



# Jewish Colonisation in Palestine : II<sup>1</sup>

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## AGRICULTURAL COLONISATION

Agriculture is the primary activity of all colonisation and is often the sole means of livelihood of practically the whole population. Agriculture is moreover the occupation that the Jewish immigrant most willingly enters, and ownership of the land is one of the fundamental objects of the Zionist movement.

The increase in the rural Jewish population has been very considerable. Whereas the total Jewish population rose from 83,794 at the 1922 census to 174,610 in 1931 (an increase of 108 per cent.), the rural Jewish population rose during the same period from 15,200 to 46,143, or by over 200 per cent., and their proportion of the total Jewish population rose from 18.1 to 26.4 per cent. As regards the rural population of all religions (not including the nomad population), in 1931 it amounted to 581,977 persons, or 60 per cent. of the settled population.

The distribution of the agricultural population of 519,937 persons, including 27,017 Jews, among the principal branches of agriculture is shown in the table on the following page.

The percentage of earners among the total agricultural population was 25.9 per cent. for the whole population and 45.6 per cent. for the Jewish population.

In view of the smallness of the country, the precarious situation of many of the *fellahin*, and the existence of a landless Arab proletariat, the question of the soil and the area available for settlement is one of primary importance in Palestine to-day. This is complicated by the absence of information as to the possibility of cultivating a large proportion of the land.

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<sup>1</sup> For the first part of this article, cf. *International Labour Review*, Vol. XXX, No. 5, Nov. 1934, pp. 623-635.

## DISTRIBUTION BY OCCUPATION OF AGRICULTURAL POPULATION

Occupation	Total earners and dependants			
	All religions		Jews	
	Number	Per cent.	Number	Per cent.
Ordinary cultivators	322,847	62.1	9,039	33.5
Orange growers	12,682	2.4	4,713	17.5
Fruit, flower, vegetable, vine, etc., growers and pickers, and forestry workers	40,464	7.8	7,336	27.1
Breeders and keepers of farm stock, small animals, etc.	23,609	4.5	529	1.9
Farm servants and field labourers and watchers	97,745	18.8	4,300	15.9
Persons with income from rent of agricultural land	18,428	3.6	24	0.1
Other occupations	4,162	0.8	1,076	4.0
Total	519,937	100.0	27,017	100.0

The total area of Palestine is estimated at 26,158,000 metric dunams.<sup>1</sup> It falls into the following natural divisions :

	Metric dunams
(1) The hill country of Galilee and Judaea	8,862,000
(2) The five plains :	
Maritime Plain	3,218,000
Acre Plain	550,000
Vale of Esdraelon	400,000
Huleh Plain	191,000
Plain of the Jordan	1,065,000
(3) The Beersheba region	3,200,000
(4) Desert areas	8,672,000

Even apart from the desert areas, which represent one-third of the total area of Palestine, the rest of the country is far from being cultivable or even habitable throughout. The hill country is dry and stony, while the plains include large tracts of marshy land infected by malaria, as well as areas of stony ground.

<sup>1</sup> 10 metric dunams = 1 hectare = 2.471 acres.

Irrigation is still a problem, water often being lacking even in the cultivable regions.

Estimates as to the extent of the cultivable lands are conflicting. The following table shows the figures furnished by two different estimates.

## ESTIMATES OF CULTIVABLE AREAS IN PALESTINE

(Metric dunams)

Region	Estimate of Director of Surveys (20 July 1930)	Estimate of Commis- sioner of Lands (30 April 1930)	
Hill country of Galilee and Judaea	2,450,000	5,376,000	
Plains :			
Maritime Plain	2,663,000	4,094,000	5,216,000
Acre Plain	379,000		
Vale of Esdraelon	372,000		
Huleh Plain	126,000		
Plain of the Jordan	554,000		
Plain of Beersheba	1,500,000	1,641,000	
Total area of cultivable land in Palestine	8,044,000	12,233,000	

The estimate of the Director of Surveys adopted by Sir John Hope Simpson in his Report on Palestine to the British Government<sup>1</sup> is thus more than one-third lower than that made at the same time by the Commissioner of Lands. The most important difference is in the area of cultivable land in the hill country, for which the estimate of the Director of Surveys was based on aeroplane photographs covering one-tenth of the area. Moreover, the Simpson Report also makes certain reservations as to the availability of the Beersheba region for settlement, which depends on the possibility, as yet unexplored, of finding an artesian supply of water.

The conclusions of the Simpson Report were strongly criticised by the experts of the Jewish Agency, on the grounds of the inadequacy of aerial photography as a method of survey,

<sup>1</sup> *Palestine: Report on Immigration, Land Settlement and Development*, by Sir John Hope Simpson, C.I.E. Cmd. 3686. London, 1930.

which in any case covered only one-tenth of the area concerned, and of the narrow definition of cultivable land adopted.<sup>1</sup>

Large properties and extensive cultivation are the general rule in Palestine.<sup>2</sup> A very high proportion of the land under Arab ownership is cultivated by tenant farmers. Generally speaking, their tenancy is for a year, but formerly the tenant could be evicted at any time by the landowner. The Government has recently issued several Ordinances designed to protect the tenant farmer.

Following the disturbances of 1929 and the demands put forward by the Arabs, the Government has set up a Land Development Department for the purpose of organising the settlement of the dispossessed Arab farmers on other lands. The number of claims accepted up to April 1933 was 584.

### *Jewish Agricultural Settlements*

The area of land under Jewish ownership, which was about 450,000 Turkish dunams<sup>3</sup> at the end of the war, is estimated at 1,250,000 metric dunams to-day. It was during the early post-war years that the acquisition of this land proceeded most rapidly (the Jews owned 1,000,000 dunams in 1926), but the depression and the scarcity of available land subsequently caused the movement to slacken, except in 1929. At the beginning of 1930<sup>4</sup> Jews held land of a total area of 1,200,000 Turkish dunams, of which 1,124,500 had been purchased from *effendis* (large landowners) and 75,500 from *fellahin* (peasants).<sup>5</sup> The lands fell into the following categories, according to their condition before purchase: (a) uncultivable, 179,324 dunams; (b) idle, but fit for cultivation, 865,676 dunams; (c) cultivated by very primitive methods, 355,000 dunams. In many cases the improvement of these lands called for very strenuous exertions.

<sup>1</sup> Cultivable land is defined as "land which is actually cultivated or which can be brought under cultivation by the application of the labour and financial resources of the average individual Palestinian cultivator." According to the Jewish experts this definition does not correspond to the practice followed in Palestine, where the settlers are usually assisted by Jewish organisations and therefore enjoy facilities not generally available to the individual cultivator of average means.

<sup>2</sup> According to the calculations of the experts of the Jewish Agency, over 4 million dunams of cultivable land belong to 250 Arab families, some owning from 40,000 to 60,000 dunams, and many of them living outside Palestine.

<sup>3</sup> 1,000 Turkish dunams = 919.3 metric dunams.

<sup>4</sup> M. SMELANSKY: *Jewish Colonisation and the Fellah*. Tel-Aviv, 1930.

<sup>5</sup> 443,700 dunams of this land belonged to owners living outside Palestine. The compensation paid to the expropriated peasants enabled 90 per cent. of them to settle on other land; 10 per cent. only established themselves in towns.

These settlement lands are owned either by the Palestine Jewish Colonisation Association (P.I.C.A.), by the Jewish National Fund (Jewish Agency), or by private individuals. A number of commercial companies, mainly engaged in developing plantations, have recently been formed ; the most important are Palestine Plantations Ltd., the Gan Chaim Corporation, Jaffa Plantations Ltd., and the New York Achuza Aleph. The activities of the Benei-Benjamin, a society of young Jewish settlers, are also of importance.

At the beginning of 1930 the land was distributed among these three main groups as follows : P.I.C.A., 374,000 dunams ; Jewish National Fund, 280,000 dunams ; private property, 546,000 dunams.

The P.I.C.A., which is a purely philanthropic organisation, administers the colonies of the Jewish Colonisation Association, and also those founded by Baron de Rothschild. About 1920 most of the Jewish lands and settlements were owned by this Association, or had been founded by it. All the P.I.C.A. colonies are based on the principle of individual ownership. The Association does not itself promote emigration to Palestine, but it assists Jews who are already in the country. Its normal method of procedure is as follows. In the first place it sells the land to the settlers, who are required to repay their debt, which usually varies between 5,000 and 6,500 dollars, by annual instalments over a specified period. For the first 5 years no payment is due ; from the sixth to the tenth year only interest at the rate of  $2\frac{1}{2}$  or 3 per cent., for the next 10 years an annual payment of 250 dollars, subsequently rising to a minimum of 350 dollars.<sup>1</sup> There is no rule prohibiting the employment of paid labour.

The colonies under the aegis of the Zionist Organisation, i.e. at present the Jewish Agency, differ essentially in their organisation from those of the P.I.C.A. In this case the purpose is not philanthropic. To the Zionists, colonisation is not an end in itself, but a means to an end ; their chief and immediate object is the creation of a Jewish Home in Palestine within the terms of the Mandate. During the last twelve years the Jewish Agency has done very important work, and has invested considerable sums of money. The work of settlement is carried on by two big financial agencies, the Jewish National Fund (*Keren Kayemeth Leyisrael*) and the Palestine Foundation Fund (*Keren*

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<sup>1</sup> *Reports of the Experts submitted to the Joint Palestine Survey Commission*, pp. 34-35. Boston, 1928.

*Hayesod*), assisted by a number of other Jewish financial institutions, which include the Jewish Colonial Trust, the Anglo-Palestine Bank, and the Palestine Land Development Company. The National Fund, founded at the beginning of this century, is responsible for purchasing and preparing the land, while the Foundation Fund, created in 1921, acts as the financial organ of the Jewish Agency, and is responsible for all other expenditure incurred, for instance, on the installation of the farmers, irrigation, etc. The settlement policy of the Jewish Agency rests on the principle that the land purchased by the Jewish Fund remains the inalienable property of the Jewish people. The total area held by the Fund at present is about 300,000 metric dunams, the settlers established on it holding their land under lease. In all the works or undertakings carried out or furthered by the Agency, it is a matter of principle that Jewish labour only shall be employed. Moreover, not only is the land held in common, but the work itself is organised along special lines in these settlements. There are several types of settlement, classified according to the form of their domestic organisation, the principal being the *kvutzoth* (communistic or co-operative groups), the *moshavim* (groups of settlers working the land as individuals), and the so-called "middle-class" settlers (persons owning or renting small farms).<sup>1</sup> Among groups of other kinds are the *kibuzim*, which are groups of persons, agriculturists or others, who live and work in common, and the *havuroth*, which are groups of persons living in common in settlements, but working for others in the settlement or elsewhere.

According to the census taken by the Jewish Agency in 1930<sup>1</sup>, agricultural colonies (including training farms and experimental stations) founded or supported by the *Keren Hayesod* had then a total population of 7,556, or about one-fifth of the whole Jewish rural population, with an area of 139,426 metric dunams, of which 126,000 dunams was cultivated or cultivable.<sup>2</sup> Among the settlements were 20 *kvutzoth*, 16 *moshavim*, and 2 other co-operative groups; 28.4 per cent. of this population lived in communistic settlements, with 62,937 dunams of land, and 40.2 per cent. in individual settlements, with 57,508 dunams.

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<sup>1</sup> JEWISH AGENCY FOR PALESTINE : *Report and General Abstracts of the Censuses of Jewish Agriculture, Industry and Handicrafts, and Labour*. Jerusalem, 1931.

<sup>2</sup> According to figures for 1932, there were then 48 settlements, with 1,728 families and 8,200 persons cultivating an area of 160,000 dunams, and owning 4,000 head of stock and about 100,000 head of poultry.

Leases have been concluded between the Jewish Agency and the great majority of the settlements under its control, laying down the following conditions. The Jewish National Fund grants the land on a long-term lease, usually concluded for 49 years and renewable. Annual payments are to begin 5 years after the consolidation of the colony, and the redemption of the capital, with interest at 2 per cent., is subsequently spread over a period of 50 years. In some of the settlements in the Maritime Plain (lemon cultivation) the redemption period has been fixed at 27 years and the rate of interest at 4 per cent. Only 65.25 per cent. of the capital invested by the *Keren Hayesod* in 45 settlements, which at the end of 1932 amounted to £P1,229,542 (£P124,008 of which had not yet been paid out), is repayable by the settlers, the remaining 34.75 per cent. being borne by the Fund itself.<sup>1</sup>

In the *moshavim* settlements a separate contract is made with each settler and his wife, whereas in the *kvutzoth* the contract is concluded with the whole group.

At the end of 1931, 10 *kvutzoth* and 9 *moshavim* were self-supporting, although they were not yet able to begin repayment of the capital outlay.

In a book entitled *Le Pays d'Israël*<sup>2</sup>, Mr. Emile Vandervelde describes as follows the organisation and domestic life of one of the communistic colonies, that of Ain Harod, founded in 1921 :

One hundred and twenty families, or some five hundred persons, cultivating an area of 600 hectares, live in this colony under a regime of strict communism, according to the formula of Kropotkin and Reclus : "From each according to his strength, to each according to his need." Clothing is about the only form of personal property, and even this is woven and made in the settlement. The tailor sews for all, the ploughman ploughs for all. In this colony, as in the other group settlements, there is only a small nucleus of trained agriculturists. The others, who form 80 per cent. of the settlement, are former town-dwellers, mostly belonging to the professional classes ; but all, men and women alike, work with their hands to the best of their individual abilities. . . . The general tendency is to produce only the goods necessary for the colony's subsistence, except for the essential minimum needed to pay taxes or rent and to buy the few things that the settlement cannot produce for itself. . . . Meals are eaten in common. The unmarried share common dormitories, and only married couples have separate rooms. As for the children, the rule is that they shall not live with their parents, a kindergarten, school, and common house being provided for them.

<sup>1</sup> For further details, cf. L. BAWLY : "Das landwirtschaftliche Siedlungswerk des Keren Hajessod in Palästina", in *Palästina* (Vienna), May-June 1933.

<sup>2</sup> Pp. 42-44. Paris, Rieder, 1929.

Mr. E. Schreiber<sup>1</sup>, who paid a visit to the same colony quite recently, may also be quoted on this subject :

The management is in the hands of a committee of seven members. These are elected each year, but in practice the same persons are always maintained in office because of the experience they have gained in their special departments. The programme for the year's work is drawn up by the committee and distributed among the various sections created to carry it out. As some kinds of work are more arduous than others, the members of the settlement take their turn in the different sections. . . . Hours of work are from 5.30 to 11.30 a.m. and from 2 to 6.30 p.m. The working day is thus much longer than eight hours in summer, but in winter, on the other hand, it is only six or seven hours. Neither men nor women receive wages, the colony providing for all their needs, which are naturally of a simple order. . . . Each member has fifteen days' holiday with pay, the settlement providing the money necessary for his journey and requirements in the capitalist world, since in the colony itself the use of money is unknown.

Although Palestine has no social legislation as yet, the settlement applies very much what is customary in other countries. Pregnant women, however, are not excused from work, though they are entitled to five weeks' rest after their confinement. . . . Any member who wishes to leave the colony receives only the sum of £2 as compensation. Each year there are from five to ten departures ; the gaps are filled by pioneers provided by the Federation of Co-operative Settlements.

The more recent communistic colonies are usually formed by small groups consisting of a limited number of families.

In the individualist colonies, the *moshavim*, the land is still held in common, but is parcelled out among the individual settlers, and each family has a house to itself. Here too, however, paid labour is forbidden, and much of the work, such as harvesting and threshing and the purchase and marketing of goods, is done on a co-operative basis.

The *kvutzoth* settlements have been the subject of a good deal of criticism on the ground that they are economically less successful than the *moshavim*, but there are no two opinions as to the high moral qualities and enthusiasm of the communistic settlers. Moreover, this method was at first the only possible means of enabling the settlements to survive when only a small nucleus of experienced agriculturists was available. Under the rules of the enlarged Jewish Agency, the settlers are free to choose their own form of social organisation, provided that an economic output is secured.

As regards the privately owned settlements, some of these were founded with a very small capital outlay, and have been

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<sup>1</sup> *L'Illustration*, 16 Sept. 1933.



developed only by dint of strenuous toil. Most of them are in the Maritime Plain, where they have sprung up in considerable numbers during recent years. From 1927 to 1931 the rural Jewish population in this region rose from 21,370 to 31,350.

Preparatory work on a large scale has been undertaken with a view to making the land available for settlers. This has included the drainage of marshes, the construction of roads, the boring of wells, re-forestation, etc. The last of these is particularly important, the country having been turned into a desert by the felling of trees, while the prevalence of cactus, which absorbs a great deal of atmospheric moisture, had proved a serious handicap to cultivation. The Jewish settlers have replaced the cactus by eucalyptus trees, which serve the dual purpose of driving away malarial mosquitoes and draining the swamps. At the end of 1931 nearly 6,000 metric dunams of land had been re-stocked with 1,200,000 trees by the Jewish National Fund alone.

Since 1919 an Experimental Station with local branches and various other agricultural research institutions have been engaged in important research work, in particular in studying the properties of various plants with a view to selecting crops suitable to Palestinian soil. The subjects of research include methods of cultivation, the acclimatisation of commercial crops such as hemp, flax, sugarcane, and tobacco, agricultural chemistry, plant pathology, and, in general, all problems connected with the development of cultivation. These institutions are directed by eminent scientists, and work in close collaboration with the Department of Agriculture.

Training farms have also been set up in a number of settlements, whether under the control of the P.I.C.A. or of the National Fund, to prepare young men and girls for agricultural life. The Jewish Agency also interests itself in the training of prospective immigrants through the *Chaluzim* or Pioneers' Association attached to the General Confederation of Jewish Labour, and consisting of intending immigrants in possession of a labour certificate. In 1930 this organisation had a membership of 23,000 and branches in fourteen countries. Many of its members prepare themselves for their future occupation by working on farms or in towns, in industry, the building trade, or handicrafts. In summer they perform agricultural work, in groups or individually. The energy of these young workers is playing an important part in building up the new Palestine, and

in particular in fertilising the Vale of Esdraelon, which the Arabs used to call the "Valley of Death".

Among the most recent achievements of the Jewish Agency should also be mentioned a plan for the settlement of 1,000 families. For this purpose the National Fund has acquired extensive tracts of land in the vicinity of the principal plantation settlements, on which it had already established 437 families by 1932. The Fund has also placed 1,700 dunams of land near Haifa at the disposal of 200 Jewish refugee families from Germany.

### *Rural Co-operation*

An essential feature of Jewish colonisation in Palestine is the development of co-operation, which permeates the whole economic organisation of the Jewish communities. Especially important is the part played by co-operation in agriculture. The problems of settlement are by no means all solved merely by handing the soil over in one way or another to the cultivator; it is only by co-operative action that the capital and technical and marketing facilities available to the large landowner can be brought within the means of the small and average farmer. We have seen that the *kutuzoth* are based on co-operative principles, that co-operation is also very widely practised in the *moshavim*, and that the *kibuzim* are co-operative labour groups. There are in addition a large number of co-operative institutions, each specialising in a particular branch of economic activity, which together form a co-operative system covering the most varied fields. Most of these institutions were created by the General Federation of Jewish Labour, or collaborate closely with it.

Co-operation enters at every stage of citrus cultivation. The "Yakhin" Co-operative Society, founded in 1927 by the Agricultural Workers' Federation, undertakes the planting and maintenance of orange trees, and the packing of the fruit. Over 70 per cent. of the Jewish orange, lemon, and grapefruit crops is marketed through co-operative societies, the most important being the "Pardess" Society. Other important co-operative societies include the Co-operative Union of the winegrowers of Richon-le-Zion and Zichron-Jacob, which markets 90 per cent. of all the grapes grown in Palestine; "Tnuva", the principal co-operative society for the sale of milk products and eggs; and "Hamashbir", the wholesale and central organisation of the distributive co-operative societies. The Hamashbir, Yakhin, and

Tnuva societies have recently formed a federation under the name of "H.Y.T.", for packing and shipping oranges.

The Central Bank of Co-operative Institutions in Palestine promotes and encourages co-operation in every form, in particular by granting advances to co-operative groups and loans to individual farmers for the purchase of agricultural implements, fertilisers, and stock. It has dealings with 50 local credit co-operative societies, having a membership of about 35,000, a capital of £220,000, and savings deposits amounting to £1,500,000.

The co-operative methods of the Jewish settlers are followed with interest by the authorities, who are trying to encourage the extension of the movement among the Arab population. A few Arab co-operative societies have indeed already been formed. The Palestine Government is also trying to promote the formation of co-operative societies covering both Arabs and Jews; one of this type has recently been founded at Atlit.

### *Types of Cultivation*

Up to 1921 the chief crops of Palestine were cereals (wheat, barley, durrah), melons, and to a lesser extent olives and oranges. Barley is still an export product, though of less importance than before the war. For wheat, Palestine is still partly dependent on foreign countries. Owing to the lack of fertility of much of the land and the primitive methods of cultivation usually employed, each family of Arab peasants would need a holding of a certain size, which Sir John Hope Simpson's report<sup>1</sup> estimates at 130 dunams for non-irrigated land, as is most of the land in Palestine, 40 dunams where half the land is irrigated and the holding is suitable for dairy farming, and 15 to 20 dunams in regions where citrus cultivation and banana growing are possible. As regards cereals, Mr. Elazari-Volcani, head of the Experimental Station at Tel-Aviv, estimates that the soil does not yield more than about 80 kilograms of wheat per dunam, and in many districts as little as 60 kilograms, as compared with 150 kilograms for land of average productivity and 240 kilograms for good land.<sup>2</sup> Thanks to land improvement work, however, better crops are now obtained. The task of land colonisation undertaken by the Jewish colonists is thus one of peculiar difficulty,

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<sup>1</sup> Cf. footnote <sup>1</sup>, p. 799.

<sup>2</sup> ELAZARI-VOLCANI: *The Transition from Primitive to Modern Agriculture in Palestine*. Tel-Aviv, 1925. (Quoted by Mr. E. Vandervelde.)

especially as the modern equipment of the Jewish farms entails a great deal of expense.

According to the census of August 1926, in 41 settlements controlled by the Zionist Organisation 75 per cent. of the total area was planted with cereals and vegetables, and only 10 per cent. with plantations. In the last few years, however, there have been changes both in the kinds of mixed farming carried on by the Jewish colonies, where dairy products and poultry farming now predominate, and also as a result of the great extension of plantations, particularly citrus plantations. The latter are especially popular because they enable a family to be supported on an area three or four times as small as other types of cultivation or mixed farming.

Whatever the advantages or disadvantages of specialised farming, a subject which is very hotly discussed, there is no doubt that the orange and lemon plantations have met with increasing success. At the end of 1932 Jewish citrus plantations covered an area of 100,000 dunams.<sup>1</sup> Most of them are in the hands of individual settlers or private companies, although a few of the P.I.C.A. and Zionist colonies also cultivate orange groves. The following figures show the development of citrus cultivation in Palestine<sup>2</sup>:

Year	Total area of citrus plantations (dunams)	Area of Jewish citrus plantations (dunams)
1922	32,000	10,000
1926	42,000	17,000
1930	110,000	60,000
1932	150,000	95,000

The number of cases of oranges exported rose from 1,722,078 in 1929 to 3,524,599 in 1932, 50 per cent. of the latter figure being Jewish. If the plantations continue to develop at the present rate, an annual crop of 30 million cases will be reached in a few years.

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<sup>1</sup> The outlay on these plantations is approximately as follows. Land fit for plantations can be obtained at a cost of £15 per dunam. Orange trees only begin to bear in their sixth year; the cost of planting and cultivation for the first five years amounts to a total of about £40, while from the sixth year onwards cultivation costs may be estimated at £10 per dunam, including £4 for labour and £6 for fertiliser, irrigation, etc. Working planters naturally save labour costs, but capitalist planters incur an extra expense of £10 for management for the first five years, plus interest at 7 per cent. on their capital, making a total of £30 for the first seven years. The full bearing stage is only reached from the tenth year onwards. (*Palestine and Middle East Economic Magazine*, April 1933. Tel-Aviv.)

<sup>2</sup> *New Judaea*, Sept. 1933. London.

Among the other fruits which are being cultivated on an increasing scale, in addition to lemons, may be mentioned grape fruit, dessert grapes, and bananas, although the last of these cannot compete with the bananas from the Canary Islands and the West Indies as regards costs of production. The cultivation of tobacco has also been widely developed.

The data available as to colonisation in Palestine relate almost entirely to the settlements of the Jewish Agency. The work of this organisation has no doubt done much to promote the economic development of the country, but its settlement methods and investment policy have been the object of severe criticism<sup>1</sup>, although there is a tendency to apply a more economic policy at present. It is therefore difficult to base any judgment of the economic value of Jewish settlement in Palestine on the results of the colonisation ventures of the Jewish Agency. The investments of private capital, however, and the increasing number and success of private settlements seem to indicate that colonisation in Palestine can be made to pay its way. It is true that, generally speaking, the establishment of settlers is more costly in Palestine than in other countries, but at the same time it must be borne in mind that the Jewish population demands a higher standard of living than exists in many other immigration countries.

During the ten years from 1921 to 1931, some £P10,000,000 of Jewish capital was invested in agriculture, of which £P3,500,000 was used to purchase land, over £P1,000,000 for the preliminary land improvement work (reclamation, water supply, drainage, afforestation, roads, etc.), and about £P700,000 for agricultural industries. Of this amount, about £P3,000,000 was invested by the Jewish National Fund and the Palestine Foundation Fund, £P2,000,000 by the P.I.C.A., and about £P5,000,000 by private capital.<sup>2</sup>

### INDUSTRIAL ACTIVITY

While agriculture is still the basis of the national economy, the country has now passed beyond the purely agricultural stage which was characteristic of it some years ago. The growth of Jewish immigration, the importation of capital, the urban development largely due to the scarcity of land, and the development

<sup>1</sup> Cf. *inter alia* L. BAWLY ; *op. cit.*

<sup>2</sup> I. WILKANSKY (VOLCANI) : " Probleme der landwirtschaftlichen Kolonisation in Palästina ", in *Palästina*, Oct.-Nov. 1933. Vienna.

of the rural settlements themselves have all led to an expansion of industry, commerce, and finance. The world-wide depression, in the midst of which Palestine forms an oasis of prosperity, has also contributed towards this economic transformation by attracting capital into the country. At the same time, however, large-scale industry is still represented by only a few undertakings in Palestine. Handicrafts and home industries are predominant, and many of the existing industries are agricultural industries.

The total population obtaining a livelihood from industry<sup>1</sup> and handicrafts at the date of the last census was 141,611, including 50,441 Jews, and the number of earners was 46,735 among the total population and 19,649 among the Jews. The industrial census taken by the Government in 1928 recorded the existence of 3,505 undertakings employing 17,955 persons, 10,186 of whom were wage earners.<sup>2</sup> The capital invested amounted to £P3,514,886; the value of production in 1927 was £P3,886,149, and the costs of the undertakings (raw materials, wages and salaries, fuel) £P2,975,401; 31.4 per cent. of the undertakings employed no paid labour, 20.1 per cent. employed 1 or 2 persons, 26.2 per cent. 2 or 3 persons, 13.3 per cent. 4 or 5 persons, 8.3 per cent. from 6 to 50 persons, 0.4 per cent. (15 undertakings) from 51 to 100 persons, and 0.3 per cent. (12 undertakings) over 100 persons.

Of the undertakings covered by the census, only 1,236, with a capital of over £1,000,000, existed before the war. The post-war expansion of industry is almost entirely attributed to the importation of Jewish capital and to Jewish immigration.<sup>3</sup>

The censuses taken by the Jewish Agency in 1930 (for the year 1929) and 1933 provide the following data concerning Jewish undertakings:

	1929 <sup>1</sup>	1932 <sup>2</sup>
Number of undertakings	2,475	3,386
Number of persons employed	10,968	19,510
Capital	£P2,234,612	£P5,266,000
Value of production	£P2,510,510	£P5,329,000

<sup>1</sup> JEWISH AGENCY: *Report and General Abstracts of the Census of Jewish Agriculture, Industry and Handicrafts, and Labour, taken by the Department of Statistics of the Jewish Agency, in 1930.* Jerusalem, 1931.

<sup>2</sup> IDEM: *Memorandum on the Development of the Jewish National Home, 1933.* June 1934.

<sup>1</sup> Including mines.

<sup>2</sup> Jewish experts have estimated that 45 per cent. of the labour and 67 per cent. of the capital were Jewish, while 45 per cent. of the total production came from Jewish undertakings.

<sup>3</sup> Sir John Hope SIMPSON: *op. cit.*, p. 113.

In 1929 industrial undertakings formed 30 per cent. of the total and handicraft undertakings 70 per cent. Of the former, 70 per cent. employed less than 10 workers. The average number of workers per undertaking rose from 4.8 in 1929 to 5.8 in 1933. The average value of production per person employed rose during the same period from £229 to £278. Of the total number of persons employed in 1933, 3,200 were women. As regards the capital sunk in the undertakings, £2,100,000, or 40 per cent. of the total, was invested in five large Jewish undertakings.<sup>1</sup>

The most important industry during the years immediately following the war, so far as the Jewish population was concerned, was the construction industry (building and public works), the expansion of which is closely linked up with immigration. The development of the urban centres, and in particular of Tel-Aviv<sup>2</sup>, provided employment for a large body of workers. The subsequent check to immigration created considerable unemployment in the industry, but the new influx of immigrants in recent years has again stimulated building activity.

The development of agricultural production has helped to create an important foodstuff industry. The wine industry, an old-established activity carried on by the Rothschild settlements, was extremely flourishing before the war, but after the United States and Russian markets were closed to it production had to be cut down. Among the industries created since the war may be mentioned the Shemen Works (Eastern Oil Industries, Limited), which produces soap, fuel oils, and cattle cake, the Grands Moulins de Palestine, the Modern Dairies, and fruit preparing and cigarette factories.

Manufacturing industry has developed considerably during recent years. It now includes knitting mills, furniture, fancy leather goods, boot and shoe, and artificial teeth factories, etc. Printing has also been developed for the production of Hebrew books and newspapers. The chief centre of small-scale industry, handicrafts, and home industry is Tel-Aviv, medium-scale industry being concentrated in or around Haifa.

Lastly, Palestine has a few undertakings which are of outstanding importance owing to the place they occupy in the national economy as well as to the size of their capital. These

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<sup>1</sup> The Palestine Electric Corporation, the Palestine Potash Company, the Neshet Cement Company, the Atlit Salt Company, and the Shemen Oil Works (*Palästina*, Oct.-Nov. 1933).

<sup>2</sup> The population of this town is at present estimated at from 70,000 to 80,000 persons.

are the firms that have been granted the concessions for the exploitation of the Jordan and the Dead Sea. The Palestine Electric Corporation, Limited, founded about ten years ago by Mr. Rutenberg, has provided for the supply of electric current throughout the country by harnessing the Jordan on its way to the Dead Sea, an achievement of capital importance in view of the fact that Palestine has no coal deposits and an insufficient supply of water. Electric current is provided for industry, irrigation, and domestic consumption. Other important undertakings are Palestine Potash, Limited, a company formed to extract potassium and bromine salts from the Dead Sea, both substances highly valuable to agriculture, and the Palestine Salt Company, which exploits the Atlit salt marshes.

The principal industrial enterprises of recent years have been the construction of pipe lines between the petrol fields of Iraq and the Gulf of Acre, to be completed in 1935, the improvement of the Gulf and the construction of the Port of Haifa, the building of the Shell petrol storage depots, and the construction of watering places and health resorts.

Most of the industries mentioned above were founded with Jewish capital and with the support of the official Jewish organisations, the P.I.C.A. and the Jewish Agency. The capital imported since 1931 has made possible the creation of new industries, which include the manufacture of pharmaceutical products and toilet articles, fine porcelain, silk, electric batteries and accumulators, orange boxes, etc.

The transport industry employed 16,142 persons in 1931, including 10,725 Moslems and 3,278 Jews. Most of this labour (76 per cent. of the Jews and 72 per cent. of the Moslems) was employed in road transport. While the majority of the Moslems are still working on the more primitive forms of transport, most of the Jews are employed on motor vehicles. This industry is developing rapidly; the total number of motor vehicles was 6,126 in 1933. Roads fit for traffic, and in some cases even tarred, linking up the various settlements and the main centres, have enabled various motor bus services to be organised, while the development of motor transport in turn promotes the development of the allied industries.

#### COMMERCIAL ACTIVITY

The rise in agricultural production, the development of industry, the growth of urban centres, and the extension of trans-



port facilities have naturally encouraged commercial expansion. In 1931, 96,597 persons, or 10 per cent. of the settled population, including 28,665 Jews, obtained their livelihood from commerce, the number actually employed being 26,495, of whom 8,881 were Jews. The catering trade, including restaurants, cafés, and hotels, employed 16,521 persons, or 62 per cent. of all persons employed in commerce (for Jews the proportion was 49.3 per cent.). Of the other branches, textiles and clothing accounted for 2,930 persons, including 1,377 Jews, and brokers, agents, and export firms 1,384 persons, including 700 Jews, while Jews also formed a majority of the staff of banks and insurance institutions (804 out of 1,124).

Although the population of Palestine is now over a million, its purchasing power is extremely limited, and its requirements are still of a primitive type. The monthly budget of an Arab peasant or worker is not more than £3, and while the standard of living and the income of the Jewish population are considerably higher, many Jews confine their expenditure, other than their actual costs of production, to the bare necessities of life.

While the value of the home trade, which is reflected in the increase in co-operative marketing, is by no means to be ignored, the commercial development of Palestine is unquestionably due chiefly to its foreign trade and tourist traffic. The following figures show the general movement of foreign trade from 1929 to 1932.

MOVEMENT OF FOREIGN TRADE, 1929-1932

Year	Imports		Exports		Balance of imports over exports	
	Amount	Index	Amount	Index	Amount	Index
	£P.		£P.		£P.	
1929	7,435,404	100	2,230,101	100	5,205,303	100
1930	7,143,872	96	2,235,356	100	4,908,516	94
1931	6,119,187	82	2,227,028	100	3,892,159	75
1932	8,120,797	109	4,327,426	194	3,793,371	73

Whereas the value of world trade had fallen by over 60 per cent. in 1932 as compared with 1929, the volume of Palestinian trade rose by 9 per cent. for imports and 94 per cent. for exports, while the balance of imports over exports fell by 27 per cent.

during the same period.<sup>1</sup> At the same time, Palestine's balance of trade is still very unfavourable (a deficit of over £P42,000,000 for the period 1924-1932). This circumstances, however, which would have serious consequences in other countries, has had no evil effects in Palestine, a country of the future where development and investment are still in full swing.

Further, Palestine is entirely free from the scourge of an unbalanced budget. The satisfactory state of the public finances<sup>2</sup>, in spite of the huge deficit in the balance of trade, is mainly due to the influx of Jewish capital and to the large sums brought into the country by tourist traffic, which restore the balance of payments. The average number of tourists entering the country annually from 1926 to 1931 was 58,000; for 1932 and 1933 the figure was 63,253 and 79,853 respectively, and it will no doubt be still higher in 1934, in consequence of the Levant Fair held at Tel-Aviv in April 1934.

#### SOME DATA ON UTILISATION OF JEWISH CAPITAL

The sums spent by the two main financial institutions of the Jewish Agency (*Keren-Kayemeth* and *Keren-Hayesod*) up to October 1932 and April 1933 respectively were distributed as follows<sup>3</sup>:

	£P.
<i>Expenditure of Keren-Kayemeth:</i>	
Rural land	1,376,963
Improvements:	
Drainage	127,470
Roads	8,153
Clearing and levelling	6,157
Urban land	155,021
Afforestation	153,268
Water supply	109,883
Agricultural buildings	29,151
Loans to agricultural settlers for the purchase of stock	25,428
Workers' dwellings	25,816
Working premises	16,881
Loans	9,567
Canalisation	4,978
<b>Total</b>	<b>2,048,736</b>

<sup>1</sup> In 1933, however, the situation was considerably modified. While exports, amounting to £P3,988,965, were 8 per cent. below the 1932 figure, imports increased considerably and rose to £P11,456,678, or an increase of 30 per cent. as compared with 1932.

<sup>2</sup> By 31 March 1934 the total budget surplus had reached £P2,500,000.

<sup>3</sup> *Bericht der Exekutive der Zionistischen Organisation an den XVIII. Zionistischen kongress, Prag, 1933.*

<i>Expenditure of Keren-Hayesod :</i>	£P.
Agricultural colonisation, including experimental farms	1,566,598
Education (including Hebrew University, National Library, and Haifa Technical Institute)	964,705
Public works (work relief)	522,555
Immigration	436,199
Public health	294,948
Urban and rural investments	217,305
National and local institutions	206,434
Urban settlements (commerce and industry)	182,081
Orthodox (Mizrachi) institutions	91,026
Keren-Kayemeth (acquisition of land)	32,761
Administration	269,582
Miscellaneous	37,316
Total	4,821,510

The expenditure of *Keren-Hayesod* on schools and public health takes the form of subsidies. In 1932 there were 272 Jewish schools (140 kindergartens, 118 elementary schools, 5 secondary schools, 4 teachers' training colleges, and 5 vocational schools), with a staff of 930 and 23,976 pupils. The total budget for these schools amounted in 1932 to £P101,899, towards which the Government contributed a grant of £P19,190, the *Keren-Hayesod* £P40,000, and the P.I.C.A. £P5,090. In the same year the Haifa Technical Institute had 118 students; its evening classes were attended by 80 students and those at the school for manual work attached to the Institute by 60 students. The Hebrew University at Jerusalem, which is supported mainly by American funds, has felt the effects of the oversea depression, its budget of £P51,000 for 1930 having been reduced to £P38,000 for 1932-33.

In addition to the Government Department of Public Health, there are also various Jewish public health services. The most important of these are the *Hadassah* (American Women Zionists' Organisation) and the *Kupath Cholim* (sickness fund of the General Confederation of Jewish Labour). In 1932 the *Hadassah* spent a total of £P96,105, towards which the Government contributed £P2,500, and the *Kupath Cholim* £P57,772.

Recent events in Germany and the acute depression in the United States are helping to encourage the importation of capital. The rise in bank deposits testifies to the confidence felt in the country's economic position. The following figures show the increase in the deposits held by the principal credit institutions from 1931 to 1932<sup>1</sup>:

<sup>1</sup> Report of the Executive of the Jewish Agency for Palestine, submitted to the Third Meeting of the Council at Prague. London, 1933.

Bank	End of 1931 £P.	End of 1932 £P.
Anglo-Palestine	1,600,000	2,250,000
Ashrai	153,000	319,000
Halvaa Vehisahon Tel-Aviv	84,000	120,000
Handicrafts Bank	13,000	23,000
Savings Bank of the General Confederation of Jewish Labour	17,000	41,000

According to estimates by Mr. Neumann, head of the Economic Department of the Jewish Agency, bank deposits totalled £P6,000,000 at the end of 1932, £P5,000,000 of which represented Jewish capital.<sup>1</sup> One-third of this sum belonged to persons permanently resident in the country, and the rest to intending immigrants.<sup>2</sup>

### CONCLUSION

Palestine holds a place apart not only among Mandated Territories, but among colonisation countries in general. Jewish settlement is hampered by three main difficulties: the scarcity of available land, the necessity of a heavy capital outlay to make the land fit for cultivation, and the dissatisfaction of many of the Arabs at the establishment of the Jewish Home in Palestine, which they fear will have adverse political effects upon themselves. But these drawbacks are partly compensated by the rare enthusiasm which the Jews of Palestine bring to the work of colonisation, the faith which inspires them, and the support they receive from Jews throughout the world.

In the years following the war the Jews found in Palestine a haven of refuge when the doors of other countries, and in particular the United States, were closed to immigration. The Jewish population of Palestine, which was 60,000 persons at the end of the war, was estimated at 240,000 at the beginning of 1934.<sup>3</sup> More than half the immigrants are workers, chiefly young manual workers, but even those who have independent means usually engage in some kind of productive activity after entering the country.

Palestine has not only provided an opening for young people who were unemployed in their country of origin; it has also

<sup>1</sup> The Jewish Agency estimates the total bank deposits at the end of 1933 at £P11-12 million, £P4,710,000 of this amount being held by the Anglo-Palestine Bank.

<sup>2</sup> *Palestine and Middle East Economic Magazine*, April 1933. Tel-Aviv.

<sup>3</sup> Urban population, 175,000; rural population, 65,000.

enabled Jews who were formerly employed in trade or as middlemen to return to the land.

The idea of cultivating the soil has a strong attraction for the immigrants ; owing to the scarcity and high price of land, however, they have adapted themselves to the most varied occupations. The agrarian problem is no doubt a serious one, but even the most unfavourable critics explain the land shortage as being mainly due to the methods of cultivation at present practised by the Arabs. Extensive farming is already on the decline, and intensive cultivation is now being successfully practised in all regions, particularly by the Jews.

It has been seen <sup>1</sup> that two official estimates of the extent of cultivable land in Palestine differ by the very wide margin of 4,000,000 dunams, or over three times the area now cultivated by the Jews. The satisfaction of the claims of the Arab peasants evicted from their farms when the land was acquired by the Jews is unquestionably a matter of urgency, and the Mandatory Power is taking steps to facilitate their establishment elsewhere. At the same time, however, a further extension of the land under cultivation would benefit the whole population. It is claimed by the Jewish experts that with the technical knowledge now available, coupled with modern methods of farming, it should be possible to colonise 1,310,000 dunams, thus making room for 54,900 families. <sup>2</sup> Moreover, Palestine is still very sparsely populated, and it seems that with progressive economic expansion the number of inhabitants could be perceptibly increased. According to responsible estimates, however, the territory of Palestine will not be able to support a population of more than 3,000,000. <sup>3</sup> For the present, the creation of a credit institution to grant long-term loans might enable help to be given both to Arabs and to Jews, make possible the improvement of uncultivated land, and facilitate the settlement of a large number of families.

Agriculture, moreover, is not the sole occupation of the Jews. Industry is beginning to develop, although at present on a modest scale. The completion of the new electric power stations will provide a basis for further expansion in all branches of economic activity. Urban development is in full swing. Tel-Aviv, a Jewish town under Jewish administration, is still growing, and so also

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<sup>1</sup> See above, p. 799.

<sup>2</sup> *Reply by the Jewish Agency to the Reports of Mr. Lewis French*, quoted in *The New Judaea*, July-Aug. 1933.

<sup>3</sup> *Report of the Commission on the Palestine Disturbances of August 1929*, pp. 110-111. Cmd. 3530. London, 1930.

is Haifa. Side by side with agriculture and industry, commerce, too, is taking on increasing importance.

The progress made in agriculture, industry, and commerce has demanded a large capital outlay. The two financial institutions of the Jewish Agency alone have invested capital amounting to £P6,870,000, while the capital invested in the settlements administered by the P.I.C.A. is estimated at £P7,500,000. The National Council of the Jews in Palestine estimates that between 1920 and 1929 capital amounting to £P45 million was imported into Palestine, of which about £P20 million was invested in enterprises for the development of the country.<sup>1</sup> These figures have been considerably increased during the last few years.

One specially difficult problem—that of the relations between Jews and Arabs—still remains to be solved. This problem, however, is not insoluble, and there is no fundamental opposition between the national aspirations of the Arabs and Jewish immigration. In this connection an opinion of some authority may be quoted. Giving evidence before the Permanent Mandates Commission in 1930, Dr. Drummond Shiels, then British Under-Secretary of State for the Colonies, made the following statement<sup>2</sup>:

We believe that the National Home can be established without detriment to non-Jewish interests, and, indeed, that it can and will confer lasting benefits upon the country in which all sections of the population will share.

Much of the success of the Palestine experiment may be ascribed to the important part played by co-operative organisation in the economic life of the country, in the domains of production, marketing, distribution, and credit alike. This organisation is mainly the work of the General Confederation of Jewish Labour (*Histadruth Haovdim Haivrim Haclalith*), which has a role of capital importance, and, in the words of Mr. Vandervelde, is indeed “a Home within the National Home”. At the end of 1930, the Confederation had 35,389 members (including 15,036 women) grouped in four large affiliated organisations. At the beginning of 1934 the estimated membership was 42,000.<sup>3</sup>

The Confederation is also trying to develop an Arab member-

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<sup>1</sup> *Memorandum submitted to the Permanent Mandates Commission of the League of Nations by the National Council (Vaad Leumi) of the Jews of Palestine.* June 1930.

<sup>2</sup> LEAGUE OF NATIONS, PERMANENT MANDATES COMMISSION: *Minutes of the Seventeenth Extraordinary Session.* Geneva, 1930.

<sup>3</sup> *Labour Palestine*, Feb. 1934. New York.

ship, and to come to an agreement with the Arab workers, since, as Albert Thomas stated in a letter written on 8 October 1929<sup>1</sup>, in which he affirmed his conviction that the International Labour Organisation had a vital part to play in the future destiny of Palestine : " So long as the conditions of employment of the two national groups which form the working class in Palestine are not of a comparable standard, enabling them to collaborate unreservedly in the defence of their rights and interests, the danger of discord will continue to exist in Palestine. " And this article cannot conclude more appropriately than by quoting the final words of the same letter : " I am convinced that the future will permit the establishment of closer relations between the two sections of the population, and that the Mandatory Power, loyally conforming with the principles laid down in the Mandate, will strive towards this goal—a course in which it seems to me that it must needs have the support of all people of good will. "

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<sup>1</sup> COMITÉ SOCIALISTE POUR LA PALESTINE OUVRIÈRE : *Bulletin*, No. 4, Nov. 1929. Paris.