

Horatio Vester

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Jerusalem



Government of Palestine

Report of a Committee on the
Economic Condition of Agriculturists
in Palestine and the Fiscal Measures
of Government in Relation thereto

1930

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EXTRACT FROM OFFICIAL GAZETTE No. 258
1st MAY, 1930

NOTICE

APPOINTMENT OF COMMITTEE

It is hereby notified that the High Commissioner has appointed a Committee of the undermentioned officers to examine into the economic condition of agriculturists and the fiscal measures of Government in relation thereto; and to make recommendations :-

W. J. Johnson, Esq., O.B.E.
Deputy Treasurer

Chairman

R. E. H. Crosbie, Esq., O.B.E.
Assistant District Commissioner
Southern District

An Area Officer nominated by the
District Commissioner in whose
District the Committee is sitting.

Members

Mr. J. Gress and Mr. V. N. Levi of the Treasury will act as joint secretaries to the Committee.

22nd April, 1930

E. MILLS
Acting Chief Secretary.

PERSONNEL OF THE COMMITTEE

W. J. Johnson, Esq., O.B.E.,
Deputy Treasurer

Chairman

R. E. H. Crosbie, Esq., O.B.E.,
Assistant District Commissioner, Southern
District

L. Andrews, Esq., O.B.E.,
Area Officer, Nazareth Area

A. T. O. Lees, Esq., Area Officer, Haifa Area

M. Bailey, Esq., Area Officer, Nablus Area

Members

J. H. H. Pollock, Esq., Area Officer, West
Area, Southern District

*W. J. Miller, Esq., O.B.E., Area Officer,
East Area, Southern District

G. F. Sulman, Esq., M.C., Area Officer,
Jerusalem Division

J. C. Gress, Esq., Senior Assistant Treasurer

*Joint
Secretaries*

V. N. Levi, Esq., Junior Assistant Treasurer

*Was absent from Palestine at the time when the Report was drafted.

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SIR,

We have the honour to refer to your letter No. 6464/29 of the 6th April, 1930, appointing us a Committee "to examine into the economic condition of agriculturists and the fiscal measures of Government in relation thereto; and to make recommendations".

I INTRODUCTORY

2. After discussing the subject of our enquiry with the Commissioner of Lands, the Acting Director of Agriculture and others, the Committee met at Nablus and formulated a village questionnaire. The Committee then visited several villages in the Nablus, Tulkarem and Jenin Sub-Districts for the purposes of testing the practicability of the questionnaire. The questionnaire was drawn up in a form suitable for recording available village information. For instance, while it was possible to estimate the gross produce of the village, it was only possible to ascertain the cost of cultivation per dunam and the cost of living per family. We thought that more correct information would be obtainable by adapting the questionnaire to the information that could readily be produced by villagers themselves. It was decided to choose at least one hundred representative villages and that the questionnaire should be filled up personally by Palestinian District Officers, under the supervision of the Area Officer, after consultation with the Mukhtars and Elders of each village in the village itself. It was also decided that the Bedu area and villages mainly cultivating citrous fruits, melons, grapes, etc. should not be taken into consideration; as the Committee's investigation into the economic condition of agriculturists was of a general and not a specialised nature. For Jewish statistics the Committee applied for information to the Executive of the Jewish Agency for Palestine, the Palestine Jewish Colonisation Association and the Farmers' Federation, which are understood to represent all types of Jewish agriculture.

*The Chief Secretary,
Government of Palestine.*



3. In the meantime the Committee visited the towns and certain representative Jewish and German colonies, and took evidence from cultivators, landlords, money-lenders, industrialists and from others interested in agriculture.

II GENERAL INFORMATION

4. The Commissioner of Lands estimates the total cultivable area of Palestine as approximately 12,233,000 dunams, of which approximately 6,857,000 dunams are in valleys and plains and 5,376,000 are in the hills. Topographically Palestine is divided into seven districts as under:—

TABLE I
Cultivable area of Palestine

	<i>Dunams</i>
(1) Hills of Galilee and Judaea	5,376,000
(2) Plains	
(a) Maritime plain from Ras el Nakura to Gaza	
(b) Plain of Esdraelon	
(c) Valley of Jezreel	
(d) Jordan Valley	
(e) Huleh	
	5,216,000
(3) Plains of Beersheba Sub-District	10,592,000
	1,641,000
Total	12,233,000

5. The hills of Galilee and Judaea are frequently referred to as the mountainous region or the plateau region of Palestine. The Judaeian hills rise from the lower desert hills of Beersheba and continue northwards for some 90 kilometres to the plain of Esdraelon. The Galilean Hills are situated north of the plain of Esdraelon and extend beyond the Syrian frontier. The two hilly regions of Judaea and Galilee are separated by the plain of Esdraelon. The eastern slopes of the Judaeian hills are treeless, and the hills themselves and the western slopes are generally denuded of all trees except olive trees and a few figs and apricots. A great part of the region is desolate and stony; but the small wadis and valleys are very fertile and are excellent for cereal cultivation.

6. The maritime plain, or as it is sometimes called the coastal plain, runs from Ras el Nakura in the north to Gaza in the south. At Mount Carmel near Haifa the plain is only

a few hundred yards in width, and south of Carmel it widens to some two or three kilometres for about 30 kilometres until it reaches Benjamina, after which there is a gradual increase in width to 16 kilometres at Jaffa, 30 kilometres at Askelon and 50 kilometres at Gaza. The eastern side of the plain has extensive olive groves along the foothills. There are large orchards in certain agricultural centres and richly developed agricultural districts near Jaffa. Otherwise the plain is used for the growing of cereals, sesame and melons without irrigation, although extensive irrigation works in the region of the Auja are in prospect. Between Benjamina and Jaffa there are large swamps owing to obstruction in the lower courses of the large streams from the western slopes of the mountainous region which traverse the plain towards the Mediterranean Sea. Between Jaffa and Rafa there are some 380,000 dunams of sand dunes in addition to swamps. The plain of Esdraelon and the valley of Jezreel may be considered together and as extending from the Mediterranean sea eastwards to the Ghor. The plain of Esdraelon divides the hills of Galilee in the north from the hills of Judaea in the south, and is considered the most fertile part of Palestine and especially suitable for cereal cultivation. The Ghor or Jordan valley is a natural depression stretching from Tiberias in the north to the Dead Sea in the south with a width varying from $1\frac{1}{2}$ kilometres in the north to 20 kilometres at Jericho. Owing to climatic conditions and the alkalinity of the soil it is doubtful whether it can support a large agricultural population. The Huleh district lies in the valley north-east of Safad and Tiberias and is fertile. The Huleh marsh lying near the lake covers an area not less than 52,000 dunams. The plains of the Beersheba Sub-District include very extensive areas of cultivable land, but low rainfall is a great drawback to agriculture without irrigation, and the unencouraging prospects of water in quantity make irrigation problematical.

7. The total number of villages in Palestine according to the census of 1922, on which vital statistics are based, is 844. The census shows a total population of 757,182 of which the rural population, excluding tribal areas, numbers 389,534. Vital statistics based on that census figure show a total rural population at the end of 1929 of 481,828 or an increase of 23.7% over the recorded census of 1922, including recorded immigration, while replies to the information requested in the Committee's questionnaire show an average increase in the rural population of $33\frac{1}{3}\%$.

III THE ARAB VILLAGE QUESTIONNAIRE

(a) Statistics

8. The village questionnaire was completed by the following numbers of Arab villages:-

TABLE II
104 questionnaire villages

	<i>Number of villages</i>
Nazareth Area	24
Haifa Area	20
Nablus Area	22
West Area, Southern District	8
East Area, Southern District	16
Jerusalem Division	14
Total	104

The names of the villages are set out in Appendix A.

9. The following table shows the distribution of cultivable land and population among these villages:-

TABLE III
Population and areas of 104 villages

Number of Villages	104
Population - as stated by villagers	136,044
Number of families - as stated by villagers	23,573
Population - on vital statistics of Department of Health	126,398
Number of families of six - on vital statistics of Department of Health	21,066
Cultivable area in dunams - as given by villagers:	
Field crops	948,756
Fruit trees and fallow	220,570
Uncultivated	78,255
Total	1,247,581

10. It has been assumed that the differences between the total cultivated areas and the areas cultivated with cereals may be assigned to fruit trees and fallow lands. In default of information it is not possible to distinguish between the two. In drawing up the various tables of this report an attempt was made to distinguish between hills, plains and foothills, but as the results were not very illuminating, the attempt was abandoned.

(b) **Aggregate gross income**

11. The aggregate gross income of one hundred and four representative villages is stated to be £P. 544,881, derived from the following sources:-

TABLE IV

**Declared gross income from all sources
from 104 villages**

	£P.	£P.
Cultivation		
Field crops		301,999
Fruit trees		
Olive	54,377	
Other	19,710	74,087
Total income from cultivation		376,086
Stock, dairy produce, poultry, etc.		55,357
Total agriculture		431,443
Other village sources		14,112
Transport and labour outside the village		99,326
Total income from all sources	£P.	544,881

12. The declared gross annual income of £P. 376,086 from the cultivation of the soil is considerably underestimated. If the commuted tithe is taken as a basis and allowance is made for 15% under-estimation in the assessment, the gross income from this source will be as shown below:-

TABLE V

Revised gross income from cultivation of 104 villages

	£P.	£P.
Field crops		483,600
Trees:		
Olive	32,400	
Other	45,000	77,400
Total income from cultivation	£P.	561,000

13. The following two tables show that the difference in the results of Tables IV and V is largely attributable to the different prices at which the produce in kind has been valued. The replies to the questionnaire, though purporting to quote average prices, clearly reflect the depressed prices now prevailing, while the commuted tithe is based on the higher prices of previous years:-

TABLE VI

Declared produce in kind and value

<i>Crops</i>	<i>Total produce in tons</i>	<i>Value</i>	<i>Average price per ton</i>
		£P.	£P. Mils
Winter crops			
Wheat	16,874	144,647	8.572
Barley	9,142	42,591	4.659
Qatani	3,201	22,824	7.130
Other	—	11,167	—
Total	—	221,229	—
Summer crops			
Dura	9,617	45,748	4.757
Sesame	1,155	19,301	16.710
Melons (<i>number</i>)	1,405,680	4,555	—
Other	—	11,166	—
Total	—	80,770	—
TOTAL	—	301,999	—

TABLE VII

**Commuted tithe figures of produce
in kind and value**

<i>Crops</i>	<i>Total produce in tons</i>	<i>Value</i>	<i>Average price per ton</i>
		£P.	£P. Mils
Winter crops			
Wheat	24,673	279,638	11.333
Barley	8,525	62,587	7.342
Qatani	4,725	41,526	8.789
Other	—	6,242	—
Total	—	389,993	—
Summer crops			
Dura	8,036	61,477	7.650
Sesame	989	23,008	23.264
Melons (<i>number</i>)	1,509,168	2,881	—
Other	—	6,241	—
Total	—	93,607	—
TOTAL	—	483,600	—

14. It is of interest also to show the average yield per dunam of the principal crops, on the declared and on the commuted tithe figures for produce in kind. In default of any other data, the figures for areas given in the answers to the questionnaire have been used in both tables.

TABLE VIII
Declared productivity per dunam

<i>Crops</i>	<i>Area</i>	<i>Gross produce</i>	<i>Average yield per dunam</i>
	<i>Dunams</i>	<i>Tons</i>	<i>Kilos</i>
Wheat	352,425	16,874	48
Barley	144,085	9,142	63
Qatani	92,148	3,201	35
Dura	216,720	9,617	44
Sesame	113,257	1,155	10
Melons	10,746	<i>Number</i> 1,405,680	<i>Number</i> 131
Other Crops	19,375	<i>Tons</i> 4,422	<i>Kilos</i> 228

TABLE IX
Productivity per dunam on commuted
tithe figures

<i>Crops</i>	<i>Area</i>	<i>Gross produce</i>	<i>Average yield per dunam</i>
	<i>Dunams</i>	<i>Tons</i>	<i>Kilos</i>
Wheat	352,425	24,673	70
Barley	144,085	8,525	59
Qatani	92,148	4,725	51
Dura	216,720	8,036	37
Sesame	113,257	989	9
Melons	10,746	<i>Number</i> 1,509,168	<i>Number</i> 140
Other Crops	19,375	<i>Tons</i> 1,234	<i>Kilos</i> 64

15. The productivity figures thus obtained may be compared with productivity figures obtained from other sources. The figures quoted show the averages obtained from selected persons at the meetings held by the Committee in various centres; an average of the official estimates given by the Director of Agriculture for each Sub-District excluding Beersheba; and the average of five years' exact records kindly placed at the disposal of the Committee by the Salesian Agricultural School at Bait Jemal. In view of the scientific methods employed at the school, it is natural that their figures should be high.

TABLE X

Comparison of various figures of productivity

<i>Source</i>	<i>Wheat</i>	<i>Barley</i>	<i>Qatani</i>	<i>Dura</i>	<i>Sesame</i>
(a) Table VIII	48	63	35	44	10
(b) Table IX	70	59	51	37	9
(c) Selected Evidence	57	54	58	54	25
(d) Official Estimates	67	74	61	65	39
(e) Bait Jemal Records	86	129	79	74	—

16. The following table shows the percentages of the cultivated area assigned to the various crops, and the percentages of the total value derived from them. It will be observed that the winter crop accounts for 63% of the area cultivated, and for 81% of the total value of crops. From the total area in dunams and the total value of the produce shown in this table, it may be calculated that the average gross income from 100 dunams of field crops is £P. 51:-

TABLE XI

Percentages of area and value for various crops and average gross income from 100 dunams field crops

<i>Crops</i>	<i>Area in dunams</i>	<i>Percentage of total area</i>	<i>Value of crops LP.</i>	<i>Percentage of total value</i>
Winter crops				
Wheat	352,425	37	279,638	58
Barley	144,085	15	62,587	13
Qatani	92,148	10	41,526	9
Other	9,688	1	6,242	1
Total	598,346	63	389,993	81
Summer crops				
Dura	216,720	23	61,477	13
Sesame	113,257	12	23,008	4
Melons	10,746	1	2,881	1
Other	9,687	1	6,241	1
Total	350,410	37	93,607	19
Total	948,756	100	483,600	100
Average income from	100		51	

17. The figure of approximately 500 mils per dunam for the gross income from an average dunam of field crops may be checked by an examination of rents. The usual arrangement is that the tenant pays the landlord in kind a proportion of the gross produce of the land. The proportion may be one-fifth, one-fourth, one-third less the appropriate share of the tithe (*i.e.* $33\frac{1}{3}\%$ less $3\frac{1}{3}\%$), two-fifths less the share of the tithe, or

one half less the share of the tithe and perhaps less a share of the expenses. There are also various modifications. The commonest rent, however, would appear to be 30% of the gross produce, and the next commonest, 25%. The other arrangements apply to exceptionally poor or exceptionally good land. It is desirable to note that the figures quoted show the actual proportion of rent received by the landlord. The nominal rents have been adjusted since the Commuted Tithe Ordinance charged the landlord with the payment of tithe. Thus a landlord who used to receive 33 $\frac{1}{3}$ % of the gross produce and to pay out of it the odd 3 $\frac{1}{3}$ % as his share of tithe now receives 40% and pays the whole tithe of 10%; but his net receipts for rent in either case are 30%. With these terms may be compared the money rents which are beginning to appear in most parts of the country. They range from about 50 mils to 250 mils per dunam, but the most usual figures seem to be 100 mils and 150 mils per dunam. We have said that the commonest proportion of rent in kind is 30%. If the annual value of the average dunam is 500 mils, as we have estimated, this 30% is worth 150 mils, which corresponds with the last figure quoted for money rents. Such figures of their receipts from rent as were given by landowners suggest a rather lower productivity of the dunam, but we are of opinion that their figures, though purporting to be based on the past, were influenced by the present low prices. It may be added that in various places the tithe on an average dunam was estimated by villagers at something under 50 mils. As there is little doubt that the assessed tithe has in general been rather less than a true tenth, this estimate also supports the view that the yield of an average dunam is worth (at the prices quoted) about 500 mils per dunam.

18. The figures for the produce of fruit trees, both on the basis of the answers to the questionnaire and on that of the commuted tithe figures, are incredibly low. It has always been known that the estimated figures for fruit trees were highly speculative. Investigation has shown that the average yield of an olive tree over a period of two years (to allow for the major and minor crops of alternate years) is not less than 3 $\frac{1}{2}$ kilogrammes of oil (representing some 17 $\frac{1}{2}$ kilogrammes of fruit). The average price for olive oil during the period on which commuted tithe was based was 53 mils per kilogramme. The average yield of oil from an olive tree is therefore worth some 185 mils per annum. The produce of other fruit trees can hardly average less than two-thirds of this amount, say 125 mils per annum. These figures are confirmed by the Director, Department of Agriculture. The numbers of olives and other fruit trees, as shown in the questionnaire are as follows; and as the number of trees is easy to ascertain and there is no reason for villagers to exaggerate it, the figures may be accepted as approximately correct:—

TABLE XII
Number of trees of 104 villages

Olives	582,951
Other	896,525
Total	1,479,476

19. At the prices quoted, the values are as follows:-

TABLE XIII
Gross income from fruit trees of 104 villages

	£P.
Olives	107,846
Other	112,066
Total income from trees	£P. 219,912

20. It may conveniently be noted here that, as olive trees are usually planted 9 or 10 to the dunam, an average dunam of olive trees is worth not less than £P. 1.750 mils per annum. A good grove in full bearing is worth more.

21. The figures for stock and dairy produce are also unduly low. Our investigations show that the annual produce of an average flock of sheep in wool, milk or semneh, and meat works out at some 600 mils per head; that of an average herd of goats at some 400 mils. It may be noted that the rate of 48 mils per head of each for animal tax, which must originally have represented a tithe, falls between the two figures. The figures accord also with the common (though not universal) opinion that the annual value of a goat is not much more than half that of a sheep. As milch cows are comparatively few, it has been difficult to determine the annual income from them, but we consider that £P. 2.500 mils would be a conservative figure. The answers to the questionnaires show the following numbers:—

TABLE XIV
Numbers of stock of 104 villages

Milch cows	7,935
Sheep	46,824
Goats	81,972

22. It was not possible to ascertain through the questionnaire the number of fowls in each village, because the Arab farmer leaves poultry-farming to the women and does not regard it as a serious source of income. It may reasonably be assumed, however, that on the average there are 10 hens on a holding of 100 dunams. On the whole area of 1,247,581 dunams under discussion, the number of hens would at this rate amount to some 125,000 which represents an average of about 6 fowls for each of the 21,000 families. The manager of the stud farm informs us that a low average bird at the farm produces 250 mils per annum. If we take half this figure for the farmer's fowls, the 10 fowls on a 100 dunam holding give an income of £P. 1,250 mils per annum. This represents a total of some £P. 15,000. We therefore make a further addition of £P. 15,000 to the income from stock, dairy produce, etc.

23. At the figures given, the values are as follows:-

TABLE XV
Gross income from stock of 104 villages

	£P.
Milch cows	19,837
Sheep	28,094
Goats	32,789
Poultry	15,000
Total	95,720

24. We are now in a position to draw up a revised table of gross income for the one hundred and four villages :-

TABLE XVI
Revised gross income from all sources
of 104 villages

	£P.	£P.
Cultivation		
Field crops		483,600
Fruit trees		
Olive	107,846	
Other	112,066	219,912
Total income from cultivation		703,512
Stock, dairy produce, poultry, etc.		95,720
Total agriculture		799,232
Other village sources		14,112
Transport and labour outside the village		99,326
Total Income from all sources	£P.	912,670

(c) Average cost of production per unit

25. As it was impossible for villagers to give any idea of the total costs of production for the field crops of the village, it was necessary to base the enquiry on the cost of production for the common but variable unit, the feddan. The figures obtained were adjusted to a definite unit of 100 dunams. The adjustment of fixed expenses in this manner is of course inaccurate, but the amounts involved are so small that the inaccuracy is immaterial in the rough estimate which is all that can be attempted. We have excluded altogether the cost of such labour as may be performed by an average family of six persons, since any theoretical payments on this score return to the family in the shape of wages. The figures thus derived from the answers to the questionnaire are set forth below:-

TABLE XVII

**Declared average cost of production of
100 dunams field crops**

	£P.
Annual share of capital expenditure on animals	6
Implements	1
Forage for plough animals	7
Seed	6
Hired labour	12
Transport to threshing floor	2
Total	34

26. The figure for the annual share of the cost of animals appears to be high. For an ox the average farmer does not pay more than £P. 8, and he probably sells it to a butcher at the end of four years for half the cost price. The annual share of the cost of an ox is therefore £P. 1; and for the yoke of oxen required to plough 100 dunams, £P. 2. It is difficult to distinguish between the capital and the annual expenditure on the simple implements used by the farmer. We consider that the figure of £P. 1 per annum will adequately cover purchases, replacements and repairs. The farmer seldom gives his ox more than "tibn" and such grazing as he can obtain except during the period — say, four months — when he is actually ploughing. The estimate of £P. 7 for forage for a yoke of oxen, on the basis of the commuted tithe prices, therefore appears to us reasonable. The amount of seed required is approximately 10 kilogrammes per dunam for winter crops, and 1 kilogramme per dunam for summer crops. With the actual distribution of crops and at the commuted tithe prices recorded in Table VII, the cost of seed works out to some £P. 6.500 per annum. It is extremely difficult to estimate the cost of hired labour. We think that the best approximation is to suppose that the average family can do all the work of the holding except for the bulk of the harvesting of winter crops. We do not think that payment for this service could exceed 10% of the crop thus harvested. It is seen from Table XI that the winter crop is worth 81% of the total value of all crops. Thus for an average 100 dunams the winter crop is worth some

£P. 40. Allowing for the part of the harvesting done by the family, we assess hired labour at £P. 3.500 mils per 100 dunams. The village figure of £P. 2 for transport from the fields to the threshing floor we are prepared to accept. If the farmer does his own transport, the additional cost of forage is likely to exceed this sum. We are now in a position to construct a revised table of costs:-

TABLE XVIII

Revised costs of production of 100 dunams field crop

	£P.
Annual share of cost of plough animals	2.000
Implements	1.000
Forage for plough animals	7.000
Seed	6.500
Hired labour	3.500
Transport to village	2.000
Total	£P. 22.000

27. It is difficult to compile any statement of the cost of production of trees. On the lines we have adopted, we exclude the cost of any labour that the average family may be expected to perform. According to the statistics of the Department of Health the one hundred and four villages under consideration have a population of 21,066 families of six persons. As the total number of fruit trees is 1,479,476 the average number of fruit trees owned by a family is about 70, which represents about 7 dunams. The ploughing and picking for such a holding is well within the capacity of the average family. For the pressing of olives few figures have been given. This is perhaps because the owner of the press sometimes takes the refuse of the olives after pressing as payment. Sometimes, however, the payment takes the form of a proportion of the oil. Oxen and implements for ploughing are normally already in the possession of the family for cultivating their cereal land. On the whole it seems to us best to ignore the costs of production for trees.

28. An estimate of the costs of production of cows, sheep and goats represents a similar difficulty. It appears that the average family has about 2 sheep and 4 goats, while only one family in three possesses a cow. We must therefore ignore

any payments to shepherds, and we think it best to ignore also any costs for feeding and watering the animals.

29. It is important to stress the point that the present enquiry does not aim at the costing of the different stages and the various types of agriculture. All that it is required to ascertain is the amount of net income that the farmer will have to meet his cost of living and other personal expenses. Hence, the value of his own labour and that of his family is excluded from the costs of production, because any theoretical payments on this score return to the family in the form of wages.

30. In addition to the costs of production already discussed, allowance must be made for rent. This allowance must equally be made when the farmer owns his own land. As has already been recorded, our investigations have led us to the conclusion that the commonest rate of rent in Palestine is 30% of the gross produce from cultivation. We have therefore adopted this figure for our calculations in subsequent tables.

(d) Average Net Return

31. The net return from 100 dunams of land under field crops may now be calculated. It is interesting to note that the net return is almost equal to the rent. The general though not universal opinion of the country confirms this relation, which happens also to be the relation now adopted for income tax purposes in England.

TABLE XIX

Average net return from 100 dunams field crops

	£P.
Average gross income	51
Average costs of production	22
	29
Rent (at 30% of gross income)	15
Average net return	£P. 14

32. We may also present a more complete picture of an average general holding of 100 dunams including the calculated proportion of gross return from fruit trees and stock. The costs of production are the same as in Table XVIII since the cost of producing olives and stock is being ignored. The figure for gross income from field crops of course differs from the figure in Table XIX, since a portion of the 100 dunams now under consideration is assigned to fruit trees and fallow or uncultivated land that may be used for grazing.

TABLE XX
Average net return from 100 dunams of all
kinds of land

Gross income	£P.
Field crops	39
Fruit trees	
Olive	9
Other	9
Total from cultivation	57
Stock, dairy produce, poultry, etc.	7
Total	64
Cost of production	22
Taxes	
Tithe	4.5
Werko	1.8
Animal tax	.5
Total	28.8
Net return to owner-cultivator	35.2
Rent at 30% of income from cultivation, viz. £P. 17, less £P. 1.8 werko paid by the landlord	15.2
Net return to tenant	20

33. It must be repeated that the net return shown in Table X X does not represent a true net profit, since no account has been taken of the labour of the farmer and his family. The net return indicates only the amount of income which the farmer of 100 dunams has to meet his cost of living and other personal expenses.

(e) Average cost of living

34. The principal items of the cost of living of a village family are wheat and dura, olives and olive oil, lentils, vegetables, dairy produce and clothes. The replies to the questionnaire show the following averages:—

TABLE XXI

Declared cost of living of family of six

	£P.
Wheat and dura	12
Olives and olive oil	3
Other village produce	4
Other necessaries not of village origin	5
Clothing	14
Total	38

35. We do not feel competent to discuss the correct figure for the cost of living of an average family. We therefore aim merely at ascertaining the actual expenditure of an average family. The figure of £P. 12 for wheat and dura is excessive. The price of a ton of wheat is £P. 11, and an allowance of one ton of wheat for a family of six exceeds the 162 kilogrammes per person in Greece which is the highest figure we have seen quoted. As the usual practice in this country is to mix a certain proportion of dura with the wheat, the actual expenditure for this item may be reduced to £P. 10. The next two items we are prepared to accept. The figure for necessaries not of village origin is obviously elastic and varies with the financial position of the family. We consider that in point of fact it does not exceed £P. 3. Similarly we consider that the actual expenditure on clothing does not exceed £P. 5. The revised results are shown below:

TABLE XXII
Revised cost of living of family of six

	£P.
Wheat and dura	10
Olives and olive oil	3
Other village produce	4
Other necessaries not of village origin	3
Clothing	5
Total	25

36. To this figure must be added approximately £P. 1 for the family share of communal expenditure, which includes such items as payments to Imams, ghaffirs and 'natures' and the cost of entertaining village guests. The full total is therefore £P.26.

37. This total takes no cognisance of debt, which works out on the estimates given by villagers to some £P. 27 per family. Even the interest at a rate of 30%, which cannot be regarded as unusual, would amount to £P. 8 per annum.

(f) **Average and minimum holdings**

38. The one hundred and four representative villages are reported as having a total population distributed by families and areas as under. The village figures for families have necessarily been used for this section:-

TABLE XXIII
Declared holdings of 104 villages according to ownership

Population	136,044
Number of families	23,573
Area under cultivation	<i>Dunams</i>
Owned by villagers	797,529
Owned by absentee landlords	245,275
Leased from other villages	126,522
	1,169,326
Area uncultivated but cultivable	78,255
Total	1,247,581

39. The figures shown in Table XXIV are expressed in feddans. It was impossible to obtain the size of holdings in dunams since the dunam is not a unit in common village use. The area of the feddan varies from twenty four dunams at Rameh in the Acre Sub-District to the feddan "rumi", or double feddan of three hundred dunams in Burka in the Nablus District, but the feddan most used is between 100 and 160 dunams, and 120 dunams may be regarded as a middle figure. A feddan (mashi) originally represented the area that one man could plough himself with one yoke of oxen during the course of the year. It now tends rather to represent an average holding in the locality concerned. The 23,573 families are shown in the following categories:-

TABLE XXIV

Declared holdings of 104 villages according to size

Owner-occupiers living exclusively on their holding:	
Over two feddans	3,873
Between one and two feddans	1,604
Owner-occupiers who also work as labourers:	
Between one and two feddans	1,657
Under one feddan	8,396
Trees only	1,103
Labourers	6,940
Total	23,573

40. The distribution of 797,529 dunams of cultivated land owned by the villages, excluding the land of absentee owners, among 15,530 families owning land gives the average holding per family as under. There is no record of the holdings of tenant farmers cultivating 245,275 dunams owned by absentee landlords and 126,522 dunams leased from other villages:-

TABLE XXV

Average holding per family

	<i>Dunams</i>
Of cultivated area	51
Of uncultivated area	5
Total	56

41. On the average holding of 56 dunams at which we have arrived, the net return per annum of the tenant amounts, on the proportion of Table XX, only to £P. 11. It is obvious that this amount does not suffice for the maintenance of an average family, the minimum cost of which has been estimated at £P. 26.

42. To provide the minimum cost of living for a family, a holding of 75 dunams seems to be necessary for an owner-cultivator, while a tenant requires 130 dunams. The small holder or tenant who has not the necessary minimum holding must supplement his income either by hiring himself out as a labourer inside or outside the village or by engaging in transport work, in charcoal or lime-kiln burning or some such occupation.

(g) Average family income

43. To ascertain whether in point of fact the average family does secure a livelihood, it is necessary to determine the average share of the 21,066 families in the total net income of the one hundred and four villages. In the calculation of the net return from agriculture, the cost of hired labour for harvesting and transport was deducted from the gross income, because the individual farmer has to pay these expenses. But the amounts thus paid out by the farmer are received by other villagers in the form of wages or transport charges. Figures for the receipts from hired labour and from transport must therefore be included in the total of the 21,066 families. Similarly rent, except on the 245,275 dunams owned by absent landlords, and on 126,522 dunams leased from other villagers — a total of 371,797 dunams — must be included.

TABLE XXVI

**Total net income of 21,066 families and
average per family**

	£P.
Net return from agriculture (at £P. 20 per 100 dunams - Table XX)	249,516
Receipts from	
Rent	148,157
Hired labour (at £P. 3.5 per 100 dunams)	43,665
Transport (at £P. 2 per 100 dunams)	24,952
Other village sources	14,112
Transport and labour outside village	99,326
Total	579,728
Average for 21,066 families	£P. 27.5

(h) Surplus Produce for disposal

44. The replies to the village questionnaire indicate that the village produce of these one hundred and four villages surplus to village requirements which is put on the market for disposal is as under. The total value of this surplus produce is £P.106,000, and it has not been possible to obtain any information regarding surplus stock put on the market for disposal:-

TABLE XXVII

Surplus produce for disposal of 104 villages

	<i>Tons</i>
Wheat	3,807
Barley	1,295
Qatani	316
Dura	3,325
Sesame	728
Tobacco	131
Vegetables	565
Olive oil	706
Fruits other than olives	238
Melons	<i>Number</i> 613,000

45. It is difficult to reconcile this surplus produce with the gross produce less the produce retained for human and animal consumption in the village, nor does the surplus produce necessarily represent this surplus. In a great many cases the declared surplus finds its way on to the market through the money-lender who takes what he can from the threshing floor for the part settlement of his debts and often leaves the cultivator insufficient produce for seed or subsistence. Thus the cultivator has again to borrow later from the money-lender, who is often at the same time a grain merchant, his seed and subsistence in kind. In most cases also the villager has to dispose of a part of his crop for the payment of taxes, for the purchase of implements for cultivation and articles of food and clothing which he does not himself produce, and for purchase from or barter with other villages when his own produce is deficient of village requirements.

(i) **The Burden of taxation**

46. With the figures now available, it is possible to show the proportion of taxation on the income from the use of land in the form of the net return and from the ownership of land in the form of rent. The former will show the proportion that tithe and animal tax constitute of net income; the latter, the percentage that werko constitutes of rent. In order to give an idea of the total burden of taxation, it is necessary to show the two percentages on a common basis. Advantage has therefore been taken of the fact that rent is estimated at 30% of gross income to show the percentage that werko, tithe and animal tax constitute of gross income.

TABLE XXVIII

Percentage of taxation on net return from
use of land

	£P.
Total income from agriculture (Table XVI)	799,232
Cost of production (at £P. 22 per 100 dunams Table XVIII)	274,468
Rent (at 30% of gross income from cultivation)	211,054
	485,522

(Continued)

Table XXVIII Continued

	£P.	£P.
Net return		313,710
Taxes (actual):		
Tithes	53,034	
Animal tax	6,460	59,494
Percentage of total tithe and animal tax of net return		% 19

TABLE XXIX

Percentage of taxation on income from ownership

	£P.
Rent	211,054
Total werko (actual)	21,955
Percentage of total werko of rent	% 10.4

TABLE XXX

Percentage of taxation on gross income from agriculture

	£P.
Gross income from agriculture	799,232
Total werko, tithe, and animal tax (actual)	81,449
Percentage of total taxes of gross income	% 10.2

(j) General position of villages

47. While it is necessary to consider the economic condition of agriculture from the point of view of the return per average

holding and the income per average family, it is also essential to view the matter from the point of view of the one hundred and four villages as a whole and of the individual villages. For this purpose, internal transactions, such as the hire of labour and transport charges, may be ignored. Similarly rent, except on the 245,275 dunams owned by absentee landlords, and on 126,522 dunams leased from other villages—a total of 371,797 dunams—may be ignored. The financial position of the one hundred and four villages in total, based on the figures already shown but excluding internal village income and expenditure, is consolidated in the following statement:-

TABLE XXXI

Total income and expenditure of 104 villages

	£P.
Income from agriculture (Table XVI)	799,232
Other income	113,438
	<hr/> 912,670
Cost of production-	
Seed and forage	168,423
Implements and annual share of cost of plough animals	37,427
	<hr/> 205,850
Balance	706,820
	<hr/>
Cost of living-	
Village produce	358,122
Other requirements for living and clothing	168,528
Share of communal expenses	21,066
	<hr/> 547,716
Balance	159,104
	<hr/>
Taxes (actual)	81,449
Rent payable outside village	62,897
	<hr/> 144,346
Balance	14,758
	<hr/>
Interest on debt averaging £P. 27 per family at the rate of £P. 8 per family	168,528

48. The following table shows the number of villages able to meet the various categories of Expenditure from their gross income after the costs of production have been met. The figures for the individual villages have been adjusted in proportion to the adjustments we have made in the totals:-

TABLE XXXII

Capacity of payment of individual villages

	<i>Total of 104 villages</i>
Cost of living (with share of communal expenses)	84
Cost of living and taxes	70
Cost of living, taxes and rent	56
Cost of living, taxes, rent and interest on debt	31

49. We feel, however, that though the figures for the one hundred and four villages as a whole are not very far from the truth, it would be unwise to attach undue importance to the figures of individual villages, which have sometimes been obviously incorrect. We think that it may safely be assumed that, with very rare exceptions, every village can provide its own subsistence, even if the standard of living may fall slightly below the figure we have estimated. The farmer is often—perhaps habitually—short of ready cash, but there is no evidence that he or his family are ever without sufficient food for their subsistence. The table may rather be regarded more generally as showing how few villages can fully meet their annual liabilities in an average year.

VI JEWISH AGRICULTURAL SETTLEMENTS

(a) General information

50. For a picture of Jewish agriculture we have relied on the statistics forwarded by the Palestine Jewish Colonisation Association, the Executive of the Jewish Agency for Palestine and the Farmers' Federation for the representative agricultural settlements shown below. The figures for the various types differ so greatly that it has seemed wiser to show them separately instead of merely summarising the results:-

TABLE XXXIII

Seven representative Jewish agricultural settlements and population

<i>Sub-district</i>	<i>Settlement</i>	<i>Owner of land</i>	<i>Population</i>
Tiberias	Yavniel	Palestine Jewish Colonisation Association	422
	Kinnereth	do	48
			470
Nazareth	Nahalal	Jewish National Fund *	691
	Ginegar	do	64
	Hasharon	do	35
Beisan	Beth-Alpha	do	135
			925
Ramleh	Rehoboth	Individual	2,790
		Total	4,185

*The Executive of the Jewish Agency for Palestine control these settlements.

51. The two Palestine Jewish Colonisation Association settlements are mainly devoted to field crops, though Kinnereth obtains a considerable portion of its income from bananas and vegetables. Yavniel is unirrigated, while Kinnereth is irrigated. The feature of the four Zionist settlements is mixed farming. About half of their income is derived from stock and dairy produce. In Nahalal each settler has a holding of 100 dunams; in the remaining three settlements of this group all land is held and worked in common. Rehoboth is mainly devoted to plantations. A number of the settlers own considerable property, but 239 out of the 599 families that constitute the population are Yemenites with an extremely low standard of living. Table XXXIV shows the areas of these settlements.

TABLE XXXIV

Areas of seven Jewish agricultural settlements

<i>Settlement</i>	<i>Field crops</i>	<i>Fruit trees</i>	<i>Cultivable but uncultivated</i>	<i>Total</i>
	<i>Dunams</i>	<i>Dunams</i>	<i>Dunams</i>	<i>Dunams</i>
Yavniel	10,000	500	3,500	14,000
Kinnereth	756	14	800	1,570
	10,756	514	4,300	15,570
Nahalal	5,383	2,492	—	7,875*
Ginegar	2,258	—	742	3,000
Hasharon	1,563	—	2,187	3,750
Beth-Alpha	2,265	190	—	2,455
	11,469	2,682	2,929	17,080
Rehoboth	350	14,698	—	15,048
Total	22,575	17,894	7,229	47,698

* Including 1,125 dunams leased.

52. Such figures as were given for Rehoboth do not lend themselves to the form of tabulation we have adopted. They are therefore recorded separately after the other settlements have been dealt with.

Gross income

53. The following tables show the gross income derived by the various settlements from cultivation:-

TABLE XXXV

Income from cultivation of six Jewish settlements

<i>Settlement</i>	<i>Field crops</i>	<i>Fruit trees</i>	<i>Total income from cultivation</i>
	£P.	£P.	£P.
Yavniel	5,744	150	5,894
Kinnereth	1,393	560	1,953
	7,137	710	7,847
Nahalal	6,709	560	7,269
Ginegar	1,960	46	2,006
Hasharon	1,351	—	1,351
Beth-Alpha	4,153	335	4,488
	14,173	941	15,114

54. The following three tables show the total productivity per dunam of the principal crops and the percentages of the cultivated area assigned to the various crops and of the total value from them:-

TABLE XXXVI

Yield in kilos per dunam of principal crops

	<i>Wheat</i>	<i>Barley</i>	<i>Maize</i>	<i>Green maize</i>	<i>Vetches and forage</i>	<i>Vegetables</i>
P. I. C. A. (2 Settlements)	111	177	—	—	1,180	—
Nahalal	110	154	107	5,175	3,270	1,000
Ginegar, Hasharon and Beth-Alpha	109	153	130	2,118	3,200	403

TABLE XXXVII

Produce in kind and value of six settlements

<i>Crops</i>	<i>Total produce in tons</i>	<i>Value</i>	<i>Average price per ton</i>
		<i>LP.</i>	<i>LP. mils</i>
P. I. C. A. (2 Settlements)			
Wheat	326	2,609	8.000
Barley	357	1,428	4.000
Maize	—	380	—
Green maize	—	—	—
Vetches and forage	3,194	1,780	-.557
Other	—	1,650	—
Total	—	7,847	—
Nahalal			
Wheat	209	1,843	8.818
Barley	91	592	6.506
Maize	200	1,200	6.000
Green maize	1,876	1,517	-.809
Vetches and forage	376	306	-.814
Other	—	1,811	—
Total	—	7,269	—
Ginegar, Hasharon and Beth-Alpha			
Wheat	188	1,837	9.771
Barley	167	1,372	8.215
Maize	141	1,033	7.326
Green maize	582	422	-.725
Vetches and forage	3,380	1,728	-.511
Other	—	1,458	—
Total	—	7,850	—

TABLE XXXVIII

Percentage of area and value for various crops and average income for 100 dunams field crops

<i>Crops</i>	<i>Area in dunams</i>	<i>Percentage of total area</i>	<i>Value LP.</i>	<i>Percentage of total value</i>
P. I. C. A. (2 Settlements)				
Wheat	2,940	30	2,609	34
Barley	2,010	21	1,428	18
Maize	1,270	13	380	5
Vetches and forage	2,710	28	1,780	22
Other	756	8	1,650	21
Total	9,686	100	7,847	100
Average income from	100	—	81	—
Nahalal				
Wheat	1,898	35	1,843	25
Barley	689	11	592	8
Maize	2,240	42	2,717	38
Vetches and forage	115	2	306	4
Other	533	10	1,811	25
Total	5,475	100	7,269	100
Average income from	100	—	135	—
Ginegar, Hasharon and Beit-Alpha				
Wheat	1,720	29	1,837	23
Barley	1,095	18	1,372	17
Maize	1,355	22	1,455	19
Vetches and forage	1,055	18	1,728	22
Other	802	13	1,458	19
Total	6,027	100	7,850	100
Average income from	100	—	130	—

55. It is also of interest to record the stock belonging to the various settlements from which they directly derive income:-

TABLE XXXIX

Numbers of stock and poultry of six settlements

<i>Settlement</i>	<i>Milch cows</i>	<i>Other cattle</i>	<i>Sheep and goats</i>	<i>Poultry</i>
Yavniel	150	—	324	—
Kinnereth	50	—	40	—
	200	—	364	—
Nahalal	240	172	—	14,207
Ginegar	41	22	—	650
Hasharon	8	10	—	330
Beth-Alpha	146	85	24	489
	435	289	24	15,676
Total	635	289	388	15,676

56. Table XL shows the total income of the various settlements from all sources:-

TABLE XL

Gross income from all sources of six Jewish settlements

<i>Settlement</i>	<i>Cultivation</i>	<i>Stock, dairy produce, poultry, etc.</i>	<i>Other sources</i>	<i>Total gross income</i>
	£P.	£P.	£P.	£P.
Yavniel	5,894	2,600	—	8,494
Kinnereth	1,953	545	—	2,498
	7,847	3,145	—	10,992
Nahalal	7,269	10,777	840	18,886
Ginegar	2,006	2,523	805	5,334
Hasharon	1,351	498	38	1,887
Beth-Alpha	4,488	3,825	560	8,873
	15,114	17,623	2,243	34,980
Total	22,961	20,768	2,243	45,972

(b) Cost of production

57. The two Palestine Jewish Colonisation Association settlements estimate the cost of production as shown below. As the Palestine Jewish Colonisation Association authorities lay no restriction on the employment of labour, it is probable that a considerable proportion of the amount shown for labour is paid to labourers from outside the settlement. Mr. Smilansky gives an average figure for 100 dunams at Rehoboth. The Executive of the Jewish Agency for Palestine states that, owing to the internal transfers of values involved, it is impossible to calculate the cost of production for mixed farming. For example, the income from the produce of certain field crops becomes, in the shape of forage, part of the cost of production of dairy produce. They therefore take the view that cost of production is the difference between the gross income and the total cost of living.

TABLE XLI

Cost of production in three Jewish settlements

<i>Item of cost</i>	<i>Yarniel</i>	<i>Kinnereth</i>	<i>Rehoboth</i>
	£P.	£P.	£P.
Forage for plough animals	900	140	—
Implements	430	70	—
Seed	470	25	—
Hired labour	2,176	898	—
Total	3,976	1,133	—
Cultivated area in dunams	10,500	770	15,048
Average per 100 dunams	38	147	25

58. In default of definite cost of production figures for four out of the seven settlements under discussion, any attempt to determine net income must be abandoned.

(c) Cost of living

59. The following two tables show the cost of living and the remaining essential expenditure of the various settlements. Expenditure on social and cultural requirements, such as insurance, share in education, books and contributions to societies, has been excluded as being above the minimum requirements for existence with which alone we are at present concerned. As family expenditure cannot suitably be compared with the expenditure of communal settlements, the unit quoted by each settlement has been retained:-

TABLE XLII

Cost of living of family or member of a group in six Jewish settlements

<i>Settlement</i>	<i>Unit</i>	<i>Farm produce</i>	<i>Other requirements</i>	<i>Clothing</i>	<i>Total</i>
		£P.	£P.	£P.	£P.
Yavniel	Family of six persons	26	—	7	33
Kinnereth	do	27	—	46	73
Nahalal	do	59	44	22	125
Ginegar	Member of group	14	14	5	33
Hasharon	do	15	8	5	28
Beth-Alpha	do	14	12	4	30

TABLE XLIII

Communal expenses, taxes and rent per family or member of a group in six Jewish settlements

<i>Settlement</i>	<i>Unit</i>	<i>Communal expenses</i>	<i>Taxes</i>	<i>Rent</i>	<i>Total</i>
		£P.	£P.	£P.	£P.
Yavniel	Family of six persons	9	9	—	18
Kinnereth	do	18	7	—	25
Nahalal	do	20	2	6	28
Ginegar	Member of group	2	2	3	7
Hasharon	do	4	3	4	11
Beth-Alpha	do	2	2	2	6

60. In the next table are shown the balances left out of gross income, after the cost of living and other essential expenditure have been met, to meet the cost of production and other expenses :-

TABLE XLIV

Balance from gross income of a family or member of a group after meeting cost of living and other essential expenditure

<i>Settlement</i>	<i>Unit</i>	<i>Gross income</i>	<i>Cost of living</i>	<i>Communal expenses, taxes and rent</i>	<i>Balance to meet cost of production and other expenses</i>
		£P.	£P.	£P.	£P.
Yavniel	Family of six persons	121	33	18	70
Kinnereth	do	244	73	25	146
Nahalal	do	164	125	28	11
Ginegar	Member of group	83	33	7	43
Hasharon	do	54	28	11	15
Beth-Alpha	do	77	30	6	41

61. The other expenses have been quoted as follows:

TABLE XLV

Other expenditure and interest on debt per family or member of a group

<i>Settlement</i>	<i>Unit</i>	<i>Social and cultural expenditure</i>	<i>Approximate interest on debt excluding settlement loan</i>	<i>Total</i>
		£P.	£P.	£P.
Yavniel	Family of six persons	—	4	4
Kinnereth	do	—	4	4
Nahalal	do	25	10	35
Ginegar	Member of group	16	3	19
Hasharon	do	14	2	16
Beth-Alpha	do	16	3	19

62. It is clear that the balances are not always adequate to meet this further expenditure, even without the settlement of loan charges. The loans to Zionist settlers vary from £P. 600 to £P. 900 per family repayable over a period of 45 to 50 years. We are therefore led to the conclusion that the figures quoted for cost of living and perhaps communal expenses are theoretical rather than actual, and that in practice the expenditure on these heads depends mainly on the amount available after costs of production have been met.

(d) Net Income from Cultivation

63. This section may be concluded with a record of the figures given by Mr. Smilansky.

TABLE XLVI

Estimate by Mr. Smilansky of income and expenditure for 100 dunams of mixed farm land

<i>Average 100 dunams</i>		<i>Value</i>
		£P.
Income		
Grain	7.4 tons	41.500
Milk	3,400 litres	50.500
Sundries		6.000
	Total	98.000
Expenditure	£P.	
Concentrated food	20.750	
Sundries	4.250	25.000
Communal expenses and taxes		24.000
		49.000
Surplus		49.000
Cost of living of family of 5 persons		46.500

TABLE XLVII

Estimate by Mr. Smilansky of net income per dunam of principal plantation produce

<i>Per dunam</i>	<i>Gross produce</i>	<i>Value</i>	<i>Cost of production</i>	<i>Net income</i>
		£P. mils	£P. mils	£P. mils
Oranges	100 boxes ^a	30.000 ^c	15	19.500
	35 boxes ^b	4.500 ^c		
Grapes	300 kilos	4.500	2	2.500
Almonds	75 kilos	3.250	1.500	1.750
Olives	200 kilos	2.500	1	1.500

- a. For export
 b. For Egypt and local consumption
 c. Price on tree

V GENERAL CONCLUSIONS

(a) Local Supply and imports of principal marketable commodities

64. Before examining the financial position of the farmer, it will be of interest to consider the local supply of the principal marketable commodities, and imports of these commodities from abroad. It is unnecessary in this connection to consider oranges and melons with which no imports compete, or tobacco which is protected by a heavy import duty. The average production of wheat in the country is estimated at 115,000 tons per annum. Of this, about 10% is required for seed, leaving a balance of some 104,000 tons for consumption. The rural population of Palestine including tribal areas is about 97,000 families (at an average of six persons). On the basis accepted in Table XXII, a family of six persons requires about a ton of wheat and dura per annum, dura being mixed with the wheat to make bread. Thus 97,000 tons of wheat, less such quantity as is replaced by dura, are required for the consumption of the rural population, leaving a balance of 7,000 tons; plus the quantity replaced by dura, for the use

of the urban population. It is not possible to estimate the proportion of the admixture, which varies with the annual crop and the financial situation of the family. As there are still some 56,000 urban families (at the same average of six persons) to be fed, Palestine has to import every year an average of 15,000 tons from Transjordan and Hauran, some 7,000 tons foreign wheat and some 28,000 tons of foreign flour in terms of wheat, a total of some 50,000 tons. The supply of local wheat available for the market constitutes therefore only a small proportion of the total urban requirements, and consequently market prices are mainly determined by imports. In the Beersheba area, the principal commodity is barley instead of wheat. In good years, such as the present, large quantities are available for export. The crop, however, is peculiarly uncertain, and in ordinary years there is little or no surplus for the market. There are no competitive imports of barley, but there is no export market for any surplus. As regards olives, even in the minor year of the olive cycle, the crop is ample for the needs of the country. There is therefore 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 offal were imported in 1929. As regards sesame seed, both the exports and the imports in 1929 were approximately 3,500 tons. It would therefore appear that the local producers of sesame oil prefer to import their requirements of sesame seed from abroad. There is no duty at present on imports of sesame seed. Sesame oil does not enter into the question, as the exports of it are small and it is not imported at all. For example, in 1929 the exports were 71 tons, while the imports were nil. Although the crops mentioned are the most important for the country as a whole, it should be added that villages near the large towns are able to derive a considerable income from the sale of vegetables, fruit and dairy produce; but the number of villages thus favourably situated is small.

(b) General conditions of Arab farming

64. It may be asked why the Arab farmer does not increase his wheat cultivation so as to eliminate the need for foreign imports. First, allowance must be made for the fact that whatever the local supply might be, a certain quantity of foreign white flour, estimated at 12,000—15,000 tons per annum, would be imported to make bread of fine quality and confectionery. Next, it must be noted that there is no customs barrier between Palestine and Transjordan or Syria (including Hauran), and that consequently imports from these countries will continue so long as market prices render them profitable. However, the

local farmer is quite prepared with the natural protection due to transport charges, to compete with grain produced on a system similar to his own. His fear is of the grain produced by large scale cultivation in the great wheat centres of the world. There is still a remainder of imports which he might replace by local wheat, but this additional quantity could be raised only by increasing the area under cultivation or by more intensive cultivation. Palestine is not a large country containing vast tracts of land suitable for economical mass production of cereals or vast grazing lands for flocks and herds. There is little cultivable land which remains uncultivated except in the plains of Beersheba, the Jordan Valley and the Huleh Area all of which require large capital expenditure for irrigation and improvement; and it is yet to be proved whether from the point of view of profitable agriculture alone, the expenditure of large sums of capital on these lands is justifiable. The cultivable land of Palestine is impoverished, and the cultivator has not the necessary means to undertake its improvement. Moreover, the present system of farming seems to be designed primarily to meet the needs of the farmer's own family, and does not attempt to cater either for the local or the foreign market. To effect any radical change would be a matter of time and careful direction. The principal difficulty here, as in most other countries, is the general lack of organisation of cultivation and of marketing, and the reluctance of credit institutions to finance agriculturists. There is a great need for the training of cultivators in simple and economical methods of cultivation. Intermittent efforts in a small way have been made by Government in this direction by establishment of experimental stations and village plots, and Jewish training institutions have done much; but their influence over the bulk of the country is not felt. Little has been done in spite of the example of Jewish societies to consolidate or create markets for local produce. The cultivator has no credit facilities to save him from the necessity of resort to money-lenders. In consequence, he is unable to choose and to await the best market, because the bulk of his crop is seized by the money-lender, as soon as it appears on the threshing floor, in settlement of loans at usurious rates of interest. Having thus lost the bulk of his crop, the farmer has again to apply to the money-lender, who is often a grain merchant, for seed for the following season and for the means of subsistence of his family. He needs credit facilities—within his capacity to repay—to enable him to avoid this disastrous arrangement. He can then be taught to market his produce in the most economic way. In other words the foremost need of the agricultural industry is rationalisation. The claims of agriculture, which provides the fundamental necessities of human and animal existence, cannot be overlooked. The rural population, which forms the bulk of the indigenous population, could not easily be industrialised even



if there were industries to absorb it. It is therefore essential to secure to this rural population in its present occupation at least the minimum of subsistence.

(c) **Financial situation of the Arab farmer prior to 1929**

66. We may now turn to the financial situation of the Arab farmer. In the absence of reliable data, it has been difficult to check the information provided in the answers to the questionnaire. But whatever may be thought of individual items, it is the view of the Committee that, up till the middle of 1929, the net income of the average agricultural family has been between £P. 25 and £P. 30, and that the family has contrived to live on this income. It is clear, however, that there must have been many families less favourably situated, who have been obliged either to lower their standard of living or to fall into debt. The figures quoted for debt indicate that recourse has often been had to the latter alternative. Part of this debt is doubtless due to improvidence and extravagance, but the bulk of it must have gone to pay for costs of production, cost of living, and part payment of capital and of interest on previous debts. Little of it appears to have been devoted to capital improvements. If the average debt of the 21,066 families is uniform over the whole country, the total debt amounts to some £P. 2,000,000. It is interesting to note that the security for such a debt would be covered by the sum of the values of the annual produce of the country and of the agricultural stock. The position appears to have been similar before the War, except that the sums involved were much smaller. During the War 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. His standard of living improved accordingly. Unfortunately, he came to look upon the abnormal war-time prices as normal, and when prices began to fall to their natural level, it took time for him to adjust his outlook or his standard of living to meet the changed conditions. Consequently he began again to borrow, and more heavily than before, while the money-lender was imprudent enough to advance unduly large sums. Whenever the time came for repayment the farmer was unable to pay more than a fraction of the amount due, and was obliged to renew the bulk of the loan at an exorbitant rate of interest. A rate of 30% per annum is perhaps the commonest, but 50% for three months is not unusual. The result is that many farmers now owe sums that are quite beyond their capacity to pay. In justice to the money-lender it must be recognised that, in default of other sources of credit, he has performed a certain service to agriculture; and that, from an economic

standpoint the inadequate security for his loans justified relatively high rates of interest. For many of the transactions of money-lenders, however, no justification can be offered.

(d) Burden of taxation on the Arab farmer

67. The next point for consideration is the taxation of the agriculturist, which comprises werko tax, tithe and animal tax. The werko tax (£P. 111, 835) on land and buildings is mainly based on a pre-war assessment and its distribution is very unequal. The tithe (£P. 247,949) since its commutation no longer varies with the quantities and prices of the farmer's produce, and as the amount of this tax is comparatively high, its inelasticity is a serious matter. The animal tax (£P. 35,303) is primitive. In Table XXIX it has been seen that the owner-cultivator of rural property pays in werko, as owner, 10.4% of the rental value of his property. But he also pays, as cultivator, 19% of his net income from the use of land. Table XXX shows that the combined payments represent 10.2% of his gross income, which (if rent be 30% of gross income) is equivalent to 34% of the rental value of his property. This percentage may be compared with the percentages paid by owners of urban property in werko tax, when the property is not subject to tithe, or in urban property tax. The werko tax on urban property is in general 10 per mille (excluding additions) of capital value. If capital value be converted to annual value at the official rate of 6% (equivalent to some 17 years' purchase), the payment becomes one sixth of the annual rental value. The maximum payment under the Urban Property Tax Ordinance is 10% of rental value. The werko assessment is known to be defective, and experience has shown that when werko has been replaced by urban property tax, the latter tax of some 9% on net annual values yields nearly as much as the werko tax on a nominally higher basis. The comparison may therefore be said to lie between the farmer paying taxes to an amount equivalent to 34% of his rent, and the urban owner of immovable property paying less than 10%. There is no direct taxation in urban areas to counter-balance the 19% of net income paid by the cultivator in tithe and animal tax.

(e) Present financial situation of the Arab farmer

68. All the arguments and the figures that have been used hitherto have been based on the average prices for the commuted tithe which have been sufficiently accurate till about a year ago. A fall in the prices of agricultural produce then began, which has continued ever since and has become rapid during the past three or four months. The price of wheat in June, 1929, was about £P. 12 a ton; it is now (in June, 1930)

£P. 6-7. For similar dates, the price of barley has fallen from over £P. 6 to £P. 3; that of olive oil from £P. 77 to £P. 40. Other prices have followed suit, and it may be said that the value of agricultural produce is now roughly half of what it was a year ago. The fall in prices appears to be mainly due to world over-production and the dumping of foreign produce which has resulted. The market is glutted, and the farmer is unable to sell his surplus produce. He is particularly affected by the lack of demand for wheat and for olive oil, as these commodities are his principal means of barter, of transactions with money-lenders and of realising cash to pay tithes and taxes. Similarly the money-lender holds as security more wheat and oil than he can dispose of, and is therefore unwilling to increase his commitments by further advances. As has been pointed out earlier, the supply of local wheat available for the market is very limited, and consequently market prices are easily affected by imports. It may be argued that, as the farmer is unable to sell his wheat, he will be better supplied with seed for the next season and will be able to raise his standard of living by eating a better quality of bread. But this enforced improvement of his standard of living will really be at the expense of his creditors, and will render his position, which is already difficult, little short of desperate. In the appreciation of the financial situation of the farmer, it was emphasized that the figures applied only to the period previous to the middle of 1929. At the present time, when the prices of agricultural produce have fallen approximately by half, his situation is far less favourable. The net income of an average family has now fallen from £P. 27.5 to some £P. 16.5; the net income of a tenant farmer of 100 dunams has fallen (since some of his expenses are fixed) from £P. 20 to some £P. 9; while the percentage that tithe and animal tax constitute of the net return from the use of land has risen from 19% to some 32%. It would appear clear that the farmer's position is serious, and that something must be done to relieve at once his immediate difficulties and in the near future to raise his income to its former level.

(f) The Musha'a System of land tenure

69. It remains to consider what is perhaps the greatest obstacle to agricultural progress in Palestine, *viz.* the musha'a system of land tenure. Under this system the village lands are divided into the requisite number of shares, and each share-holder is allotted the number of shares or the fraction of a share to which he is entitled. At the end of a prescribed period — usually two years, to suit the crop rotation — the shares are re-allotted, and each share-holder moves to a fresh holding. Consequently, no one has any inducement to improve his land; for the fruits of his industry would be reaped by his successor in the holding at the bi-ennial re-allotment, while he

himself would probably have to suffer from the negligence of his predecessor in his new holding. The system misses the advantage alike of individualism and of co-operation. While it remains, it is useless to expect that land will be weeded or fertilised, that trees will be planted, or, in a word, that any development will take place. In addition, legal transactions in respect of musha'a land are difficult, and consequently it is difficult to raise a loan on the security of a share in musha'a land. The estimates of the relative cultivated areas of musha'a and mafruz land obtained by the Musha'a Land Committee in 1923 for 753 villages, and the estimates obtained by the present Committee for 104 villages (66 in the Northern District, 14 in the Jerusalem Division, and 24 in the Southern District) are summarised in the following table:-

TABLE XLVIII

District	Musha'a Committee				Present Committee			
	Musha'a		Mafruz		Musha'a		Mafruz	
	1000 dunams	%	1000 dunams	%	1000 dunams	%	1000 dunams	%
Northern District	743	37	1279	63	185	29	449	71
Jerusalem Division	22	5	407	95	32	28	83	72
Southern District	1950	80	475	20	292	69	129	31
Total	2715	56	2161	44	509	44	661	56

The later results show a rather lower proportion than the former of musha'a land; but the later result is affected by the large proportion of villages in the Northern District and Jerusalem Division (80 out of 104), where the proportion is much lower than in the Southern District. From a comparison of the two sets of estimates, it may be surmised that something like half of the cultivable land of the country is musha'a.

70. The large majority of musha'a share-holders would welcome a permanent partition, but the difficulties and expenses of arranging in advance of Land Settlement a partition that could be accepted by the Land Registry are prohibitive. Partition may be effected in either of two ways. First, all the interested parties may execute a deed of partition. The difficulty of securing the consent of each of the interested parties (some of whom may be living in America) is so great as to render this method impracticable. Secondly, any co-owner may apply to the Courts for partition; but it seems probable that he might have to pay the whole cost of survey, and in addition he would bring upon himself and his follow-owners a number of other expenses. The Musha'a Land Commission recorded that a musha'a share-holder might well have to pay on partition :-

- (a) the cost of a certificate of succession (Ilam Shar'i),
- (b) 5% of the market value of his land to establish either original registration or subsequent purchase,
- (c) survey charges amounting to several pounds,
- (d) a registration fee for partition of $\frac{1}{2}$ % of the registered werko value of his land, and
- (e) in the future, an increase of 100% on his werko.

It is hardly surprising that the partition of musha'a land has not progressed.

(g) Financial situation of the Jewish farmer prior to 1929

71. The financial position of the Jewish farmer is in some ways harder to determine even than that of the Arab farmer. As has been noted earlier the Executive of the Jewish Agency for Palestine themselves admitted their inability to offer any direct estimates for costs of production. Further, the figures for interest and amortisation charges on loans for capital expenditure are not available. On the whole, we are of the opinion that the gross income of a Jewish farmer is roughly double that of an Arab farmer with a similar holding. On the other hand, his costs of production and his cost of living are certainly much higher, and it seems doubtful whether his net surplus after meeting the costs of production and the cost of living and similar expenses is much greater than that of the Arab farmer. The initial cost of his holding and the costs of developing it have involved him in an expenditure quite out of proportion to his income; while the Arab farmer has long been established on his land and has incurred little expenditure in developing it.

In consequence the Jewish farmer must find large sums for improvements to his holding and for debt charges. On the other hand, Jewish agriculture is highly organised and numerous facilities exist for obtaining credit. To sum up, the Jewish farmer is better equipped for the operations of agriculture than is the Arab farmer, his standard of living is higher and he enjoys social and cultural amenities that are unknown to the Arab farmer. On the other hand, he appears to be weighed down with a heavy burden of debt which we have no means of estimating. As much Jewish agriculture is at present in an experimental stage, we do not feel prepared to commit ourselves to any more definite expression of opinion.

(h) Burden of taxation on the Jewish farmer

We may now consider the burden of taxation on the Jewish farmer. The *werko* that he pays in the case of post-war settlements is based on re-assessed 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. On the other hand the Jewish farmer in the newer settlements probably benefits from the fact that the commuted tithes was based on the lower productivity of Arab farming. It is perhaps easier to appreciate the burden of taxation on the Jewish farmer by looking at the matter in a different way. 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 in 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.

(i) Present financial situation of the Jewish farmer

73. It remains to state that the Jewish farmer, like the Arab farmer, has suffered from the recent fall in prices of agricultural produce. In one settlement, however, the Committee was informed that this fall in prices was an advantage, not a disadvantage, because prices of other commodities had also tended to fall, and because at the lower value of his produce the farmer could afford to improve his standard of living. For example, when eggs are expensive the farmer feels obliged to

keep them all for the market, but when they are cheap he feels justified in using them for family consumption. We have no evidence, however, that this view is at all common, and we are opinion that the ordinary Jewish farmer, no less than the Arab farmer, would welcome a rise in the prices of agricultural produce.

VI RECOMMENDATIONS

(a) Necessity of a marketing board and of village co-operative bodies

74 From the picture that we have drawn of agriculture in Palestine it is abundantly clear that the net income of the farmer must somehow be increased. To achieve this result one of two things must be done. Either the costs of production must be reduced, or the gross income must be increased. We are satisfied that the methods of Arab agriculture in this country are so primitive that it is impossible to reduce the primary costs of production. There remains the other alternative. Gross produce may be increased, either by improving the present system of farming or by introducing a better one. By fertilising the impoverished land, it may be possible to secure a yield of 120 kilogrammes of wheat per dunam where now it is only 60. By replacing part of the cereal cultivation by plantations—irrigated or unirrigated, or by adopting a system of dairy-farming or mixed farming, the gross income of a holding may be greatly increased; but the danger of over-production must be avoided. It is outside our province to consider which of these or other methods should be adopted, but we are convinced that something must be done, and that Government should be in a position to tell the farmer what he should do. To this end, it is probable that much experimental work must be done and that much instruction and, above all, demonstration, must be given; but we strongly deprecate any attempts to produce the desired result which might end in tempting the farmer away from the soil and turning him into a black-coated effendi. There would also appear to be need for something of the nature of a marketing board to advise the farmer in the disposal of his produce.

75. Palestine has no facilities for large scale production, and must always be a country of small holders. We consider, however, that some of the advantage of large scale production should be secured by co-operation among the small holders. It may be argued that the mentality of the country is not favourable to co-operation and that such efforts as have been made in this direction have met with scant success. On the other hand, the "kafalah mutasalsileh" (mutual guarantee) is

familiar to villagers. We regard the matter as so important that we recommend the appointment of an expert to advise the Government on the methods of achieving this object. An opening might be found in the utilisation of village co-operative bodies, on the lines of the system adopted in Cyprus, to deal with the issue of agricultural loans, to supervise the use of them and to be responsible for their repayment; and the effect of such co-operative action might serve as the thin end of a wedge to open the way to co-operation in the purchase of agricultural requirements, in the improvement of village cultivation and in the marketing of village produce. We are of opinion that the most efficacious method of dealing with the individual farmer is through the medium of some sort of village co-operative body; and we consider that, whatever difficulties may lie in the way of co-operative action, an effort must be made to surmount them.

(b) Income tax and land tax.

76. From the figures obtained to show the burden of taxation on agriculture, it is clear that the Arab farmer is paying far more than his share of direct taxation. The most equitable form of direct taxation, in our opinion, is a graduated income tax not only on agriculture but on all classes of income. At present many classes of income entirely escape direct taxation, and some of these classes are far better fitted than is agriculture to bear the burden. It may be added that the idea of income tax is not new to the country as it is in effect only a development of the old "tamattu tax". We recognise, however, that the practical difficulties of assessing small incomes for income tax would be almost insuperable. We therefore consider that werko tax and tithe should be replaced by a low land tax designed to secure an equitable share of revenue from small incomes, and that income tax should be levied only on incomes above a certain minimum. To avoid double taxation, any income subject to land tax would of course be exempted from a corresponding amount of income tax. Animal tax should, we think, be retained for the present to secure a proper contribution from the owners of stock who possess no land of their own but graze their flocks and herds on other land, usually State land. When the income tax is in full operation, the question of retaining or abolishing this tax can be further considered. It is generally accepted that the incidence of direct taxation on immovable property and of indirect taxation on commodities in ordinary use is satisfactorily dispersed over the whole community provided that the former tax is not greater than can easily be paid even in bad years. We are unable to accept the suggestion frequently made that the sacrifice of revenue involved by the substitution of a low land tax for the present tithe and werko should be

made good by additional customs duties. The customs tariff is already high and careful examination by those concerned has shown that there is no possibility of substantially increasing the yield from this source. It should further be noted that indirect taxation tends to fall relatively heavier on the poor man than on the rich. Through a land tax and a customs tariff small incomes would make their contribution to Government revenue, while income tax would secure a further and progressive contribution from larger incomes. It may be noted that the suggested substitution of a low land tax and an income tax for the present method of taxation would afford relief to agriculturists during the period of development of their land. We are not prepared to share the fears that have been expressed to us from certain quarters that an income tax, though at a reasonable rate, would tend to drive away any considerable amounts of capital that might otherwise have been invested in the country, particularly if the proceeds of the income tax are used to reduce other forms of taxation. The Committee recommends that the services of an official from England with experience in income tax assessment should be obtained for the purpose of advising Government on the introduction of an income tax.

77. A fiscal survey is in progress for the assessment of a fixed land tax on annual value in replacement of the werko tax and the tithe; and the Commissioner of Lands informed the Committee that the fiscal survey would be completed in 1932. It therefore appears that it will not be possible to impose a land tax till then. We recommend, however, that an attempt should be made to introduce the income tax at an earlier date to permit the rectification of present inequalities of taxation between urban and rural areas.

(c) **Interim measures for partial relief of rural tax-payer**

78. It is obvious that the introduction of an income tax and, as has been noted, of a land tax must be a matter of time. We have therefore considered an interim measure for the partial relief of the rural tax-payer. The comparison between their payments at the present time is shown below:-

	Urban Population £P.	Rural Population £P.
Werko Tax	28,000	112,000
Urban Property Tax	91,000	—
Animal Tax	1,000	35,000
Commuted Tithe	11,000	243,000
Tithe	—	5,000
Total	<u>131,000</u>	<u>395,000</u>

These will shortly be adjusted as follows:-

	Urban Population £P.		Rural Population £P.
Urban Property Tax	119,000	Werko	112,000
Animal Tax	1,000	Animal Tax	35,000
Commuted Tithe	11,000	Commuted Tithe	248,000
Total	131,000		395,000

79. The urban property tax represents something under 10% of the annual value of immovable property in the urban areas. With the addition of the payments for animal tax and for commuted tithe this proportion is slightly increased. The proportion remains, however, far below the 34% of rental value which has been estimated for rural taxation. In principle, therefore, we think that the commuted tithe should be reduced to such a rate that the total burden would be equally divided between the two sections of the population, so that each should pay at the rate of 22%. To achieve this object, however, it would be necessary to increase the rate of urban property tax by more than 100%, since the urban population would also benefit slightly by the reduction of commuted tithe. Such an increase in one step we feel to be out of the question. We therefore recommend that as a partial measure the tithe should from 1st January, 1931, be reduced by one quarter to $7\frac{1}{2}\%$, and that the rate of urban property tax should be increased to meet the deficit. The resulting position would be as follows:-

	Urban Population £P.		Rural Population £P.
Urban Property Tax (at about 15%)	183,800	Werko	112,000
Animal Tax	1,000	Animal Tax	35,000
Commuted Tithe	8,200	Commuted Tithe (at $7\frac{1}{2}\%$)	186,000
Total	193,000		333,000

Total
£P. 526,000

On this arrangement, the total revenue would remain unaltered, but the rural population would be relieved to the amount of £P. 62,000, while the urban population would make up the difference. As incomes below a certain minimum are exempted

from urban property tax, it is improbable that the addition to this tax would cause any serious hardship.

80. We further recommend that the proceeds of the income tax, as soon as they become available, should be used first to reduce the commuted tithe to such a rate that the rate of taxation on rural and urban areas would be equal, and then to reduce this equal rate on both sections to the level of the future low land tax.

81 We have yet a further recommendation to make. The position of the agriculturist at the present time seems to us so serious that it cannot await the relief proposed for next year. We have already recorded that the prices of winter crops have fallen some 50% since the corresponding date last year, and that even at these low prices there is no demand for them. In consequence the farmer is unable to pay his tithe. We therefore recommend that the portion of commuted tithe based on winter crops should in 1930 be reduced from 10% to 5%. As the tithe on winter crops represents at least two-thirds of the total tithe, this reduction would be tantamount to a reduction of the whole commuted tithe from 10% to $6\frac{2}{3}\%$. The sacrifice of tithe revenue involved is estimated, on the basis of average collections, at some £P. 70,000. It is estimated that if the tithe had been collected on the old system, the loss resulting from the lower prices of cereals would have been approximately that sum. It is important that, if these proposals are approved, immediate action should be taken, since the first instalment of the tithe will very shortly fall due. We also recommend that consideration should later be given to the further reduction of the commuted tithe in 1930 on that portion of the commuted tithe based on summer crops should the prices of summer crops remain low.

(d) Credit facilities

82. The Committee hesitates to recommend the provision by Government aid of credit facilities for agriculturists, since it has been shown that the average farmer is hardly in a position to repay any loan from net profits. There are, however, farmers with incomes sufficiently above the average to leave a margin for repayments, who need advances to tide them over to the next harvest, or to enable them to improve their land. There are others who though their incomes do not for the moment leave any margin for repayment could increase their incomes sufficiently to permit of repayment if they could find the necessary funds for improving their cultivation or to free themselves from a burden of debt at high interest. These classes would benefit by credit facilities, but as a rule only

their fellow-villagers would be in a position to know if they were suitable persons to receive loans. We recommend therefore that Government should provide credit facilities, but that loans should normally be given through the medium of a village group of a co-operative nature, which would be responsible for the issue, control and repayment of the loans. Apart from the issue of loans for agricultural purposes, we see no objection to the issue through these groups of loans for the repayment of loans from money-lenders at usurious rates, provided that adequate security is offered for such loans. It is essential that loans for improvement should be for comparatively long periods and at a low rate of interest. It would sometimes be necessary to require as a condition for a loan that the borrower should undertake prescribed improvements to his land of a nature to enable him to repay the loan in due course. We therefore recommend that the Government should take steps to organise co-operative groups for dealing with village loans and to finance these groups. Care should of course be taken to avoid competition with local banks and other credit institutions.

83. It is obvious that time is needed to organise and to finance village co-operative groups. Meanwhile the economic situation of the farmer calls for immediate relief. We therefore recommend that, as an emergency measure, the Government should issue £P. 100,000 in short term loans to small farmers to enable them to cultivate their land in the coming season. Since the failure of demand for agricultural produce, which is the principal cause of the present crisis, has at least ensured that the supply of seed will be ample, we hope that this amount may be sufficient for the purpose indicated, though obviously it will not provide loans to meet the payment of debts to money-lenders or for any large development schemes.

(e) **Development of foreign markets for Palestine produce**

84. Various complaints were received that the farmer was greatly handicapped in the marketing of his produce by protective tariffs abroad, especially in Egypt. It is natural that Egypt should want to protect her own home markets in the same way as Palestine is trying to protect hers. The Committee feels that Government should enter into commercial negotiations with Egypt for the entry of Palestine agricultural produce on at least as favourable conditions as existed before the introduction of the new Egyptian Tariff. This is immediately essential as the export of melons to Egypt may be adversely affected by the increased tariff. We understand that the Department of Agriculture is already negotiating with Egypt with regard to the importation of the coming Palestine melon crop. Every

effort should be made in other quarters also to negotiate foreign markets for Palestine agricultural produce on such terms that any reciprocal arrangements may interfere as little as possible with the main Palestine home industries. Difficulties may arise owing to the restriction imposed by the Mandate against discrimination between signatory powers, but the Mandate permits at least of the establishment of a Customs union among adjacent Arab countries. Negotiations might conveniently be conducted by the marketing board which we have suggested.

(f) **Protective Duties against foreign imports of agricultural produce into Palestine**

85. The demand for relief from foreign tariffs is accompanied by a much stronger demand for protective duties against foreign imports of agricultural produce into Palestine. The Committee dislikes protective measures, but feels that the present economic situation is so serious that even this expedient must be tried. We propose that the measures should be applied in the first place only to the principal commodities of wheat, which must of course be accompanied by flour, olive oil and sesame seed. In our opinion protective duties would not stop the present dumping of foreign wheat, flour and olive oil unless they were high enough entirely to stop importation. The Committee therefore recommends that the importation of foreign wheat and flour should be prohibited except by flour mills or bakeries under licence, and that the present specific duties on wheat and flour should be raised 50%. As the present specific duty on wheat is estimated to be 20-25% ad valorem, the new duty would represent some 33 $\frac{1}{3}$ % ad valorem. Licences for importation would be issued by the Customs Authorities in accordance with allotments by the Standing Committee for Commerce and Industry having regard to the requirements for town consumption. Licences would be issued for all consignments now in transit, and after that, allotments would be made at the discretion of the Standing Committee for Commerce and Industry having regard to last year's consumption of foreign wheat and flour and the requirements of any new industries. There are five flour mills which import wheat or mill largely for urban consumption and only a few bakeries import flour direct. It might be necessary to force bakers to use larger proportion of local flour in the making of bread by restricting importations. The effects of these measures will not be apparent until the local stocks of imported wheat have been absorbed. The questions of sufficiency of supply and of prices must be carefully watched, and in view of the large world supply there should be no difficulty in replenishing the market by removing the ban on importation should the necessity arise. Municipalities might use their powers under the Turkish Law



to prevent profiteering by flour-millers and bakers. Should these measures result in the importation of foreign wheat via Syria, the Syrian Government might be approached with a view to their assimilating their tariff on imported wheat and flour to that of Palestine, and to their introducing a system of licences for the export into Palestine of Syrian wheat and flour. We understand that importation of certain foreign agricultural produce is prohibited in France when the local market prices have fallen below a certain point, and that in Germany importation is permitted only subject to the export of a corresponding quantity of the same kind of produce. We do not think that either of these methods would be applicable to Palestine wheat, as there is no export market for it and to determine the saturation point of the local market would be difficult.

86. The Committee also recommends the prohibition of the importation of unrefined olive oil until further notice. It would be difficult to control importation by a system of licensing owing to the large number of importers; and a protective duty would not be effective unless it were made prohibitive. As the local produce is suitable and ample for local needs, the Committee recommends the prohibition of importation of unrefined olive oil and that the question of the removal of this ban be considered periodically or when the local price returns to normal. It would, of course, be necessary to admit into Palestine any consignments in transit.

87. It has been noted that the producers of sesame oil appear to prefer imported sesame seed to the local sesame seed. This preference cannot be due to the poor quality of the local sesame seed for we are informed that the local sesame seed is inferior to none. Nor can it be supposed that the quality is too high, since the figures for 1929 show that the average price of imported sesame is rather higher than that of exported sesame. It seems reasonable therefore that the producers should pay for their preference. Accordingly the Committee recommends that an import duty of 3 mils a kilogramme, as advocated by the Standing Committee for Commerce and Industry, should be imposed on sesame seed. It is perhaps desirable to emphasize that this recommendation applies only to sesame seed, not to sesame oil.

(g) Abolition of musha'a system of tenure

88. We have pointed out earlier that no improvements can take place in something like half the area of the country until the musha'a system of tenure is abolished. We understand from the Commissioner of Lands that it is not feasible to undertake in advance of the general settlement the sporadic

partitioning of musha'a villages in various parts of the country; and without the facilities of settlement operations we do not think that partitioning can satisfactorily be effected. We are glad to learn, however, from the same officer that the bulk of the settlement may perhaps be completed at a far earlier date than has hitherto been anticipated. We hope that this possibility will be realised and that Government will then take steps compulsorily to enforce partition of all musha'a villages. Such a measure of compulsion would be welcomed by a vast majority of the musha'a share-holders as enabling them to overcome the obstacle, at present insurmountable, created by a handful of objectors. We are convinced that unless this obstacle to development is removed, and the development thus made practicable actually occurs, so that the economic situation of the farmer is substantially improved, such fiscal measures as we have recommended must be no more than palliatives of a disease that they cannot cure.

VII SUMMARY OF RECOMMENDATIONS

89. We summarise our recommendations as under:-

- (A) Government should carry out experimental work and demonstrations and give instruction to villagers in better methods of farming, and should appoint an 'Advisory Marketing Board to advise the farmer on the disposal of this products (Paragraph 74).
- (B) Establishment of village co-operative bodies to deal with the issue of agricultural loans and later with the purchase of agricultural requirements. the improvement of village cultivation and the marketing of village produce. The appointment of an expert to advise Government on the methods of achieving this object (Paragraph 75).
- (C) Replacement of werko tax and tithe by a low land tax on annual value designed to secure an equitable share of revenue from small incomes, and the introduction of a progressive income tax on high incomes from which shall be deducted, to avoid double taxation, an amount corresponding to the land tax. The appointment of an officer from England with experience in income tax assessment for the purpose of advising Government on the introduction of an income tax (Paragraph 77).
- (D) Consideration should be given to abolition of the animal tax when income tax is in full operation (Paragraph 76).

- (E) Partial relief of the rural tax-payer from the 1st January, 1931, by the reduction of the commuted tithe by one quarter to $7\frac{1}{2}\%$, and the increase in the rate of urban property tax to meet the deficit (Paragraph 79).
- (F) Proceeds of the income tax as soon as they become available to be used first to reduce the commuted tithe to such a rate that the rate of taxation in rural and urban areas shall be equal, and then to reduce this equal rate in both urban and rural areas to the level of the future land tax (Paragraph 80).
- (G) Relief in 1930 of the rural tax-payer by the reduction of the commuted tithe by one-third to $6\frac{2}{3}\%$, representing 50% of the portion of the commuted tithe based on winter crops (Paragraph 81).
- (H) Consideration should be given later to the further reduction in 1930 of the commuted tithe in respect of the portion based on summer crops should the prices of summer crops remain low (Paragraph 81).
- (I) Government should provide credit facilities, and loans normally should be issued through the medium of a village group of co-operative nature (Paragraph 82).
- (J) As an emergency measure in 1930 Government should issue £P. 100,000 in short term loans to small farmers to enable them to cultivate their land in the coming season (Paragraph 83).
- (K) Negotiation of commercial treaties for development of foreign markets for Palestine produce (Paragraph 84).
- (L) Protection of local agricultural produce against foreign imports into Palestine (Paragraphs 85, 86 and 87):
- (i) Temporary prohibition of the importation of foreign wheat and flour except by flour mills and bakeries under licence with the object if necessary of forcing bakers to use in the making of bread a larger proportion of flour made from local wheat; and the increase in present specific duties on wheat and flour by 50%;
 - (ii) Prohibition of the importation of unrefined olive oil until further notice; and
 - (iii) Imposition of a specific duty of 3 mils per kilogramme on imported foreign sesame seed.

(M) The partitioning of Musha'a land (Paragraph 88).

VIII CONCLUSION

90. We have endeavoured to confine ourselves to strictly fiscal measures, and have therefore avoided as far as possible all purely technical questions of agriculture. We have felt, however, that our picture of the economic situation would be incomplete if we did not touch in general upon the need for rationalisation of agriculture and also upon the need for partitioning musha'a land. We have therefore ventured to include recommendations on these two matters, which, though not properly of a fiscal nature, are of first-class economic importance.

91. Finally, we desire to record our appreciation of the services of Mr. J.C. Gress and Mr. V.N. Levi of the Treasury who have been Joint Secretaries to the Committee. We desire to pay our tribute to their ability and diligence in the compilation of statistical information and in the preparation of this report.

We have the honour to be,

Sir,

Your obedient Servants,

W.J. JOHNSON

Acting Treasurer, Chairman.

R.E.H. CROSBIE

*Assistant District Commissioner,
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Junior Assistant Treasurer.

G. SULMAN

Area Officer, Jerusalem Division

Appendix A

LIST OF THE REPRESENTATIVE ARAB VILLAGES

NAZARETH AREA (24 Villages)

Beisan Sub-District

1. Murassas
2. Qumieh
3. Samriyeh
4. Sirreen
5. Taybeh

Nazareth Sub-District

1. Beineh
2. Iksal
3. Kefr Kenna
4. Mujeidel
5. Reineh
6. Saffouri

Safad Sub-District

1. Farradeh
2. Fir'im
3. Khalsa
4. Meiroun
5. Na'ameh
6. Ras El-Ahmar
7. Tleilj

Tiberias Sub-District

1. Abediyeh
2. Hittin
3. Kefr Kama
4. Lubieh
5. Mughar
6. Samakh

HAIFA AREA (20 Villages)

Acre Sub-District

1. Bassa
2. Danoum
3. Julis
4. Kufr Yassif
5. Manshieh
6. Mejd El Kroum
7. Rameh

8. Sejour
9. Tantourah
10. Tarshiha

Haifa Sub-District

1. Arab El-Awadine
2. Arab El-Tawatha
3. Beled El-Sheikh
4. Esfia
5. Ijzim
6. Kannir
7. Kireh Keimoun
8. Kfar Lam
9. Tantourah
10. Tireh

NABLUS AREA (22 Villages)

Jenin Sub-District

1. Arrabeh
2. Deir Ghazaleh
3. Jalboun
4. Mughair
5. Silet Daher
6. Silet Hartieh
7. Yabad
8. Zirin

Nablus Sub-District

1. Bidia
2. Burka
3. Jamain
4. Tallouza
5. Telfit
6. Till
7. Toubas

Tulkarem Sub-District

1. Anebta
2. Faraon
3. Irtah
4. Kakoum
5. Kalkilia
6. Rameen
7. Shweikeh

**WEST AREA, SOUTHERN
DISTRICT (8 Villages)**

Jaffa Sub-District

1. Bait Dajan
2. Kefr Ana
3. Kheiriyeh
4. Saqiel

Ramleh Sub-District

1. Deir Qaddis
2. Iqzazeh
3. Kubab
4. Na'ani

**EAST AREA, SOUTHERN
DISTRICT (16 Villages)**

Gaza Sub-District

1. Barbara
2. Dimra
3. Ibdis
4. Iadud
5. Jabalia
6. Kokaba
7. Mesmiyeh El-Kabira
8. Yesour

Hebron Sub-District

1. Ajour
2. Bait Jibrin

3. Dabriyeh
4. Dawaymeh
5. Halhul
6. Idna
7. Samu'
8. Yatta

**JERUSALEM DIVISION
(14 Villages)**

Bethlehem Sub-District

1. Bait Fajjar
2. Khader

Jericho Sub-District

1. Jericho

Jerusalem Sub-District

1. Ain Karem
2. Aizariyh
3. Amwas
4. Yalo

Ramallah Sub-District

1. Ain Yabrud
2. Atara
3. Bait Ello
4. Bait Likia
5. Bait Rima
6. Bir Zait
7. Deir Dibwan