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THE DISPOSSESSION OF THE PEASANTRY: COLONIAL POLICIES,  
SETTLER CAPITALISM, AND RURAL CHANGE  
IN PALESTINE, 1918-1948

by

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A dissertation submitted to the faculty of  
The University of Utah  
in partial fulfillment of the requirements for the degree of

Doctor of Philosophy

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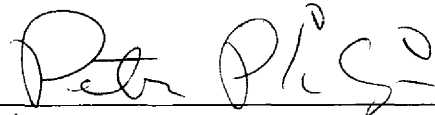
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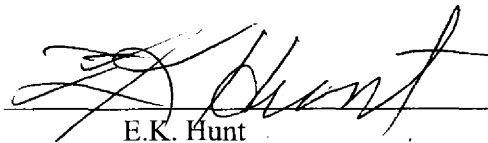
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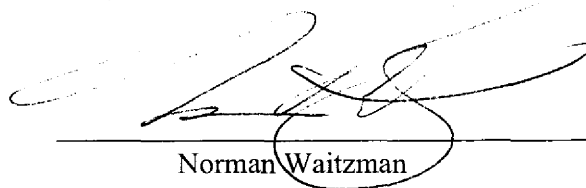
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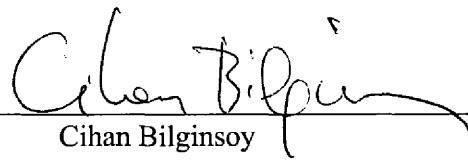
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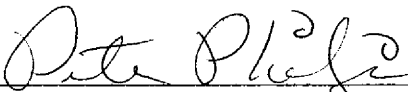
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## ABSTRACT

This study investigates and analyzes the nature and extent of rural change in Palestine during the Mandate. It inquires into the changes in taxation, debt, land tenure, the techniques of production, and agricultural production. A unifying theme and emphasis, however, are on the more fundamental changes in the social relations of production in the rural areas. A unifying theme and emphasis are done in the context of the interaction among colonial government policy, European settler capitalism, the structure and internal dynamics of the rural areas, and by the further integration of the country into the world capitalist market.

This study is an effort to add to the relatively few studies on the social and economic transformation of Palestine. Whereas existing studies have generated some insights, this study shows that the approaches used, especially the “dual-economy” one, are inadequate for a fuller understanding of the process of socioeconomic change, especially in the rural areas. This study uses the alternative “structural/historical” approach. In addition, the existing studies have not dealt specifically with the question of peasant differentiation and its accompanying dispossession and pauperization. Some of those studies have either dealt with agriculture and rural areas at a macroeconomic level without addressing the differential impact that socioeconomic change had on the different strata of rural inhabitants or concluded, given the overall growth and development in agriculture,



that it benefited everyone.

The main finding of this study is that there was a fast and substantial process of differentiation in the rural areas during the Mandate. This differentiation was reflected in increases in the concentration of holdings in Arab ownership, the continued acquisition of land by European settlers, landlessness, and wage labor in agriculture and public works. At the same time, the process of differentiation was accompanied with only limited capitalist development in the Arab rural areas. However, what stands out was the extent of the dispossession of peasants from this process; it involved the majority of peasants. Land dispossession was total for some peasants and partial for others, but in the latter case, most peasants were left with a piece of land insufficient for subsistence in varying degrees. However, in spite of this dispossession, the majority of peasants still owned land by the end of the Mandate.

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## 1. INTRODUCTION

This study is about the dispossession and pauperization of the Palestinian Arab peasantry during the Mandate period (1918-1948). The study is based on an inquiry into and an analysis of the conditions and main changes in rural areas. The process of change is conceived within the context of the interaction of colonial policies, European settler capitalism, and the indigenous rural socioeconomic structure, and, in addition, by the further intensive integration of the country in the world capitalist market.

Most studies on Palestine during the Mandate have dealt with its political history. Studies on different aspects of the social and economic transformation of the country are few in number. This study is an effort to add to that literature, but beyond that, the significance of the study stems from other considerations. First, although some of the existing studies on the society and economy of Palestine have generated some insights, the approaches used are seen as inadequate for a fuller understanding of the process of socioeconomic change, especially in the rural areas. Those approaches and an alternative one are elaborated on later in this chapter.

Second, and perhaps most important, is that the existing studies have not dealt specifically with the question of peasant differentiation and its accompanying dispossession and pauperization. Some of those studies have dealt either with

agriculture and rural areas at a macroeconomic level without addressing the differential impact that socioeconomic change had on the different strata of rural inhabitants or concluded, given the overall growth and development in agriculture, that it benefited everyone.

Third, this being a study of the genesis of peasant dispossession and the role of Jewish European settlers in it provides a better understanding of the nature of the present relationship between the Palestinians and the state of Israel and the latter's continued expropriation of land. More importantly, it has far-reaching implications for the resolution of the Palestinian-Israeli conflict. It puts additional focus on the necessity of addressing the critical issue of the dispossession of the Palestinian peasantry whose great majority is living in refugee camps at present. As stipulated in international law, they have the right to restitution and repatriation. Without the implementation of those rights, it appears, if the history of the conflict for the last half century is any guide, that the conflict is likely to continue.

This first chapter includes the purpose of the study, provides some background to the study, presents a critical literature review, establishes the theoretical framework, and specifies the hypothesis of the study. The chapter concludes with a brief outline of the chapters of the study.

### 1.1 Purpose of the Study

The general purpose of the study was to investigate and analyze the nature and extent of rural change in Palestine. This general purpose was used as a

guidepost for the more central issue of the extent of changes in the social relations of production among the Palestinian Arabs in the rural areas.

The study includes the following specific questions. First, what were the changes introduced by the colonial government in taxation and land policy, and what impact did they have on the Palestinian Arab peasantry? Second, in what ways did European settlement affect rural areas, and how did their acquisition of land impact the Arab peasantry? Third, what was the nature and extent of growth in agricultural production? How did that differ between the Jewish European settlers and Palestinian Arabs, and within the latter? What were the consequences of the government's trade policies on the Arab peasantry? Fourth, what was the extent of new techniques of production and by whom were they introduced? What was their impact? Fifth, was there a process of differentiation among the Palestinian Arab peasantry and how extensive was it? To what degree was this process accompanied by capitalist development in agriculture?

### 1.2 Background of the Study

A major underlying theme of this study is the fast pace of the social and economic transformation of Palestine during the Mandate period. Within this process of transformation, one of the most pronounced elements was the fast process of the dispossession and pauperization of the peasantry. This section provides background information that highlights some major indicators of the process of transformation, which places the dispossession of the peasantry in a wider context. However, we start with some brief notes on geography and the

Mandate.

### 1.2.1 Geography

Palestine is a small country. The total area of the country is 27,024 square kilometers (10,434 square miles) including the water area of 704 square kilometers. In spite of this small size, the country is characterized by diverse topographic and climatic regions that played an important role in shaping its agricultural production.

In general, the country may be divided into four regions.<sup>1</sup> First, there are the coastal plains, which are warm and humid in the summer and with mild temperatures in the winter. This region gets plenty of rain in addition to having relatively easy access to underground water. This region is also where most of the cultivated land is located. Second, to the east of the plains is the central range of hills, which rise between 750 and 1,200 meters (2,460 and 3,937 feet) above sea level. The hills' region is cooler and dryer than the plains' region in the summer and colder in the winter. It also gets plenty of rain, but underground water is very deep and thus is extremely difficult and expensive to tap. Third is the Jordan Valley, which at its lowest point is 390 meters (1,279 feet) below sea level. This region is very hot and dry in the summer with moderate temperatures in the

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<sup>1</sup>Government of Palestine, *A Survey of Palestine: Prepared in December 1945, January 1946 and March 1946 for the Information of the Anglo-American Committee of Inquiry*, vol. 1 (Jerusalem: Government Printer, 1946), 103-7; Government of Palestine, *Statistical Abstract of Palestine, 1944/45* (Jerusalem: Office of Statistics, 1946), 5.

winter. It gets relatively little rain, but some areas have significant springs. Fourth is the Negeb desert and semidesert in the southern part of the country. It comprises almost half of the area of the country. It is hot and dry in the summer and cold and dry in the winter. It gets very little rain and has no irrigation water.

### 1.2.2 The Mandate

Palestine was under Ottoman control for 400 years, which ended with their defeat in World War I (WWI). The British military campaign to occupy the country lasted from October 1917 to September 1918. However, even before the occupation of the country was completed, the British government issued the Balfour Declaration on November 2, 1917, in which it supported the “establishment in Palestine of a National Home for the Jewish people, and will use their best endeavors to facilitate the achievement of this object.”<sup>2</sup>

After WWI, the League of Nations was established whose covenant included the provision that the colonies that were under the control of the defeated powers were to be entrusted to a mandatory power until such time when the people of these colonies are able to govern themselves. In 1920, and against the wishes of the Arabs of Palestine, Great Britain was “allotted” the Mandate for Palestine, which was formally approved by the League in July 1922<sup>3</sup> and which incorporated the Balfour Declaration.

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<sup>2</sup>*Survey I*, 1.

<sup>3</sup>*Ibid.*, 4.

More specifically, Article 2 of the Mandate stated that “The Mandatory shall be responsible for placing the country under such political, administrative and economic conditions as will secure the establishment of the Jewish national home, as laid down in the preamble.” Article 4 recognized the Zionist Organization “as a public body for the purpose of advising and cooperating with the Administration of Palestine in such economic, social and other matters as may affect the establishment of the Jewish national home and the interests of the Jewish people in Palestine.”<sup>4</sup> Article 6 was more explicit and stated that the Mandatory government “shall facilitate Jewish immigration under suitable conditions and shall encourage, in cooperation with the Jewish agency, . . . close settlement by Jews on the land, including State lands and waste lands not required for public services.”<sup>5</sup> Furthermore, Article 11 stated, “The Administration may arrange with the Jewish agency . . . to construct or operate, upon fair and equitable terms, any public works, services and utilities, and to develop any of the natural resources of the country, insofar as these matters are not directly undertaken by the Administration.”<sup>6</sup>

Those provisions of the Mandate were generally adhered to by the government, although it had to take some measures to restrict settler immigration

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<sup>4</sup>Ibid., 5.

<sup>5</sup>Ibid.

<sup>6</sup>Ibid., 6.

as in the White Paper of 1939<sup>7</sup> and the Land Transfer Regulations, which restricted the areas where settlers could acquire land. Those measures were taken in response to the increased resistance of Palestinian Arabs, especially during the 1936-1939 Revolt. However, these two measures were seen as coming too late by Palestinian Arabs and, anyway, were not very effective, especially in the case of land acquisitions.

### 1.2.3 Population

There was substantial growth in the population of Palestine during the Mandate. Between 1918, when the country came under British occupation, and 1946, the population increased by more than one and a half times from 748,128 to 1,942,349.<sup>8</sup>

However, the most salient feature of this increase was the change in the composition of the population between the indigenous Palestinian Arabs and the Jewish European settlers.<sup>9</sup> In 1918, the Arab population was 688,957 or 92 percent of the total population. By the end of 1946, the Arab population almost doubled, by natural increase, to 1,324,106, but their share of the total population

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<sup>7</sup>Ibid., 52-3.

<sup>8</sup>Justin McCarthy, *The Population of Palestine: Population History and Statistics of the Late Ottoman Period and the Mandate* (New York: Columbia University Press, 1990), Table 2.18, 37. All subsequent population numbers are from same source.

<sup>9</sup>The great majority of Jews who settled in Palestine during the Mandate were from Europe, although a relatively small number came from Arab countries, and there were other Jews who lived in Palestine before the organized Jewish European settlement.

decreased to 69 percent. On the other hand, the Jewish population, due primarily to immigration, increased from 58,728 or 8 percent of the total population in 1918 to 602,586 or 31 percent by the end of 1946. In other words, there was an increase of more than half a million immigrant settlers in less than thirty years.

That pace and size of European population movement into other lands was unprecedented in the early stages of any other European settlement, and in some cases, for example in Rhodesia, was never achieved throughout the years of settlement. While obviously there are differences in time and space, some population figures from other regions nonetheless help provide a useful perspective of the general impact European settlement had on the small society and country of Palestine. In the American colonies of what eventually became the United States, it took 100 years, from 1620 to 1720, for the European population to reach half a million.<sup>10</sup> In the areas that became known as the Union of South Africa, it took more than 250 years, from 1652 to 1911, for the European population to reach 1,275,000 but which represented only 21 percent (23.5 percent if the Asian population is added) of the total population.<sup>11</sup>

The comparison with Rhodesia is even more instructive as European settlement started there (1890) at almost the same time as in Palestine when the indigenous population of both countries was comparable (about half a million). In

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<sup>10</sup>U.S. Bureau of the Census, *Historical Statistics of the United States* (Washington, DC: Government Printing Office, 1975), Series Z, 1168.

<sup>11</sup>Rodney Davenport and Christopher Saunders, *South Africa: A Modern History*, 5th ed. (New York: St. Martin's Press, Inc., 2000), 428.



1961, after seventy years of settlement, the European population reached 220,000, which represented only 7 percent of the total population of 3,131,000,<sup>12</sup> in a country whose area was 150,000 square miles, almost fifteen times bigger than Palestine.<sup>13</sup>

#### 1.2.4 Inflow of Money and Capital Stock

Another major indicator of and contributing factor in the fast pace of the social and economic transformation of Palestine was the substantial amount of money and capital stock brought into the country by the Jewish European settlers and the Zionist institutions, and, as part of its war efforts, the inflow of large sums of money from the British government to cover its military expenditures during and after World War II (WWII).

There are two sets of annual figures on “Jewish capital imports” that are generally similar, but one starts earlier and the other ends in later years. The first set of annual figures is from 1917-1918 to 1944-1945 with a total of £P 153,914,000.<sup>14</sup> The other set of figures is for the period from 1922-1947 and adds up to £P 170,901,000 (£P 130,509,000 in 1936 prices).<sup>15</sup> If the overlapping

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<sup>12</sup>Robin Palmer, *Land and Racial Domination in Rhodesia* (Berkeley: University of California Press, 1977), 12.

<sup>13</sup>*Ibid.*, 5.

<sup>14</sup>David Gurevich, *Statistical Handbook of Jewish Palestine* (Jerusalem: Jewish Agency for Palestine, Department of Statistics, 1947), 375.

<sup>15</sup>Jacob Metzger, *The Divided Economy of Mandatory Palestine* (Cambridge: Cambridge University Press, 1998), 245.

years are eliminated and the two sets of figures are combined, we get the total figure of £P 180,464,000 of Jewish capital imports for 1918-1947.

Then there were the military expenditures by the British government during WWII (1939-1945) that totaled £P 113,700,000. After the war and during 1945 and 1946, military expenditures continued and totaled £P 47,800,000.<sup>16</sup>

### 1.2.5 Transportation

The spread of market relations in Palestine and its further intensified integration in the world capitalist market were facilitated by the substantial increase in the transportation infrastructure within the country and with the outside world. In the case of roads, the increase was relatively phenomenal. Although at least half of the increase was initiated for the military purposes of the government during the 1936-1939 Revolt and WWII, nonetheless their construction facilitated internal and external trade. Between 1917 and 1945, all-weather roads increased from 233 to 2,660 kilometers long, representing an increase of almost eleven and a half times. At the same time, seasonal roads increased from 192 to 1,565 kilometers, an eightfold increase.<sup>17</sup>

As for railroads, besides the government's improvement of the existing lines, it doubled the length of the tracks to 520 kilometers, which were primarily

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<sup>16</sup>Government of Palestine, *Supplement to Survey of Palestine* (Jerusalem: Government Printer, 1947), 109.

<sup>17</sup>*Survey II*, 859.

used for the transport of goods to and from the Haifa harbor.<sup>18</sup>

The extension of roads and railroads was complemented by the expansion of sea and air links with the outside world. In 1918, Palestine had four seaports at Gaza, Acre, Haifa, and Jaffa, the latter being “one of the oldest in the world.”<sup>19</sup> Shipping at Gaza and Acre was insignificant and remained so during the Mandate. They were open roadsteads primarily used for coastwise shipping and received mainly sailing vessels. In 1936-1937, a port with a lighter basin was constructed in Tel-Aviv. Foreign trade was handled primarily at the Jaffa and Haifa ports. Improvements were made at the Jaffa port, and in 1933, construction at the Haifa port was completed making it a modern deep-water harbor.<sup>20</sup> Those changes made possible the considerable increase of tonnage handled at both ports. In 1927, the tons handled at all ports were 293,000, and by 1944, it increased to 1,737,000 in addition to 2,384,000 tons of petroleum for the Iraq Petroleum Company.<sup>21</sup>

By the end of the Mandate, there were several airports and airstrips. The main and most modern one was at Lydda, which was constructed in 1936.<sup>22</sup> Although the airports were not used for trade in goods, they played an obviously

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<sup>18</sup>Ibid., 853-4; Husni Sawwaf, *Transportation and Communication*, in *Economic Organization of Palestine*, ed. Said Himadeh (Beirut: The American University of Beirut, 1938), 318.

<sup>19</sup>*Survey II*, 857.

<sup>20</sup>Sawwaf, 336.

<sup>21</sup>*Survey II*, 857.

<sup>22</sup>Sawwaf, 338; *Abstract, 1944/45*, 221, 242.

important role in connecting Palestine with the outside world.

### 1.2.6 Trade

Palestine's trade grew substantially during the Mandate. Whereas in 1922 total trade was £P 7,115,000, it grew to £P 50,862,000 by the end of 1944, a sevenfold increase.<sup>23</sup> Imports increased from £P 5,726,000 in 1922 to £P 36,224,000 in 1944. Exports increased from £P 1,389,000 in 1922 to £P 14,638,000 in 1944. A major proportion of this increase in trade, whether measured in value or volume, was during the 1930s when world trade declined substantially. The increase in imports and exports, as measured in value, continued during WWII. However, measured in 1939 prices, the volume of exports increased by about twofold and imports decreased by about half.<sup>24</sup>

### 1.2.7 National Income

As might be expected, the above outlined growth in population, money and capital stock inflows, transportation infrastructure, and trade also meant and was reflected in the substantial increase in national output. According to one set of estimates, net domestic product, in current prices, increased from £P 12,896,000 in 1922 to £P 210,397,000 in 1947, a sixteenfold increase. In 1936 prices, net domestic product increased by eight and a half times from £P 8,360,000 in 1922 to

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<sup>23</sup>*Statistical Abstract, 1944/45*, 63.

<sup>24</sup>*Ibid.*, 66.

£P 70,877,000 in 1947.<sup>25</sup>

### 1.3 Literature Review

William Faulkner asserted, “The past is not dead. It’s not even past.”<sup>26</sup>

The economic history of Palestine during the Mandate period (1918-1948) is currently a contentious history because of the light it casts on our understanding of the emergence of the state of Israel and the current views of the Palestinian-Israeli conflict and ways to resolve it. The dominant approach to Mandate economic history is that of dualism. Dualism asserts that during the Mandate there existed an Arab economic sector and a Jewish economic sector. In some forms of dualism, these sectors interact, and in others, these sectors lay side-by-side with little consequential interactions. What is common among all dualist approaches is an emphasis on the historically unique and specific aspects of the development of the Jewish sector. This contrasts sharply with the two current alternatives to dualism: (a) the capitalist-expansion into a precapitalist-economy approach and (b) the similar European-colonial-expansion approach. While the dualist approach emphasizes the historically “unique” aspects of the Mandate period, the capitalist and European expansionist approaches emphasize the commonalities between the Mandate period and similar events at other times and places around the world. From an ideological perspective, dualism sees the Mandate period as a unique

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<sup>25</sup>Metzer, *Divided Economy*, Tables A.19, A.20, and A.22, 239-40, 242.

<sup>26</sup>William Faulkner, *Requiem for a Nun* (New York: Random House, 1951).

precursor to a historically exceptional establishment of the state of Israel, while the capitalist-expansion or colonial-expansion frameworks cast the establishment of Israel in a familiar light hauntingly reminiscent of other capitalist or colonial experiences. Our challenge is to transcend this methodological dichotomy in order to better see both the historically specific aspects of the Mandate period and the commonalities the Mandate had with other similar events elsewhere.

On another plane, the economic literature on the Mandate may be seen as divided into three methodologies regarding causation. Decision-making models focus on individual decisions in the context of preexisting options. This traditional neoclassical approach informs much (but not all) of the dualism literature. This approach tends to be ahistorical in explaining how individuals respond to their options because it tends to have little to say about where those options come from. Nonetheless, in the context of changing options, decision-making theories can be informative. Systems models look beyond the individual but tend to show how a system operates with less ability to show how that system might change.

Exogenous changes dominate the longer term histories of system theorists. Decision-making theories and system theories tend to be two sides of the same static-history coin. One sees how the individual operates; the other sees how the system operates. Both need an external “coin flipper” to derive dramatic historical change. Because we are dealing with dramatic historical change during the Mandate period culminating in the establishment of the state of Israel, these two approaches overly restrict our ability to investigate matters, and we will look for a

broader, more historical methodology to assist our inquiry.

As indicated above, there have been basically three approaches to the study of the Palestine economy during the Mandate period: (a) one that uses a “dual-economy” approach, (b) one that employs the “articulation of capitalist/noncapitalist” modes of production, and (c) one that views Palestine as a “typical colony.”<sup>27</sup> However, most of the extant literature employs the dual-economy approach. The major assumption of all who use this approach is that there existed in Palestine two economies or two sectors, one Arab (traditional) and one Jewish (modern), and that these sectors or economies developed separately from each other. Any relationship between the two sectors, when acknowledged, is considered limited and thus inconsequential. The ideological implication of the dual-economy approach is that the Israeli economy that was borne out of the Mandate period was largely or entirely a self-made entity reliant primarily or exclusively on its own internal dynamism and its connection to European immigration and European capital.

Although there are several variants within this dualistic approach, they all share one feature that may be considered as the foundation for their analysis: the stress on the different social and economic characteristics of the “two sectors.” The differences between the two sectors become, in themselves, implicitly or explicitly, the basis for the thesis of dual economy and separate development.

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<sup>27</sup>Roger Owen, “Introduction,” *Studies in the Economic and Social History of Palestine in the Nineteenth and Twentieth Centuries* (Carbondale: Southern Illinois University Press, 1982), 3-8.

### 1.3.1 Dual-economy Approach

In describing the dual-economy literature, I will argue that this approach suffers from six weaknesses. First, some versions selectively rely upon data from unusual years to characterize the entire Mandate period. Second, and more generally, this approach tends towards tautology arguing that the socioeconomic differences between the Arab and Jewish sectors determine the differences in their market systems while differences in their markets determined (or at least reinforced) the differences in the socioeconomic systems. This tight circular causation has only limited explanatory power. Third, in identifying the existence of surplus labor in Arab agriculture, this approach, when it explains the surplus at all, exclusively roots this surplus in population growth and its consequent pressure on land resources without considering the more important processes that alienated peasants from the land. Fourth, this approach tends to neglect or downplay the role of the colonial mandatory government in facilitating the growth and development of the Jewish European sector and at the same time does not address the differential impact the government's policy had on the two sectors and communities. Fifth, in considering interactions between the Arab and Jewish "economies," the dualistic approach tends to look at the macroeconomic "benefits" the "Arab sector" received from demand generated by the "Jewish sector" while ignoring the negative microeconomic effects associated with a changed distribution of income and wealth in the Arab sector because of its connection to the "Jewish economy." Perhaps most importantly, the dualist approach fails to examine how the spread of



market relations and the increased integration of the local economy in the world market differentially impacted the two communities and reshaped their class structures, economic roles. Within this context, the dualist approach does not address the mutual impact the interaction between the two sectors had on each and on the economy as a whole. Last, the dualist literature posits the settlement and expansion of the “Jewish economy in” Palestine as a historically unique experience disconnected from other European colonial settlements. Although this ideological preinclination has the virtue of focusing on the historically specific aspects of the Mandate economy, it suffers from the inability to draw analogies and evidence from elsewhere to cast perspective upon and provide insight about the development of the Mandate economy.

### 1.3.2 One-sector Dualism

One implicit variant of the dual approach are those works that ignore Palestinian Arabs altogether and thus posit a separate development for a Jewish sector. An example of this variant is one that “discusses the development of the Jewish community during the Mandate period with virtually no reference to Palestinian Arabs.”<sup>28</sup> Thus, “the *Yishuv* (Jewish settler community in Palestine) appears to have developed in a vacuum, entirely disconnected from and

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<sup>28</sup>Talal Asad, “Anthropological Texts and Ideological Problems: An Analysis of Cohen on Arab Villages in Israel,” *Review of Middle East Studies* 1 (1975): 1-40, 32, footnote 11. An example of this variant is S. N. Eisenstadt, *Israeli Society* (London: Weidenfeld & Nicolson, 1967).

uninfluenced by the Arab society in whose midst it was situated.”<sup>29</sup>

### 1.3.3 True Dualism With Strong Separation

The second variant postulates duality and separation explicitly. An example of this approach is the book by Halevi and Klinov-Malul.<sup>30</sup> In Chapter 2 titled “Development of the Jewish Economy in Palestine: 1920-1947,” they begin with a brief comment on population growth of the country and its distribution between what they call “non-Jews” and Jews, the latter’s increase being primarily because of immigration. Then they proceed to describe the favorable characteristics of the immigrants in terms of age distribution, levels of education and health, and occupational distribution. They also provide estimates of capital imports and investments in the Jewish sector, and national income for the “two economies.” This is followed by brief comments on the differences between the two economies (i.e., Arab and Jewish) in terms of occupational structure, the sectoral contribution to each community’s national income, per-capita income, and productivity. In addition, they deal with growth and structural change in the Jewish economy pointing to the substantial increase in the share of manufacturing in its national income.

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<sup>29</sup>Zachary Lockman, *Comrades and Enemies: Arab and Jewish Workers in Palestine, 1906-1948* (Berkeley: University of California Press, 1996), 5.

<sup>30</sup>Nadav Halevi and Ruth Klinov-Malul, *The Economic Development of Israel*, (New York: Praeger, 1968).

Although Halevi and Klinov-Malul confined their discussion of British economic policies primarily as to their effect on the Jewish community, especially in the areas of immigration and land acquisitions, which they characterize as restrictive, they nonetheless recognize the irrefutable role of the overall policies in the development of the Jewish economy. This role was acknowledged, albeit in general terms, in the following way:

It is unfair to say, as many Jewish authorities have said, that the mandatory government did its best to hamper the development of Jewish Palestine: certainly the tremendous growth of the Jewish sector contradicts such a view, unless one also accuses the British administration of complete incompetence!<sup>31</sup>

On the other hand, nothing is said about the impact of British policies, economic and otherwise, on the indigenous Palestinian Arabs. Similarly, there is no discussion of the impact of European settlement on the indigenous as a whole or on agriculture. The impact of land acquisitions, dealt with in the context of what they perceive as restrictive government policy, was confined to minimizing its effects in the displacement of peasants and positively in “that the standard of living of Arabs, including farmers, had risen considerably.”<sup>32</sup>

Halevi and Klinov-Malul conclude their arguments as follows:

The two communities were really two separate economies. In addition to land, Jews bought some agricultural goods from Arabs and sold them some industrial goods, and many Arabs worked in Jewish agriculture and building. But it has been estimated that in 1936 total intersectoral trade and final and intermediate goods and

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<sup>31</sup>Ibid., 30.

<sup>32</sup>Ibid., 35.

services came to only about 7 percent of Palestine's national income.<sup>33</sup>

However, in a footnote, they concede, "Since 1936 was a year of open hostility, this *may* be less than in peaceful years" [emphasis mine]. In other words, they selected data on *one* exceptional year that fits with their assumption of limited interaction and separate "economies," and chose to ignore the years preceding and following the Arab Revolt of 1936-1939. Besides their reliance on selective data, their analysis and conclusions hinge on the obvious different social and economic characteristics of the two communities without delving into the underlying process of mutual impact and government policies.

Another example of this variant is the work of Horowitz and Lissak.<sup>34</sup> In general, their points of emphasis and argument are similar to Halevi and Klinov-Malul. However, in addition to economic differences between the two communities, they stress the cultural, social, and political differences, and their "ecological segregation." In the economic sphere, they also speak of competition faced by the Jewish economy from the "Arab economy" in the labor and product markets because of the cheaper costs of the latter. The competition in the labor was because of "a surplus of agricultural labour [sic] [which] *appeared* in the Arab economy" [emphasis mine] at the turn of the twentieth century. No explanation was offered as to how and why this "surplus labor" made its "appearance." An

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<sup>33</sup>Ibid., 38.

<sup>34</sup>Dan Horowitz and Moshe Lissak, *Origins of the Israeli Polity, Palestine Under the Mandate* (Chicago: The University of Chicago Press, 1978).

explanation of wage labor and surplus labor is dealt with extensively in Chapter 6 in the context of the process of the differentiation of the peasantry. In addition, Horowitz and Lissak do not include British economic policies in their work.

Finally, they also use data exclusively from 1936 to confirm their hypothesis of two separate economies.

The data for 1936 show that the input deriving from the sale of industrial goods and services to the Jewish economy from the Arab economy [was] only about 3 percent of the monetary value of [total] inputs in the Jewish sector. . . . As for the input of the Jewish sector to the Arab sector from the purchase of goods and services, this [was] . . . about 10 percent.<sup>35</sup>

They also mention that Arab workers in the Jewish economy represented 14.6 percent of its total employment but were considered insignificant. They conclude, “From the data above it is clear that the relations between the two economies were small and asymmetrical. Jewish capital flowed into the Arab sector to a greater extent than Arab capital flowed into the Jewish sector.”<sup>36</sup> Thus, Horowitz and Lissak, like Halevi and Klinov-Malul, not only confirm their hypothesis of two separate economies by using data from 1936 only, but they also speak of the benefits accruing to the Arab economy from the inflow of capital from the Jewish economy. Yet another example of the use of selective data was the work of Szerszewski who chose the brief period of the Arab Revolt of 1936-1939 and then

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<sup>35</sup>Ibid., 31.

<sup>36</sup>Ibid.

generalized the conclusion of dual economy to the whole Mandate.<sup>37</sup>

#### 1.3.4 Dualism With Interaction

Because I argue that the dualist approach fails, it is most useful to carefully consider the dualist approach that goes the furthest in the direction of examining the interactions between the Arab and Jewish economies. Among dualists, Jacob Metzger best represents those who see strong interactions between the two sectors. Understanding Metzger will best help us understand the strengths and ultimate weaknesses of dualism in explaining the economic development of the Mandate economy.

A partial corrective to the selective use of data from 1936-1939 was offered in an article by Metzger and Kaplan who also adopt the dual-economy approach.<sup>38</sup> Recognizing the disruption of economic relations between Arabs and Jews during the Revolt, they confined their analysis to 1921-1935. They do not include the WWII period because it “was dominated . . . by short-run economic opportunities and constraints generated” by the war.<sup>39</sup> That is when economic interaction between Arab and Jewish settlers resumed at a time of the most substantial economic growth in the economy of Palestine. Although the massive war-related

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<sup>37</sup>Robert Szeszewski, *Essays on the Structure of the Jewish Economy in Palestine and Israel* (Jerusalem: Maurice Falk Institute for Economic Research in Israel, 1968).

<sup>38</sup>Jacob Metzger and Oded Kaplan, “Jointly But Severally: Arab Jewish Dualism and Economic Growth in Mandatory Palestine,” *The Journal of Economic History* 45, no. 2 (1985): 327-45.

<sup>39</sup>*Ibid.*, 328.

demand may be characterized as “short-run economic opportunities and constraints,” it nonetheless provided, given the substantial increase in settler manufacturing and the introduction of new industries, the long-run basis for the consolidation of the settlers’ economy, which further undermined any possible competition from the Arab economy.

In their article, Metzger and Kaplan offer a strange variation on the role or nonrole of the Mandate government. To the Arab and Jewish sectors, they add the government as a third sector; thus, “The first two are treated as national economies whose products measure economic activity. Intersectoral transactions and transfers between any two of the three sectors are treated as international trade.”<sup>40</sup> Now, even if one allows, for analytical purposes given their postulate of dual economy, the treatment of transactions between the Arab and Jewish economies as international trade, the same absolutely cannot be said of the so-called government sector. For example, the expenditures of the Mandate government came from revenues generated locally. The treatment of the government sector as an exogenous factor conceals the differential impact government revenues and expenditures had, but more importantly government policies, on the different branches of the economy (i.e., agriculture, industry, and services), and between and within the Palestinian Arabs and the Jewish community. Any government’s fiscal or other policies, regardless of intent, are never neutral in their effects. The role of the Mandate government and the impact and its policies are dealt with in

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<sup>40</sup>Ibid.

subsequent chapters.

At any rate, building on that article and other works by him and others, Metzger authored a more comprehensive work, *The Divided Economy of Mandatory Palestine*.<sup>41</sup> In this book, as in his other work, and while adhering to the dual-economy approach, Metzger distinguishes himself, as I alluded to earlier from the other variants of duality by allowing for interaction between what he interchangeably calls two economies and two sectors. In addition, he does not confine his analysis to the Jewish economy but also addresses the nature of and developments in the Arab economy, although to a lesser extent.

In the context of distinguishing himself from what he terms “[social] dualism,” Metzger states what he means by “economic dualism.”

The coexistence, within some broader frame of economic reference (state, region), of two interacting economic sectors that differ from one another in level of economic development, *both* of which are “rationally” responsive, in the economic sense, to their respective environments and material opportunities and constraints.<sup>42</sup>

More specifically, reference here is to economic units that differ from one another on the following Kuznetsian developmental counts: urbanization, the weight of agriculture (versus manufacturing industry) in employment and production, the institutional structure of farming and the nature of the financial markets, the extent of school enrollment, the skill composition of the labor force,

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<sup>41</sup>Metzger, *Divided Economy*.

<sup>42</sup>*Ibid.*, 10.



and the level of income per capita.<sup>43</sup> In essence then and despite his differences with the other adherents of the dual economy discussed above, Metzger makes a full circle to join them in using the differences between the Palestinian Arabs and the Jewish community as his starting point and basis for the dual-economy thesis.

Again, Metzger, unlike the others, allows interaction between the two economies while insisting on their separateness. He adopts Arthur W. Lewis's "four channels" of interaction: (a) the labor market, (b) the goods market, (c) the public sector, and (d) "demonstration and other effects" from the "modern" to the "premodern" sector, "thus bringing about some intersectoral convergence over time."<sup>44</sup> However, he then uses Myint's concept of "organizational dualism" to explain the persistence of disparities between the two sectors in all markets.

The two theoretical models, according to Metzger, are consistent with his observations of differences between the Arab and Jewish economies. In addition, it is these differences that play a major role in the interaction between the two economies. Metzger puts it as follows: "Precisely the same marked dissimilarities that distinguish the two economies from one another were largely responsible for their different comparative advantages, and were thus instrumental in facilitating bilateral trade."<sup>45</sup> Thus, the dual-economy model is appropriate for Mandatory Palestine. The only exception to the dual-economy model was that in the case of

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<sup>43</sup>Ibid.

<sup>44</sup>Ibid., 11.

<sup>45</sup>Ibid., 9-10.

Palestine, the two economies were “divided along ethno-national lines.”

So, after choosing his theoretical model, which fits in with his assumption of two economies and by default determine the units of analysis, Metzger sets out on a long empirical journey in the tradition of the so-called cliometric historians to verify his “thesis.” In Chapter 2, Metzger starts with a comparative discussion of the “demographic and socioeconomic traits” of the Palestinian Arabs and the Jewish European settler community. He begins with “the pace and sources of population growth” in which he illustrates the well-known fact that the increase in the Jewish population was predominantly because of immigration and grew at a much faster pace than the increase of the Arab population, which was because of natural increase. Other vital statistics discussed show the differences in birth, death, fertility, and mortality rates—all of which show higher rates among Arabs as compared to Jews. Those differences are then related to the broader issue of health in terms of resources and services available, again pointing to a gap in favor of the Jewish European community.

Another “developmental difference” was in the area of education where Metzger compared the availability of educational services and rates of employment for the two communities where the Jews “scored” higher in both; in addition, this gap was reflected in the negative correlation between illiteracy and per-capita income. Finally, he derives a human development index for thirty-four countries in addition to the Jewish community in Palestine and the Palestinian Arabs for 1939 that also, not unexpectedly I might add, illustrates the gap between the two in

favor of the Jewish community. Having established the “developmental distinction,” based on the differences in the demographic and socioeconomic attributes between the two, moves on to say in Chapter 4 that “the prime cause of the emergence of Mandatory Palestine as a divided economy must be sought in the markets for primary factors of production—land, reproducible capital, and labour [sic].”<sup>46</sup> That too he bases on the differences in the markets for these factors between the two economies.

In his discussion of land, Metzer deals with the volume of sales, especially that of Arabs to Jewish Europeans, the prices of land where he considers the prices paid by settlers to be too high, and the consequences of these sales. Metzer uses the neoclassical concepts of preference and free choice in explaining the sale of land by Palestinian Arabs to Jewish European settlers and sales within the former.

He states:

As for the landowners, by exchanging land for cash at the going price they revealed their preferences for selling over the alternative of holding on to their possessions: by doing so they obviously expected to improve their economic lot.

This inference holds for poor peasants (*fellaheen*) who may have sold their land in order to pay off or at least reduce their debts (some even turning into tenants, cultivating their previously owned land), as well as for owners of large estates who used the proceeds from their land sales to finance ventures of sufficiently high expected profitability, in agriculture or elsewhere.<sup>47</sup>

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<sup>46</sup>*Ibid.*, 84.

<sup>47</sup>*Ibid.*, 90.

What Metzger does is equate the behavior of poor peasants who are largely dependent on the produce of their land to that of large land owners who, as he correctly points out, could or did use the proceeds for more profitable ventures, and, I might add, who had enough accumulated wealth and other sources of income to live on. Although Metzger recognizes the reason why a poor peasant may sell his land (i.e., indebtedness), it is definitely not clear whether becoming a tenant was an improvement in his “economic lot” given the general onerous conditions of tenancy. It may have been the case for some peasants, but as I try to show in this study, the sale of land by poor peasants was not a matter of “free choice” or “preference” but because of their inability to hold on to their land as pressures mounted on them by money lenders as market relations intensified, especially in the case of the market for land.

As for those poor peasants who sold their land, but did not become tenants, the question is how could they have improved their “economic lot,” when a meaningful alternative source of income (e.g., regular or permanent wage labor) was lacking until the early 1940s. Another possible alternative would have been sharecropping on someone else’s land, but the income from that depended on the nature and size of the land, and the terms of the sharecropping agreement. At any rate, it is not clear how widespread was sharecropping during the Mandate, but it seems that it was a declining option as many of the larger estates were being sold to European settlers. It seems that a poor peasant given “free choice” (i.e., not pressured to sell) would “reveal his preference” for holding on to his land with

debt over selling it when no regular or permanent alternative source of income was available; his land would at least provide some subsistence goods. This is a good example of the use of neoclassical theory that concentrates on individual decision making, which could be useful in certain select instances, but which ignore or dismiss the overall context and processes in which individuals make their decisions.

Metzer addresses the unavoidable issue of evicted Arab tenants as a result of the acquisition of land by Jewish European settlers and calculates an “upper-bound estimate” of 8,000 tenant households (16,000 tenant workers) or about 9 percent of the total Arab labor force in 1931 for the period 1921-1947.<sup>48</sup> Metzer compares his estimate to one by Kamen<sup>49</sup> of 8,200 displaced households of tenants and owner-cultivators. Since Kamen included owner-cultivators in his estimate, Metzer argues, his estimate is actually higher than Kamen’s.<sup>50</sup> However, what Metzer fails to point out is that Kamen’s estimate was for 1930-1945 only. Given that by 1930, settler acquisition of land amounted to about 60 percent of their total acquisitions and the well-known fact that most of the tenant-cultivated land was sold prior to 1930 (including the pre-Mandate period), the number of evicted tenants may be much higher, although lack of data does not permit a precise quantification of their numbers. At any rate, what is equally important

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<sup>48</sup>Ibid., 93.

<sup>49</sup>Charles S. Kamen, *Little Common Ground: Arab Agriculture and Jewish Settlement in Palestine, 1920-1948* (Pittsburgh: University of Pittsburgh Press, 1991), Table 8, 156.

<sup>50</sup>Metzer, *Divided Economy*, 93.

besides numbers is that whole villages and communities were uprooted in the process.<sup>51</sup> In addition, Metzger's exclusion of owner-cultivators of small plots who were displaced by European acquisitions is characteristic of his whole study that focuses on directly observable and quantifiable phenomena while ignoring the underlying and more complex process of the overall impact of European settlement, in this instance, on the indigenous rural areas.

Another example of underestimating or ignoring altogether the impact of European settlements on Arab rural areas is when Metzger deals with the Zionist policy of, after the acquisition of land, the prohibition of its sale or lease to Palestinian Arabs or other non-Jews. He states, "This unilaterally imposed segregation, besides its territorial-political connotations in the Arab-Jewish conflict, also implied a reduction in the overall land-buying options of non-Jews."<sup>52</sup> Thus, at a time of increasing Arab population in a primarily agricultural society, the exclusivist Jewish land policy is reduced to simply a "reduction in options." Then after he correctly points out "that inequality of ownership of large estates rose substantially" between 1919 and 1936 among Palestinian Arabs, Metzger continues:

This finding suggests that whatever the effect of large tracts being purchased by Jews on reducing the size of the remaining Arab holdings, as far as the changes in the size distribution of Arab land is concerned, concentration of ownership within the Arab sector seems to have dominated the scene, alongside the continued

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<sup>51</sup>Elia Zureik, *The Palestinians in Israel: A Study in Internal Colonialism* (London: Routledge and Kegan Paul, 1979), 46.

<sup>52</sup>Metzger, *Divided Economy*, 87.

fragmentation of smallholdings over the years.<sup>53</sup>

What Metzger does here is skirt around the effects of Jewish European acquisitions in reducing the average size of the Arab holding, and at the same time exempts them from any role in the changes in the size distribution of holdings. In other words, Metzger's methodology of observable linear causation and ideological predisposition makes him avoid or not allow him to see the role Jewish European acquisitions played in the intensification of the commoditization of land in the context of the overall increase in market relations. This is not to deny the role and impact of the structure of Palestinian rural society and its internal dynamics in the process of changing property relations. It is rather to assert that that process is best seen through the intertwined impact of several factors.

The differences between the two economies are then dealt with in Metzger's discussion of capital accumulation. "Fixed assets were accumulated and retained largely within the separate 'economic confines' of the Arab and Jewish communities."<sup>54</sup> In addition, the Jewish economy showed much higher rates of accumulation and investment than the Arab economy such that by 1947 the former's share in the "total fixed reproducible capital" grew to about 52 percent as compared to 17 percent in 1922. The Arab economy's share fell from 76 percent in 1922 to 38 percent in 1947. The share of total investment for 1922-1947 was 60 percent for the Jewish economy, 29 percent for the Arab economy, and the

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<sup>53</sup>Ibid., 98-9.

<sup>54</sup>Ibid., 103.

remaining 11 percent for the government.<sup>55</sup> The substantial increase in the share of the Jewish economy reflected the “extremely high investment to GNP [gross national product] ratio: an average of 31.3 percent for 1922-47 . . . and 39.3 percent in 1922-39.” Most of this investment was generated externally and “followed the combined pattern of immigration and capital imports.”<sup>56</sup> According to Metzger, 75 percent of total investment was private and the rest were transfers by the World Zionist Organization, its affiliates, and other donations. “This influx of capital, which was closely associated with that of immigration, enabled the Jewish community to undertake massive investments before WWII without having to resort to foreign borrowing or to domestic savings.”<sup>57</sup> It is my contention that the growth of the Jewish economy, to the extent it did, was primarily determined by this massive inflow of capital imports without which all the other demographic and socioeconomic traits of the settlers would have come to naught.

Then there were the differences between the “organized financial markets” in the Jewish economy and the “unorganized” ones in the Arab economy, where the former consists of mainly commercial and credit banks and so on, and the latter involves mainly money lenders, relatives, and cooperatives. These differences meant that borrowers in the unorganized financial markets paid much higher interest rates than that in the organized financial markets. The differences

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<sup>55</sup>Ibid., 105.

<sup>56</sup>Ibid., 106.

<sup>57</sup>Ibid.



are not confined to interest rates, but also within the organized financial market (Jewish and Arab banks), Metzger, relying on impressionistic and qualitative evidence, adds:

It is likely that while the major foreign banks may have served the population and businesses of Palestine rather indiscriminately, the local Arab banks and credit cooperatives collected deposits from and extended credit primarily to Arabs, and the Jewish institutions, largely to Jews.<sup>58</sup>

Next Metzger deals with differences in the labor market. He starts with a comparison of the age structure of the Arabs and Jews. He derives the dependency ratio and labor participation rates where the Arabs had a higher ratio in the first and lower one in the second. These disparities translate into “production advantages” and “income per-capita differentials” in favor of the Jewish community in addition to the other advantages of the socioeconomic attributes discussed earlier. Then the occupational structure between the two economies is compared in terms of skill levels. That also shows higher skill levels for Jewish labor, which is “consistent with the socioeconomic differences between the two communities.”<sup>59</sup> These factors also, according to Metzger, explain part of the wage differentials between Arabs and Jews in government employment within occupations that “required only plain (unskilled) labor.”<sup>60</sup> Here, Metzger is trying to force his “duality” in explaining wage differentials even for unskilled labor in

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<sup>58</sup>Ibid., 116.

<sup>59</sup>Ibid., 122.

<sup>60</sup>Ibid., 126-7.

the same sector (government). This part of his argument downplays the role of the government in facilitating the European settler project. In fact, in 1928, and after pressure by the Zionist Organization and the *Histadrut*, the government's Wages Commission adopted "four wage levels for unskilled labor: Arab rural, 120-150 mils a day; Arab urban, 140-170; Jewish nonunion, 150-300; and Jewish union, 280-300."<sup>61</sup> This was in spite of what this meant in increased costs for the government, which was contrary to normal colonial practice.

The other part of the explanation in wage differentials between Arabs and Jews, according to Metzger, lies in "structural and institutional factors," some of which are general to economic dualism and some specific to Palestine. The general factors are the following:

- (a) "hidden" productivity differences between laborers of peasant origin and the more experienced, even if unskilled, urban workforce;
- (b) "pull" effects of comparatively high-wage urban jobs coupled with demographic pressure on rural resources and additional factors (such as capital-market dualism) "pushing" peasants out of traditional agriculture; [and] (c) institutional constraints such as union power.<sup>62</sup>

To substantiate the pull effects of urban wages, Metzger calculates and compares the "Arab agricultural product per worker in the 1930s (£P 20 in 1931, £P 33 in 1935, and £P 25 in 1939)" with the "nonfarm wages earned by Arabs, namely unskilled construction workers (£P 31, £P 35, £P 27 on the basis of 250

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<sup>61</sup>Barbara J. Smith, *The Roots of Separatism in Palestine: British Economic Policy, 1920-1929* (Syracuse: Syracuse University Press, 1993), 156.

<sup>62</sup>Metzger, *Divided Economy*, 127.

yearly workdays in 1931, 1935, 1939, respectively).” This “shows that the income of urban labor was definitely higher than the value added per worker in Arab agriculture.”<sup>63</sup> There are several problems here.

First, Metzger’s assumption of 250 workdays is completely unrealistic. It is a well-known fact that most of the available wage employment was casual, temporary, and seasonal with the exception of that associated with war efforts starting in mid-1940. However, Metzger’s assumption of 250 days worked fits neatly with the “pull” effects of his dual-economy model. Even assuming that 250 working days were available, and given the relatively small difference in earnings between agriculture and urban wage labor, especially for 1935 and 1939 (about 10 percent), it is hard to believe that a peasant would leave his land and family to go work in urban areas. The exception to this would be if there was sufficient family labor to compensate for his labor. Otherwise, peasants did work on a casual basis to supplement their incomes. Peasants who hired out on a regular basis, when and if available, were mostly those who either completely lost their land or could not eke out a living from what land they owned (i.e., those who “earned” much less than Metzger’s average “agricultural product per worker”).

In addition to the “typical” factors acting in a dual economy, a major one specific to Palestine that explains the wage differentials was the implementation of the “Jewish labor-only” policy in the Jewish economy that sought to prevent Arab labor from competing with Jewish wage labor. This policy was adhered to

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<sup>63</sup>Ibid.

completely on land and in other ventures that were leased from or supported by official Zionist institutions. In the privately owned enterprises, this policy was not completely successful.

According to Metzger, in 1921, 14 percent “of all persons employed in the Jewish economy were Arabs.” In 1931, it was 10 percent, but, more importantly, represented “20 to 23 percent of all wage earners in the Jewish economy,” and those were 8 to 10 percent of the total Arab wage labor. In 1935, the “12,000 Arabs . . . employed by Jews . . . accounted for about 5 percent of the entire labor force, and for about 8.5 percent of all persons employed in the Jewish economy that year.”<sup>64</sup> Those Arab wage laborers comprised 15 to 17 percent of all wage labor in the Jewish economy and 11 to 15 percent of total Arab wage labor.

Thus, “these figures clearly demonstrate that the unskilled labor market was far from segregated,”<sup>65</sup> which means that the Jewish labor-only policy was not completely successful (i.e., could not exclude Arab labor but succeeded in limiting their numbers). The wage gaps “strongly suggest that the labor market, if not segregated, was definitely ethno-nationally segmented.”<sup>66</sup> This allowed Jewish employees to “recoup part of the cost” of hiring Jewish workers by paying less wages to Arab workers. The “supply of unskilled Arab labor imposed an effective

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<sup>64</sup>Ibid., 130-31.

<sup>65</sup>Ibid., 131.

<sup>66</sup>Ibid.

ceiling on the wages of unskilled Jewish labor, creating a fairly large wage differential between skilled and unskilled Jewish employees.”<sup>67</sup> Thus, the wage gap between and within Arab and Jewish labor is explained by the segmented labor market whose segmentation was strengthened by organizational and institutional efforts.

Metzer’s own analysis of the effect of the supply of Arab labor on the wages of unskilled Jewish labor is one instance that undermines his assumption of two separate economies that implies no mutual impact, although he allows for interaction between them. In a similar vein and in connection with the numbers and percentages of Arab labor employed in the Jewish economy mentioned above, one writer raised “the question of which degree of interaction is permissible in order to affirm the existence of a ‘divided economy.’”<sup>68</sup> At the same time, the adherence to a segmented labor-market approach allows Metzer to avoid coming to terms with the colonial exploitation of the indigenous Palestinian labor as was the case of other colonial situations, regardless of the extent of use of that labor, which was not insubstantial in Palestine.

The critical importance of Palestinian wage labor to the settlers can be more fully gauged when looked at in its distribution. In citrus, and according to Metzer’s own estimates for 1935, Arab wage labor represented “60 percent of all employed

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<sup>67</sup>Ibid.

<sup>68</sup>Frank Peter, “Review of the Divided Economy of Mandatory Palestine by Jacob Metzer,” *Journal of the Economic and Social History of the Orient* 44, no. 4 (2001): 600-2.

persons”<sup>69</sup> in Jewish-owned groves “and in Jewish agriculture at large no less than 42 percent.”<sup>70</sup> Those would be much higher as a percentage of Jewish wage labor whether in citrus or in agriculture as a whole. The predominance of citrus in Jewish European agriculture is clear: From 1931 to 1935, when the largest number of Arab wage labor worked in Jewish European groves, Jewish European citrus output accounted for between 68 and 79 percent of total Jewish European agricultural output.<sup>71</sup> In 1935, Jewish European citrus exports represented 79 percent of *total* Jewish exports;<sup>72</sup> and by the late 1930s, Jewish citrus groves represented 30 percent of the total cultivated area by Jews and between 40 and 50 percent of total Jewish agricultural employment.<sup>73</sup>

Similarly, but to a lesser extent, was the case in construction. In 1935, the number of Arab wage labor represented 13 percent of the total labor force in Jewish construction, and in 1945, it was more than 29 percent.<sup>74</sup>

Next Metzger deals with production in the two economies. He applies an input-output analysis “within a ‘growth-accounting’ framework” from which he derives “a crude summary description of aggregate production,” and increase of

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<sup>69</sup>Metzger, *Divided Economy*, 175.

<sup>70</sup>*Ibid.*

<sup>71</sup>*Ibid.*, 146, 227, Table A.12.

<sup>72</sup>*Ibid.*, Table 5.8, 168.

<sup>73</sup>*Ibid.*, 149.

<sup>74</sup>*Ibid.*, Table A.5, 219.

productivity.<sup>75</sup> His calculations show an increase of productivity in both economies and an annual growth rate of 6.5 percent and 13.2 percent for the Arab and Jewish economies for the period 1922-1947, respectively.

The structure of employment and output are then calculated and discussed. The sector distribution of labor and output points to substantial differences that, in Metzer's view, are "consistent with, and serves an integral component of, the socioeconomic profile, developmentally distinguishing between the two communities within a generally dualistic context."<sup>76</sup>

In terms of agriculture, there was growth in both economies, but the rate of growth in Jewish agriculture was double that of Arab agriculture. As for agriculture's share of employment, there was both a relative and absolute decline for Jewish agriculture. For Arab agriculture, Metzer's calculations show an absolute increase and a relative decline in its share of employment. The latter, according to Metzer, reflected "primarily the secular (albeit mild) exit from farming, as discussed earlier."<sup>77</sup> His earlier discussion in explaining this exit revolved around the "pull" effects of higher urban wages, "capital market dualism," and population pressure. I already discussed the issue of preference of peasants for exiting from agriculture earlier and will expand on it in the chapter on differentiation.

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<sup>75</sup>Ibid., 138-9.

<sup>76</sup>Ibid., 141.

<sup>77</sup>Ibid., 143.

Metzer's explanations coupled with the relative decline in the share of Arab agricultural employment may give the wrong impression that there were significant structural changes in the Arab economy. This is more apparent than real. A majority of Arab peasants who exited from agriculture, especially during WWII, were not absorbed in the other sectors of the Arab economy but in war-contingent government employment. Most of those peasants were either landless employed as wage laborers in varying degrees or in possession of small pieces of land that provided meager subsistence. Both of those groups were considered part of the agricultural labor force before the war. Statistically speaking, their exit during the war means a relative decline in the share of agricultural employment and what appears as a relative increase in the share of the other sectors.

In manufacturing, Metzer points out the disparities, not unexpectedly, between the two economies in terms of size of establishment, capital, horsepower, average number of workers per establishment, and output. The Jewish sector's share of value added in manufacturing increased from about half in the early 1920s to 80 percent by 1947 "thanks largely to the massive inflow of people and capital . . . and the war-induced industrialization phase."<sup>78</sup> Within the Jewish economy, that was also reflected in the substantial increase of manufacture's share in employment (doubled) and output (almost doubled).<sup>79</sup> However, although Metzer offers a credible explanation for this substantial growth in such a short

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<sup>78</sup>Ibid., 154.

<sup>79</sup>Ibid., Table 5.2, 142.



time, he offers no explanation for the stability of manufacture's share in employment and output in the Arab economy throughout the 1930s and into the end of the Mandate. The "massive inflow of capital imports" and other resources that Metzger assigns as the primary reason for the growth in the Jewish economy could not but inhibit competition from the Arab economy in general but especially in manufacture.

This applies to the period preceding WWII and during the war. The massive spending during the war and especially its demand for manufactured products would have had a more positive impact on Arab manufactures if it did not have to compete with Jewish European manufacture. A discussion or acknowledgment of competition nullifies, or at least substantially weakens, the two separate economies postulate because competition implies mutual impact.

Trade was dealt with as external trade and bilateral trade (i.e., between Arabs and Jews and between each with the outside world). External trade grew substantially and fast during the Mandate period and was primarily determined by Jewish imports. The external trade of each economy varied substantially in volume and composition. In 1922, the Arab economy's share was 62 percent of the total external trade of the country. By 1935, the situation was reversed such that the Jewish economy's share rose to 70 percent of the total.<sup>80</sup> The composition of trade also varied. The Jewish economy had a much higher share of its total imports comprised of durable and capital goods.

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<sup>80</sup>Ibid., Table 5.8, 168.

Part of the Jewish “advantage” in the importation of durable and capital goods in the mid-1930s was due to the *ha’avarah* arrangements, facilitating the extraction of Jewish capital from Nazi Germany in the form of German products, of which capital and durable goods constituted a substantial component (the *ha’avarah* transfers may have accounted for no less than 50 percent of the value of durables and capital goods imported by Jews in 1936). In part, however, this “advantage” reflected structural differences between the two sectors . . . in relative capital intensity in production, and in consumers’ wealth and demand for durable goods.<sup>81</sup>

In the case of exports, the Jewish economy had a higher share of its exports composed of manufactured goods than did the Arab economy. However, more important for this study is what Metzger calls “bilateral trade.” As expected in any “developmentally disparate dual economy,” Arabs sold agricultural produce and “labor services” to Jews. In turn, Jews sold “manufactured goods and various services.”<sup>82</sup> In addition, and specific to Palestine, Arabs sold land and manufactured goods, most of which were “quarry products and other building materials,” and rented dwellings to Jews.

The figures that Metzger provides on “bilateral trade” are as follows: 37 percent (30 percent net of land) of Arab total trade was with the Jewish economy, and 21 percent (16 percent net of land) of Jewish total trade was with the Arab economy.<sup>83</sup> A breakdown of total trade into its import and export components between the two economies gives the following figures: for imports, 18 percent of

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<sup>81</sup>Ibid., 169. These transfers “accounted for about a quarter of all imports in 1934-35.” Ibid, 163.

<sup>82</sup>Ibid., 170.

<sup>83</sup>Ibid.

total Arab imports came from the Jewish economy, and the latter imported 20 percent of its total from the Arab economy.<sup>84</sup> As for exports, 62 percent (50 percent net of land) of all Arab exports went to the Jewish economy and “for as much as 87 percent of Arab noncitrus farm exports in 1935,”<sup>85</sup> and Jewish exports to the Arab economy comprised 26 percent of total Jewish exports but “the Arab sector was the major outlet for the export of Jewish manufactured goods, [buying] about two-thirds of it.”<sup>86</sup>

A further breakdown showed that Arabs sold 13 percent of their total manufactured output to the Jewish economy and about 25 percent of their marketed noncitrus agricultural output. “No less than 88 percent of [all exports, excluding citrus] were sold to Jews.”<sup>87</sup> On the other hand, Jewish exports of manufactured goods to Arabs represented 12 percent of total Jewish manufactured output in 1935.

The question that arises here again is what level of interaction is allowable to maintain the thesis of two economies. However, as important as this quantitative dimension is, what is more crucial is that the figures of the interaction between the two economies that Metzger provides imply a not insubstantial degree of mutual impact and dependency. These figures, in other words, undermine his assumption

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<sup>84</sup>Ibid.

<sup>85</sup>Ibid., 172.

<sup>86</sup>Ibid., 172-3.

<sup>87</sup>Ibid., 173.

of two separate economies.

Next Metzer deals with the economic role of the public sectors (i.e., the government and the organized Zionist institutions). He points to the well-known attributes of British colonial fiscal policies, of “conservative fiscal management,” and similar breakdown in the “composition of government outlays,” both of which were adhered to in Palestine.<sup>88</sup>

Then Metzer describes the change over time in the components of tax revenues as between direct and indirect taxes, which, in Palestine, followed the normal cycle where in “premodern economies” direct taxes are a major share of revenue, then as development proceeds their share declines, and then rise again with further development. In Palestine, this pattern was observed in the 1921-1933, 1934-1941, and 1942-1947 periods.<sup>89</sup> Within this context, Metzer looks at the “incidents of government taxes and expenditures along Arab-Jewish lines.” He chooses the two fiscal years, 1926-1927 and 1935-1936, where he finds

that in both the proportion of total tax revenues paid by Jews was substantially larger than their share in Palestine’s total income, let alone in the overall population. . . . This outcome was driven solely by the exceedingly large proportion of indirect taxes paid by Jews whereas the share of direct taxes, though it rose appreciably, it remained lower than the Jewish share in the countries’ total output in both 1926-1927 and 1935-1936.”<sup>90</sup>

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<sup>88</sup>Ibid., 178-9.

<sup>89</sup>Ibid., 181-2.

<sup>90</sup>Ibid., 184.

He concludes that there was a “net transfer of resources from the high-income Jewish community to the low-income Arab community.”<sup>91</sup> Metzer adds that there was a “Jewish advantage in the per-capita utilization of government in the form of more public services and aid.” This discussion about the benefits that government policies may have had on the two communities has been accurately characterized as a “sterile debate” deriving from the adoption of the two separate economies’ assumption rather than a single larger Palestinian economy.<sup>92</sup> What was more important was a differential impact those policies had, including taxation, between and within the two communities.

For example, Metzer’s first period of 1921-1933, when direct taxes were relatively high and were primarily levied, as Metzer points out, “on land, livestock, and gross agricultural output,” was a time when taxes represented a major burden on peasants (the majority of the Arab population) and were one of the major factors contributing to increased debt and in many cases loss of land. This was at a time before the introduction of comparable urban taxes, something that was recommended in 1930 but not implemented until 1941, and as Metzer acknowledges, because of pressures and objection of the organized Jewish community,<sup>93</sup> which mostly resided in urban areas.

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<sup>91</sup>Ibid., 187.

<sup>92</sup>Owen, “Introduction,” 6.

<sup>93</sup>Metzer, *Divided Economy*, 181.

Although it was true that the Jewish community paid more in indirect taxes as Metzger says because of its “higher propensity to import” and higher income, the burden of that part of indirect taxes that includes import duties and excises on necessities was much greater on the Arab peasantry and urban poor. One example of the latter was the imposition of protective duties on flour and salt and lower ones on wheat, the latter “introduced for the benefit of mechanized milling.”<sup>94</sup> In the case of salt, being a necessity but also used in traditional leather processing, a Jewish European company, the Palestine Salt Company, was given a concession by the government as a public utility company and protected by high import duties. This meant that “the company was supplying salt to the public at between £P 7-7.5 a ton, whereas salt of a superior quality could be imported from Egypt at £P 1.5 per ton.”<sup>95</sup> Thus, there was an important connection between some indirect taxes and the commercial policies of the government.

Metzger’s discussion of the government’s commercial policies is most peculiar. He acknowledges that the government was

motivated by “infant industry” arguments, and yielding to specific pressures for protection and support, the government ultimately exempted most raw materials and inputs used in material production from import duties, and imposed varying protective tariffs on almost all domestically manufactured goods [primarily affecting Jewish European industry] (and on quite a few farm products as well), [primarily Arab].<sup>96</sup>

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<sup>94</sup>Smith, 170.

<sup>95</sup>Ibid.

<sup>96</sup>Metzger, *Divided Economy*, 183.

On the other hand, he recognizes the limited effect of protective tariffs on agricultural products because of the free trade agreements with Syria,<sup>97</sup> and rejects the argument that protective tariffs on domestic manufacture and the exemptions on raw materials were important contributing factors in the development of Jewish industry nor that the “benefits were in any way consequential.”<sup>98</sup>

Finally, Metzger discusses the role of Zionist public funds in education, health welfare services, and land acquisition. In spite of this important role, Metzger acknowledges that “throughout the entire Mandate period, the share of the nonprivate labor economy . . . probably did not exceed 20 percent of Jewish NDP.”<sup>99</sup>

In a postscript, Metzger sets out to distinguish between Jewish European settlement in Palestine and African settlement colonies, which were also characterized by “economic dualism.” However, there are “crucial differences” between the two. He bases his argument on a study by Paul Mosley on Kenya and Southern Rhodesia that “showed that the mark of a ‘settler economy’ is not necessarily any specific economic structure, but rather a distinctive mechanism of ‘extra-market operations’ and interventions by the colonial administration.”<sup>100</sup>

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<sup>97</sup>Ibid., footnote 8.

<sup>98</sup>This is in response to Smith.

<sup>99</sup>Ibid., 198.

<sup>100</sup>Ibid., 200-1.

The latter was not, according to Metzger, the case in Palestine. In Africa, “The colonial administrations typically used their power of coercion to legislate and enforce property rites in land and to regulate key aspects of the land and labor markets.”<sup>101</sup>

In Palestine, the Jewish settlers were faced with unregulated labor and land markets. Thus, they had to purchase land, and did not have the power to regulate the labor market as witnessed for example by the only partial success to exclude Arab labor. However, Metzger acknowledges that, in some respects, the effects of Zionist policy in the labor and land markets were similar to those in settler colonies: the involuntary dispossession of tenant-cultivators and the “persistence of wage differentials” in the labor market.<sup>102</sup> In addition, unlike the settler colonies, the “economic edge” of Jewish European settlers was derived from their “own comparative advantages” and not because of government allocations and actions.

Thus, Metzger tells us what he thinks European Jewish settlement was not but does not clearly say what it was, except that “the economic history of Palestine [was such that] mostly European Jewish immigrants established a modern economic entity under the Mandatory umbrella, separate from the indigenous population.”<sup>103</sup>

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<sup>101</sup>Ibid., 201.

<sup>102</sup>Ibid., 202.

<sup>103</sup>Ibid., 201.



There are many and increasing studies on the colonial nature of the Zionist project in Palestine and the state of Israel, without losing sight of their special characteristics,<sup>104</sup> and thus there is no need for a lengthy discussion of Metzger's argument. However, two issues, one of a general nature and the other specific, need to be addressed regarding Metzger's contention.

The first has to do with Metzger's conclusion of the inapplicability of the settler colonial model for Palestine based on what he claims were differences in the "allocation" of land and labor and the government's role in that allocation. Taking his argument at face value, I maintain that it is basically reductionist and ahistorical. No single model can explain European settlement in all its manifestations in different parts of the world and at different times. The form and content of settlement (including its various aspects, be they political, military, or socioeconomic) are as varied in their details as in their settlements. However, this specificity of each situation does not nullify the general attributes of settlement as characterized by the movement of Europeans into other lands and the imposition of a new socioeconomic order; nor does that specificity eliminate the general detrimental impact of that process, which Metzger acknowledges in the case of Palestine, on indigenous peoples. At any rate, the acquisition of land in "unregulated markets" was not unique to the Zionist settlers in Palestine.

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<sup>104</sup>See, for example, Maxime Rodinson, *Israel: A Colonial-Settler State?* (New York: Pathfinder Press, 1973); Gershon Shafir, *Land, Labor and the Origins of Israeli-Palestinian Conflict, 1882-1914* (Berkeley: University of California Press, 1996); and Elia Zureik, *The Palestinians in Israel: A Study in Internal Colonization* (London: Routledge and Kegan Paul, 1979).

But this is exactly the way the settler economy worked in Africa, not just with private settlers vis-à-vis the colonialist state but also with the missionary societies acting very much like the Jewish Agency [in Palestine], especially in West Africa, against a colonialist power to which they did not belong ethnically or nationally. . . . There too . . . the settlers, that is, the missionaries and their families, had to settle for unregulated and uncultivated land bought from Africans.<sup>105</sup>

The other issue has to do with the Mandate government's role or nonrole in the allocation of land for settlers. Metzger downplays the role of the government: While it is true that the European Jewish settlers and their institutions had to acquire most land by purchase, it is also the case that about 20 percent of the total land acquired by settlers during the Mandate was allocated to them by the government as concessions or in the form of long-term leases (see Chapter 3). Part of these lands were traditionally used for livestock grazing, and thus their "withdrawal" from use by Arab agriculturists meant direct government interference in the allocation of resources for settlers. However, in dealing with a colonial government's role in the support of settlers, our assessment will be incomplete if confined to direct allocations of resources but should encompass the wider overall actions and policies, without which settler efforts and resources, although important, would have been insufficient. In Palestine, for example, one has to consider the government's role in facilitating immigration, its land policies, the granting of electricity and mineral concessions, its commercial and taxation

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<sup>105</sup>Ilan Pappé, "Review of the Divided Economy of Mandatory Palestine by Jacob Metzger," *Mediterranean Historical Review* 15, no. 2 (December 2000): 129-31.

policies, and its undertaking of building the infrastructure necessary for settler capitalist growth and development. Equally important was that the government provided a protective shield for the settler project by undertaking to suppress the resistance of the Palestinian Arabs throughout the Mandate period but especially during the 1936-1939 Revolt. This shield allowed the Zionist movement to concentrate on pursuing its military and economic buildup.

In summary and conclusion, we can point out the following main shortcomings and problematic nature of the dual-economy approach. First, there is the selective nature, in some versions of the dual-economy approach, of the time frame chosen to illustrate their case. Reference is to those who chose 1936 or the brief period of the Arab Revolt of 1936-1939 and generalized this to the whole Mandate period. Thus, their empirical focus leads them to underestimate or altogether ignore the ongoing Arab-Jewish economic interdependency.

Second, there is the tautological nature of the basis of their argument. In essence, the dual-economy approach tells us that the two economies developed differently because of their differences in “socioeconomic attributes” and in “their markets for land, labor, and capital.” Thus, the dual approach, in general, has only limited explanatory power.

Another problem with this approach is its assumption of surplus labor in agriculture, which is either not explained or attributed primarily to population growth and its consequent pressure on the land. This ignores the more important process by which peasants are alienated from their land. The concept of surplus

labor was dealt with by Giovanni Arrighi in the case of Rhodesia, which showed that surplus labor was not a “natural” phenomenon in which he also distinguished between “disguised unemployment” and “seasonal underemployment.” At any rate, I add some comments on surplus labor as applicable to the Palestinian peasantry in Chapter 6.

A fourth major problem with the dualist model, which greatly impairs its analysis, is, in some versions, its total neglect, and, in other versions, its downplaying the role of the colonial mandatory government. This belies the fact that the Balfour Declaration, promising “a national home” for Jews in Palestine, was issued by the British government and later incorporated into the terms of the Mandate. What this meant in practice was that the Mandate government had to undertake various economic and regulatory measures to fulfill that promise. The government provided the shield for the buildup of the settler community. Equally important was the differential impact that different government policies had between and within the Palestinian Arabs and Jewish European community. Government policies are never neutral in their impact regardless of intent.

Fifth, the adoption of the thesis of two economies and the predisposition to show that European Jewish settlement benefited the Palestinian Arabs lead the dualists to primarily concentrate on the macroaspects of the Arab economy. Thus, they point to rates of economic growth, overall productivity increases, and income levels. This hides the differential distributional and wealth consequences of those increases, if true, on the different classes of the Arab society. This was especially

the case with agriculture.

Perhaps the major of the dual-economy approach is that it does not deal with the mutual impact that the interaction had between the Palestinian Arabs and the Jewish community. For example, what impact did the demand for agricultural product and labor by the Jewish European community have, in addition to other factors, on Arab agriculture. Was the increase in wage labor and cash cropping related to this? Metzger's calculations show that most of the Jewish-manufactured products were "exported to the Arab economy." Does this fact mean that the considerable resources available to the Jewish European manufacturing sector inhibited the growth of the Arab one? At a more general level, the dual-economy approach fails to see how the spread of market relations and the intensified integration of the country in the world market impacted the two communities, but more important the classes within, because of the different roles and responses to this process.

Although Metzger acknowledges interaction, it is conceived in static terms. It is confined to a quantitative estimation, as we have seen, of what he calls "bilateral trade" in labor, land, and products. Even at that level, the implications and consequences of that interaction are not dealt with fully, if at all. Similarly, the dual-economy postulate leads to an almost exclusive emphasis on the derivation of aggregate economic indices for each economy that have the effect of sacrificing the structural totality of the overall Palestinian economy: The whole is greater than the sum of the parts. In other words, this approach loses track of the system (i.e., the

Palestinian economy) as a whole in its interactive components. Thus, to more fully understand the socioeconomic transformation of the country, the concept of a single economy is the most appropriate unit of analysis. A related issue to the question of interaction that weakens Metzger's postulate is his discussion of the "comparative advantages" of the two economies that are the basis for their bilateral trade. From Metzger's own estimates and characterizations of the two economies, it is evident that there is an enormous lopsidedness between the two, especially in the case of capital and other resources. This in itself means that the Arab economy was limited in its ability to compete with the Jewish economy, for example, in manufacturing or intensive agriculture. This competitive edge of the Jewish economy obviously connotes a not insubstantial impact on the Arab economy. There is a problem of logical consistency here.

Finally, if one major purpose of the study of history (and economic history) is to shed some light on the present, in our case the ongoing Palestinian-Israeli conflict, in its socioeconomic and political aspects, then the dual-economy model fails to reveal the essence of the Zionist project in Palestine and its ongoing impact on the Palestinians. This failure can be seen in the attempts to distinguish Jewish European settlement in Palestine from other European settler colonial movements in other parts of the world. To continue to posit uniqueness to Zionist settlement in Palestine is not sustainable by its history or by theory. At the same time, its particular aspects cannot and should not be denied. The insistence on duality stems from an ideological predisposition that rejects the colonial nature of Zionism yet

cannot prove a satisfactory explanation to its results or its continuous exploitation, dispossession, and forced exile of the Palestinian people. This ideological predisposition fits neatly with the political attitudes of the “dualists” and the political leadership in Israel that refuses to deal seriously with a resolution of the Palestinian-Israeli conflict on equitable terms. Conversely, coming to terms with the colonial nature of Zionism<sup>106</sup> would mark the starting point for a just resolution of the conflict that recognizes the reality of the intertwined past, present, and future of Palestinian Arabs and Jews in historical Palestine. Without this, the conflict is apt to continue.

The critique so far has tried to establish the inadequacy of the dual-economy approach to understand a more complex process of economic developments during the Mandate. However, given the national goal of the Zionist movement to eventually establish an exclusive Jewish state, efforts were directed at founding separate institutions and policies to enhance them. For example, there was the policy of buying land with public funds and the banning of its sale or lease to non-Jews. Similarly, there was the policy of employing only Jewish labor, although as we have seen that was not completely successful. The important roles of public funds and national institutions were illustrated by Metzger, and are instructive in understanding the separatist objectives of the Zionist movement. This

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<sup>106</sup>There is a growing number of Israeli social scientists, although still a minority, who are challenging the dual approach with their adoption of a colonial paradigm; see Uri Ram, “The Colonization Perspective in Israeli Sociology,” *Journal of Historical Sociology* 6, no. 3 (1993): 327-50.

overall situation gives some meaning to the concept of a Jewish economy.

However, it should be stressed that the way the Zionist movement's institutions and policies were set up, and the extent of their success, were conditioned by existing conditions in the country, its indigenous people and their response, and the policies of the colonial government. Similarly, the Arab socioeconomic conditions were affected, even more, by Zionist institutions and policies, as well as by government policies. Owen puts it in the following manner:

The concept of a Jewish economy [has] some meaning if properly defined in terms of its scope and in terms of the exact historical period under examination. But its use should certainly not be allowed to give support to the assumption that it enjoyed a quiet separate and independent existence or that economic relations between Jews and Arabs or Jews and the Palestine government can only be treated at the level of the two communities as a whole. To do this is to effect the surprising conjuring trick of causing the larger Palestinian economy—in which both Jewish and Arab activity was embedded—to disappear.<sup>107</sup>

### 1.3.5 The Capitalist Penetration of a Noncapitalist-economy Approach

The second approach treats the transformation of Palestine as a process of articulation of a capitalist sector (Jewish European) with a noncapitalist sector (Palestinian Arab).<sup>108</sup> The interaction between the two sectors is seen both as direct and mediated by the colonial government, the latter given critical importance. Although this approach is a vast improvement on the dual-economy

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<sup>107</sup>Owen, "Introduction," 5-6.

<sup>108</sup>Asad, *Anthropological Texts*.



one, in that it treats the Palestinian economy as a single unit of analysis, incorporates the crucial role of the government, and provides a framework for an analysis of the impact of the process on the indigenous society, it still has some shortcomings.

One problem with this approach is its complete characterization of the “Jewish European sector” as a dynamic capitalist sector. Although there is no doubt that the Jewish European sector was capitalist in essence, it also had some specific features that qualified its workings. Jewish European economic policy did not at all times necessarily follow the normal criterion of profit and loss so characteristic of capitalist enterprise.<sup>109</sup> Many times, economic calculations were subordinated when they came in conflict with attracting permanent Jewish European settlers or with the political requirements of setting the foundations for the eventual establishment of the Jewish state. The Jewish Agency, for example, promoted a policy, as already discussed, of employing only Jewish labor regardless of the existence of lower rate Arab labor.<sup>110</sup> This varied in its success at different times and among different industries, but nonetheless it had a profound impact on the overall process of the transformation of the Palestinian society. Then, again, there was the policy of land, which once acquired, could not be sold or leased to non-Jews. That is also contrary to the normal functioning of capitalist markets.

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<sup>109</sup>Owen, “Introduction,” 7.

<sup>110</sup>Ibid.

Moreover, from an economic history point of view, this approach, by its characterization of the Arab sector as noncapitalist, tends to blur the beginnings and extent of market relations and capitalist development within Arab society. The integration of Palestine in the world market came from internal developments (e.g., the impetus of the Land Code of 1858) and increased external trade contacts that preceded the interaction of the Jewish and Arab sectors. Similarly, during the Mandate period, production for the market and wage labor showed noticeable increase. These developments have to be taken into account to better understand the extent of changes in the relations of production in rural areas.

#### 1.3.6 The European Colony Approach

The third approach treats Palestine as a “typical European colony with a typical European settler minority.” This was true in many respects. Whether in terms of its administration or policies, the practices of the government were in line with the other British colonies. The British were able to circumvent international restrictions put on mandated territories that would have prevented it from “establishing special privileges for itself.”<sup>111</sup>

The government’s system of finance, the requirement that it pays its expenses without a burden on the British treasury, and the direct linking of the Palestine pound with the sterling were also typical features of Britain’s other colonies. In addition, the government sought “to promote rural stability by means

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<sup>111</sup>The discussion of this approach is drawn from Owen, “Introduction,” 4-5.

of strengthening existing village hierarchies,” echoing its practices in its other colonies.

As Owen points out, there was a “significant difference from the formal colonies” which “was that the terms of the Balfour Declaration regarding the establishment of a Jewish national home in Palestine were written directly into the Mandate.” This meant that the government had

to take measures to facilitate Jewish land purchases, and more generally, to develop the economic resources of the country in such a way as to provide a basis for continuing Jewish immigration. Unlike other colonial governments it was forced to balance Britain’s imperial interests with the contradictory interests of two quite different local communities.

However, I may add, recognizing that significant difference with a typical colony does not preclude the characterization of British policies and the settler movement and their impact within a general colonial paradigm.

The ideological implications of both the capitalist penetration and European colony approaches are that the economic precursors of the establishment of Israel were not unique and reflected more general trends in the expansion of capitalism and the expansion of Europe. Thus, while the dualist approach emphasized the distinctive and historically specific aspects of economic development in the Mandate period, the capitalist and European expansion approaches emphasize the generalizable aspects of the same process. From an ideological perspective, this boils down to asking the following question: Was the establishment of Israel a historically unique and exceptional event, or was the establishment of Israel simply another manifestation of European colonialism and the expansion of capitalism out

of Europe. Our challenge, in this thesis, is to see both the general and the specific at once, and in so doing have a fuller and richer vantage point from which to understand not only the economic processes that drove development during the Mandate period but also the precursor events that led to the Israeli state.

### 1.3.7 A Study More Closely Focused on Agriculture

In addition to the aforementioned macroeconomic-development approaches that attempt to characterize the economy and its sectors as a whole (or grouping), one study focuses more strictly on the central issue of agriculture. Although lacking an overall framework, nonetheless this study addresses key processes that we shall be interested in. Sociologist Charles Kamen specifically deals with Arab agriculture. Kamen reviews and critiques what he sees as the three models used in the analysis of Palestine during the Mandate: (a) feudal society, (b) colony, and (c) dual economy. He concludes that each of those models “highlights particular aspects of the country’s social structure,”<sup>112</sup> but none of them is applicable to Palestine. Those models were developed “in response to situations differing in essential respects from those found in Palestine.”<sup>113</sup> However, he does not see the need for a more comprehensive model.

The central question of the study is to investigate how Arab agriculture was affected by Jewish settlement and government policies. He discusses the extensive

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<sup>112</sup>Kamen, *Little Common Ground*, 132.

<sup>113</sup>Ibid.

nature of cereal cultivation, the peasants' lack of resources and thus inability to improve their conditions, the unequal distribution of landholdings, and the insufficiency of government efforts to alleviate the conditions of the peasants. He recognizes the effect of Jewish land acquisitions on reducing, especially for the future, the land available for Arab cultivators. He concludes:

Although their political and symbolic significance was great, Jewish purchases of Arab lands were not a major factor in the transformation of Arab rural society. The concentration of Jewish purchasing efforts in an attempt to create contiguous holdings, their growing preference for tracts whose acquisition did not require displacement of Arab cultivators, their emphasis on buying land along the coast and in the Galilee, and their chronic shortage of funds to buy additional territory meant that large areas of Palestine were unaffected by local Jewish land purchases.<sup>114</sup>

However, Kamen gives a prominent place in his explanation of "changes in patterns of Arab landholding" to population increase, which doubled during the Mandate, and thus the pressure on the land and reduction in the size of holdings for the majority of peasants.<sup>115</sup> He also employs the concept of "surplus rural population."<sup>116</sup>

Kamen uses Boserup's<sup>117</sup> argument of how increased population density leads to the adoption of intensive methods of cultivation. In the case of Palestine, peasants did not have the resources to alter their "cropping system," although

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<sup>114</sup>Ibid., 192.

<sup>115</sup>Ibid., 191.

<sup>116</sup>Ibid., 45-6.

<sup>117</sup>E. Boserup, *The Conditions of Agricultural Growth* (London: Allen and Unwin, 1965).

Jewish land purchases, but mainly population pressures “create[d] conditions favorable” for that. The big landowners, who did have the resources to alter the cropping system, did not have easy “access to markets” because of “difficulties of road transport.”<sup>118</sup> The government’s efforts were also insufficient. Nonetheless, some changes were being made in agricultural practices, but with the end of the Mandate, “the full consequences of Jewish settlement for Arab society were never worked out in the context of Palestine.”<sup>119</sup> Jewish land purchases, then, basically hastened the need to alter the cropping system.

In essence, then, Kamen marginalizes the impact of European Jewish settlement and acquisition of land (but he also rejects the idea of its positive impact as in “demonstration effects”), because he deals only with its *direct* effects on adjacent areas. This is a static understanding of European acquisition of land since it does not deal with its major impetus in intensifying the market for land in the whole country. The worsening of the conditions of the majority of peasants cannot be separated from the intensified commoditization of land. Also, the impact of European land acquisitions cannot be isolated from the overall impact of European settlement in conjunction with government policies and the structure and changes in Arab rural society. This impact has to be understood in the context of the role played by each of the three and in connection with each other in the spread of market relations and the further intensified integration of the country in the world

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<sup>118</sup>Kamen, *Little Common Ground*, 263.

<sup>119</sup>*Ibid.*, 261.

market and how it affected the peasantry. Finally, Kamen's discussion of government policies is primarily devoted to the inadequacy of its efforts to better the conditions of agriculture and Arab peasantry. There is no consideration of, for example, the impact of the cash taxes or tariff policies on the peasantry.

Kamen explicitly rejects the idea that Palestine during the Mandate was "unique," and thus requiring a unique mode of analysis. He recognizes that there are both similarities and differences in conditions between Palestine and other places.<sup>120</sup> However, in his discussion of Arab agriculture, he stops short of including crucial factors impacting the peasantry that were also common to other places. Again, that is the impact of the spread of market relations and of colonial government policies on the peasantry.

#### 1.4 The Theoretical Framework

It is useful to place the approach of this study and those of the reviewed models in the wider context of the different approaches used in the study of agrarian change, which as Harriss points out "reflect the major paradigms of social science research in general."<sup>121</sup> Harriss provides a useful broad classification of those approaches, namely, decision-making models, systems approaches, and structural/historical approaches.

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<sup>120</sup>Ibid., 131-2.

<sup>121</sup>John Harriss, "General Introduction," *Rural Development, Theories of Peasant Economy and Agrarian Change* (London: Hutchinson & Company, 1982): 15-29, 17-18.

In economics, the decision-making models refer to “farm economics in the neoclassical mold which are concerned with the allocation of resources on the farm and with the farmers’ responses to markets and to innovations.”<sup>122</sup> Social and political factors, crucial for understanding rural areas, are held constant. These models stress the importance of the individuals who “are seen as making choices about their values and their actions.”<sup>123</sup> Although these models may be useful in “explaining the success or failure of the individual within the system, the system itself is left out of the analysis.”<sup>124</sup> Although Metzger discusses the role of institutions in the economy (Zionist public institutions), his overall approach falls within the decision-making models. I discussed Metzger’s explanation for why a peasant sells his land or chooses to work for wages in urban areas as being “free choices” and “preference” among alternatives for the purpose of “improving his economic lot.”

Second is the systems approach, “which emphasize[s] environmental, technological, and demographic factors and which seek[s] to explain their interrelationships within farming systems.”<sup>125</sup> Many of the studies using this approach make use of Boserup’s work “which presents the bold thesis that increasing population density explains the development of increasingly intensive

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<sup>122</sup>Ibid., 21.

<sup>123</sup>Ibid.

<sup>124</sup>Ibid.

<sup>125</sup>Ibid., 18.



systems of cultivation.”<sup>126</sup>

Related to this is the systems approach used by sociologists and social anthropologists who conceive of rural societies as “systems of interdependent socioeconomic elements geared to the dictates of the farming calendar and with built-in mechanisms to ensure [their] survival in the face of recurrent natural hazards.”<sup>127</sup> Harriss comments:

The difficulty with such approaches to the study of agrarian societies is that because they emphasize the systematic quality of the local community, regulated by values, they can only really explain change as something which comes about as the result of “external” forces acting upon the local society. It is an approach which both ignores the relationship of mutual determination between locality and state—and neglects the processes of change which may be “internal” to peasant society.<sup>128</sup>

In general terms, Kamen’s study falls within the systems approach, although he also stresses the lack of resources available to the peasantry needed for more intensive cultivation.

Finally, there is the structural/historical approach. Like the systems approach, it considers environmental, technological, and demographic factors but goes beyond that. The production process and the property relationships between classes are at the center of analysis and are seen as critical in understanding conflict and change within societies. In its Marxist variant (not all studies that use this approach are necessarily Marxist), an understanding of property relationships

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<sup>126</sup>Ibid.

<sup>127</sup>S. D. Biggs and C. Burns as quoted in Harriss, 19.

<sup>128</sup>Harriss, 20-1.

includes an examination of the forms of surplus extraction. It also includes an examination of how the production process is influenced by the market and the way peasants are integrated in it at the local and international level. Central to this integration is the commoditization of production and the extent of the participation of peasants in it whether as producers or consumers. Moreover, the

structural/historical approaches are necessarily historical, for “commoditization” does not imply a process which must work itself out in a particular way and which can be known from purely theoretical reasoning. It is a process which may take many specific forms in different contexts.<sup>129</sup>

In addition:

The approach also seeks to grasp the relationships between “whole” and “part” in such a way as to understand their mutual determination, and it particularly considers the relationships between agrarian society and the rest of the state of which it is a part. The “individual” does not disappear in these analyses, but the social character of the individual is emphasized.<sup>130</sup>

One variant within this approach is what is called the articulation of modes of production. This has been criticized on several grounds, but perhaps the most important has been its conception of the relationship between capitalism and the noncapitalist or precapitalist modes in functionalist terms. This error, as Bernstein writes, of

a functionalist conception of the relations between capital and peasants in which the latter are “reproduced” by the former (in the pursuit of its interests etc.). It is not capital [or] imperialism which reproduces the peasantry—the peasantry reproduces themselves

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<sup>129</sup>Ibid., 23.

<sup>130</sup>Ibid.

through their own labor. The question is how the conditions of production and reproduction are determined by the operations of capital (in particular social formations and at the level of world economy) and of the state.<sup>131</sup>

Asad's study fits, in general, in this variant. I already discussed its main drawbacks specific to Palestine.

Within the structural/historical approach, there are differences on a variety of issues, but a "central debate" concerns that between those who adopt a "differentiation perspective" and those who adhere to the notion of a "specific peasant economy." This study adopts the former while at the same time recognizes that there are counteracting factors, in different contexts, that may slow down the process of peasant differentiation. There is no need here to comment on the extensive theoretical literature of this debate. It is sufficient to say that peasant differentiation, to whatever extent, is and was an observed phenomenon in rural areas. On the other hand, the "specific-peasant-economy" perspective offers some insights on the ability of peasants and their "farms" to survive and how they interact with, adapt to, and respond to capitalism. The existence of such peasants and "family farms" sit side by side with large numbers of marginal "farms" and landless households.<sup>132</sup>

The structural/historical approach is the one used in this study. It considers the environmental, technological, and demographic factors and the relationships

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<sup>131</sup>Henry Bernstein, "Notes on Capital and Peasantry," *Rural Development*, ed. Harriss, 160.

<sup>132</sup>Harriss, "Introduction" to Part Two, 120.

between them. It also includes an examination of changes in the techniques of production and, more importantly, the relations of production in agriculture. It specifically addresses the issue of the differentiation of the peasantry. It specifically uses Patnaik's approach to differentiation, which is seen as appropriate for rural areas that had only limited capitalist development.<sup>133</sup> This study also addresses the integration of the rural areas and producers into the world market and its impact. All of this is done in the context of the interaction of government policies, settler capitalism, and the socioeconomic structure of and changes in the Arab rural areas. In other words, the changes in the rural areas cannot be separated from their interaction with government policies and impact of the European settlers, all forming part of a process that encompasses all. It should be stressed here that the use of the structural/historical approach to rural change in this study is informed by the *colonial* nature of government policies and Zionist settlement, while also cognizant of their specific features. In other words, the structural/historical approach is used within a broader colonial framework of analysis.

### 1.5 Hypothesis

The thesis of this study is that British policies and the activities and nature of European Jewish settler capitalism, in their interaction with the indigenous Palestinian Arabs, undermined the rural economy, set in a process of

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<sup>133</sup>Utsa Patnaik, "Class Differentiation Within the Peasantry: An Approach to the Analysis of Indian Agriculture," *Economic and Political Weekly* 11, no. 39 (September 1976): A82-A101.

differentiation of the peasantry, and resulting in the dispossession and pauperization of most peasants, greatly accelerated the process of integration of the whole economy (including the rural areas) into the world capitalist system, and at the same time hindered capitalist development in the rural areas.

### 1.6 Outline

This study is comprised of seven chapters. Chapter 1 provides an introduction to the study that also includes the literature review and theoretical framework. Chapter 2 deals with the pre-Mandate period and examines the main trends and changes in the country and economy. It serves to put the changes during the Mandate in sharp contrast. In Chapter 3, I discuss the impact of and changes in taxation, debt, and land tenure. Chapter 4 provides a detailed investigation of agricultural production with special attention to cash crops. It distinguishes between European Jewish and Arab cultivation, but it also examines their interaction and the differential impact of government action on them. It also illustrates the integration of Palestinian agriculture in the world market. Chapter 5 examines the extent of changes in techniques of production and their impact. Chapter 6 examines the process of differentiation of the peasantry. Chapter 7 provides a summary and conclusion.

## 2. THE PREMANDATE PERIOD:

1850S TO 1914

The mid-nineteenth century marks the beginning of the economic and social transformation of Palestine. The use of the word *beginning* should not imply the absence of change before that time. Rather, it refers to the start of a process that entailed emerging new relationships internally and with the outside world that helped shape the subsequent social and economic transformation of Palestine during the first half of the twentieth century. There were two important changes. First, it was during this time period that Palestine was integrated into the world capitalist market. Second, and perhaps more importantly, this period witnessed legal changes in land tenure that later on, with the commoditization of land, undermined the customary rights to land and its use. Critically, the legal changes included the right of foreigners to own land.

This chapter presents a brief descriptive and analytical outline of the main trends in this process. It provides a basis for contrast with the Mandate period and thus provides a better perspective of the latter. This allows for highlighting change and continuity and the intertwined impact of British rule, European settlement, and the indigenous Palestinian Arab society in shaping the new economy. Emphasis is on changes in land tenure, demography, and the economic structure. Finally, the nature and impact of European settlement are examined. These changes are

interlocked within the one process. However, they are, at first, dealt with separately.

### 2.1 Land Tenure

As in the rest of the Ottoman Empire, land in Palestine was classified into five legal categories. Although these categories previously existed, they were codified in the Land Code of 1858.<sup>1</sup> First was *Arazi Memluke (Mulk)* (i.e., freehold). These lands included mainly building sites within and on the border of villages and towns. The holder of *Mulk* land had the *raqaba* (absolute ownership) and *tasarruf* rights (usufruct of).<sup>2</sup> Second was *Arazi Mirie (Miri)* (i.e., crown or state land). *Miri* constituted the bulk of land in the Ottoman Empire. On *Miri* land, the *raqaba* belongs to the state, but the *tasarruf* belongs to the individual. However, as in the case of *Mulk* land, *Miri* land could be both inherited and the usufruct sold. Third was *Arazi Mevkufe (Waqf)*, which was held for a charitable or religious purpose. Fourth was *Arazi Metruke* (i.e., abandoned land). Fifth was *Arazi Mevat (Mewat)* (i.e., dead or uncultivated land). However, *mulk* status could be conferred on *mewat* land by order of the sultan upon reclamation of such land

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<sup>1</sup>These categories were taken from translated excerpts reprinted in Z. Y. Hershlag, *Introduction to the Modern Economic History of the Middle East* (Leiden: E. J. Brill, 1964), 298-300.

<sup>2</sup>Doreen Warriner, "Land Tenure in the Fertile Crescent," in *The Economic History of the Middle East, 1800-1914*, ed. Charles Issawi (Chicago: University of Chicago Press, 1966), 73.

by an individual.<sup>3</sup>

Two important issues relating to Ottoman land policy need to be highlighted. First, the primary interest of the Ottoman government was that of “maintaining military preparedness, preserving urban and rural security, and raising revenue.”<sup>4</sup> Second, the critical importance of maintaining revenue meant that the government did not interfere with the communal ownership and use pattern (*Musha'a*) in the first three and a half centuries of Ottoman rule of the Arab provinces. Interference with the *Musha'a*, which predated Ottoman rule, could have elicited strong opposition that the government avoided as long as taxes were paid.

To put all this in a broader context, tracing the evolution of land tenure conditions beginning with the sixteenth century (i.e., the first century of Ottoman rule in Palestine) is essential. The emphasis is on the forms of land management and the appropriation of the agricultural surplus. This brief sketch of the evolution of land tenure conditions provides a historical sense of the continuities and changes in the system. This, in turn, provides a framework within which we can better understand the nature and dynamics of the response of Palestinian peasants to European settlement.

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<sup>3</sup>Halil Inalcik, “The Emergence of Big Farms, *Ciftliks*: State, Landlords and Tenants,” in *Landholding and Commercial Agriculture in the Middle East*, eds. Çağlar Keyder and Faruk Tabak (Albany: State University of New York Press, 1991), 20.

<sup>4</sup>Roger Owen, *The Middle East in the World Economy, 1800-1914* (London and New York: Methuen, 1981), 10.



In the sixteenth century, *Miri* land was primarily administered by *sipahis* (cavalrymen) who were granted tracts of land known as *timars* or *ziamets*, the latter being a much larger piece of land. In return for collecting taxes from peasants on the land, the *sipahis* were expected to provide local security and in time of war furnish troops for the central army.<sup>5</sup> Lands not given to *sipahis*, besides *Mulk* and *Waqf*, included *Khass* (i.e., lands retained as the personal property of the ruling family and whose taxes were collected by salaried officials, *emins*, or local governors). Other lands were given out or auctioned in the form of tax farms (*iltizam*).<sup>6</sup>

Unlike other provinces of the empire, where one form of land administration predominated, in Palestine (part of Syria) all these varied forms were used. This was because of the remoteness of the country from the center of power, the relative weakness of central control, and the need to balance the needs of local security with those of tax collection.<sup>7</sup>

The *timars* were granted to *sipahis* for life as long as they fulfilled their functions and could be inherited. However, the *timar* or *ziamet* could be abandoned if determined to be insufficiently productive by the *sipahi*, or the latter could be

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<sup>5</sup>Ibid., 11.

<sup>6</sup>In Palestine, *iltizam* was known as *muqata'a*. See A. N. Poliak, *Feudalism in Egypt, Syria, Palestine, and Lebanon, 1250-1900* (London: The Royal Asiatic Society, 1939), 48-9.

<sup>7</sup>Owen, *Middle East*, 12.

replaced by the central government if seen as incompetent or ineffective.<sup>8</sup> This system of land administration and surplus appropriation was necessitated in part by the need for a standing army dictated by the omnipresent possibility of war and the need to provide security in conquered lands. Moreover, given the shortage of silver in the empire, the state could only levy taxes in kind, and thus the *sipahis* could only be paid similarly, which meant assigning them to different parts of the empire.<sup>9</sup>

By the latter part of the sixteenth century, this system began to disintegrate because of a combination of factors. First, there was the government's need for more revenue in part to satisfy the increasing costs of its standing army. The increased costs were in large measure because of the rise in prices resulting from the influx of American silver into the empire. Second, there was the increasing pressure from merchants and others to have administrative access to land so as to benefit from the increase in the prices of agricultural products. Third, there was the decreased military significance of the *sipahis* after the introduction of firearms to the infantry. Fourth, there was the tendency on the part of the *sipahis* to turn their *timars* into private property given the opportunities for gain because of the

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<sup>8</sup>In Palestine, *ziamets* were relatively few in number, and *timars* were preponderant. For estimates of the number of *timars* and *ziamets* in different regions of Palestine at different time periods, see Amnon Cohen, *Palestine in the 18th Century: Patterns of Government and Administration* (Jerusalem: Magnes Press, 1973), 293-9; and Alexander Scholch, *Palestine in Transformation* (Washington, DC: Institute of Palestine Studies, 1993), 176.

<sup>9</sup>Halil Inalcik, "Land Problems in Turkish History," *The Muslim World* 45 (1955): 221-8.

increase of prices and thus cultivating part of the land themselves, a practice they were not involved in previously. In addition, the *sipahis* increasingly avoided military service, the mainstay of their function for the central government.<sup>10</sup>

Although the *timari* system was not formally abolished until 1831,<sup>11</sup> the process of converting lands administered by *emins* and *sipahis* into tax farms (*iltizam*) was already in motion by the end of the sixteenth century.

The *iltizam* was a contractual agreement, normally for one year, whereby the central government awarded the right to tax farm to individuals (*multazims*) in return for a payment to the state determined in advance, usually by auction. The *multazim* was required to collect the taxes on the assigned land for the state, cover the expenses of local administration, and retain the remainder. Under *iltizam*, as under the *timari* system, the amount of taxes collected from peasants was supposed to be the *ushr* (i.e., tithe). In practice, however, the taxes actually collected across the empire varied from one-eighth to one-fifth of gross production.<sup>12</sup> This practice was more pronounced during the seventeenth and eighteenth centuries, a time of weaker central government control over the provinces, a condition that encouraged

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<sup>10</sup>Incalik, "Land Problems," 224; Owen, *Middle East*, 12; Issawi, *Economic History*, 71.

<sup>11</sup>Kemal Kerpat, "The Land Regime, Social Structure, and Modernization in the Ottoman Empire," in *Beginnings of Modernization in the Middle East*, eds. William Polk and Richard Chambers (Chicago: University of Chicago Press, 1969), 81.

<sup>12</sup>Inalcik, "Land Problems," 226.

the rise and consolidation of power by *ayans* (“notables”) and local dynasties.<sup>13</sup> This power, both economic and political, was determined by the extent of the *iltizam* acquired and the military power of this group. This power, in turn, determined the amount of taxes that could be collected from the peasants<sup>14</sup> and the amount remitted to central government, if at all. By the beginning of the eighteenth century, the government attempted to increase its revenue and reduce the taxes collected from peasants by awarding the iltizams a *malikane* (i.e., for life). This measure, however, failed.

This situation continued into the first decades of the nineteenth century, after which the government attempted to reassert its power in the provinces, both by force and the institution of different reforms (*tanzimat*). In the sphere of land tenure, the reform attempted to undermine the power of *iltizam* holders and regulate the collection of taxes. However, it was not until 1856 that tax farming was formally abolished.<sup>15</sup> In Palestine, however, some *iltizam* survived until the 1890s in the hilly areas of the country because of the strength of local chieftains.<sup>16</sup>

In 1858, a Land Code was adopted. However, before we look at the impact of this code and the big changes it helped bring about, it is useful to provide an

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<sup>13</sup>For an overview of the rise of the *ayans*, see Kerpat, 76-82.

<sup>14</sup>Owen, *Middle East*, 14.

<sup>15</sup>Gabriel Baer, “The Evaluation of Private Land Ownership in Egypt and the Fertile Crescent,” in Issawi, *Economic History*, 82.

<sup>16</sup>*Ibid.*, 82-3.

“assessment” of the land tenure systems as seen from the perspective of the peasant up to the middle of the nineteenth century. In spite of changes in regimes, regardless of where actual control of land rested, and regardless of the extent of surplus appropriation, peasant access to land (right of usufruct) was “guaranteed” and continuous throughout the *timar* and *iltizam* periods. This access to land provided a sense of stability and security for the peasant, notwithstanding natural disasters and increased exploitation as the power of the government’s local agents increased. One could further argue: How could it have been otherwise, since we are dealing with an agriculturally based economy? It is mainly through the surplus appropriation of agricultural production that the state reproduced itself. Thus, it was in the state’s vested interest not only to provide the peasant with access to land, but also to encourage the extension of the cultivated areas, for this obviously increased its revenues.

As part of the *tanzimat*, the Land Code of 1858 was an attempt to reassert the state’s control over *miri* land,<sup>17</sup> a control that, as we have seen, had been receding the previous two centuries, resulting in the diminution of the state’s share of the agricultural surplus. This attempt was part of the fiscal reform policy predating the Land Code that aimed at encouraging agricultural production and promoting industrial development.<sup>18</sup>

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<sup>17</sup>Kerpat, 86; Baer, 83.

<sup>18</sup>Kerpat, 86.

To reassert its control, the state reaffirmed its *raqaba* rights over *miri* land, but at the same time embarked on the issuance of titles to the holders of such land. Warriner provides an interpretation of this seemingly contradictory policy. “The state’s claim to ownership really meant only that the state did not recognize ownership unless the title was registered and the land therefore taxable.”<sup>19</sup> Moreover, the new Land Code did not recognize any form of communal ownership (*mushaa*). It also declared that land left uncultivated for three years could be confiscated, and that land could not be sold without permission from the government.<sup>20</sup>

In addition to the issuance of titles, the code also extended the rights of inheritance; both measures intended to provide incentives for the improvement of land. It also allowed for land to be rented, and placed no restrictions on the size of privately owned land.<sup>21</sup>

The complex forms of land tenure, the tentative and incomplete transitional nature of the *tanzimat* period, and, as yet, the lack of detailed local information on the different parts of the empire have given rise to various interpretations on the intentions and results of the Land Code. For example, Sluglett and Farouk-Sluglett reject the assertion by Warriner that one of the intentions of the Land Code was to

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<sup>19</sup>Warriner, “Land Problems,” 73.

<sup>20</sup>Baer, 84.

<sup>21</sup>Kerpat, 87-8.

“establish a form of peasant ownership against the tribal sheikh’s.”<sup>22</sup> They maintain that the Land Code was primarily concerned with the registering of titles as a way to reassert the government’s control over land and that there was no interference with the acquisition of large tracts of land as long as taxes were paid.<sup>23</sup>

Another point of contention among historians is whether the acquisition of large estates was a result of the Land Code. Sluglett and Farouk-Sluglett correctly point out that these preceded the Land Code, although there was a quantitative increase in these acquisitions after the enactment of the code, and thus what we have is continuity and not change in this phenomenon.<sup>24</sup> However, what the code provided was a qualitative change in the sense that it established a legal basis for the acquisition of large-landed property. This basis, combined with the increased demand for cash crops from the regional and European markets, to be discussed later, accelerated and intensified the scramble among wealthy and influential families to accumulate more land.

The rise of large-landed estates, excluding those of the European settlers, took place in a variety of ways. These included grants by the *sultan* of tax-farming

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<sup>22</sup>Warriner, “Land Problems,” 73; Peter Sluglett and Marion Farouk-Sluglett, “The Application of the 1858 Land Code in Greater Syria: Some Preliminary Observations,” in *Land Tenure and Social Transformation in the Middle East*, ed. Tariff Khalidi (Beirut: The American University of Beirut, 1984), 413.

<sup>23</sup>Sluglett and Farouk-Sluglett, 413.

<sup>24</sup>*Ibid.*, 415.

estates and, in some cases, as a result of the peasants' failure to pay debts.<sup>25</sup>

Some estates were formed in the plains on previously uncultivated lands as security improved and the government encouraged agricultural expansion.<sup>26</sup> Then there was the well-known situation of Palestinian peasants, fearing conscription and increased tax collection, they either did not register their land or did so in the name of some influential or wealthy individual. Initially, this did not result in a loss of access to land by the peasants in most cases, and they continued to cultivate it using the *mushaa* system. It was only later on, when the demand for land by wealthy families, but also mainly by European settlers increased, and land became a sought-after market commodity, that peasants found out that they had no legal rights to land when the land was sold.

Although the rise of large-landed estates may have resulted in loss of access to land by some peasants, it is extremely difficult, as Owen points out, to assess its extent.<sup>27</sup> This is more so given the fact that the extension of agricultural production in the plains did not only include large estates but also individual cultivators and whole villages that took advantage of the new conditions. In a related vein, Scholch points out that the *mushaa* system actually expanded as a result of this agricultural movement into the coastal and plains areas.<sup>28</sup> This may

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<sup>25</sup>Warriner, "Land Tenure," 73.

<sup>26</sup>Owen, *Middle East*, 267.

<sup>27</sup>*Ibid.*

<sup>28</sup>Scholch, 111.



have had a mitigating impact on any loss of access to land by the peasants.

So, in spite of the different forms of land management and the appropriation of the agricultural surplus over the span of about four centuries, peasants maintained their customary rights to land even after the Land Code of 1858 for more than two decades. However, what the Land Code did was set the stage and establish the legal basis for the later commoditization of land and expropriation of peasant land by European Jewish settlers and Arab big landowners, a process that had its limited beginnings in the last decades of Ottoman rule but intensified during the Mandate period. There were other laws subsequent to the Land Code of 1858 that reinforced it, but one that made possible the European acquisition of land was the law of 1867 that allowed foreigners to own land.

## 2.2 Demography

Three salient features characterize the demographic development of Palestine between the mid-nineteenth century and 1918, the onset of the British occupation. One, the population doubled. Two, there was a substantial increase in the absolute and relative urban population. Three, it was about 1880 that many European Jewish immigrants started settling in Palestine. This and later waves of European Jewish immigration added a new twist to the demographic development of Palestine. For now, explanations of the increase of population size cannot be simply sought in the primarily internal socioeconomic factors. It is for this reason that an understanding of the demographic development of Palestine has to look

upon 1880 as a juncture in the process. However, for our purpose of providing a contrast with the Mandate period, a brief account of population growth and urbanization is sufficient.

### 2.2.1 1850s-1880

Although it is impossible to know with exactitude the population of Palestine around this time period, McCarthy's projections and corrections of Ottoman data, Scholch's critical analysis of Ottoman figures, European consular estimates, and calculations of other writers provide us with meaningful numbers.

For 1850-1865, Scholch calculates the total population of Palestine to be 350,000-360,000. For 1882, he estimates the population to be 460,000-470,000, excluding Bedouins.<sup>29</sup> McCarthy derives comparable figures.<sup>30</sup> He computes a total of 340,000 for 1850-1851 and 369,000 for 1860-1861. For 1981-1982 and 1982-1983, he computes a total of 462,465 and 468,089, respectively.

Simultaneously, there was a two-thirds growth in the size of Palestinian cities.<sup>31</sup> The population of the cities represented 25-30 percent of the total population, a considerable proportion at the time, when compared to other

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<sup>29</sup>Scholch, 19-43; the results are summarized in Table 15, 40.

<sup>30</sup>Justin McCarthy, *The Population of Palestine, Population History and Statistics of the Late Ottoman Period and the Mandate* (New York: Columbia University Press, 1990). His findings are summarized in Table 1.4D, 10.

<sup>31</sup>Calculated from estimates as reproduced in Scholch, 38, from Yehoshua Ben-Arieh, "The Population of the Large Towns During the First Eighty Years of the Nineteenth Century, According to Western Sources," in *Studies on Palestine During the Ottoman Period*, ed. Moshe Ma'oz (Jerusalem: Magnes Press, 1975), 68.

countries regionally and internationally.

As for the number of Jews, McCarthy and Scholch, again using Ottoman data, reach similar figures. Scholch estimates their number at 14,730 in 1871-1872 or roughly 4 percent of the total population of Palestine.<sup>32</sup> This seems consistent with other estimates for the previous two decades.<sup>33</sup> McCarthy estimates 13,000 Jewish citizens for 1860-1861 and 13,942 for 1877-1878.<sup>34</sup> Growth in the Jewish population was primarily because of immigration that more than offset the negative natural increase, attributable to high mortality rates.<sup>35</sup> Actually, at various intervals in this time period, more than half of the Jewish population consisted of recent immigrants.<sup>36</sup>

### 2.2.2 1880-1914

This section again utilizes McCarthy's study, which represents the most thorough treatment of the demographic development of Palestine during the late Ottoman period and the Mandate.

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<sup>32</sup>Scholch, 26.

<sup>33</sup>Ibid., footnote 45.

<sup>34</sup>McCarthy, 10. McCarthy distinguishes between Jews who were Ottoman citizens and those who were not; he estimates an additional 1,000 to 2,000 noncitizens for this time period.

<sup>35</sup>Usial O. Schmelz, "Some Demographic Peculiarities of the Jews of Jerusalem in the Nineteenth Century," in *Studies on Palestine During the Ottoman Period*, ed. Moshe Ma'oz (Jerusalem: Magness Press, 1975), 119-41.

<sup>36</sup>Schmelz, 140-1.

For 1882, McCarthy derives a total population of 468,000, of which about 15,000 were Jewish citizens.<sup>37</sup> He does not provide estimates of noncitizen Jews. However, he estimates a maximum total of all Jews in 1893 to be 28,000. On the other hand, Ruppin, the head Zionist colonization officer, estimates the total number of Jews in 1882 to be the thereafter oft-cited figure of 25,000.<sup>38</sup>

For 1914, it has been generally assumed that the total population of Palestine was 689,275, of which 84,660 were Jews. This was based on J. B. Barron's introductory remarks to the 1922 census of Palestine carried out by the British.<sup>39</sup> In it he claims the first figure to be the number counted by the Ottomans in 1914. As for the second number, Barron adopts Ruppin's estimates of the Jewish population, since, as he claims, there was no breakdown of the total population by religious affiliation.

However, McCarthy challenges the accuracy of both numbers. He suggests that Barron never actually consulted Ottoman statistics, although available to him. The number 689,275 for total population is identical to Ruppin's estimate, while the actual Ottoman statistics showed a total of 616,608. McCarthy further undermines Barron's contention by pointing out that Ottoman population statistics were always broken down by religion.

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<sup>37</sup>McCarthy, 10.

<sup>38</sup>Quoted in McCarthy, 19.

<sup>39</sup>J. B. Barron was the superintendent of the Census. See *Palestine, Report and General Abstracts of the Census of 1922* (Jerusalem: Greek Convent Press, 1923), 3.

As for Ruppin's estimate of about 85,000 Jews in 1914, McCarthy again shows that these numbers were not based on Ottoman figures as Ruppin asserts, who, as McCarthy suggests, had "little understanding of the Ottoman registration system."<sup>40</sup> Moreover, McCarthy suggests that perhaps Ruppin, being a Zionist colonization official, had a vested interest in inflating Jewish numbers. McCarthy's own estimate, reached by correcting Ottoman statistics for undercounting and a critical analysis of the number of Jewish migrants and deportees, whose numbers were exaggerated by Ruppin, derives a total figure of 57,000 Jews in 1914. This includes the 39,000 Jewish citizens and the 18,000 estimated noncitizens. In other words, Jews in 1914 represented 7.7 percent of the total population of about 740,000 (McCarthy's estimate of 722,000 plus the 18,000 noncitizens).

Nonetheless, the number of European Jewish settlers (i.e., excluding the Palestinian Jewish citizens) was too insignificant to have any meaningful impact on the socioeconomic structure of the country. However, their impact, because of their demand for land, was instrumental in the commoditization of land. These early settlers, moreover, provided, by their trials and errors, important lessons for subsequent settlers as to the appropriate forms of settlement conducive to their goals.

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<sup>40</sup>For a full analysis of these issues, see McCarthy, 17-24.

### 2.3 Economic Structure

This section traces, in brief, the major changes in the sectoral structure of the economy of Palestine. This will provide the background with which we can better discern any changes in the social structure and the social relations of production.

Given the lack of detailed statistics, the emphasis is on general trends. Obviously, the lack of complete data prevent us from drawing any precise conclusions on relative changes in the structure of production nor, given the increase in population, on the relative distribution of the population among the three sectors.

#### 2.3.1 The Primary Sector

This section is confined to the agricultural branch, the mainstay of the Palestinian economy. There was limited mining. As for fishing, an activity practiced from ancient times, it does not seem to be a substantial branch or an exclusive occupational category for a large number of people. Nonetheless, we lack any useful information on it.

In Palestine, as well as the surrounding regions, the most important change in agriculture was the substantial expansion of cultivated areas, and of production.<sup>41</sup> Primarily, this was because of improved security with the strengthening of central government control enforced by an increased military

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<sup>41</sup>Scholch, 91; Owen, *Middle East*, 264; Issawi, *Economic History*, 258.

presence;<sup>42</sup> but it was also fostered by the European demand for Palestinian agricultural products. This expansion allowed for the population increase and, at the same time, was fueled by it. The population increase was also helped by better health conditions, the full potential positive impact of which was diminished by the cholera epidemic of 1865-1866 and the Russo-Turkish War of 1877-1878.<sup>43</sup>

The expansion of agriculture was realized through a permanent westward movement from the central hill areas to the formerly insecure inland plains and coastal areas, the most fertile regions of Palestine. Two examples that stand out as indicators of the extent of this expansion are those of oranges and cereals. In the case of oranges, it was estimated that the orange-growing area around Jaffa quadrupled between 1850 and 1880.<sup>44</sup> In 1856, the yield reached twenty million oranges.<sup>45</sup> For 1873, a British trade report estimated the yield at 33.3 million and the orchards at 420 in the vicinity of Jaffa.<sup>46</sup> Ten years later, an American consular report estimated a total of 800,000 trees distributed among 500 orchards<sup>47</sup> on 4,000 *dunums*. By 1913, the citrus area reached about 30,000

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<sup>42</sup>Scholch, 91; Owen, *Middle East*, 173.

<sup>43</sup>Scholch, 43; Owen, *Middle East*, 264.

<sup>44</sup>Scholch, 92.

<sup>45</sup>*Ibid.*, 91.

<sup>46</sup>*Ibid.*; Owen, *Middle East*, 178.

<sup>47</sup>Owen, *Middle East*, 178.

*dunums*.<sup>48</sup>

In the case of cereals, it was estimated that an additional 150,000 to 200,000 acres were brought under cultivation in ten years ending in 1882, mainly in the southern coastal region.<sup>49</sup>

The agricultural expansion also involved a substantial increase in the planting of olive trees, especially in the hill regions, sesame,<sup>50</sup> and cotton, although the latter's growth was primarily confined to the period of the American civil war.<sup>51</sup> A further indicator of the extent of agricultural expansion and increased production can be seen in the volume and value of exports, a topic that is discussed in the tertiary sector below.

One interesting aspect of the substantial increase in production output was the lack of any accompanying major changes in the techniques of production. For example, the traditional wooden plough continued to be used at this time. The suitability of this type of plough to the soil and terrain, especially of the hill regions, and the lack of peasant capital resources combined to prevent any risky

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<sup>48</sup>Ibid., 265.

<sup>49</sup>An American consular report for 1882 quoted in Owen, *Middle East*, 175-6.

<sup>50</sup>Ibid., 265.

<sup>51</sup>Scholch, *ibid.*, 88; Marwan Buheiry, "The Agricultural Exports of Southern Palestine, 1885-1914," *Journal of Palestine Studies* 10, no. 4 (Summer 1981): 61-81. As Buheiry points out, the planting and export of cotton existed earlier in the century but eventually declined.



attempts at technical improvements.<sup>52</sup> The wide annual fluctuations in rainfall increased the risk of using resources for costly technical improvements: Insufficient rain and thus a bad harvest spelled calamity for the peasants, many of whom were in debt. Even in a good rain year, the failure of a new technical method would have negative consequences.<sup>53</sup>

These problems were less pronounced on the plains and coastal areas: Not only was rainfall relatively more plentiful, the climate more temperate, and the terrain easier for cultivation, but also the underground water was easier to extract. This allowed for the extensive spread of the irrigated citrus orchards and other cash crops within the limits set by the ability to extract the water and the availability of monetary resources with some, especially merchants and large-landed individuals, who were the only ones who could make an investment that would take several years before it provided a return (e.g., orange trees took about seven years to bear fruit).<sup>54</sup>

There were basically three groups that took advantage of the westward expansion of cultivation.<sup>55</sup> First, there were both the inhabitants of nearby hill villages and the nomadic tribes in the southern part of the country around Gaza. However, for them, this practice was not new, but had been carried out previously

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<sup>52</sup>Sarah Graham-Brown, *Palestinians and Their Society, 1880-1946* (London: Quartet Books, 1980), 42-3.

<sup>53</sup>*Ibid.*

<sup>54</sup>Montague Brown, "Agriculture," in Himadeh, 139.

<sup>55</sup>Scholch, 112-113; Owen, *Middle East*, 174-5.

in a discontinuous manner depending on the prevailing security conditions. Second, there were merchants, city bankers (including some from Beirut), moneylenders, big landowners, and notables. Here, it is important to point out that there was no clear demarcation among them (e.g., a merchant could at the same time be a moneylender).<sup>56</sup> Third, there were the foreign religious settlers, namely German Templars and Jews. The Templars' agricultural settlements were never significant in terms of number of people and area of land.<sup>57</sup> Also the new techniques and methods of production in agriculture that they introduced did not spread outside their colonies, given their self-imposed separation from the indigenous population. However, their settlement proved significant in a different way. In the words of Scholch, "These Templars proved to potential emulators that European colonies in Palestine could, in fact, be established given adequate tenacity. They thus became a model for colonization-minded Jews."<sup>58</sup>

As for Jewish European settlement, it became significant only after the early 1880s, and is discussed separately below.

### 2.3.2 The Secondary Sector

This sector also experienced a noticeable growth, although not to the extent of agriculture. This growth was the result of the mutually interacting processes of

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<sup>56</sup>This example is based on a study of the court records of Gaza for the late 1850s reproduced in Charles Issawi, *The Fertile Crescent, 1800-1914, A Documentary History* (Oxford: Oxford University Press, 1988), 443-4.

<sup>57</sup>Scholch, 150-3.

<sup>58</sup>*Ibid.*, 152.

the increase in agricultural production, population and urban growth, and the increase in foreign trade. Most of the increase was related to the processing of agricultural products and building construction.

As Scholch showed, the 1860s and the 1870s witnessed an increase in soap production in Nablus and Gaza, the construction trade in Bethlehem and Nazareth, weaving and cotton processing in Gaza and Nablus, glassware in Hebron, and the production of devotional items in Bethlehem, to name the most important.<sup>59</sup> There were neither new products introduced nor any new methods of production.<sup>60</sup>

The growth of this sector continued after the 1880s. This involved the increase in the already existing craft manufacturing, and primarily using the same existing production methods. Whatever motor power used was mainly used in European (Jewish and Templar) manufacturing; and new products were confined to wine making in Jewish and Templar enterprises and the manufacture of milling machinery, irrigation pumps (nonmotorized), and olive oil presses in three factories in Haifa and Jaffa.<sup>61</sup>

The lack of Ottoman statistics on this sector is partially compensated for by the British *Palestine Census of Industries 1928*, which included those industries established before WWI. Of the latter, there were 1,236 establishments of which

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<sup>59</sup>Ibid., 286.

<sup>60</sup>Ibid., 167.

<sup>61</sup>Himadeh, "Industry," 216-7.

925 were Arab and 300 Jewish European owned.<sup>62</sup> However, an industry was loosely defined to include “all factories and workshops producing any article either by hand or power, with or without paid labour [sic], ready for sale.”<sup>63</sup> Moreover, and in spite of the growth in this sector, the low level of industrial development can be seen from the fact that the total capital invested in these industries amounted to merely £P 1,000,000.<sup>64</sup> The total number of workers employed must have been only a few thousand. For example, according to Husayni, there were 1,603 people employed in Arab manufacturing (of which 600 were in soap-making and 467 in weaving);<sup>65</sup> a third of the Jewish European establishments, comprised of about 95 percent of total Jewish investment (£P 400,000), employed 1,322 people.<sup>66</sup>

The relatively larger industries, whether in terms of number, people employed, and capital invested, or output, were primarily those of soap manufacture, weaving and spinning, and wine manufacture. Other industries included “flour-milling, olive oil pressing, extraction of sesame and other oils, tanning and shoe-making, stone-cutting and brick and pipe making, pottery, metal works, ornamental articles, and miscellaneous industries including printing presses,

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<sup>62</sup>Ibid., 221; excluding home industries and the ones that folded before 1927.

<sup>63</sup>Ibid., 221; Owen, *Middle East*, 341, footnote 118.

<sup>64</sup>Owen, *Middle East*, 266.

<sup>65</sup>Muhammad Yunis Al-Husayni, *Al-tatawwur Al-ijtima'i Wal Iqtisadi Ti Filastin Al-'arabiya (Social and Economic Development in Arab Palestine)* (Jaffa: Tamer, 1946), 126.

<sup>66</sup>Owen, *Middle East*, 266.

carpentry, and glass-making.”<sup>67</sup>

Although there was a noticeable increase in this sector, it remained very small relative to the whole economy. Most of the production was organized in workshops or was home based. The number of wage labor remained minuscule. Although some machinery was introduced, the methods of production remained primarily the same with limited use of motor power.

#### 2.3.4 The Tertiary Sector

The tertiary sector underwent substantial growth in the import and export trade, other auxiliary services (including transportation and banking), and those services associated with the growth of the urban population.

The substantial expansion of agricultural production resulted, among other things, in a surplus production of cereals, and in a phenomenal increase in the production of cash crops. Although these products were exported to the regional market prior to the 1850s, afterwards they were increasingly exported to Europe.

For the period 1856-1882, according to Scholch, exports increased tremendously compared to the first half of the century. While there are no statistics on the volume of products exported for the first half of the nineteenth century, there are figures for the value of exports, and thus making a comparison possible, to be discussed below. However, a presentation of some of Scholch’s findings for the volume of exports is very useful.

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<sup>67</sup>Himadeh, “Industry,” 216, 220.

The most important exports of Jaffa were wheat, soap, sesame, oranges, and olive oil, but also included barley, *durra*,<sup>68</sup> and cotton. In 1857, the wheat exported amounted to merely 45,000 kiles, but by 1882 reached 483,000 *kiles*. For sesame, 503,000 *oqqas* were exported in 1857, and reached 2,293,000 in 1882.<sup>69</sup> In 1857, 6,000,000 oranges were exported, and reached 52,967,000<sup>70</sup> units in 1881. However, exports of each product did not necessarily continuously increase year after year. Nonetheless, the following average annual exports, derived by Scholch, for 1857-1860 and 1862-1863, and 1873-1877 and 1879-1882, respectively, provide a proper perspective: for wheat 58,000 *kiles* to 279,000, with a growth multiple of 4.80; for barley 121,000 *kiles* to 102,000, with a growth multiple of 0.84; for sesame 1,245,000 *oqqas* to 2,059,000, with a growth multiple of 1.65; olive oil from 706,000 *oqqas* to 904,000, with a growth multiple of 1.28;

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<sup>68</sup>*Durra* is “a type of cereal with leaves like Turkish maize [hence the name *durra*, which means maize in Arabic] and white seeds like lentils.” See Scholch, 78, footnote 177.

<sup>69</sup>Scholch, 83, Table 18; figures rounded to nearest thousand.

<sup>70</sup>Starting in 1880, data for oranges were in boxes, and Scholch reports 170,500 boxes for 1881. Using the value of orange exports given in Scholch on p. 85, and assuming the same export price for 1879, 1880, and 1881, I calculated the unit price of .12876 piaster and the number of units, 310, in each box, which is consistent with the number of 300 reported by Charles Issawi “Trade of Jaffa, 1825-1914,” in *Studia Palaestina*, ed. Hisham Nashabe (Beirut: Institute of Palestine Studies, 1988), 45. However, for 1882, Scholch’s figure of 116,350 boxes and the corresponding value of 8,144,500 piaster do not seem to reconcile; this suggests that either the price almost doubled between 1881 and 1882, and there is no evidence for that, or that the number of boxes is too low, which seems to be the case given the continuous increase in orange export for the several preceding years.

and finally oranges from 6,050,000 units to 39,221,000 with a growth multiple of 6.48.<sup>71</sup>

As for the value of exports, one estimate for Jaffa in 1825 was a mere £P 5,000. The value of the average annual exports for 1841-1843 was about £P 56,000.<sup>72</sup> By the late fifties to early sixties, it increases by almost three times: the value of the average annual exports was £P 164,000 for 1857-1860 and 1862-1863.<sup>73</sup> In the seventies, it almost doubles; the value of the average annual exports reaches £P 323,000 for 1873-1882.<sup>74</sup>

The same types of products were exported in the 1880-1914 period, with the addition of wine, now manufactured by the German Templars and Jewish Europeans.<sup>75</sup> The value of exports continued to grow. Average annual exports increased from £P 372,000 for 1883-1887, to £P 950,000 for 1908-1912.<sup>76</sup> In 1913, for Jaffa alone, exports amounted to £P 745,000.

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<sup>71</sup>All figures from Scholch, 92, Table 24, except the ones for oranges calculated from the number of boxes he gives; figure for oranges excludes 1882.

<sup>72</sup>Calculated from "Trade of Jaffa," in Issawi, Table 2, 50.

<sup>73</sup>Scholch, 93, Table 25: converted at the rate of £1 = 100 piasters given by Owen, *Middle East*, 176, and rounded to closest thousand.

<sup>74</sup>Scholch, 93.

<sup>75</sup>Himadeh, "Industry," 217.

<sup>76</sup>Owen, *ibid*, 265, Table 68; actual figures would be somewhat less, since part of the exports of Acre came from outside what became mandatory Palestine.

However, one important change in the composition of exports was that by 1899, according to one account, there was no more wheat surplus for export.<sup>77</sup>

This may have been a consequence of population growth.

There was also a substantial growth in imports. The most important imports were coffee, rice, sugar, and cotton-manufactured items, but to a lesser extent included lumber and other building material, petroleum, and luxury and fashion items.<sup>78</sup> Although remaining absolutely small, there was a rapid increase in imports of motors and machinery.<sup>79</sup>

In 1874,<sup>80</sup> the imports of Jaffa amounted to £P 146,000. For 1874-1877, the value of average annual imports was £P 212,000, and by 1879-1881, it increased to £P 337,000.<sup>81</sup> For 1883-1887, imports fell to an annual average of £P 264,000, but afterwards continuously rose so that by 1908-1912, it increased to £P 1,376,000 including imports of Jaffa, Haifa, and Acre. In 1913, imports of Jaffa alone amounted to £P 1,313,000.<sup>82</sup> In the period 1856-1882, most of the

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<sup>77</sup>Issawi, "Trade of Jaffa," 44; this is according to a report by the British vice council.

<sup>78</sup>Scholch, 108-9.

<sup>79</sup>Issawi, "Trade of Jaffa," 46.

<sup>80</sup>Scholch points out that there were no figures prior to 1874 since most of the imports arrived in Beirut and were duty-paid there, and then transported overland to Palestine; Scholch, 107.

<sup>81</sup>Calculated from figures given in Owen, *Middle East*, Table 32, 176.

<sup>82</sup>Owen, *Middle East*, Table 68, 265.



imports were consumed by foreigners and the local “upper class.”<sup>83</sup> From 1882 onwards, the rapid increase in imports reflected the growing number of Jewish settlers,<sup>84</sup> the increasing wealth of the local “upper class,” especially those involved in the export trade, but also included “middle-class” urban dwellers and villagers to the extent of benefits accruing to some from auxiliary activities associated with the export trade and the general economic expansion.

As Scholch has shown, exports exceeded imports for the period 1856-1882, and thus alleviated the trade deficit of Greater Syria.<sup>85</sup> Palestine’s trade surplus continued to the turn of the century, after which imports exceeded exports.<sup>86</sup> This trade deficit was offset by migrant remittances, pilgrims’ spending, and transfers to the Jewish and other religious communities.<sup>87</sup>

Besides the growth in trade, another noticeable change in this sector, albeit relatively small, was the establishment of banks and the building of railroads, both of which reflected the penetration of European capital into Palestine. Foreign investment in Palestine was part of the general flow of European investment in the Ottoman Empire that, in turn, was part of the intensified European export of capital in the last quarter of the nineteenth century.

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<sup>83</sup>Scholch, 108.

<sup>84</sup>Owen, *Middle East*, 265.

<sup>85</sup>Scholch, 106.

<sup>86</sup>Owen, *Middle East*, 265, Table 68; and Issawi, “Trade of Jaffa,” 50-1, Table 2.

<sup>87</sup>Owen, *Middle East*, 248, 265-6.

Before the turn of the century, European investment in the Ottoman Empire mainly took the form of money capital as loans to the government,<sup>88</sup> and as investment in railroads. Ports and banks were established to facilitate these, and the increased trade with Europe.

The foreign-owned banks established in Palestine included the Imperial Ottoman Bank with branches in Jaffa, Jerusalem, and Haifa; Credit Lyonnais with branches in Jaffa and Jerusalem; the Deutsche Palestine Bank with branches in Haifa, Jaffa, and Jerusalem; and the Anglo-Palestine Company Limited, established by the Jewish Colonization Association with branches in Jaffa, Jerusalem, and Haifa<sup>89</sup> primarily serving Jewish European settlers. The first listed three banks were involved in the financing of trade.

As for railroads, there was the French-financed Jaffa-Jerusalem line that was completed in 1892, and the Acre-Haifa-Dera line (part of the Ottoman Hijaz railway) completed in 1904. Both lines were primarily used for the movement of pilgrims and cargo (mainly import-export trade).<sup>90</sup> They were not linked to any industrial or mining activity.

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<sup>88</sup>Owen, *Middle East*, 100-4.

<sup>89</sup>E. Weakley, "Report on the Conditions and Prospects of British Trade in Syria," in Issawi, *Economic History*, ed. Issawi, 279.

<sup>90</sup>M. Hecker, "Die Eisenbahnen in der Asiatischer Turkei," in *Economic History*, ed. Issawi, *Economic History*, 249-57.

### 2.3.5 Jewish European Settlement

The organized settlement of Jewish European immigrants to Palestine started in 1882. These settlers, unlike earlier Jewish immigrants who came for primarily religious reasons, were imbued with political and ideological reasons. They came to “redeem the land” and “restore Jewish independence.” This was to be done, among other ways, by acquiring land for agricultural settlement.

However, given the urban background of Jewish European settlers, the majority opted to live in cities.<sup>91</sup> In the early 1880s, a few hundred lived in agricultural settlements, and by 1890, the total came to only 2,415.<sup>92</sup> By 1914, the total agricultural settlement population was estimated to be 12,000 of which 7,500 were engaged in cultivation.<sup>93</sup>

Most of this time period can be characterized as one of agricultural experimentation in terms of what to produce, method of, and organization of production. Initially, the settlers primarily attempted to grow field crops using combined European and local Arab techniques. This was unsuccessful as were the few attempts, using more intensive methods, to grow vines and olives.<sup>94</sup>

The failure of the settlements to provide enough yield to sustain a European level of living due, in part, to the lack of agricultural experience and sufficient

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<sup>91</sup>Owen, *Middle East*, 270.

<sup>92</sup>Walter Lehn with Uri Davis, *The Jewish National Fund* (London: Kegan Paul, 1988), 9.

<sup>93</sup>Owen, *Middle East*, 270.

<sup>94</sup>*Ibid.*, 270-1.

capital, and in spite of the use of low-paid Arab labor,<sup>95</sup> put them “on the verge of collapse.”<sup>96</sup> Thus, in 1883, merely a year after the first settlement, the settlers had to turn to the French banker, Baron de Rothschild, for help without which they would not have survived.<sup>97</sup> According to one estimate, Rothschild’s financial support exceeded £P 5,000,000.<sup>98</sup>

This relatively large sum of money, along with agricultural experts, who were also provided by Rothschild, were critical components for the new form of agricultural organization, namely, plantations of cash crops of fruits and almonds. Most important were grapes for wine making destined primarily for export.<sup>99</sup> The original settlers remained on the plantations, but a greater number of Arab laborers were also used. For example, in 1889, the settlement of Zikhran Yaaqon had 200 Jewish settlers and 1,200 Arab laborers.<sup>100</sup>

Nonetheless, the plantations proved unprofitable for Rothschild, a non-Zionist,<sup>101</sup> who saw his financial support to the Jewish European colonial effort as primarily a business venture in spite of elements of philanthropy. The situation

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<sup>95</sup>Ibid.

<sup>96</sup>Dan Giladi, “The Agronomic Development of the Old Colonies in Palestine (1882-1914),” in Moshe Ma’oz, 176.

<sup>97</sup>Owen, *Middle East*, 270-1; Giladi, 176-7.

<sup>98</sup>Lehn and Davis, 9.

<sup>99</sup>Owen, *Middle East*, 271; Giladi, 177.

<sup>100</sup>Lehn and Davis, 39.

<sup>101</sup>Nathan Weinstock, *Zionism: False Messiah* (London: Ink Links, 1979), 67.

was exacerbated by the severe drop in world prices for the plantation products and plant diseases.<sup>102</sup> Finally, by 1900, Rothschild handed over the colonies to the Jewish Colonization Association, founded by Baron Maurice de Hirsch with “250 million gold-standard francs” of his own money.<sup>103</sup>

After the Jewish Colonization Association took over, the settlement efforts became more organized: Better methods of farming and marketing co-operatives were introduced;<sup>104</sup> more subsidies were provided including larger tracts of land for Jewish European families, which without the provision of machinery meant the hiring of more low-paid Arab labor.<sup>105</sup> Better yields and price increases resulted in higher incomes for 1907-1911.<sup>106</sup>

Nonetheless, during 1882-1914, the settlement drive, as an agricultural project, can be characterized as a relative failure in spite of the large subsidies by Rothschild and later by the Jewish Colonization Association. This can be seen by the relatively small number of Jews actually involved in cultivation. This failure can also be seen in the inability of the settlements, as mentioned, to provide a European level of living, through agricultural activities or otherwise, that would attract and keep more immigrants. According to one estimate, 90 percent of the so-

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<sup>102</sup>Owen, *Middle East*, 271.

<sup>103</sup>Weinstock, 67.

<sup>104</sup>Owen, *Middle East*, 271.

<sup>105</sup>Weinstock, 68.

<sup>106</sup>Owen, *Middle East*, 271.

called second wave of immigrants (35,000-40,000), who arrived in Palestine between 1904-1914, eventually left the country during the same time period.<sup>107</sup>

However, the settlers were relatively more successful in the acquisition of land.

There are varying but close estimates of the amount of land acquired by Jewish settlers up to the start of WWI in 1914. According to Granott, a high land official of the Jewish National Fund, to be discussed below, and to the Encyclopaedia Judaica, the land acquired by the settlers amounted to 418,000 *dunums*;<sup>108</sup> Orni, another official of the Jewish National Fund, gives the figure of 404,000 *dunums*;<sup>109</sup> according to the French Institute National de Statistique, 420,700 *dunums*;<sup>110</sup> and finally, there is the estimate of 450,000 *dunums*.<sup>111</sup> Given the figures of the Jewish National Fund officials, Lehn and Davis question the government estimate of 650,000 *dunums*.<sup>112</sup> Most of the land acquired during this time period was in the northern coastal plains and around Lake Tiberias (i.e.,

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<sup>107</sup>Cited in Weinstock, 75.

<sup>108</sup>Quoted in Lehn and Davis, Table III, 74.

<sup>109</sup>Ibid.

<sup>110</sup>Quoted in Weinstock, 75.

<sup>111</sup>Quoted in Owen, *Middle East*, 270.

<sup>112</sup>Lehn and Davis, 74; as they point out, the government explained this figure simply "as generally accepted." Further the government's figure is undermined by the fact that the war virtually disrupted land sales, and, later on, the British military administration suspended land sales from November 1918 to September 1920; also see John Ruedy, "Dynamics of Land Alienation," in *The Transformation of Palestine*, ed. Ibrahim Abu-Lughod (Evanston: Northern University Press, 1971), 126.

in some of the most fertile areas of the country).

During this period, virtually all of the land acquired by the settlers was privately held, whether in the form of a group of families in a colony, or in plantations, both of which hired Arab labor. However, we witness the evolution of an ideological and institutional framework that would define and shape Zionist policy towards land and labor, with the major components of that policy, especially in the case of land, persisting to the present. The ideological part was reflected in the twin elements of the strategy of the “conquest of labor” (i.e., the employment of only Jewish workers, exclusion of Arab workers), and the “conquest of land” (i.e., the acquisition for settlement of land that would become the “inalienable property of the Jewish people,” alienation of land from the Palestinian Arabs).<sup>113</sup> The evolution of such a strategy was a response by the second wave of immigrants (1904-1914) and the Zionist movement to what they perceived to be the failure of the first wave of immigrants in establishing a solid foundation for the goal of establishing a Jewish state in Palestine. The early settlements, by hiring low-paid Arab labor, was seen as undermining the effort to attract sufficient Jewish immigrants who would opt to stay in the country, assuming that they needed higher

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<sup>113</sup>For a treatment of this time period that explores the evolution of that strategy in the context of the settlers’ conflict with the Palestinians and internal history of the settlers that goes beyond the romanticism so characteristic of most Israeli histories of this period, but also goes beyond ideological explanations (e.g., the claim that the socialist ideology of the second wave of immigrants would not allow them to exploit cheap Arab labor), see Gershon Shafir, *Land, Labor and the Origins of the Israeli-Palestinian Conflict, 1882-1914* (Berkeley: University of California Press, 1996).

wages to satisfy their European standard of living.

Institutionally, the strategic policy of “conquest of land” and “conquest of labor” was to be primarily implemented by the Jewish National Fund established in 1901 at the Fifth Zionist Congress, and incorporated in England in 1907.<sup>114</sup>

However, by 1919, and according to its own figures, the Jewish National Fund was able to acquire a total of only 16,366 *dunums*,<sup>115</sup> which represented about 4 percent of the total Jewish acquisitions of 420,000 *dunums*, and alternatively 2.5 percent if we consider the more dubious government figure of 650,000 *dunums*.

Lehn and Davis discuss the possible reasons for the failure of the Jewish National Fund to acquire more land including the lack of sufficient funds, Ottoman restrictions on land acquisition by foreigners (although bribery and European pressure partially nullified that), the unwillingness of small Palestinian landowners to sell land, and finally the lack, as yet, of a “clear land-acquisition policy.”<sup>116</sup>

Nonetheless, total Jewish acquisition amounted to between 1.6 percent and 2.5 percent of the total land area of Palestine, depending on whether the actual figure was 420,000 or 650,000 *dunums*, respectively.

Regardless of the impact on the Arab society of Palestine, the relative insignificance of these purchases in quantitative terms brings to the fore again the nature of land tenure. More specifically, what the relative paucity of acquisitions

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<sup>114</sup>Lehn with Davis, 24.

<sup>115</sup>*Ibid.*, 36.

<sup>116</sup>*Ibid.*, 37-8.



point to is the fact that most of the cultivable land was held by peasants.<sup>117</sup> In Palestine, as in all agricultural societies, land obviously is the primary source of livelihood, and thus the peasants' tenacity in holding on to it. This explains the fact that throughout the period preceding WWI, most of the land was acquired from large landowners, local and absentee, foreign institutes such as churches, and from the government, with the first category the source of most land. Nonetheless, as Owen writes, "Whatever its legal ownership, the land in question had almost invariably been cultivated by peasants and seminomads who had either to be evicted or to be employed by the new colonists as laborers."<sup>118</sup>

The impact of the initial Jewish European settlement on the Palestinian society and economy is dealt with in the conclusion in the context of the overall changes beginning around the mid-nineteenth century.

#### 2.4 Conclusion

It is obvious from the above outline, that Palestine, during the 1850s-1914 period, underwent a relatively substantial economic growth, which is indicated both by the population growth and the quantitative increase in the three sectors. As already noted, what are not clear, given the lack of complete data, are the relative changes in the structure of production or the relative distribution of the population among the three sectors.

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<sup>117</sup>The extent of large land holdings and its relationship to land sales are discussed in Chapter 3.

<sup>118</sup>Owen, *Middle East*, 270.

More importantly, this growth has to be seen in the context of internal and external factors acting both separately and in conjunction with each other. The internal factors, at least initially (i.e., 1850s-1880), revolved around the intertwined processes of attempted reforms and centralizing measures by the Ottoman state, the latter resulting, among other things, in improved security. The new security primarily, but also combined with the liberalizing aspects of the Land Code such as the extension of inheritance rights, and easing of restrictions on the size of privately owned land, allowed for the expansion of cultivation and the growth of population, both of which had a positive reciprocal impact on each other.

This development coincided with the external factor of the increased European demand for agricultural products, which was reflected, as discussed above, by the great increase in the volume and value of exports. Imports followed and by the turn of the century superseded exports in value.

It was through this trade with Europe that Palestine was incorporated into the world capitalist market. Palestine exported agricultural products and imported “luxury” goods and some manufactured products, most of which was consumed by foreigners, settlers, and the local “upper classes.” The foreign-financed railways and banks were not linked to any mining or industrial projects, but were primarily established to facilitate this trade.

The expansion in the cultivated area and the growth of trade did not lead to much industrial development. The growth in the secondary sector primarily

involved basic food processing and building construction. Methods and techniques of production remained basically the same, with minor exceptions.

Nature, and most specifically the variations in annual rainfall, had a major impact on the quantity and quality of agricultural yields. In spite of the growth in intensive agriculture as in citrus and other cash crops, the paucity of surface water, and the lack of technology for deep-water extraction (reflecting a peasantry with limited resources and a lack of government help), dry farming remained the primary method for the production of staple crops.

The incorporation of Palestine in the world capitalist market was not preceded, accompanied, nor resulted from changes in the social relations of production. In spite of the emergence of large-landed estates (preceding European Jewish settlement), peasant access to land—their primary means of production—was maintained. It is with the influx of Jewish European settlers and their acquisition of land that the peasants' hereditary and communal access to land began to be threatened. The commoditization of land was the first and most important impact of European settlement. It also signaled the beginning of the disintegration of the traditional and communal relationship of peasant to land.

The acquisition of land by European Jewish settlers meant that, at a time of substantial Arab population growth in predominantly agricultural Palestine, land was being withdrawn from Arab agricultural use, thus increasing the pressure on land.

Given that land owned by Jews could not be sold to non-Jews (private Jewish holders of land also adhered to this policy) or in the case of the Jewish National Fund lands could not even be sold to individual Jews requires a qualification of the concept of commoditization of land. Since land as a commodity has an exchange value that is sold freely on the market to whoever is willing to buy it, then, in our case, the one-time irreversible sale to Jews does not qualify the land as a “full-fledged” commodity.

Another noticeable change, besides the commoditization of non-Jewish (i.e., Arab) owned land was the introduction of wage labor. This was primarily agricultural wage labor employed in the production of cash crops mainly for exports. It included those Arabs hired as laborers on the land they had cultivated before being purchased by European settlers, and others working on Arab-owned farms to supplement the family income. However, it should be stressed that wage labor remained relatively few and mostly seasonal. The nonproliferation of wage labor also points to the fact that the great majority of peasants retained their control and access to land, with the exception of those evicted from lands acquired by the Jewish European settlers.

A third change was the increased monetization of the economy necessitated and indicated by the growth of the import and export trade, and of urban areas. Obviously, the increased monetization did not reflect a highly developed division of labor in Palestinian society. The great majority of the population still produced their subsistence needs, and barter was still a common practice in regional weekly

markets.

Finally, although the social relations of production remained basically the same, the processes outlined in this chapter point to the beginnings of their transformation. On the other hand, the population growth, changes in land tenure, especially in its legal aspects and later the commoditization of land, growth of the three sectors, integration in the world market, and the influx of European settlers represented crucial changes relative to earlier periods. At the same time, they represented the beginnings of and set the stage for the subsequent socioeconomic change during the Mandate period and for the Zionist colonial project in Palestine. The same processes continued, but their intensity and pace were substantially greater. As we shall see, the process of change during the Mandate was not confined to an intensification of processes that predate it, but also included new ones the most important of which was new agrarian relationships as especially exemplified in the expropriation of the peasantry as part of a fast differentiation process.

### 3. TAXATION, DEBT, AND LAND TENURE

This chapter examines the intertwined relationships of the taxation policy of the government, peasants' debt, and changes in land tenure. I outline the evolution of the tax system during the Mandate and contrast it with the Ottoman system quantitatively and qualitatively. The impact of tax policies on the peasantry is examined. Then I examine the growth and magnitude of debt of the peasantry, and investigate the factors contributing to it. Finally, I examine the changes in land tenure deriving from government policy, European settler acquisition of land, and concentration of holdings within the Arab rural areas. What this examination found was that the real tax burden and debt of the Arab peasants increased during the Mandate. These increases were major contributing factors to the changes in land tenure, including the process of dispossession.

#### 3.1 Taxation

The government of Palestine had a conservative fiscal policy aiming at a balanced budget; expenditure allocations were always decided upon after the determination of revenues.<sup>1</sup> Moreover, revenues were expected to be generated locally without help from the British treasury.

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<sup>1</sup>M. F. Abcarius, "The Fiscal System," in Himadeh, 511.

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.<sup>2</sup> 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:

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<sup>2</sup>Unless 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.

Table 3.1. Revenue, Expenditure, and Annual Balance, 1920-1921 to 1944-1945, Palestine Government

Fiscal Year	Revenue (£P)	Expenditure (£P)	Surplus (+) Deficit (-) (£P)	Appreciation (+) Depreciation (-) of Investments (£P)	Accumulated Balance (£P)
(1 July 1920-31 March 1921)	1,136,951	1,259,587	(-) 122,636	-	-122,636
1921-1922	2,371,531	1,929,341	(+) 442,190	-	319,554
1922-1923	1,809,831	1,884,280	(-) 74,449	-	245,105
1923-1924	1,675,788	1,675,105	(+) 683	-	245,788
1924-1925	2,154,946	1,852,985	(+) 301,961	-	547,749
1925-1926	2,809,324	2,092,647	(+) 716,677	-	1,264,426
1926-1927	2,451,365	2,123,568	(+) 327,797	-	1,592,223
1927-1928	2,358,365	2,700,414	(-) 342,049	-	1,250,174
1928-1929	2,497,011	2,997,750	(-) 500,739	-	749,435
1929-1930	2,355,623	2,245,989	(+) 109,634	-	859,069
1930-1931	2,462,304	2,567,671	(-) 105,367	-	753,702
1931-1932	2,345,696	2,377,625	(-) 22,929	-	730,773
1932-1933	3,015,917	2,516,394	(+) 499,523	-	1,230,296
1933-1934	3,985,492	2,704,856	(+) 1,280,636	-	2,510,932
1934-1935	5,452,633	3,230,010	(+) 2,222,623	-	4,733,555



Table 3.1. Continued

Fiscal Year	Revenue (£P)	Expenditure (£P)	Surplus (+) Deficit (-) (£P)	Appreciation (+) Depreciation (-) of Investments (£P)	Accumulated Balance (£P)
1935-1936	5,770,457	4,236,202	(+) 1,534,255	-	6,267,810
1936-1937	4,640,821	6,073,502	(-) 1,432,681	-	485,129
1937-1938	4,897,356	7,297,688	(-) 2,400,332	(-) 33,958	2,400,839
1938-1939	5,937,280	5,692,672	(+) 244,608	(-) 112,182	2,533,256
1939-1940	6,768,352	6,004,738	(+) 763,614	(+) 99,874	3,396,753
1940-1941	8,441,899	7,450,355	(+) 991,544	(+) 36,483	424,780
1941-1942	8,325,552	7,463,601	(+) 861,951	(-) 20,656	5,266,075
1942-1943	8,851,877	10,253,283	(-) 1,401,406	(+) 70,677	3,935,346
1943-1944	11,513,748	14,819,250	(-) 3,305,502	(+) 22,001	651,845
1944-1945	17,496,682	18,196,594	(-) 699,912	(+) 48,067	-
Total	121,535,801	121,646,107	(-) 110,306	(+) 110,306	-

Source: Government of Palestine, Department of Statistics, *Statistical Abstract of Palestine, 1944/45*, 79 (hereafter, *Abstract* followed by year).

First, the 12.5 percent tithe rate, initially retained, was reduced to 10 percent of the gross yield in 1925. Second, tax farming was abolished in 1919.

However, two other changes in the collection of the tithe more than offset any potential benefits that the first two measures could have produced. First, in 1928, the ordinance issued the previous year for the “commutation of tithe” came into effect. This meant that the tithe was now a fixed annual amount based on the average yield of the four years preceding its application (i.e., 1924-1927). What made this new measure disastrous for the peasants was the “scissors crisis”<sup>3</sup> that transpired in some of the following years in terms of bad harvests and deep price drops, especially during the Great Depression.

For major winter crops, the average total production for 1924-1927 was 159,000 metric tons.<sup>4</sup> In 1928, production was 119,000 tons, a drop of 25 percent. The next three years production bounced back, but in 1932 and 1933, it decreased substantially to 81,000 and 86,000 metric tons, respectively. As for wheat only, the average production for 1924-1927 was 98,000 metric tons, and in 1928 decreased to 65,000 tons. Again, the next three years saw increases on wheat

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<sup>3</sup>The “scissors crisis” was an idea commonly applied to the fact that during the 1920s and early 1930s, farm prices generally fell more than nonfarm prices throughout the world. Although Palestine, like other primarily agricultural countries was severely affected by this crisis, I am using the term, somewhat differently, to also illustrate the “twin” effects of falling prices and harvest failures.

<sup>4</sup>All numbers on production are taken or derived from *Abstract 1939*, Table 47, 39, and rounded to the nearest thousand. Winter crops include wheat, barley, lentils, *kersenneh*, beans, and chick peas; summer crops include *durrah*, sesame, chives, melons, grapes, figs, almonds, other fruits, and vegetables.

production that nonetheless never reached the 1924-1927 levels. In 1932 and 1933, wheat production further decreased to 51,000 and 44,000 metric tons, respectively. As for major summer crops, average production for 1924-1927 amounted to 124,000 metric tons. In 1928, production went down to 84,000 tons, increased somewhat the next four years, and then decreased to 75,000 tons in 1933.

Table 3.2 shows that starting with 1928 and through 1934, which is the last year of the application of the “commutation of tithe” ordinance, the annual wholesale price for wheat never reached the average price of 1924-1927. The years 1930 and 1931 were especially disastrous when wheat prices dropped to £P 7.44 per ton and £P 6.80 per ton, respectively. Prices did not reach comparable or higher levels than 1924-1927 until 1941 and 1942 when prices were fixed and subsidized by the government as part of its war measures.<sup>5</sup>

However, the real impact of the fall in prices on the peasant was greater than Table 3.2 suggests, since these figures were town prices, which are much greater than village prices (i.e., the prices at which the peasants sold their produce). It has been estimated that the peasant had to sell not one-tenth (which reflected the higher prices of the commuted tithe as used in the Johnson-Crosbie Report) but at least one fifth of the yield (which reflects the lower prices in subsequent years) in order to pay the tithe.<sup>6</sup> This meant that in years of bad

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<sup>5</sup>*Abstract, 1944/45*, 110, 112.

<sup>6</sup>United Kingdom, *Palestine: Report on Immigration, Land Settlement and Development by Sir John Hope-Simpson* (London: HMSO Publications, 1930), 69, 72 (hereafter Hope-Simpson Report); Government of Palestine, *Report of a*

Table 3.2. Wholesale Price Index (a) and Wholesale Wheat Prices (b) for Selected Years

Year	Whole Price Index	£P Per Ton Wheat as Given as Abstracts	Tithe Redemption £P Per Ton Wheat as Given by Simpson (d)
1924	41.8	(c)	9.34
1925	44.8	16.6	13.15
1926	42.8	12.7	9.98
1927	40.60	11.52	9.07
1928	39.5	13.15	
1929	36.7	10.89	
1930	31	7.44	
1931	28.3	6.80	
1932	30.6	10.25	
1933	30.1	9.53	
1934	30	8.71	
1941	53	11.07	
1942	77.3	19.33	

(a) Base year, 1920.

(b) Wholesale prices for wheat were given per 100 kilograms and converted to £P per ton.

(c) Although no price is given in the *Abstract* for 1924, the Whole Price Index for that year points to a relatively comparable price to 1925-1927.

(d) Tithe redemption prices were given per one kilo and converted to £P per ton. Although these prices are lower than those given in the *Abstract* for 1925-1927, they follow the same price movement. The discrepancy between the two sets of prices may be because of a lack of distinction in the *Abstract* figures in the variation between town and village prices. Average price for Simpson figures was £P 10.39 per ton of wheat. *Sources: Abstract*, various years; Hope-Simpson Report, 174.

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*Committee on the Economic Conditions of Agriculturalists in Palestine and Fiscal Measures of Government in Relation Thereto* (Jerusalem: Government of Palestine, 1930), 25 (hereafter Johnson-Crosbie Report).

harvest, the poorer peasants had to live off with less than their subsistence needs, or borrow more money and fall deeper in debt, which intensified the “scissors effect.”

In an attempt to alleviate these calamities, the government first reduced the commuted tithe in 1930, and when that was insufficient, began substantial remission of the tax.<sup>7</sup> For example, for 1934-1935, the commuted tithe amounted to £P 263,838, and the remissions granted were £P 130,731, resulting in an amount payable of £P 133,107.<sup>8</sup> In spite of this, the amount actually collected was £P 108,920.<sup>9</sup> However, these measures proved insufficient and not soon enough given the deep fall in the output and prices of agricultural products.

The second major change in the collection of the tithe was introduced in 1919, namely, its payment in cash rather than in kind,<sup>10</sup> the impact of which on the peasants was never addressed by government officials, or other writers dealing with the agricultural situation in Palestine during the Mandate or since.

The abrupt imposition of taxes (tithe) in cash, a feature of a highly developed money economy and division of labor (i.e., capitalist economy) on an agricultural population that primarily lived off the produce of the land they worked only made matters worse for the peasants. This policy and lack of correspondence

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<sup>7</sup>Abcarius, “Fiscal System,” 518.

<sup>8</sup>*Survey I*, 247.

<sup>9</sup>Abcarius, “Fiscal System,” 517.

<sup>10</sup>*Ibid.*, 509-10.

between a money tax and a predominantly subsistence economy had major negative consequences on the peasants. The most notable and serious of which was the reversion to increased borrowing from and a dependence on moneylenders in order to pay the tax in contrast to the WWI period when most peasants paid off their debts. The increased indebtedness led, in many cases, to the peasants having no choice but to sell their land.

This forced attempt at monetization was not simply an intensification of the increased monetization of the economy that started during the Ottoman period as discussed in Chapter 2. It was qualitatively different.

The qualitative difference between monetization during the Ottoman period and the British period and its impact can be seen in three interconnected ways. First, the gradual, during Ottoman times, versus the abrupt nature of monetization during British rule. The latter meant that there was no time allowed for adjustment to new conditions on the part of the peasants. This proved to be very disruptive as peasants increasingly turned to moneylenders for more borrowing, thus becoming more dependent on and more indebted to the latter. As mentioned earlier, this led to many peasants having to sell their land, especially in years of bad harvests in order to pay their debts.

Second, monetization during Ottoman times was primarily associated with the import and export trade, and basically confined to urban areas. This is not to say that money did not circulate in rural areas, which it did, but that it was not essential for the working of the agricultural economy and was limited in scope.

Although it is true that the *werko* and *aghnam* were paid in money towards the end of Ottoman rule, these taxes were insignificant relative to the size of the tithe which was paid in kind. The British measure meant that the peasants were forcibly and more fully integrated into a money economy while at the same time lacking a developed division of labor and basically employing traditional methods of production. Now, they had to borrow more money.

Third, and perhaps most important, since it more fully illustrates the first two points, is that this new measure made the peasants susceptible not only to the calamities of nature, but also to the fluctuations in the market prices of their produce, which they also had no control over. During the Ottoman period, a fall in market prices did not necessarily result in having less of the produce for the peasants' own needs because the tithe was paid in kind. On the other hand, the new measure meant that the peasants had to give up a much larger portion of their product when prices fell, especially since the tithe now was a fixed money amount based on years of high prices and greater output.

The second kind of direct agricultural tax was the *werko* (house and land tax). It was based on the capital value of the land and applied to rural and urban areas. The Beersheba district was exempted in order to encourage registration of land.<sup>11</sup>

Initially, the tax was at the rate of four per thousand and ten per thousand of the capital value of *Miri* and *Mulk* land, respectively. By the time of the British

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<sup>11</sup>Ibid., 507.

occupation, and to cover different treasury needs, the Ottoman state had raised it to 6.24 per thousand on *Miri* land, 16.1 per thousand on *Mulk* land, and 14.1 per thousand on house property.<sup>12</sup> It has been estimated that in terms of net annual value,<sup>13</sup> these rates correspond to 12.5 percent of *Miri* land, 32.2 percent of *Mulk* land, and 28.2 percent on house property.<sup>14</sup>

However, what appears as excessive Ottoman rates was greatly mitigated by the undervaluation of property. As Abcarius explains:

Assessments of the capital value of property were notoriously underestimated and the areas recorded for taxation purposes were seldom if ever more than a small fraction of the correct areas. Cases have come to light where the boundaries recited in title deeds comprised areas seventy and eighty times the area actually declared.<sup>15</sup>

Moreover, the tax was based on the capital value of properties as assessed not less than twenty-five years earlier, sometime after the 1886 Ottoman law that stipulated the latest *werko* tax.<sup>16</sup>

The British eventually cancelled the additions to the original rates. At the same time, new assessments, reflecting a much higher capital value of property, was carried out when property was sold or registered.<sup>17</sup>

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<sup>12</sup>Ibid., 507, 519; *Survey I*, 247.

<sup>13</sup>This is based on an assumption of an annual net return of 5 percent.

<sup>14</sup>Abcarius, "Fiscal System," 507, 519.

<sup>15</sup>Ibid., 529-30.

<sup>16</sup>Ibid., 509, 519.

<sup>17</sup>Ibid., 520.



The third direct agricultural tax retained by the British was the *aghnam* (animal tax). During Ottoman rule, the *aghnam* was initially collected in kind but eventually replaced by cash.

The British retained the same Ottoman rates prevalent at the time of their occupation of the country. The rates were 48/50 mils per head for sheep and goats, 120/150 mils per head for camels and buffaloes, and 90/100 mils per head for pigs.<sup>18</sup> These rates were temporarily reduced for 1937-1938 on the account of a heavy loss of animals because of disease and a particularly dry season. For that year, the rates were reduced to 20 mils per head for sheep and goats for the whole country, and to 50 mils per camel for the southern district.<sup>19</sup>

However, the initial rates were reestablished after 1937-1938 and remained in force until 1945, when the rates were increased substantially to become 600 mils per head for buffaloes, cattle, and camels, 400 for pigs, 200 for sheep, and 200-400 for goats.

In 1935, the tithe and *werko* were replaced by the Rural Property Tax.<sup>20</sup> The new tax was based on land productivity, classified in seventeen categories,<sup>21</sup>

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<sup>18</sup>Abcarius, "Fiscal System," 526, gives the first figures, while the latter are given in *Survey II*, 543; 1£P = 1,000 mils.

<sup>19</sup>Abcarius, "Fiscal System," 526.

<sup>20</sup>The new tax did not apply to the southern Beersheba subdistrict and the Hula concession areas where the Ottoman taxes were retained.

<sup>21</sup>*Survey I*, 251-2 for a table listing the seventeen categories of land and their corresponding tax rates.

and “in some relation to the net annual yield.”<sup>22</sup> It was a fixed tax estimated to be about 10 percent of the net yield through 1942-1943. As a war measure, the rates were doubled twice, except for citrus, in 1943-1944 and 1944-1945.<sup>23</sup> Although it was an improvement on the tithe, which was a tax on the gross yield and thus taxed the costs of production, the Rural Property Tax had three main shortcomings. First, the cost of production, which was assumed to be two thirds of the gross yield, did not take in consideration the variation in cost in different villages.<sup>24</sup> This across-the-board approach was obviously unfavorable to those peasants who had costs higher than the estimated two thirds of the gross yield. Second, this fixed rate did not take into account the variations in annual yields that were susceptible to disease and an unpredictable amount of rainfall, especially in the case of dry-farming crops. The Rural Property Tax, unlike the Urban Property Tax, was based on presumed rather than an assessed return. Third, unlike the Ottoman law, which allowed for land to lay fallow for three years, the new Rural Property Tax was, true to its name, a tax on land when it was not planted.

At any rate, and in spite of these shortcomings, the new tax, in itself, was an improvement on the tithe and *werko*. Nonetheless, as will be illustrated below, the new tax was late in coming for the many peasants who lost their land before 1935 as a result of a combination of the “scissors crisis,” the tax burden, and

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<sup>22</sup>*Ibid.*, 250.

<sup>23</sup>*Ibid.*, 253-4.

<sup>24</sup>Abcarius, “Fiscal System,” 524.

mounting debt. At the same time, the new tax, in the absence of other meaningful and complementary reform measures, did not provide a solution for a multifaceted problem even for those peasants who did manage to hold on to their land.

In summary, it may be said that, in spite of the nominal reductions in tax rates, the Arab peasant's real tax burden contributed to his being worse off, at least up to 1935, as compared to the pre-WWI period.

Besides the combination of factors discussed above (i.e., the introduction of the payment in cash of the tithe, the "scissors crisis," and the ordinance of the commuted tithe), what distinguishes the British period from the Ottoman one is the greater efficiency of the former in tax collection. Although the British retained the main Ottoman agricultural taxes up to 1935, they applied a modern system of tax administration and enforcement that was more effective and therefore more burdensome. In the case of only one subdistrict, court proceedings against indebted peasants involved 64 percent of the families, and "applications for imprisonment" for 20 percent of the families of the subdistrict.

The general condition of the Arab peasant and the heavy burden of taxes can be illustrated by an example taken from 1930 showing the assessments and arrears for the tithe and *werko*. The assessment of the tithe for that year was £P 225,850 and the arrears were £P 105,478 (i.e., 47 percent of the assessment). For the *werko*, the assessment was £P 192,924 and arrears were £P 132,474 (i.e., 69 percent of the assessment). Taken together, the arrears represented 57 percent of the assessment for 1930. Of the total assessment figure, 85 percent was for

Arab cultivators and 15 percent for Jewish farmers. As for the total arrears, 75 percent were for Arab cultivators and 25 percent for Jewish farmers.<sup>25</sup> In the words of Simpson, “Everywhere this year the small cultivator has had to borrow in order to pay his taxes, when he has paid them. In very many cases he has found it impossible to pay them at all.”<sup>26</sup>

Finally, there was the differential impact that agricultural taxes had on Jewish European farmers and Arab peasants, and the one derived from the variations in rates between urban and rural taxes where the majority of the Arab population lived.

As for the burden of taxation on the Jewish farmer, the Johnson-Crosbie Report states:

The *werko* [with its much lower rate than the *tithe*] he pays in the case of postwar settlements is based on reassessed values, and therefore, in spite of his consequent exemption from the war-time additions to the *werko*, his payments are probably relatively heavier than those of the Arab.<sup>27</sup>

As for the more significant tithe, the report continues, “The Jewish farmer in the new settlements probably benefits from the fact that the commuted tithe was based on the lower productivity of Arab farming.”<sup>28</sup> This productivity gap increased with time. This also meant that the impact of the price drops discussed above was

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<sup>25</sup>Hope-Simpson Report, Appendix 17, 176.

<sup>26</sup>Ibid., 72.

<sup>27</sup>Johnson-Crosbie Report, 47

<sup>28</sup>Ibid.

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.<sup>29</sup>

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.<sup>30</sup> There was no income tax in urban areas comparable to the tithe paid by the peasant until 1940-1941.<sup>31</sup> 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

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<sup>29</sup>Ibid.

<sup>30</sup>Ibid., 43.

<sup>31</sup>*Survey II*, 545.

Arab agriculture. Although peasant indebtedness also existed in the Ottoman period, there are quantitative and, more importantly, qualitative differences that distinguish it from the Mandate period. These differences account for the major factors that forced some small peasants to sell their lands or parts of it during the Mandate period.

There are no figures for debt during the Ottoman period, but British official reports acknowledge that before WWI “the sums involved were much smaller”<sup>32</sup> than during the Mandate period.

However, the same reports point out that, “During the War [WWI] and for a few years after it, prices were very high. The farmer as a rule seems to have cleared off his debts and to have become comparatively prosperous, [and] his standard of living improved accordingly.”<sup>33</sup>

Before I discuss and analyze the major factors that account for the development of debt after the WWI years, I present data on its magnitude. The extent of the seriousness of the debt problem can best be illustrated by juxtaposing the amount of average debt per family with that of its income. This is based on the survey of 104 villages (“26 percent of the total Arab farming community, holding 10 percent of the total cultivable area”<sup>34</sup>) as prepared and reported by the

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<sup>32</sup>Johnson-Crosbie Report, 42; also see *Memoranda for Palestine Royal Commission*, Memo nos. 13, 14, and 15, 41-50, as reported in George Hakim, “Monetary and Banking System,” in Himadeh, 497.

<sup>33</sup>Johnson-Crosbie Report, 42.

<sup>34</sup>*Survey I*, 364.

Johnson-Crosbie committee.<sup>35</sup>

The committee estimated the cost of living of a family of six to be £P 26.<sup>36</sup> After establishing the gross income and the cost of production for 100 *dunums*, the committee arrived at a net return of £P 20 for a tenant family and £P 35.2 for an owner-cultivator family (see Table 3.3). However, the actual average holding per family was 56 *dunums* of village-owned land, which meant that the actual net income from cultivation was £P 11 for a tenant family and £P 19.6 for an owner-cultivator family.

Table 3.3. Average Net Return for Tenants and Owner-Cultivators in £P

	For Tenant Based on Average Prices of 1924-1927	For owner- cultivator based on average prices of 1924-1927	For tenant based on average prices of July 1930	For owner- cultivator based on average prices of July 1930
For 100 <i>dunums</i>	20 (a)	35.2 (a)	3.6 (b)	11.8 (b)
For actual holding of 56 <i>dunums</i>	11 (a)	19.6 (c)	2 (c)	6.6 (c)

*Sources:*

(a) Johnson-Crosbie Report, 18, 22.

(b) Hope-Simpson Report, Appendix 15, 175; the prices used here prevailed throughout 1930 and 1931 (see Table 3.2).

(c) Calculated on the basis of same prices used by Johnson-Crosbie and Hope-Simpson.

<sup>35</sup>Johnson-Crosbie Report, 42.

<sup>36</sup>*Ibid.*, 20.

However, the 1924-1927 average prices (i.e., the highest for 1921-1929) used (same as those used for commutation of tithe) were only somewhat relevant up to mid-1929. Table 3.3 shows the tremendous drop in net return as based on mid-1930 prices with £P 2 for tenants and £P 6.6 for owner-cultivators. This is based on the cultivation of village-owned land only.

For total average net income, which includes the cultivation of land not owned by the villages and income from rent, hired labor within the village, transport, and labor outside the villages, the committee reached a figure of £P 27.5<sup>37</sup> per family (the committee did not distinguish between tenant and owner-cultivator families) based on the average 1924-1927 prices, which more or less prevailed up to mid-1929. For prices prevailing in mid-1930, the committee reached a figure of £P 16.5<sup>38</sup> per family.

As for debt, the committee estimated an average of £P 27 per family with an annual interest of £P 8, or about 30 percent. Thus, through mid-1929, the annual income was about the same as the cost of living, or alternatively, the total debt per family. Thus, in mid-1930, the net family income of £P 16.5 covered only 63 percent of its living expenses. Under such circumstances, the debt could only accumulate and the only recourse for many peasants was the sale of their land. The result of the situation for the peasants was described by Simpson as follows, "It is no exaggeration to state that the fellah population as a class is hopelessly

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<sup>37</sup>Ibid., 23.

<sup>38</sup>Ibid., 44.



bankrupt.”<sup>39</sup>

The Johnson-Crosbie committee concluded that “to provide the minimum cost of living for a family,”<sup>40</sup> an owner-cultivator needs 75 *dunums*, and a tenant 130 *dunums*. Another estimate by the joint Palestine Survey Commission put the minimum at 160 *dunums* with a “safer” minimum of 240 *dunums*<sup>41</sup> for cereal dry farming. For orange growing in the coastal areas, 10-20 *dunums* was sufficient for both Arab and Jewish farmers. As Simpson points out, the variations in minimum requirements reflect the quality of land, not only between irrigated and nonirrigated lands, but also within the latter.<sup>42</sup> It should be added that the minimum land required to support a family increases in response to lower prices.

The Johnson-Crosbie Report offers a rather simple explanation for the indebtedness of the peasants after WWI: the fall in prices and the inability of the peasants to act fast enough to “adjust [their] outlook or [their] standard of living to meet the changed circumstances.”<sup>43</sup> There is no doubt that the fall in prices played an important role in increasing the debt of the peasants after the war. However, the increased indebtedness cannot only be sought in the fall in prices per se, but more importantly, on the peasant’s increased dependence on and

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<sup>39</sup>Hope-Simpson Report, 69.

<sup>40</sup>Johnson-Crosbie Report, 22.

<sup>41</sup>As reproduced in Hope-Simpson Report, 61.

<sup>42</sup>Hope-Simpson Report, 69.

<sup>43</sup>Johnson-Crosbie Report, 42.

susceptibility to the market price fluctuations as his need to pay cash, to meet his obligations, increased.

Again, this role of the dependence on price fluctuations is ignored when the debt of the peasants is reduced, as Hakim does, to primarily behavioral factors and assumed inherent characteristics of peasants as manifested in “ignorance” and for “being generally not far-sighted.”<sup>44</sup> Again, this tendency to blame the victims ignores the structural basis of debt: the combined and cumulative impact of the price fluctuations, the abrupt increased monetization of the primarily subsistence economy that was mainly reflected on the peasants by the imposition of the tax in cash, and, in the case of tenants, the increased demand for money rent, and hence the need to borrow money in bad times. Moreover, peasants had to face the competition from agricultural imports, to be discussed later, and in certain years, bad harvests.

Many of the government reports investigating the Arab agricultural conditions, starting from the late 1920s and into the 1930s, have recommended, among other measures, the provision by the government of credit to peasants. In its turn, the government did provide loans totaling about £P 1,763,000<sup>45</sup> from 1919 to 1945, excluding the amounts extended to citrus farmers, which amounted to about £P 3,659,000<sup>46</sup> (of which 47 percent went to Arab growers and 53

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<sup>44</sup>Hakim in Himadeh, 497.

<sup>45</sup>*Survey I*, 349, 353.

<sup>46</sup>*Ibid.*, 355.

percent to Jewish growers).<sup>47</sup>

Of the total sum of £P 1,763,000 extended to small landholders, £P 576,000 was during 1919-1923 to “revive agriculture” from the devastation of the war.<sup>48</sup> For the period 1927 to 1940, loans amounted to only about £P 331,000<sup>49</sup> or 19 percent of the total. This meager amount was for the time period of the worst conditions for peasants in terms of falling prices, bad harvests, and mounting debt. In 1929, the total debt of peasants was estimated at £P 2,000,000.<sup>50</sup> Moreover, these were mostly short-term loans to meet the immediate needs or crop failure.

In contrast, about half of the total sum (i.e., £P 856,000)<sup>51</sup> was loaned during WWII “to stimulate the local production of food in order to conserve shipping and reduce imports”<sup>52</sup> as part of the war efforts. Of this amount, about half were short-term loans of which half went to Arab “farmers,” while half of the amount was long-term loans, which mostly went to Jewish farmers.

At the same time, the government did encourage the establishment of cooperative societies both in rural and urban areas. However, the contrast between

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<sup>47</sup>Ibid., 356.

<sup>48</sup>Ibid., 348.

<sup>49</sup>Ibid., 349.

<sup>50</sup>Johnson-Crosbie Report, 42.

<sup>51</sup>*Survey I*, 353-4.

<sup>52</sup>Ibid., 353.

the Arab and Jewish societies was large, both in terms of membership and money raised. By March 1945, 125 of the 135 Arab societies had a membership of 6,500, and total funds of £P 26,870, and outstanding loans of £P 141,000.<sup>53</sup> The money to start these societies was borrowed from Barclays Bank with no direct assistance from the government. On the other hand, rural and urban Jewish societies had a membership of 355,000 people, about £P 10,000,000 available funds, and total operating capital of £P 33,000,000.<sup>54</sup>

Thus, the numbers cited on debt and loans clearly attest to the enormous inadequacy of government efforts and of the severe lack of Arab financial resources, and consequently, the continued depressed state of Arab agriculture during the 1930s.

During WWII, there was a considerable increase in agricultural production and in prices. Moreover, many peasants supplemented their income by working in military establishments and public works.<sup>55</sup> This may have resulted in the reduction of total debt for Arab peasants. However, given the general increase in prices, and thus the increased cost of living for the peasants to the different extent of the need for market purchases, and the fact that for the Arab peasant the increased production was primarily confined to vegetable growing (to be discussed later), an option that was, obviously, not available to all dry-farming cereal small

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<sup>53</sup>Ibid., 360.

<sup>54</sup>Ibid., 361.

<sup>55</sup>Ibid., 365-6.

cultivators and when available was certainly on small patches of land, what is not clear is the extent of that reduction, its distribution and variation among different districts, villages, and peasants; nor is it clear as to the extent of reduced dependence of the peasants on moneylenders.

An inquiry with bankers on the extent of indebtedness of peasants to moneylenders resulted in Jewish bankers maintaining that it was “negligible,” while Arab bankers saying it was “considerable.” At any rate, a decrease in the “number” of indebted peasants may simply reflect the well-known situation where peasants sold their land to pay off debts and became landless or nearly landless.

Another inquiry in 88 villages from among the 135 villages that had cooperative credit societies found that most loans were taken from those societies. Based on this, the situation is generalized to the whole country in asserting “that the practice of borrowing from moneylenders is no longer followed by a majority.”<sup>56</sup> However, these villages are not representative of the whole country. The very existence of such villages (i.e., having had cooperative societies that offered loans on much easier terms than did moneylenders) naturally resulted in peasants turning away from moneylenders. For the 963<sup>57</sup> remaining villages that did not have cooperative societies, it is not clear as to the extent, if any, of reduction in dependence on moneylenders, given that for a peasant to borrow from

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<sup>56</sup>Ibid., 367.

<sup>57</sup>*Abstract 1944/45*, 273; for a list of villages see Sami Hadawi, *Village Statistics 1945; A Classification of Land and Area Ownership in Palestine* (Beirut: PLO Research Center, 1970), 40-70.

a private bank, he had to have a settled title to it, which for most peasants was not the case, especially in the hill areas.

As for the Jewish farmer, the Johnson-Crosbie committee could not come up with conclusive estimates on the costs of production nor on the amount of debt. However, they did provide an estimate by Moshe Smilansky, head of the Jewish Farmers Federation, of a net income on £P 49 from 100 *dunums* of mixed farming.<sup>58</sup> The same estimate puts the cost of living for a family of five at £P 46.50.<sup>59</sup>

Although the committee was unable to provide estimates on debt, it did note that “numerous facilities exist for obtaining credit”,<sup>60</sup> and that “The loans to Zionist settlers vary from £P 600 to £P 900 per family repayable over a period of 45 to 50 years.”<sup>61</sup>

Another investigation of indebtedness of Jewish farmers was carried out for 160 settlements sometime after 1930.<sup>62</sup> The settlements had a total of about 374,000 *dunums* and about 16,000 earners. Total indebtedness was about £P 4,500,000, with an average of £P 286 per earner.<sup>63</sup> These high figures reflect

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<sup>58</sup>Johnson-Crosbie Report, 38.

<sup>59</sup>Ibid.

<sup>60</sup>Ibid., 47.

<sup>61</sup>Ibid., 48.

<sup>62</sup>Hakim, in Himadeh, 502; “The date of the investigation is not given,” but it probably is in the mid 1930s.

<sup>63</sup>Ibid.

the fact that a major proportion of the land was cultivated with citrus that “requires heavy capital investments as well as large amounts of working capital.”<sup>64</sup>

Another investigation carried out in 1945 by the committee of the survey of 105 settlements and 108 smallholders’ villages with a total of 17,500 earners found that the average debt per earner was £P 514, excluding citrus growers.<sup>65</sup> The increase from the figure for the mid-1930s (although that included citrus plantations) points primarily to the continuous increase in capital investments and working capital.

Thus, although the Arab peasant primarily depended on moneylenders for usurious loans, the Jewish farmer obtained long-term credit on easy terms; and while the Arab peasant borrowed money primarily to maintain himself and his family, and cover costs of production until harvest time, the Jewish farmer primarily borrowed money for obtaining land, for capital investments, and for developing the land.

The Arab peasant was thus caught in a vicious circle of debt that ultimately was one of the major factors for loss of his land, or part of, the extent of which is the topic of the next section.

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<sup>64</sup>*Ibid.*, 503.

<sup>65</sup>*Survey I*, 368.

### 3.3 Land Tenure

#### 3.3.1 The Disintegration of *Musha'a*

At the time of the British occupation of Palestine in 1918, *musha'a* was still the most prevalent form of land tenure. No figures based on actual surveys are available, only the estimate of 70 percent on the eve of WWI.<sup>66</sup> What is clear, however, is that the breakdown of *musha'a* proceeded at a much faster pace than the very slow pace of the pre-WWI period.<sup>67</sup> This faster breakdown can be explained by the intertwined processes of the accelerated further integration of Palestine into the world market as mediated by the British colonial government and European Jewish settlement on the one hand, and the nature of and developments within the Palestinian Arab rural areas on the other. More specifically, the breakdown can be seen as an outcome of the spread of a market economy to the extent it did, with the concomitant increase of peasants' debt; but equally important was the issuance of government regulations for the registration of land in individual holding enacted in 1928, namely the Land (Settlement of Title) Ordinance.<sup>68</sup> Besides claiming "better development from greater security of title,"

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<sup>66</sup>Gabriel Baer, *Fellah and Townsman in the Middle East* (London: Frank Cass, 1982), 136. Baer does not explain how he derived this estimate; the same figure for 1917 is given by Raphael Patai, "*Musha'a* Tenure and Cooperation in Palestine," *American Anthropologist* 51 (1949): 441.

<sup>67</sup>Ya'akov Firestone, "The Land-equalizing *Musha* Village: A Reassessment," in *Ottoman Palestine*, ed. Gad G. Gilbar (Leiden: E. J. Brill, 1990), 94.

<sup>68</sup>*Survey I*, 233-4; actually the registration of land was initiated in 1920, but the 1928 ordinance was based on the Torens system (used in Australia and other British colonies) that was more precise.



this institutional intervention aimed at improving taxation records and “the collection of increased fees” from registration.<sup>69</sup> By the end of April 1947, the area settled by title amounted to 5,243,000 *dunums*, and the area actually registered by the end of December 1946 was 4,746,000 *dunums*<sup>70</sup> (i.e., about 62 percent of the cultivated area of 7,713,180 *dunums*).

Thus, by 1923, a government return showed that *musha'a* constituted 56 percent of land.<sup>71</sup> In 1929, another government return based in 104 villages showed 46 percent of those lands held in *musha'a*.<sup>72</sup> By 1940, one estimate puts *musha'a* held land at only 25 percent.<sup>73</sup> Even if these estimates are only roughly close to reality, they reflect an extremely fast pace in the breakdown of *musha'a* tenure. On the other hand, the slow pace of the breakdown in *musha'a* prior to WWI, besides being because of the more limited impact of market forces as compared to the Mandate period, can also be sought by highlighting a major difference between the Ottoman Land Code of 1858 and the British Land (Settlement of Title) Ordinance of 1928: Whereas the 1928 ordinance explicitly aimed at dissolving the *musha'a* by assigning title to specific pieces of land in

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<sup>69</sup>Ibid., 234.

<sup>70</sup>*Supplement*, 29.

<sup>71</sup>Hope-Simpson Report, 33.

<sup>72</sup>Ibid.

<sup>73</sup>Patai, “*Musha'a* Tenure,” 441. Warriner offers the same figure for the mid-forties, Doreen Warriner, *Land and Poverty in the Middle East* (London: Royal Institute of International Affairs, 1948), 67.

individual ownership, registration under the Ottoman code gave separate title deeds for “shares” in the land of a village “without” dividing the land.<sup>74</sup> In other words, what the Ottoman code did not recognize was communal ownership (i.e., the land being held by the village as a unit), but the Ottoman state did not generally interfere with the practice of *musha’a* as long as taxes were paid. This, of course, made for better tax collection, which was one of the main aims of the Land Code as part of the *Tanzimat* movement.

Another indicator of the impact of the Land (Settlement of Title) Ordinance of 1928 on the breakdown of *Musha’a* can be seen by comparing the number of land title registration before and after the promulgation of the ordinance (see Table 3.4), although part of these lands was not held in *musha’a* at the time. Whereas the average number of registrations in the 1921-1927 period was 7,763, in the next six years (i.e., starting with the year of the ordinance), the number was doubled; and in the next six years, it more than doubled. This land registration (i.e.,

Table 3.4. Annual Average Number of Title Registration

Years	Number
1921-1927	7,763
1928-1933	16,199
1934-1939	35,733
1940-1945	36,298

*Source:* Derived from *Survey I*, 242.

<sup>74</sup>Firestone, “Land-Equalizing,” 107.

nullifying the *musha'a* by decree), and the fact that practically all title settlements were in the coastal and inland plains<sup>75</sup> where previous and future European Jewish acquisitions predominated, played a critical role in facilitating these acquisitions.

### 3.3.2 Jewish European Land Acquisitions

With the onset of the Mandate period, two new features provided the impetus and framework for the subsequent Jewish European acquisition of land. Both represented a major break with the period preceding WWI. The first was organizational in nature, and the second institutional relating to British policies.

The impetus from the organizational feature, related to official Zionist policies, was derived from enhanced Zionist financial resources and the formulation of “a specific land strategy.”<sup>76</sup> The basic element of this new strategy was the reversal of past practices (pre-WWI) in the acquisition of land when acquisitions determined the pattern of settlement and its uses. Now, it is the settlement requirements such as soil fertility and water availability, but also availability for nonagricultural purposes,<sup>77</sup> but “above all, its place in the evolution of the up building and attainment of a Jewish majority”<sup>78</sup> that

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<sup>75</sup>Avraham Granott, *The Land System in Palestine* (London: Eyre and Spottiswoode, 1952), 107.

<sup>76</sup>Avraham Granott, *Agrarian Reform and the Record of Israel* (London: Eyre and Spottiswoode, 1956), as reproduced in Walid Khalidi, *From Haven to Conquest* (Beirut: Institute for Palestine Studies, 1971), 389.

<sup>77</sup>*Ibid.*, 391.

<sup>78</sup>*Ibid.*, 392.

determined acquisitions.

Another element of the new strategy was the establishment of blocks of settlements to bolster isolated ones for security reasons. Finally, there was the political element as defined by the “national policy” that sought the establishment of a Jewish state. This element developed in the thirties when partition plans were being considered. In this regard, the strategy required buying land in areas that had no or little Jewish presence in order to preempt Jewish exclusion from these areas in partition plans. This included the acquisition of “reserve lands” even when funds were not available for immediate settlement.<sup>79</sup>

The institutional framework that facilitated the European Jewish acquisition of land was provided by the imposition of the Mandate regime in Palestine. This role of the mandatory government was spelled out in Article 6 of the Mandate: “The Administration of Palestine . . . shall encourage in cooperation with a Jewish agency . . . close settlement by Jews on the land, including State lands and waste lands.”<sup>80</sup> This facilitating role was manifested by the different land transfer and registration ordinances enacted by the mandate government,<sup>81</sup> in spite of the usually ineffective attempts at the “protection of cultivators” and the granting of concessions or long-term leases on substantial areas of land. Nonetheless, and in

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<sup>79</sup>Ibid.

<sup>80</sup>“Mandate for Palestine,” Article 6, see *Survey I*, 5.

<sup>81</sup>For a fuller analysis of the British land policies, including ordinances, see Barbara J. Smith, *The Roots of Separatism in Palestine: British Economic Policy, 1920-1929* (Syracuse: Syracuse University Press, 1993), 86-115.

spite of the crucial impetus these two factors provided, total European Jewish acquisition of land amounted to less than 7 percent of the total land area of Palestine (see Table 3.5).

In addition to the 1,734,000 *dunums* acquired by purchase, there were 195,000 *dunums* acquired by concessions or long-term lease from the government on lands the latter claimed to be state domain.<sup>82</sup> These lands constituted about 20 percent of the acquisitions of land by European Jewish settlers during the Mandate. The long-term leases included lands claimed by the government but whose title was still unsettled.

The relatively minuscule figure of 7 percent (or, stating it differently: why have the European settlers been unable to acquire more land?), can be better understood in the context of two features of Palestine at the time. First, unlike some other, but not all European settler movements where land was acquired through outright expropriation carried out by the colonial state apparatus, the Zionist settlers did not have political control (state apparatus) over Palestine. This meant that the settlers had to acquire land primarily through purchase. The expropriation of the bulk of the land was effected after the creation of Israel (i.e., after control of the state).

Second, the limits to purchasing more land reflected, besides the collective *musha'a* (although it was in the process of dissolution), the small landholding

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<sup>82</sup>*Survey I*, 267; *Supplement*, 32; Granott, *Land System*, 278, gives the figure 181,000 *dunums* at the end of June 1947.

Table 3.5. European Jewish Land Ownership in *Dunums*

Year	Annual Acquisitions	Total Acquisitions	Percentage of Total Land Area
Pre-1920 (estimated)		650,000	2.47
1920 (October-December)	1,048	651,048	2.47
1921	90,785	741,833	2.82
1922	39,359	781,192	2.97
1923	17,493	798,685	3.03
1924	44,765	843,450	3.20
1925	176,124	1,019,574	3.87
1926	38,978	1,058,552	4.02
1927	18,995	1,077,547	4.09
1928	21,515	1,099,062	4.18
1929	64,517	1,163,579	4.42
1930	19,365	1,182,944	4.49
1931	18,585	1,201,529	4.56
1932	18,893	1,220,422	4.64
1933	36,991	1,257,413	4.78
1934	62,114	1,319,527	5.01
1935	72,905	1,392,432	5.29
1936	18,146	1,410,578	5.36
1937	29,367	1,439,945	5.47
1938	27,280	1,467,225	5.57
1939	27,973	1,495,198	5.68
1940	22,481	1,517,679	5.77
1941	14,530	1,532,209	5.82
1942	18,810	1,551,019	5.89
1943	18,035	1,567,054	5.96
1944	8,311	1,577,365	5.99

Table 3.5. Continued

Year	Annual Acquisitions	Total Acquisitions	Percentage of Total Land Area
1945	11,506	1,588,871	6.04
1946	35,331	1,624,202	6.17
1947	?	1,734,000	6.59

*Sources:* Through 1944, from *Survey I*, 244; 1945 and 1946, *Supplement*, 30; 1947, Granott, *Agrarian Reform*, cited in Lehn and Davis, 74. The difference between the government's figure for 1946 and Granott's for 1947 of 109,798 *dunums* was not used in the first column because, even if Granott's total figure is accurate, it does not necessarily mean it was all acquired in 1947.

nature of the bulk of the land in Palestine in spite of the rise of large-landed estates in the nineteenth century. The great majority of peasants owned the land they cultivated. As elsewhere in the world where land is the main source of income and livelihood, peasants strongly hold on to their land. According to figures cited by Granott for the second decade of the twentieth century, there were 3,130,000 *dunums* held by large owners of which 2,000,000 were in the southern part of the country (*qadas* of Gaza and Beersheba),<sup>83</sup> that is, in the agriculturally marginal and sparsely populated area of the country. As Zureik points out, the 1,130,000 *dunums* held by large owners on the northern populated half of the country comprised less than 10 percent of that area.<sup>84</sup>

The small landholding nature of the bulk of land and the peasants' tenacious hold to it, in spite of hard times, are borne out by the distribution of land sales (about 55 percent of total) by different holders between 1878 and 1936: 90.6 percent from large landowners (52.6 percent from absentee large owners, 24.6 percent from resident large owners, and 13.4 percent from the government, churches, large foreign companies, and wealthy businessmen), and 9.4 percent from *fellaheen*.<sup>85</sup> By June 1947, according to Granott's figures, of the total land held by European Jewish settlers, 73 percent were acquired from large owners both

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<sup>83</sup>Granott, *Land System*, 39.

<sup>84</sup>Elia Zureik, *The Palestinians in Israel: A Study in Internal Colonialism* (London: Routledge and Kegan Paul, 1979), 43.

<sup>85</sup>Granott, *Land System*, 277; Granott's calculations are based on figures collected by the Statistical Department of the Jewish Agency for Palestine.



absentee and resident and 27 percent from *fellaheen*, or small landholders.<sup>86</sup>

Besides the lack of control of the state by the European settlers, and the predominantly small landholding nature of land, other factors limited the capacity of settlers to acquire more land. An analysis of these factors goes beyond the scope of this study, but stated briefly they are: First, the ability by the Zionist movement to raise donated funds in Europe and the United States (their main source) fluctuated according to the general economic conditions there; second, a sizable proportion of the available funds had to go for the provision of housing, industrial investments, and to meet other needs of the settlers; and third, when funds were available, there was the counteracting force of the political and nationalist resistance to the sale of land, especially when the motives of the Zionist movement became clear to the Palestinian Arabs.

The immediate impact of the European settler acquisition of land on the indigenous people was twofold. First, at a time of increasing population, debt, and heavy taxation, limiting these acquisitions to exclusive Jewish use could only intensify the pressure on the land for the Arab peasant and increase the tax and debt burden. This is more so given the lack of resources needed for more intensive agriculture. Second, there was the eviction of thousands of cultivators from these lands. Exact numbers of evicted peasants are not available. Estimates are incomplete over time and space and vary according to the definitions used to specify the rights and nature of the relationship the peasant in question had with the

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<sup>86</sup>Ibid., 278.

land and his subsequent condition.<sup>87</sup> It has been pointed out that regardless of its quantitative dimension, the impact of evictions has to be evaluated in terms of its uprooting of whole communities (villages).<sup>88</sup> However, the essence of evictions can only be understood as the practical consequence of the forceful imposition of the modern Western legal notions of ownership and possession on a primarily agricultural society with its long history of traditions that specified different notions of ownership and use of land. The fact that compensation was sometimes offered and actually received by some is irrelevant given that the evictees had no choice in the manner of their separation from the means of production. Nor is the fact that some evictees found alternative sources of income any more relevant. Finally, and critically, was the role played by European acquisitions in the fast and intensive commoditization of land, to be discussed later.

### 3.3.3 Arab Landholding

No cadastral survey was ever undertaken during the mandate, and thus it is not possible to arrive at exact figures for landholdings and distribution. However, there were three surveys that clearly illustrate the general state of landholding and distribution, and shed more light on the worsening conditions of peasants in terms

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<sup>87</sup>As an example of the different estimates of a particular case (the acquisition of Sursock lands in Majbn Amer), see United Kingdom, *Palestine, Parliamentary Command Papers 3530, Report of the Commission on the Palestine Disturbances of August 1929*, Shaw Commission Report (London: HMG Publications, 1930), 118; Hope-Simpson Report, 51; *Survey I*, 295-308.

<sup>88</sup>Zureik, *A Study*, 46.

of their ability to make a living from cultivation and the extent of landlessness. The first survey was included in the Johnson-Crosbie Report, which is summarized in Table 3.6. The survey included only villages that were primarily involved in extensive cereal cultivation.

Thus, of the total 23,573 families, 5,477 or 23 percent lived exclusively on their holding; the total number of owner-occupiers who also worked as laborers was 11,156 or 47 percent, the majority of which, 8,396, owned less than one

Table 3.6. Holdings of 104 Villages According to Size and Source of Income, 1930

	Number of Families
Owner-occupiers living exclusively on their holding:	
Over 2 <i>feddans</i> (a)	3,873
Between 1-2 <i>feddans</i>	1,604
Owner-occupiers who also work as laborers:	
Between 1-2 <i>feddans</i>	1,657
Under 1 <i>feddan</i>	8,396
Trees only	1,103
Laborers	6,940
Total	23,573

(a) The area of the *feddan* varied among subdistricts, but the report considered 120 *dunums* as an appropriate average; "A *feddan* originally represented the area that one man could plough himself with one yoke of oxen during the course of the year."

Source: Johnson-Crosbie Report, 21.

*feddan*; and, finally, 6,940 earner/families or 29 percent were classified as laborers.

The last percentage, 29 percent, has been interpreted and generalized by Simpson to mean that it represents the percentage of landless villagers for the whole country.<sup>89</sup> This interpretation has been strongly attacked by Stein as “dubious extrapolation.”<sup>90</sup> It is worthwhile to present Stein’s critique and test its validity as it obviously bears on our discussion of differentiation in Chapter 6. In Stein’s words:

He [Simpson] deduced that 29.4 percent of these family heads were doubtless *all* landless men who *previously* had been cultivators. . . . The Johnson-Crosbie Report never equated the laboring class with a landless condition. Nor did the report say that 29.4 percent of the population in the 104 representative villages or among the 86,980 rural Arab families was landless. Hope-Simpson conveniently chose figures to fit his philosophy. Clearly, he wanted to ascribe to Jewish land purchase and settlement the responsibility for the creation of a landless rural Arab class. He mistakenly or deliberately assumed that it was not customary practice in Palestine to have laborers work without owning land. Farm servants, field laborers, crop watchers, manure carriers, ploughmen, threshers, herdsmen, and shepherds *sometimes* worked on land without possessing either formal title to it or formal written tenancy agreements with a landlord [emphasis mine].<sup>91</sup>

There are several problems with Stein’s statement. First, Stein misrepresents Hope-Simpson: The latter never said that these men had previously all been cultivators. Simpson explicitly states, “It is not known how many of these

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<sup>89</sup>Hope-Simpson Report, 142.

<sup>90</sup>Kenneth W. Stein, *The Land in Question in Palestine, 1917-1939* (Chapel Hill: University of North Carolina Press, 1984), 109.

<sup>91</sup>*Ibid.*

are families who previously cultivated, and have since lost their land. This is a matter which should be ascertained in the course of the Census which is to take place next year.”<sup>92</sup> More important, however, is that, in this context, neither Stein nor Hope-Simpson specifies what they mean by “previously”; did they mean a few years before 1930, but since the mandate, before European Jewish land acquisition which started in the 1880s, or even before the latter? Although Stein did refer to Ottoman times, it was in the context of asserting that it was “customary . . . to have laborers work without owning land,” and thus, to him, landlessness does not necessarily mean having ever owned land. Stein does not qualify his assertion of customary agricultural laborers in terms of how far back this was the case, and more importantly, to what extent did it prevail, which will be dealt with below.

Second, Stein is only partially accurate in maintaining that “The Johnson-Crosbie Report never equated the laboring class with a landless condition,” for they did not also say that they were landed either. So, who were these families classified by the Johnson-Crosbie Report as “laborers” and representing 29.4 percent of total families or households? Stein’s argument could be interpreted in one of two ways: Either they owned land and did not cultivate it, or they “previously” never cultivated land of their own. As for the first interpretation, it could mean either that the land is too small to afford a living or that the earner chose to work as a laborer because the latter path generates more income. In either

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<sup>92</sup>Hope-Simpson Report, 142.

case, that should not lead to complete abandoning of one's own land; it is well known that in Palestine as well as in all other primarily agricultural societies that working off one's own land during the off-season was a source of supplementary income and that the loss of labor time when needed and available is compensated for by other members of the family. If that were the case, then one would expect these families to be included in the second category of the Johnson-Crosbie Report (see Table 3.6) of "owner-occupiers, who also work as laborers," which, of course, they were not.

As for the second possible interpretation of "previously" having not cultivated their own land, that too, raises some serious questions. If by previously Stein means the Ottoman period, which seems to be the case, it is simply illogical to imply that the 29.4 percent of families or a majority of them were laborers during that time. This is borne out by the nature of the economy during the Ottoman period and the limited extent of changes it underwent. Stein criticized Hope-Simpson for not "describ[ing] the very lengthy process of small-landowner alienation and accompanying large-owner accumulation that had taken place during the Ottoman period," and for not "defin[ing] the dynamic of socioeconomic transition from owner-occupier to tenant cultivator to agricultural laborer."<sup>93</sup>

The process that Stein outlined implies major changes in the social relations of production, something that, as shown in Chapter 2, did not occur. The rise of large-landed estates was the result of a combination of sale or grants by the *sultan*,

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<sup>93</sup>Stein, 109-10.

tax-farming estates, and in some cases as a result of peasant indebtedness, but also because of the westward expansion of cultivation that in many cases was in previously uncultivated areas. Equally important was the peasants' registering of title in the name of some wealthy or influential individual, and thus became "landless" in the legal sense. In all these situations, customary rights were honored, and access to land was maintained, whether a peasant had "legal" title to it or not. At the same time, any loss of land or access to it because of the rise in large-landed estates was mitigated by the westward expansion of cultivation by individuals and whole villages, and not only by large owners, as Owen points out.<sup>94</sup> Moreover, this Western movement led to the expansion of the *musha'a* system.<sup>95</sup>

As for the transition to agricultural labor that Stein points to, it too was very limited in scope during Ottoman rule. Although we lack exact figures on wage labor in general, and on agricultural wage labor specifically, we do know that the latter was primarily confined to the cash crop citrus plantations and European settlements that hired some of the original cultivators of these lands. The extent of incorporation in the world capitalist market, combined with the limited development of cash crops, the limited extent of market relations in the country, and the changes in land tenure, all point to, as described and analyzed in Chapter 2, to extremely limited changes in the existing social relations of production. Thus,

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<sup>94</sup>Owen, *Middle East*, 267.

<sup>95</sup>Scholch, 111.

a primarily agricultural economy with limited cash crops, and limited development of employment opportunities in urban areas, could not possibly have supported 29.4 percent of the rural families or anything close to that number as agricultural or urban wage laborers.

Stein's choice of words: "very *lengthy* process of small-landowner alienation and *accompanying* large-landowner accumulation" obfuscates what actually happened [emphasis mine]. Words such as "very lengthy" and "accompanying" imply extensive differentiation in rural areas. However, to the extent there was "small-landowner alienation" accompanied by large-landowner accumulation, it was a *very slow* process given the nature of the economy and the whole Ottoman social formation it was part of.

On the other hand, with the start of the Mandate, the country abruptly found itself controlled by a colonial power that was one of the most developed capitalist countries. In addition, there was the facilitation and rapid growth of a European settler community that, along with the colonial power, would deepen and widen the country's integration in the world capitalist market. The massive and cumulative impact of the intertwined processes of increased debt, price drop, bad harvests, and heavy taxation, now demanded in cash, forced many peasants to sell their land. This became possible, of course, with the increased commoditization of land primarily because of European settler demand. So, while Stein accuses Hope-Simpson of wrongly holding Jewish European acquisition of land and settlement the "responsibility for the creation of a landless rural Arab class," he tries to



minimize and marginalize that role.

As for Stein's statement that "farm servants, field laborers, crop watchers, manure carriers, ploughmen, threshers, herdsmen, and shepherds *sometimes* worked on land without possessing either formal title to it or formal written tenancy agreements with a landlord," that too is a curious and confusing choice of words. These people *never* worked on land while possessing title or tenancy agreements. They were paid in kind or money for their services. However, the fact that they provided those services does not, in any way, mean they were landless. As discussed above, these people provided these services to supplement their income from their own lands.

It is ironic that Stein questions Hope-Simpson's motivations and position concerning Jewish settlement given that one of the major recommendations of Hope-Simpson's report was the intensification of Arab agriculture in order to release more land for Jewish settlement,<sup>96</sup> a recommendation that Stein points to as the same as that of the Jewish Agency.<sup>97</sup>

Given the above analysis, and lacking any explicit figure for landlessness during the Ottoman and Mandate periods, it may be said that the 29.4 percent figure from the Johnson-Crosbie survey, while not precise, is an acceptable approximation of landlessness. Again, it may be that included in the figure were some families who owned land but did not cultivate it, but the number of such

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<sup>96</sup>Hope-Simpson Report, 142, 153.

<sup>97</sup>Stein, 108-9.

families would be insignificant as argued above. Finally, my use of the term *landless peasants* is not to be understood in a literal sense of absolutely not owned any land. They owned the land on which their houses were built. They did not own other land that they could cultivate and which would be one of the sources for their subsistence. I will deal with this issue in more detail in the chapter on the differentiation of the peasantry.

My argument and conclusion are borne out by additional data in the *Census of Palestine, 1931*. The census enumerated a total of 121,516 earners/families of Palestinian Arabs engaged in pasture and agriculture. Of these, 29,957 were agricultural laborers, representing about 25 percent of the total.<sup>98</sup> This does not include other categories listed in the census such as shepherds and fishermen. The significance of the census for our argument is that it also enumerated what was classified as “partly agriculturists” for each category of occupation that, in our case, meant that these people were engaged in a “subsidiary occupation” to “augment their means of subsistence,”<sup>99</sup> namely, as “ordinary cultivators” or as receivers of “income from rent of agricultural land.”<sup>100</sup> Of the 29,957 classified as agricultural laborers, only 331 were also included in the “partly agriculturists” category. In other words, only 331 earners were owners or cultivators of land but

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<sup>98</sup>Government of Palestine, *Census of Palestine, 1931*, vol. II (Jerusalem: Government Printer, 1931), Table XVI, 282-3; the numbers exclude nomads but includes “others” whose numbers are insignificant.

<sup>99</sup>*Ibid.*, 281.

<sup>100</sup>*Ibid.*

also were agricultural laborers, the latter being their primary occupation. Given what was argued earlier about other members of the production unit (i.e., the family), compensating for the lost time of the wage earner, it seems that the figure of 25 percent arrived at in the census is a very close approximation for landless families. Doreen Warriner, writing in 1948, and using the same census of 1931, had the same conclusion (i.e., 30,000 families were landless agricultural workers).<sup>101</sup>

The second survey was conducted in 1936. It included 322 villages with a total area of 3,250,000 *dunums* and a population of 242,000.<sup>102</sup> Government-owned lands were excluded from the survey, but large holdings of the Jewish National Fund, P.I.C.A., and Waqf were included. Thus, as Loftus points out, “The holdings of the latter bodies constitute a high proportion of the largest holding but unfortunately the records do not reveal the extent of these holdings and in consequence the mean size of holding is considerably inflated by their inclusion.”<sup>103</sup> The results of the survey are reproduced in Table 3.7.

As Table 3.7 shows, the size distribution of holdings is very skewed. Forty-seven percent of holdings represented only 3.3 percent of the total area of land for holdings up to 9 *dunums*. On the other extreme 0.2 percent of holdings encompassed 27.5 percent of the total land area. However, the removal of the

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<sup>101</sup>Warriner, *Land and Poverty*, 63.

<sup>102</sup>Government of Palestine, *National Income of Palestine, 1944* (Jerusalem: Government Printer, 1946), 41.

<sup>103</sup>*Ibid.*

Table 3.7. Distribution of Holdings and Areas According to Size of Holdings for 322 Villages

Size of Holding ( <i>Dunums</i> )	Number of Holdings	Area of Holdings	Average Area of Holdings	Percentage Number of Holdings	Percentage Area of Holdings
Up to 4	22,899	40,677	1.78	31.9	1.2
5-9	10,812	69,089	6.39	15.1	2.1
10-19	11,440	157,797	13.8	15.9	4.9
20-39	10,501	292,920	27.9	14.7	9
40-99	10,331	634,066	61	14.4	19.4
100-199	3,905	533,947	137	5.4	16.3
200-399	1,320	354,227	268	2	10.9
400-999	481	274,888	571	0.7	8.4
1,000-2,999	115	189,603	1,649	[	5.8
3,000-4,999	22	81,086	3,686	0.2	2.5
Over 5,000	13	624,435	48,033	]	19.2
Total	71,789	3,252,735	45.1	100	100

*Source:* Derived from *Monthly Bulletin of Current Statistics*, December 1945, January-March 1946, as reproduced in P. J. Loftus, *National Income of Palestine*, 1944, 44.

large holdings of the Jewish National Fund, P.I.C.A., and the *Waqf* would substantially alter these numbers and show less concentration. Nonetheless, what the survey showed was that the absolute average size of the majority of holdings was relatively small. The average area was 45.31 *dunums*, but that is overestimated because of the large holdings of the above-mentioned institutions.

The survey does not provide any figures for the landless households or the ownership distribution of holdings. A holding may be jointly owned by more than one household or a household may have owned more than one holding, but in general, the survey points to a relatively high concentration of ownership. The lack of ownership distribution is thus not helpful for a comparison with the earlier survey in assessing the differential impact of the bad conditions of the 1930s on peasant families. The survey does not also provide a breakdown of the nature of holdings in terms of cereal growing or cash crops holdings. This would have allowed us, along with ownership distribution, to categorize the income levels of the different sectors of the rural population.

The third survey was conducted in 1944. It included five cereal-growing villages within an area of about 25,000 *dunums*. The results are reproduced in Table 3.8.

For the five villages, the size distribution of holdings is less skewed than the earlier study, but still shows a considerable deviation from a normal distribution. For the size of holdings up to 20 *dunums*, 49 percent of holdings covered 11 percent of the total area. On the higher end, for holdings over 300

Table 3.8. Distribution of Holdings Possessed by Resident Villagers by Size

Size of Holdings ( <i>dunums</i> )	Number of Holdings	Area of Holdings ( <i>dunums</i> )	Average Area of a Holding ( <i>dunums</i> )	Number of Holdings	Percentage Area of Holdings
0-5	98	266	2.7	13.9	0.9
6-10	93	735	7.9	13.2	2.5
11-20	155	2,221	14.3	22	7.6
21-40	139	4,129	29.7	19.7	14.1
41-60	92	4,499	48.9	13	15.4
61-80	45	3,117	69.3	6.4	10.7
81-120	53	5,215	98.4	7.5	17.9
121-300	25	4,288	171.5	3.5	14.7
300+	5	4,729	945.8	0.7	16.2
Total	705 (a)	29,199 (a)	41.4	100	100

(a) The 705 holdings with an area of 29,199 *dunums* include lands owned by villagers outside the village boundaries; if those were excluded, the land within the villages comprise 690 holdings and 24,784 *dunums*.

Source: Derived from *Loftus*, 45; *Survey I*, 276.

*dunums*, 0.7 percent of holdings covered 16.2 percent of the total area. The average area of a holding was 41.4 *dunums*. There was also no ownership distribution in this survey.

An important finding of the survey was that only 15.5 percent of the total area of the villages was owned by absentee landlords, 80 percent by resident villagers, 0.8 percent was *Waqf*, and 3.4 percent was communal or state land. The

survey also found that the holdings were highly fragmented as shown in Table 3.9. Table 3.9 shows that the number of fragments per holding increases as the size of the holding increases. The average number of fragments per holding was nine.

It has been pointed out that fragmentation prevents the development of intensive agriculture,<sup>104</sup> especially irrigation and the use of machinery, unless some cooperative scheme is designed. It has also been found that co-ownership was a salient feature of Palestinian Arab holdings, and that the number of co-owners increased as the size of the holdings increased.<sup>105</sup> Warriner points out that “Co-ownership is a way of avoiding further subdivision of holdings,”<sup>106</sup> and, as the population increased, it reflected the shortage of land and inheritance laws.

With the population increase and the European Jewish acquisition of land, the size of the average Arab holding, of course, decreased. On this aspect, the Hope-Simpson report states:

There is . . . a progressive diminution in the area of the holdings; in every village visited there were complaints on this score. Portions of the holdings have been sold either to pay off debts or to pay the Government taxes or to obtain the wherewithal to keep the family alive. The population of the villages is increasing faster than in Turkish times, owing in large measure to the cessation of conscription. There is consequently increasing competition for land and division of holdings among the increased number of members of the family.<sup>107</sup>

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<sup>104</sup>Warriner, *Land and Poverty*, 64; *Survey I*, 278.

<sup>105</sup>*Survey I*, 276-7.

<sup>106</sup>Warriner, *Land and Poverty*, 64.

<sup>107</sup>Hope-Simpson Report, 69.

Table 3.9. Fragmentation of Holdings of Residents of Five Villages

Gross Size of Holdings ( <i>dunums</i> )	Number of Holdings Composed of the Following Number of Fragments						Total Number of Holdings	Total Number of Fragments	Area ( <i>dunums</i> )	Number of Fragments Per Holding	
	1-2	3-6	7-10	11-14	15-18	19+				Mean	Median
-5	90	4	5	3	2	—	104	241	282	2.3	1.0
6-10	41	27	5	14	2	—	89	416	687	4.7	3.0
11-20	30	60	22	11	21	5	149	1,051	2,208	7.1	5.0
21-40	9	50	22	36	14	30	161	1,880	4,738	11.7	10.0
41-60	1	12	24	23	10	7	77	920	3,861	11.9	11.0
61-80	1	5	6	11	9	12	44	674	3,045	15.3	13.5
81-120	—	4	10	13	9	5	41	553	4,214	13.5	13.0
121+	—	2	5	3	4	11	25	448	5,749	17.9	16.0
Total	172	164	99	114	71	70	690	6,183	24,784	9.0	9.0

Sources: Loftus, 46; Survey I, 276.



The findings of the three surveys, *in themselves*, do not reveal whether the ownership distribution among those Palestinians *who still owned land* became less equitable or not. However, given the general bad conditions in agriculture in the late 1920s and throughout the 1930s and especially the drop in agricultural prices, and the fact that peasants sold not only some or all of their holdings may have led to an increase in the inequity of ownership distribution. On the other hand, when enough small landholding peasants lose their land, this ironically shows less concentration of holdings since the land is now divided among less people. By this time, transfer of land ownership was not primarily confined to sales to European Jews, but increasingly included sale of land among Palestinian Arabs.<sup>108</sup> It is also safe to assume that a great majority, if not all, of those Palestinians who bought land were the large landowners, merchants, moneylenders, and better-off peasants who could afford that, and not small landholding peasants.

In this chapter, I first examined taxation during the Mandate period and its impact on the peasantry. It was found that there was an increase in the real burden of taxes as compared to the Ottoman period, or, what is the same thing, an increase in the appropriated surplus from the peasant's product.

The government carried out contradictory taxation policies whose net effect was negative on the peasantry. On the one hand, it abolished tax farming and reduced the nominal rate of the tithe, both of which were supposed to reduce the

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<sup>108</sup>See *Abstract 1939*, 162, for figures on sale of land among Palestinian Arabs in the 1930s.

tax burden. On the other hand, it issued the Commutation of the Tithe Ordinance in 1928, which meant that the tithe was now a fixed annual amount based on the average yield of previous years when prices were higher and output greater than many of the following years. In addition, the Mandate government stipulated that the tithe be paid in cash. In years of bad harvests and low prices, these two measures proved calamitous for peasants as they now had to give up a greater portion of their product to pay taxes, and to revert to increased borrowing from and thus more dependent on moneylenders. Prices did not reach the 1924-1927 level, which were the basis for the commuted tithe, until 1941. Another difference that increased the tax burden during the Mandate as compared with the Ottoman period was the more effective system of administration of the former that also entailed better enforcement. It was also found that the incidence of taxes was proportionally unequal and favored urban over rural areas and Jewish European farmers over Palestinian Arab peasants, regardless of intent.

The increase in the tax burden deriving from government policy in conjunction with years of bad harvests and low prices under the new conditions of the Mandate gave debt a qualitative difference from the Ottoman period. While it is true that some peasants lost their "legal" rights to land during Ottoman times, many of them did not lose access to land, except primarily for those who were evicted when land was acquired by European settlers in the cases where the latter did not employ them as wage laborers. The market for land was still limited, and when a peasant lost ownership because of debt, it was in the interest of the

moneylender/landlord to keep him on the land. Other peasants who retained their rights in land would end up being deeper in debt when conditions got bad. It was also the case that small peasants benefited from the Western expansion of cultivation in the nineteenth century as discussed in Chapter 2, and debt was not as great as during the Mandate period. During the latter period, the intensive spread of market relations including the commoditization of land gave a new meaning to debt. It became more profitable to acquire land from indebted peasants while it became harder for the latter to hold on to it. The loss of land or access to it by small peasants was evidenced in the continued acquisitions of land by European Jewish settlers and the increased concentration of Arab holdings.

In the process of the spread of market relations and the commoditization of land, government policies and European acquisition of land played critical roles. Beside its taxation policy, the government carried out a drive to register land in individual holdings, thus playing a role in undermining the communal *musha'a* and at the same time enlarging the potential market for land, while making it easier for transactions.

The European settler acquisition of land had two direct effects: It increased the pressure on land at a time of substantial population growth and the eviction of cultivators when the latter were tenants. Equally important, given their strong demand for land, was their instrumental role in intensifying the commoditization of land.

Finally, it is crucial to point out that most of the writers discussed in the literature review confine their analysis to the impact of population growth and inheritance patterns as the sole or primary factors in explaining the reduction of the average size and increasingly unequal ownership distribution of holdings. This will be elaborated on in Chapter 6, but suffice it to say here that, while obviously important, this quantitative aspect ignores the more important issue. It is, again, the nature of the colonial power and its policies, and the settler movement, with all its characteristics (including its acquisition of land), both interacting with and impacting the structure and internal changes in rural areas, that unleashed a process that was qualitatively different from the Ottoman period, and which led to the dispossession of large numbers of peasants.

#### 4. AGRICULTURAL PRODUCTION

This chapter includes a detailed investigation of the growth in agricultural production with special attention to cash crops. It illustrates the increased integration of Palestinian agriculture with the world market by way of figures on imports and exports. Distinction is made between Jewish European and Arab cultivation but at the same time it examines the nature of their interaction. It also examines, when appropriate, different government policies including trade policies as they affected agricultural production as a whole and their various impact on Arab and Jewish European agriculture.

There was substantial growth in the agricultural crop production during the Mandate. This can be clearly seen whether measured in tonnage or value of output: The volume of output, excluding citrus, increased from 217,023 tons to 637,263 tons from 1921 to 1944, respectively,<sup>1</sup> an almost 200 percent increase; as for value, there are no figures available for the earlier period of the Mandate, but the value of output, excluding citrus, increased from £P 4,046,219 to £P 18,388,505 in current pounds between 1937 and 1944, respectively.<sup>2</sup> Yet, within this aggregate picture lies significant variation at different levels: (a) the variation in growth between crops, (b) the variation between European and Arab agriculture in

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<sup>1</sup>*Abstract 1936*, 32; and *Abstract 1944/45*, 226.

<sup>2</sup>*Abstract 1939*, 41; and *Abstract 1944/45*, 226.

terms of its level of development including the degree of intensification, and (c) the various impact and change this had within the Arab peasantry.

The salient feature of the variation in growth of crops was the development of cash crops, which accounted for the bulk of the increase both in terms of output and value; and this is where I start the survey and interpretation of growth in crops because cash crops, to a large extent, are the source of change in socioeconomic relations and in techniques of production, if any.

However, before proceeding, it should be pointed out that setting 1921 as a benchmark for comparison with later times should be qualified considering the disruptions and destruction of WWI. It took several years for agriculture to recover back to prewar production levels.

During the war of 1914-1918, conscription, banishment and epidemics had disastrous effects on agriculture. The country was depleted of its livestock; forests and olive trees had been felled for fuel for the railways and other purposes; available grain had been requisitioned by the Turkish army and many of the orange groves had been ruined by inability of the growers to water the groves on accounts of lack of fuel for driving the pumps.<sup>3</sup>

#### 4.1 The Growth in Cash Crops

The developments in land tenure, European appropriation of land, debt including forms of taxation, and landholding set the stage for and at the same time accompanied the growth in cash crops. At the same time, while the increase in production for the market could not have occurred without those developments,

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<sup>3</sup>*Survey I*, 348; also see Gurevich, *Handbook*, 124.

cash cropping intensified those developments.

The market for agricultural products was comprised of internal demand derived from the growth of urban areas (because of population growth and European immigration), the presence during WWII of the allied troops, and the increased foreign demand that accompanied the expanded integration with the world market, primarily in the case of citrus.

The substantial increase in cash crops, whether in terms of area, output, or value, was most clearly prominent in the case of citrus and vegetables, but also included other fruits and olives (see Table 4.1).

#### 4.1.1 Vegetables

The area devoted to vegetables increased from an annual average of 43,976 *dunums* for 1931-1934 to 241,775 *dunums* for 1940-1944, an increase of 450 percent. The extent of expansion in vegetables is illustrated even more clearly in the output figures: from an annual average of 12,970 to 219,614 metric tons for 1920-1924 and 1940-1944, respectively.

As for value of this vegetable crop, it increased from an annual value of £P 480,733 to £P 7,525,897 for 1937 and 1944, respectively. More importantly, the percentage value of vegetables among principal crops, including citrus, increased from 6 percent to 37 percent from 1937 to 1944, respectively, although in 1945 the area devoted to vegetables comprised only 4 percent of the total area of principal crops. If citrus is excluded, the corresponding figures would be 12 percent and 41 percent.

Table 4.1.A. Area Under Cultivation of Principal Crops, 1931-1945: Annual Average in *Dunums*; B. Production of Principal Crops, 1920-1945: Annual Average in Metric Tons; C. Annual Value of Principle Crop, 1937-1944, in £P

*Note.* Percentages do not always add up to 100 because of rounding.

- (a) The category, "Barley, *kersenneh*, maize, oats, and 'other' grains," which comprised fodder and poultry feed is separated from green fodder specifically grown for the dairy industry.
- (b) Fruits include melons, grapes, figs, almonds, and 'other' fruits.
- (c) Figures for 1931-1936 include barley, Himadeh, and maize only, those for 1920-1929 include barley and *kersenneh* only, while figures for "other grains" are available only for 1937-1944 (before this date, it was insignificant)." The bulk of which was for fodder, although a small part was of the human consumption kind.
- (d) For 1921-1924.
- (e) For 1940 and 1941 only.
- (f) Includes tomatoes, cucumbers, and potatoes only.
- (g) For 1931 only; derived on the basis of the estimate of 4,000,000 trees at 13 trees per *dunums*.
- (h) Recorded figures for wheat and barley for 1942, 1943, 1944, and 1945 was an underestimate because of compulsory distribution; but I adjusted the area figures based on the estimate of the Department of Agriculture of 4,500,000 *dunums* for wheat and barley divided equally between the two.
- (i) This is the figure given in *Survey I*, 323.
- (j) For 1937, 1938, and 1939 only.
- (k) This includes exports only since figures for local consumption are available only for 1936-1936 (1,500,000 cases), 1935-1937 (2,000,000 cases), 1937-1938 (2,000,000 cases), 1938-1939 (2,500,000 cases), 1943-1944 (3,350,000 cases), 1944-1945 (2,941,000 cases), 1945-1946 (3,000,000 cases); moreover, the lack of complete figures have, relatively speaking, a negligible effect on value since the local price for citrus was low; in 1946, there were approximately twenty-four acres to the metric ton, but this figure cannot be used for all the years since size of boxes and thus weight changed over time.

*Sources:* *Abstract*, various annual issues; Montague Brown, "Agriculture," in Himadeh, 123-5, 136, 139, 148-9, 151, 155-9, 163; *Survey I*, 312, 320, 323-5, 339, 356; *Survey II*, 724; E. R. Sawyer, *A Review of the Agricultural Situation in Palestine* (Jerusalem: Department of Agriculture and Fisheries, 1923), Part IV, Appendix II, 2; Gurevich, *Handbook*, 166.



4.1.A.

	1931-1934	1935-1939	Percentage of Total	1940-1944	Percentage of Total	1945	Percentage of total	Percentage Increase 1931- 1934/1940-1944
Wheat and <i>Durra</i>	2,914,873	3,111,201	41	3,086,087 (g)	40	3,002,889 (g)	39	6
Barley, <i>Kersenneh</i> , Maize, Oats, and Other Grains (a)	2,062,440 (b)	2,594,012 (b)	34	2,437,550 (g)	32	2,559,932 (g)	33	18
Lentils, Beans, and Peas	134,450	155,228	2	212,025	3	234,771	3	58
Sesame	129,181	204,635	3	191,701	2.5	106,222	1.5	48
Vegetables	43,976 (e)	137,022	2	241,775	3	279,940	4	450
Fruits		497,960	6.5	495,361	6.5	518,905	7	
Olives	307,692 (f)	527,582	7	593,119	8	600,133	8	93
Fodder for Dairy Industry	25,000	86,729	1	89,560 (d)	1	144,088	2	
Citrus	166,900	294,900	4	277,400	4	244,000	3	64
Tobacco	15,716	30,295	.5	24,456	.5	22,300	.5	56
Total	6,300,228	7,639,564	100	7,645,634	100	7,713,180	100	

## 4.1.B.

	1920-1924	1925-1929	1930-1934	1935-1939	1940-1944	1945	Percentage Increase 1920-1924/1940-1944
Wheat and <i>Durra</i>	104,106	121,758	93,204	135,377	138,280 (g)	95,666 (g)	33
Barley, <i>Kersenneh</i> Maize, Oats, and Other Grains (a)	44,107	55,853	40,349 (b)	87,771 (b)	95,377 (g)	109,363 (g)	116
Lentils, Beans, and Peas	10,966	6,247	5,902	5,678	9,196		-16
Sesame	3,226	3,278	1,537	5,655	6,480	4,726	101
Vegetables	12,970 (c)	16,382	22,015	99,405	219,614	244,834 (b)	1,593
Fruits	36,399	44,079	50,937	172,866	188,529	237,545	418
Olives	15,141 (c)	15,751	10,741	36,380	41,451	79,469	174
Fodder for Dairy Industry				103,527 (f)	167,532 (a)	300,000	
Tobacco	862	660	689	1,252	1,193	815	38
Citrus in Boxes (k)	1,433,308	2,164,043	4,705,289	10,446,179	1,837,542	5,000,000	629

4.1.C.

	1937	1938	1939	1940	1941	1942	1943	1944
<u>Wheat and Durra</u>	1,482,415	724,499	981,602	1,811,268	2,567,693	3,526,486 (g)	2,438,766 (g)	1,844,620 (g)
Excluding Citrus (%)	35	22	27	31	30	21	8	8
Including Citrus (%)	18	9	18	30	29	21	8	7
<u>Barley, Kersenneh, Maize, Oats, and Other Grains (a)</u>	532,572	400,143	420,069	747,475	1,138,306	2,219,747 (g)	1,673,389 (g)	1,488,415 (g)
Excluding Citrus (%)	13	12	12	13	13	13	8	8
Including Citrus (%)	7	5	8	12	13	13	8	7
<u>Lentils, Beans, and Peas</u>	70,068	54,589	41,729	109,477	86,007	328,626	468,860	668,436
Excluding Citrus (%)	2	2	1	2	1	2	2	3
Including Citrus (%)	1	1	1	2	1	2	2	3
<u>Sesame</u>	140,820	105,250	76,916	131,827	242,189	267,725	278,512	371,980
Excluding Citrus (%)	3	3	2	2	3	2	1	2
Including Citrus (%)	2	1	1	2	3	2	1	2
<u>Vegetables</u>	480,733	575,048	669,037	1,144,477	2,195,533	3,864,303	7,158,784	7,525,897
Excluding Citrus (%)	12	18	18	19	25	23	34	39
Including Citrus (%)	6	7	12	19	25	23	32	35
<u>Fruits (b)</u>	803,178	871,427	814,173	1,042,174	1,697,070	3,267,631	4,880,479	5,444,156
Excluding Citrus (%)	19	27	22	18	20	20	23	28

4.1.C. Continued

	1937	1938	1939	1940	1941	1942	1943	1944
Including Citrus (%)	10	11	15	17	19	19	22	25
<u>Olives</u>	394,191	341,593	400,454	669,814	436,333	2,853,421	3,735,091	740,415
Excluding Citrus (%)	9	10	11	11	5	17	18	4
Including Citrus (%)	5	4	7	11	5	17	17	3
<u>Fodder for Dairy Industry</u>	133,611	124,703	130,684	177,994	242,013			1,108,025
Excluding Citrus (%)	3	4	4	3	3			6
Including Citrus (%)	2	2	2	2	3			5
<u>Tobacco</u>	142,242	82,500	94,010	86,468	60,065	301,301	446,589	304,586
Excluding Citrus (%)	3	3	3	1	1	2	2	2
Including Citrus (%)	2	1	2	1	1	2	2	1
<u>Citrus (k)</u>	399,199	439,956	195,368	60,300	233,332	390,111	1,159,700	1,952,294
Excluding Citrus (%)		57						
Including Citrus (%)	49		35	1	3	2	5	9
<u>Total, Including Citrus</u>	817,179	767,928	558,232	598,127	889,851	17,019,351	2,224,010	2,144,884
<u>Total, Excluding Citrus</u>	417,980	327,972	362,864	5,920,974	8,665,209	16,629,240	21,080,470	19,496,530

As the figures show, most of the expansion in area and output of vegetables occurred during WWII. As mentioned earlier, part of the market for vegetables was provided by the presence of allied troops in Palestine. However, that in itself does not explain the substantial increase in vegetable production. That also needed the encouragement and material support of the government.

As part of its war economic measures, the government established the War Supply Board in order “to do all things necessary to ensure that production in Palestine is so organized as to enable the country to make the maximum possible contribution to the war effort and to safeguard the essential needs of the community.”<sup>4</sup> To implement this in the area of food, an ordinance was issued and a controller appointed to regulate the trade and production of food.<sup>5</sup>

More specifically, this was translated into active government participation in promoting agricultural production that included the production and sale, “at nominal prices,” of 10 million in vegetable seedlings a year, the production of vegetable seed, and the distribution of half a million chicks a year produced in government farms. By December 1943, the government’s effort included the import and distribution, on a “lease/land” basis, of 410 tractors, 254 plows, and 120 combine harvesters. The government also exercised control over the import of

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<sup>4</sup>*Survey II*, 985.

<sup>5</sup>*Ibid.*, 996.

fertilizers and their sale at “controlled prices.”<sup>6</sup>

The figures for 1945 were divided as follows: Of the total area of 279,940 *dunums* cultivated with vegetables, 40,207 were Jewish and 239,733 *dunums* were Arab owned, and of the total output of 244,834 tons, 55,730 were Jewish and 189,104 tons were Arab.<sup>7</sup> Jewish vegetable output increased by about 350 percent as compared to 1937 when output was 12,500 tons, while Arab output increased by 75 percent for the same period. Moreover, Jewish output was 10 percent of total vegetable output in 1937 and 23 percent in 1945.<sup>8</sup> The output figures show not only that Jewish vegetable growth was faster than the Arab one, but also that it had greater productivity. The greater productivity was due primarily to more intensive methods of production. Besides the institutional support provided by experimental lab and farms, the main distinction between Jewish and Arab vegetable cultivation is the farmer’s more intensive use of fertilizers and irrigation.

In terms of irrigation, of the total Arab vegetable area of 239,733 *dunums* in 1945, only 107,053 *dunums* were irrigated or about 45 percent producing 64 percent of total Arab output. While of the total Jewish area of 40,207 *dunums*,

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<sup>6</sup>Ibid., 1030-1; the tractors and plows were distributed “practically equally” between Arabs and Jews, and “of the 120 combine harvesters released 76 went to Jews and 9 to Arabs.”

<sup>7</sup>*Survey I*, 323; for Jewish output, Gurevich, *Handbook*, 166, gives the figure of 59,000 tons.

<sup>8</sup>Gurevich, *Handbook*, 166; *Abstract 1938*, 41; calculations were based on *Survey* figures for the 1945 Jewish output and Gurevich’s figures for 1937.

38,329 were irrigated, or about 95 percent producing 98 percent of Jewish output.<sup>9</sup>

Government support and the use of more intensive methods of production led not only to a substantial increase of vegetable output, but also to a substantial decrease in imports. This can be seen in the absolute decline of imports from a high of 31,193 tons in 1938 to 4,919 and 9,737 tons in 1943 and 1944, respectively, and from the decline of imports as a percentage of total vegetable consumption. The latter went down from 22 percent in 1938 to 3 percent in 1944 (see Table 4.2).

It should be pointed out that the bulk of vegetable imports was for the use of urban Jewish Europeans, and that between 1928 and 1941, potatoes comprised 58 percent of total vegetable imports.<sup>10</sup> Thus, when potato production was introduced on a large scale, it was an important factor in the reduction of total vegetable imports.<sup>11</sup>

The increased production of vegetables was accompanied by the commencing of its integration with industry by the establishment of preservation and canning enterprises. By 1943, there were six establishments with an output valued at £P 488,000, that included fruits and vegetables, but predominantly the

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<sup>9</sup>*Survey I*, 325-6.

<sup>10</sup>Calculated from *Abstract 1939*, 62-3; and *Abstract 1942*, 46-7.

<sup>11</sup>See Kamen, 231-8, for a discussion of the evaluation of potato production as a cash crop and the government's effort in that regard.

Table 4.2. Production, Imports, and Consumption of Vegetables in Tons, 1928-1944

Year	Local Production	Imports	Total Consumption	Imports as Percentage of Total Consumption
1928	13,305	11,589	24,894	47
1929	15,913	9,484	25,387	37
1930	12,865	10,911	23,776	46
1931	15,068	10,297	25,365	41
1932	24,371	12,083	36,454	33
1933	21,305	15,395	36,700	42
1934	36,465	19,992	56,457	35
1935	67,847	27,310	95,157	29
1936	70,321	30,505	100,826	30
1937	120,395	31,193	151,588	21
1938	109,088	31,193	140,281	22
1939	129,373	28,843	158,216	18
1940	198,273	17,136	215,409	8
1941	189,794	13,616	203,410	7
1942	194,226	8,345	202,571	4
1943	244,446	4,919	249,365	2
1944	271,329	9,737	281,066	3

Sources: *Abstract 1939*, 39, 62, 63; *Abstract 1942*, 46, 47; *Abstract 1944/45*, 223.



latter.<sup>12</sup> As for output, it increased from 379 tons in 1942 to 3,020 tons in 1943, and 2,138 tons in 1944.<sup>13</sup> All of the enterprises were owned by Jewish Europeans.<sup>14</sup>

As it took some time for the Jewish European enclave to “congeal,”<sup>15</sup> including its agricultural output, it was Arab vegetable production that provided a major portion of European Jewish vegetable consumption, especially for the urban residents.

This is borne out by an analysis of the growth of European vegetable cultivation, production, and imports juxtaposed with the consumption needs of the total European Jewish population. The consumption needs are based on an estimate of the per-capita consumption of vegetables of Jewish European settlers<sup>16</sup> (see Table 4.3).

The area cultivated with vegetables by European Jewish settlers was slow in growth for most of the Mandate period. In 1927, there were only 1,366 irrigated *dunums* and 7,826 unirrigated *dunums*, which seem to be abandoned in the following years, so that by 1941, there was only 1,564 *dunums* of unirrigated

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<sup>12</sup>Gurevich, *Handbook*, 212.

<sup>13</sup>*Survey I*, 504, 516.

<sup>14</sup>*Abstract, 1944/45*, 59-60.

<sup>15</sup>This term is borrowed from Owen, *Studies*, 5.

<sup>16</sup>Gurevich, *Handbook*, 176.

Table 4.3. European Settler Dependence on Arab Vegetables

	1925	1926	1927	1928	1930	1935
Jewish European Population	122,000	150,000	140,000	152,000	165,000	355,000
Vegetable Consumption (tons) (a)	13,664	16,800	16,800	17,024	18,480	39,760
Vegetable Imports (tons)	9,234 (b)	8,702	9,631	10,910	19,911 (b)	27,310 (b)
Deficiency	4,430	8,098	7,169	6,114	7,569	12,450
Percentage Deficiency	32	48	43	36	41	31

(a) Although Gurevich's estimate is for urban dwellers only, here it is used for rural dwellers as well, who, of course, may have had an even higher consumption level of vegetables.

(b) Figures for 1925, 1930, and 1935 include total vegetable imports; nonetheless, lacking the exact figures, it is assumed to be exclusively European Jewish imports, a safe assumption given the import figures for 1926, 1927, 1928, which are known to be exclusively European Jewish ones.

*Sources: Survey I, 141; Gurevich, Handbook, 176-7, 244-5; Statistical Abstract of Palestine 1929 (Jerusalem: Keren Hayesod, 1930), 124-8.*

vegetables.<sup>17</sup> In 1,929 the figure given by a publication of the Jewish agency, which was supervised by the same statistician of the previous source for 1927, was 1,267 *dunums* of presumably irrigated vegetables.<sup>18</sup>

As for output, a census of Jewish agriculture taken by the Palestine Foundation Fund for 1926 showed no entries for vegetables in a table showing the area and output of “principle” Jewish fruits and crops. This is in spite of the entry for beans with a minuscule output of about 5 tons.<sup>19</sup> By 1936, the area cultivated with vegetables grew to 8,344 irrigated *dunums*. However, in spite of this growth, Jewish European vegetable output accounted for only 12,500<sup>20</sup> tons out of a total of more than 120,000<sup>21</sup> tons for the whole country.

It was only after 1939 that there was a substantial increase in Jewish European vegetable production, with noticeable increases starting after 1936 with the onset of the Arab revolt of 1936-1939, during which the boycott of Arab produce was intensified. Still, by 1944-1945, Jewish European vegetable output, excluding potatoes, satisfied only 63 percent of the settlers’ consumption needs, while 21 percent was imported and an important 16 percent came from local Arab

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<sup>17</sup>Gurevich, *Handbook*, 152-63.

<sup>18</sup>David Gurevich, *Report and General Abstract of the Census of Jewish Agriculture, Industry, and Handicrafts, and Labor* (Jerusalem: The Jewish Agency for Palestine, 1931), Table 12, 9.

<sup>19</sup>Keren Hayesod (Palestine Foundation Fund), *Statistical Abstract of Palestine* (Jerusalem: Keren Hayesod, 1930), Table 54, 106.

<sup>20</sup>Gurevich, *Handbook*, 167.

<sup>21</sup>*Abstract 1939*, 39.

production.

Table 4.3 shows that there was a substantial difference between the consumption and imports of vegetables by the Jewish European settlers. Given the low production of vegetables by the Jewish European farmers, such that as late as 1937, total output amounted to only 12,500 tons, it is safe to assume the obvious that the bulk of the shortfall was provided by local Arab production. Similarly, it is definite that most, if not all, of the Jewish European consumption of tomatoes and cucumbers came from local Arab production because of the fact that at least in the case of tomatoes, local production was sufficient for the country, although there was a ban on its import for “photo-sanitary” reasons through 1935.<sup>22</sup> This is substantiated by the fact that Jewish European vegetable imports consisted primarily of potatoes, onions, and garlic, and for 1926-1928 completely so.<sup>23</sup>

#### 4.1.2 Citrus

The second cash crop was citrus, which was the most valuable of all crops. The planting and export of citrus preceded both the Mandate period and the earlier European Jewish settlement. However, it was during the Mandate period that it underwent a rapid and substantial growth following the disruptions of WWI, when many trees were abandoned or uprooted (see Table 4.4).

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<sup>22</sup>Brown in Himadeh, 161, 201; *Survey I*, 453.

<sup>23</sup>Keren Hayesod, *Statistical Palestine*, Table 66, 127-8.

Table 4.4. Area, Export, and Value of Citrus, 1913-1914/1945-1946

Year	Area in <i>Dunums</i>	Export in Boxes	Value of Citrus Exports (£P)	Citrus Exports as Percentage of All Agricultural Exports (a)	Citrus Exports as Percentage of All Exports
1913-1914	30,000	1,553,861			
1920-1921		830,959			
1921-1922	29,000	1,234,251			
1922-1923	29,500	1,365,543			
1923-1924	30,000	1,589,331			
1924-1925	30,500	2,146,457			
1925-1926	38,500	1,518,731	467,632	46	36
1926-1927	56,500	2,668,291	827,897	55	44
1927-1928	67,000	2,220,443	654,820	62	44
1928-1929	87,000	1,802,547	539,512	49	35
1929-1930	106,500	2,610,205	784,777	53	41
1930-1931	121,500	2,469,856	744,513	61	47
1931-1932	156,500	3,698,489	1,785,261	88	75
1932-1933	200,000	4,490,409	2,097,393	93	81
1933-1934	250,000	5,533,350	2,633,380	92	85
1934-1935	278,000	7,334,343	3,382,964	90	80
1935-1936	298,000	5,886,401 (b)	2,535,870	83	70
1936-1937	299,500	10,795,894	3,873,429	79	67
1937-1938	299,500	11,444,408	3,880,135	93	77
1938-1939	299,500	15,264,776	4,355,853	(c)	85
1939-1940	299,500	7,590,465	1,918,298	(c)	47
1940-1941	282,500	159,803	59,300	12	1
1941-1942	272,000	533,550	233,332	41	3
1942-1943	272,000	1,069,469	390,111	54	8
1943-1944	261,000	2,424,887	1,159,700		

Table 4.4. Continued

Year	Area in <i>Dunums</i>	Export in Boxes	Value of Citrus Exports (£P)	Citrus Exports as Percentage of All Agricultural Exports (a)	Citrus Exports as Percentage of All Exports
1944-1945	244,000	2,747,389	1,952,294		
1945-1946		4-5,000,000			

(a) Includes food, drink, and tobacco.

(b) Low yields because of *Khamsin* winds.

(c) For 1938-1939 and 1939-1940, figures given in the *Abstracts* for all agricultural exports are less than those for citrus; however, citrus exports as a percentage of agricultural exports must have been in the nineties for 1938-1939 given that it represents 85 percent of all exports.

*Sources:* Brown, in "Agriculture," 139; *Abstract 1944/45*, 72, 226; *Abstract 1942*, 29; *Abstract 1943*, 72, 74; *Survey I*, 356; *Abstracts 1944/45*, 63, Sawwaf, "Trade," 410.

By the 1922-1923 season, the area cultivated with citrus realized its prewar level of 30,000 *dunums*. Thereafter, there was a secular increase in area reaching about 300,000 *dunums* in the 1936-1937 season, and maintaining that level through the 1939-1940 season. In 1938, the citrus output represented 58 percent of the value of all principal crops. With the onset of WWII and the consequent shortage of shipping and of fertilizers and shipping containers, citrus groves were being abandoned or uprooted so that by the 1944-1945 season the area had declined to 244,000 *dunums*.

Most of the area of citrus groves, about two thirds, was planted between 1930 and 1936, when prices and profits were high.<sup>24</sup> It was also in the early 1930s that the bulk of European Jewish groves were planted at such a fast rate that by 1936, the groves owned by them reached 155,000 *dunums* (i.e., 52 percent of the total for the whole country when in 1922 they owned 10,000 *dunums* or about 35 percent of the total).<sup>25</sup>

In 1942, a majority of the groves were relatively small such that 85 percent of the groves were under 40 *dunums* in area and constituted close to 46 percent of the total area, while about the largest 9 percent of groves, the ones over 60 *dunums*, constituted close to 41 percent of the total area.<sup>26</sup>

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<sup>24</sup>Robert R. Nathan, Oscar Gass, and Daniel Creamer, *Palestine: Problem and Promise, An Economic Study* (Washington, DC: American Council on Public Affairs, 1946), 210.

<sup>25</sup>Gurevich, *Handbook*, 179.

<sup>26</sup>*Survey I*, 337.

In spite of the relatively small size of the majority of the groves, the planting of citrus, assuming the availability of the required sandy soil that was mostly in the coastal areas, required substantial sums of investment, especially if considered in light of the income of the majority of Arab peasants.

Citrus cultivation represented the most developed form of “capitalist” agriculture in Palestine, which relied, almost exclusively, on wage labor, and whose output was primarily geared for export. Besides the availability of land, it required funds for the digging of wells, and the purchase of water pumps and chemical fertilizers. It also required the availability of sufficient alternative resources for livelihood until the trees bore fruit, a process that lasted about six years and involved continuous maintenance. This clearly meant that they were beyond the means of most Palestine peasants.

It has been estimated that the “capital cost” of a *dunum* of citrus through its bearing sixth year to be, on average, £P 75.<sup>27</sup> By the season of 1936-1937, this translated into a total investment of about £P 22.5 million. In addition, annual maintenance costs were estimated at £P 10 per *dunum*.<sup>28</sup>

In spite of the sums required, citrus was so profitable in the early 1930s that it attracted investment from hundreds of foreign nationals living abroad (i.e., European and American Jews), absentee owners who saw it as primarily an “interest-bearing investment.” This phenomenon developed to such an extent that

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<sup>27</sup>Brown in Himadeh, ed., *Ibid.*, 143.

<sup>28</sup>*Ibid.*



by the 1941-1942 season, foreign nationals owned 30 percent of Jewish groves, which tended to be larger than the groves owned by European Jews living in Palestine.<sup>29</sup>

The export of citrus has continuously increased throughout the 1930s, except for the 1935-1936 season, so that by 1938-1939 it reached more than 15 million boxes. This gave Palestine a 24 percent share of world exports of oranges, approximately 48 percent of grapefruit, and 2 percent of lemons.<sup>30</sup> Thus, Palestine became the largest exporter of citrus, superseding Spain and the United States.<sup>31</sup> At the same time, the European Jewish share in citrus exports increased from 37 percent in 1930-1931 to 65 percent in 1938-1939, due mainly to well-developed marketing cooperatives, which were lacking among Arab citrus growers,<sup>32</sup> and better foreign contracts.

However, more important than Palestine's share of the world's citrus exports was the share of its citrus exports in its agricultural and total exports. Even in the preceding 1937-1938 season, its exports of 11.5 million boxes constituted

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<sup>29</sup>Gurevich, *Handbook*, 127, 182; Nathan et al., 209; David Horowitz and Rita Hinden, *Economic Survey of Palestine, With Special Reference to the Years 1936 and 1937* (Tel Aviv: Jewish Agency for Palestine, Economic Research Unit, 1938), 11.

<sup>30</sup>Nathan et al., 436.

<sup>31</sup>*Ibid.*, 433. Although the Spanish Civil War had a serious impact on exports, the decline in Spain's exports started before the war and was due to a large extent to Palestinian competition due to the higher quality of its citrus; as for the United States, the bulk of its output, which was much larger than Palestine's, was locally consumed.

<sup>32</sup>Brown, "Agriculture," 142; Nathan et al., 209.

more than 90 percent of its agricultural exports and almost 80 percent of its total exports.

This export dependency on a single commodity made Palestine vulnerable to the price fluctuations of the world market for citrus. The extent of this vulnerability can also be seen from the share of citrus in the total wage labor and national income of Palestine: According to one estimate, the former was 7 or 8 percent and the latter about 10 percent.<sup>33</sup>

The export dependency on a single commodity was aggravated by its dependency on one country, the United Kingdom. Between 1920-1921 and 1939-1940, excluding 1925-1926, nearly 70 percent of all citrus exports went to the United Kingdom (see Table 4.5). These dependencies were to prove disastrous after the 1936-1937 season when prices and profits declined sharply.

The increase in the output and export of citrus in the 1930s was not confined to Palestine, although it had the highest rate of increase, but included other citrus-growing countries, most notably Spain, Italy, the United States, South Africa, and Brazil.<sup>34</sup> This increase in supply had a worldwide impact in the lowering of citrus prices. However, Palestine in its competition for markets with other countries had peculiar disadvantages stemming from its Mandate status.

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<sup>33</sup>Nathan et al., 209.

<sup>34</sup>Horowitz and Hinden, 67.

Table 4.5. Share of United Kingdom in Total Citrus Exports (Boxes)

	Total Exports	Exports to United Kingdom	Percentage
1920-1921	830,959	330,179	40
1921-1922	1,234,251	743,179	60
1922-1923	1,365,543	942,463	69
1923-1924	1,589,331	1,190,473	75
1924-1925	2,146,457	1,319,667	61
1925-1926	1,518,731	(a)	
1926-1927	2,668,291	1,943,828	73
1927-1928	2,220,443	1,730,520	80
1928-1929	1,802,547	1,333,674	74
1929-1930	2,610,205	2,164,837	83
1930-1931	2,469,856	1,901,510	77
1931-1932	3,698,489	2,620,966	71
1932-1933	4,490,409	3,230,290	72
1933-1934	5,533,350	3,621,538	65
1934-1935	7,334,343	5,550,125	76
1935-1936	5,886,401	4,505,914	77
1936-1937	10,795,894	8,390,097	78
1937-1938	11,444,408	7,083,000	62
1938-1939	15,264,776	7,992,388	52
1939-1940	7,590,465	6,079,974	80

(a) For the 1925-1926 season, Gurevich gives a larger figure for citrus exports to the United Kingdom than the total exports of citrus.

Source: Calculated from figures given in Gurevich, *Handbook*, 180-1.

Article 18 of the Mandate stipulated that no preference in trade should be given to the mandatory state (i.e., the United Kingdom)<sup>35</sup> but also that there should be “no discrimination” against any state that is a member of the League of Nations. However, this condition was also curiously applied to all other states that had commercial treaties with the United Kingdom.<sup>36</sup> In effect, this meant the granting of most-favored-nation status to all the countries with whom Palestine traded.

In practice, this has meant that Palestine had no rights to negotiate reciprocity trade agreements or respond with tariff retaliation against other countries when warranted.<sup>37</sup> This meant that several countries had an open market in Palestine without necessarily importing anything of significance from her. An example of such a country was Japan, which in 1936-1939 exported £P 1,560,000 worth of goods to Palestine, while importing only £P 48,000 from her.<sup>38</sup>

Thus, in the 1930s, when the output and export of citrus were rapidly increasing, that was also a time of increasing economic protectionism that included tariffs, quotas, currency exchange restrictions, and unsuitable barter agreements. So, when Palestine was faced with those trade barriers, and incapable to retaliate,

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<sup>35</sup>See Smith, 20-5, on a discussion of how the United Kingdom evaded that stipulation.

<sup>36</sup>*Survey I*, 441; *Survey II*, 967.

<sup>37</sup>Smith, 25; Nathan et al., 210-1; Gurevich, *Handbook*, 124; Horowitz and Hinden, 71.

<sup>38</sup>Sawwaf, “Trade,” 441; Nathan et al., 319.

its citrus exports were restricted to fewer markets, especially that of the United Kingdom, which resulted in further price decrease for its citrus. The price decrease was so great that profit from oranges went down from 168 mils to 10 mils per box from the 1932-1933 season to the 1938-1939 season, respectively.<sup>39</sup> Even in the United Kingdom, Palestine was denied “Imperial Preference” for its exports, which contributed to the decline in citrus profits.<sup>40</sup>

This crisis in citrus was further aggravated with the onset of WWII, when shipping space was primarily reserved for the war efforts, and sales of citrus were mostly confined to the local and regional markets, including the allied troops in the area. The loss of the traditional European markets combined with the shortage of fertilizers and the neglect and abandonment of groves all contributed to a fall in production to about half the peak season of 1938-1939.<sup>41</sup>

The severity of the crisis prompted the government to issue loans and remit property taxes to the citrus growers. The total amount of loans advanced to the citrus growers for the period 1940-1945 was about £P 3,660,000 of which 47 percent went to Arab growers and 53 percent to Jewish European growers.<sup>42</sup> This amount was more than twice as much as all other agricultural loans extended by

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<sup>39</sup>Nathan et al., 210; also see figures given in *Survey I*, 337-8.

<sup>40</sup>Smith, 25.

<sup>41</sup>*Survey I*, 339-40.

<sup>42</sup>*Ibid.*, 355-6.

the government for the period 1919-1945.<sup>43</sup> In the area of taxation, the government reduced the Rural Property Tax on citrus land by more than two thirds for 1939-1940 and thereafter was completely exempted, while at the same time redoubling the tax twice for all other agricultural lands between 1943 and 1945.<sup>44</sup>

Up to 1939, citrus was not only the most valuable cash crop, but also the one with the greatest wage labor force in and out of agriculture. For the 1938-1939 season, it has been estimated that the wage labor force was 17,400 in man years for European Jewish groves, and 20,000 man years if transportation and handling were included. The estimate for Arab groves was about 17,000 man years.<sup>45</sup> Another estimate for the same season put the number of wage labor in the busy months at 19,000 in European Jewish groves, of which, 8,000 were Arab workers, and 4,000-5,000 of the total were permanent workers. In the Arab-owned groves, 15,000 were hired for the busy months, of which 3,000-5,000 were permanent workers.<sup>46</sup>

The industrial processing of citrus, although relatively small, went much further than the case of vegetables. Although its beginnings predate WWII, it was

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<sup>43</sup>That amount totaled about £P 1,764,000; see *Survey I*, 349, 353.

<sup>44</sup>*Survey I*, 253-4, 355.

<sup>45</sup>Nathan et al., 309, 441; Gurevich, *Handbook*, 183, but also see 185 for the number of Arab and Jewish wage labor in five large European Jewish plantations.

<sup>46</sup>*Survey I*, 34; Rachele Taquq, "Peasants Into Workmen: Internal Labor Migration and the Arab Village Community Under the Mandate," in *Palestine Society and Politics*, ed. Joel S. Migdal (Princeton: Princeton University Press, 1980), 264.

during the war that one may speak of a citrus industry that underwent most of its growth and development, all of which was started and owned by Jewish Europeans, and employing Jewish labor only.

There are no complete figures on the citrus industry, but the ones available are indicative of its growth. In 1943-1944, about 45,000 tons (approximately one million boxes) were used in industry that employed about 1,500 persons.<sup>47</sup> In the next season, 1944-1945, 25,000 tons of citrus were used in the production of 15,000 tons of jams (in 1939, only 920 tons of jam were produced), 12.5 tons of essential oils, 1,356 tons of concentrated juices, 16 tons of chemicals (liquid pectin), and 14 tons of citric acid.<sup>48</sup> At the same time, 950 tons of nonsterile orange and grapefruit juice were exported to the United Kingdom only.<sup>49</sup> Nonetheless, other figures available for citrus juice export definitely indicate an increasing trend, so that while exports amounted to 200 tons in 1936, were 792 tons in 1942, 1,316 tons in 1943, and 1,071 tons in 1944.<sup>50</sup>

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<sup>47</sup>*Abstract 1944/45*, 152-3, 226; Nathan et al., 226.

<sup>48</sup>*Survey I*, 504, 516; *Abstract 1944/45*, 152-3, 226.

<sup>49</sup>*Survey I*, 342. By January 1946, there was one juice-pasteurizing plant in operation with eight more on order whose increased output, the *Survey* suggests, could be exported to the United Kingdom where demand for sterilized juice was expected to increase.

<sup>50</sup>Listed as fruit juices but most probably are citrus juices. *Survey I*, 476; *Abstract 1944/45*, 74; Sa'id Himadeh, "Industry," 256.

### 4.1.3 Fruits

Another cash crop that underwent substantial growth during the Mandate was fruits, other than citrus. The growing of fruit trees was a centuries-old tradition with grapes, figs, melons, and almonds being the principal ones.

No complete figures are available for area cultivated with fruits for the 1931-1934 period, but the increase in area between this period and the 1935-1939 period must have been substantial given the difference in production levels of the two periods, even if we allow sufficient time before trees mature and start bearing fruit.

Average annual output increased from 36,399 tons in 1931-1934 to 188,529 tons in 1940-1944 (i.e., over a fivefold increase). By 1945, output reached an even higher figure of 237,545 tons. The increase in output and value was such that by 1944, the share of fruits in the value of all principal crops reached 27 percent in 1944, thus becoming the second most valuable crop for that year after vegetables if citrus is excluded, when in 1937, its share was 10 percent. If citrus is included, the share of fruits would have been 20 percent in 1937 increasing to 30 percent in 1944.

Most of the increase in the output of fruits was because of the increase in melon production, which represented, on average, about 50 percent of the total output of fruits for the Mandate period, but which accounted for only a little over 17 percent of the total value of fruits for 1937-1944. Although the increase in



output during the war was substantial, most of the increase preceded the war.<sup>51</sup>

The greater part of the production and area cultivated with fruits was Arab owned. By 1945, these accounted for about 92 percent of the total area, almost 88 percent of output and a 74 percent share in the value of the fruits.<sup>52</sup>

In the case of European Jewish fruits cultivation, it was highly integrated with industry, primarily the wine-making industry. By 1945, the total European Jewish area cultivated with fruits of about 43,000 *dunums*,<sup>53</sup> 18,000 *dunums*,<sup>54</sup> or 42 percent were designated for the cultivation of wine grapes. The production of wine reached 5.5 million liters for the same year, with a considerable amount exported to the United States before the shipping shortage of WWII.<sup>55</sup>

Trade in fresh fruits mostly involved the importation of apples and the export of melons and watermelons. Apples represented about 50 percent of the total imports of fresh fruit,<sup>56</sup> while at the same time, total fresh fruit imports were

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<sup>51</sup>*Survey I*, 327; *Survey II*, 725-6; *Abstract 1939*, 41; *Abstract 1940*, 41; *Abstract 1941*, 4; *Abstract 1942*, 29; *Abstract 1943*, 72; *Abstract 1944/45*, 226.

<sup>52</sup>*Survey I*, 323, 327, where numbers for melons are given separately from fruit, but which are combined in our figures.

<sup>53</sup>*Ibid.*, 323.

<sup>54</sup>*Ibid.*, 317.

<sup>55</sup>*Ibid.*, 505. For a brief historical review of the wine industry, its output, value, and exports, see Himadeh "Industry," 217-8, 258-60; Gurevich, *Handbook*, 249.

<sup>56</sup>Brown, "Agriculture," 202; *Survey II*, 828.

very small relative to total food imports, whether measured in quantity or value.<sup>57</sup> On the other hand, the principal fruit export was melons and watermelons and to a much smaller extent almonds, not including, of course, citrus exports. Melon and watermelon export represented no less than 80 percent of total fruit export between 1928 and 1944, and in some years a much higher share.<sup>58</sup> Exports of melons and watermelons declined after 1930 because of the institution of an import tax by Egypt, which until then was one of the major import markets.<sup>59</sup> A further substantial decline in exports took place during WWII.<sup>60</sup>

#### 4.1.4 Olives

The cultivation of olive trees is a centuries-old tradition in Palestine. It was primarily cultivated in the hill regions, although could also be found in the inland plains. Besides being an important source of income for a substantial number of peasants, it also was an important component of their diet, especially in its oil form.

Some of the olives were pickled, but the bulk of it was pressed for olive oil used either for consumption or the making of olive oil soap. Both olive oil and soap, and especially the latter, were traditional exports during Ottoman times. The

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<sup>57</sup>See *Abstract 1939*, 62-3; *Abstract 1940*, 63; *Abstract 1943*, 97; *Abstract 1944/45*, 68.

<sup>58</sup>*Abstract 1939*, 70-71; *Abstract 1940*, 71; *Abstract 1943*, 99; *Abstract 1944/45*, 74.

<sup>59</sup>Brown, "Agriculture," 158.

<sup>60</sup>*Survey II*, 829; Brown, "Agriculture," 148; *Survey I*, 135.

main markets for soap were Egypt, Syrian, and, to a lesser extent, Asia Minor.

Olives also underwent substantial increase whether measured in area or output. The area cultivated with olives increased from nearly 308,000 to 593,000 *dunums* from 1931-1934 to 1940-1944, respectively, a 93 percent increase. Output increased from about 15,000 tons to more than 41,000 tons between 1920-1924 and 1940-1944, respectively, a 174 percent increase. In terms of value, it is not possible to establish a continuous tendency of increase or decrease because of the substantial fluctuations in annual yield derived primarily from the nature of the olive tree and, to some extent, the amount of rainfall.

By 1945, the area cultivated with olive trees grew to more than 600,000 *dunums* of which more than 592,000 were Arab owned (i.e., about 99 percent of total).<sup>61</sup> Jewish European cultivation of olives was insignificant at less than 8,000 *dunums*. This is explained by the labor-intensive requirements of olive cultivation that included extensive terracing to prevent soil erosion. During the Mandate, labor-intensive agriculture was, on the whole, eschewed by Jewish European farmers, as intensive methods of production were increasingly adopted.

There are no continuous figures for the production of olive oil. However, it appears that the increase in output was not substantial although the area cultivated with olives greatly increased. For the years preceding WWI, average annual production of olive oil was about 7,000 tons, of which about half was conserved and the other half used in the manufacture of soap for the domestic and regional

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<sup>61</sup>*Survey I*, 323.

markets.<sup>62</sup> By the mid to late 1930s, it appears that the same output was maintained.<sup>63</sup> Figures for the WWII period are inconsistent. According to the same source, *A Survey of Palestine*, the output of olive oil was “around 10,000 tons,” while on the next page, the figures given for the seasons 1940-1941 to 1944-1945 came out to an average of less than 7,000 tons.<sup>64</sup> Even if the higher output figure is accepted, it still does not reconcile to the increase in the cultivated area, especially that most of the trees planted in the 1930s, when most of the increase occurred, had matured by the start of WWII.

Nonetheless, olive oil always suffered from low prices during the Mandate period with the exception of the WWII years. The low prices were primarily because of the government’s policy of granting tariff exemptions for the Jewish European industry on the imports of olive oil, which undersold the local product. This was in contradiction to the policy of the Department of Agriculture of encouraging Arab peasants to cultivate olives.<sup>65</sup>

Thus, although Palestine had always had an ample supply of the olive crop,<sup>66</sup> even in low crop years, the import exemptions had serious repercussions, especially in the 1930s, on the Arab peasants. In 1930, the Johnson-Crosbie Report

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<sup>62</sup>Himadeh, “Industry,” 216.

<sup>63</sup>Brown, “Agriculture,” 148; *Survey I*, 315.

<sup>64</sup>*Survey I*, 315-6.

<sup>65</sup>Smith, 173.

<sup>66</sup>Johnson-Crosbie Report, 40; *Survey I*, 517.

stated:

There is . . . no need for soap-manufacturers, who, apart from the farmer himself, are the principal consumers of olive oil, to import their requirements from abroad. In spite of the adequacy of the local supply, 2,500 tons of unrefined olive oil and 765 tons of olive oil were imported in 1929.<sup>67</sup>

Between 1928 and 1940, more than 13,000 tons of olive oil was imported, while for the same period, more than 8,000 tons were exported.<sup>68</sup>

Moreover, what further aggravated the position of Arab cultivators of olives were government ordinances that granted import tax exemptions for raw materials used in the manufacture of soap and other edible oils (other than olive oil), and starting in 1930, the loss of a substantial part of the Egyptian market for olive oil soap because of the imposition of high protective tariffs by Egypt.

Besides the tax-exempt imports of olive oil used in soap manufacture already mentioned, there was the 1928 exemption ordinance on acid oils used for the same purpose.<sup>69</sup> Between 1928 and 1939, more than 23,000 tons of acid oil was imported by European Jewish manufacturers of soap.<sup>70</sup> The growth in the manufacture of soap from acid oil presented serious competition to the more expensive soap made from pure olive oil both in the domestic and regional markets. By 1937, "Exports of laundry soap to Syria, the second and practically,

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<sup>67</sup>Johnson-Crosbie Report, 40.

<sup>68</sup>*Abstract 1939*, 64-5, 70-1; *Abstract 1940*, 65, 71; *Abstract 1943*, 97, 99.

<sup>69</sup>*Survey I*, 452.

<sup>70</sup>*Abstract 1939*, 64-5; *Abstract 1940*, 65.

the only other customer for Palestinian soap, are mostly acid oil soap.”<sup>71</sup> In the case of olive oil soap exports to Egypt, they fall from a high of 5,512 tons in 1925 to 792 tons in 1937.<sup>72</sup>

Thus, a combination of a government-trade policy that provided tax exemptions for materials used in soap production, and therefore a cheaper product, and the loss of the Egyptian market, drove traditional soap making from being one of the major industries to a “dying” one.<sup>73</sup> By 1945, total output of soap was about 11,000 tons, of which only 2,500 tons were made from local olive oil and the rest from imported oil seeds<sup>74</sup> used in European settler factories.

Similarly, there was the 1926 ordinance that established tax exemption for the importation of seeds, nuts, and beans used for the extraction of oil.<sup>75</sup> Between 1928 and 1942, about 276,000 tons of such raw materials were imported.<sup>76</sup> For the same period, more than 14,000 tons of edible oil (other than olive oil) was exported,<sup>77</sup> thus surpassing the amount of olive oil export of about 8,000 tons.

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<sup>71</sup>Himadeh, “Industry,” 266.

<sup>72</sup>Brown, “Agriculture,” 146.

<sup>73</sup>Nathan et al., 469.

<sup>74</sup>*Survey II*, 830.

<sup>75</sup>*Survey I*, 453.

<sup>76</sup>*Abstract 1939*, 64-5; *Abstract 1940*, 65; *Abstract 1943*, 97.

<sup>77</sup>*Abstract 1939*, 70-1; *Abstract 1940*, 71; *Abstract 1943*, 99.

#### 4.1.5 Fodder

In Table 4.1 fodder is included in two separate entries: (a) one for fodder for the dairy industry and (b) one for barely, *kersenneh*, and so on. This, as will be shown, reflects the difference in method of production and use of output.

The cultivation of fodder for the dairy industry, or green fodder, was an almost exclusive Jewish European agricultural practice. They cultivated about 85 percent of the land devoted to fodder, and accounted for almost 90 percent of all output.<sup>78</sup>

The cultivation of green fodder accompanied the adoption of mixed farming after WWI, as the most appropriate form of agriculture by the European Jewish settlers for economic and political reasons: economic because it provided a higher income than cereal cultivation and was less dependent on market and natural conditions than the wine and other plantations; and politically, because they could absorb and settle immigrants rather than employ Arab labor as was the case with earlier plantations.<sup>79</sup>

There was rapid growth in the cultivation of green fodder so that by 1945, more than 144,000 *dunums* were planted with a yield of 300,000 tons. This reflects, and was accompanied by, the substantial growth in the dairy industry, which will be discussed in a separate section below.

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<sup>78</sup>*Survey I*, 323.

<sup>79</sup>Gurevich, *Handbook*, 125-6.

For most of the Arab peasants, unlike the Jewish European farmers, the main obstacles to fodder cultivation included the lack of sufficient land to set aside for that purpose and the lack of water or the capital resources for irrigation. Available land was needed for the subsistence-necessary cereal growing. There was also the necessity of keeping the land fallow during the summer months and the fact that fodder was a soil-exhausting crop that would result in lower grain yield in winter.<sup>80</sup> All this perhaps explains the failure of government efforts to foster the cultivation of green fodder, without providing the necessary resources.<sup>81</sup>

Thus, the cattle, sheep, goats, and other animals of Arab peasants were fed on natural grazing and stubble. In years of good rainfall, this was, more or less, adequate. In drought years, and especially during the summer months, the animals faced starvation.<sup>82</sup> However, Arab peasants did cultivate nonirrigated fodder such as barley, *kersemeh*, and so on predominantly in the southern region where rainfall is the lowest in the country and yields are relatively poor. Given this situation, it was only the plow animals that were fed this cultivated fodder.<sup>83</sup> This was a good example of the rationale behind the setting of priorities by the peasants. Still, the production of nonirrigated fodder did increase by more than twofold in the late thirties and early forties as compared to earlier years, which reflected and

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<sup>80</sup>Kamen, 223.

<sup>81</sup>See *Ibid.*, 219-31, for a fuller treatment of the government's efforts and the peasants' attitude towards it.

<sup>82</sup>Brown, "Agriculture," 173, 177.

<sup>83</sup>*Ibid.*, 190.



accompanied the growth in the number of animals for those years. This will be discussed in a separate section below.

#### 4.1.6 Sesame

As for sesame, besides its value as a summer cash crop by providing additional income to the grower, its cultivation, because of the requirements of constant hoeing and weeding, and being nonsoil-depleting, results in a greater wheat or barley crop in the next winter.<sup>84</sup>

The cultivation of sesame was also a traditional practice in Palestine. The area devoted to its cultivation varied every year because of the variation in the amount of rainfall. More specifically, it is the amount of rainfall in March and April that mainly determined the area cultivated with sesame.<sup>85</sup> The deficiency in rainfall for the seasons 1931-1932, 1932-1933, and 1933-1934<sup>86</sup> being about half the average for the preceding seasons explains the substantial drop in output for the 1930-1934 period. Thus, given the higher level of output for the two preceding periods, the 48 percent increase in area between 1931-1934 and 1940-1944 shown in Table 4.1.A belies the fact that a greater area was cultivated with sesame for the two periods preceding 1931-1934, but for which no figures are available. The decline in area for 1945 was also because of “unfavorable planting weather.”<sup>87</sup>

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<sup>84</sup>Ibid., 133.

<sup>85</sup>Ibid., 46, 133.

<sup>86</sup>*Abstracts 1939*, 9.

<sup>87</sup>Johnson-Crosbie Report, 40.

Besides the role of rainfall, the area cultivated with sesame was probably affected by the government's tariff policy. As in the case of olive oil, the importation of sesame seeds was exempt from duty. In 1930, Simpson repeated the complaint by the Johnson-Crosbie Report<sup>88</sup> issued six months earlier on that policy. Simpson said:

Everywhere a demand was made that the import duty on sesame, which had been removed in 1925 in order to help the Jewish oil factory "Shemen" should be reimposed, and the Palestine government has agreed to the reimposition. The sesame position is curious. In 1929, while 3,539 tons were exported at an average price of £P 20.436 mils per ton, 3,470 tons were imported at a price of £P 23.278 mils per ton. The imported sesame comes chiefly from China and is generally said to be an inferior seed to the Palestinian seed.<sup>89</sup>

Similarly, E. R. Sawyer, the director of the Department of Agriculture, Forests, and Fisheries argued:

In the absence of any definite information, it can only be presumed that this free gift to Chinese and Spanish cultivators at the cost of practically the entire Arab agricultural community and, incidentally, of tithe and customs revenue, meets a demand from a few recently established oil mills of dubious financial stability.<sup>90</sup>

Two years previous to this, Sawyer had pointed out that because of the exemptions on sesame imports, production had plummeted from 2,594 tons in 1925 to 1,817 tons in 1926.<sup>91</sup>

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<sup>88</sup>*Survey I*, 311.

<sup>89</sup>Hope-Simpson Report, 103.

<sup>90</sup>E. R. Sawyer to chief secretary, dated 1 April 1929, as quoted in Smith, 174.

<sup>91</sup>*Ibid.*, Sawyer to chief secretary, 25 January 1927.

As for an explanation for this situation where imports and exports of sesame were almost equal with the local seed being of a better quality and lower price than the imported one, findings from the Colonial Office records show that, in Smith's words:

When some of the Colonial Office staff expressed surprise over this curious situation, one official minuted that the High Commissioner had told him that although there was no proof, he was convinced that the explanation was a deliberate boycotting by Jews of an Arab product. Members of the Colonial Office admitted that they had suspected as much.<sup>92</sup>

However, it was only after the 1929 Arab rebellion that the imposition of an import tax on sesame and other crops was considered. A tax of £P 3 per ton was imposed in 1930.<sup>93</sup> Whether this tax was sufficiently protective is questionable given the relative high prices of imported seeds.<sup>94</sup> The data on import and export of sesame seeds do not shed any light on that because it was, after 1930, included in the more general category of "beans, seeds, and nut for expressing oils." The only separate data for sesame seed imports after 1930 are for 1942, 1943, and 1944 when they amounted to 573 tons, 9,115 tons, and 7,381 tons, respectively.<sup>95</sup> No separate entries for export of sesame seeds are given. However, there are export figures for *tahini*, an extract of sesame seeds, for 1942,

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<sup>92</sup>Smith, 175.

<sup>93</sup>*Survey I*, 453.

<sup>94</sup>M. F. Abcarius in his book, *Palestine Through the Fog of Propaganda* (London: Hutchinson & Company, 1946) did not think it was "in any way protective," 165.

<sup>95</sup>*Abstract 1944/45*, 69.

1943, and 1944 in the amount of 124 tons, 198 tons, and 251 tons, respectively.<sup>96</sup> The export of *tahini* gives more weight to the proposition that the import tax on sesame seed imports was not protective enough. The cultivation of sesame was confined to Arab peasants, but European Jewish farmers also avoided it because of its labor-intensive requirements.<sup>97</sup>

#### 4.1.7 Tobacco

Before the Mandate, the cultivation of tobacco in Palestine, as in other parts of the Ottoman Empire, was banned except in a few villages. A license was required for cultivation, and the manufacture and sale of tobacco products were assigned to a monopoly, the *Regie Co-Interessee des Tabacs de l'Empire Ottoman*.<sup>98</sup> In 1921, the monopoly was abolished resulting in an increase of output of 265 tons for that year to 694 tons in 1922.<sup>99</sup>

Up to 1938, output of tobacco was adequate for the country except for about 10 to 15 percent of local output imported for blending.<sup>100</sup> The annual oscillations in output and area cultivated with tobacco were because of the growers' adjustment to overproduction in certain years. For example, in 1937, more than 55,000 *dunums* were cultivated with tobacco yielding 2,500 tons that exceeded the

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<sup>96</sup>Ibid., 74.

<sup>97</sup>Hope-Simpson Report, 103; Smith, 174.

<sup>98</sup>Brown, "Agriculture," 162; *Survey I*, 457.

<sup>99</sup>Brown, "Agriculture," 163.

<sup>100</sup>Ibid.

manufacturers' demand and substantially reducing the price paid for tobacco leaves. Thus, by 1939, the area cultivated with tobacco declined to a little over 15,000 *dunums* that yielded 523 tons.<sup>101</sup>

The export of tobacco was always insignificant, whereas the increase in imports in absolute terms and relative to local output is most noticeable during the WWII period,<sup>102</sup> probably because of the presence of the allied troops in the country.

During the Mandate, not only was the cultivation of tobacco highly regulated as in the Ottoman period, but it was also highly taxed, making it an important source of government revenue.

In 1921, the Palestine government imposed a cultivation tax on cultivation of £P 4 or £P 2 per *dunum*, the higher rate for high quality tobacco. In 1925, a Tobacco Ordinance was promulgated that regulated and supervised the cultivation and manufacture of tobacco. It also decreed an excise duty that replaced the per *dunum* cultivation tax. The rate of excise tax was 300 mils per kilo increasing to 400 mils per kilo by 1939.<sup>103</sup> Between 1933-1934 and 1944-1945, the share of the excise tax on tobacco in the total government revenue varied between almost 3.5 percent and 7.5 percent, a phenomenal contribution by one crop.<sup>104</sup>

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<sup>101</sup>*Abstract 1944/45*, 227.

<sup>102</sup>*Ibid.*, 67-8.

<sup>103</sup>*Survey I*, 457; Abcarius, "Fiscal System," 535.

<sup>104</sup>Abcarius, "Fiscal System," 530; *Abstract 1944/45*, 79-80.

Perhaps this sizable contribution explains the government's strict regulation of tobacco and its disregard for complaints by peasants regarding the ordinance that not only required a license for cultivation, but also the specification that a minimum of two *dunums* is required for tobacco cultivation, a figure that was jointly agreed upon by the Department of Agriculture and Customs and the growers and manufacturers.<sup>105</sup> These complaints were echoed by Simpson, who wrote:

The reason why the minimum was fixed at two *dunums* was doubtless to check the consumption of unexcised tobacco. In fact, however, it precludes the poorer man from cultivating a crop which gives a high return. It is desirable that the minimum area should be fixed at a lower figure than two *dunums*. Half a *dunum* appears a sufficiently high minimum. . . . [Another complaint concerned the provision that] renders it a criminal offense for the cultivator to smoke his own home-grown tobacco.<sup>106</sup>

Although the cultivation of tobacco was primarily carried out by Arab growers,<sup>107</sup> its manufacture involved Arabs and Jewish Europeans. By 1939, there were thirteen factories manufacturing tobacco products of which six were Arab owned and seven were Jewish European owned.<sup>108</sup> The value of production of the latter factories was greater than the Arab-owned ones in 1939, but by 1942, the situation was reversed.<sup>109</sup> The greater output by Arab industrial undertakings

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<sup>105</sup>Hope-Simpson Report, 100-1.

<sup>106</sup>*Ibid.*, 101.

<sup>107</sup>Gurevich, *Handbook*, 155; Brown, "Agriculture," 64.

<sup>108</sup>*Survey I*, 458.

<sup>109</sup>For values of output, see *Abstract 1944/45*, 54-5, 59-60.

involved in the same line of production as Jewish European ones, and the fact that the largest tobacco factory was Arab owned (Karaman, Deck, and Salti, Ltd.), with a capital of £P 150,000,<sup>110</sup> were perhaps unique features in this regard.

#### 4.2 Staple Food Crops

Finally, there was wheat and *durra*, which represented the main staple food crops. Like in other predominantly agricultural societies, Palestinian Arab peasants, relying primarily on extensive dry farming, have historically devoted a major part of their crop land to the cultivation of high energy-yielding crops.

The area devoted to the cultivation of wheat and *durra* remained basically the same, but its share of the total cultivated area declined. The 6 percent increase in area between 1931-1934 and 1940-1944 is insignificant and somewhat meaningless. It does not reflect a continuous increase in area since the period 1935-1939 actually had a larger area devoted to the cultivation of wheat and *durra* than the period 1940-1944. This had to do with the annual variation in area devoted to each of the different cereal crops, including barley, other grains, and summer crops. This variation, in turn, was determined by the amount of rainfall and the system of crop rotation.

However, more important than the lack of increase in the area culminated with wheat and *durra* is that this same area had to support a much larger population during the Mandate period. More specifically, the density of the Arab

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<sup>110</sup>Himadeh, "Industry," 262.

population relative to the area cultivated with wheat and *durra* increased substantially. Although figures for the 1920-1924 period are not available, the area cultivated with wheat and *durra* was probably not substantially less than later periods given the average production figure for that period of 104,106 metric tons, which compared well with the later periods.

However, the increased density of population to the area cultivated with wheat and *durra* can be clearly established when comparing the 1931-1934 to the 1940-1944 periods. The annual average Arab population<sup>111</sup> for the periods 1931-1934 and 1940-1944 were 893,488 and 1,142,514, respectively, a 28 percent increase. On the other hand, the annual average area cultivated with wheat and *durra* “increased” from 2,914,873 to 3,086,087 between the periods 1931-1934 and 1940-1944, respectively, an increase of only 6 percent. However, what seems like a neo-Malthusian trap, belies a more fundamental dynamic rooted in government policy, the settler “economy” and the worsening conditions of most of the Palestinian Arab peasants as this study tries to show.

The output of wheat and *durra* also depended on the system of rotation, but more importantly on the annual variation in the amount of rain and its distribution over the season.<sup>112</sup> For example, in 1931, the area cultivated with wheat was 2,358,103 *dunums*, which yielded 79,650 metric tons when the average rainfall for

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<sup>111</sup>The figures used are the official government estimates of the total population minus the European Jewish population.

<sup>112</sup>Himadeh, “Natural Resources,” 46.



the whole country was about 440 millimeters, while in 1937, the comparable area of 2,258,908 yielded the much higher 127,420 metric tons when rainfall amounted to 523 millimeters. The same applies to *durra* when comparing 1931 with 1939. In 1931, 939,686 *dunums* yielded 16,862 metric tons when rainfall was 439 millimeters, and in 1939, 937,087 *dunums* yielded 42,896 metric tons when rainfall was 580 millimeters. The decrease in output of wheat and *durra* was even more substantial in 1932 and 1933 when wheat output was 51,000 and 44,000 metric tons, respectively, and for *durra* 15,000 and 9,000 when rainfall drastically fell to an average of 300 millimeters in 1932 and 284 millimeters in 1933.<sup>113</sup> As discussed earlier, this drop in output was accompanied by a substantial drop in prices or what we referred to as the “scissors crisis.”

An example of the detrimental impact of late rainfall (i.e., its distribution over the season) on the output of wheat in spite of an ample 615 millimeters for this whole season was 1938 when the area cultivated with wheat was about 2,085,000 *dunums*, which only yielded 44,000 metric tons.<sup>114</sup> However, for the

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<sup>113</sup>The use of an annual average for the whole country conceals wide variations in rainfall among the different regions of the country where the northern areas can get as much as 1,000 millimeters annually and some areas of the Jordan Valley as little as 100 millimeters annually. Nonetheless, the rainfall figures cited give a general idea of the relative availability or lack of rain when compared to the average annual rainfall of 500 millimeters for 1901-1940 based on the observations collected from twenty-eight stations in different parts of the country. The 1931, 1932, 1933, and 1937 figures are taken from: for area, Brown, “Agriculture,” 125; for output, *Abstract 1944/45*, 223; and for rain, calculated from *Abstract 1944/45*, Table 5, 10.

<sup>114</sup>*Abstract 1939*, 39-41.

same year, the output of *durra* of more than 63,000 metric tons was the second best for the whole Mandate years, since *durra*, a summer crop, is sown in April and harvested in August, and thus not hampered by the late rain.

There was also wide variation in rainfall between the northern and southern parts of Palestine in spite of the small size of the country. In the southern part, the average annual rainfall amounted to 150-200 millimeters,<sup>115</sup> which meant that although significant amounts of wheat and *durra* were planted, output per *dunum* was very low even relative to the already low output figures for the whole country.<sup>116</sup>

Other crucial differences that concerned the cultivation of wheat and *durra* (but included all cereals) were those between Jewish Europeans and Arabs. Of the total area of 3,002,889 *dunums* cultivated with wheat and *durra*, Jewish Europeans cultivated only 160,262<sup>117</sup> *dunums* or 5.3 percent of the total. This represented 21 percent of the total Jewish European cultivated area. On the other hand, Arab agriculturalists allocated 41 percent of their cultivated land to wheat and *durra*.<sup>118</sup> However, the various degree of dependence (on all cereals) was more evident by looking at the proportion of cereals to total income of cultivators.

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<sup>115</sup>Brown, "Agriculture," 114.

<sup>116</sup>For productivity figures for selected years, see Brown, *ibid.*, 128; for comparative figures with other countries, see Nathan et al., 458.

<sup>117</sup>Gurevich, *Handbook*, 156.

<sup>118</sup>See Table 4.1.A., and Gurevich, *ibid.*

As early as 1930, Jewish European farmers derived only 11 percent of their total income (including nonagricultural income) from cereals, while the corresponding figure for Arab peasants was 52 percent.<sup>119</sup> These figures are, of course, a reflection of the various degree of importance the cultivation of wheat and *durra* occupied in the lives of its growers, which was largely determined by the availability of resources at their disposal.

For Arab peasants, wheat and *durra* were the main staple food crops that they had to have every single year. On the other hand, as has been noted, Jewish European farmers “grow wheat only where they cannot irrigate or as one crop in the extended rotation.”<sup>120</sup> In this vein, it is worth noting that Jewish European output of *all* cereals provided only 9 percent of the total cereal consumption of urban Jewish Europeans in 1938-1939 and 7 percent in 1944-1945, while the remainder was mostly imported.<sup>121</sup> By the end of the Mandate, the above-mentioned income figures from cereals must have decreased<sup>122</sup> as the area, output, and value of other crops increased, but much more so for Jewish European farmers because of the continuous growth in mixed farming.

Another important difference between Jewish European farmers and Arab peasants was the average yield per *dunum* for wheat and *durra*, although in both

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<sup>119</sup>Horowitz and Hinden, 40-1; Johnson-Crosbie Report, 14.

<sup>120</sup>Nathan et al., 459-60.

<sup>121</sup>Calculated from table in Gurevich, *Handbook*, 176.

<sup>122</sup>Data are insufficient to derive exact figures.

cases, there was no irrigation of fields. In the case of wheat,<sup>123</sup> Jewish European farms yielded more than ninety kilograms per *dunum*, while Arab peasants yielded less than sixty kilograms per *dunum*.<sup>124</sup> The source of this difference in yield was the modern methods of production, namely the heavy use of fertilizers, the extended system of crop rotation, and improved seeds—all of which were available to the Jewish European farmers, but only in a very limited degree to the Arab peasants as will be shown in the section on methods of production.

In addition, there was the difference in the degree of mechanization in the cultivation of wheat and *durra* (as well as in all other cereals), where the Jewish European farms were highly mechanized<sup>125</sup> as in the use of tractors and combines, while rarely used on Arab lands. However, the Arab wheat cultivator faced not only the calamities of nature, debt, lack of resources to improve land productivity, and insufficient government support, but also contradictory government policies.

Article 18 of the Mandate, besides stipulating that there should be no trade discrimination against members of the League of Nations, gave the government the

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<sup>123</sup>No similar figures could be derived for *durra* because aggregate data were not broken down between the two “communities” for sufficient years, but available information suggests a similar gap in output per *dunum*.

<sup>124</sup>Nathan et al., 460; for different but close estimates, see Johnson-Crosbie Report, 8, 30, and Brown, “Agriculture,” 128.

<sup>125</sup>In the mid-thirties, the proportional use of tractors on the Jewish European collective farms was comparable to that of the U.S. farms; see Horowitz and Hinden, 42.

power to establish customs duties and trade agreements as it sees fit.

In an effort to ease the severe conditions the Arab peasants faced, especially in the late 1920s and early 1930s, the government tried to stabilize the prices of wheat and flour by restricting imports through a licensing system, and by imposing, in 1932, fixed customs duties, the rate of which was higher during harvest time (June to December) and lower the rest of the year.<sup>126</sup> In 1933, a sliding scale of duties was established that was inversely related to the fluctuations in the prices of imported wheat and flour with the aim of maintaining wheat prices at £P 9 per ton and wheat flour at £P 12.5 per ton.<sup>127</sup>

However, these efforts were mostly undermined by the free trade agreements the government had already signed with Syria in 1921 and renewed in 1929, and with Trans-Jordan in 1928.<sup>128</sup> These agreements permitted the importation of large amounts of wheat from Trans-Jordan and Syria, where natural conditions were more favorable for the cultivation of wheat and where the costs of production and costs of living were lower than those in Palestine. This helped depress the prices of wheat in Palestine throughout the 1930s (see Table 3.4). It has been estimated that the Arab peasant was forced to sell, on average, about a

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<sup>126</sup>*Survey I*, 450. Accordingly, the duty for wheat was £P 5 per ton from June to December and £P 2 per ton from January to May, while the corresponding duty for wheat flour and rye were £P 8 and £P 5.

<sup>127</sup>*Survey I*, 451; Brown, "Agriculture," 129-30; Sawwaf, "Trade," 434.

<sup>128</sup>*Survey I*, 441-3; Brown, "Agriculture," 209-10.

third of his output to meet cash needs and pay off debts.<sup>129</sup> This canceling out of most potential benefits to peasants did not only pertain to wheat and flour, but to other agricultural products as well.<sup>130</sup>

In addition, the poor peasants most in need of those benefits were, in many cases, the ones least helped, while the moneylenders and merchants reaped much of the advantages. In this regard, it has been noted that

full benefits . . . are not enjoyed entirely by the poorer and smaller growers because they are compelled through poverty to sell their crops at or soon after harvest to moneylenders and merchants. It is the latter who can hold on to the crop and release it, as it is required, on a rising market.<sup>131</sup>

Even worse for the peasant, he was forced, later on, to buy back, at a higher price, some wheat from the moneylender in cases where the peasant was left with less than the family's needs when he sold part of his yield to pay off debts or to meet other cash needs.<sup>132</sup> In many cases, this "buying back" from the moneylender was on credit, thus increasing the peasant's debt. The peasant's lack of resources, debt, meager government support, and the government's policies of taxation and trade are made more evident by the fact that the area devoted to wheat and *durra* more or less remained the same.

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<sup>129</sup>Brown, "Agriculture," 129, *Survey I*, 450.

<sup>130</sup>Brown, "Agriculture," 129. Brown specifically lists barley, olive oil, poultry and eggs, and vegetables.

<sup>131</sup>*Ibid.*, 130.

<sup>132</sup>*Survey I*, 450.

In any development process, which, of course, implies structural change, it would be expected that the area cultivated with wheat and *durra* would decrease as intensive methods were introduced, or, alternatively, output would increase with the same amount of land. In the case of Arab peasants, neither occurred. This is in spite of the overall growth and development of the agricultural branch in Palestine as a whole.

Thus, what this situation points to is the extreme unevenness of the process of growth and development in Palestine, both between the Jewish European and Palestine Arab populations, and within the latter as will be more fully argued later. What this also meant was that only a small number of peasants gained from this process. This, in turn, gives more credence to those bankers who held that the peasants' debt was still "considerable" as compared to bankers who thought that it was "negligible" in the 1940s as a result of the increase in cereal prices.<sup>133</sup>

#### 4.3 Animal Husbandry

Animal husbandry in Palestine, as in other primarily agricultural societies, was an integral part of the Arab rural economy. Animals were the major source of protein (meat, eggs, and dairy products) and of fertilizers (manure) in the mainly extensive system. They were also used for transportation and more importantly for agricultural work (e.g., plowing and threshing). In addition, they were a source of supplementary income whenever surpluses of proteins were sold on the market or

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<sup>133</sup>Ibid., 365-6.

in the form of hides and skins that were sold locally or exported.<sup>134</sup>

Similarly, animal husbandry was a significant component of the Jewish European agricultural settlements. It was part of the modern system of mixed farming in which the dairy industry represented the major component. By the mid-forties, the dairy industry was second to citrus in terms of value.<sup>135</sup> Income from livestock as a whole comprised 50 to 60 percent of the mixed European farms.<sup>136</sup>

Table 4.6 reproduces the estimates of livestock for the years in which there was an enumeration. Perhaps the most obvious observation is the wide fluctuations in the number of sheep and goats in the 1926-1934 period and for cattle 1932-1934. No explicit explanation is offered for these fluctuations by the official or other resources used in this study. However, an inspection of the annual average of rainfall showed a clear correlation between the drop in rainfall and the drop in the number of livestock for the above years.

The case of the drop in the number of sheep from 290,900 in 1926 to 226,700 in 1928, and, from 571,300 to 367,700 in the number of goats for the same time period, corresponds to the serious drought in the southern Beersheba subdistrict<sup>137</sup> and to the severe drop in the annual rainfall for 1927-1928 for the whole country, which amounted to 332 millimeters as compared to the annual

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<sup>134</sup>Brown, "Agriculture," 176.

<sup>135</sup>*Survey I*, 332.

<sup>136</sup>*Ibid.*, 334; Gurevich, *Handbook*, 126.

<sup>137</sup>*Survey I*, 348.



Table 4.6. Estimates of Number of Livestock, 1920-1943

	Cattle	Sheep	Goats	Horses	Mules	Donkeys	Camels	All Poultry
1920		262,600	271,700				8,900	
1921		231,600	418,900				12,800	
1922		262,000	483,400				19,200	
1923		270,600	496,200				16,300	
1924		269,900	514,600				23,400	
1925		289,800	537,000				25,600	
1926		290,900	571,300				27,300	
1927		240,400	382,300				22,700	
1928		226,700	367,700				27,900	
1929		243,200	372,900				39,500	
1930	146,400	252,800	440,100	13,800	5,300	76,900	25,300	1,161,600
1932	159,600	247,700	380,600	14,100	5,600	74,200	32,300	1,172,000
1934	130,800	188,300	380,500	16,400	7,500	75,800	32,000	1,510,500
1937	169,100	209,400	361,500	20,100	9,000	92,200	28,100	2,660,100
1942-1943	242,900	339,300	474,500	19,000	9,900	107,700	29,700	1,890,200 (a)
Of Which Jewish European Owned	28,400	30,000	10,200 (b)	2,200	2,500	2,300		669,500

Figures were rounded to nearest 100. (a) Includes cocks and laying hens only. (b) Over one year old only. Sources: *Abstract 1943*, 86; *Abstracts 1944/45*, 235; Brown, "Agriculture" 166; *Survey I*, 331-3; Gurevich, *Handbook*, 164-5; Horowitz and Hinden, 51.

average of 500 millimeters for the period 1901-1940.<sup>138</sup> Similarly, the drop in sheep from 252,800 to 188,300 and in goats from 440,100 to 380,500 between 1930 and 1934 corresponds to another severe drop in rainfall for the two consecutive rain years, 1931-1932 and 1932-1933, amounting to 300 and 284 millimeters, respectively. The same applies to cattle between 1932 and 1934.

The extent of the impact of rainfall on livestock was borne out by checking the figures for imports and exports of meat and animals for food, and the number of animals slaughtered for the same time period.

To confirm the extent of the impact of rainfall on livestock, I checked to see if there was any disproportionate increase in the number of animals exported or slaughtered that would account for the decrease in the number of animals for the same time period.

In the case of exports, which are given in terms of value, not only was there no noticeable increase, but the absolute amounts for both meat and living animals for food were negligible for 1926-1934.<sup>139</sup> However, in the case of imports, there was a substantial increase in the value of live animals in the 1930s as compared to the 1920s. The annual average value for live animals for food imported for the period 1926-1929 was £P 109,438, while for 1930-1933 was £P 199,558, and for 1934-1937 was £P 640,165.<sup>140</sup> In terms of quantity, the annual

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<sup>138</sup>All rainfall averages are calculated from *Abstract 1944/45*, Table 5, 10.

<sup>139</sup>*Abstract 1939*, 60-1.

<sup>140</sup>Calculated from *ibid.*, 58-9.

average value of sheep and goats imported was £P 109,107 for 1930-1933 and increased to £P 310,116 for 1934-1937.<sup>141</sup> For cattle, there was an increase from an annual average for 401 for 1930-1933 to an annual average of 25,976 for 1934-1937. There were substantial increases in imports perhaps to compensate for the decrease in livestock, especially the 1930-1934 period.

Similarly, the figures on the number of animals slaughtered from 1926 to 1934 show no disproportionate increase that may account for the decrease in the number of live animals.<sup>142</sup>

The dependence on rain reflects the fact that the livestock owned by the Arab peasants were fed mainly by natural grazing, and, that, in years of low rainfall, animals faced starvation in large numbers lacking the availability of green fodder that, as discussed earlier, was beyond the means of the great majority of the Palestinian Arab peasants. In more general terms, this correlation reflects the major role that nature plays in shaping and conditioning the lives of agriculturists who practice an extensive system of production.

In addition to the role of the amount of rainfall, it appears that the fluctuations in the number of animals may have been affected by the periodic outbreak of different animal diseases.<sup>143</sup> However, no figures are available on the

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<sup>141</sup>Calculated from *ibid.*, 62-3; no complete figures are available for the 1926-1929 period.

<sup>142</sup>*Abstract 1936*, 33.

<sup>143</sup>For a description of the different animal disease and efforts to control them, see *Survey I*, 327-31, and Brown, "Agriculture," 182-5.

number of animals lost to disease for different years.

Next, there is the question of whether there was an increase in the number of animals for the whole Mandate period. In an extensive system of animal husbandry, this would be a good indicator of the progress, or lack of, in the well-being of people living in the rural areas.

The main noticeable increase in the number of animals can be seen from 1937 to 1942-1943, especially in the case of sheep, goats, and cattle. This increase is noted in the *Survey*,<sup>144</sup> but no appraisal was made for the whole Mandate period. Actually, it turns out that there was a “decrease” in the number of sheep and goats for which there are the most complete figures. This is the case simply because before 1930 animals under one year of age were not enumerated.<sup>145</sup> The animals under one year of age were not insubstantial and that can be shown by looking at the available figures for those animals for the years after 1930. In the case of goats, of the total number of 380,600, those under one year of age were 64,300 or 17 percent. For 1943, of the total number of 474,500, those under one year of age were 149,100 or 31 percent.<sup>146</sup> If we use any one of these percentages as a rough estimate of goats under one year of age for the period prior to 1930, it is obvious that the total number of goats was substantially greater than the 1942-1943 figures, especially as compared to the 1920s. In the case of sheep, a

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<sup>144</sup>*Survey I*, 331.

<sup>145</sup>*Abstract 1944/45*, 219.

<sup>146</sup>*Ibid.*, 235.

similar analysis shows that the figures of the mid-1920s are comparable to those of 1942-1943 if not slightly higher. As for cattle, it is not possible to judge whether it increased or decreased given the lack of figures prior to 1930. The figures for camels show comparability for the 1920s and the 1930s. As for the other work animals (horses, mules, and donkeys), there are no figures prior to 1930 to make a comparison. The only substantial increase between 1937 and 1942-1943 was in the number of donkeys, while the number of horses declined and mules increased slightly.

This overall lack of increase in the number of animals (and in some cases decrease) is another indicator of the worsening conditions of the majority of Arab peasants coinciding with the other problems of falling prices, bad harvests, and mounting debt of the 1930s discussed earlier. It is also another example of the failure, because of insufficient effort and a meager allocation of resources on the part of the government to mitigate the impact of nature on agricultural production.

Needless to say, the extent of the impact of the lack of increase in the number of animals becomes clearer when we keep in mind the substantial increase in the rural population. In other words, this points to the drop in the average ownership of animals per family. We only have figures on the distribution of ownership for two subdistricts to be discussed later. Given that the animals fed primarily on natural grazing, and knowing that the development of intensive animal husbandry among Arab peasants was extremely limited, distributional changes in ownership would have also occurred along geographical lines deriving from the

variation in rainfall among different districts.

Although there was no increase in the overall number of animals, there was a most important qualitative increase in the animals raised intensively, especially in the case of cattle and poultry. However, this applied chiefly to the Jewish European mixed farms.

In the case of poultry, the intensive methods involved the use of electric incubators and brooders, pedigree birds, and the provision of feed—all resulting in a high egg-laying rate.<sup>147</sup> Egg production in European farms increased from 40 million units in 1937 to 90 million units in 1945<sup>148</sup> and the number of all poultry from 196,000<sup>149</sup> in 1930 to 670,000 in 1942-1943. About 70 percent of the egg production was marketed, and the rest was used for hatching and the farmers' own consumption.<sup>150</sup>

As for Arab peasants, it seems that they too had an increase in the number of all poultry from about one million in 1930 to two million in 1937, and by 1942-1943 they owned 1,220,000 laying hens and cocks. This increase was encouraged by the high demand for eggs and poultry that required an ever-increasing importation in spite of the growth in local production, and prices compared favorably with import prices. The increase in the number of poultry was also made

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<sup>147</sup>Brown, "Agriculture," 64-5.

<sup>148</sup>Gurevich, *Handbook*, 166-7.

<sup>149</sup>Horowitz and Hinden, 51.

<sup>150</sup>Gurevich, *Handbook*, 166-7.

easier by the favorable climatic conditions for poultry raising in all areas of Palestine. In addition, the extensive raising of poultry required little or no cost as the flocks, mostly less than ten in number (in other cases between 20 to 50), roamed around the house and fed on whatever they found there. It also seems that here, unlike its other undertakings, government efforts helped in yielding positive results. These efforts involved the provision, at low prices, of pedigree-hatching eggs and breeding birds.<sup>151</sup> The low prices are not specified, but it is safe to assume that peasants who were in serious debt had no cash money to benefit from this government program, especially in the 1930s when it was undertaken. No figures are available on the amounts or percentages of eggs or poultry marketed, but it is obvious that it varied according to the number of birds owned by the family and the surplus available after its own consumption. However, given that flocks owned were mostly of ten or less, it does not appear that the surplus after consumption was substantial for the majority of peasants. This would be different for families that owned between twenty and fifty birds (i.e., they did have a surplus that was sold on the market).

It also appears that intensive methods of egg production were carried out by some Palestinian Arabs. It is not known who exactly these people were, but it may be some wealthy landowners, urban dwellers, or merchants who could afford its expenses, and certainly not any "average" Palestinian peasant. There is only one

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<sup>151</sup>Brown, "Agriculture," 165.

reference for this and only for 1937. According to this reference,<sup>152</sup> intensive egg production represented a little over 12 percent (8.5 million eggs) of the total Arab output of eggs. However, what is clear is that there was no or little increased intensification of production between 1937 and 1942-1943 given that total Arab egg production was 60 million in 1937 and increased to only 70 million in 1942-1943<sup>153</sup> in spite of the increase in the number of poultry. On the other hand, Jewish European egg production increased from about 40 million in 1937 to about 90 million in 1942-1943, although the corresponding increase in the number of poultry was from 530,00 to only 670, 000, which clearly shows the continued intensification of production.

As in the case of poultry, most of the increase in milk products came from the Jewish European mixed farms, which produced mainly for the market. The increase was made possible by intensive methods that included the growing of irrigated green fodder and the purchase of imported concentrated fodder.<sup>154</sup> It also involved the introduction of pedigree cows, cross-breeding, and the use of stables. These methods were reflected in the continued improvement in the annual milk yield per cow from 1,800 to 2,500 liters in 1927 to from 3,200 to 5,400 liters in 1936.<sup>155</sup> At the same time, the number of cattle raised intensively increased

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<sup>152</sup>Horowitz and Hinden, 51.

<sup>153</sup>*Survey II*, 830.

<sup>154</sup>Brown, "Agriculture," 177.

<sup>155</sup>*Ibid.*, 178; Horowitz and Hinden, 48.



from 11,500 (of which 4,400 were thoroughbred) in 1927, to 31,300 (of which 30,500 were thoroughbred) in 1945. As for output, it increased from 33 million liters in 1937 to 73 million liters in 1945.<sup>156</sup> This included the production of butter, yogurt, and cheese for the market. Of the total output of milk and milk products, 75 to 80 percent were sold on the market.<sup>157</sup>

Unlike the Jewish European production of milk, which predominantly came from cows since they raised a relatively small number of goats and sheep, about half of the Arab output of milk came from sheep and goats. The extensive raising of cows meant a low rate of production: Most cows owned by Arabs produced only fifty liters of milk annually, while better breeds produced between 500 and 700 liters.<sup>158</sup> Figures for the total output of Arab-produced milk are available for only two years: 60 million and 75 million liters for 1937 and 1945, respectively.<sup>159</sup> These two figures by themselves do not necessarily mean that there was an increase in the production of milk given that, as observed by the survey, “annual production varies widely from year to year as the food of the animals is almost entirely natural grazing,” which, in turn, depends on the amounts of rainfall each year.<sup>160</sup>

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<sup>156</sup>Horowitz and Hinden, 48; Gurevich, *Handbook*, 167; *Survey I*, 333; Brown, “Agriculture,” 178, gives an estimate of 36 million liters for 1937.

<sup>157</sup>Gurevich, *Handbook*, 167; *Survey I*, 336.

<sup>158</sup>Brown, “Agriculture,” 178.

<sup>159</sup>Brown, “Agriculture,” 178; Horowitz and Hinden, 48; *Survey I*, 333.

<sup>160</sup>*Survey I*, *ibid.*

We do not have figures for the number of cattle prior to 1930 and thus cannot estimate the output of milk. If we reason that the same general conditions prevailed in the case of cattle as that of sheep and goats, we may conclude that if there was any increase in the number of cattle, and thus of milk production after 1930, it would have been insubstantial. Most of the output, in the form of milk and milk products, was consumed by the producers. Less than 8 percent<sup>161</sup> was marketed in the form of *samn* (a form of butter), yogurt, and cheese. This marketing was primarily in February, March, and April (i.e., right after the rainy season), another fact that reflects the dependence of the animals on natural grazing.

#### 4.4 Conclusion

In conclusion, although there was substantial increase in agricultural production, accompanied by an increase in wage labor, it was very uneven at different levels: (a) between European settlers and indigenous agriculture in terms of the rate of increase in production and productivity, (b) within the different strata of the Arab cultivators, and (c) within crops with cash crops becoming dominant in terms of value of output.

With time, Palestinian agriculture became more integrated with the world market, which also increased its vulnerability to international prices. The dependence on a single commodity (citrus) for export heightened this vulnerability.

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<sup>161</sup>Calculated from Brown, "Agriculture," 178.

The trade status of Palestine, as stipulated by the terms of the Mandate, in spite of the government's contraventions, but also the government's tariff and trade policies, often contradictory, nonetheless, had negative consequences on Arab agriculture and the majority of Palestinian Arab peasants. Thus, for those peasants primarily involved in extensive cereal cultivation, the area sown remained the same with no increase in output, reflecting, besides the obvious lack of intensification, the continued need for these crops as the primary source of subsistence, and the inability to shift to more valuable ones. The increase in price, during WWII, of cereal crops could not have benefited those peasants with no or appreciable surplus beyond their needs. There were those who did benefit from the price increase. In other words, the benefits of the price increase cannot be generalized and their differential impact has been recognized in dealing with the WWII period, an impact that the "dualists" do not address.

The inadequacy of the dual approach has to be sought not only in acknowledging the level of interaction between European settlers and Arab agriculture, which some variants of this approach deny or ignore, but in the overall impact of the former on the latter. It is the impact of an implanted settler capitalist community (including its agricultural undertakings) imbued with ultimate exclusivist goals and having the benefits of an accommodating government policy on a primarily agricultural society.

In addition, the growth in cash crops in Arab agriculture, including the use of more intensive methods, however limited, undermines the argument of some

dualists that the “traditional Arab sector” was immutable and incapable of modernization. This sector responded to “market signals” as was the case not only with cash crops during the Mandate but even in the 1860s as the example of cotton and other crops showed.

## 5. TECHNIQUES OF PRODUCTION

This chapter surveys the extent of changes in the techniques of production and whether they accompanied the increase in cash cropping, the impact it had on agricultural production as a whole, and the various developments in Arab and European production. The areas surveyed include mechanization, irrigation, fertilizers, crop rotation and the cultivation of green fodder, seed improvement, and the development of skills.

### 5.1 Mechanization

There are no detailed or specific data or much written about the mechanization of agriculture in Palestine during the Mandate period. What are available are primarily general statements juxtaposing the highly mechanized European farmers, in relative terms, to the mainly traditional Arab agricultural practices. However, there is enough information direct and deduced that puts this general picture into more focus. The machinery investigated includes heavy machinery such as tractors and combines, but also irrigation pumps and incubators and brooders used in poultry farming.

In the case of tractors, government figures show that tractors increased from 40 in 1921 to 500 in 1940 of which 50 were Arab owned, the rest owned by

European settlers.<sup>1</sup> The only other breakdown, and only for the pre-1940 period, is according to district. No information is available on their exact uses or on ownership distribution by villages, individuals, or cooperatives. As an illustration of the degree on mechanization on European cereal farms, it has been pointed out that on some farms (i.e., collective ones) the hectares per tractor used was comparable to that in the United States and Great Britain in the 1930s, “although the degree of mechanization in Jewish farming as a whole is very much lower.”<sup>2</sup>

During WWII and as part of its efforts to increase agricultural production, the government launched a program in which it distributed machinery to European and Arab cultivators on a “lease/lend” basis. In 1943, Arab cultivators received “twenty five tractors, twenty seven plows, one combine, one mower, and one sweep rake,” while at the same time European “cultivators received fifty nine tractors, forty eight plows, thirty one combines, twenty nine mowers, and four sweep rakes.”<sup>3</sup> In addition, by December 1943, the government embarked on the importation of “410 tractors, 254 ploughs and 120 combine harvesters.” Of the first two, it is not clear how many were distributed, but the *Survey* claims that they had “been practically equally shared between Jewish and Arab farmers.” As for the “combine harvesters 76 were released to Jews and nine to Arabs.”<sup>4</sup>

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<sup>1</sup>See Kamen, 220-1.

<sup>2</sup>Horowitz and Hinden, 42.

<sup>3</sup>Kamen, 216.

<sup>4</sup>*Survey II*, 1031.

This government action raises several issues. The distribution of the machinery was clearly biased in favor of the European settlers. Whether this bias was deliberate, the unavoidable result of previous government inaction, or had to do with the differences in the nature of the organization of Arab and European farming is debatable. Kamen points out that “Jewish agriculture was much more mechanized than Arab farming before the war, and [its] organization made it easier to demonstrate that machinery could be effectively used.”<sup>5</sup> In addition, the deep plowing of tractors required irrigation that, in turn, was only doable on large holdings or if small landholders cooperated. Kamen gives the example of villages in the Huleh area in the 1940s that, with government support, were able to make use of tractors but who also “had access to surface water that could be diverted to fields relatively expensively.”<sup>6</sup> This raises the question of why these government efforts were not carried out at an earlier date when it was needed most by Arab peasants.

No conjectural answer will be attempted, but it is nonetheless obvious that the Huleh example shows that it could have been done and that Arab villagers were willing to cooperate to improve their conditions. The Huleh example is not unique: The ability of Arab peasants to cooperate successfully can be seen from the example of the credit cooperatives that were established in some areas. In spite of the meager government support, members of these societies, unlike other peasants,

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<sup>5</sup>Kamen, 216.

<sup>6</sup>Ibid.

were able to avoid the usurious rates of moneylenders and substantially reduce their debts or, in some cases, completely eliminate them.<sup>7</sup> With a little more support, progress could have been achieved in small scale irrigation schemes. The need for the support and encouragement of the government for the formation of cooperative societies to alleviate the conditions of Arab peasants was a recommendation made by different official commissions of inquiry throughout the Mandate period, especially in the 1930s.

Kamen further states that Arab cultivators could have “increased their chances” of getting machinery had they had the organizational tools that European farmers had, namely, a committee that publicized the “lease/lend” program and made recommendations to the government. The Arab farmers applied for the program on an individual basis. While it is true that Arab peasants lacked such a committee, it is also true that government representatives were closely familiar with the different districts of the country and the conditions of peasant communities. The six administrative districts were each headed by a district commissioner. These commissioners were aided by twenty-two deputies and assistant district commissioners in addition to forty-three district officers. Each district administration, which represented the government, kept “a watchful outlook on everything,” including public security and the collection of taxes.<sup>8</sup> The detailed nature of these two functions kept the government well informed of conditions

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<sup>7</sup>*Survey I*, 367-8.

<sup>8</sup>*Ibid.*, 112.



throughout the country. Given the small size of the country, it appears that the number of government representatives mentioned above were more than sufficient for the task. These representatives, I argue, could have easily propagated the lease/land program had the government been more serious about a fairer distribution between the European settlers and Arab cultivators and within the latter.

Finally, the support provided by the government to the European settler mechanization of agriculture went much beyond merely the biased distribution of machinery during WWII. More critically, the relatively mechanized European settler agriculture was facilitated by the customs policies of the government. One of the first changes to the Ottoman customs system, and as early as 1920, was tariff exemptions on “settler’s effects” and on agricultural machinery and seeds. These exemptions were consolidated in 1924 in the Customs Duties Amendment Ordinance and the Customs Duties Exemption Ordinance,<sup>9</sup> and still maintained in the 1937 Customs Tariff and Exemption Ordinance.<sup>10</sup>

Another noticeable area of mechanization in agriculture was in irrigation. This primarily involved the use of electric pumps. No figures are available on the use, local manufacture, or imports of electric pumps. However, the substantial increase in the use of electric pumps, especially during WWII, can be inferred from the available data on the sale of electric power for irrigation.

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<sup>9</sup>Sawwaf, “Trade,” 432.

<sup>10</sup>*Survey I*, 444.

In 1930, the first year in which electric power for irrigation had a separate entry in government statistics, only 1,727,132 kilowatt hours (kWh) were used. By 1939, electric power sold for irrigation increased to 28,504,000 kWh. Most of this power was used in the irrigation of citrus orchards. During the war years, it continuously increased so that by 1944 it reached 49,965,000 kWh.<sup>11</sup>

The latter increase in the use of electric power can be chiefly explained by the increase of irrigated vegetables and fodder for the dairy industry<sup>12</sup> since the citrus area actually somewhat declined during the war. The increase in the use of electric power for irrigation and in the output and area of irrigated vegetables and fodder clearly show the substantial increase in the use of electric pumps, especially during the war years. No other information can be inferred about the electric pumps in terms of their extent, numbers, or horsepower.

Finally, there was the mechanization in poultry farming. This involved the use of electric incubators and brooders in egg production. Again, there are no direct figures on the number of incubators and brooders used. However, from the available information on production figures and the nature of the production of eggs, we can infer the general extent of and the increase in the use of these machines, both of which grew substantially during the war years.

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<sup>11</sup>*Abstract 1940*, Table 199, 169; and *Abstract 1944-1945*, Table 65, 269.

<sup>12</sup>On the extent of growth in area and output of vegetables and fodder, see Table 4.1.A and Table 4.1.B.

In the case of European farms, egg production was intensive in method from its inception including the use of incubators and brooders. As pointed out earlier, egg production on European farms more than doubled between 1937 and 1945 from forty million to ninety million, respectively. The latter, using all intensive methods, represented 60 percent of total output for the country. This increase in output points to the continued extension of mechanization in absolute and relative terms. In 1937, European egg production, again using all intensive methods, represented 40 percent of the total output of the country. Arab egg production was primarily of the traditional extensive type. However, mechanization increased so that by 1937, 12 percent of Arab egg production used intensive methods.<sup>13</sup> After that date, it does not appear that much more mechanization was used given that Arab egg production increased from sixty million to only seventy million units between 1937 and 1945, respectively.

## 5.2 Irrigation

Throughout history, irrigation was perhaps the most important factor in the extension of cultivated areas and the increase in the productivity of land. In Palestine, the main sources of irrigation available were underground water, springs, and rivers. Another important potential source involved the construction of reservoirs to store the large quantities of rain runoff, which was acknowledged but

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<sup>13</sup>Horowitz and Hinden, 51.

never seriously pursued by the government on account of high cost.<sup>14</sup>

In the case of rivers, the Jordan and Auja were the only two whose waters were exploitable. In 1921, a government concession was given to the Jewish European owned Jaffa Electric Company (later the Palestine Electric Company) to generate power from the Auja, but later changed to an irrigation concession. This was slow in implementation by the company and by 1937 it only irrigated about 5,000 *dunums*. As for the Jordan River, it was never exploited because the government, again, considered the cost of pumping to be too high.<sup>15</sup>

There were many springs in Palestine that ranged from small seasonal ones with a capacity of few thousand gallons a day to larger perennial ones with a discharge of tens of millions of gallons a day.<sup>16</sup> The bigger springs were located primarily in the plains and the Jordan Valley and the hill regions had the smaller ones.

Finally, there was the underground water, which represented the major source of irrigation or about 70 percent of the total. Most of these wells were located in the coastal plains at a depth of only 10 to 25 meters, whereas those in the hill areas, when dug, were up to 200 meters deep.<sup>17</sup>

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<sup>14</sup>*Survey I*, 398, 420.

<sup>15</sup>Himadeh, "Natural Resources," 49-50.

<sup>16</sup>*Ibid.*, 51.

<sup>17</sup>*Survey I*, 422.

There are, again, no detailed data on irrigated areas, but estimates are available that show the progress over time, although somewhat inconsistent. The first figure we have was for 1931 with an estimate of a little over 260,000 irrigated *dunums*,<sup>18</sup> of which 120,000 *dunums* were citrus. For 1936, the estimate of the Royal Commission was 350,000 *dunums*, of which 300,000 *dunums* were citrus, the latter figure being accurate according to many sources. What these figures say is that between 1931 and 1936 the noncitrus irrigated areas declined from 140,000 to 50,000 *dunums*, which does not make sense in such a short time period. Thus, either the 1931 estimate of 260,000 irrigated *dunums* was too high or the 1936 estimate of 350,000 irrigated *dunums* was too low. However, given our general information about the relatively limited state of intensive agriculture in the 1920s and early 1930s, and the estimates of irrigated areas for 1945, it can be safely assumed that the 1931 estimate was probably too high.

In 1945, the estimate of irrigated areas was 500,000 *dunums*<sup>19</sup> of which about half was citrus. This figure makes sense given the substantial increase in the irrigation of vegetables, fodder, and other crops starting in the mid-1930s and continuing through the war years.

Most of the irrigated areas were in the plains. It amounted to 405,000 *dunums* or 81 percent of the total irrigated land. Next was the Jordan Valley with 85,000 *dunums* or 17 percent, thus leaving the hills area with only 10,000 irrigated

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<sup>18</sup>*Census of Palestine, 1931*, vol. 1, pt. 1, 23-4.

<sup>19</sup>*Survey I*, 422.

*dunums* or 2 percent of the total. Obviously, this was the case because the topography of the plains made them the easiest source of obtainable irrigation water. This, combined with the fact that most of the large landholdings were in the plains, is yet another indicator that most of the benefits of increased demand and high prices during WWII accrued to the European settlers and the Arab big landowners/merchants, who, unlike the small landholder, could afford the expenses of irrigation and, at the same time, did not have to worry about securing his subsistence crops first.

As in the case of mechanization, there was a wide gap in irrigated areas between the European settler and Arab agriculture. The total area of cultivated land by the European settlers amounted to 748,000 *dunums* or about 9 percent of the total cultivated area in the country. Of the European cultivated area, about 249,000 *dunums* or 33 percent were irrigated.<sup>20</sup> The percentage of irrigated crop area was 54 percent if we exclude the 286,000 *dunums* of unirrigated cereals, which gives us a better picture of the extent of intensification on European farms, since most of the cereals were grown as part of mixed farming. The cultivation of cereals was never essential for the livelihood of settler farmers, and by 1945 its output represented only 7 percent<sup>21</sup> of European settler consumption of cereals, while the rest was either imported or purchased from Arab cultivators.

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<sup>20</sup>Gurevich, *Handbook*, 156.

<sup>21</sup>Calculated from *ibid.*, 176-7.

The total Arab cultivated area amounted to 6,972,000 *dunums*, of which about 251,000 *dunums* or 3.6 percent was irrigated.<sup>22</sup> If we exclude the area of unirrigated cereals, the irrigated area would rise to 15 percent of the total. However, as opposed to the insignificant role that cereal cultivation had in European settler agriculture, for the majority of Arab peasants, it was a major source for subsistence in which most of the production was consumed by the cultivators themselves.

Lacking any serious effort on the part of the government to develop irrigation, the major obstacle to the small Arab peasant was the unaffordable costs of irrigation. These costs varied according to the kind of soil, the crop involved, and whether water was to be purchased or from the landowner's own well. In the latter case, the costs included the digging of the well, which varied according to the terrain, the supply of pipes, and a diesel or electric pump. Both kinds had similar operating costs, but electric pumps were used mostly. One estimate was that the cost of electric power constituted 70 percent of the operating cost of the pumps, which, at the time, was 50 to 70 percent more expensive than electric power in California.<sup>23</sup> These costs were simply beyond the means of the great majority of Arab peasants.

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<sup>22</sup>These two figures are residuals of the total cultivated area of the country (see Table 4.1.A) and total irrigated area, respectively, after deducting the respective European areas.

<sup>23</sup>Nathan et al., 170.

### 5.3 Fertilizers

In addition to irrigation, fertilizers, whether chemical or natural, play a major role in enhancing soil productivity. Both were used in Palestine.

The use of chemical fertilizers continuously increased as intensive methods, especially irrigation, expanded. The increase can be seen in the figures on imports, which were the sole source until the 1940s when they were produced locally and even exported. Imports of chemical fertilizers increased from 1,177 tons in 1922<sup>24</sup> to 6,120 tons in 1930, and were between 10,000 and 14,000 tons for the rest of the 1930s.<sup>25</sup> Most of the chemical fertilizers were used by the European farmers, while most Arab peasants who used fertilizers primarily employed natural manure mainly because of the high cost of chemical fertilizers.

In the late 1930s, the cost of imported chemical fertilizers was about £P 8.50 per ton, increased to about £P 12.50 in 1940 and 1941,<sup>26</sup> and jumped to an average of £P 27.50 for 1942 and 1943.<sup>27</sup> Although fertilizers are highly divisible inputs and need not be acquired by cooperation among a group of cultivators or a whole village or villages as in the case of, for example, tractors, and were one of the relatively cheapest methods for increasing soil productivity, these prices were beyond the means of most Arab peasants. They could be afforded

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<sup>24</sup>*Abstract 1944/45*, 75.

<sup>25</sup>*Abstract 1939*, 68-9; *Abstract 1942*, 49.

<sup>26</sup>*Abstract 1942*, 49.

<sup>27</sup>*Abstract 1944/45*, 69; all prices are nominal.



primarily by citrus grove owners and large landowners. Moreover, the use of chemical fertilizers necessitated a change in technique,<sup>28</sup> which involved additional costs. Specifically, it was the costs of irrigation that is required when fertilizers are used.

The use of natural manure was a centuries old practice in Palestine as was the case around the world. In Palestine, it has been noted that the collection and sale of manure by “Bedouins, shepherds, and landless peasants” to citrus grove owners reduced the supply available for other uses in the 1930s.<sup>29</sup> However, it is not clear as to what extent this practice had on noncitrus agriculture.

The supply of manure was also reduced because of its use, in dry form, as fuel. During WWII, and although the demand for the citrus groves declined, the 1944-1945 Department of Agriculture’s annual report noted that there was a “serious shortage” in manure because of its use as fuel.<sup>30</sup> This was most probably because of the substantial increase in the prices of charcoal and kerosene, both of which constituted the chief sources of fuel for peasant households.<sup>31</sup>

The persistence and apparent increase in the use of manure as fuel was perhaps another indicator that the benefits deriving from economic expansion and

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<sup>28</sup>Kamen, 239.

<sup>29</sup>Department of Agriculture, *Annual Report, 1934*, 24, as cited by Kamen, *ibid.*

<sup>30</sup>Kamen, *ibid.*

<sup>31</sup>In the early years of WWII, the price of kerosene increased by 40 percent, while throughout the war the price of charcoal increased by 150 percent, see *S. A. 1944/45*, 112.

increase in agricultural prices during WWII was much more uneven than was thought by the government and some contemporary and later writers.

#### 5.4 Crop Rotation and Fodder

Compared with other countries in the region and the world, cereal cultivation in Palestine was known for its low yields. This was due not only to climatic and soil conditions, but also to the lack of irrigation, fertilizers, or appropriate crop rotation. For wheat, output per *dunum* was less than half that of Syria and less than one-fifth that of Egypt. Similar comparisons were obtained for other countries outside the region.<sup>32</sup> In the absence of intensive methods, crop rotation becomes crucial for increasing the yields.

It appears that throughout the 1920s, a two-year rotation was the most common. Simpson describes it in these words:

The holding is divided into two areas. In one of the areas [the peasant] sows his winter crops [in November or December], while the other lies fallow. In this portion in the spring [April], the summer crop is sown; in the former portion after reaping the winter crops in May and June, the land lies fallow until the following spring, when the summer crops are sown [in August]. In the latter portion, after the reaping of the summer crop, the winter crop is at once sown. Thus in each portion two crops, one summer and one winter, are taken in two years.<sup>33</sup>

This system of rotation allows for each field eight to nine months of fallow in one year and only two to three months in the next year. No field is left fallow

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<sup>32</sup>Nathan et al., 458.

<sup>33</sup>Hope-Simpson Report, 66.

for a whole year. However, this is partly offset by the work done before and during the sowing of the summer crops, which includes three plowings and constant weeding. Sesame, a major summer crop,

demands much labour [sic] both for preparation of the soil, and when picked at harvest. It is not possible to wait until all the sesame crop ripens, because the pods, when they ripen, split, and the seeds fall out onto the ground; and as the crop does not ripen all at the same time, the harvester goes into the field daily and pulls, by hand, each stalk whose pods are ripe. . . . Sesame does not exhaust the soil, while the constant hoeing, which it requires, loosens the ground and preserves its moisture. The constant weeding which it also requires destroys weeds, which is an essential condition for the success of the succeeding wheat crop. This crop is not very remunerative unless the soil be [sic] fertile and the rainy season favorable. But wherever it is grown, the succeeding wheat crop is larger in consequence.<sup>34</sup>

In order to have a three-year rotation in which the third field would lie fallow the whole year or be planted with fodder that would be turned under as green manure, peasants needed more land. Otherwise, a three-year rotation would reduce the yield of wheat and barley, which they needed to have every year.<sup>35</sup>

However, by the 1940s, it has been noted that a three-year rotation became the most common,<sup>36</sup> not only without a fallow field for the whole year but even with a shorter fallow than the two-year rotation. Now, each field had a fallow period of eight to nine months once every third year instead of every other year. This obviously affected the fertility of the soil. Kamen notes that if a shift to a

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<sup>34</sup>Brown, "Agriculture," 133; also see Hope-Simpson Report, 103.

<sup>35</sup>For a good and fuller treatment of crop rotation, see Kamen, 196-200.

<sup>36</sup>*Abstract 1944/45*, 217.

three-year rotation did occur, then “this would be evidence for the decline in the amount of land available to the average household and the consequences of that decline for peasant aquiculture practices.”<sup>37</sup> In other words, peasants who still cultivated land were forced into the practice of a three-year crop rotation with a shorter fallow because a two-year rotation with a longer fallow time on a smaller piece of land did not yield a sufficient output of wheat and barley.

As already mentioned, the growing of green fodder was an almost exclusive European Jewish agricultural practice. Arab cultivators made little progress in the growing of green fodder, which is essential for dairy cattle. As in the case of crop rotation, insufficient lands, in addition to the lack of resources for irrigation, were the main factors for this.

However, Arab peasants dedicated almost half of their cereal cultivation area to traditional fodder crops such as barley, *kersenneh*, oats, and maize. In bad rain years, the yield was insufficient to maintain their animals. Insufficient rain also seriously affected the following summer when most animals fed on natural grazing.<sup>38</sup> In good rain years, the yield was sufficient but not nutritious enough for dairy cattle.<sup>39</sup> This perhaps partially explains the lack of development of a dairy industry among Arab cultivators. Accordingly, the processing and marketing of dairy products remained primarily a traditional domestic-based activity to the

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<sup>37</sup>Kamen, 200.

<sup>38</sup>Brown, “Agriculture,” 173.

<sup>39</sup>Kamen, 219.

extent, in any one year, of a surplus production beyond the needs of the household.

### 5.5 Seed Improvement

Given the relatively low yields of cereals and legumes, improved seeds could have played an important role in increasing output even without the use of any other intensive methods. In the 1930s, the government made some effort in that direction. The government raised improved seeds of wheat and barley at agricultural stations and sold them at market prices or distributed them free “in deserving cases.” The same was done in the case of oats, vetch, and maize. When the government had to purchase the improved seeds, it was sold at cost price.<sup>40</sup> It is not clear who and how many cultivators benefited from this.

The latest information available notes the distribution of improved wheat and barley seeds in 1944. However, it appears that these government efforts had “little or no general improvement in the quality or yield of the crop.”<sup>41</sup>

This is, yet, another example of the inadequacy of government efforts to ameliorate the conditions of Arab peasants. As for the European settler farmers, besides whatever benefits they accrued from government efforts of seed improvement, they had the advantage of the more substantial efforts of the Zionist scientific agricultural institutions.

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<sup>40</sup>Brown, “Agriculture,” 136-7.

<sup>41</sup>*Survey I*, 344.

### 5.6 The Development of Skills

The development of skills primarily involved the establishment of agricultural schools, but included demonstration plots and was complemented by agricultural research.

The government established two agricultural schools, one for Arabs and one for Jews, not with its own funds, but from the bequest of Sir Ellis Kadoorie, an Iraqi Jewish philanthropist.<sup>42</sup> The government planned to establish one school for Arabs and Jews, but founded two after strong opposition from the Jewish Agency.<sup>43</sup> Each of the schools accommodated a small number of students.<sup>44</sup>

There were also private agricultural schools. In 1936, there were six private Jewish agricultural schools, but were supported by Zionist funds and scientific institutions. These schools had a total of 745 students. For Arabs, there were three private orphanages supported by Catholic institutions, with a total of 119 agricultural students and with fewer financial resources than the Jewish schools.<sup>45</sup> By 1943-1944, the Jewish European agricultural schools grew to seventeen<sup>46</sup> with a total of 4,055 students.<sup>47</sup> For Arabs, it seems that the number of schools and

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<sup>42</sup>Brown, "Agriculture," 186; Smith, 60.

<sup>43</sup>Smith, 60.

<sup>44</sup>Brown, "Agriculture," 186; *Survey I*, 347.

<sup>45</sup>Brown, "Agriculture," 186-7.

<sup>46</sup>*Survey II*, 657.

<sup>47</sup>*Ibid.*, 667-8.

students remained more or less the same by 1943-1944.

Agricultural research was done by the government's Department of Agriculture and by Jewish European institutions. However, the work done by the latter was more extensive and had access to more resources than that of the government's research departments.<sup>48</sup>

It is clear from the substantial growth in Jewish European agricultural schools and the establishment of research institutions that Zionist bodies attached great importance to them. The rationale for this was the fact that the great majority of settlers came from the urban areas of central and eastern Europe and thus had no farming experience. The agricultural institutions provided support in each step of the process in establishing a settlement.

These institutions assist the settlements with the preparation of plans for establishing the settlement, the lay-out, design and construction of buildings, acquisition of livestock and machinery, advice on crop rotation, methods of sowing, planting, harvesting, control of pests and diseases and farm management generally.<sup>49</sup>

Thus, the gap in the development of agricultural skills is easily accounted for: While the settler agricultural community had the extensive support of Zionist institutions as well as benefiting from some of the government's programs, only some of the Arab peasants could have benefited from the very limited support provided by religious bodies and the government. The government's scant support

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<sup>48</sup>For more information on the nature of the research done, see Brown, "Agriculture," 191-9.

<sup>49</sup>*Survey I*, 379.

can be readily illustrated with its expenditure figures.

The following figures relate to the total activities of the Department of Agriculture and Forestry (after 1936-1937 became the Department of Agriculture and Fisheries) including broader assistance to increase agricultural productivity and are not confined to raising the level of skills. In 1930, the total budget of the Department of Agriculture and Forestry was £P 77,054 of which £P 45,009, or 58 percent, was for salaries and the remaining £P 32,045 was for all its other activities including the experimental farms, the stock-breeding service, the poultry stations, the demonstration plots, research institutions, and for fighting animal diseases.<sup>50</sup>

However, not only were the funds inadequate, but for 1933-1934 to 1944-1945<sup>51</sup> the total expenditures by the department were less than the agricultural taxes collected: Total tax revenue amounted to £P 2,541,759 and total expenditures were £P 1,966,909.<sup>52</sup> No figures are available on the share of salaries from total expenditures, but if they were comparable to 1930, that would have meant that the direct benefits to Arab peasants and European farmers (who needed it less) were

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<sup>50</sup>Hope-Simpson Report, 76-7.

<sup>51</sup>Excluding 1938-1939, since revenue figures are not available, as discussed in Chapter 3, up to 1935 agricultural taxes included the tithe, the house and land tax, and the animal tax; thereafter, the rural property tax and the animal tax.

<sup>52</sup>Derived from Abcarius, "Fiscal System," 517; *Abstract 1939*, 114-5; *Abstract 1942*, 94; *Abstract 1944/45*, 80-1; for expenditure figures by the Department of Agriculture and Forestry for 1920-1921 to 1930-1931, see *Abstract 1939*, 113-4; no separate figures are available on agricultural taxes for 1920-1921 to 1930-1931.



much less than the total expenditure figure indicates. Nonetheless, the average annual expenditures for 1933-1934 to 1944-1945 of about £P 179,000 was still inadequate given the general conditions of Arab agriculture and peasantry. At any rate, the average annual expenditure figure belies the fact that most of the expenditures were during WWII.

It is obvious, by and large, that a colonial power is by definition and historical evidence not in the business of pursuing the development of its colonies except in ways that fall within the framework of its own interests. This was the case in Palestine where government expenditures and efforts increased during WWII in order to assure greater agricultural production as part of the overall war requirements. The fiscal policies of the mandatory government were in accord with the usual practices in Britain's other colonies where each colonial administration was required to generate its expenses locally without any burden on the treasury in London. It did not matter that Palestine was, "legally speaking," a mandated country and not a colony.

The reason for investigating the extent of the government's efforts in agriculture were rather to show that without meaningful support, Arab agriculture as a whole could not have "modernized," in spite of some inroads in that regard. In addition to the inadequacy of government support, Arab agriculture was, more crucially, faced with the competition from implanted settler capitalism with relatively massive resources.

Over the last two centuries or so, no country was able to modernize without some kind of serious institutional or state support. This support was/is needed even more by the primarily agricultural economies. Thus, the dualist idea that the Arab economy failed to modernize is ahistorical and out of context with existing conditions.

In conclusion, the use of modern intensive techniques of production and wage labor in agriculture by the European settlers was introduced from the beginning of the Mandate period. “It was a capitalist society from birth; or, if not quite then, as soon as it could crawl.”<sup>53</sup> In other words, it was not the result of a process of socioeconomic change and modernization among the settlers. Rather it was necessitated by the need for settler farmers to have a sufficient income that would allow them to stay in the country. In the pre-Mandate period, thousands of European Jewish settlers left the country because they were unable to eke out a living.

The ideological calling to “redeem the land” and “reconstitute the nation” proved not good enough. Thus, the need for and the start of a different form of agricultural settlement, the mixed farm, whether collective, cooperative, or completely private that were sustained, in differing degrees, by institutional support, which provided resources and agricultural know-how.

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<sup>53</sup>This phrase was borrowed from a description of capitalist development in the United States by Douglas Dowd, *The Twisted Dream* (Cambridge: Winthrop Publishers, 1974), 47.

As for most Arab peasants, there was negligible progress in the use of intensive techniques of agricultural production. However, intensive techniques were introduced by those who had sufficient land and resources, but even here progress was relatively small and scattered with the exception of the increase in the irrigation of citrus and vegetables. Yet, this progress, however limited, shows that modernization is not culturally bound but is determined by a complex set of socioeconomic and political factors. This change was a reflection of the process of differentiation in rural areas. Agrarian change, regardless of its pace and the form it takes, is inevitable under market conditions.

## 6. THE DIFFERENTIATION OF THE PEASANTRY

To understand agrarian change, it is crucial to go beyond an examination of demographic factors and technological innovations to the more fundamental changes in the social relations of production. In this chapter, I examine whether and to what extent there were any changes in the social relations of production in Arab agriculture or the extent of differentiation among the peasantry. The examination is placed in the context of the intensification of commodity production as the major force acting on this change. At the same time, the increase in commodity production cannot be understood without connecting it to the impact of government policies and Jewish European settlement. Included in the analysis are the various adaptations of the different strata of the Arab rural population to the new conditions. I start with a brief section on the extent of wage labor.

### 6.1 Wage Labor

There are no definite and systematic data on the number of Arab wage labor during the Mandate period. The temporary and seasonal nature of a sizeable part of Arab wage labor, especially in agriculture and public works, compounds this problem. However, there are figures and estimates that provide a good but rough indication of its extent and growth over time.

The scattered information has been usefully gathered for the period 1930 to 1935.<sup>1</sup> It was estimated that the average total number of wage labor for this period was about 50,000. Of this, 30,000 were in agriculture and the remainder in railways, harbors, industry, and construction and quarrying.<sup>2</sup> However, as Taquu notes, these figures “exclude the thousands of peasants who worked seasonally in various forms of agricultural employment, or in public works in the countryside.”

The second major source of data was the estimates of wage labor during WWII when there was an increase in demand because of the expansion in all sectors of the economy but most importantly the increased demand by the government as part of its overall war efforts. Taquu compares estimates by the government’s statistician, the Labor Department, and the *Histadrut* (General Federation of Jewish Workers). She concludes that there were about 125,000 Arab wage laborers in the early to mid-1940s. However, the government employed at least half of these wage laborers in mostly war-related jobs. In other words, the latter were to be eventually terminated, and were not a result of a normal growth in the economy.

Some brief comments should be mentioned about Arab wage labor in European settler establishments. One estimate puts the total number of Arab wage labor in European concerns at about 12,000 by the end of 1935. This represented

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<sup>1</sup>Rachelle Taquu, “Peasants Into Workmen,” 262-7.

<sup>2</sup>For construction and quarrying, Taquu lists the figure of 8,900 for 1931 only, but I used it for 1931-1935 also given the growth in construction during this time period.

about 15 percent of Arab wage labor and about 8.5 percent of the total labor force in the Jewish European concerns.<sup>3</sup> Of the 12,000, 60 percent, or 7,000, were in Jewish European agriculture and a majority of those were in the citrus plantations. In 1930, about 53 percent of all wage labor in five major Jewish European settlements, specializing in citrus cultivation and which constituted more than half the total area of Jewish European owned citrus, were Arab. By the end of 1935, the percentage of Arab wage labor in the five settlements was about 67 percent.<sup>4</sup> However, these estimates do not distinguish between seasonal and permanent labor. It was the case that most of it was only for a few months a year divided into a winter season of February-March during harvest time and a summer season of August-September. In the latter, total labor was reduced to about half of the winter season.<sup>5</sup> This variation in labor use between the winter and summer seasons in citrus cultivation would reduce the percentages estimated for Arab wage labor in the Jewish European owned agricultural establishments. With the onset of Arab Revolt of 1936-1939, the number of Arab wage labor in Jewish European citrus declined, and by early 1939, there was none.<sup>6</sup> However, during WWII, the employment of Arab labor resumed but was to a much lesser extent than the pre-

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<sup>3</sup>Zvi Sussman, "The Determination of Wages for Unskilled Labor in the Advanced Sector of the Dual Economy of Mandatory Palestine," *Economic Development and Cultural Change* 22, no. 1 (1973): 95-113, 102; Metzger, *Divided Economy*, 131.

<sup>4</sup>Sussman, 103; Gurevich, *Handbook*, 185.

<sup>5</sup>See Gurevich, *Handbook*, 185.

<sup>6</sup>Sussman, 101.

1936 levels.

So, Arab wage labor was employed by settlers despite the policy of “conquest of labor” (i.e., the exclusion of Arab labor from Jewish European establishments). However, this employment was primarily in capitalist Jewish European enterprises, and in “projects” undertaken and funded by Zionist institutions, it was excluded.<sup>7</sup> Thus, here we have another example from the labor market that undermines the argument of those dual-economy proponents who chose to ignore or deny the economic interactions between the two communities and the implications of such interactions.

### 6.2 Differentiation of the Arab Peasantry

Who are those wage labor coming from rural areas? Were they landless peasants who have been “pushed” out of independent agricultural production through the expropriation of their land, or use of by the development of general capitalist production in agriculture, or, alternatively, have they been attracted (i.e., “pulled”) to job opportunities external to the village economy as Carmi and Rosenfeld<sup>8</sup> claim? In other words, these two positions raise the question of whether, and to what extent, there has been a process of differentiation among the peasantry.

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<sup>7</sup>See Shafir on the conflict within the settler community on this issue during the pre-Mandate period.

<sup>8</sup>Shulamit Carmi and Henry Rosenfeld, “The Origins of the Process of Proletarianization and Urbanization of Arab Peasants in Palestine,” *Annals of the New York Academy of Sciences* 220 (March 1974): 470-85.

An examination of this question allows a better understanding of agrarian change within the context of the overall economy. A central concept in this examination is that of surplus appropriation. However, before dealing with surplus appropriation in the production process, a brief reiteration of other forms that have been discussed in more detail earlier is useful.

The first form of surplus appropriation outside the production process was agricultural taxes. I showed how these different taxes represented a major burden on the peasants. The extent of this burden is not to be judged by the share it contributed to government revenue, which declined with time, but by what proportion they represented of peasant income and the impact that had on the livelihood of the peasant. Regardless of its size, agricultural taxes represented a transfer of surplus from the peasantry to other classes of society and sectors of the economy.<sup>9</sup>

The second form of surplus appropriation was that of usury. Given the limited resources of the majority of peasants, they had to turn to moneylenders when crops failed to meet their consumption needs, to pay taxes now paid in cash, and to cover production costs for the next season. The dependence on moneylenders because of the lack of alternative sources of credit led, in the context of the increased commoditization of land, to the loss of land by many smallholders, who were forced to sell their land to pay their debts.

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<sup>9</sup>On this and the regressive nature of taxation, see Asad, "Anthropological Texts."



There are no detailed data on rural households that would allow a precise quantification of the different strata of the peasantry. However, sufficient information is available, including that on landholdings, wage labor, and the growth in agricultural production, to provide a satisfactory basis for establishing unmistakable inferences about the differentiation among the peasantry. This is, of course, in line with the Marxist approach that delineates the class composition of a society (i.e., the specification of the ownership of the means of production and the exploitation of labor). Specifically, Utsa Patnaik's approach to an analysis of differentiation among the peasantry in India is used.<sup>10</sup> The applicability of this approach to conditions in Palestine will become apparent.

In Chapter 3, the relatively high concentration of land ownership was established. However, a more complete picture of differentiation requires the consideration of access to other means of production, the characteristics of the holding and of the household. It also requires an examination of the available means of consumption (e.g., livestock and the extent it contributes to subsistence).

As in landholdings, access to other means of production was also highly unequal. In the case of machinery, it was primarily used by those involved in cash cropping because of its prohibitive cost. This primarily meant those involved in citrus plantations, intensive vegetable cultivation, and, to a lesser extent, modern

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<sup>10</sup>Utsa Patnaik, "Class Differentiation Within the Peasantry: An Approach to the Analysis of Indian Agriculture," *Economic and Political Weekly* 11, no. 39 (September 1976): A82-A101; idem, *Peasant Class Differentiation: A Study in Method With Reference to Haryana* (Delhi: Oxford University Press, 1987).

poultry farming. The machinery used was electric pumps and electric incubators. The use of heavy equipment like tractors was insignificant and confined to some big landowners.

Similarly, irrigation and the use of chemical fertilizers were confined to the same groups. Some peasants had access to spring water in varying degrees but that was limited and not always available depending on the amount of rainfall in a specific year. As for manure, its use varied according to the variation in ownership of livestock as will be discussed below. Even if available, it was frequently sold to citrus growers or used as fuel by poor peasants.

Differential access to means of production can also be seen in the ownership of work or plough animals. Data are available for villages in the two subdistricts of Nablus and Tulkarm. In the two villages of Burqa and Sabastaya in the Nablus subdistrict, the average number of work animals per household was 0.3 and 3.2, respectively.<sup>11</sup> This differential access to work animals characterized all villages in the two subdistricts. The range of the number of work animals per household for all villages in the Nablus subdistrict was calculated to be 0.3 to 5.3.<sup>12</sup> Since these numbers are averages, it is safe to assume that the differential ownership of work animals was a feature within villages.

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<sup>11</sup>Henry Kendall, *Village Development in Palestine During the Mandate* (London: Crown Agents for the Colonies, 1949), 44-50.

<sup>12</sup>Derived from Kendall by Kamen, 170; the same applies to the villages in the Tulkarm subdistrict.

The size and the age composition of the family determines the extent of labor available for production. Obviously, the larger the size of the family, the greater the amount of land that could be cultivated. Alternatively, in cases where family labor is more than sufficient for cultivating the land, a family member or more can work outside for wages when and if available and thus provide extra income for the family. The possibility of working for wages and the extent of available labor for use on the household's land are also determined by the age composition of the family. The more there are family members of working age relative to the total size of the family (dependency ratio), the greater the resources available to the family. In Palestine, I assume that among the population engaged in agriculture, that the better off a family was, the larger the size of the family, generally speaking. In the Palestinian rural areas, as in other rural societies, there was a high and equal birth rate among the different strata of the peasantry who were undifferentiated in their cultural attitudes toward procreation and other matters. The difference in family size derived from the variation in mortality rates among the different strata. Given the time period under discussion, and in spite of the relative improvement in health conditions, infant mortality was also determined by access to different health services, nutrition, and quality of dwelling. Families with more financial resources were better able to provide these conditions and thus had lower mortality rates.

As for the characteristic of the holding, this involved its geographical location, fertility, and kind of soil. The amount of rainfall varied substantially

among different areas. The most fertile areas were concentrated along the coast, inland plains, and the Jordan Valley. The hill areas had relatively good amounts of rain, but their most fertile land was limited to the small valleys sandwiched between the hills. The type of soil, whether sandy, heavy, or clayish, determined the most suitable crop that, in turn, determined the possible return from its cultivation and whether, notwithstanding other resources, provided more than subsistence.

Finally, there were the means of consumption other than cereals. These derived from the raising of livestock, poultry, fruit trees, and vegetables. All peasants had all or some combination of these as part of their way of life. In addition to cereals, the extent of possession of these other resources determined not only the consumption level of a family but more importantly, in the case of surplus, what could be sold in the market, providing an additional source of income. Information is available only for the distribution of ownership for livestock. For sheep and goats, again from the villages in Nablus and Tulkarm subdistricts, the data show that the average number of ownership per household ranged from 1.0 to 21.9 in the first and 0.4 to 6.7 in the second subdistrict. For cattle, the corresponding numbers were 0.4 to 4.4 and 0.1 to 9.9. Again, this was indicative of the differential ownership within villages.<sup>13</sup>

Patnaik's central criterion, however, is what she terms the "labour-exploitation [sic] criterion." She states it as follows:

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<sup>13</sup>Kamen, 170.

While no single index can capture class status with absolute accuracy, we would suggest, that *the use of outside labour [sic] relative to the use of family labour*, would be the most reliable single index for categorizing the peasantry more precisely. . . . For a cultivator, there can be two types of use of outside labor in production: (a) direct hiring of others' labour, (b) indirect appropriation of others' labour through leasing out land for rent. Conversely these are the same two ways in which his labour may be appropriated by others: (a) direct hiring out of family labour, (b) indirect, through payment of rent for land leased in.<sup>14</sup>

This is formulated as an empirical ratio termed the "labor-exploitation ratio":

$E=x/y$ , where x denotes the "net total use of outside labor (i.e., labor days hired in minus labor days hired out) plus net labor days taken through rent (i.e., labor days taken through rent minus labor days given through rent)," and y denotes family labor days.

The inclusion of rent exploitation derives from the fact that in colonial and semicolonial countries where there has been

very little growth of capitalist relations in rural areas, extraction of precapitalist land rent was one of the major forms of exploitation not only of the peasantry by landlords but also to some extent as practiced by richer peasants vis-à-vis poorer peasants.<sup>15</sup>

The extent of exploitation is measured by labor days, whether paid in kind or money, as a share of gross output.<sup>16</sup>

In the case of Palestine, we do not have detailed data comparable to Patnaik's data on India including labor days hired in or hired out nor on land

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<sup>14</sup>Patnaik, *Class Differentiation*, A84.

<sup>15</sup>Patnaik, *Peasant Class*, 27-8.

<sup>16</sup>Patnaik, *Class Differentiation*, A84.

leased in or leased out. However, the information we do have is sufficient to apply the labor-exploitation criterion in a more or less schematic manner. Before this application, a reproduction of Patnaik's categorization of the different strata of the peasantry is in order.

(1) The first category contains both big landowners of the federal type and capitalist, distinguished from the peasants by the fact that family members do not perform manual labour [sic] in any major farm operations. They rely entirely on the labour of others, where through direct labour hiring or indirectly with a predominance of rent-extraction, defining the still "feudal" type of landlord. This category constitutes the large-scale appropriators of surplus (whether in the form of labour, product or value) in agriculture.

(2) The second category is the top stratum of the peasantry, the rich peasants. They perform some manual work in major farm operations. By their resource position per capita is so favorable that appropriation of others' labour, whether directly or indirectly, is at least as important as family labour in cultivation. Depending on whether labour-hiring or rent predominates we may distinguish between a proto-bourgeois and proto-landlord stratum, respectively, within the rich peasantry. The rich peasantry is thus also an exploiting, surplus appropriating class.

(3) The middle peasantry is primarily self-employed, since *on average* its resource position per capita is such as to just employ family labour adequately and provide a livelihood at a customary subsistence level. However, the middle peasantry has a dual character. A middle peasant holding may be a net exploiter of others' labour, or it may be exploited itself. In both cases, of course, self-employment is more important. It is necessary to make a subclassification within this large category. (a) We designate as "upper-middle peasants" those who are net exploiters of others' labour. These holdings have just crossed the subsistence barrier and can generate small retainable surpluses through such small-scale exploitation. (b) The "lower-middle peasants" are those who either do not exploit any labour at all or they are themselves exploited to some extent. The lower-middle peasants, typically are still constrained by the struggle to reach a subsistence; they either just manage to break even through self-employment or, more commonly, must supplement inadequate income from own resources by working to a small degree for others.

(4) The poor peasants' per-capita resource position is so bad as to necessitate working mainly for others in order to obtain a subsistence—whether directly through hiring out labour for wages or indirectly through leasing in land even on high rents, or a combination of the two. The poor peasant operates some land whether owned or rented, but working for others is at least as important. If hiring out predominates, the poor peasant is basically an agricultural labourer but also cultivating some land. If the rent payment predominates, then the poor peasant is basically a petty tenant. Typically poor peasants cannot make ends meet and have to depress consumption standards below customary levels.

(5) The full-time labourer does not operate any land at all. He is entirely or mainly dependent on hiring out his labour for wages in order to obtain a subsistence. (Some full-time labourers may own a small trip of land which they lease out; however the labour equivalent of the rent received is not large enough to balance or out-weigh wages received on account of hiring out.) Like the poor peasant, the full-time labourer seldom achieves customary levels of subsistence and moreover usually faces much greater uncertainty than even the poor peasants do, in obtaining the bare necessities for survival.<sup>17</sup>

Now, we are in a position to adapt Patnaik's classification to the Palestinian peasantry. I will use the Johnson-Crosbie Report that not only provided information on holding size, but more importantly for our purpose furnished a distribution on the sources of income for households as being exclusively derived from the cultivation of their holdings, wholly from hiring out, or a combination of the two. This will be supplemented by information from the 1931 Census on "occupation or means of livelihood" in agriculture.

In addition, to better understand the class position of all the different strata in agriculture, we need to include the absentee landlords' holdings that were ignored in the analysis of the Johnson-Crosbie Report. I also include the holdings

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<sup>17</sup>Ibid., A85.

used in the production of citrus, bananas, and other cash crops that were included in the 1931 Census. While the Johnson-Crosbie survey was conducted in 1929, I use my estimates and discussions on the quantitative and qualitative changes in agricultural production, techniques, and overall agricultural conditions for the remaining years of the Mandate to illustrate the developments in the relations of production in agriculture.

Data from the 1931 Census, although insufficient, are useful for our purposes. Table XVI of the census breaks down the “occupation or means of livelihood” for the settled population.<sup>18</sup> The total number of Arab earners engaged in “pasture and agriculture” was 119,485 and with their dependents totaled 477,950. Of the total earners, 100,485 or 84 percent were engaged in “ordinary cultivation,” which primarily included the following subgroups: Those who received “income from the rent of agricultural land”<sup>19</sup> totaled 5,263 earners or 5.2 percent (but 4.4 percent of all earners); “ordinary cultivators” (i.e., those primarily engaged in extensive cereal cultivation) (the census does not distinguish between owners and tenants) totaled 65,566 earners or 65 percent (but 55 percent of all earners); and “farm servants and field laborers and watchers” totaled 29,589 earners or 29.4 percent (but 25 percent of all earners). Included in these three subgroups were what the census calls “partly agriculturists” (i.e., “those who augment their means of subsistence”) by engaging, besides their principal

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<sup>18</sup>*Census 1931*, 282-3.

<sup>19</sup>Many in this group were moneylenders, see *Census 1931*, 292.



occupation, in one of the other two occupations. However, their numbers were insignificant and do not alter the occupational distribution; they totaled 1,906 earners or 1.9 percent of those engaged in “ordinary cultivation” and only 1.6 percent of all earners in pasture and agriculture.

The census also contained an enumeration of citrus growers. They totaled 2,186 or 1.8 percent of all earners in pasture and agriculture. There were also those involved in other cash crops including “fruit, flower, vegetable, vine, etc.” However, growers and pickers were grouped together. Together they totaled 8,242 or 7 percent of all earners. The remaining 7 percent of all earners in pasture and agriculture were primarily engaged in the “raising of farm stock.”

For our analysis, the Johnson-Crosbie Report provides complementary information to the 1931 Census.<sup>20</sup> The report dealt with villages primarily involved in extensive cereal cultivation, and excluded those cultivating mainly cash crops. However, all villages and most villagers did grow fruit trees and other cash crops. The extent, variety, and marketable surplus of those crops differed substantially between villages and villagers. Table XXIV of the report breaks down the families according to the size of the holding and the extent to which it provided a living with or without the need to work outside. Of the 23,573 families, 5,477 or 23 percent were able to “live exclusively on their holding.” In terms of size of holding, these families were composed of two subgroups: (a) Those who owned over two *feddans* (i.e., over 240 *dunums*) numbered 3,873 families or 16 percent

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<sup>20</sup>See Table 3.6.

of all families, and (b) those who owned between one and two *feddans* (120 to 240 *dunums*) numbered 1,604 families or 7 percent of all families.

The second group consisted of “owner-occupiers who also work as laborers.” There were three subgroups in this group: (a) Those who owned between one and two *feddans* numbered 1,657 families or 7 percent; (b) those who owned less than one *feddan* numbered 8,396 families or about 36 percent; and (c) 1,103 families or 5 percent who grew trees only were presumably on a relatively smallholding. The last group was that of “laborers” who numbered 6,940 or 29 percent of the families in the 104 villages.

With the information now available from the 1931 Census, the Johnson-Crosbie Report, and from our own inquiry into the developments in agriculture, we are in a position to apply Patnaik’s categories to the Palestinian Arab peasantry.

First, there were those who cultivated citrus, bananas, and other cash crops such as vegetables and fruits. These people were enumerated in the 1931 Census except that for the noncitrus cash cropping there was no distinction between growers and pickers. Nonetheless, and in spite of the lack of subsequent data on the number of cash croppers, it can be definitely said that their share of agricultural production and possibly their numbers have increased. The substantial growth in cash cropping was shown in Chapter 4 whether in terms of area, output, or value both relatively and absolutely. In turn, these developments must have meant an increase in hired labor. The growers of cash crops did not themselves engage in any manual labor. They relied on seasonal and permanent hired labor.

At the same time, it was here that intensive methods of production, to the extent employed, were primarily used. Setting aside the issue of the size of these undertakings and the level of intensity of production, this group clearly corresponds to Patnaik's first category of capitalists.

Second, there were the big landowners, both resident and absentee. Some of the big landowners used wage labor to cultivate their lands.<sup>21</sup> These landowners had their lands predominantly worked by tenants on a share basis or by sharecroppers who did not necessarily live on the land. These arrangements took several forms, and how the crop was divided varied according to the contribution of each party.<sup>22</sup> By the late 1920s, money rents emerge,<sup>23</sup> but rent appropriation in kind was the predominant form of exploitation. Those landlords performed no labor at all, obviously so for the absentee landowners but also for the resident ones. The big landlords also correspond to Patnaik's first category, which included capitalists and together formed the large-scale appropriators of surplus. The extent of big landownership was already discussed in the landholding section. Tenancy, although somewhat significant, and a source of substantial extraction of surplus for big landowners, was not the predominant form of cultivation for the majority of Arab peasants.

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<sup>21</sup>Granott, *Land System*, 40.

<sup>22</sup>Ya'akov Firestone, "Crop Sharing Economics in Mandatory Palestine," Part 1, *Middle East Studies* 11, no. 1 (January 1975): 3-23; and Part 2, *Middle East Studies* 11, no. 2 (May 1975): 175-94.

<sup>23</sup>Hope-Simpson Report, 70; Simpson comments further that money rents "were to be expected as a consequence of the commutation of the title."

Unlike the case of capitalists, and as discussed below, that of agricultural laborers, the 1931 Census did not provide a breakdown of the remaining agricultural population primarily involved in extensive cereal production. Thus, it was not possible to fit them as neatly in Patnaik's categories. However, we can definitely classify them in a more general and schematic manner. For this, I draw primarily on the Johnson-Crosbie Report<sup>24</sup> but also on the 1936 survey of 322 villages and the 1944 survey of five villages.

As already noted, the size of a holding, in itself, is insufficient to classify the class position of the holder or to determine the ability to derive a living from it. The nature of the holding and access to other resources need to be considered. For example, in the Johnson-Crosbie Report, only half of the owner-occupiers who owned between one and two *feddans* could live off the land without having to supplement their income by hiring out. However, in general, there is a positive correlation between size of holding and class position, or with ability to live off the holding.<sup>25</sup> This was true in Palestine as with all other primarily agricultural economies. This was even truer for the villages surveyed in the Johnson-Crosbie

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<sup>24</sup>It was noted that the Johnson-Crosbie Report had problems with calculations of debt and income, and so on, but it is its classifications of households' income that is important for our purposes here; see Kamen, 246-52.

<sup>25</sup>Official estimates of the "lot viable" defined as "the holding necessary to support its occupants in a reasonable standard of living" varied widely: 100 to 150 *dunums*; 240 to 320 *dunums*; 400 *dunums* for the Beersheba region; and 400 to 600 *dunums* for hill areas; for irrigated citrus and bananas, 10 to 20 *dunums*. See Hope-Simpson Report, 61-4; Government of Palestine, *Palestine Royal Commission, Minutes of Evidence* (London: His Majesty's Stationary Office, 1937), 42.

Report since it dealt with land that was primarily used for extensive cereal cultivation and using the same methods of production. On the other hand, there was the inverse relationship between size of holding and the extent of the need to hire out labor.

In the Johnson-Crosbie Report's category of "owners-occupiers living exclusively on their holding," there were two subgroups. First, there were those who owned over two *feddans* (i.e., over 240 *dunums*). The survey does not specify an upper limit. We know from the 1936 survey that there were holdings in the thousands of *dunums*. However, most of the big holdings were held by absentee landowners, which were excluded from the Johnson-Crosbie Report. If we assume big landownership to be over 1,000 *dunums*, we are left with holdings of wide variation between roughly 240 to 1,000 *dunums*. In the 1936 survey, such holdings represented about 2 percent of the number of holdings and 16 percent of the area of the holdings. Since the average size family could not, given the available methods of production, be able to cultivate much more land beyond 240 *dunums* if at all, it is obvious that such holdings required the use of outside labor either as sharecroppers or seasonal wage labor. The extent of the hiring in of labor varied with the size of the holding and access to other resources. The larger the size of the holding, the more labor was used. We know from the Johnson-Crosbie Report that wages and rent were paid out with the latter being almost three and a half times as the former.<sup>26</sup> Thus, those whose holdings approached the high end of this

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<sup>26</sup>Johnson-Crosbie Report, Table XXVI, 23.

category can be classified as belonging to Patnaik's "top stratum of the peasantry" or "rich" peasants. This group performed some labor, but again its extent varied. Thus, the magnitude of the surplus appropriated by these landowners was determined by the ratio of outside labor to family labor. As for those whose holdings that approached the lower end of this category, they would fit Patnaik's upper-middle peasantry since the holding can be cultivated primarily with family labor and only in some cases would there be a need for additional labor.

The second subgroup was those who owned between one and two *feddans*. This group clearly belongs to the upper-middle peasantry. They exclusively lived off their holding without having to hire out. The size of holding indicates that family labor would have been sufficient to work the land. However, this does not exclude the hiring in of labor in some cases.

Then there were the "owners-occupiers who also work as laborers" with holdings between one and two *feddans*, under one *feddan*, and trees only. Mostly, those households did not exploit any labor but were exploited in varying degrees themselves. It is not easy to categorize those households along clear lines, but it may be safely argued that, as a whole, they fall within Patnaik's "lower-middle peasants" and "poor peasants." Nonetheless, given the size of land for households who owned between one and two *feddans*, it may be said that most of those who belonged to the lower-middle peasantry came from this group. They were primarily self-employed but supplemented their income by hiring out in varying degrees. Patnaik characterizes the lower-middle peasants as not exploiting any labor at all.

In Palestine, this was largely true, but there were some situations where peasants were both exploited and exploiters (i.e., hired in labor and hired out labor). This was the case when labor was hired in, especially during harvest time, to compensate for the work of the family member who hired out. Obviously, this made sense only when the wages paid out by the family were less than that made by the family member working outside.<sup>27</sup>

In the case of households who owned less than one *feddan* and trees only and also worked as laborers, most of them clearly belonged to Patnaik's "poor peasants." According to the 1936 and 1944 surveys, 63 and 50 percent, respectively, of those holdings were less than 20 *dunums* (these percentages would be somewhat higher when we consider that some holdings were owned by more than one household). Regardless of what size area is taken as the "lot viable" for extensive cultivation from the different estimates, a holding of less than 20 *dunums* was hardly sufficient for subsistence. Given the high percentages of households with less than 20 *dunums*, and even with less than 5 *dunums*, it certainly appears that for the majority of households working for others was more important than self-employment. If and when available, they worked for wages or cultivated land on a share basis. As was discussed in the sections on debt and landholdings, the sale of land by those households represented a sizeable proportion of the land sales during the agricultural crisis of the mid-1930s and the price increase of the 1940s.

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<sup>27</sup>Sarah Graham-Brown, "The Political Economy of Jabal Nablus, 1920-48," in *Studies*, ed. Owen, 152-3.

Most of those households, especially the ones in the lower end of this category, could not have benefited from the increase in the price of agricultural products for lack of any marketable surplus beyond their subsistence needs. It was peasants from this category who provided a major proportion of the substantial labor supply during WWII. There was no other main source of labor except from these peasants who underwent increased pauperization under the intertwined impact of debt, taxation, and intensified market relations during the Mandate.

Whether peasants became solely dependent on labor, agricultural or otherwise, was determined by their ability to hold on to their land by paying off their debts, to the extent it existed. This, in turn, was determined by: first, the extent to which a household benefited from the increase in agricultural prices (i.e., the extent of a marketable surplus); second, and inversely, the detrimental impact of the increase in agricultural and other prices to the extent of how much of their subsistence goods had to be purchased; and, third, the amount of income derived from wage labor.

Finally, there were the agricultural laborers who, more or less, correspond to Patnaik's "full-time laborers." In our case, this is qualified by the fact that most of the agricultural wage labor was casual and seasonal, although with time the number of full-time laborers increased. The crucial point here was the dependence on wage labor regardless if it was casual, seasonal, or permanent. It is important to reiterate that some full-time laborers "may [have] owned a small strip of land which they lease[d] out; however, the labour [sic] equivalent of the rent received



[was] not large enough to balance or outweigh [the wages received] on account of hiring out.”<sup>28</sup>

As already noted, the 1931 Census accounted for 25 percent of all earners in “pasture and agriculture” as “farm servants, field laborers, and watchers” (i.e., agricultural laborers) but represented 29.4 percent of those engaged in extensive cereal cultivation. Amazingly, the 1929 survey of 104 villages also found that of those engaged in extensive cereal cultivation, 29.4 percent were laborers. After 1930, the number of wage laborers as measured in man-days must have increased because of the relatively substantial increase in cash crops. Up to 1939, the same may be said about a relative increase in agricultural wage labor. However, whether agricultural wage labor increased relative to the other strata involved in agriculture is uncertain for the period 1940-1945. This is because a large number of poor peasants and formerly agricultural laborers were now employed in nonagricultural wage labor during WWII. In 1944, a government committee estimated that the Arab agricultural workforce was reduced by 47,000 males since 1939.<sup>29</sup> We do not know how many of those were employed as agricultural wage laborers before 1939.

Nonetheless, many of those villagers were now primarily or solely dependent on wage labor and could not be “reabsorbed” in agriculture. Many had lost their land while others who still owned a small piece of land could not subsist

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<sup>28</sup>Patnaik, *Class Differentiation*, A85.

<sup>29</sup>Taqqu, 265.

on it. Capitalist development in Arab agriculture was insufficient to provide them employment. The same applies to Arab light industry and services in spite of their growth during WWII. Employment in the rapidly growing European Jewish industry was closed off to them. Perhaps the government's "deliberate staggering" of the "military discharge of civilian personnel"<sup>30</sup> was an implicit recognition of the incapacity of agriculture to reabsorb this workforce. However, government officials expressed a contrary view and "anxiously advocated" the "resettlement of laborers back to their villages."<sup>31</sup> These actions and pronouncements reflect the magnitude of the problem and the government's dilemma: It could not continue to provide employment indefinitely and at the same time was well aware of the socioeconomic and political consequences of a large number of unemployed who, by now, had no meaningful alternative to public wage employment.

It is clear from the above analysis that socioeconomic differentiation was an established fact, and it was that differentiation that accounts for the increase of wage labor. The process of differentiation was intensified and hastened by the intertwined impact of government colonial policies, European settlement, and the spread of market relations.

The impact of Jewish European settlement, the government's trade policies, and its imposition of cash taxes drove the majority of the peasantry, which was primarily engaged in extensive cultivation, into deep debt and thus forced into

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<sup>30</sup>Ibid., 282-3.

<sup>31</sup>Ibid., 281-4.

money borrowing at usurious rates. This indebtedness inevitably led to the expropriation of the peasants' land by the moneylenders, especially in the 1920s and 1930s. The expropriation of land was hastened by the rapid and intensive commoditization of land brought about by the insatiable demand of the Jewish European settlers. The commoditization of land was facilitated by the government's legal/political actions such as its facilitation of land transfers and title settlement drive. Without the rapid commoditization of land, the extent of loss of land, or access to use of land by smallholders could only have been much limited. It is the complete or partial alienation from land that forced the peasant to seek wage labor whenever and wherever it could be found.

Although the question of whether the peasantry underwent a process of differentiation has been answered, it is useful to directly critique Carmi and Rosenfeld, as some of their arguments have been used, implicitly or explicitly, by other writers. This will shed more light on the process of differentiation and deal with some issues not addressed above.

Carmi and Rosenfeld present the so-called "pull" argument to explain the "origins of the process of proletarianization." Their starting point was to prove "the nonviability of peasant existence." This they explain by the insufficient size of the average holding because of population growth and inheritance patterns. Related to this was that the peasant "was free from work on the land for at least half the year." Moreover, "the peasant's weakness" was to be sought in dry farming and having to pay debts, interest on loans, and taxes—all of which precluded the

possibility of capital accumulation necessary for intensive cultivation. As for the investment in citrus plantations, it was undertaken by moneylenders and “merchants and not villagers.” Thus, “proletarianization [was] not the outcome of village socioeconomic change or, primarily, of the expropriation of peasants,” but “as a process [that was] dependent on wage opportunities external to the Arab village.” They explain the “lack” of expropriation of peasants as follows:

Even though a high percentage of land area remained in the hands of a small number of wealthy landlords, the composition of the rural population was that of small and very smallholders, most of them (68-70 percent) remained owners of the land they cultivated. As for the 30-32 percent classified as landless in 1930, this does not mean that they were homeless or vagrants; they were village dwellers also.<sup>32</sup>

The lack of urbanization and homelessness was thus associated with the lack of internal differentiation.

Carmi and Rosenfeld’s analysis is deficient in its theoretical formulations and empirical applications, as well as in what they chose to ignore. The most important and obvious example of the latter was their ignoring the impact of European settlement and government policies on the rural population.<sup>33</sup> The only mention of European settlers and the government was in reference to their provision of work to villagers at different times. Thus, what we have here is an

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<sup>32</sup>Carmi and Rosenfeld, 474.

<sup>33</sup>On this point, see Elia Zureik, “Toward a Sociology of the Palestinians,” *Journal of Palestine Studies* 6, no. 4 (Summer 1977): 3-16; and Khalil Nakhleh, “Anthropological and Sociological Studies on the Arabs in Israel: A Critique,” *Journal of Palestine Studies* 6, no. 4 (Summer 1977): 42-70.

implicit dualist approach of the worst kind. It is the inverse of that form of dualism that dealt with the European “economy” while ignoring the Palestinian Arabs as discussed in Chapter 1.

A specific example that directly weakens their argument concerning the impact of population growth on the size of the holding was their omission of the role of European settlers in worsening the land/man ratio by their appropriation of some of the most fertile land and holding it for their exclusive use. This was certainly a peculiar omission given the importance of population growth in their argument. Nonetheless, although undoubtedly population growth and partible inheritance, under certain conditions, may play a role in reducing the average size of a holding and perhaps in causing landlessness or near landlessness, in itself is an insufficient explanation, and it does not necessarily have to lead to that. Although we have no data on Palestine to illustrate this, studies on other parts of the world have bore this out. For example, a study on Japanese villages “found that the proportion of landless households was highest in the villages with the best overall land/man ratios. Thus, . . . it is important to distinguish the effects of absolute resource scarcity (‘pressure of people on resources’) from the effects of differential access to those resources (‘pressure of people on people’).”<sup>34</sup>

As Kay, writing in 1975, and paraphrasing Marx, put it:

It is the social composition of a population rather than its size which is important. . . . Thus China with the largest population in the

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<sup>34</sup>Benjamin White, “Population, Involution and Employment in Rural Java,” ed. Harriss, 303.

world and with a density of population comparable with that of India is not afflicted with the problem [of unemployment or “surplus labor”). The growth of population obviously plays a part in the formation of a proletariat but it is the social processes whereby large sections of the community are separated from their means of production that is the decisive factor.<sup>35</sup>

Then there was Carmi and Rosenfeld’s assertion that the peasant was “free from work on the land for at least half the year,” which was part of an “agrarian regime that provided limited opportunities.” In essence, what they are saying is that there was an abundance of “surplus labor” in a sector that was stagnant.

Although W.A. Lewis was not mentioned, we are dealing with the same meaning of the concept “surplus labor” in which a portion of the labor force, characterized by “zero marginal product,” could be taken out of agriculture without a reduction in the total product. As noted in Chapter 1, this has been shown to be ahistorical and empirically inaccurate in the case of the former Rhodesia.<sup>36</sup>

In addition, the use of concepts like “surplus labor” shows a lack of understanding of the nature of agricultural economies and thus the superimposition of notions derived from neoclassical economy theory. Perhaps these concepts, which are

appropriate to a modern industrial economy, are not really applicable. Particularly for the unpaid family labor that accounts for most of the rural workforce, there is no institutionally determined

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<sup>35</sup>Geoffrey Kay, *Development and Underdevelopment: A Marxist Analysis* (London: The Macmillan Press, Ltd., 1975), 154-5.

<sup>36</sup>Giovanni Arrighi, “Labor Supplies in Historical Perspective: A Study of the Proletarianization of the African Peasantry in Rhodesia,” *Journal of Development Studies* 6, no. 3 (1970): 197-234.

workday and no clear dichotomy between “work” and “leisure.” For any given “stock” of farm labour [sic]—in a household or in the sector—the actual “flow” of labour inputs into agricultural production is determined by a “subjective equilibrium” in the allocation of labour time. And the activities other than farming embrace pursuits such as handweaving and other types of cottage industry as well as leisure and a variety of “noneconomic” activities—litigation, ceremonies<sup>37</sup> [and other communal functions].

Then there was Carmi and Rosenfeld’s statement that “the peasant’s weakness” was to be sought in dry farming and having to pay debts, interest on loans, and taxes, all of which precluded the possibility of capital accumulation. Although it was true that a majority of peasants were primarily engaged in dry farming, there were others who had access to more resources and larger than average holding, as discussed earlier, who got involved in the cultivation of other marketable crops in varying degrees. The spread of commoditization and commercialism did not have a uniform impact on all peasants. In addition, Carmi and Rosenfeld’s treatment of debt and taxes is ahistorical. While debt and taxes existed during the Ottoman era, there was a profoundly qualitative difference in their impact with the onset of British rule as land was increasingly commoditized and taxes were required in cash. With the new conditions, the probability of loss of land was much greater, something that befell many peasants throughout the Mandate period.

It is obvious that the smallholder, burdened with debt and taxes, was unable to “accumulate capital.” Those who did, in varying degrees, acquire surpluses

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<sup>37</sup>B. F. Johnston and P. Kilby, “‘Unimodal’ and ‘Bimodal’ Strategies of Agrarian Change,” ed. Harriss, 60.

beyond their needs and were the other strata of the peasantry. However, the question is not that there was surplus or not, but the uses to which it was put. Although it was true that much of the surplus was invested in urban construction, trade, and money lending, there was also a substantial increase in citrus plantations and, to a lesser degree, the expansion in other cash crops such as bananas, vegetables, and others. This involved intensive cultivation and an increase in agricultural wage labor whether on a permanent or seasonal basis.

Carmi and Rosenfeld exclude the growth in citrus plantations and vegetables from their analysis because, according to them, most of the investment was by merchants and moneylenders “and not villagers.” What Carmi and Rosenfeld did was to confuse analytically abstract concepts with their concrete manifestations. Although one may deal with moneylenders, merchants, and landlords as analytically distinct because of their different position/function in the economy, in Palestine (as is the case in most, if not all agricultural economies), they were one and the same in many cases. The landlords, by virtue of their position as surplus appropriators, were uniquely qualified in the context of the rural areas to assume the role of moneylenders and merchants.<sup>38</sup>

Big landowners were part and parcel of the village economy by virtue of their position and function. It was of no consequence that many of them resided in towns. Many of them left family members behind to oversee their land. Others

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<sup>38</sup>Sarah Graham-Brown, “The Political Economy,” in *Studies*, ed. Owen, 101-2.



stayed in villages and tilled or managed their land themselves.<sup>39</sup> The origin of big landowners varied. Some belonged to towns for few or many generations while others “amassed their wealth only recently [such as] villagers who had got on in the world.”<sup>40</sup> Regardless of origin or residence, a certain number of landowners invested in citrus.<sup>41</sup> Again, some of these landowners may have been moneylenders and merchants also.

Having distinguished between the moneylender, merchant, and landlord as belonging to a separate position/function and their, in many cases, being the same in reality, it is true that “pure” merchants were involved in citrus plantations, not as growers, but as marketers. Those were called “fruit-on-the-tree merchants, who buy the fruit when it is still on the tree.”<sup>42</sup> Besides not being citrus growers, it may also have been the case that these merchants were also big landowners or upper-middle peasants. An additional important rationale for the inclusion of growers of citrus, let alone vegetables and other cash crops in our analysis, was the fact that most of the “funds” used for investment in these crops originated in rural areas whether in the form of revenue from the sale of land to European settlers, which meant the eviction of tenants, or appropriation in the form of rent extraction, surplus value, or the profits of merchant capital—all of which played a

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<sup>39</sup>Granott, *Land System*, 108.

<sup>40</sup>*Ibid.*, 81-2.

<sup>41</sup>*Ibid.*

<sup>42</sup>Brown, “Agriculture,” 140-2; and B. Veicmanas, “Internal Trade,” in Himadeh, 364-5.

major role in the differentiation of the peasantry.

Finally, there was Carmi and Rosenfeld's argument that "proletarianization not the outcome of village socioeconomic change or, primarily of the expropriation of the peasantry [but] as a process dependent on wage opportunities external to the Arab village." In addition, they do recognize the high concentration of holdings and the landlessness of 30 percent among the peasantry. However, they attribute landlessness and differentiation solely to the pre-Mandate period.

The process of transformation of peasant holders into tenants and sharecroppers and total expropriation was speeded up during the last decade and first decades of the present century, with the capitalization of the land market and resultant land sales by absentee holders-merchants-usurers.<sup>43</sup>

There was no mention of the major role played by European settlement in the commoditization of land and the expropriation of peasants during these decades. However, more peculiar was having recognized a process of differentiation and expropriation that started in pre-Mandate times, the exclusion of these processes in the Mandate period when conditions became more intensively conducive for them with the development of capitalism.

As for their contention that there was no expropriation of the peasantry during the Mandate, it seems that what Carmi and Rosenfeld had in mind was complete and total expropriation. However, as history has shown and as evident in today's underdeveloped countries, the pace of expropriation could be a very slow one depending on different factors. Nonetheless, Lenin's remarks on the subject

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<sup>43</sup>Carmi and Rosenfeld, 475.

are very instructive for our purposes, even though he was speaking of the rural proletariat and not merely those who hire out for wages at times.

This covers the propertyless peasants, including the completely landless ones; but the most typical representative of the Russian rural proletariat is the allotment-holding farmworker, day labourer [sic], unskilled labourer, building or other worker. Insignificant scale of farming on a patch of land, with the farm in a state of utter ruin (particularly evidenced by the leasing of land), inability to exist without selling labour-power (= “industries” of the indigent peasants), an extremely low standard of living (probably lower even than that of the worker without an allotment)—such are the distinguishing features of this type.

Lenin continued:

It should be added that our literature frequently contains too stereotyped an understanding of the theoretical proposition that capitalism requires the free, landless worker. This proposition is quite correct as indicating the main trend, but capitalism penetrates into agriculture particularly slowly and in extremely varied forms.<sup>44</sup>

So, in our case, although it is true that the majority of peasants owned the land they cultivated, and only 30 percent were landless, it is equally true that the size and nature of the holding for most peasants did not provide for sufficient subsistence; thus, a majority of peasants were forced to seek other sources of income including wage labor to the extent it was available. Before the substantial increase in the demand for wage labor associated with the war conditions, the majority of peasants suffered from a process of pauperization in which they were forced to reduce their consumption levels. Having primarily stayed in their villages where even the landless had houses gives the wrong impression about the changes

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<sup>44</sup>V. I. Lenin, *The Development of Capitalism in Russia* (Moscow: Foreign Languages Publishing House, 1956), 178-9.

the countryside was undergoing by blurring the ongoing process of differentiation.

If what was meant by socioeconomic change was the predominance of capitalist production relations in the rural areas as Carmi and Rosenfeld seem to say, there is no doubt that this was not the case. However, what definitely evolved was socioeconomic differentiation but only with limited capitalist development.

Thus, to answer the question I started with as to where the wage labor came from, it was from the peasantry whose land was expropriated whether completely or to an extent that substantially reduced their ability to secure a livelihood from it. However, what evolved in the rural areas were the beginnings of capitalist relations though still not predominant. This leads to the question of why the process of differentiation was not complete in the sense of leading to the complete separation of peasants from their means of production and the predominance of capitalist production relations in the rural areas.

I already alluded to the observable fact that differentiation may take different forms and be a slow process. There are many counteracting factors that may account for the slow pace or retardation of the process of differentiation in the sense of the development of agrarian capitalism. I will discuss, in brief, the main intertwined factors that operated in Palestine.

First, there were the colonial government's policies, especially its trade and fiscal policies. The "open-door" trade approach proved disastrous. The allowing of duty-free agricultural imports even when prices were collapsing was ruinous for the small peasants, and at the same time provided disincentives for the surplus

appropriators to invest in intensive cultivation except in a relatively limited way. Given this, less risky investment such as building and construction and trade provided more favorable alternatives. At a more general level, the government was very careful in its dealings with the rural areas and the implementation of policies such as the provision of credit and the introduction of new techniques so as not to upset the existing socioeconomic structure and patterns of domination.<sup>45</sup> This approach was also evident in the government's administrative and educational policies.<sup>46</sup> The complete separation of the majority of peasants from the land without the availability of alternative sources of income or jobs was a potential source of social unrest that the government was always cognizant of and careful to avoid.<sup>47</sup>

Second, there was the presence of and competition from a Jewish European capitalist "sector" with substantial capital and other resources that sought to develop along exclusivist lines, especially after 1936. Unlike some other colonial settler projects, the Zionist settlers, on the whole, did not seek Arab labor in spite of the exception to this at different times and for different reasons. So, while Arab peasants were being expropriated, European industry closed its doors to them, and Arab industry could not provide sufficient jobs. Although, as already noted, there was investment in intensive cultivation and manufacturing by Arabs, the bulk was

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<sup>45</sup>Sarah Graham-Brown, "The Political Economy," 99-100.

<sup>46</sup>Ylana Miller, *Government and Society in Rural Palestine, 1920-1948* (Austin: University of Texas Press, 1985).

<sup>47</sup>Sarah Graham-Brown, "The Political Economy," 99-100.

in what was seen as safer investments in buildings, construction, trade, and other services. The ability to compete with the European capitalist “sector” was marginal. Thus, the majority of the expropriated peasants could not but maintain their presence in the rural areas, which still provided some level of subsistence however depressed. There they also had some support, however limited, from the extended family and their village community as a whole. Basically they survived by one or a combination of sharecropping, wage labor if and when available, and by borrowing more money, especially by those whose lands were not completely expropriated. The latter could only increase the hold of merchant capital on the rural areas.

Third, there was the role of merchant/moneylending capital. Lenin, in a restatement of Marx’s views writes:

Merchant’s and usurer’s capital always historically precede the formation of industrial capital and are logically the *necessary* premise of its formation, but in themselves neither merchant capital nor usurer’s capital represents a *sufficient* premise for the rise of industrial capital (i.e., capitalist *production*); they do not always disintegrate the old mode of production and replace it by the capitalist mode of production; the formation of the latter “depends entirely on the stage of historical development and on the given circumstances.”<sup>48</sup>

Having established the relationship between merchant’s and industrial capital, Lenin raises the question of whether the first is “being linked up” with the second and gives a positive answer in the case of Russia. Without this linkage however, “the independent development of merchant and usurer’s capital in our countryside

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<sup>48</sup>Lenin, 185.

*retards* the disintegration of the peasantry.”<sup>49</sup> In other words, merchant/moneylending capital undermines the precapitalist mode of production without necessarily replacing it with a capitalist one or it could be a very slow process depending on the “given circumstances.” The spread of commodity production, the increased monetization of the economy, and the changes in property relations

do not lead directly and inevitably to the formation of a proletariat. In Britain, for example, they were taking place on a substantial scale as early as the sixteenth century but the modern working class did not emerge until late in the eighteenth century. But they do establish the preconditions for this development by shaking the ties that link producers directly to their means of production.<sup>50</sup>

I already noted the role of European and local merchant capital in the facilitation of trade in the last decade of the nineteenth century. However, with the onset of the Mandate, this role increased substantially as the country became more intensively integrated with the world capitalism market. This along with the growth in the cities and increased European settlement created increased opportunities for merchant/moneylending capital. The peasant’s increased need for cash to pay taxes, buy some subsistence goods in the market, and generally to carry on until the next harvest all resulted in increased borrowing from the merchants/moneylenders. However, the need for increased borrowing after the onset of the Mandate was most noticeable in the 1920s after the steep decline in agricultural prices and crop failures. For some peasants, this ultimately resulted in loss of land,

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<sup>49</sup>Ibid., 187.

<sup>50</sup>Kay, 155-6.

and for many others to increased indebtedness and the strengthening of the hold of merchant/moneylending capital on them. Besides the usurious rates charged by the merchant/moneylender, the peasant was “usually obliged to pay his debts right after harvest when prices [were] low.”<sup>51</sup>

The expansion in cash crops and manufacturing where wage labor was employed, especially on a permanent basis, signifies some linkages between merchant capital and industrial capital. It must be stressed, however, that this linkage was relatively limited and that merchant capital remained the dominant form of capital in the rural areas. In this regard, it has been suggested that

Lenin’s statement of the process of differentiation . . . is much less dogmatic than some of his followers have assumed, and he concedes that when we said above that the peasant bourgeoisie are the masters of the contemporary countryside, we disregarded the factors regarding differentiation; bondage, usury, labour [sic]-service etc. Actually the real masters of the contemporary countryside are often enough not the representatives of the peasant bourgeoisie, but the village usurers and the neighboring landowners.<sup>52</sup>

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<sup>51</sup>Veicmanas, “Internal Trade,” 364, footnote 52.

<sup>52</sup>Harriss, “Introduction” to Part Two, 122.



## 7. SUMMARY AND CONCLUSIONS

The purpose of this study was to investigate and analyze the nature and extent of rural change in Palestine. We inquired into the changes in taxation, debt, land tenure, the techniques of production, and agricultural production. A unifying theme and emphasis were on the more fundamental changes in the social relations of production in the rural areas as derived from the former changes, and, in turn, driving them. This was done in the context of the interaction among colonial government policy, European settler capitalism, and the structure and internal dynamics of the rural areas, and, in addition, by the further integration of the country into the world capitalist market.

The main finding of the study was that there was a fast and substantial process of differentiation in the rural areas during the Mandate. This differentiation was reflected in increases in the concentration of holdings in Arab ownership, the continued acquisition of land by European settlers, landlessness, and wage labor in agriculture and public works. At the same time, the process of differentiation was accompanied with only limited capitalist development in the Arab rural areas. However, what stands out was the extent of the dispossession of peasants from this process. It involved the majority of peasants. Land dispossession was total for some peasants and partial for others, but in the latter case, most peasants were left with a piece of land insufficient for subsistence in varying degrees. In spite of this

dispossession, the majority of peasants still owned land by the end of the Mandate.

Land dispossession, in the context of a lack of meaningful alternatives of income, meant the pauperization of the majority of peasants. The exception to this situation was during WWII when the government demand for labor, as part of its war efforts, was substantial and thus employed a large number of people. As the war ended, that source of income started to dissipate, and many of the laid off were now in no-man's land. The availability of wage labor was on the decline, while at the same time, those peasants could not be "absorbed" back into agriculture.

The dispossession of the Palestinian peasantry took place in three ways. Two of those ways may be characterized as outright dispossession. First, there were those who were evicted from the land they cultivated when it was acquired by European settlers from large landholders. Those peasants may have been owners of the land, but the titles to it were registered in someone else's name, as explained in Chapter 2. Those peasants may alternatively have been tenants on the land for many generations. In both cases, peasants cultivated the land and were dispossessed.

The second outright and complete dispossession was the result of the 1948 war and involved the land of those who were expelled by force or under the threat of force. Obviously, this included all Arab owners of land, not just small peasants. This type of expropriation of land of Palestinian Arabs continues to the present in the case of those who remained within the boundaries of the Israeli state and hold

its citizenship and of those who came under occupation as a result of the 1967 war. The continued expropriation of land after 1948 is made easier by expropriators having control of the state and illustrates both the continued impact on the Palestinian Arabs and the colonial nature of Israel.

The third manner of dispossession was associated with the commoditization of land and the spread of market relations in the country. However, this commoditization was closely related to the acquisition of land by European settlers in conjunction with government policies and the nature and changes in land tenure. In turn, the spread of market relations and the impact of government policies provided favorable conditions for further dispossession of small peasants by European settlers and Arab large landowners, merchants, moneylenders, and other better-off individuals in rural and urban areas. The main developments in rural areas and the factors acting on the process of differentiation and dispossession are presented next.

In the 1850s to 1914 period, there was substantial economic growth in Palestine as indicated by the growth in the three sectors of the economy and by population growth. The agricultural branch was able to produce a substantial surplus of cereals and cash crops for export. However, besides the increased use of irrigation and wage labor (primarily seasonal), there were no changes in the techniques of production or, more importantly, any noticeable changes in the relations of production.

During this time period, Palestine was integrated in the world market through its trade with Europe. However, this integration had no direct impact, as of yet, on the socioeconomic structure of the rural areas.

The peasants' access to land was maintained in spite of the rise of large holdings. Any loss of land that may have resulted from the latter, the extent of which cannot be determined, was mitigated and compensated for by the Western expansion of cultivation that not only benefited big landowners, merchants, and moneylenders but also peasants and whole villages. The threat to peasants' access to land began to be threatened with the commoditization of land whose legal basis was set by the Land Code of 1858 and the 1867 law and actualized by the acquisition of land by European settlers. The demand for land by European settlers was instrumental in the process of the commoditization of land. However, beyond that impact, their relative small numbers and agricultural failures did not, as of yet, have any major effect on the rural areas.

The relatively substantial growth in the three sectors of the economy, urbanization, and exports, in addition to increased monetization and changes in the legal aspects of land tenure before 1882, had important theoretical and historical implications. On a theoretical level, it undermines the proposition held by some dualists and others that so-called traditional agricultural societies cannot and do not respond to "market signals" nor are they able to "modernize" without external forces acting upon them. This observation is obviously not a new finding but reinforces other historical studies on and theoretical explanations of the

development of other agricultural societies, which is by now well established in the economic development literature. Second, and related to the first implication, is that those developments in the Palestinian economy “preceded” Jewish European settlement, a fact that undermines the argument that growth and change were made possible only as a result of that settlement.

In the Mandate period, we start to witness major quantitative and qualitative differences in taxation, debt, and land tenure. In taxation, the Mandate government pursued contradictory policies. It reduced the tithe rate and abolished tax farming, and, on the other hand, it issued the Commutation of the Tithe Ordinance and required the tithe to be paid in cash; the effect of the latter two measures more than offsetting the benefits of the first two.

The imposition of cash taxes in addition to years of bad harvests and falling prices drove the peasants to increased borrowing from and dependence on moneylenders. Cash taxes meant that peasants were now more intensively integrated into market relations. Falling prices meant an increase in the surplus appropriated from peasants, as they had to now give up a greater portion of their output to pay taxes and debt. The burden of all agricultural taxes increased as compared to the pre-Mandate period. The increase in debt ultimately led to many peasants losing their land or parts thereof.

The replacement of the tithe and *werko* by the Rural Property Tax in 1935 helped to alleviate the tax burden, but it was too late for peasants who already lost part or all of their land before then, as pressure mounted on them with the

intensified commoditization of land and the spread of market relations.

The government's taxation policy had a differential impact on urban and rural areas. The rural areas paid proportionally more taxes than did the urban areas. The latter did not have an income tax instituted until 1940-1941. In the rural areas, Arab peasants paid a higher proportion of their net income in taxes than did the Jewish farmers.

Indebtedness during the pre-Mandate period did not necessarily mean loss of land or access to the use of land because market relations were very limited as was the commoditization of land. During the Mandate, the increase in debt ultimately led to the loss of land or parts of it by many peasants. The loss of land by and the pauperization of peasantry offer the main explanations, in addition to nationalist reasons, for the participation of peasants in the 1936-1939 Revolt. It was the landless and poor peasants who were the major force behind and the ones who sustained the revolt.

However, in spite of the pauperization of most of the Arab peasantry, agricultural production grew substantially for the country as a whole and in terms of Arab production with the exception in the number of animals. However, the rate of growth varied between and within the two communities. It also varied within crops, with cash crops becoming dominant in value terms. The increase in cash crops reflected the increase in wage labor and intensive cultivation. Within cash crops, citrus production was predominant whether measured in value, exports, or the use of wage labor. It also received preferential treatment by the government

whether in terms of loans or taxation. The relatively substantial growth in cash crops, including the increased use of wage labor, implies increased differentiation in the rural areas.

The increased production for the local market and for export meant an increased vulnerability to fluctuations in world prices. This had consequences for all cultivators, regardless of size, as we saw in the case of citrus. However, it was most ruinous for the small peasants whose level of consumption was now determined to an important extent by market prices and after meeting their cash obligations of taxes and debt.

In addition to the role of nature and fluctuations in prices, some of the government's trade and tariff policies made matters worse, especially for the small peasants. Those policies were often not only contradictory but also showed preference to European settlers at the expense of the small Arab peasant. There were the cases where the government provided tariff exemptions to European manufacturers on the import of raw materials available locally. That had the impact of not only lowering the price of, for example, olive oil, a major source of income for many peasants, but also undermined the local traditional soap manufacturing and its exports. More detrimental was the government's free trade agreement with Syria, which primarily exported the same agricultural products available in Palestine, but its impact was most deeply felt in the case of cereals that were produced at lower costs in Syria and where natural conditions were more favorable. That trade agreement nullified most, if not all, of the benefits of the

imposition of duties on cereals from other countries.

In spite of the increase in total agricultural production, the area and output of cereals, the main source of subsistence for peasants remained basically the same, while at the same time, the Arab population doubled. Besides the obvious lack of intensification of production, that also meant that most peasants remained dependent on extensive cereal cultivation to differing degrees. It also indicates that at a time of increase in wage labor and cash cropping and the concentration of land holdings that a process of differentiation was underway. The price increase during WWII did not benefit all in the rural areas, and those who benefited did so in varying degrees. The benefits from the price increase were determined by the surplus available after satisfying the family's subsistence needs. That, in turn, depended on the size and nature of the land and crop, and the possession of other means of production. Obviously, those who were landless or had no surplus beyond their needs did not benefit from the price increase but actually were hurt from it to the extent they had to purchase certain goods.

Although Arab agriculture showed the beginnings of development along capitalist lines, it faced the competition from European settler agriculture (and capitalism) that was heavily subsidized and primarily used intensive methods of production. Accordingly, although European agricultural production was increasingly linked to industry by using modern methods of processing and packaging, the processing of agricultural products by Arabs employed primarily basic traditional methods.



Besides its heavy subsidization, which allowed for intensive methods of production, Jewish European agriculture enjoyed institutional support in every aspect of agricultural settlement in addition to whatever benefits it derived from the government in material form or in tariff exemptions on raw materials or machinery. Arab peasants, as a whole, on the other hand, received only meager support from the government, and their methods of production remained primarily extensive. The costs of more intensive methods of production were beyond the means of most peasants. However, under the impact of increased commercialization and commoditization fuelled and fuelled by changes in land tenure, there developed in Arab rural areas those who introduced or extended more intensive methods of production in varying degrees. In other words, the distinction should be made between the “modernization” of agriculture as a whole and of “modernization” by certain strata in rural areas.

During the Mandate, the appropriation of surplus from the peasantry intensified in all its forms—within the production process, through taxation, and by usury. This occurred in the context of increased commercialization and commoditization, which had a various impact on the peasantry and which accelerated their differentiation. Although because of a lack of complete data, we were unable to assign exact numbers to all the different strata of the peasantry, there was sufficient information derived from official government data and from our own inquiry into the developments in the techniques of production and of the nature and growth of agricultural output to unmistakably establish the

differentiation of the peasantry. This was reflected in the increase in wage labor in cash cropping and in public works, and the increase in landlessness that accompanied the continuous concentration of Arab landholdings and the appropriation of land by European settlers. The loss of land in the late 1920s and through the 1930s by the peasants, while lacking meaningful alternative sources of income, led to the pauperization of the majority of most peasants. Wage labor in the 1920s and most of the 1930s, whether in agriculture or in public works, was casual and seasonal.

The differentiation in the ownership of land, or its use, during the Mandate period was quantitatively and qualitatively very different from the pre-Mandate period to the extent of its development during the latter. The rise of large estates during the last six decades of Ottoman rule was predominantly because of grants by the sultan and the purchase of uncultivated land from the government by local and non-Palestinian wealthy individuals and families. Some peasants lost their land because of debt, but their numbers were insignificant. Whatever their “legal” position with respect to land, peasants did not lose their access to it. In addition, as discussed in Chapter 2, the Western expansion of cultivation benefited not only large landowners and merchants but also small peasants and whole villages.

However, with the start of European settlement, the demand for land and willingness to pay high prices for it gave a new meaning to the ownership of land. This intensified under the Mandate with the spread of market relations. Thus, peasants who had registered their land in the name of some powerful individual, or

did not register it at all in the nineteenth century, now under the Mandate found that when the land was sold, their traditional and customary rights to it were no match for the “legal” rights that the new colonial government was enforcing.

The process of differentiation and commoditization was accompanied with only limited capitalist development. Several counteracting factors, acting in conjunction with each other, prevented further capitalist development: the government’s fiscal and trade policies and its general conservative policies toward the rural areas; the competition from settler capitalism that also closed its doors to the expropriated peasants, especially after 1936; and the increased opportunities and thus role of merchant capital in consolidating its influence in rural areas.

Finally, as suggested in Chapter 1, if one of the purposes of the study of history and economic history is to shed light on the present, then this study has an important implication. It is necessary to understand the process of dispossession examined in this study in order to comprehend the present predicament of Palestinian refugees who are predominantly comprised of the small peasants and the landless during the Mandate and their descendants. At a more practical level, any resolution of the Palestinian-Israeli conflict that does not include the right of return and restitution to these ex-peasants is bound to fail. It is their persistence to exercise those rights that has kept the Palestinian cause alive.

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