency and the Jewish Community, is of the utmost benefit to the country as a whole.”¹)

Had it not been for this opening up of the country on progressive and energetic lines, the fate of the Palestine fellah would, in all probability, have been no better than that of his contemporaries in other countries. The effects of Jewish colonisation work on Palestine agriculture are in fact, too wide-spread and too fundamental to be easily measured. Many millions of capital have been invested in every kind of land improvement. Modern methods and equipment have been introduced, mixed farming has been successfully established, water-resources have been developed, and the way opened up to important irrigation ventures.

The influence of the war accelerated the process of modernization and intensification in the Arab sector, but the retarding elements, tradition and a certain mental attitude – are still strong. It takes a long time to transform a primitive and self-sufficient agriculture of predominantly feudal character into more intensive agriculture with scientific production methods. Apart from the capital required for the improvement of production methods and for the shifting over to more valuable crops and animal products, a change in the human attitude and in the social conditions must also take place.

Industrialization

The economic structure of the Arab community is mainly based on agriculture. Its main problem is agrarian and it cannot be solved in disregard of the implications of the general development of Arab economy. The physiocratic conception that a certain

¹ Statement by Mr. Hall, Minutes of the 25th Session of the Permanent Mandates Commission , p. 16.

fixed proportion of the Arab population must be bound to the land, and that this is the only economic basis for the indigenous population and an unmixed blessing is contradicted by modern economic development. The whole fate of agriculture depends on marketing facilities and growth of urban population. Arab farming cannot be intensified and thus made more profitable without a shift from energy producing (cereals) to protective foodstuffs (eggs, dairy products, etc.), i.e. from extensive to intensive agriculture, and this is entirely dependent on the size of the urban population.

Thus occupational redistribution is one of the most urgent problems of Arab economy.

The following table reflects the occupational distribution of the population of various countries in comparison with both Jews and Arabs in Palestine:-

<u>% Occupational Distribution of Population</u>										
(Earners)										
Country	Year	Agri-cult.	Const. Ind.	Trans-port	Comm.	Ad-min.	Lib Prof.	Dom. Serv.	Misc	
<u>Ming.</u>										
Canada [□])	1931	31.1	18.8	6.1	16.7	0.7	6.3	8.1	11.3	
U.S.A.	1930		22.0	30.9	7.9	21.4	1.5	6.7	9.4	0.3
Germany [□])	1933		28.9	40.4	4.8	13.6	8.4		3.9	-
Italy	1931		47.3	29.5	4.6	8.3	2.1	3.3	3.0	1.0
Netherlands	1930		20.6	38.1	7.6	15.8	1.5	6.7	8.3	1.4
U.K.	1931		6.4	36.8	8.7	20.6	0.6	4.6	11.5	9.8
Belgium	1920	19.3	46.8	18.3		6.9		4.5	4.2	
Poland	1921		76.2	9.5	5.7		2.5		1.7	4.4
Australia	1921	22.7	35.1	27.9		8.7		5.1	0.5	
New Zealand	1926		24.2	26.4	28.4		10.0		5.1	5.9
Palestine (Jews)	1931		19.1	30.6	5.1	13.8	2.0	11.6	5.3	12.5
Palestine(n.Jews)	1931		59.0	12.9	6.0	8.4	1.3	2.3	3.2	6.9
India			66.5	10.2	1.5	5.1	0.6	1.5	7.1	7.5

It is interesting to note that the highest proportion of agricultural population is to be found in countries with the lowest standard of life, such as India, Poland, Italy, while progressive, although mainly agricultural economics, such as Australia and New Zealand, have a comparatively low proportion of agricultural population. Of course, the explanation of this process is the higher productivity of agricultural labour and a transition to more modern methods of cultivation. Moreover, in

Palestine itself a tremendous discrepancy between the occupational structure of the Jewish and the Arab population is discernible.

The problem arising of the striking contra-distinction between the greater proportion of landless Jewish population and the unquestionably higher standard of life cannot be evaded.

¹ Statistical yearbook of the League of Nations, 1934/35, Table 4.

² Statistisches Jahrbuch fuer das Deutsche Reich, 1932, App. P.25.

Industries and mining	15,800	18,300	21,000
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Thus, during a period of fifteen years a remarkable social change took place in the Arab community, as well as a considerable industrial development. Moreover, while formerly the bulk of establishments consisted of artisan on-man shops and family enterprises, now wage workers are being employed to an increasing extent. The capital invested in Arab industry in 1942 aggregated two million pounds. The division of this industry is indicated in the following table:-

Non-Jewish Industry in Palestine, 1942 (incomplete)
(concessions excluded)

Industrial Section	No. of Establish- <u>ments</u>	Persons engaged
Food	267	1,708
Beverages	16	133
Tobacco	5	842
Vegetable oils and fats	33	170
Chemicals (excl. Matches) ^{y)}	30	191
Wood	286	669
Paper and cardboard	6	210
Leather	45	213
Textiles	234	1,766
Wearing apparel	345	1,330
Non metallic minerals	59	269
Metals (incl. Machinery And tools)	221	1,157
<u>Miscellaneous</u>	<u>11</u>	<u>166</u>
Total	1,558	8,804

y) Shown under Miscellaneous

-44-

This break-up of Arab industry covers only industrial personnel employed in industry proper, as will be seen from the comparison with estimates of occupational distribution covering also crafts in the Survey of National Income of Palestine, 1943, prepared by the Government Statistical Department.

The expansion of Arab industry has taken place concurrently with the growth of Jewish enterprises and of Jewish immigration, thus contradicting the fallacious assumption that Jewish immigration and growth are incompatible with Arab development. In this case, expansion of Arab industry was directly correlated to Jewish industrial development.

The development in the industrial sector of the Arab economy was possible thanks to two conditions: a) the establishment of Jewish industry based, though on a small scale, on modern economic principles and modern technical methods, b) the expanding market of the Arab population.

Jewish industrialization made very rapid progress as may be seen from the following figures:-

JEWISH INDUSTRY	1921/22	1929	1933	1937	1943
x)					
<u>AND HANDICRAFT.</u>					
Personnel	No. 4434	10968	19585	29986	45049
Capital	LP. 485000	2235000	5331000	11637000	

20523000x)

x) Industry only

This process has acted as a stimulus, Arab manufacturers endeavouring to imitate the new methods and to benefit from Jewish experience. In many cases, Arab enterprises availed themselves of the aid of Jewish experts and workers. 70 Jewish skilled tradesmen were found working with Arab workshops and factories in 1942. As far as marketing facilities for intensive agriculture are concerned Jewish industrialization is being

conducive to the growth of urban population was just as important for Arab agriculture as Arab industrialization, for the absorption of population shifted from primary to secondary production not only Arab industry but also employment in enterprises based on concession. Potash Company, established by Jewish initiative and Jewish capital, employs a considerable proportion of Arab labour. The development of production of building materials in the Arab sector was fostered and stimulated by the very rapid expansion of construction caused by Jewish immigration. The development of Arab industry is, however, only in its initial stage. It increases the purchasing power and national income of the Arab community, offers new investment possibilities to the rapidly accumulating Arab capital and reacts favourably on Arab agriculture by absorbing workers from the Arab village, expanding the market for Arab agricultural produce, and utilizing some of the raw materials (oil, tobacco, etc.) produced in Arab agriculture.

-45-

The establishment of industry in a small immigration country such as Palestine, has one particularly valuable aspect. It makes no demand on the existing resources of the country, but is, in itself, a new source of wealth.

Construction

The effects of the powerful impetus received by the building activity all over the country, originating from Jewish immigration and colonisation, were by no means confined to the Jewish sector. Nevertheless, the greater part of all building activity has been concentrated in Jewish or mixed Jewish-Arab districts. The following table computed from Government figures on annual building investments and population[□])

Gives a comparison of trends of development in the three types of municipalities for which comparable figures covering a larger period are available:-

- 1) Five mixed towns: Jerusalem, Jaffa, Haifa, Tiberias, Safed.
- 2) Five purely Jewish towns or local councils : Tel-Aviv, Petah Tikvah, Rehoboth, Rishon-le-Zion, Ramat Gan.
- 3) Sixteen purely Arab towns: Ramallah, Ramleh, Lydda, Bethlehem, Beit Jala, Beersheba, Hebron, Gaza, Majdal, Khan Junis, Nazareth, Nablus, Acre, Tulkarm, Jenin, Beisan.

	Building Investments in				Population				
		<u>LP. 1000</u>			<u>in 1000</u>				
	1924	Aver. 30/32	Aver. 33/35	Aver. 33/36	1922	1931	1939		
5 mixed towns	410	2,208	3,884	2,509	137	211	336		
5 Jewish towns		408 [□])	2,398 [□])	2,949			21	59	166
16 Arab Towns		57	162	172		111	128	151	

The following index calculations from the previous table show that the upward trend was by far more steady in the mixed and Arab Towns than in the Jewish towns. The setback which the Jewish building trade suffered between 1926 and 1930 in connection with a general economic depression, and in 1937 in consequence of the disturbances was either not felt at all in the Arab and mixed towns or it led to a less important decrease in building activities in those towns in comparison to that brought about in the purely Jewish municipalities or local councils.

Index Figures (1922/24 – 100)

¹ Published in Statistical Abstract and annual Bulletin of Vital Statistics.

² Tel- Aviv only.

³ Thereof 90% Tel-Aviv

	<u>Annual Building Activities</u>			<u>Population</u>		
	Average	Average	Average	1931	1939	
	1930/32	1933/35	1936/38			
5 mixed towns	538	947	612	154	245	
5 Jewish towns		98	723		281	790
16 Arab towns	232	302	211	115	136	

Building is one of Palestine's most flourishing industries. It is calculated on the basis of official statistics that nearly LP. 36^{1/2} million have been invested in Palestine building from 1921-35, from which LP. 27 millions appr. have been invested by Jews. Jewish building activity has given a powerful impetus to other building and has provided employment for thousands of Arab workers.

-47-

During the period 1935-37 approximately one thousand Arab workers were employed on the building site by Jewish contractors in connection with the construction of Jewish-owned building.

But the share of Arab labourers employed directly in Jewish building is inconsiderable compared with the army of workers engaged in quarrying, metalling, transport, gravel and limestone work. These activities which are closely connected with building are almost entirely in Arab hands. In addition, Arab factories are engaged in the production of building material required for Jewish builders.

The share of the building trades in total Arab employment increased considerably.

Non-Jews Employed in Building Trades

	1931	1939	Increase
Building and Public Works	2000	14,000	75%
<u>Quarries, etc.</u>	<u>2000</u>	<u>3,000</u>	<u>65%</u>
<u>Total</u>	<u>10,000</u>	<u>17,300</u>	<u>73%</u>
Compare with total Non-Jewish Population	722,000	915,000	23%

The average wage rate of Arab building workers increased from 1931-1934 by 14.4%, and the wage rate for Arab tile makers rose from 180 –220 mils per day in 1931 to 240 – 400 mils in 1935.

Qualitatively as well as quantitatively building in Palestine has been transformed since the commencement of Jewish colonisation. Before World War I, all buildings were of stone, and the methods in use were crude and primitive. Jewish builders introduced concrete work, and complicated technical methods which have raised the standard of comfort, in dwell-houses and brought about an obvious improvement in the general architectural level of the country.

This general rise in standards and modernization of building was not confined to the Jewish sector but resulted in a very marked improvement of building and housing standards of the Arab sector.

What has been said of industrial enterprise in general applies also to building, = it represents a net addition to the wealth of the country, in that the resources on which it draws are not the limited natural resources of the country itself, but capital, skill, and labour imported from abroad. About one third of the investment in building has been in factory, public or commercial buildings, and has served directly to increase the productive power of the country.

-48-

Among the many problems connected with Jewish colonisation in Palestine, that of labour holds an important place. There is a danger in every colonisation of the new settlers tending to develop into a “planters class” living on the labour of the indigenous population. Jewish immigration brought with it standards of life and requirement considerably higher than those of the indigenous population. There was every temptation for the Jewish newcomers to develop into an economic “upper class” monopolizing the better paid occupations, and leaving the rough work to be done by cheap Arab labour. It was the Jewish labour movement, supported in this respect by the majority of the Jewish population which realized at an early stage the social and political perils which might arise if Jewish colonisation were to develop on such lines and the economic position of Jews and Arabs were to become fixed as that of employer and employee respectively. It has been one of the early tenets of Jewish colonisation that if the Jewish effort of national reconstruction is to succeed, it is essential that the economic structure of the Jewish community in Palestine should be of the normal type of every settled people and the Jews should be found in every stratum of economic life.

This did not imply that the Jewish economic system should be entirely self-sufficient and that there should be no employment of Arab labour by Jews. Even had such a principle been rigidly applied, the general development of the country brought about by Jewish immigration and the influx of Jewish capital would indirectly have produced a great many new openings for Arab labour. This is evident from the expansion of Arab citrus plantations, Arab building and Arab enterprise in general. In fact, however, the principle has never been rigidly applied and a large number of Arab workers has always found employment direct and indirect with Jews. As mentioned in the previous chapter, the supply of stone, metallurgy, lime, gravel, etc., for building is almost entirely monopolized by Arab labour, while the market for these products is essentially Jewish. Similarly, the Arabs hold an important share in transport work in the ports. Both as regards direct and indirect employment, the number of Arab labourers working for Jews has grown constantly since the war, which clearly proves that Jewish immigration, so far from diminishing the volume of Arab employment, has actually increased it.

Labour conditions should reflect fairly accurately the effect of immigration on the economic conditions of the country. An influx of labour in excess of the expansion of the resources and productive capacity of the country would necessarily lead to competition of incoming labour with the existing labour power and

-49-

cause a decline in wages. It has been suggested that the reaction of the resources and economic facilities of the country to the influx of new immigrants should be measured by real wages indices.

Such a complete test is impossible as the compilation of statistics of real wages started in Palestine only in 1937, but an attempt of that kind for the subsequent period, supplemented by calculations for the preceding period (based on official data on nominal wages and c.o.l.) would provide some, though incomplete, indication of the influence of immigration on the economy of the country. The following data provide such an illustration, which however, must be accepted with due reservation, considering the very short period for which data are available:-

Year	<u>Immigration and Wages in Manufacture and Construction</u>							
	<u>Nominal Wages</u>		<u>Cost of Living</u>		<u>Real Wages</u>		Jewish	Immigra- Tion
	Jews	Arabs	Jews	Arabs	Jews	Arabs net		
1931	100.0	100.0	100.0	100.0	100	100	100	
1932	99.6	95.0	102.4	102.4	94	90	289	
1933	110.5	97.3	99.3	99.3	111	98	901	
1934	135.0	112.4	99.8	99.8	135	113	1249	
1935	131.1	110.3	99.1	99.1	132	111	1751	
1936	126.2	104.0	104.0	104.0	121	100	675	
1937	120.1	100.7	190.6	109.6	110	91	146	

1938	119.1	94.0	107.3	100.6	111	93	235
1939	113.3	78.6	109.1	102.7	104	77	801

Separate indices are given for Jewish and Arab labour in view of the very marked difference in the economic structure and conditions of the two sections of the economy. Labour conditions vary according to the different standard of life and productivity of these two sectors.

Fluctuations in real wages show a correlation with the flow of immigration. Immigration did not lead to a decline of real wages by competition of incoming labour on the existing labour market. The curves of real wages in both sectors run parallel to the immigration curve.

Both Jewish and Arab labour wages increased with immigration and decreased with its decline. The peak of real wages was reached in the years 1934, 1935 – the high tide of immigration – and the trough in 1936/39 – the ebb of immigration. It would appear that the expansion of productive facilities resulting from the influx of immigration and capital created employment facilities in excess of immigrant labour.

-50-

As far as Arab real wages are concerned the decline during 1936/39 – the years of low immigration – was aggravated by the process of economic segregation resulting from political disturbances in that period. Real wages in the Arab economy rise *pari passu* with its assimilation to modern standards of the new colonisation economy and the transition of the Arab sector from a subsistence to an exchange economy. This process was interrupted by the riots in 1936/39 and resulted in the Arab sector relapsing into its former stage of a more primitive and self-sufficient pre-capitalist economy. Thus, the process of integration of the two sections was reversed. The effect of immigration, as a factor making for high real wages was temporarily defeated by segregation. The rise of real income in the Arab sector of the economy is dependent on the degree of its integration with the new colonisation sector; the expansion of the market for both goods and services being instrumental in raising the general level of income.

The real gains of the Arab population in this field are not expressed by the development of wages alone, but also by a certain shift in the occupational structure.

The number of Arabs employed in Government services or public works rose from less than 8,000 in 1931 to over 13,000 in 1938, i.e. by 35%. As the non-Government urban economy has developed at least proportionally to the increase of population, it is to be assumed that the additional Government servants and workers have been recruited from the villages, the men-power of which was then even less rationally utilized than today. No less than 10,000 Arab earners have therefore been transferred from agriculture where the annual income per earner was in 1936 only LP.27. – per year, to Government employment with an average annual pay of LP. 120. – per salaried employee and LP.60 per daily worker.

As stated in connection with the development of Government services and finances, the steady increase of Government employment has been made possible by Jewish colonisation and Jewish contributions to Government revenue.

While it is not difficult to point out the very real benefits Arab labour has derived from Jewish immigration, Jewish labour had to fight hard for its own establishment. Jewish wage rates in Palestine are considerably higher than Arab wage rates.

The economic effect of Jewish colonisation on Arab wage standards can be gauged by comparison with Arab wage standards in adjacent countries. Such a

-51-

comparison was made by the Palestine Royal Commission. □)

¹ Palestine Royal Commission Report, p. 127

The daily wage paid to an Arab for skilled labour is now from 250 to 600 mils, and for unskilled labour from 100 to 180 mils. In Syria the wage ranges from 67 mils in older industries to 124 mils in newer ones. Factory labour in Iraq is paid from 40 to 60 mils.”

It is an economic truism that lower paid labour cannot be displaced by higher paid labour. Consequently, the absorption of Jewish labour was possible only insofar as new labour facilities were created and new avenues of employment opened up by Jewish colonisation.

Except for certain technical branches in which no skilled Arab workers are available, the Arab labour market is shut water-tight against any intrusion of Jewish labour.

Another indication of the improved position of Arab labour is the complete cessation of emigration of Arabs from Palestine and their increasing immigration into the country.

Arab immigration into the country consists of a great part of cheap unskilled labour from Trans-Jordan and Syria. A passage from a memorandum written in 1932 by the Arab Labourer Association describes this situation and reinforces the conclusion arrived at on the basis of available data ^[2] :-

“There is, however, another difficulty which arises from the temporary immigration into Palestine of fellashin and bedouins from Syria and Trans-Jordan. This class of immigration which comprises of nothing else except of labourers, not only increases unemployment but also tends to decrease wages, which, low as they are, are hardly sufficient to meet the necessary and every day’s requirements of labourers. So long as it costs a fellah or a beduin of Syria and Trans-Jordan practically nothing to live, whatever wages are offered to him he accepts and, in consequence, the town labourers, who has no other calling to make a living therefrom, is either exposed to permanent unemployment or to receive a very low pay, be it sufficient or not or even reasonable or not. In the opinion of the Association such immigration likewise be entirely stopped and strict legislation made, providing for heavy penalties prohibiting the same.”

It is obvious that immigration – unless promoted by non-economic causes, such as lie behind Jewish immigration into Palestine –

-52-

proceeds only from a country of lower standards to one of higher standards of life. American Labour, for example, does not emigrate from the United States to Mexico, nor German labour to Poland.

The very fact of migration of Arab labourers from neighbouring countries into Palestine is indicative of the effect of Jewish colonisation on Arab labour standards.

² Memo. By the Palestine Arab Labourers’ Association, signed by J. Asfour, to the District Commissioner, Northern District, Haifa. 9/2/1932, No. P/2/32, p.4

PUBLIC FINANCES.

It is the effect of Jewish immigration and of the import of Jewish capital, to which Palestine's prosperous budget position must be attributed. If the grants in aid received by the Palestine Government from the Government of the United Kingdom are excluded, local revenues have developed as follows:

I. Revenue Increase 1920-1940¹)

<u>Year</u>	<u>Local Revenue</u>	
	<u>Total in Mill. LP.</u>	<u>Per Head In LP.</u>
1920/21	1.14	1.894
1921/22	2.37	3.443
1922/23	1.81	2.788
1923/24	1.68	2.500
1924/25	1.96	2.761
1925/26	2.60	3.440
1926/27	2.36	2.916
1927/28	2.32	2.784
1928/29	2.46	2.870
<u>1929/30</u>	<u>2.32</u>	<u>2.629</u>
1920-30	21.02	28.025

¹ Calculated from: 1) Statistical Abstract of Palestine, 1936, op. cit., pp. 16 and 62. 2) Statistical Abstract of Palestine, 1940, op. cit., p. 210. 3) Report on the Accounts and Finances of the Government of Palestine, op. cit., 1939/40, pp. 48,49.

The data on Government finances relate to fiscal years (1.4.-31.3.) all other data to calendar years. The first fiscal year after the establishment of the Civil Administration covered 9 months only. In the first part of the table actual aggregate figures have been given; but for the purpose of index and average calculations the figure has been readjusted on the basis of 12 months.

1930/31	2.32	2.512
1931/32	2.19	2.292
1932/33	2.89	2.926
1933/34	3.82	3.680
1934/35	5.30	4.789
1935/36	5.61	4.692
1936/37	4.49	3.536
1937/38	4.74	3.600
1938/39	4.23	3.132
<u>1939/40</u>	<u>4.63</u>	<u>3.299</u>
1930-40	40.22	34.458
1920-40	61.24	62.403

The interrelation between Government revenue on the one hand and Jewish immigration and import of Jewish capital on the other may be seen from the following table:-

-54-

II. Increase of Local Revenue. Import of Capital
And Immigration
(Index: Average 1920-30 = 100)

<u>Year</u>	<u>Revenue</u>		<u>Import of Capital</u>	<u>Immigration</u>
	<u>Total</u>	<u>per Head</u>		
1930/31	106	85	81	47
1931/32	100	77	81	39
1932/33	132	99	81	90
1933/34	175	124	189	286
1934/35	243	162	307	400
1935/36	257	159	384	584
1936/37	206	119	227	282
1937/38	217	121	162	100
1938/39	194	106	215	137
1939/40	212	111	221	286
1930-40	184	116	196	224

As expenditure naturally lagged behind so rapid an increase of revenue and expansion of services did not keep pace with the expansion of population, considerable surplus reserves were accumulated. In 1935/36, the surplus reserve reached a peak of LP.6.3 millions, and although the two following fiscal years ended with deficits, resulting from the political unrest, the Palestine Treasury entered the war with a surplus reserve of LP. 3^{1/2} millions, an amount equal to more than half an annual budget.

In the last pre-war years, 70% of the local revenue was derived from the Jewish sector forming then appr. 30% of the total population which, on the other hand, the Arab share in Government expenditure was in excess of their share in the total population. According to the findings of the Partition Commission appointed by H.M.G., the revenue per head of the Jewish and non-Jewish population was as follows:-

Local Revenue per Head in LP. 1938/39

	<u>Jews</u>	<u>Arabs</u>
From Customs,		
Licenses, taxes, etc.	4,440	0,810
From other sources	<u>0,830</u>	<u>0,310</u>
Total	<u>5,270</u>	<u>1,120</u>

The Partition Commission drew the following conclusions from this fact: -x)

“Secondly, many who had realized that the Jewish State was likely to be better off than the Arab State may be surprised at the vast difference in budgetary prospects between the two, notwithstanding the small size of the Jewish State under Plan C. The explanation is that the per capita rate of contribution to tax-revenue among the inhabitants of the Jewish State, of which the Jews form the great majority, is very much higher than that among the inhabitants of the Arab State, who are almost entirely Arabs.”

Before the war, however, 91.5% of local revenue were derived from indirect taxes mainly customs duties, the decisive part of which were levied on the growing quantities of producer and consumer goods, brought into the country in connection with Jewish colonisation. Direct taxation accounted in 1937/38 for 8.5% only of local revenue, thereof rural taxed (Including property tax, withes and animal tax) 3.0% and urban property tax 5.5%. The rural tax is collected mainly from the Arabs, forming 87% of the rural population. The urban property tax, however, is a predominantly Jewish tax, as may be concluded from the fact, that the Jews form 50% of the urban population and building investments during the years 1930-38 were in the purely Jewish towns ten times as large as in the purely Arab towns.

Since the introduction of the income tax (1942), the share of direct taxation in local revenue increased up to 19.7% in 1942/43, thereof 10.9% income tax. According to official sources, income tax revenue was distributed as follows:

Community	<u>Income Tax paid by Individual Tax Payers</u>		
	<u>In LP.</u>	<u>% of Total</u>	<u>Per Head of Population LP. Per Head</u>
Jews	687,000	65%	1.355
Arabs	286,000	26%	0.316
Others (Foreigners)	64,000	9%	
	1,057,000		

An additional LP.1,328,000 income tax were collected from companies. According to reliable estimates 60% of this amount came from Jewish local companies, and a large portion of the remaining 40% from formally foreign, but really Jewish Companies such as the Anglo Palestine Bank, Palestine Electric Corporation, etc. It is therefore estimated that 70% of the total income tax revenue from both individuals and companies came from Jewish sources, 15% from Arab sources and 15% from really foreign companies, The actual income tax payments per head of the population was therefore :

Jews: LP. 3.300 per head
 Non-Jews:0.650 per head

As the item “Non-Jews” includes a number of foreigners e.g. British officials or commercial representatives paying relatively high income tax, the real tax burden of the indigenous Arab population is probably lower than the figure stated above.

During the inter-war period revenue was rapidly growing while the taxation burden on large sections of the population was decreased. The financial position enabled the Government to remit, year after year, a large proportion of tithe payments – the tithe being the principal agricultural tax in Palestine- which formerly fell with particular weight on the poorer sections of the Arab population. As a result of this liberal policy, tithe collections fell from LP. 286,521 in 1921-22[□]) to LP. 109,000 in 1934-35[□]) in spite of the growth of the population during these years. In the two years 1933-35 as much as LP.345,000 of tithe dues were remitted. While in 1922 the tithe constituted 12.4% of revenue, in 1934-35 it constituted only 2 per cent.

These tax remissions the importance of which for a peasant population can scarcely be overestimated, have redounded mainly to the benefit of the Arabs, since they constitute the overwhelming majority of the rural population (86 per cent).

The indebtedness of the country remained low in spite of great development.

A study of the Royal Institute of International Affairs- The Colonial Problem – in describing the typical expansion of capital imports into colonial countries traces the sources of these capital imports and describes the consequential results as heavy indebtedness either of the state or of private enterprise dependant on metropolitan capital. The indebtedness in Palestine is negligible, as compared with other countries, as may be seen from the following table:-

¹ Granovsky A.: “Das Steuerwesen Palaestinas”, Jerusalem, 1933.

² Report by the Treasurer on the Financial Transactions of the Palestine Government for the year 1934/35, p.5.

Public Debt of Palestine in Comparison with
Some Middle East and Colonial Countries

Country	Year	Public Debt Total in Mill. LP.	Per Capita In LP.	Index per Capita Palestine = 100
Iraq	1939	1.00	0.270	9
Bermuda	1929	0.07	2.300	78
Ceylon	1929	12.87	2.349	80
Palestine	1939	4.47 [□])	2.379	100
Barbados	1929	0.65	3.294	111
Kenya	1929	13.50	4.515	152
Egypt	1939	92.62	5.553	186
Jamaica	1929	5.70	5.756	193
Cuba	1939	51.00	12.000	403
Br. Guiana	1929	4.77	15.587	517
Union of S. Africa	1939	278.90	27.313	917
Canada	1939	808.50	70.921	2,371

There is a second aspect of the country's finances which clearly reflects the effects of Jewish immigration on Arab prosperity. If the growth of municipal budgets is analyzed, the following data are revealed:-

Index of Municipal Budgets [□])

Year	Arab towns remote From Jewish influence [□])	Arab towns in the vicinity of Jewish developments [□])	Mixed towns [□])
1921	100	100	100
1934	108.7	151.0	204.7
1939	117.3	158.2	302.5

This reveals clearly the rapidly growing prosperity

Of the mixed towns, the less rapid but still marked growth of public expenditure in the Arab towns situated close to Jewish settlements and, finally, the slow growth of the municipal budgets of the towns remote from Jewish development.

¹ Sources: 1) Statistical Yearbook of the L.o. N., 1940/41, op. cit.

² Statistical Abstract of the British Empire, 1929.

³ Report on the Accounts and Finances, Govt. of Palestine, op. cit., 1940/41.

^x Up to the outbreak of the war a sinking fund of LP.60,000 was accumulated.

² Report on the Administration of Palestine (1920-21) London 1922, p. 20. Palestine Blue Book, 1934, pp. 107-114.

³ Jenin, Nablus, Nazareth, Shafa Amr. Beer Saba, Gaza, Khan, Ynis, Majdal, Bethlehem, Beith Yalla, Habron.

⁵ Haifa, Safed, Tiberias, Jerusalem.

⁴ Acre, Beisan, Tulkarm, Lydda, Ramlah.

The conclusion to be drawn from these data is obvious: it is in the neighbourhood of Jewish settlement that the advance of prosperity has been greatest. Furthermore, the Government directly maintains educational and health services in Arab and mixed towns, which are covered in Jewish towns and in Jewish communities of mixed towns, largely from municipal revenue, i.e. by the local Jewish rate.

While Jewish towns have their municipal schools and municipal hospitals, a rather large number of Government schools and hospitals for the Arab urban population in both mixed and purely Arab towns is maintained by the central Government which owes its spending capacity to the Jewish taxpayer.

The radical change in the health conditions of the indigenous population is reflected in the follow table based on official statistics:

	<u>BED STRENGTH</u>		<u>NUMBER OF NEW PATIENTS TREATED</u>				
	1927	1942	<u>Jews</u>		<u>NON-JEWS</u>		
	1927	1942	1927	1942	1927	1942	
Government Hospitals	199	879	900	2,100	4,100	16,400	
Government Dispensaries		-	-	5,000	21,000	71,000	209,000
Other non-Jewish Hospitals	1,176	914	2,100	1,000	11,400	15,400	
Other non-Jewish Dispensaries		-	-	16,500	15,000	75,500	
Total non-Jewish Institutions		1,375	1,793	34,500	39,200	162,100	
		367,800					
Jewish hospitals	484	1,303	14,800	31,200	200	900	
Jewish Dispensaries		-	-	193,500	1,149,000	11,000	
						38,000	

Total Jewish Institutions	484	1,303	208,300	1,180,200	11,200
38,900					
Grand Total	1,859	3,096	242,800	2,003,400	173,300
406,700					

The rapid expansion of hospitalization and of provisions for the treatment of our patients in dispensaries and clinics as well as the share of the various groups of the population in these health services are indicated by these data.

During the fifteen years under review, the total population of the country has nearly doubled which the Jewish population has more than trebled. The medical facilities extended to the Arab population have more than doubled, while the Arab population increased by 50% only.

The total number of beds in public hospitals has increased by more than 1,200 up to 3,100 approximately. In the non-Jewish sector, the increase was 400 approximately, fully accounted for by expansion of Government hospitals, made possible by the Jewish contributions to the budget. The non-Jewish voluntary-mostly missionary – hospitals did not decrease. In the Jewish hospitals – particularly the municipal hospitals in Tel-Aviv, the institutions of the Sick Fund of Jewish Labour and of the Badassah Organization - the number of beds increased by more than 800 or nearly 200%.

-60-

The number of Arab patients treated by Jewish health institutions has more than trebled and was approximately 39,000 in 1942, the number of Jews treated in non-Jewish hospitals and clinics increased from 35,000 to 39,000 only, thereof 23,000 in Government hospitals, i.e. a quota of less than nine per cent.

Additional information is provided by Mr. J. Kanjowski, one of the directors of the Kupath Cholim” (Sick fund of the General Federation of Jewish Labour) is a recently published paper.

“From Government sources and investigations made by the Chairman of the Jewish Medical Organization, Dr. MI Sherman learned that the number of licensed doctors in Palestine at the beginning of 1945 aggregate 2520 subdivided as follows:

2257 Jewish doctors

210 Arab doctors (Among them 125 Christian Arabs)

53 European Christian doctors

Total 2520

Trans-Jordan has 8 (eight) doctors for 30,000 inhabitants and this figure remained constant since 1933.

In 1945 members of the Palestine Arab Medical Association met in Jerusalem. The Director of the Public Health Department, Mr. McQueen, emphasized in his address to the Association the need for village doctors in Palestine.

The majority of the Arabs live in villages, but none of the Arab doctors is residing in a village. The inhabitants of Arab villages adjoining Jewish settlements and colonies, apply to Jewish doctors in the Jewish settlements. Medical assistance is extended to them from medical centers in these settlements and foremost by the Jewish workers' Sick Fund.

The non-Jewish members of the Palestine Labour Federation in which some hundreds of Arab labourers are organized, receive medical help, through their membership in the Sick Fund. These are mainly labourers employed by the Palestine Railways and Municipalities.

In working places where there is a mixed labour force of Jews and Arabs, as for instance, the Palestine Potash Co. Ltd. "Nesher" Ltd. Approximately one thousand Arab workers are in receipt of Medical assistance through the Sick Fund against a small fee paid by their employers.

-61-

In Military camps in which Jews and Arabs are working together medical assistance is extended by the Sick Fund to all workers without exception against payment of a small fee.

In the clinics of the Sick Fund (numbering 267), especially in the colonies and new settlements, first aid treatment and assistance in the case of accidents is given to everybody without payment.

The doctors working in the settlements extend help to Fellahin and Budouine applying to them free of charge or against a very small fee.

The Sick Fund and Hadassah established recently two health centers for Jews and Arabs, one- in the south of the country in the Kibutz "Doroth" and the second, in the north of the country in Kibutz "Amir". In these centers Arab and Jewish infants are cared for in a special Infant Welfare Centre. Help is also extended in cases of eye sicknesses, and contagious skin disease, and most important malaria.

The increase of both aggregate and per capital Government expenditure for health is reflected in the following table:

<u>Health Expenditure</u> [□]	
<u>Total Expenditure</u>	<u>Expenditure per Capita</u>

^x Sources; 1) Report on the Accounts and Finances, Government of Palestine, op. cit., 1939/40. 2) Statistical

	<u>Of mean settled population</u>			
	<u>LP.</u>	<u>Index</u>	<u>LP.</u>	<u>Index</u>
1922/23	117.074)		-.180	
1923/24	93.698)		-.140	
1924/25	84.440		-.119	
1925/26	85.411		-.113	
1926/27	91.676	89.4	-.113	109.6
1927/28	96.542		-.116	
1928/29	97.867		-.114	
1929/30	103.052		-.117	
1930/31	105.661		-.115	
1931/32	108.740	100	-.114	100
1932/33	111.052	102.1	-.113	99.1
1933/34	135.838	124.9	-.131	114.9
1934/35	166.311	152.9	-.150	131.5
1935/36	194.632	179.0	-.163	142.9
1936/37	204.350	187.9	-.161	141.2
1937/38	215.448	198.1	-.164	142.8
1938/39	236.558	217.5	-.175	153.5

This expenditure is concentrated predominantly on the indigenous population, as Government Health Services are used by the Jewish population to a negligible extent. The pre-war expenditure on Jewish health services from non-Government sources was as follows (in LP.).

	-62-				
	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>	
Expenditure on					
Preventive medicine		45,959	41,738	43,759	52,244
Curative Medicine	270,420	317,027	326,716	371,083	
Other Medical					
Resources		8,809	6,742	7,773	8,551
Administration	5,543	7,514	7,675	8,551	
Maintenance		31,495	69,251	68,840	
69,911					
Investments (Instru-					
ments, Buildings,					
Etc.)		33,820	32,820	79,180	
39,048					
Loans or Repayments		-	1,875	895	
1,606					
<u>Miscellaneous</u>		<u>4,699</u>	<u>11,120</u>	<u>11,013</u>	
Total	400,745	488,158	545,849	561,650	
Government contribu-					
tion to Jewish Health					
services	17,186	26,003	15,653	12,353	
Government Health					
Budget		7.1%	7.4%	6.3%	
5.1%					

Thus, LP.1,307 per capita was expended by the Jewish population on health services, Government contributing to this expenditure LP.-.029 per capita of the Jewish population.

In 1943, the last year for which comparable figures are available, the various health budgets were as follows:-

Jewish National Institutions	LP.229.000
Jewish Local Authorities	384.000
<u>Jewish Labour Sick and Invalid Fund</u>	<u>797.000</u>

Total Jewish budgets	1,420,000=LP.2.785 per head [□]
Government grants to Jewish health Services:	
Ditto in % of Government health budget	(totaling LP.442,300):4.9%

The facts and figures so far mentioned corroborate the assumption, that 85% approximately of Government health budgets are spent on the non-Jewish population, even if some general services such as inspection, disinfection, statistics, etc. are taken into account. Government health expenditure in 1943 may therefore be estimated at 0.133 per head of Jewish population and LP.0.320 per head of the non-Jewish population.

Other important services, resulting also in an improvement of health conditions, are partly defrayed from the public works budget of the Government. In this connection, the improvement of the water supply in Jerusalem and Haifa should be mentioned.

The incidence of malaria in this country is of particular interest in this connection. The following quotation from the official Report of the Government Health Department indicates the effects of malaria in Palestine on the health of the population ^{□x)}

-63-

“...malaria was a highly endemic disease throughout the whole of the country now known as Palestine when the administration was first taken over by the British in 1918. Experience in 1918-1919 showed its almost universal incidence, with remarkable depopulation in some of the best watered districts...”

“The following town figures from various districts illustrate the fact that areas now free from the disease were previously subject to its sway:-

	Spleen Rates		
	1919	1939	1940
Jerusalem	44.3	1.8	1.6
Safad	68.7	1.2	1.0
Haifa	39.	0.3	0.8
Jaffa	16.6	0.1	nil

“No routine examination of village children was undertaken until 1925. In that year the children of 541 villages throughout the country gave a general rural spleen rate of 12%. In 1939 and 1940 rates of 5.7% and 5.4% were returned respectively from 454 and 522 village areas examined.”

The position prior to 1918 is summarized as follows by the Report of the Government Department of health: [□]

“Experience in 1918-1919 showed the almost universal incidence of malaria in many rural districts, and a high prevalence in practically every large center of population. Some of the best watered areas of the country side, and so the most suitable for settlement, were found to be almost without population. Conditions

^x Calculated according to Government figures of Jewish population per 31.8.43, likely to be underestimated by some 30,000.

^{xx} Government of Palestine, Department of Health: “A Review of the Control?????”

^x Government of Palestine, Dept. of Health: “A Review of the Control of Malaria in Palestine” (1918-1941), p.16.

of war prisoners up to the close of the campaign in these regions indicated the decimation wrought by the disease in the Turkish Army during the war.

“The small amount of literature available on malaria in Palestine prior to the war points to a high incidence in all the areas examined. The most definite information is to be found in a pre-war report by Muhlens. His statistics indicate a positive blood rate of 444 out of 2114 inhabitants examined in the Jaffa district. 201 of these were of the malignant type. In the Jerusalem area 261 of nearly 8000 persons seen were found to harbour the parasite, the malignant variety again predominating. “Ancient history also has a record in this respect. The neglected swamps of Beisan have, until recent times, made this one of the most malarious centers in Palestine. These were the results of the action of Heraclius in 634 A.D. when he defended the city against the forces of Islam. One of his defensive efforts was to cut the agricultural canals to flood the surrounding low-lying land. In the times of the Crusaders the armies of Salah ed Din and Coeur de Lion are said to have suffered heavily from “Fever”, while facing each other in the Birket Ramadan swamps near the coast. Apparently an armistice had to be declared for this reason.”

Measures to combat malaria in this country can be divided into two main categories:

-64-

- (a) Various control measures, such as oiling of water pools and cisterns, pits, etc., treatment of those affected by diseases.
- (b) Drainage of swamps and marshes.

Control measures which were entirely lacking under the Ottoman administration were applied by the Mandatory Government on an extensive scale. The allocation to health services the bulk of which is spent on the indigenous population increased considerably. Figures are available only for the period under the Mandatory Government and thus no comparison can be made with the expenditure of the Ottoman administration on health measures before the British occupation. The situation under the Ottoman administration is described as follows in the Review of the Control of Malaria in Palestine: □

“The testimony of pre-war residents in the country has definitely confirmed that no adequate and practical medical organization existed under the Ottoman Empire. It is not surprising, therefore, that malaria, which is still the most important of local endemic diseases, was at that time an effective bar to general development and settlement, and that frequent epidemic outbreaks successfully wiped out the population of whole villages in the space of a few months. Present experience indicates that few regions in what is not known as Palestine can have been free from the disease. It is known, for instance, that the Turkish Governors of certain districts would not live in their headquarter towns, but preferred tents in the open country during the summer months to escape from ‘fever’ infection. Even then they got malaria.”

^x Review of the Control of Malaria in Palestine (1918-1924) op. cit p. 16

The present large budget was made possible by the general increase in revenue, as a result of the economic progress of the country and the Jewish colonisation process. However, all these control measures could only be palliatives. The main source of malaria are marshes and swamps and the much more expensive work of drainage and reclamation has certainly had more influence on the incidence of malaria than any control measures. The following passage of the Review of the Department of Health is again relevant in this connection: ^{□x}

“Some reference has already been made to the effects of marsh and swamp on the local malarial problem. Many such areas were known to exist in the most fertile parts of the country. The coincidence of their propinquity to an unhappy and diseased population was notorious even with the simpler inhabitants of Palestine.”

-65-

The most extensive measures for drainage of swamps and marshes was undertaken by Jewish institutions, which have succeeded in draining an area of over 453,000 dunams at a cost of LP.403.000. (This sum was invested by the Jewish Colonisation Association PICA, the Jewish National Fund, other Jewish Colonisation Companies, and individual Jewish settlers; out of the total of LP.403.000, LP. 16,000 had been invested before the first World War, LP.310,000 during the decade between 1920 and 1930, and more than LP.75,000 during the period 1931-1935 [□]).

Government also undertook extensive reclamation and drained an area of ever 351,420 dunams at a cost of LP.82,569 ^{□x}), i.e. LP.78,645 capital expenditure and LP.3,924 current expenditure.

The reduction in the incidence of malaria was most pronounced in areas in which drainage was effected. For instance, in the Nuria settlements the monthly average incidence fell from 35.5% in 1922 to 5.5% in 1924 ^{□xx}). The results of all anti-malarial measures are reflected in the following figures: ^{□xxx})

I. Percentage of Malaria Cases among Dispensary Patients 1925-1939

<u>Year</u>	<u>No. treated for malaria</u>	<u>% of total</u>
1922 (urban only)	20,297	7.2
1925 “ “ “ “	7,835	2.3
1928	12,065	2.3
1931	15,029	1.7
1934	10,915	1.2
1937	7,517	0.7
1939	9,042	0.7
1940	7,008	0.5

II. Spleen Rates in Urban and rural School Children for Whole Country

^x A Granovsky: "The Land Issue in Palestine" Leren Kayemeth Leisrael (Jewish National Fund), Jerusalem, 1936, p.

49

^{xx} "Malaria in Palestine", op. cit., pp.36/39

^{xxx} Ditto, p. 23

^{xxxx} Ditto. P. 27/28

<u>Year</u>	<u>Urban Spleen Rate %</u>	<u>Rural %</u>
1925	4.6	12.0
1928	2.2	7.9
1931	1.4	5.4
1934	1.6	5.5
1937	1.5	4.7
1940	1.2	5.4

It should, however, be borne in mind that a considerable section of the population tends to ignore malaria in areas in which it is common. ^{□xxxx}

-65a-

The best and most satisfactory criterion of the rise in health and hygienic standards is life expectancy. Improvements in life expectancy of the Palestine Moslems is reflected in the following table:

Life Expectancy of Palestinian Moslems

	<u>Moslems</u>	
	<u>Males</u>	<u>Females</u>
1926-27	37.6	
1936-37	45.8	
1940-41	47.5 [□]	49.2 [□]

Viewed in conjunction with the development of infant mortality these data corroborate the conclusion that health services and rising standards of life resulted in a general progress of health conditions of the Arab Community in Palestine.

-66-

EDUCATION

^{xxxxx} "Malaria in Palestine:, op. cit., p.12.

^x Source: R. Bachi, Demographic and Health Conditions in the Yishuv, July, 1944, Jerusalem, unpublished.

The indications are not less conclusive with regard to school attendance and expenditure on the Arab educational system:-

Relation of Moslem School Population to Total Moslem Population [□])
1922-1940

<u>Year</u>	<u>Number of Pupils</u>	<u>Pupils in % of Population</u>
1922/23	20,924	4.3
1923/24	21,635	4.3
1924/25	20,806	3.9
1925/26	20,333	3.7
1926/27	20,937	4.1
1927/28	23,848	4.1
1928/29	25,277	4.1
1929/30	27,624	4.4
1930/31	30,535	4.6
1931/32	33,100	4.8

Increase 1922/23

-1931/32 plus 58%

plus 12%

1932/33	36,175	5.1
1933/34	40,088	5.6
1934/35	45,942	6.2
1935/36	54,037	7.1
1936/37	54,066	7.0
1937/38	62,710	7.8
1938/39	63,190	7.7
1939/40	66,939	7.9

Increase 1931/32

- 1939/40 plus 102%

plus 65%

Total increase

1922/23-1939/40 plus 220%

plus 84%

Government Expenditure on Arab Schools, Including Moslems ^{□x}
Christians and Others, 1930-1940 (Index 1931/32 =100)

Year	Total		Per Capita		Per Capita of School Population		
	LP.	Index	LP.	Index	LP.	Index	
1931		106.616	100	-138	100	2.114	100
1932/33	119.094	111.7	-150	108.7	2.222	105.1	
1933/34	136.019	127.6	-166	120.3	2.339	110.6	
1934/35	155.193	145.6	-185	134.1	2.337	110.5	
1935/36	174.668	163.8	-203	147.2	1.204	109.0	
1936/37	171.572	160.9	-194	140.6	2.221	105.0	
1937/38	206.273	193.5	-227	164.6	2.385	112.8	
1938/39	209.414	196.4	-225	163.3	2.395	113.3	
1939/40	215.076	201.7	-225	163.3	2.448	115.8	
1931/40	1493.076	155.7	-225	139.2	2.301	108.8	

-67-

In this field too, the increased spending capacity of the Government budget played a decisive role. In 1941, for instance, approximately 87% of the Government

^x Calculated from Statistical Abstract of Palestine, 1942, pp. 12, 13.

^{xx} Calculated from Annual Reports of the Department of Education, Government of Palestine.

education budget were spent on Jewish and Arab education (the remainder serving general purposes, not distributable between the communities) The amount of 305,000 LP. [□]) was distributed as follows:

	<u>Jews</u>	<u>Arabs</u>	<u>Total</u>	
Government education expenditure		18%	82%	100%
School age population (5-15 years)	21%	79%		100%
Population	31%	69%		100%
Actual number of children or 5-15 years attending schools		43%	57%	100%

Moslem school attendance in the elementary stage has increased from 19% of the school aged population in 1931 to 25% in 1941 while the Jewish percentage as well as the percentage of the relatively small Christian population is in the neighbourhood of 90%. The Government distributes its expenditure on education according to the school age population while the actual expenditure per Arab school child is nearly 3^{1/2} times larger than that spent by Government per Jewish school child. The Jews are maintaining their school system at their own expense.

The increase of the Moslem school attendance has led to a decrease of Moslem illiteracy. The development may be reflected in the following figures: The age composition of Moslem literates as stated in the Government Census of 1931 and still alive in 1941 approximates 70,000. During the decade under review the number of Moslem children admitted to elementary schools was over 100,000. In 1941 the number of living Moslem literates may therefore be estimated at 170,000 or 18% of the total Moslem population as against 76,000 or 11% on the Census day in 1931. Literacy has therefore increased by 70%.

^x Excluding non-recurrent grants of LP.19,000 due to restoration of grants withheld in preceding years from the Vaad Leumi (The Jewish Education Centre) pending the approval of the budget of the Vaad Leumi.. See Government Education Report, 1941/2.

CONCLUSIONS

Judging from the evidence available, the picture of Palestine as a modern economy with high standards hermetically sealed and segregated from the indigenous economy in the country is hardly acceptable. The purely statistical tests contradicting such an assumption are greatly reinforced by empirical facts and observations of the economic development of the country, as reflected in a series of official reports and reports of Commissions charged with the duty to analyze this aspect of the situation.

The whole problem was reviewed by the Royal Commission¹) and the Partition Commission²) in the years 1936 and 1937:-

“The National Home in fact, was growing at a pace which in earlier days its most ardent supporters can scarcely have expected, and its prosperity was reflected in the mounting revenue of the Palestine Government”

“Nor is it only in the towns that the landless fellah finds a livelihood. The Government’s programs of public works means a continuous demand for labour, and a large number of Arabs are employed on roads and bridges and the like. Moreover, the great expansion of citrus cultivation, Arab as well as Jewish, has greatly increased the demand for agricultural labour; and for that too, the rate of wages has risen. For general agricultural work it was 80 to 120 mils a day in 1931, and 100 to 150 mils in 1935. For three –planting and nursery work it was 100 to 160 mils in 1931, and 150 to 200 mils in 1935...

“In the light of the foregoing consideration we have come to the conclusion that despite the disproportion between their numbers and the amount of cultivable land they occupy, the fellahin are on the whole better off than they were in 1920.”

It remains to examine the validity of the Jewish claim that this advance has been largely due to the establishment of the National Home. After considering the evidence submitted to us, both orally and in writing, by the Jewish representatives on this question, we have come to the following conclusions:

- (1) The large import of Jewish capital into Palestine has had a general fructifying effect on the economic life of the whole country.

- (2) The expansion of Arab industry and citriculture has been largely finance by the capital thus obtained.

¹ Report of the Palestine Royal Commission, 1936, pp. 86, 127/130, 212.

² Report of the Palestine Partition Commission, 1937.

- (3) Jewish example has done much to improve Arab cultivation, especially of citrus.
- (4) Owing to Jewish development and enterprise the employment of Arab labour has increased in urban areas, particularly in the ports.
- (5) The reclamation and anti-malaria work undertaken in Jewish "colonies" the neighbourhood.
- (6) Institutions, founded with Jewish funds primarily to serve the National Home, have also served the Arab population. Hadassah, for example, treats Arab patients, notably at the Tuberculosis Hospital at Safad and the Radiology Institute at Jerusalem, admits Arab country folk to the clinics of its Rural sick Benefit Fund, and does much infant welfare work for Arab mothers.
- (7) The general beneficent effect of Jewish immigration on Arab welfare is illustrated by the fact that the increase in the Arab population is most marked in urban areas affected by Jewish development. A comparison of the Census returns in 1922 and 1931 shows that six years ago, the increase per cent in Haifa was 86, in Jaffa – 62, in Jerusalem –37, while in purely Arab towns such as Nablus and Hebron, it was only – 7, and at Gaza there was a decrease of 2 per cent.

"The further claim, based on the Jewish contribution to revenue seems to us indisputable. Arab witnesses argued that the Government could have spent more money in social services if the National Home had not, on the one hand, necessitated a more elaborate and costly administration than was needed for the Arabs, and if it had not, on the other hand, involved so large an expenditure on security to protect it from attack. But, they could not deny that such public services as had in fact been provided had benefited their people; nor could they deny that the revenue available for those services had been largely provided by the Jews.

"It is impossible to calculate with anything like precision what share of taxation is borne by the Jews. But it is certain that much the greater part of the customs duties are paid by them, and the rising amount of customs-revenue has formed from 1920 to the present day the biggest item in the rising total revenue.

"Again, apart from 1937, which shows an abrupt upward turn, there has been in the last ten years a gradual downward trend in the death-rate, and most notably in the rate of infant mortality.

The interconnection between economic development and immigration in Palestine is commented upon by the Partition Commission ¹) and the Palestine Currency Board ²) :-

“The whole of the financial and economic system of Palestine is so closely interwoven with the expectation of continued Jewish immigration, that any drastic interference with its flow must be expected to have far-reaching budgetary and other consequences, the gravity of which is likely, generally speaking, to be in proportion to the degree and duration of the interference.”

“Curtailement of immigration and the uncertainty regarding the political future of the country have again been chiefly responsible for the continuation of the economic setback suffered in the year 1936-37.”

Another interesting view of the interrelation of colonisation and indigenous economy as well as relative advantage and disadvantages of integration and segregation is expressed in the Report of the Partition Commission ³).

-71-

“That being so, we feel that to include the Beersheba sub-district in the Arab State is to condemn it to perpetual poverty, for there is no doubt that the Arab State will not be able to afford money for its development in the present undernourished condition of its Bedouin inhabitants.”

“To include the Negeb in the Arab State now would, moreover, mean that the Jews would forthwith be precluded from all hope of settling in any part of this vast and sparsely inhabited area. Slender as the prospect of successful Jewish settlement therein may now seem to be, we think that there are large parts of the sub-district, now almost entirely unoccupied, which the Jews ought to be given an opportunity to develop forthwith; and that, even as regards the occupied portion of the sub-district, it would be wrong to take such action as would exclude that prospect entirely.”

Evidence of the same process is contained in the speech of the Secretary of State for the Colonies in the Debate on Palestine on the 24th November, 1938 ⁴) :-

“...Their achievement has been remarkable. They have turned sand dunes into orange groves. They have pushed ever further into waste land the frontiers of cultivation and settlement. They have created a new city, housing today 140,000 souls, where before there was only bare seashore. There is no knowing where their achievements might end if Palestine were empty of all other populations and could be handed over to them in full ownership.

“The Jews brought with them money and development work provided extra livelihood. Modern health services, which were extended not only to Jews but to

¹ Report of the Palestine Partition Commission, 1937, p. 199 para. 400

² Report of the Palestine Currency Board for the year ended 31st March, 1938, page 2.

³ Partition Commission Report, p. 106, paras. 226 and 227.

⁴ Debate on Palestine, House of Commons, Malcolm MacDonald, November 24th, 1938, pp. 1991, 1993, 1994, 1995.

Arabs, gave the individuals a further lease and security of life. Since 1922 the Arab population in Palestine has, scarcely at all by migration from outside and almost entirely by natural increase, gone up from something over 600,000 to 990,000 persons.”

“The Arabs cannot say that the Jews are driving them out of their country. If not a single Jew had come to Palestine after 1918, I believe that Arab population of Palestine today would still have been round about the 600,000 figure at which it had been stable under Turkish rule. It is because the Jews who have come to Palestine bring modern health services and other advantages that Arab men and women who would be dead are alive today, that Arab children who would never have drawn breath have been born and grown strong. It is not only the Jews who have benefited from the Balfour Declaration, but materially the Arabs in Palestine have gained very greatly from the Balfour Declaration”.....

-72-

“The Commission therefore reported that under the terms of their reference they were unable to recommend boundaries for the proposed areas which would afford a reasonable prospect of the eventual establishment of self-supporting Arab and Jewish States. I think this is itself a remarkable tribute to the achievement of the Jews. It is impossible, without the continuous aid of the Jews, for the people living in Palestine beyond the Jewish settlements to maintain the standard of Government and the social services to which they have become accustomed.”

All economic indices and statements show an interaction of the indigenous and the colonisation economy and an increasing integration of both sectors [□]. The indigenous economy is in the process of transformation. In the self-contained rural village economy which formed a self-supporting economic unit, the exchange of goods was of small importance, and the use of money very limited. The traditional bonds of the fellah community were exceedingly strong, the pattern of life and work being preserved for generations.

Into this fabric of social life the new elements of modern economy penetrate and by the force of their impact the old system of a limited and isolated economy begins to crumble, money becomes the measure of economic values and the sole medium of exchange. The standard of life rises. The old economy assimilates to and integrates with the new economy. Production expands, consumption rises, and the concomitant of the transition from a subsistence to exchange economy is the rising standard of life and real income, decreasing rate of infant mortality, high standards of hygiene and health and the spread of modern education.

-73-

X. THE MIDDLE EAST

Palestine is a link in the chain of Middle Eastern countries, and until 1918 it formed a part of the Ottoman Empire. Its climatic and geographical position connect it with the Middle Eastern Area and its ethnographical and economic structure bear the mark of this connection. It is confronted with fundamental social and economic problems common to all the Middle Eastern countries:- the agrarian and labour question, poverty and disease, low standard of life and illiteracy, semi-feudal regime in agriculture and indebtedness of the peasant.

^x Royal Commission, Partition Commission – 1937 –etc.

There is, however, one factor differentiating Palestine from the adjacent countries: the impact of a modern Western economy projected onto it by the process of colonisation. As a result of this impact the development of Palestine was in many aspects different from that of the rest of the Middle East. By the end of the First World War most of the Middle Eastern countries had achieved a certain degree of independence and autonomy. On the face of it this political independence should have provided a basis for accelerated economic development. Thus, interspatial comparison between Palestine and other Middle Eastern countries is essential for appreciating and judging the effect of political independence and colonisation activity respectively on the development and economic conditions of these countries:

The problems are: (a) Whether Palestine's economic development was accelerated or retarded by the process of colonisation and the impact of the Western system of economy, and (b) whether political independence acted as a stimulus to economic and social emancipation and development in other middle Eastern countries.

The answers to these questions provide a key for judging the prospects and possibilities of economic development of the Middle Eastern bloc. The comparisons will be the more conclusive as other Middle Eastern countries started along the road to Western civilization at the same stage of development as Palestine with very much the same standards, problems and difficulties.

The most telling indices are those connected with demographic developments, in particular infant mortality.

In Egypt, infant mortality in localities having health bureaux, and where registration of infant deaths may therefore be considered as more complete, had declined only to a very small extent and the actual rate of infant mortality is supposed to be higher in localities without health bureaux, in which more than 60% of the population are dwelling.

-74-

In Iraq, the infant mortality in the three main towns, (Baghdad, Mosul, Basra) the population of which forms 20% of the total, has declined considerably (by 29% from 1927-33) to 1938-41), but remains very high although sanitary conditions were supposed to be more satisfactory in the large towns than among the other parts of the population, 80% of which are officially described as semi-nomadic.

In Syria the development is described as follows: □)

“On the other hand the mortality rate is known to be high, particularly in the interior where sanitary conditions are often deplorable and where the knowledge of infant hygiene and child care is limited. Among adults the mortality does not seem to be much higher than in European countries, the commonest explanation being that only the strongest survive infancy and childhood.”

^x S.B. Himadeh: “Economic Organisation of Syria”, American University of Beirut, 1936, p. 10

The total development is summarized as follows:

Table

Arab Infant Mortality per 1000 live births ¹⁾

	<u>1929/31 ²⁾</u>	<u>1939/41</u>	<u>Decrease in %</u>
Palestine Moslems	187.0	133.7	30%
Trans-Jordan	209.3	175.3	16%
Iraq (3 towns)	318.0	227.0	29%
Egypt (localities with Health bureaux only)	218.0	197.8	9%

1) Sources: Official Publications

2) Or nearest period available, e.g. Egypt 1926/30 instead of 1929/31 etc.

It seems that in all Moslem countries for which data are available infant mortality has begun to decrease under the recent influence of Western civilization; it remains, however, much higher than in European countries.

The only exception is Moslem Palestine where the decrease in the last decade has been very considerable and has brought the rate in recent years near to that of some European countries. The rates for Egypt, Trans-Jordan and Iraq are more or less similar, and so was that of Moslem Palestine at the beginning of the period for which data are available. At present, however, the rate for Palestine is very different from that for other Moslem countries.

-75-

Table

Rate of Infant Mortality in M. E. Countries

	Rate per 100	Index (Palestine=100)
Palestine Moslems (1943)	113.08	100
Trans-Jordan (1940)	172.0	152
Egypt (1941)	196.2	174
Iraq (Average 1938/41)	227.0	201

To sum up, the whole Middle East, with the exception of Palestine, shows a very high infant mortality rate and in most countries of this area the decrease has been very small.

Migration is another useful indication of economic conditions. Interstate migration from Syria and Trans-Jordan to Palestine was a part of a general migration trend, particularly from Syria which is described as follows:-[□])

“Syria (Syria, Greater Lebanon, Latakia and Jebal Druse) has for generations provided a stream of emigrants, mainly to Brazil and other South American countries. The emigrants were mainly peasants driven into the overcrowded towns by the insecurity of the open country, and by poverty. Migration continued after the War, but there has been a considerable return movement, both of Syrians who had made their fortunes and of poor men repatriated. The carrying capacity of the country, with a good policy of irrigation and land reclamation, is considerably greater than the present population of about 3,250,000. The average density, if desert areas are excluded, is about 25 to the square kilometer, and some parts of the country are very fertile.”

In another study^{□x)} the following interpretation of this process is given:-

“A large proportion of the emigration from the State of Syria may be traced to the inability of the Syrian peasantry to gain an adequate living in agricultural pursuits either as labourers or as proprietors. Wages of agricultural labour are very low because of its low productivity, and employment is seasonal. The use of primitive methods of cultivation has kept the productivity of the soil so low that even in good years the struggle for existence is difficult.”

Thus, in spite of the great “carrying capacity” and low density of the country, emigration from Syria was a permanent feature, owing to politico-economic conditions, which made the effective utilization of this carrying capacity impossible. Of course, this migration movement was strictly limited by the world-wide restrictions on immigration in countries of absorption.

-76-

The overwhelming part of the non-Jewish net immigration into Palestine – numbering approximately 38,000 during the inter war period – came from the neighbouring countries, while emigration to these countries from Palestine was negligible.

Comprehensive direct production tests would provide another conclusive basis for interspatial comparisons in the Middle East but these cannot be made as the statistical data available are insufficient for the purpose.

However, certain indications are representative or characteristic of some sections of the economy or of branches of economic activity. In the Middle East the development of irrigation and expansion of irrigated areas provide a valuable indication of intensification and diversification of farming. In this connection special importance should be attached to the trend of development.

If the irrigated area in Palestine in 1922 is taken as 100, the corresponding index of 1939/40 would be 1,310. None of the other Middle East countries show such a remarkable expansion of their irrigated areas. In Syria, taking the irrigated area in 1922 as 100, the figure for 1939/40 is 233. In Egypt (1922=100) the index for the present area

^x Royal Institute of International Affairs: “The Colonial Problem”, London, 1937, p. 358.

^{xx} S.B. Himadeh: “Economic Organization of Syria”, op. cit.

under irrigation is 113. The per capita figure of irrigated area increased in Palestine six-fold since 1922, in respect of the total area and the total population, and five fold, if only Arab-owned area and Arab population are taken into account. In Syria the rise was only 25%, and in Egypt the per capita figure has actually declined, due to the fact that the population figures increased more rapidly than the areas under irrigation. However, it must be taken into consideration that the population statistics of the Middle East countries, particularly of Syria, are not reliable. This does not affect the results in respect of the general trend of the progress of irrigation. The per capita development curve in Palestine has obviously been affected by the considerable increment of population, but nevertheless the increase is extraordinarily high.

It is interesting to compare the development in Syria with the historical background of the irrigation system of that country "Elaborate irrigation system existed in Syria in ages past. Remnants of these systems still indicate the important role irrigation played when Syria was at the peak of its agricultural development. Under Roman rule irrigation in Syria reached its utmost perfection. The waters of the upper valley of the Orontes were carried through an intricate system of aqueducts to distant lands through the pressure of hydraulic wooden wheels." ("La Syria et le Liban", 1919-1927)

-77-

The import of agricultural machinery is an indication of agricultural development connected with the mechanization of agriculture in extensive farming (the irrigation index applies to intensive farming). The following table shows the import of agricultural machinery into Palestine and the other Middle Eastern countries in aggregates and per capita% for a series of years:-

Import of Agricultural Machinery into Palestine [□]
And Middle Eastern Countries

(Average of 3 & 4 years, in mils per capita)
 Index: Palestine = 100

Year	PALESTINE		SYRIA		EGYPT		IRAQ		CYPRUS	
	: Per	: Capt.	: Per	: Capt.	: Per	: Capt.	: Per	: Capt.	: Per	: Capt.
1929/31	18.5	100	32.4	175	18.7	47				
1932/34	36.2	100	8.5	23	3.7	10			8.4	23
1935/38	35.4	100	7.5	21	7.5	21	3.6	10	12.6	36

¹ Calculated from the following sources: 1) L.o.N.: Review of World Trade 2) L.o.N.: International Trade Statistics.
 3) L.o.N.: Statistical yearbook, op. cit., and the official Trade Statistics of the respective countries.

From the above figures it can be seen that during the inter-war period mechanization of extensive farming was more rapid in Palestine than in other countries of the Middle East.

As both Egypt and Iraq have a population much larger than Palestine Import per capita in Palestine was, for instance, in 1938 approximately three times greater than in Egypt.

The relative degree of mechanization reached in the countries under review may be illustrated by the following table:-

Number of Inhabitants per Tractor Imported ¹⁾
(Average 1935-37)

Palestine: One Tractor per 10,000 inhabitants
Egypt: “ “ “ 50,000 “
Iraq: “ “ “ 280,000 “

:

Import of Industrial Machinery into Palestine and
Middle Eastern Countries
(Average of 3&4 years, in mils per capita).
(Index Palestine = 100)

Year	<u>PALESTINE</u>		<u>SYRIA</u>		<u>EGYPT</u>		<u>IRAQ</u>		<u>CYPRUS</u>	
	: Per	: Per	: Per	: Per	: Per	: Per	: Per	: Per	: Per	: Per
	: capt.	Index	: capt.	Index	: capt.	Index	: capt.	Index	: capt.	Index
1929/31	98.7	100	49.6	50	5.8	6				
1932/34	80.5	100	13.8	17	12.9	16			110.6	127
1935/38	382.1	100	18.0	5	15.8	4	62	16	298.6	78

-78-

The data are fairly indicative of industrial expansion as there was hardly any production of industrial machinery in the Middle East until the second World War. Thus, the internal supply of means of production being negligible, the import figures may be considered as conclusive.

Demographic and production indices are reinforced by similar trends in financial developments. The following table shows per capita figures of currency in circulation, revenue and expenditure for the Middle Eastern countries, compared with Palestine:-

Revenue, Expenditure & Currency in Circulation in Palestine

And the Middle Eastern Countries ¹⁾

<u>Period</u>	<u>Palestine</u>	<u>Iraq</u>	<u>Egypt</u>	<u>Lebanon</u>	<u>Syria</u>
A. <u>3 years' averages in LP. Per capita</u>					
<u>REVENUE:</u>					
1927/28-29/30	2.761		2.786	1.689	1.937
1930/31-32/33	2.577		2.435	1.222	1.194
1933/34-25/36	4.387	1.727	2.102	1.405	1.487
1936/37-38/39	3.423	1.541	2.159	1.134	0.830
<u>EXPENDITURES:</u>					
1927/28-29/30	3.093		2.826	0.828	1.571
1930/31-32/33	2.597		2.350	1.011	1.737
1933/34-35/36	3.049	1.332	2.060	1.089	1.738
1936/37-38/39	4.842	1.532	2.211	0.535	0.862
<u>CURRENCY:</u>					
1927/28-29/30	2.084		1.830	0.532	

² Compiled from "The Problems of Production of Agricultural Machines and Implements in Palestine: by Dr. J. Schlessinger, Central Transport Committee of the Jewish Agency for Palestine.

¹ Calculated from official sources.

1930/31-32/33	2.575	0.879	1.451	0.804
1933/34-35/36	4.377	1.114	1.098	1.252
1936/37-38/39	4.320	1.417	1.048	1.059

B. Interspatial Comparison (Index Palestine =100)

REVENUE:

1927/28-29/30	100		101	61	70
1930/31-32/33	100		94	47	46
1933/34-35/36	100	39	48	32	33
1936/37-38/39	100	45	63	33	24

EXPENDITURE:

1927/28-29/30	100		91	27	51
1930/31-32/33	100		90	39	67
1933/34-35/36	100	44	68	36	57
1936/37-38/39	100	32	46	11	18

CURRENCY:

1927/28-29/30	100		88	26
1930/31-32/33	100	30	57	31
1933/34-35/36	100	25	25	29
1936/37-38/39	100	33	24	25

-79-

both the level and the trend accentuated the strong deviation of developments in Palestine from those of other Middle Eastern countries.

The differences in the structure of economy are also reflected in the level of transport, as indicated by the following statistics:-

Number of Motor Vehicles (excl. Motorcycles) per 1,000
Inhabitants in 1938

<u>Country</u>	<u>Number</u>	<u>Index (Palestine = 100)</u>
Palestine	10.1	100.0
Lebanon	7.8	77.2
Egypt	2.1	20.8
Trans-Jordan	2.0	19.8
Iraq	1.9	18.8
Syria	1.4	13.9

Sea-borne transport reflects the accelerated pace of expansion of Palestine's foreign trade in contradistinction to other countries of the Middle East. Of the three Eastern Mediterranean ports – Alexandria, Beirut and Haifa – Haifa is the most recently established :-

Tonnage of Ships entered at Haifa, Beirut and [□])

¹ Calculated from : 10 Dept. of O.T. : Report on Syria, May 1935, op. cit. 2) Himadeh : Syria, op. cit. 3) Bonne' : "Der Neue Orient", op.cit. 4) Annuaire Statistique de L'Egypte 1921-22, op. cit. 5) Statistics of Imports, Exports & Shipping Govt. of Pal.).

Alexandria
(Index base : 1925 = 100)

<u>Year</u>	<u>Haifa</u>		<u>Beirut</u>		<u>Alexandria</u>	
	<u>Tons</u>	<u>Index</u>	<u>Tons</u>	<u>Index</u>	<u>Tons</u>	<u>Index</u>
1910	784,000	112	1,767,000	107	3,698,000	77
1925	697,000	100	1,646,000	100	4,780,000	100
1932	1,733,000	253	1,881,000	114	3,853,000	81
1934	3,469,000	502	2,418,000	147	5,385,000	113
1938	4,804,000	693	2,718,000	167	---	---

The indirect production indices reflect the general expansion of productive machinery. Trade indices are indicative of both expansion of productive machinery and, to a certain extent, of levels of consumption.

The Statistical Abstract of Palestine for 1942 (Gov. of Pa.) gives the following comparison of foreign trade per capita for Palestine and other Middle Eastern countries:-

-80-

<u>Country</u>	<u>Foreign Commodity Trade per Capita, 1938</u> [□]		
	<u>Imports</u>	<u>Exports</u>	<u>Total Foreign Trade</u>
	<u>LP.</u>	<u>LP.</u>	<u>LP.</u>
Palestine ^{x)}	8.0	3.4	11.4
Egypt	2.3	1.8	4.1
Iraq	2.6	0.9	3.5
Syria	2.3	0.9	3.2

The aggregates and per capita indices used here again reflect both interspatial levels and inter-temporal trends. They provide a corroboration of former conclusions. The gradient between Palestine and the rest of the Middle East is again very pronounced. The production and consumption aspects are also brought out by analysis of imports of some typical goods:-

Import of Sewing Machines into Palestine and Middle Eastern Countries

(Average of 3 and 4 years, in Mils per capita)
Index Palestine = 100

<u>Period</u>	<u>Palestine</u>		<u>Syria</u>		<u>Egypt</u>		<u>Iraq</u>		<u>Cyprus</u>	
	<u>Per Cpt.</u>	<u>In Dex</u>	<u>Per Cpt.</u>	<u>In Dex</u>	<u>Per Cpt.</u>	<u>In Dex</u>	<u>Per Cpt.</u>	<u>In Dex</u>	<u>Per Cpt.</u>	<u>In Dex</u>
1929/31	29.0	100	32.8	113	8	27				
1932/34	39.2	100	10.4	26	3	8			20.5	52
<u>1935/38</u>	<u>26.0</u>	<u>100</u>	<u>4.1</u>	<u>16</u>	<u>3.3</u>	<u>13</u>	<u>6</u>	<u>23</u>	<u>26.4</u>	<u>102</u>

Import of Drugs & Medicines into Palestine and Middle Eastern Countries

(Average of 3 and 4 years in Mils per capita)

^x 1938 was a year of depression in Palestine; imports were by 19% and exports by 6% smaller than in the three years average 1933-39.

Period	<u>Palestine</u>		<u>Syria</u>		<u>Egypt</u>		<u>Iraq</u>		<u>Cyprus</u>		In-
	Cpt.	Per Dex	In-Cpt.	Per Dex	In-Cpt.	Per Dex	In-Cpt.	Per Dex	In-Cpt.	Per Dex	
1929/31	50.5	100	117.3	352	21.6	43					
1932/34	71.0	100	42.1	59	18.8	26			47.9	67	
1935/38	97.9	100	28.5	29	26.7	27	22.7	23	87.8	90	

Thus trade statistics provide a series of indications referring to both expansion of production (capital goods) and rise in levels of consumption.

-81-

Some descriptions of the general standard of life in the Middle East provide the background for those statistical data and quantitative criteria. Thus, rural life in Syria is described by Prof. Dodd: [□]

“In the privately-owned villages debts are large and the money lenders’ rates are ???, running up to 50% a year..... The high turnover of the population is partly a result of rural bankruptcy. The peasant is >>> by the money lender on the threshing floor. With whatever he can save or secrete, if his debts are still overwhelming, he leaves, hoping to escape by starting afresh in some distant village with equipment loaned by another landlord.

Obviously peasants with such a low standard of living and so heavily in dept are enormously handicapped in taking any steps towards better hygiene..... In fifteen to thirty years a mud house if not constantly repaired collapses. The timber is salvaged, the ruins leveled, and a new dwelling is built on top without foundations, thus raising the mound another two feet or so. The floors are mud. The dealings have crude poles overlaid with reeds or reed matting and then about sixty centimeters of rolled earth. Dimu houses are partly underground with roofs thatched with reeds. Assili has many underground cave houses – into which rain water runs, in which filthy stagnant pools collect, mosquitoes breed, and light, air and sanitation are things unknown. Windows are non-existent in the Arab villages.....

Most Arab rooms are in darkness except when the door is open or a half dozen pigeon holes, each about ten centimeters in diameter, are unplugged in summer time. The cattle of over half the homes sleep in the same room with the family in winter to warm the family and to be safe from thieves. The door yards are miry and full of manure in winter with dust and flies replacing the mire in summer. Drying dung cakes plaster the walls of every house, court and stable..... The census of every house revealed not a single table or chair in the Arab villages. All household work is done squatting on the floor. There is not a single water closet of any sort in either the Arab or Armenian houses as everyone goes out to the fields on rising before dawn – except the children who respond to nature in the courtyard or anywhere they happen to be.”

The agrarian question which is the crux of the whole Middle Eastern problem is commented upon in another study:-

“The problem then is not how to secure more agricultural labor, but how to secure a tolerable standard of living for the existing cultivators to enable them to remain on the agricultural land. The economic condition of most of the

^x Stuart Carter Dodd: “A controlled Experiment on Rural Hygiene in Syria”, Beirut, 1934, pp. 95,96.

cultivators is desperate. The typical cultivator has, in ordinary years, practically no surplus after paying expenses, taxes and interest on indebtedness. He is ignorant and works not for profit but for mere subsistence. The taxes he pays are very oppressive.

-82-

He is very heavily indebted and in most cases he is a customary tenant possessing no land and depending upon his landlord for the little capital he needs. His dependence on the landlord and the precarious right he holds in the property gives him no incentive to improve the land. Furthermore, sickness and disease are very common among peasants and medical assistance is not easily accessible.

life:-□ The picture of industrial activity in Syria is not different from the of rural

“The average wage for all sexes and ages, and for all degrees of skill was about 11 francs. Since then rates fell considerably as the depression became more severe. The Report to the League of Nations gives the following figures for 1933: 10-30 francs for men and 1-10 francs for women in the new factories; and about 10 francs for men and 6 francs for women in the old industries”). At the present time (1935) the general fall in wages may be estimated at over 25%. Cases are known of children who work for one franc a day. Three francs is a common rate for women and 5-6 francs is quite common for unskilled men.

“Hours of work have not changed much since 1932. The length of the working day ranged then from 9-15 hours, being shortest in the new factories and longest in the older establishments. The working week remains predominantly the six day week.”

Rural life in Egypt is very similar to that of Syria □^x

“The average family of five occupies a hovel the quality of which is no better than in the days when Pharaoh compelled the Israelites to make their bricks without straw, for the walls are built of the same sun-dried mud bricks and are plastered inside and out with black mud.....

“As fresh soil is often added, the stable soon fills up. Through this place with its water buffalos, sheep, goats, fowls, dogs, fleas, etc., etc., men, women, and children must pass to reach their own rooms. In the midst may sit the sallow-faced toddler, with diseased eyes and nose both running and almost obscured from view by rings of thirsty flies. In such surroundings vermin flourish and cleanliness is difficult.....

“The fellah’s traditional undernourishment has developed social significance in Egypt. The upper economic class customarily considers being fat

^x S.B. Himadeh: Syria, op. cit., p. 172, 2) American University of Bairut), a) Rapport a’ la Socie’te’ des Nations, 1935 (requited from Himadeh : Syria, op. cit. p 172.

^{xx} Wendell Cleland : “The Population Problem in Egypt:, 1936, U.S.A. , pp. 72, 73, 74, 78, 80.

a mark of health, beauty and higher social standing, because fatness is in marked contrast to the peasants who, as a class, are spare of figure. Only in very limited higher circles, among the younger generation who have been affected by the teachings of modern hygiene, is there found much desire to avoid overweight.

-83-

“In Egypt as a whole, of the population above five years of age, 77 percent of the males and 95 percent of the females were illiterate at the time of the 1927 census. In 1930-1931 only 21 percent of the children of school age were attending school, and of these only one half remained beyond two years. Those who leave early do not even become permanently literate.”¹

“The obvious answer is that the chronic ill health of the people, particularly with reference to certain diseases, is the cause of their apathy in regard to the low standard of living, and the lack of initiative necessary to improve it.

“In the following discussion it will appear that this lack of energy and initiative is probably due to the fact that Egyptians, particularly the males, are exposed to certain enervating diseases in the course of their labors in the fields, which infect great numbers and cause varying degrees of anemia.”

Iraq and Cyprus present a similar picture :-

The fellahin and coolie classes live on less than a penny a day per head. The rest of the average reed-hut, if set up on private land, varies between a shilling and eighteen pence per month. It is only on festivals and such occasions that new clothes are bought, and then only of the cheapest sort. There are probably two million people in the country living on such standards, and it can be imagined what purchasing power they possess and what revenue they can raise.”²

“The fall in the value of the agricultural produce in the world’s markets seriously affected Iraq’s purchasing power, produced the volume of her imports and retarded development of her agricultural resources.”³

Cyprus has also remained in the same continuous state of stagnation:-

“In Cyprus, 32% of all peasants are in debt. The average debt of debtors is L.36. But money lending is not confined to the capitalist in the towns. The more well-to-do peasant with a little money to spare is equally insistent on his pound of flesh and, since he is often the only source of credit open to the poorest peasant, his demands are usually greater and more unconscionable. After a few years of money lending in a village he opens a small shop and while continuing farming his own land he also acts as agent for a town merchant. He is thus enabled to extend his operations and gradually to bring into his clutches a large number of his fellow villagers.”⁴

Indications of expanded production, financial indices and in particular trade indices, and import of typical goods into Palestine contrast with the background of stationary economics and general stagnation in the Middle East. Indices of expanding production also reflect indirectly changes in levels of consumption.

¹ In 1937, Moslem illiteracy was 75 % of men and 95% women.

^x W. Main: “Mandate to Independence”, Iraq, 1935, p. 185.

^{xx} Report on Economic Conditions of Iraq by C. Empson, August, 1935, p. 12.

^{xxx} D.J. Surridge: “Official Survey of Rural Life in Cyprus”, pp. 37, 46.

Trade statistics are more directly indicative of consumption, although if the increase is mainly concentrated on capital goods, the short-term rise in consumption may be small. Demographic statistics directly reflect the standard of life, and to a certain extent, the standard of consumption, which are also reflected in the following interspatial comparisons of indices of health and education budgets per capita:-

Health Expenditure in the Near East 1938/39

	Expenditure per Head <u>In LP.</u>
Syria	0.013
Lebanon	0.035
Trans-Jordan	0.063
Iraq	0.101
Egypt	0.150
Cyprus	0.165
Palestine total	0.165
Palestine Arabs only [□])	0.190

These data seem to indicate an expansion of social services in Palestine exceeding that of other Middle Eastern countries.

A striking example of the backwardness of other Middle East countries compared with the progress made in Palestine is to be seen in the following facts published in 1944 by Dr. Hashin al Witry, Professor at the Royal College of Medicine in Baghdad, "Malaria accounts for 50,000 deaths a year in Iraq, that means a death rate of 14 per thousand of the total population from this single disease. In one year only (1934) not less than one million malaria patients – the total population number 3 ¹/₂ millions- were treated in all government health institutions. [□])

"Oddly enough Iraq should in principle be a country almost free of malaria. The disease can only exist and spread where both high temperatures and water coexist, water being necessary for the breeding of the mosquitoes and high temperatures for the development of the parasite and also of course favouring the rapid breeding of the mosquitoes. In Iraq the rainy season does not coincide with the season of high temperatures, and over and above this, drainage levels are usually sufficiently good to allow breeding places suitable for dangerous mosquitoes to be dried out. It is principally the imperfect systems of agricultural irrigation which are responsible for the disease."

^x Estimate: 9% of Government health expenditure are paid as grant in aid to Jewish health institutions, which treated in the last year approximately 800,000 Jewish and 20,000 Moslem patients and are almost exclusively supported by Jewish contributions. On the other hand 90% of all patients treated in Government hospitals and clinics were non-Jews. Taking into consideration the undistributable government services as inspection, disinfection, etc. The non-Jewish share in Government health expenditure is assumed to be appr. 85%..

¹ Dr. Hashim Al Witry: "Health Services in Iraq:, Facts and Prospects in Iraq Series, No. 2, 1944, pp. 16, 17.

....” The disease to be successfully interfered with needs a general attack made by experienced malarialogists using the latest methods of species sanitation, and until this attack takes place the population can only defend itself by personal protection from mosquito bites, of the poorer sections of the community.”

In Palestine, the population of which is less than half the population of Iraq, the average number of deaths from malaria was in the average of the last pre-war years 13 persons only and the number of most cases decreased steadily from 20,000 (or 31 Per 1,000 inhabitants in 1922 to 6,000 or 9 per 1,000) in 1939.

All indices connected with economic expansion, production, transport and access of capital equipment on the one hand, and with standards of consumption and social services, on the other, reflect structural changes in the Palestine economy, divergent from those of other Middle Eastern countries.

The steep curve of aggregate increases is certainly due to an economy of a growing population. The transformation is not, however, confined to quantitative changes. Qualitative changes in standards and structure of economy are indicated in the rise of all per capita indications. Both seem to reflect a twin process of quantitative expansion and structural transformation, in sharp relief to the more stationary background of Middle East economy. Political independence in Middle Eastern countries did not stimulate as quick a transformation of economic conditions as the integration of the colonisation sector with the indigenous economy of Palestine.

-86-

Other countries of the Middle East appear more static in their economic development and equilibrium, the conditions in Palestine being determined by more dynamic processes. The common denominator of economic indications in Palestine is economic development. The scope and rise of this development would appear to be the cause of divergence of Palestine economy from that of the Middle Eastern background.

DEVELOPMENT:

Any development scheme for Palestine cannot be divorced from the background of Middle East countries stretching from the Persian Gulf to the Suez Canal.

The problems with which a development scheme in this region would have to deal can be summarized as follows:-

Sir William Beveridge's five giant evils – Disease, Want, Ignorance, Squalor and Idleness, hold complete sway in those lands. On the ground prepared by Want, - Disease and Squalor spread and penetrate from one end of the land to the other. Illiteracy is widespread and with illiteracy goes ignorance in all spheres of social and economic life. Heavy unemployment and forced idleness are another scourge of the economic and social life of these countries.

The agrarian problem, the low standard of life, low wages and lack of capital are their main problems.

The situation is very strikingly described by Mr. Delbes, the Director of the Agricultural Experiment Station in Lataquis, Syria:-^x)

“Among the reasons for the Fellaḥ's backwardness social factors play a role similar to, and it may even be said, greater in importance than technical

^x Bulletin de l'Union Economique de Syria, Paris 1926.

conditions. While indeed it may be possible in a comparatively short time to spread knowledge of modern agricultural methods, it is far more difficult to change the social conditions of the tiller of the ground and the land ownership regime under which he lives. One of the main present obstacles to agricultural advance is to be found in the existing system of land tenure... The owners of large landed property – families or groups of families- take little if any interest in the agricultural development of their lands.... The fellasheen who work these lands live in a state comparable to that of the serfs under the Carolingian dynasty. Hardly 20% of the gross produce of the soil remains to its cultivator...

It may almost be said that landlords here are engaged not, in exploiting the land but those who cultivate it... As under the existing system of taxation no charge is levied on the uncultivated lands, landlords are able without loss to themselves to leave large areas unused.”

-87-

Mr. Hasim Jawad, an Iraqi economist attached for some time to the Iraqi Legation in London and the International Labour Offices indicates in his booklet “The Social Structure of Iraq” published in series “Facts and Prospects in Iraq” the same roots of the agrarian problem. He estimates the income of a fella’s farm from which five to six persons derive their living at LP.10-LP.12 (at pre-war prices) or LP.15-LP.20 according to zone. The reason for this, according to Mr. Jawad is “to be found in the prevailing system of land tenure, by which the final remuneration reaching the farmer keeps him continuously on the borderline of starvation.”

“A considerable portion of the fruit of their labour goes to a small group of landowners.” “The system of relationships between the “big man” who is either a landlord living in the city or a roving Sheikh, and the ‘small man’, who is the actual cultivator of the land and whose life is totally devoted to it, is at the base of the whole social structure of Iraq, which has, in fact, many of the characteristics of the Feudal System”. “The Feudal System, in other words, is more than just a system of economic relationship; it is also the framework on which the social, cultural, political and even religious institutions are built. This system, generally speaking, determines the status of each man in society; it gives him his income, reflects on his state of health and even determines his expectation of life.” As a result “the average expectation of life does not exceed 26 or 27 years: in Iraq.

This pitiable situation of the fellah in Iraq is not due to any shortage of land or the absence of natural wealth. On the contrary, as the author points out, “the agricultural potentialities of the country are colossal.”

Even in one of the more advanced countries of the Middle East, in Egypt, the primitive social structure must exercise an unfavourable influence on social and cultural standards, as well as on productivity and purchasing power. The fact, that these conditions have not fundamentally changed even after five years of war prosperity is proved by the following statement of official observers: □)

“The differences between the classes in Egypt are extreme: on the one hand the fellaheen, or peasant class, comprising about 60% of the population, live at a bare subsistence level; on the other hand, a relatively small section of the population, found mainly in the towns and engaged chiefly in commerce, though it also includes large landowners, is extremely wealthy. There is a limited middle class, partly composed of non-Egyptian eastern Mediterranean races, which is also occupied principally in commerce.”

^x Egypt, Review of Commercial Conditions, May, 1945, Published for the Department of Overseas Trade by H.M.

In respect of Syria the following statement was made in a pre-war publication prepared under the auspices of the American University in Beirut:¹⁾

“The cost of credit advanced by money-lenders is extremely fickle. It varies from place to place and from time to time. In places where no credit institutions exist and where capital is scarce, the interest rate may reach 40 to 45% and in periods of bad crops, it may run up to 150 per cent. Where capital is comparatively abundant due to greater wealth and savings or to the existence of credit institutions, the rate is comparatively moderate ranging roughly between 9 and 20 per cent. During periods of bad crops, however, the increased demand for credit and the inability of the credit institutions to meet the excessive demand may lift the interest rate to higher levels. The bad crop of 1928 raised the rent of money, particularly in northern Syria, where it reached rates varying between 35 and 75 per cent, according to the strength of security offered (Rapport a la Socié'te' des Nations, p. 100. In order to permit the agricultural Band of the district to remedy this situation, the State placed at its disposition a sum of 910,200 Syrian pounds)

“The usurious rates of the money-lenders in general have had two serious effects. In the first place, they have been to a large degree responsible for the frequent transfers of land from the agriculturist to the money-lenders....

“In the second place, usury has condemned many agriculturists to a life of peonage, in which energy and will have become paralyzed and economic production hopeless. So long as the usury-bitten cultivator sees that not only the present produce of his land but even any increase which he may have secured by minor agricultural improvements is insufficient to pay off his creditors, he will make no effort to improve his methods of cultivation, and will tend increasingly to stagnate.”

The economic pressure exerted by a peasantry living in abject poverty and on a very low standard of life, affects the level of wages of hired labour.

¹ S. Himadeh: “Economic Organization of Syris”, op.cit., pp 325/6.

Further, low wages are closely related to the problem of low productivity, particularly of agricultural labor [□]).

Comparisons of wage fluctuations at various periods reflect a very low level of wages in all the countries of the Middle East, although in Palestine the situation is mitigated by modern colonisation development which succeeded to some extent in raising the level of wages of the indigenous population. During the period from 1932 to 1937 the wages of the lowest paid Syrian workers doubled, but it reached only 54% of the wages paid at the same period to similar categories of Palestinian Arab workers.

One of the most striking indices of economic conditions is the foreign trade of those countries. Syria, which is typical for the whole area did not increase the volume of the imports in the period between the last and present war. As Himadeh points out [□]) “Syria’s total import throughout the latter part of the last decade appears to be about the same in value as that of the pre-war period. Since 1929, the value of imports has declined although the quantity of imports has actually increased during the depression.”

The backwardness of Syria is also reflected in the fact that in spite of the very limited range of its products its per capita import trade is only one-fourth of that of France, a country which is almost self-sufficient. Syria lives thus, to a great extent, in economic isolation, in spite of its deficiency in raw materials and consumers goods. “Syria might be expected”, say Himadeh, [□] “to rank comparatively high per capita foreign trade since the range of products which can be produced within its borders is necessarily limited. On the contrary, Syria, alone with all the other Near East countries, has a very low per capita trade. The popular idea is that Syria produces a surplus of raw materials which it exports to manufacturing countries. On the contrary not enough raw materials are produced to supply local needs. The lack must therefore be supplied from abroad.”

^x S.B. Himadeh: Syria, op. cit., pp. 15:

“Wages of agricultural labor are very low because of its low productivity, and employment is seasonal. The use of primitive methods of cultivation has kept the productivity of the soil so low that even in good years the struggle for existence is difficult. Besides, the irregularity of the rainfall and the lack of adequate irrigation have made crop failures not uncommon in Syria. When bad crops occur those most affected find themselves forced to emigrate.”

² Ditto p. 239

³ Ditto p. 239

The economic distress prevailing in the Middle East and the stagnation of these countries is not the outcome of natural conditions. There is a consensus of opinion as to the very considerable unused potentialities of the Middle East and the capacity of the land lying between the Mediterranean and the Persian Gulf to absorb a large additional population is rated as being very high.

SPACE AND POPULATION:

The well known American population aspect, W.S. Thompson, in his “Danger Spots in World Population”, gives the following picture of the situation.¹) “Syria has a population of about two and a quarter millions. It is said to be capable of supporting three or four times as many people at better standards than are now prevalent if irrigation is developed in the fullest degree. This would mean that it could support between four and six million more people than it now does. Clearly there is room for considerable expansion here without seriously interfering with the development of the native population. The country has been badly misgoverned in the past and the population is decidedly backward in its development. A progressive, modern, non-exploitive European administration would undoubtedly be of benefit to the natives at the same time that it opened up unused lands for settlement. Syria would not only be a land for agricultural settlement, but also a source of various raw materials. There are considerable deposits of lignite, iron ore, copper, lead, and so forth in this region. Besides there are some indications of petroleum, although as yet no profitable wells have been brought in. “Iraq is even more thinly settled than Syria, having less than 3,000,000 persons on an area of 143,250 square miles. Of course, much of this area is unproductive without irrigation, but with full irrigation it is estimated that about 7,000,000 acres can be made available for winter crops- wheat and barley principally – and about 4,000,000 acres for summer crops- fruits and so forth. At considerably improved standards this area would support a population of six or seven millions more than at present

In the Mosul district Iraq is supposed to possess large reserves of oil, and there are other valuable minerals in the country.”

Thompson’s conclusion was that there is room in Syria and Iraq for eight to ten million European settlers and he sees the solution of the Italian population problem by the colonisation of these half-empty territories. There is no doubt as to the availability of land in the two countries of this region- Syria and Iraq. According to S.B. Himadeh, in Syria only one-fourth of the country’s cultivable land was under cultivation; if the lands lying under annual fallow are included the total area used for agriculture amounted to about one-half of Syria’s total cultivable land.

-91-

The reasons for so great a proportion of the land remaining uncultivated are given by S.B. Himadeh as follows:²)

¹ Warren S. Thompson: “Danger Spots of World Population, New York, 1930, pp. 230, 232/3.

² S.B. Himadeh, op.cit., pp. 74/5

“First, Syria contains vast areas of swampy land. The proper drainage of these swampy lands would make possible the cultivating of fertile areas which are now unused, and in addition would improve the sanitary conditions in districts nearby, permitting the cultivation of lands now left uncultivated through fear of disease.

Second, inadequate irrigation facilities make it impossible to cultivate large areas which might otherwise be used for agriculture. Only one-fourth of the 640,000 hectares of irrigable land is now being irrigated.

Third, the prevailing use of primitive agricultural methods has limited cultivation to the more fertile lands. Consequently, a large proportion of cultivable land which by the use of modern methods might be profitably tilled, is left unused.

Fourth, Bedouin raids in certain agricultural districts much on the plains bordering the Euphrates river are a menace to the agricultural development of the country. The farmer in those districts who plants trees and cultivates his land is in constant fear that these nomads may raid his lands and use them as pasturage for their flocks. However the raids are becoming less frequent as government control extends into these outlying districts.”

The opinion of Thompson as to the possibilities of the countries of the Middle Eastern region is corroborated by other sources in respect of Iraq as well as Syria and other Middle Eastern countries. Stuart Charles Dodd in his book “Social Relations in the Near East” states:-[□]

“In the Near East as at present, Iraq is an under populated country. With its rich soil and two rivers, large uncultivated areas could be made productive and with oil for power, a large population could be supported at a higher standard of living. However, unless technology improves (that is, unless the people learn how to irrigate, practice more modern agriculture and develop industries using agricultural products) the population may increase without raising the standard of living. Turkey, Persia, Trans-Jordan and parts of Syria could similarly support a larger population if the natural resources were more scientifically exploited.”

The possibilities in Iraq are described by the Irrigation Engineer of the Iraqi Irrigation Service, Ahmed Sousa, B.Sc., Ph.D., as follows:[□])

“Owing to the lack of drainage and the availability of large areas of cultivable lands, combined with the scarcity of population, only half of the agricultural areas is cultivated during the winter cropping season leaving the other half fallow – a factor which is also governed by the design of the canals. As regards summer cultivation the summer cropping area irrigated annually ranges from 25 to 35 per cent of the annual winter cultivation, i.e. $12^{1/2}$ to $17^{1/3}$ per cent of the gross area.”

-92-

“The areas potentially cultivable in the irrigation zone are extensive, most of the plain in this region with the exception of the sandy desert land and the stony hills, which are almost entirely on its fringe, could be fertile. In addition, there are the marshes, swamps and the lakes which are slowly but surely silting up and will in time add still further to the already great areas suitable for irrigation. Considerable areas in the marshes are cultivated, mainly with rice, but they vary both in extent and location and their total is unknown. The cultivable areas in the irrigation zone is, for several reasons not exactly known but an approximate figure based on reasonable calculations gives a total of 80,000 sq.kms. which may be considered cultivable. This does not include Tigris and the Euphrates north of Baghdad nor the plains stretching to the west of the Euphrates....

² Stuart Carter Dodd: “Social Relations in the Near East”, American University of Beirut, 1940, p.25.

³ Ahmed Sousa: “Irrigation in Iraq”, Facts and Prospects in Iraq Series, No.7, 1945, p.19.

It is estimated that the total area of winter and summer crops cultivated annually in the Irrigation Zone may be estimated at 16,000 sq.kms., while the total annual area at present cultivated in Iraq in both the Rainfall and Irrigation Zones is estimated at 22,000 sq. kms. Which form 18 per cent of the total cultivable areas in the two zones ([□]) and if the present population of Iraq may be taken as about 4,000,000 ([□]) the averages work out as follows:
On total cultivable area, 12.1 mesharas per head.)”

This is a striking illustration of the interrelation of agrarian development and prosperity in Iraq which is also characteristic of some other Middle East Countries.

ROAD TO RECONSTRUCTION:

The most important problem of these countries is that of irrigation. The situation with regard to Syria is described by S. Himadeh:[□] “The available water supply in Syria, if fully utilized is sufficient to irrigate more than 600,000 hectares of highly fertile soil. In 1926 for which figures are available, only about 160,000 hectares benefited from irrigation.. Syria’s resources for generating power have not been adequately investigated. Hence no reliable figures can be given. One estimate puts the figure at about 500,000 horsepower. In 1920 the total electric power in Syria, both thermic and hydraulic, was 3,264 horsepower. By 1930 it had risen to 16,940 horsepower, and when the projects under

-93-

construction have been finished, the figures will have reached 39,000 horsepower.. Efficient modern irrigation systems are rare in the country at present. In most districts the old systems are being reorganized. In the Orantes valley the underground canals which had fallen into disuse, are being reopened. The vase irrigation system of canals running off the Parada River at different levels through the Damascus orchards is another heritage from the past.”

The twofold solution of introducing new methods of cultivation (first of all by extension of irrigation) and a policy of immigration, is also recommended in an essay published in the International Labor Review and quoted in the “Colonial Problem: of the

¹ By way of comparison, it may be of interest to give here some figures on the cultivable and cultivated lands in Egypt: Egypt has a total area of about 32,000 square kilometers of alluvial cultivable land; of this area, the portion actually cultivated annually is 23,400 sq.kms., i.e. 73 per cent of the total cultivable area.

² There is no complete reliable census of the population of Iraq. All that is available is taken from secondary sources based mostly on estimates. It is accepted by most authorities, however, that the present population of Iraq may be taken as about 4,000,000 exclusive of the nomadic tribes.

^x L . B Himadeh, op.cit., pp. 35/36, 102/3

Royal Institute of International Affairs.[□]) This states that large stretches of cultivable but idle land are still available in Syria. “Their development depends on the introduction into the country of new methods of cultivation, and above all on the extension of irrigation, which will enable more of its inhabitants to engage in agricultural pursuits and will encourage the settlement of the nomadic population. This irrigation policy might also usefully be supplemented by a policy of immigration, which would supply Syria with the agricultural labor and the capital that she lacks at present.”

Obviously, the Middle East is in need of structural development to be effected by access of capital, immigration, new technique of irrigation, higher standards of life and access of skill and knowledge. The solution of the agrarian problem and industrialization, i.e. development, would go far to improve the social and economic conditions of the Middle Eastern areas.

However, such a solution would be possible only if the process of development were carried into effect in both spheres of economic life: production and markets. Raising of productivity with stationary markets for primary products would be of no avail because, for the time being, agriculture is the main basis of economy of these countries. Expanding markets can open up new avenues of employment and new sources of livelihood only if the productivity of labor is increased by both technical and social means. In the words of S.B. Himadeh[□]) “As long as the present methods of cultivation in Syria as primitive and inefficient, plowing consists of scratching the surface of the soil to a depth of three or four inches with a simple wooden plough with a wood or iron share attached, guided by hand, and drawn by animals, usually oxen: - so long progress must be very slow. Unexploited potentialities and abject poverty are closely connected with the cultural level of the population and the method of cultivation.

-94-

“The Syrian peasant is more like a miner than a farmer. He exploits the soil without restoring its fertility. Generally speaking, only fruit orchards and vegetables are fertilized. Land cultivated with cereals is not manured except by the negligible amount lift by animals in the fields after plowing and harvesting.”

Only an economy based on growing population and the introduction of external dynamic factors could transform the economic structure of this area and revitalize the dormant forces of economic development which could then exploit the unused potentialities and resources of the whole region.

PALESTINE AND THE MIDDLE EAST

The relations between Palestine and this Middle Eastern region in the period between the last and the present war were limited to trade arising out of the differences in the structures of colonisation and indigenous economies. The Middle Eastern countries supplied some of Palestine’s requirements of foodstuffs for its growing population and of feeding stuffs for its new intensified agriculture based on cattle breeding and poultry raising. There was some export of manufactured goods from Palestine, but the balance of trade was adverse to Palestine. Palestine, as a country of immigration, has offered an important outlet for the export of the Middle East countries. Since 1926 Palestine bought from the surrounding countries LP.26,000,000 more worth of goods than it sold to them during the same period.

Excess of Imports into Palestine over Exports from Palestine To Middle Eastern Countries (1926-1939)

Adverse Trade Balance with:

Cyprus	LP.	900,000
Egypt and Sudan		9,900,000

¹ Royal Institute of International Affairs,: “The Colonial Problem: Belfast University Press, 1937, p. 359,

² S.B. Himadeh, op. cit., p. 90,92.

Iraq	1,200,000
Iran	900,000
Syria	10,400,000
Turkey	2,200,000
Trans-Jordan (estimate)	500,000
Total	LP. 26,200,000

The neighbouring countries have absorbed a considerable proportion of Jewish capital imported into Palestine:

	<u>Jewish Capital Imported Into Palestine</u>	<u>Excess of Middle East Imports into Palestine</u>
1926-1929	LP.22,000,000 (Estimate)	8,000,000 37%
1930-1939	<u>LP.72,000,000</u>	<u>18,000,000</u> 25%
Total	LP.94,000,000	26,000,000 28%

-95-

This development was of importance for the Middle Eastern region from two points of view: (a) Colonial countries usually require capital for the development of their resources. The surplus obtained from the trade of this region with Palestine amounted to over LP.26,000,000, which in relation to the population and capital available in other ways to some of these countries, such as Syria, Iraq and Trans-Jordan, represents a considerable amount; (b) like other colonial regions, the Middle East is first and foremost in need of markets for its primary products: Palestine, to a certain extent provided such a market.

The twin problems of the Middle East, poverty and backwardness, on the one hand, and unused potentialities and resources on the other can only be solved by an increase of productivity through amelioration of land, irrigation, new techniques, etc., resulting from an economy of growing population and import of capital.

The economic cooperation between Palestine and the Middle Eastern region, far from decreasing, has been strengthened by the impact of colonisation economy on the economic structure of Palestine.

Import of capital is essential for the utilization of the dormant potentialities and resources of the Middle East, the degree of utilization of resources being not less important than their availability. Capital flows, however, to the colonial countries only at the high price of economic and political subjection and is reluctant to venture into backward and desolate areas with a poor labour supply and lack of technical facilities. In the postwar period the percolation of capital from Palestine, if its sector of colonisation economy expands at a rapid pace, would go far to supply the Middle Eastern countries with a considerable proportion of the capital required for the development of their resources. Such percolation would be unavoidable because of a temporary lag in agricultural production behind the growth of population, if this growth be extensive and rapid.

The difference in economic structures between Palestine and other Middle Eastern countries is also reflected in their occupational distribution, as is shown in the following tables:-

-96-

Occupational Distribution –Primary, Secondary & Tertiary
(Palestine: Jews and Arabs)

<u>Country</u>	<u>Year</u>	<u>Primary</u> Agriculture & <u>Fisheries</u>	<u>Secondary</u> Industry & <u>Building</u>	<u>Tertiary</u> Trade, Commerce,
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				Services, <u>Etc.</u>	
Syria	1930	71.3		28.7	
Iran	1937	74.6	6.6	18.8 [□])	
Turkey	1927	73.1	11.5	11.5	15.4
Egypt	1937	62.0		38.0	
Palestine)Total		38.6	18.2	43.2	
)Arabs	1939	52.9	11.6	35.5	
) Jews		19.3	27.1	53.6	

The preponderance of primary production in the whole Middle East bloc creates a gap in the secondary and tertiary stages of production which would increase with rising productivity and expanding volume of production. Such a gap could be filled by a higher proportion of secondary and tertiary producers in Palestine following the industrialization and modernization of the country by economic assimilation of the whole country to the structure of the colonisation sector. Such a development would lead to the export of manufactured goods from Palestine to the other Middle East countries as their rising standards of life and need for capital equipment and consumers' goods would make import indispensable. At the same time, it would also raise the standard of life and national income of the whole population of Palestine.

Such an all round development based on an economy of growing population, industrialization and modernization of Palestine on its increasing weight as an industrial and entrepot centre, within the framework of the Middle East, and on rising productivity and standards of life in the adjacent countries, would lead to the establishment of a new set of relations between the whole region and the mature economies of Europe and America. According to experience, the import requirements of the region, far from decreasing, would increase by such dynamic development with its needs for capital equipment etc.

The policy of development would thus provide a market for capital goods industries of Europe and America and serve as a factor counteracting the affects of agrarian backwardness, under-population, low standards of labour, and lack of capital in the Middle East.

The half-empty under-populated area of the Middle East with its poor, disease-ridden backward population but with great resources and potentialities, cries out for

^x Incl. 3% Army and Navy.

capital and dynamic forces of progress; for an access of population and is in dire need of an ignition spark for new development. Desolated, neglected, it cannot take the road of progress by its own power and initiative.

