

Table (V - 11)

Average exchange rates of the Israeli Pound
(1971-80)

Year	Jordan Fils/IL	% depreciation	Year	JF/IL	% depreciation
1971	95	-	1976	34	30.6
1972	79	16.8	1977	31	8.8
1973	75	5.1	1978	18	41.9
1974	58	22.7	1979	12	33.3
1975	49	15.5	1980	6	50.0

Source: Karsou Exchange Office, Nablus.

The aforesaid financial transformations have had grave consequences on the economy and labour market in the occupied territories. In the first place they have precipitated a massive flow of capital to Jordan and foreign money markets. Most businessmen and farmers refrain from sinking large capital outlays in the occupied territories, and instead they move them out where returns are higher and investment is safer. Furthermore, many of the smaller businessmen and artisans have found it more prudent to leave and join the less risky and seemingly more remunerative labour market. The political and economic implications of this phenomenon are obviously grave.

Agricultural Income

Relative share in the economy

The relative share of agricultural income in the GDP has varied from 30 to 40%, with an eleven year average of 34% (see Table V - 16). Its share in the GNP, on the other hand, was much lower and it averaged at 26% during the same period. Despite being somewhat lower than the ratios in most under-developed countries, the share of West Bank agriculture in its GDP is noticeably higher than in Jordan

and Israel (see Table V - 15).

Statistical analysis of secular trends in the relative share of agricultural income points to a relatively stable proportion of the GDP and a slowly declining proportion of GNP. Evidently, it will be a long time before agriculture loses grounds to other production sectors in West Bank economy, despite the likelihood of a further decline in its share in the GNP should remittances from labour gain further momentum.

Table (V - 15)

The relative share of agriculture in Gross Domestic Product (1979)

	<u>% of GDP</u>		<u>% of GDP</u>
West Bank	(27)	United Kingdom	2
Jordan	8	West Germany	2
Syria	16	United States	3
Egypt	23	Israel	5
Sudan	38	U.S.S.R.	16

Source: World Development Report 1981, *op. cit.*, pp. 138 - 139.

Annual fluctuations in income

Income originating in agriculture (see Table V - 16) is characterized by a marked degree of variation from year to year - even after discounting for variations in prices. This is due to the predominance of rainfed patterns of farming which are characterized by heavy dependence on climatic factors for a good yield. While this applies to most field crops and fruit trees, it is particularly significant in the case of olives, which account for 15-35% of agricultural income and which are characterized by extreme periodicity.¹ Plotted on the basis of available data, Chart

¹ This relates mainly to the habit of alternate bearing which will be discussed under the section on olives.