

In fact, as Table 3.1 shows, the budget was only slightly negative for the whole period from 1920 through 1945. At the same time, the accumulated balance was positive for every single fiscal year with the exception of 1920-1921, the first year of the Civil Administration.

The drop in revenue and increase in expenditure for 1936-1937 and 1937-1938 reflects the conditions of the general strike and revolt of 1936-1939 by Palestinian Arabs. The increase in expenditure for those years went mainly for the military, police, and prisons. The increased expenditures of the last three years, resulting in deficits, were because of WWII measures.

These brief comments on the fiscal system and policy are supplemented by other elements of the fiscal policy as they weigh in the discussion of the government's approach to agriculture.

The direct agricultural taxes prevalent under the Ottomans were retained by the British.² These were the tithe (*ushr*), the house and land tax (*werko*), and the animal tax (*aghnam*).

The tithe represented the major source of revenue for the Ottoman state and, at the same time, the heaviest burden on the peasants. At the time of the British occupation, the tithe was collected at 12.5 percent of the gross yield of the land estimated in the early 1920s to be equal to about 35 percent of the net yield. Two measures were undertaken in the hope of lessening the burden of taxation:

²Unless otherwise specified, the following section on direct taxes is drawn from Abcarius, "Fiscal System," 507-10; *Survey I*, 246-54; and *Survey II*, 542-3.