

mitigated for the Jewish farmer. Moreover,

We have estimated that his gross income which largely determines the present amount of his taxation is double that of the Arab farmer of a similar holding. His cost of living, which represents his net income, is more than double that of the Arab farmer. It follows that the burden of taxation upon the Jewish farmer on relation to his net income is less than the burden upon the Arab farmer in relation to his. This view is confirmed by the attitude of settlers who gave the committee to understand that taxation was relatively an unimportant item in their expenditure.²⁹

The differential impact of taxation on urban and rural areas can be seen by a comparison of the taxes paid relative to the rental value of property. Although urban incomes were, of course, higher than rural ones, the Urban Property Tax represented 10 percent of the rental value of the property, while the combined tithe, *werko*, and *agham* represented 34 percent of the rental value of rural property.³⁰ There was no income tax in urban areas comparable to the tithe paid by the peasant until 1940-1941.³¹ Finally, the heavy burden of taxation was one of the major factors contributing to the indebtedness of the Arab peasant, the topic of the next section.

3.2 Debt, or the Intensification of the "Scissors Crisis"

During the Mandate period, and especially up to the beginning of WWII, peasant indebtedness increasingly became one of the marked features of Palestinian

²⁹Ibid.

³⁰Ibid., 43.

³¹*Survey II*, 545.