

French, Lewis. "Supplementary Report on Agricultural Development and Land Settlement in Palestine," Director of Development, Jerusalem, April 20, 1932

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DIRECTOR OF DEVEOLMENT

JERUSALEM
APRIL 1932

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NOTE ON FIRST REPORT

Paragraph 19, 1st and 2nd paras: and paragraph 66:

These figures, in the case of dry-farmed areas, must be deemed to be superseded by the revised calculations embodied in paragraph 28 of the Supplementary Report.

The figures for citrus growing on co-operative lines will be found in paragraph 36 of the Supplementary Report.

The estimated for the Beisan and Huleh areas will need revision in the light of the further knowledge already acquired and of the reports of preliminary irrigation surveys, when undertaken.

SUPPLEMENTARY REPORT ON AGRICULTURAL DEVELOPMENT AND LAND SETTLEMENT IN PALESTINE

PRELIMINARY

The Contents of the First Report

1. The First Report on Agricultural Development and Land Settlement in Palestine was submitted to the Palestine Government on December 23rd, 1931 . It dealt, in the main, with certain pre-requisite to a broad scheme of development, and also set forth in detail the modern history of, and the existing situation in, the Beisan and Huleh areas.

The Contents of the Present Report

2. The present or Supplementary Report, which should be read with the First Report, discusses the measures which in light of further and closer knowledge of the country appears to me possible for:

- (i) the re-settlement of landless Arabs, both in the near and later future:

- (ii) the facilitation of further Jewish colonization:
- (iii) the prevention of certain obstacles to, and
- (iv) the promotion of certain aids to, the prosperous development of Palestine as a whole.

Note on the First Report

3. This report is, it will be seen, prefaced by a note on certain figures and estimates in the First Report which have been superseded or are subject to revision.

The Financial Advisor

4. On February 11th, 1932, the services of Mr. F Skevington, M.B.E., of the British Treasury, were placed at my disposal, to advise from the financial aspect on specific proposals for settlement and development which I might consider for inclusion in my Supplementary Report.

PART I

THE RE-SETTLEMENT OF LANDLESS ARABS

The Landless Arab Problem

5. In paragraph 10 on the First Report, I remarked that, at that stage, it was impossible to estimate what the total requirements in land for the proved landless Arabs would be and what the total cost of re-settling them would amount to. The position three months later in these respects is much the same.

Procedure for Investigating Claims

6. The procedure being adopted in verifying claims by Arabs, who have been displaced from the lands which they occupied in consequence of the lands falling into

Jewish hands, and who have not obtained other holdings on which they have established themselves or other equally satisfactory occupation is as follows:

Each claim is carefully examined by the Legal Advisor, who gives his opinion as to its *prima facie* merits. Where the claim appears to be invalid it is submitted to me and, if I concur, rejected. Where *prima facie* the claim appears sustainable, papers dealing with it are sent to the Jewish Agency, who are asked to submit their views. Where they object to the validity of the claim, the Legal Assessor proceeds to the locality concerned and makes further investigation on the spot, then submitting the case with his opinion for my final orders.

With the best will in the world, the investigation of claims *prima facie* sustainable must be a slow and tedious process. The previous habitat of the claimant must be referred to, and papers official and unofficial—often quite obscure and incomplete—must be examined before any definite opinion can be formed as to the tenability of any particular claim.

The Numbers of Claims

7. Up to April 1st, 1,367 claims had been examined by the Legal Assessor and sent to the Jewish Agency for further scrutiny. Of this total 310 had been returned with comments. Seventy-two claims have been finally, and eighty provisionally, accepted by me. Six hundred and forty-eight have been rejected.

The accepted claims all emanate from the landless Arabs of the well known Wadi Hawareth case for whom land has to be found during the course of the next eighteen months.

It is, as I have indicated, impossible to forecast what numbers will eventually have to be provided for out of the 3,700 claims preferred. Jewish estimates recently made to me range from 200 to 1,200. I am not prepared myself to attempt at present any more precise conjecture than one which puts the figures between 1,000 and 2,000.

The Problem of Re-Settlement: the Meaning of "Surplus" Lands

8. My description of the existing difficulties which have to be faced in the re-settlement of landless Arabs must be prefaced by a few remarks of a general nature.

When we talk of the sale of “surplus” lands by Arab proprietors to the Jews for the purposes of development, it is, I think, necessary to grasp clearly what is really meant by the word “surplus.”

In large or not fully exploited countries of the “ New World ,” where lands are spacious and population relatively scarce, surplus lands are those lying uncultivated and unpeopled, which can by pioneer colonization be brought for the first time within history under the plough and developed for settlement. From confusion of thought and imperfect acquaintance of the facts, the word “surplus” is in this country frequently used in a similar sense.

No Surplus Lands Really Available

9. Leaving aside a few insignificant areas in the hills, temporarily abandoned because the owners have lost their cattle or other simple resources and are too much indebted to be able to replace them, in reality there are at the present time no cultivable lands at all which are surplus, in the sense that they are not already subject to cultivation or occupancy by owners or tenants. If there were available areas of such land, there would either be no problem of landless Arabs to solve or no difficulty in solving it: for the Arabs who were displaced from their lands by Jews would already have transferred themselves there in the search for the only means of livelihood familiar to them, or they could easily have been re-settled thereon by the Government. Admittedly, no such transference has taken place on any appreciable scale. I have personally visited numerous villages where offers of land have been made or reported to me. Enquiries made on the spot as to the amount of suitable land really available for further settlement have resulted (as appears from paragraph 25 below) in the discovery of potential areas that reach a comparatively small aggregate.

The Meaning of “Surplus” Lands in Palestine

10. Another meaning must therefore be assigned to the phrase “surplus lands,” when used in regard to Palestine, namely those lands which are at present devoted to extensive or cereal farming; and which in the opinion of colonizing experts can be devoted to more intensive and more profitable farming and so carry a denser population.

Concrete Examples of “Surplus” Lands

11. To take a concrete example:

An Arab landowner may hold in the Coastal belt an area of, say, 500 dunams, where at present the traditional dry-farming is carried on by, say, five families of tenants. On the theory that this area is peculiarly adaptable to citrus growing, and so capable of yielding at present process an annual net profit of, say, £10 to £12 per dunam after allowing for interest and amortization of capital expenditure on development, as against a maximum return of ten shillings (500 mils) per dunam under dry-farming, the would-be purchasers point to this lands as an instance where a proprietor possesses “surplus” lands which can be developed by closer settlement.

Results of Developing “Surplus” Lands

12. But those “surplus” lands are already fully cultivated by tenants of long standing, each of whom holds an average of 100 dunams: and if the hypothetical landowner is to part with his property in order that this area may be carved up into as many as twenty-five plots of the low average of twenty dunams each, the purchasers must either turn the existing five cultivators off the 500 dunams with cash compensation for the disturbance, or else arrange that the compensation should take the form of, say, twenty dunams of *developed* land for each cultivator so that he may pursue his agricultural avocation. If the former method of compensation be adopted, the ignorant cultivator will almost certainly devote the money to expenditure of an unproductive nature and subsequently become a “landless Arab”; if the latter method be pursued, the result, by simple arithmetic, means that of the 500 dunams, about one-fifth must be reserved for, and be developed for, the existing tenants: while only the balance of four-fifths—i.e. 400 dunams—is made available for closer settlement by new-comers.

Some of the Changes Involved

13. I have stressed the words *development* lands above, because if a cultivator is deprived of a large part of his “lot viable,” rendering the remainder uneconomical for dry-farming, and is called on to devote this residue to intensive farming such as a citrus orchard, which takes five or six years in all to come into bearing, his land must be made irrigable from a well-bore and stocked with young trees: and he must be provided with some means to live and to keep his orchard in good order during the waiting years, however shortened by future scientific research these years may come to be.

The transitional period is not an easy one for the tenant. He is called on to change entirely his traditional methods of extensive farming for the restrictions of intensive cultivation; and at the same time, while waiting for his small grove to reach maturity, to seek his livelihood by casual labor on other lands or some other kind of manual labor, eked out by the produce of a vegetable patch which has been reserved from his young orchard.

If land be acquired in this way for the re-settlement of landless Arabs, Government will be obliged to bear the cost of providing the existing cultivators also with developed holdings, including, during the waiting period, maintenance charges and possibly subsistence allowances (if the means of livelihood cannot be obtained entirely by casual labour in the neighbourhood.) Plainly this will add substantially to the cost of re-settling landless Arabs, although the additional outlay, or some of it, may be ultimately recoverable in the form of rent.

How Such Changes Can Be Effected

14. If Palestine had been generously endowed with water supplies, the problem of closer settlement would not be as intricate as it is: but with the paucity of visible or surface water supplies, the process of general development by denser settlement can be successfully achieved only by means of well-matured and carefully planned schemes, if it is not to cause hardship to the existing rural population—the very evil that we are seeking to remedy. Some such action as is indicated in paragraph 94 (4) of the First Report will be needed.

The Possibilities of Early Re-settlement of Landless Arabs: No Land Available in State Domains

15. In paragraph 10 of the same Report the question of early settlement of some landless Arabs is mentioned; and I now address myself to the possibilities of immediate action.

Detailed investigation of the State Domains proves conclusively that, as foreshadowed in paragraph 14 of the First Report, there are no lands at all therein available in existing conditions, either for re-settlement or colonization. A study of Appendix S.R. 1 will disclose that all domains are either conceded for special purpose or already fully leased to Jewish or Arab cultivators. In some cases of the last named, the cultivators have actually had to supplement their livelihood from occupation of State lands with leases of other lands from surrounding villages. The sole method by which room can possibly be found for more cultivators is the introduction of artificial irrigation by the sinking of wells or bores: and few domains appear, on examination, to offer real scope for this form of development which would, in any case, take a long time to mature and be inordinately costly, if it were proved to be feasible at all.

The answer then of the careful enquiry made into the question what State lands are or can, in existing conditions, be made available for (i) re-settlement of landless Arabs, or

(ii) new Jewish colonization, must be re-stated as, none at all: if the Beisan and Huleh areas which are discussed in paragraphs 93-107 of the First Report and paragraphs 41-3 of this Report are excluded.

The Availability of Other Lands for Landless Arabs

16. There remains the question what other lands can without waiting be made available for the two purposes indicated.

I deal first with the more urgent of the two problems—the re-settlement of the landless Arabs. It is the more urgent because it is the first practical work to which, under the instructions received, the Director of Development is enjoined to bend his energies: and also because the Jewish Organisations have, indisputably, reserves of land, which cannot be less, and may be more, than 40,000 dunams, still awaiting development by colonization.

Privately Owned Land Acquirable Only by Purchase: Essential Conditions of Acquisition

17. The one method of acquiring land for re-settlement is by purchase from existing owners, *vide* paragraph 57 of the First Report. If land is to be purchased in dry-farming areas—and, as indicated in later paragraphs of this Report, it is only in such areas that re-settlement can be effected within a comparatively short time—it should satisfy certain essential conditions:

- (a) be of cultural value;
- (b) yield a good title;
- (c) be purchasable at a reasonable price;
- (d) be within reasonable distance of drinking water;
- (e) be so situate as to be reasonably congenial to the new settlers;
- (f) be clear of tenants, or be capable of being so cleared satisfactorily;
- (g) be land for the acquisition of which the Jews are not already proved to be under contract.

To find land which complies with these fundamental requisites in a country such as Palestine, with its large stretched of uncultivable soil and congested population, is a task of

the greatest difficulty. I will briefly describe some of the perplexities which surround the problem under consideration.

Cereal Land Only Possible for Early Re-Settlement

18. (a) The only lands which allow of early settlement are cereal lands, producing, at the best, fair wheat and barley as winter crops; and millet, sesame, etc., as summer crops. These lands must be situate in an area with sufficient rainfall.

Clear Title Required

19. (b) Before Government can buy, it must be assured that the owner has a clear title to sell: and in the case of villages where the joint owners, present or absentee, have made their own partitions of mesha'a land without the assistance or authority of the Courts, the intricacies to be unraveled are abundant. It is common for one owner to have his fields scattered about in dozens of localities in the same village. He. Himself, whether he cultivates through tenants or labourers, is often totally unable to identify his own property, being entirely dependent on the *mukhtar* and fellahin for such recognition. There is no guarantee that when it comes to a sale, some other owner may not raise a claim to a particular plot of land, seeing that the partition or alleged partition is covered by no official or legal authority. Moreover, as no cadastral survey operations will have been carried out in the village concerned, verification by official survey will be required as to the actual areas of the plots being offered for sale.

Price to be Reasonable

20. (c) What is a reasonable price for the land, depends, of course, on the market. There can be little or no doubt that, except perhaps in the tracts adapted to special cultures such as citrus, land in Palestine is not intrinsically worth the prices which have recently been paid, and are now being asked, for it. But there is a severe land hunger, due to special reasons, with considerable buying by Arab capitalists, partly speculative and partly for investment. Both causes combine to render the demand greater than the supply; and it is not possible to control market prices of land, which seem to me on the whole to be rising steadily. And the advance is not likely to be checked, in view of recent alteration in the law regarding imprisonment for debt which are said to be turning the attention of moneylenders more and more to the acquisition of landed property.

Propinquity to Drinking Water Requisite

21. (d) Most dwellers in Palestine are familiar with the subject of shortage of water supplies; but the straits to which residents of villages entirely dependent for their water supplies on catchments in cisterns of the year's rainfall are reduced, are not always fully appreciated. It is impossible successfully to put bodies of colonists down on lands such as those in the Beersheba area, where in winter only a few muddy rain-fed pools or cisterns afford a scanty supply which completely dries up in summer, without alternative drinking resources within many miles.

Surroundings and Security of Rainfall

22. (c) Reference to this subject of "congeniality" will be found in paragraph 58 of the First Report. I have transversed this year, in company with the Financial Adviser, the plains of Beersheba which up to the beginning of March, at any rate, were wearing a richer cloth of cultivation than they have been decked with since 1919. We have, therefore, seen them under as favourable an aspect as this dry-farming area, cultivated by semi-nomadic Beduin, can wear. And yet we feel assured that even if the non-existent drinking water were available, the conditions are such as the ordinary fellahin could not tolerate. In the dry tracts of this area more than one good harvest in five years cannot be counted on. In the other years, the yield may be poor: or it may be nil. The semi-nomadic Beduin cultivators, if their crops fail, will go far afield to seek some scanty pasture for their flocks: fellahin if placed in such areas could save themselves from starvation only by deserting their holdings or seeking subsistence in the form of relief from Government until Nature again showed herself bounteous.

It was freely stated at the end of last year that claimants as landless Arabs were being deterred by their landlords and others from preferring claims by rumours deliberately spread that Government intended to re-settle them in the more desolate parts of the Beersheba sub-district. Whether the story was true or not, it illustrated popular fears and aversions. Unless, therefore, artesian supplies of water can be derived from such deep bores as that which is now being experimentally sunk between Beersheba and Gaza, negotiations for the acquisitions by Government of lands in this tract are vain. Similarly, in the direction of Beisan, it would be imprudent to try to acquire areas where the rainfall is so precarious as to make failures much more probable than successes.

Land Must Be Unoccupied by Tenants

23. (f) The purchase of land for re-settlement of landless Arabs necessitates, of course, that the land should be free of tenants. This is a crucial matter. Obviously, it is no use buying land which is fully cultivated or occupied by existing tenants. Their displacement would merely create one set of landless Arabs in substitution for another. I have investigated numerous offers of sale of lands by comparatively large landlords: but in only about half a dozen instances have the lands which I have inspected been offered as "clear of tenants"; and in some, at least, of these cases the representation of the state of affairs is

doubtfully correct. I may quote a concrete instance of an offer which seemed worth pursuing. The indebted owner was prepared to give a clear title to his land, provided he had eighteen months' notice. He asserted that all his tenants were also owners of other lands. This statement was found to be contrary to the facts. The owner then averred that most of his tenants had come from villages already sold to the Jews. Investigation disproved the allegation. Shifting his ground he, then, threatened that if Government did not buy, he would be constrained to sell his land to a Jewish organization and thus render his tenants "landless," though he had previously maintained they were owners of land of their own.

The effendi landowner frequently cultivates by means of labourers—*harrathin*—and when asked what will become of these if he sells, his answer is usually somewhat callous: "They can go elsewhere or on the roads to work."

It is true that some of these labourers or farm servants are "casual" or "nomadic," changing their masters year by year: but in many cases they are scarcely to be distinguished from old-established tenants, except in the terms of their agreements. There is often not much difference in effect between the tenant who himself supplies the seed, cattle and labour, reserving four-fifths of the produce as his share, and the *harath* who, working year after year for the same master, takes from him seed and the use of the plough animals, receiving as his guerdon one-fifth of the produce.

If he is evicted from the purchased land and cannot find employment on public works (the programme of which during the next few years may have to be materially contracted), he must join the ranks of the unemployed, or the landless Arabs. It is necessary, therefore, to investigate very carefully how far lands can be bought by Government for the re-settlement of landless Arabs without displacing existing tenants who have only barely sufficient land to cultivate.

Land Must not be Under Contract of Sale to Jews

24. (g) This condition, I presume, needs no explanation: it is only mentioned because it would, in some cases, circumscribe my action and restrict severely possibilities of acquisition.

Results of Personal Investigations

25. So far, my tours and inspections have disclosed only some 15,000 dunams of cereal or dry-farming land which, provided they fulfill all the other conditions, may possibly be suitable for purchase. The proviso is all-important.

It will be understood that I am dealing only with immediate necessities: i.e. with the case where a beginning should be made in order that the landless Arabs may be able to recognize that the policy laid down in their behalf is being put into effect.

Only Effective Methods of Re-settlement

26. If the re-settlement of all those who fall legitimately within the category of landless Arabs is to be carried out successfully, then the only prudent and effective methods for the great majority of this class would seem to be similar to those which have been adopted by the Jewish Organisations. Mass colonization has seldom proved effective: and then only under the most favourable conditions, which do not exist in Palestine .

It will be necessary, then, to expropriate estates or parts of estates suitable for growing citrus fruits: develop these over a period of years and then in due course introduce settlers, or during this period introduce the settlers and, while the orange orchards are maturing, find other work for them. If the twenty- or thirty-dunam holding is to produce some other special culture such as grapefruit or bananas, the period of waiting can be shortened. There seem good grounds for believing that grapefruit (which matures appreciably earlier than the orange, and can be grown in heavy soil) is an established success. The case is different with the banana, as this year's unfortunate experience proves. The culture is in its infancy, and it is still rather doubtful if the experiment will eventually be a success. The frosts which occurred in December even in the Coastal plains and as low down as Beisan, have damaged some of the banana plantations and not only destroyed masses of fruits on the trees themselves, but possibly a proportion of the trees themselves. I may refer in this connection to the concluding sentences of paragraph 16 of the First Report.

Numbers of Arabs Who Can be Re-settled During the Next Eighteen Months

27. Taking all factors into consideration, I do not think that within the next twelve to eighteen months it will be possible to re-settle, or begin the re-settlement of, more than 100 to 200 landless Arabs, as an initial proceeding. I am quite sure it will not be wise to attempt more than this.

The Costs of Resettlement

28. As to costs of re-settlement, I assumed in paragraphs 18 and 19 of the First Report for general purposes an economic holding of thirty dunams of irrigated and 130 dunams of unirrigated lands, subject to certain qualifications. In view, however, of the

extreme pressure on the land, the high costs involved, and the fact that the fellahin have on the average smaller areas than those specified, I think that we shall be constrained to reduce the figures to smaller dimensions, despite the economic risks involved.

It was originally calculated that the maximum cost of re-settlement on a dry-farming area might be put at £400 per unit Arab family. Apart from the cost of land there will be, as explained in paragraph 18 of the First report, certain unavoidable expenditure involved in putting a family on its holding. It must not be overlooked that there is in fact a close season in the agricultural year. From some time in April, when sowing for the summer crops cease, until about October, when preparation for the winter crops begins, from a purely agricultural point of view, there is no advantage in placing a new settler in possession of his holding. All that is required is to get him to build his house and collect his implements and cattle. A long period during which he will be maintained by Government is to be avoided. Again, it must be remembered that the landless Arab is, virtually, an agricultural labourer: and Government cannot legitimately be expected to provide him in his fresh start in life with more than the simplest necessities. A simple hut; implements; plough animals; seed (perhaps obtainable from the Government farms); forage for animals for six months and subsistence allowance for the family for eight months or so should all come within a budget of £P.110-20, as now estimated. In the circumstances already described, I do not think it possible to contemplate a system of co-operative dry-farming by primitive Arabs. The attempt to improve their system of dry-farming on such lines would certainly end in failure.

The Need for Provision of Equipment and Some Maintenance for a Re-settled Arab

29. At page 145 of the Hope Simpson Report it is suggested that the re-settled family will already have cattle and implements, and that the provision of maintenance will be unnecessary. I am afraid that I must reluctantly differ here. If the displaced Arab has still his cattle and implements and sufficient resources for maintenance, it would seem that he will have obtained satisfactory occupation and needs no re-settlement.

The provision of satisfactory plough cattle will need careful consideration. The Jewish Organisations, I am told, use special agents at times who go as far afield as the Hauran in Syria in search of suitable plough animals. It will be advisable to secure a Government mortgage on all the chattels or animals obtained at the cost of the State: and to make some provision for contingencies such as mortality of cattle, which is high in Palestine .

Re-settlement on Dry-Farming Lines Possible Only for a Limited Number of Cases

30. The re-settlement of landless Arabs under extensive or dry-farming conditions has, so far, been discussed mainly with a view to immediate or early possibilities. If, in the

course of further investigations, additional areas of land suitable for such re-settlement are discovered, they will not be overlooked: but I am convinced that the greater part of these Arabs will have to be replaced on the land under conditions of intensive cultivation, and that means, at present, citrus growing.

The Distinction Between Fellahin and Beduin Cultivators

31. We have two distinct types of landless Arabs to deal with: (a) the industrious fellahin or agriculturalists who will easily adapt themselves to new conditions; and (b) the Beduin (so-called) who are semi-nomads with all the agricultural defects which that description connotes. These semi-nomads are neither by habit nor inclination intensive cultivators: but that in process of time men of this type can be gradually—very gradually—converted from pastoralists to agriculturalists has been demonstrated, not only in Palestine, but also in other countries. Quite apart from other considerations, it must be recognized that there is an urgent need for an evolution of the habits of these semi-nomads into practices more consonant with the modern requirements of a country suffering from severe pressure on its available land resources owing to the rapid increase of population.

The distinction drawn between the two classes of landless Arabs must be observed in any scheme of re-settlement: because, for one important reason (*inter alia*), the progress of the one section should not be hampered by too close association with the other section which presents for more difficult obstacles to overcome.

General Re-settlement Must be Under Intensive Farming Conditions on Co-operative Basis

32. Re-settlement under conditions of intensive cultivation must, at the outset, partake largely of the nature of experiment, and it will be liable to modification in the light of experience gained. It will be educative; and consequently demand infinite patience and firmness: for even in the case of fellah settlers there will assuredly be a proportion found to be averse from, or incapable of, changing their former habits. It is futile to imagine that landless Arabs, whether fellahin or Beduin, can be settled on an area, however fully developed, and then left to their own devices.

Much reflection leads to the conclusion that the only prospect of really successful re-settlement must follow co-operative lines. There must, in the initial stages at least, be a system by which cultivators, under Government supervision and tutelage, will co-operate for the development of their holdings. In this matter, we have before our eyes the experience and methods of the Jewish Organisations. In propounding a scheme for the re-settlement of landless Arabs under conditions of intensive cultivation, I wish to make it clear that where the particulars now given differ from those incorporated in Part I of the First Report, the former should be taken to supersede *pro tanto* the earlier preliminary conclusions.

A Model Scheme Propounded: The 1,000 Dunam Colony

33. As a model scheme, an area of 1,000 dunams in the Coastal Plain is taken, capable of settling fifty families, each with a holding of twenty dunams. The land must conform to the pre-requisites named in paragraph 17 above; in addition it must, before purchase, have been surveyed in order to ensure that the area is what it purports to be. The sinking of well-bores (possibly after a preliminary test) and provision of irrigation apparatus, will have to be arranged for: and the areas will be parcellated into the required holdings. The settlers will be placed on the colony area at the beginning of the work, being housed in temporary shelters or their own tents. They will, themselves, carry out all the unskilled labour required for building, cultivating and irrigation.

The Lay-out of the "Farm" Unit

34. Each holding will be laid out in ten dunams of citrus orchard; while of the other ten dunams, half will be devoted to irrigated field cultivation and half to dry or rain-farming. While the orchard is maturing, some subsistence allowance will have to be provided for each cultivator. In the first year, this will be met by the wages paid by the settlement authority for labour. Thereafter such provision will be made for each family as is deemed to be sufficient, after taking into account any wages that they may be able to earn by casual labour in the neighborhood as well as the produce yielded by the ten dunams not devoted to citrus growing.

The area of 1,000 dunams, with its complement of plough animals, implements, etc., will be treated in its initial stages, and until co-operation among settlers is assured, as one farm under the charge of a manager and foreman instructors. When the citrus grove is established, and the unit holdings are in being, the animals and implements will continue to be allocated as required, under the supervision and direction of the manager.

As regards housing, the most economical and satisfactory arrangement will probably be the construction in one range of the required number of two-roomed houses.

It is assumed that ample water will be found at depths of ten to twenty meters (say thirty-five to seventy feet).

In normal circumstances, and with no undue setbacks, it is calculated that the settlement can be made self-supporting in the sixth year after the commencement of the scheme.

Expropriation of Land Required for "Farms"

35. To obtain the lands required for re-settlements of the nature described above, as well as for those in the dry-farming areas, it will probably be necessary to obtain powers of expropriation. This question has been referred to in paragraph 90 (4) of the First Report.

Costs of Such a Scheme

36. The cost of such a scheme must obviously depend, among other things, on the number of existing tenants that will have to be re-settled on the 1,000-dunam area. Assuming that each existing tenant on the 1,000 dunams is cultivating by extensive methods 100 dunams, there will be ten such resettlements; and 200 dunams will have to be set aside for that purpose. Thus only forty registered landless Arabs can be settled on the 1,000-dunam area in addition to the ten existing tenants. The only practical difference between the batch of forty and the batch of ten will, probably, be that the latter will already have house accommodation in the village and some other resources. Their animals, etc., will have to be taken into the common stock or pool. The cost of settling each unit of fifty families must also depend on the price at which land can be bought, and the depth at which water is actually found. It is estimated, roughly, at £600 to £700 per family unit, allowing simple interest at 5 percent per annum on the outlay during the period of six years before the holding can be self-supporting. If, however, the estimated total cost is divided only by the number (forty) of registered landless Arab families resettled, it works out at £800 for each such Arab family unit.

The Progress of Re-settlement a Slow One

37. It will be obvious from the above outline that re-settlement on the lines now proposed must be a matter of years. It will be imprudent to attempt at the start more than one such colony. As experience is gained and mistakes are rectified, costs per unit should be capable of reduction, provided there is no serious advance in the price of land.

The Tenure of the Re-settled Arabs

38. The tenure of all these landless Arabs and existing tenants on re-settlement should be that of Occupancy Tenants as provided in Appendix S.R. IV.

Proposed Economic Survey of the Coastal Plains

39. It will be realized that the underlying assumption of the foregoing remarks is that the citrus area is the only one on which, in the present state of agricultural development in Palestine, dense colonization can take place without undertaking any of the major schemes connected with Beisan, Huleh and the Jordan Valley, to which reference is made in Part II of this Report. I propose, if this conclusion be accepted, to undertake in the autumn, a village-to-village economic survey of the maritime tracts in order to ascertain what areas in the various villages which have not passed into the hands of the Jews or been touched by the settlement operations of the Settlement staff, are really capable of such closer settlement. This enquiry will be directed to obtaining reliable data of the existing owners, the areas held by them and occupied by tenants: the classes of soil and the possibility of water supplies. As soon as this survey is complete, we shall know what lands are really available for citrus growing or closer settlement: i.e. what lands can be made available for re-settlement of landless Arabs and further colonization of the Jews. The survey can be done by the Department staff with the assistance, perhaps, of a selected District Officer and of such of the Survey establishment as can be made available by the Survey Department. Before personal inspections are made by myself or my staff, the District Commissioners will be invited to furnish me with any preliminary data required in addition to those which the Commissioner of Lands has already kindly supplied or will be able to supply when occasion arises. In this way time will be saved: and very trifling extra expense will be involved.

Other Considerations Calling for Gradual Stages in Re-settlement: The Citrus Industry

40. There are other considerations than those outlined above which enjoin the need of deliberation in re-settling landless Arabs.

The rapidity of the growth of the citrus industry in recent years points to the certainty of marketing problems in the near future (see Part IV (b) of this Report): and it would, I submit, clearly be imprudent to proceed otherwise than slowly and cautiously with the re-settlement of landless Arabs on citrus lands before it is known whether and how these problems can be solved, particularly as the cost of such re-settlement is very heavy.

The Proposals to Resettle the Beisan Tract in Relation to Cereal Farming

41. In Part IV (f) below I have recommended, *inter alia*, an Irrigation survey of the Beisan tract which is dealt with in Part II of the First Report, in order to determine to what extent it would be practicable, and at what cost, to irrigate a larger area than at present with the available water supplies, and so make possible closer settlement in the tract, provided arrangements satisfactory to the existing cultivators can be made for their re-settlement on smaller holdings under intensive cultivation. I have also drawn attention in paragraphs 50-1

to the dangers of attempting close settlement on very small areas unless and until it is clear that crops can profitably be grown for export under such conditions, It will be a matter for consideration, when the irrigation survey has been completed, whether it would be desirable to arrange for the re-settlement of both landless Arabs and Jewish immigrants in the tract on the basis of irrigated cereal farming, if the outlay is not too costly.

Cereal Farming Compared with More Intensive Settlement

42. I believe that an irrigated area of forty to fifty dunams devoted to cereals, etc., would suffice for the support of an Arab or a Jewish family. This is two to two and a half times the area which would support a family with a holding of twenty dunams, ten of which are under irrigation for citrus growing and ten for vegetables, etc.; but citrus trees require, perhaps, about three times as much water as cereals, and bananas many times as much. An irrigated cereal holding of forty to fifty dunams would, therefore, require little, if any, more water than a much smaller holding devoted to more profitable crops. It is often overlooked that with given supplies of water which cannot be increased, intensive cultivation, with its demand for more water, connotes the irrigation of much smaller areas than extensive cultivation does. Accordingly, it may possibly be found that by careful, scientific distribution the water supplies surplus to the requirements of the existing cultivators could be made available for as many, or almost as many, additional holdings under cereals as under more profitable crops.

It is, however, highly improbable that the expenditure required would yield an adequate return, and the question of markets or outlets for the produce would remain.

Tracts Other Than the Beisan Area

43. As regards the Huleh Basin, the Jordan Valley and other tracts, remarks will be found also in Part II and Part IV (*f*) Hydrographic and Irrigation Surveys of this Report. Otherwise, I have nothing to add to the remarks recorded in Sections II and III of Part II of my First Report.

PART II

THE FACILITATION OF JEWISH COLONISATION

The Question of Facilities for Fresh Jewish Colonisation

44. What can be done to facilitate close settlement by the Jews in accordance with the policy of His Majesty's Government?

The only areas of any consequence which are potentially suitable for closer settlement, i.e. where water is known to be available, are (a) parts of the Coastal Plain, (b) Beisan, and (c) Huleh, and (d) a portion of the Jordan Valley. The Beersheba district would become an additional area if the boring investigations now in progress disclose the presence of artisan supplies of water in sufficient quantity.

Progress in the Coastal Plains

45. The Coastal Plain is being actively developed for citrus fruit growing: and in my opinion the rate of progress is, and will probably continue to be, fully as rapid as the circumstances warrant, having regard to the considerably increased output of oranges and grapefruit already in prospect; the likelihood that prices will fall when that larger output has to be marketed; and the time which must inevitably elapse before development of the industry due to research and experiment and other means designed to reduce costs can become fully effective.

Danger of the Collapse in the Citrus Industry

46. The paths of modern agricultural history are strewn with the disasters that have, all over the world, attended too rapid or too extensive production of commodities which has ended in glutting foreign markets and ruining over-sanguine producers. The dangers to Palestine of a similar collapse in the citrus industry must be foreseen and guarded against with all the greater vigilance, inasmuch as there is no evidence that if the bottom falls out of the citrus-growing industry, it can be replaced by any other reasonably profitable product of agriculture.

The Position in Regard to Other Tracts

47. It has been shown in paragraph 67 of the First Report that the other areas specified above, if technically capable of irrigation, and if then capable of producing economic crops, would (subject to other factors) allow of the re-settlement of landless

Arabs and colonization by immigrant Jews—by gradual development over a series of years; thus affording relief from the pressure on the western tracts of Palestine.

Need for Caution in Developing Intensive Cultivation

48. Even if there are no insuperable technical difficulties in providing irrigation for these areas, or any of them, there would remain the crucial question whether profitable markets can be found for the crops to be grown on the irrigated lands, and whether Government would be likely to obtain an adequate return on its outlay. To encourage any considerable number of persons to settle on lands made available by Government at great expense, on which there is no reasonable prospect of raising payable crops, is calculated to cause hardship to the settlers, to bring discredit on Government, and to place on the Palestine taxpayers a financial burden which they can ill afford to bear.

Citrus the Only Major Export of Palestine

49. All the areas in question are remote from local markets, and in any case the settlers would have to rely primarily on foreign markets for the disposal of their produce. Oranges and grapefruit are the only products of intensive farming in Palestine which can at present be profitably exported in any quantities; and even if conditions in these other areas were found to be suitable under irrigation for citrus fruit growing, there would be no justification for incurring considerable expense in opening up new areas, so long as it remains in doubt whether foreign markets will be able to absorb all the fruit that is being, and is capable of being, produced in the Coastal Plain where water is readily obtainable.

At Present Opening Up of New Areas Not Likely to Prove Economic

50. The subject of marketing is referred to again in Part IV (b). It may be that in time it will be found possible to raise new products for export, or so to reduce the production and marketing costs of produce already being grown as to permit of its export at a profit; but I am forced to the conclusion that even if funds could be made available for opening up any of these areas, their exploitation would not be an economic proposition at the present stage of agricultural development in Palestine.

Prospects of Success in Reorganisation of Beisan, etc., Areas at Present Dubious

51. The demand for an early reorganization of the existing settlement of the Beisan and Huleh areas, and the new colonization of the only waste areas in the country, namely

those in the Jordan Valley—three projects which attract the deep and continuous interest of the Jews—is intelligible enough from one standpoint; but the demand is founded on highly optimistic expectations which have already been criticized in the First Report (*vide* paragraphs 16 and 17). It is assumed, with a perhaps pardonable blindness to probabilities, that whatever the nature of the climate, the famous Jaffa orange and Palestine grapefruit can be successfully cultivated to an indefinite degree: and that the extension of its cultivation, anywhere and everywhere, will be followed automatically by the emergence of foreign markets capable of absorbing unlimited supplies of these fruits. To my mind this concept errs, to use a homely phrase, in putting the cart before the horse.

I have, however, proposed, in Part IV (*f*) of the Report, that, as part of the hydrographic survey recommended in paragraph 77 of the First Report, preliminary surveys of all these areas should be undertaken now by an expert Irrigation Engineer and suitable staff, in order that there may be no necessary delays if and when the time for economic development is ripe.

Reorganization of Beisan and Huleh Must be By Government Agency

52. In Part II of the First Report—paragraphs 94 *et seq.*—I have given reasons for thinking that any reorganization of the Beisan area must be carried out directly by Government, if justice is to be done to the transferees with whom a permanent settlement has been made.

The position of the Huleh area concession is set forth also in the same Part of that Report (paragraphs 99-107).

Immediate Aid to Jewish Colonisation: Views of the Jewish Agency

53. As to immediate aid to the Jewish Organisations in the work of direct colonization, it has to be remembered that these bodies have, admittedly, in their possession reserves of land, aggregating over 40,000 dunams, which have yet to be effectively colonized.

It is the expressed view of the Jewish authorities that assistance for the consolidation or amelioration of colonies already founded, or in the process of establishment, would not be an appropriate method of applying development funds. The Jewish Agency consider that development funds, if at all applied to direct colonization, should be applied in establishing new settlements. So far as Jewish settlements are concerned, I agree myself with this opinion. The intrusion of Government into the internal economy of colonies existing or in process of establishment would be undesirable from

every aspect.

The Proposals of the Jewish Agency for an Agricultural Bank

54. In accordance with their views, the Jewish Agency have submitted to me proposals for the establishment, with Government financial support, of a Jewish Agricultural and Settlement Bank. This scheme provides that the long-term credits which would become available under it should be used to facilitate new colonization rather than for the consolidation of existing settlements. The colonization of the reserve lands which the Jewish National Fund and other colonization agencies hold at present would, it is believed, involve an expenditure exceeding the funds that would be provided by this Bank if established on the lines proposed.

The Scheme Explained

55. The scheme as placed before me in tentative outline is as follows:

- (a) A Bank would be established with power to issue debentures to a total amount not exceeding a specified multiple of the issued share capital. The ration 4:1 was tentatively suggested. If this ration were adopted, an issued capital of £P.200,000 would make possible the issue of debentures to a total of £P.800,000, making the total funds at the disposal of the Bank £P.1,000,000.
- (b) The share capital would be provided by Jewish bodies, largely, if not entirely, by transferring to the Bank existing mortgages held by the shareholding institutions. If a large Development loan were raised by the Palestine Government, the Government would take up the debentures out of the proceeds of the loan; otherwise, the debentures would be issued to the public, with a Government guarantee of the payment of the interest and the repayment of the principal over a period of years.
- (c) The debentures would be issued in convenient installments, as required; and before each issue the requisite amount of share capital would be called up. There would not be a minimum amount of share capital to be subscribed before the issue of any debentures.
- (d) The function of the Bank would be to provide long-term credit (say, from six to twenty years) for Jewish agriculture, by granting loans up to 60 percent of the value of the farms. The loans would be made strictly on a commercial basis, with adequate security and foreclosure in proper circumstances, but a reasonable latitude would be allowed to settlers temporarily in default through causes beyond their control, e.g. failure of

crops through drought or pests.

- (e) The management of the Bank would be placed in the hands of representatives of the Jewish community, but the Government would have one or more representatives on the Board. The Board would be required to conduct its business in conformity with principles and rules laid down by agreement with Government. The Government representatives would not be expected to take an active part in the day-to-day work of management, but they would be given adequate powers to enable them to satisfy themselves that the principles and rules laid down were being adhered to, and to check any departures therefrom.
- (f) The establishment of the Bank would enable the Jewish Agency or other Jewish colonizing agencies to obtain additional funds for new colonization; and this, in the case of the Jewish Agency, would be achieved in the following manner:

The Agency have invested considerable sums in providing buildings and other equipment for Jewish colonies.

The amounts invested are repayable, with interest, by the settlers over a period of years. The Assets provided in this way remain the property of the Agency until the settler has completed his repayment installments. The assets are, however, divided into categories, and when the settler has repaid a specified amount, one category of assets is transferred to his ownership; when a further specified amount has been repaid, a further category is transferred; and so on.

The Agency would be prepared to arrange for the transfer of all their assets to the settler, in order that he might be in a position to obtain a loan from the Bank on the security of them. This would be on the understanding that the settler would hand over to the Agency, in part repayment of his debt, the proceeds of the loan, less any portion that might, by arrangement between the settler and the Agency, be retained by the settler for further necessary equipment or desirable improvements.

The Bank would have a first charge on the assets; and the Agency a second charge. The Agency would accordingly have more difficulty in recovering the balance of their advances, but would be prepared to face this if they could thereby obtain funds for new colonization.

- (g) The Bank's funds could be used also to provide new colonization directly; for example, persons or groups of persons might be encouraged to

establish new holdings on the faith that, after substantial progress has been made, loans for completion would be obtainable from the Bank.

- (h) The Bank would not be able to obtain an income sufficient to cover its outgoings (debenture interest, administration expenses and losses by bad debts) unless it charged interest on its loans at a higher rate than agriculture in Palestine could bear. The Jewish Agency estimate that their settlers in mixed farming areas, established at an average cost of about £P.700, [1] cannot afford to pay more than £P.20 per annum in interest and repayment of principal, representing about 3 percent on the outlay. If, therefore, a settler were to borrow £P.300 from the Bank, he could not afford to pay more than 7 percent per annum on it, to cover both interest and repayment of principal; and then the Jewish Agency would not ordinarily be able to collect any interest or repayment installments in respect of the balance of their advances to the settler. This would not, however, apply to the orange growers, who are in a position to pay more because their net returns are greater. The representatives of the Agency expressed the opinion that the Government, as an aid to development, should consider the advisability of providing special facilities (which would mean a heavy subsidy) to enable the Bank and any other Government agricultural credit institution, whether for Jews or Arabs, to charge a rate of interest that agriculture could bear.

The Scheme of the Bank Criticised

56. Such is the scheme put forward by the Jewish Agency. It is in my opinion open to weighty objections, and I cannot see my way to recommend it for acceptance.

There can be no doubt that agriculture in Palestine could not stand the high rate of interest which such a Bank would have to charge in order to cover all its outgoings, including losses by bad debts.

For instance, the Central Bank of Co-operative Institutions in Palestine makes intermediate and long-term loans at 8 percent interest. The loans are made to co-operative societies, the members of which are collectively responsible for the payment of the interest and the repayment of the principal; and, before any loan is granted, a careful investigation is made by the Bank of the circumstances of the prospective borrower member, not only as to the adequacy of the security he has to offer, but also as to the likelihood of his having income sufficient to enable him to meet the interest and repayment without difficulty. The business is, therefore, selective, and the risk of losses is thus reduced to a minimum. Moreover, the Central Bank has the special advantage of obtaining its loan funds at the low interest rate of 4 percent. Nevertheless interest has to be charged to borrowers at the rate of 8 percent.

Further Defects in the Scheme

57. The business of the proposed Bank could not be selective. The chief object of the Bank would appear to be to grant loans to established settlers in existing Jewish Agency colonies, the proceeds in whole or part being handed over by the settlers (in part repayment if their debts) to the Agency for the purpose of financing new colonization. Except to a limited extent, in cases where he would be allowed to retain a portion of the load to finance the completion of his equipment or desirable improvements, the settler would have nothing to gain by obtaining a loan from the Bank. He would in fact, substantially worsen his position. If he is in a mixed farming area, as the great majority of settlers are, instead of paying about £P.20 per annum, as at present, in interest and repayment of principal in respect of his loan of £P.700 from the Jewish Agency, he would have to pay that amount to the Bank (assuming the Bank did not charge more than 7 percent per annum in all for interest and repayment installments) on account of the Bank's loan of £P.300, and he would also be indebted to the Jewish Agency for the balance (£P.400) of the original £P.700 loan. He would not, therefore, be a willing borrower from the Bank: and he could not be expected in the circumstances to entertain any lofty notions regarding his interest and repayment obligations. Poor seasons, which recur in Palestine with distressing frequency, would be likely to be made the excuse for failure to meet liabilities; and the political difficulties which could be experienced if attempts were made to foreclose on a wholesale scale in Jewish colonies need no emphasis.

Further, the land in all Jewish Agency colonies is owned by the Jewish National Fund, and is let to the settlers on long leases, with certain restrictive conditions, notably that the land must never be occupied by a non-Jew. The Bank could not, therefore, take a mortgage on the land or on any immovable property of the borrower: it could take a charge only on the leasehold interest, and in cases of foreclosure it would have to find—and this might prove difficult—other suitable Jews who would be prepared to assume all the obligations of the lease and of the Jewish Agency and Bank loans.

Improbability of the Bank's Prosperity

58. All things considered, it would, I fear, be over-sanguine to expect that with this class of business the Bank would have any surplus, after meeting administrative expenses and losses, for the payment of interest on its debentures. In the case of the Central Bank of Co-operative Institutions, with its selective business, the margin between the rates of interest paid by the Bank and charged to the borrower, available for expenses and losses, is 4 percent. If the proposed Bank could not charge more than 7 percent, to include interest and repayment instalment, and if repayment were spread in all cases over as long a period as twenty-five years, only about 5 percent would represent interest. Accordingly, even if the debentures could be raised at the low rate of 5 percent interest, which is unlikely, the Bank would have no margin for expenses and losses.

Presumably, it would not be possible in the case of loans to new settlers, for the purpose of enabling them to complete their equipment, to charge more than 7 percent for interest and repayment instalment together. If so, in these cases also there would be no margin between the interest rates paid by the Bank and charged to the borrowers. And the business would obviously be less selective than that of the Central Bank, as there would be no satisfactory evidence of the settler's ability to farm his holding efficiently and to meet his loan obligations.

Improbability of Government Obtaining a Return on its Outlay

59. I am, therefore, forced to the conclusion that if Government were to raise a loan and use it to take up debentures in such a Bank, it would get no return on its outlay, and the interest and amortization charges of the loan would be a direct burden on the taxpayers of the country. For a loan of £P.1,000,000 raised at 5 percent interest, and repayable by a 1 percent sinking fund over a period of forty years, the Palestine taxpayers would have to provide forty annual payments of £P.60,000 or £P.2,400,000 in all. The position would be similar if Government were to guarantee the interest and repayment of a public issue of debentures, or to provide a subsidy on the scale which would be required.

Palestine is predominately agricultural, and to impose extra taxation on agriculturalists, generally, in order to provide uneconomic credit facilities for a limited number would be manifestly unfair. The extra taxation would, moreover, deplete the resources of taxpayers and make it more difficult for Government to impose taxes for necessary administrative and legitimate development services.

The Only Justification for Government's Provision of Long-Term Credits

60. The only purpose for which in my opinion Government might be justified in providing long-term credit for Jewish agriculture is improvement of holdings whereby a larger net return could be obtained from the land. If it were considered desirable to provide such credit, the most satisfactory arrangement would be for Government to place funds at the disposal of a commercial bank at such a rate of interest as would enable that institution to undertake the full financial responsibility of granting the credits, on the lines of arrangement which exist between the Palestine Economic Corporation, Inc., of New York, and the Central Bank of Co-operative Institutions in Palestine Ltd. The credits would then be granted with proper discrimination, and the cost to Government would be limited to the excess, if any, of the interest paid by Government on the money borrowed for re-lending to the Bank over the interest charged to the Bank. I do not feel satisfied that there is sufficient justification at this stage for Government supplementing the funds already available for this purpose from other sources. The position may be different later, when marketing difficulties and other obstacles to the profitable export of payable crops have been removed.

PART III

PROPOSALS FOR PREVENTIVE MEASURES

(a) General

Mistakes Have Caused Unnecessary Displacement From Land of Arabs

61. The decision of government to re-settle on the lands Arabs who have been dispossessed of the holdings which they were cultivating before the Jews purchased them is a recognition of, and a move to retrieve, the mistake which permitted the displacements to occur as they did. It needs no argument to prove that a repetition of the error can only lead to a recurrence of the present situation.

The Prevention of Future Mistakes

62. As I have demonstrated in Part I of this Report, re-settlement will be a very costly operation on which Government is not likely to obtain an economic return for its outlay. This heavy expenditure, and the burden which it will impose in the taxpayers of Palestine, can, I submit, be justified only by a simultaneous attempt to prevent a recreation of the problem.

If it be intended—and on this point I have no information—that Government, in pursuance of the policy declared, should resettle any Arabs who become dispossessed of their holdings in the future owing to their lands falling into Jewish hands, the solution of this problem will, as time goes on, be rendered more and more arduous by reason of the high rate of increase in the Arab population (which, on the figures disclosed by the recent census, cannot be less than 18,000 per annum), and the steady shrinkage in the areas of land available for Arab cultivation. The resettlement would as in the case of most of the qualified Arabs whose claims have already been admitted, need to be effected on irrigated lands: and at present this means on citrus lands. It will be seen from paragraph 36 of this Report that the outlay required for the resettlement on citrus lands of one dispossessed Arab family is estimated at about £800. That is to say, for every 1,000 dunams of land purchased in the future which would involve the displacement of, say, ten existing Arab cultivators, Government would have to incur an outlay of about £8,000 on resettlement.

If evidence were needed as to the agrarian unrest caused by the past policy of *laissez-faire*, and the consequent difficulties now confronting the Administration, it is furnished by the various land disputes which are constantly cropping up and leading to breaches of the peace between Arabs and Jews, with threats of more serious trouble. It is necessary to avoid any undue emphasis of these phenomena, which are often the inevitable sequels to the absence of a properly organized system of land administration: but the following picture of events illustrates the need of some such limited control of land transfers or dispositions as I have referred to in paragraphs 71-4 of my First Report.

A Picture of the Defects of the Existing System of Land Transfers

63. An Arab of the effendi class acquires at auction or by other means under the Ottoman administration, proprietary rights in a large tract in return for a comparatively trivial outlay: and is content to collect such rents as he can from some occupiers. Others, being illiterate and cut off from common sources of information, do not recognise the existence of an alleged owner who himself is certainly quite unable to identify the boundaries of his own supposed property. These limits are described in his title deeds only in such vague terms as are possible in an unsurveyed area with few distinctive topographical features, and so may be today, practically, unidentifiable.

A Jewish Organisation buys this land from the owner, and, as entitled under law, proceeds to take possession for development of its prosperity. That proceeding involves eviction of a number of men who have possibly heard of the late owner merely as a neighbouring effendi, and who have grazed a more or less indeterminate local area for generations without paying the alleged owner any rent. The eviction displaces them from land of which, to all intents and purposed, they are, and have been for generations hereditary occupiers—as Settlement Officers have recently held cultivating tenants in Government domains *de facto* and *de jure* to be (*vide* paragraph 77 below).

Monetary compensation is no solace for such men as these who can find no other *piéd-a-terre*: and who can recognize no reason for the change of circumstances which deprives them of the only form of livelihood known to them. And the offers by organizations to provide money for the purchase of land elsewhere for the re-settlement of evicted tenants represent simply the familiar device of transferring a nuisance from oneself to one's neighbour.

The Need for Protecting the Rights of All

64. It is, of course, impossible to make the world stand still, or to stay the march of progress, but the inequity of the present system which suffers such changes as I have depicted, will not, I imagine, be disputed. If the extensive and ill-defined rights of the literate

and powerful are on the one side maintained, care should be taken that similarly extensive and ill-defined rights of the poor and uneducated on the other side are not over-ridden. Provided that a *via media* doing justice to both parties can be found, it ought to be adopted as a solution. Some provisions should be made whereby the occupiers of the land described above can, at least, be left in undisputed possession of a minimum area of land sufficient to allow of their continuing to earn their living; and of their learning in due course from progressive neighbours how to develop that minimum to the best advantage. Such a policy can be put into operation if such limited restriction is imposed on the object in view.

The Need for Preventive Measures in Future

65. Given the physical limitations of a poorly endowed country such as Palestine, and given the declared policy of His Majesty's Government as regards further Jewish colonisation, the present embarrassments in which Government finds itself must make it evident, I submit, that there is something radically wrong in the methods hitherto pursued in attempting to carry out this policy; and that for the future the truth that prevention is better than cure should be held up as the guiding principle, particularly when the preventive measures advocated involve no departure from the stated intentions of His Majesty's Government: inflict no hardship on any existing colonist or immigrant: and are calculated to prevent further embitterment between the two great races. Adherence to the past policy of *laissez-faire* demonstrably has entailed in the past, and must inevitable entail in the future, what is felt to be harshness and injustice towards part of the indigenous population.

Another Aspect of the Present Rural Situation: Indebtedness of the Arab Peasantry

66. In the above remarks I have presented the picture from one angle. There is another from which it must be viewed.

In the course of tours among Arab villages in the company of the Financial Advisor, with a view to the inspection of possible purchasable lands, I have come into close contact with, and studied the economic position of the fellahin and rural *effendis*, who are almost without exception oppressed by the burden of debts. We have also seen and heard some of the other side—their money-lending creditors. Numerous offers of sales of land have been made to me by debtors with a view to clearance of these debts, and it has been worth while to consider closely their origin; and whether any practicable means are possible of easing the load, so as to allow of the landowners developing at least some of their lands.

Reasons Given for This Indebtedness: Existing System of Taxation Unpopular

67. The subject of debt has been dealt with at length in Mr. Strickland's Report on

the possibility of introducing a system of agricultural co-operation in Palestine , 1930. The reasons usually given for indebtedness by the fellahin are:

- (1) Government taxation;
- (2) High expenditure during, and in the years immediately succeeding the war;
- (3) low prices for crops; and
- (4) natural calamities.

The subject of Government taxation is one that has been recently exciting universal interest, and it would seem that among the fellahin the proposal to substitute a single, for the existing dual form of, tax on land revenue is generally approved. But there is no doubt that if the reforms stop short here, existing widespread discontent will not be removed. While the present incidence of taxation on extensively cultivated land is, with certain exceptions, admittedly too high the keenest resentment is voiced at the inequity of a system by which taxation falls on the landowners or occupiers, however small, and entirely passes over the money-lending and professional classes who derive such a large proportion of their income from the peasant classes. The demand for an income tax on the commercial and professional classes in some form is insistent among the rural population: and is one from which it is impossible to withhold sympathy. The burden of the reiterated complaints is that while the cultivator of, say, 50 to 100 dunams of cereal land, yielding a bare livelihood, is mulcted in taxation and very little in the way of providing rural amenities is done for him by Government, the moneylender, who draws his income or amasses a fortune largely from the vital necessities of the peasantry, escapes almost scot free. Except for comparatively trifling payments under the Urban Property Tax Ordinance, he enjoys all the facilities of schools, good roads, etc., furnished cheaply or gratis in the towns in which he lives.

Indebtedness of the Peasantry Not Mainly Due to Taxation

68. But taxation is, in reality, not the heaviest load borne by the peasant. His indebtedness from other causes far outweighs this burden: and it is very difficult to devise any effective means of escape for him.

As elsewhere, the course of events in Palestine during the years after the war, when prices ruled high, has been the undoing of the fellah. After the war, animal and implements were needed to replenish the denuded farm, and were bought at high prices. Expenditure of a less reproductive character was incurred and then, when natural calamities occurred and prices collapsed, the peasant found himself saddled with debts which were not correspondingly scaled down by his creditor, but were maintained at their inflated figure,

with interest continuously growing. Government is called in to adjust its demands at the altered state of affairs; the money lender is not.

The Indispensability of the Local Moneylender

69. How all-absorbing this indispensable village institution—the money lender—is, is illustrated by two items of information gleaned in the course of my inquires.

In one Area Officer's charge extending over three sub-districts there are fourteen Government tax collectors: one moneylender alone in one of those sub-districts was said to employ twenty-six mounted debt collectors. This case is not unique: and Government is obviously at a disadvantage in the contest to recover its dues.

Again, in a village where large sums of money are regularly disbursed by a party excavating an ancient site, practically the whole of the payments go straight into the pockets of the creditors of the village without benefiting the villagers at all.

The Need for Reducing the Peasant's Facilities in Obtaining Cash Credits

70. Pending the institution on a wide scale of village co-operative credit societies on the lines advocated by Mr. Strickland in his Report, I can discern no practical method of ameliorating this very serious situation except by severe contraction of the cultivator's credit. The Arab, like other peasants, is notoriously improvident: and the more he has to pledge, the greater his opportunities for borrowing money for non-productive and non-essential purposes.

The larger the landowner the more, no doubt, he is indebted; but it is the small cultivator whose protection is called for: and one of the surest ways of contracting his credit is to make some portion of his land secure from possibility of alienation, except under specified conditions.

Preventative Measures: Concrete Proposals for Legislation

71. For the protection then of the Arab small cultivator against complete expropriation or eviction, which may lead to his joining the class of landless Arabs, I have attached to this Report, as a basis for consideration and discussion, two draft Ordinances: (i) the Homestead Protection Ordinance and (ii) the Occupancy Tenants Ordinance, *vide*

Appendices S.R.III and IV. These measures aim at affording early practical, and, in my judgment, indispensably necessary, remedies for the alleviation of the situation.

The Homestead Protection Ordinance

The Homestead Protection Ordinance

72. The Five Feddan Law of Egypt is not strictly comparable to the first of the two Ordinances now proposed, In that Law the principle was laid down of exemption from seizure for debt of agricultural holdings of small farmers. The Egyptian peasant was left free to sell or otherwise dispose of his land voluntarily; because it was believed that his love of the soil was so strongly rooted in his nature that he would not proceed to this extreme.

Pressure of circumstances on the Palestinian Arab has been too strong to enable such a belief to be cherished in his case. It is recommended, therefore, that a minimum or "homestead" area of a cultivation should be made inalienable, unless the vendor of such shall satisfy the District Commissioner that he has a "lot viable" elsewhere or has obtained permanent occupation off the land. Varying minimum areas would be prescribed for the various zones into which the country would for the purposes of the Ordinance be divided, e.g. in the coastal zone the minimum, being an irrigated area, would be comparatively low: in the hills or dry-farming areas a minimum area must be much higher.

Objection may be raised that the constitution under the proposed Ordinance of numerous legally inalienable parcels of land in the midst of alienable "surplus" areas would cause an insuperable difficulty in the acquisition of the latter. Experience in the past shows that this is not the case. For instance, if there were a scheme by an organisation to buy a village for development, it would be possible in the future, as in the past, for voluntary arrangements to be made whereby homestead areas could all be reserved in one compact block of land, separate from the areas passing under the control of the purchasers. The question of landless Arabs would never have arisen, and will not arise again, if the protection contemplated by the draft Ordinance and the draft Occupancy Tenants Ordinance referred to below has been, or be now, given.

The Principles of Inalienability and Protection Not Novel

73. The principle of inalienability of land is, of course, not a novel one. It exists in Palestine in the cases of the Waqfs and the Keren Kayameth lands: in the old English system of entail: and also in India .

The principle of protection of a part of a cultivator's holding in Palestine was affirmed when, in 1928, Government issued its "Statement of Policy" in regard to the Beisan cultivators, permitting them under certain conditions to dispose of a part of their holdings provided that they retain sufficient land for the maintenance of themselves and their families.

Some Details of the Draft "Homestead" Protection Ordinance Discussed

74. Among other points which require consideration are the following:

The definition of "cultivator" in Article 2 of the Ordinance included an occupancy tenant on the assumption that an Occupancy Tenant Ordinance will be enacted simultaneously with a Homestead Protection Ordinance. It is possible that the homestead area of an occupancy tenant may differ in extent from that of an owner.

The Articles (3, 4, and 7) dealing with the "homestead area" do not impose anything in the nature of a general restriction upon dispositions of land: they merely require previous consent, which would be given as a matter of course in any case not involving permanent alienation or mortgage of the "homestead area." The particulars prescribed by Article 4 (1) will enable the District Commissioner to decide whether the proposed transaction is one which can stand or not. For example, a man wishes to sell or mortgage twenty dunams which is the "homestead area" in the zone where this property is situated. If the transaction is registered without any previous enquiry, it may turn out this was all the land that he possessed, and therefore alienation should have been in one of the prescribed forms. But if he produces to the District Commissioner title deeds for other land owned by him, the transaction will stand. In other words, enquiry before completion of the transaction is contemplated instead of a subsequent action to upset it.

Again, if the mortgagor owns more than a bare "homestead area," the power of mortgaging the excess area and the form of mortgage remain unaffected: but the "homestead areas" cannot be sold. It can only be mortgaged under Article 8.

The form of mortgage provided under Article 8 (3) is one that leaves the cultivator in possession of his land, the lender being paid off by installments in the form of rent. Although the amount of rent must be limited, in order to avoid its representing usurious interest on the original loan, the amount and the period of tenancy should be adequate. Whatever these might ultimately be determined to be, the limits would tend to restrict easy rural credit—a desirable consummation.

In Article 14 an attempt to deal with the difficult subject of mortgage by means of

conditional sale is made. The question of dates in this connection is a particularly important one, and will need careful consideration.

Occupancy Tenants Ordinance

Previous Attempts to Protect Tenants

75. In paragraph 24 of the Statement of Policy made by His Majesty's Government in October 1930, it is laid down that "consideration must also be given to the protection of tenants by some form of occupancy right, or by other means, to secure them against ejectment or the imposition of excessive rental."

I have reproduced in Appendix S.R. II the Transfer of Land Ordinances, 1920-1, which, to quote the words used on page 115 of the Report of the Commission on the Palestine Disturbances of August 1929, "were designed to avoid the danger which appears now to be imminent, namely that large numbers of Arab tenants and cultivators for whom no alternative land is available would be deprived of their holdings." Explanations are given in the same Report of the reasons for the failure of those Ordinances to effect their designed object, and a further discussion of the subject will be found at pages 34-8 of the Hope Simpson Report.

Omissions in Past or Existing Legislation

76. As pointed out by the Commission, the Protection of Cultivators Ordinance, 1929, did not afford the necessary safeguards for tenants who may be driven to indebtedness. It did nothing to secure to those dispossessed "a sufficient area for the maintenance of their families." This unsatisfactory Ordinance was indeed strengthened in some directions last year, and additional amendments are now under consideration.

Recent Decision by Settlement Officers Purporting to Create Occupancy Rights

77. A new element has been introduced into the situation by recent decisions of Settlement Officers in certain State domains which lay down that lands therein cultivated by tenants of long standing are "subject to hereditary and assignable rights of occupancy and tenancy... against payment of rental tithe to the Government of Palestine." These decisions are now under appeal by Government in the Civil Court, as hitherto occupancy rights are believed not to have existed under Ottoman, i.e. current, land law.

A Draft Occupancy Tenants Ordinance

78. In conformity with the promise of His Majesty's Government, quoted above, it is sought by a draft Occupancy Tenants Ordinance (which, I would repeat, is put forward as a basis for consideration and discussion) to grant protection against eviction to tenants who, if not so safeguarded, must, in a very large number of cases, become landless Arabs, such as have now to be resettled at great expense to the State.

Many Difficulties in Framing a Scheme

79. That the fulfillment of any scheme to give "protection of tenants by some form of occupancy right" bristles with difficulties cannot be gainsaid; but I have presumed that it is intended to face the issues, and some assistance in framing the draft Ordinance has been obtained from the Irish Land Act, 1881. In Ireland, as still in Palestine, the normal form of lease was an annual tenancy without written contract.

The Question of Date for Enactment

80. One of the great difficulties in all cases of this nature centers round the date when an Ordinance of the kind contemplated shall come into operation. Unless a suitable date is selected, attempts are made as soon as the proposals become known to anticipate and frustrate their efforts. Accordingly, I suggest as appropriate the date on which the Protection of Cultivators Amendment Ordinance came into operation, namely May 29th, 1931.

Some Explanations of the Provisions of the Draft Ordinance

81. It is not necessary, I conceive, to state at length in this Report the reasons which have led to the inclusion in the draft Ordinance of all its provisions; but I conclude this Section of the Report by adding some explanations of certain salient features.

In Article 3 there is a provision whereby a tenant, who was on the date named above cultivating a holding, acquires a right of occupancy therein; even though that holding has been left vacant since, or has been let to a subsequent tenant, as has, in fact, occurred in numerous cases in order to prevent the acquisition of rights under the Protection of Cultivators Ordinances, 1929-31. In the latter cases, the occupancy tenant would have to

apply to the Court for possession, and the Court would give his possession upon such date as is equitable, regard being had to the rights of the person who has become tenant since May 29th, 1931 . It is to be remembered that in the normal course of affairs, probably, the great majority of tenant cultivate in the same villages year after year, and are to all intents and purposes hereditary cultivators.

In Article 5 there is a provision for fixed rents in ordinary circumstances. This follows the normal custom of the country.

In Article 6 there is a provision for fixity of tenure. An occupant tenant can be evicted only for breach of the contract of tenancy. There is, however, an important proviso in sub-clause 1 (f) of the Article. It has been felt that where an owner has purchased his property before the Ordinance comes into force, not with speculative, or merely acquisitive, aims, but with genuine intention of development or colonisation etc., and has made temporary letting of the land pending the commencement of active development or colonisation, the land should not be subject to occupancy rights.

In sub-clause (iv) of the same Article there is a provision against attempts to defeat the Ordinance by collusive evictions.

In Article 7 there is a provision for sale of occupancy rights subject to the restrictions imposed in the Homestead Protection Ordinance.

In Article 11, there is a provision that where the immediate landlord of an occupancy tenant is a middleman the determination of the latter's interests will not affect the tenancy except in so far as the occupancy tenant will become tenant to the superior landlord.

In Article 12 there is a provision that the sale of the landlord's interest in execution proceedings will not affect the tenancy rights.

In Article 14 there is a provision whereby the acquisition of tenancy rights is excluded in classes where the landlord and tenant have entered into an agreement, such as colonizing bodies make with tenants.

In Article 15 there is a provision for the resumption of a holding from an occupancy tenant with the permission of the District Commissioner for purposes of development or colonisation, etc., upon proper provision being made for the future maintenance of the

tenant.

I have limited the draft to main principles without the elaboration of details which a completed Ordinance would necessarily require.

PART IV

PROMOTIVE MEASURES

(a) Citrus Experimental and Demonstrative Stations

Citrus Stations for Experience and Demonstration

82. I turn now to a scheme for the promotion of the all-important citrus industry, which in Palestine is still in its youth. The proposals that I recommend are for a Government subvention towards the maintenance of an efficient Citrus Experimental Station and the establishment by Government of a Citrus Demonstration Station in connection therewith.

The citrus industry in Palestine, which has expanded so remarkably in the last few years, will certainly continue its progress so long as suitable land is available. The high prices at which the Jaffa orange has been sold hitherto puts the fruit in the "luxury" category. When recently planted groves come into bearing, and the supply of oranges is thereby considerably increased, the appeal will have to be made by means of lower prices to the less affluent public. The greater the output, as more and more groves come into bearing, the keener will be the competition in world markets, and the more pronounced the tendency towards further depression of prices. Another aspect is that the extension of the area under cultivation will increase the risks and dangers of the pests peculiar to citrus.

Necessity for Research and Experiment in Citrus Industry

83. TO enable the industry to dispose of its produce profitably at falling prices, research and experiment in all branches of the industry (cultural, packing, transport and marketing) must be actively and continuously pursued; and, inasmuch as the great majority of the growers are smallholders, steps must be taken to demonstrate the results of the

experiments and to encourage their wide application.

The Work Already Done by Jewish Bodies

84. Much good research and experimental work has already been done by the Jews, but much more remains to be done. Other citrus countries have been working at their problems for years, and those of Palestine are largely special problems arising out of local conditions for which the results of research in other countries form little guide.

Government's Stake in the Citrus Industry

85. Government has a lively interest in the success of the industry, and any funds which it may have to provide in order to ensure adequate research, experiment and demonstration will be amply rewarded in the form of increased taxable capacity. It is, indeed, under contemplation to enhance substantially the taxation on the products of new citrus groves; and it seems to me incumbent on Government to assist with all its power an industry on which it depends, and will continue to depend, so largely for its revenues.

Alternative Courses Open for Establishment of Required Citrus Stations

86. Agriculturalists of small means are notoriously reluctant to provide funds for research, and Governments commonly have to lead the way. Fortunately, in Palestine, the Jewish Organisations are keenly interested in the success of the citrus industry and have already shown appreciation of the importance of, and willingness to provide funds for, research. The work of their scientific staff appears to have been done efficiently; and certainly at a very low cost.

If Arab growers are at present unable to provide funds for Experimental and Demonstration Stations, maintained, jointly, by the Jewish and Arab sections of the industry, the only other courses open to Government are (i) to cooperate with and subsidise the Jewish Agency, or (ii) to set up its own stations.

Proposal for Government Cooperation with the Jewish Bodies Explained

87. The former course would certainly be much cheaper for Government, and it may be assumed that the work would be done not less efficiently. On these grounds, I would

recommend in principle the plan of co-operation and subsidy. The scheme advocated may be briefly described thus:

The Jewish Experimental Station

88. The Jewish Agency holds 120 dunams of citrus land at Rehoboth and 500 dunams of undeveloped citrus land, hard by, at Ness-Ziona. The land at Rehoboth is occupied, or will be occupied, by the nurseries and laboratories (in course of construction) of the Agency's Experimental Station, which will in due course be transferred, with the staff, from its present temporary station at Tel-Aviv.

To the existing five scientific divisions, some of which deal with general, as well as citrus, research, it is proposed to add a sixth General Citricultural Research Division for the field experiment of which part of the Ness-Ziona land will be used. At the outset, 100 dunams only will be set aside for this purpose: leaving the remainder for future extension of field experiments, which will be required as fresh problems open up. In addition to this Experimental Station, a separate Demonstration Station—a Government institution—is needed for the purpose of demonstrating and encouraging the adoption by growers of the best methods now practiced and of future improvements established by the research done, and experiments made, at the Ness-Ziona Experimental Station.

Establishment of a Government Demonstration Station

89. Careful consideration of the matter in all its bearing has led me to the conclusion that the Government Demonstration Station should be established on a main road and in the vicinity of Jaffa: so that its accessibility to growers would encourage their resort thereto. It would be necessary to purchase for this purpose 200 dunams in all; on 100 of which would be given demonstrations of the best cultural methods now pursued. A small packing-house would illustrate modes of picking and packing fruit for export. As the work of the Experimental Station proceeds, the results of new research and experiments would be demonstrated on the remaining 100 dunams of the Demonstration Station, where variety tests would also be made.

Distribution of Costs of Schemes Between Government and Jewish Bodies

90. Particulars of the estimated expenditure on the Experimental and Demonstration Stations up to the end of the fifth year are set forth in Appendix S.R.V, and it is suggested that Government should agree to contribute half the net expenditure (i.e. after crediting receipts from salad of fruit produced) on both Stations, excluding the capital expenditure already incurred or being incurred by the Jewish Agency on the Experimental Station and

the value of any additional Jewish Agency lands at Rehoboth which may be appropriated for field experiments.

This would involve total contributions but Government over a period of five years of about £P.32,365, and by the Jewish Agency of a similar amount, in addition to the excluded capital expenditure (amounting to £P.10,700) and the additional lands referred to above.

It will be seen from the Appendix S.R.V that the expenditure to be borne in equal shared by Government and the Jewish Agency would be much greater in the first year than in any of the succeeding four years. It might be necessary for Government, as a provisional arrangement, to spread its contributions unevenly over the five years, so as to flatten out the Jewish Agency contributions, and to have an adjustment in the fifth year to equate the total contributions of the two parties over the five-year period. In that case the Government contributions would be approximately £P.14,885 in the first year and £P.4,558, £P.4,234 and £P.4,202 in the second, third, fourth and fifth years.

It is contemplated that the Experimental Station, with the trees thereon and all equipment, would remain the property of the Jewish Agency or, as regards the land, the Jewish National Fund, and that the Demonstration Station, with the trees thereon and the equipment, would be the property of the Government: also that the appointment of the scientific personnel for the Experimental Station would remain with the Jewish Agency.

Constitution of an Advisory Committee for the Stations: Other Safeguards

91. To supervise generally the work done at the two Stations and to advise to the programme of future work to be carried out, an Advisory Committee consisting of the two Station Directors, representative Jewish and Arab growers, and the Director of Agriculture as Chairman would be constituted.

It would, of course, be necessary to stipulate that the estimates of the annual expenditure of the two stations should be subject to Government's prior approval; and, when sanctioned, they should not be exceeded without the previous consent of Government; and that Government should have full rights of audit.

Although the Demonstration Station would obviously not be fully developed in five years, it would no doubt be desirable to limit the agreement for a Government subsidy to that period in the first instance, in order to provide an opportunity for a review of the arrangements in the light of experience.

These Citrus Stations of Benefit for Both Jews and Arabs

92. The financial assistance provided by Government for the maintenance of the stations would, it is of course understood, be for the benefit of both Jewish and Arab citrus growers.

(b) (i) Co-operative Movements and (ii) Marketing

Co-operative Movements and Their Supervision by a Registrar

93. (i) An appointment to the post of Registrar of Co-operative Societies not having been announced at the time of writing this Report, the position remains as described in the First Report (paragraph 110). When an officer is appointed, his work will have a dual aspect; the oversight of Jewish cooperative societies in their manifold activities, some of which are referred to below, and the formation of Arab cooperative credit and selling societies. Although it is understood that a co-operative selling society in connection with the citrus industry is under formation by prominent Arab citrus growers in the Southern District, the work in connection with the Arab communities, whether urban or rural, will be entirely uphill at first; and few visible results are to be expected until a considerable period of time has elapsed. Care will have to be taken that the Registrar is not saddled with extraneous duties, diversion to which would inevitably react unfavourably on his special work.

The constitution of "farms" or colonies of landless Arabs on co-operative lines has already been discussed in Part I of this Report.

Government's Interest in Citrus Marketing Problems

94. There is another matter in which Government's close and practical interest is called for. In paragraph 40 above I have alluded to the marketing problems which threaten the citrus industry in the near future; and in paragraph 49 to the fact that in the state of development to which the country has already attained, or is likely to attain for some considerable period, it can look only to the citrus industry as the main source of its prosperity.

Estimates of the Progressive Growth of the Citrus Industry

95. Various estimates have been framed of the areas under citrus, and a special official survey of the gives is, I understand, being undertaken. The figures usually quoted of the existing plantations are about 130,000 dunams, of which approximately 40,000 are said to be in bearing. The estimates assume, roughly, a general average of 80 to 85 exportable cases per dunam; and the actual exports during the season just closed have aggregated about 3 ½ million cases. It would appear on this basis that in 1936-7 the total will be at least 11 millions. In an article recently published in a Jewish paper, the writer arrived at a similar conclusion by a different method. He estimates the present Jewish citrus groves in bearing as covering 10,500 dunams, with an exportable output this year of 1,400,000 cases. New Jewish plantings in the years 1926 to 1931 inclusive are given as 54,000 dunams, which in 1936-7 will yield over 5 ½ million cases (at over 100 cases per dunam). The writer assumes that the Arab citrus crop in the last-named year will be about the same as that of the Jews; so that the total number of cases to be marketed abroad five years hence will reach at least 11 million cases. Even allowing a deduction for calamities, the produce in 1936-7 should be about, or possibly more than, three times the number of cases being exported in 1931-2.

Taking the fruit "culled" or rejected as unfit for export, as one-third to one-fourth of the gross produce, there will be also the equivalent of almost all the exportable oranges now being produced to be disposed of locally, or treated for by-products.

Increase In Citrus Planting

96. Further, there is no sign of cessation in citrus planting; quite the reverse. Indeed, a prominent member of the Jewish community has expressed to me his opinion that even if 50 million cases are produced, they can all be absorbed (in addition to the doze million cases of "rejects"). The onlooker aware of the march of events in other citrus-producing countries may well pause to wonder how all these enormous increases are to be disposed of, at home and abroad.

Need of Co-operative Marketing Organisations

97. (ii) The need for an effective organisation of the industry to enable this large and growing output to be marketed economically, and at the best prices, requires no emphasis; and the fullest advantages of co-operative effort must be the aim of the industry and the care of Government.

The bulk, probably 85 percent, of the existing output from Jewish groves is being packed and marketed co-operatively, and about three-quarters through societies dealing only with oranges. Separate orange co-operative societies are being formed out of the co-operative societies dealing with agricultural produce generally, and the aim is to have all oranges handled through separate orange societies. It is intended to form in two or three

years' time a Central Fruit Growers' Exchange, under expert management, whose business it will be to market the fruit of the local societies and, generally, to interest itself in the internal economy of the industry for the purpose reducing costs and securing better profits to the growers.

With the exception named in paragraph 93 above, no co-operative societies have yet been formed among the Arab growers, the bulk of whom sell their crops on the trees to brokers, who can choose their own times for picking the fruit, regardless of any effect on the succeeding year's crop. When picking is delayed the next crop suffers, and the loss falls on the grower. It is clearly most desirable in the interests of both Arab and Jewish growers that the Arab growers should lose no time in forming local co-operative societies. They would then be likely to get seasonal crop advances on better terms and be able to avoid the uneconomical practice of selling the fruit on the trees. They could make joint purchases of packing materials on improved terms, and have the grading and packing by their members supervised to the general advantage. The local societies could be federated—for joint purchase of advantage. The local societies could make joint purchase of packing materials on a larger scale, for selling, for shipping and other services. This would facilitate the formation of an Arab Central Fruit Growers' Exchange, co-operating with the Jewish Exchange, and in time, it is hoped, amalgamating with it. Government will have to apply the stimulus and give the movement unremitting and sympathetic oversight and guidance, working for an industry united in its efforts to obtain the best results for all growers. The greater the measure of effective co-operation, the greater are likely to be the profits of individual growers, whether Jewish or Arab.

The Good Work of the Agricultural Council: Need for an Expanded Marketing Medium

98. Among the sections of the agricultural Council which has been formed by the Department of Agriculture, there are an Agricultural Economics and Marketing Committee and a Citrus Committee that have done much valuable work in dealing with current agricultural questions. They are composed of members who generously give such time as they can afford to the study of the problems to be solved; but the citrus industry is becoming so large, and is so important, that it seems to me something more than such committees should be established if the many wide problems likely to arise in the future are to be grappled with successfully.

The Question of Advertisement in Connection with Marketing

99. A very able and practical representative of the Jewish community recently remarked to me that one of the country's great needs was a Marketing Board, to be composed of one or two marketing experts whose sole duties would be to think out ways and means of developing new markets for the citrus and other industries, and that a second step would be the establishment in London of a Palestine House in imitation of the methods adopted by the Dominions. The situation was put in another light by a distinguished citizen

of the United States of America when he expressed the opinion that the people of this country have not yet acquired even the rudiments of advertising their products. I think both these views call for the careful consideration of Government and the citrus growers.

(c) Animal Husbandry

The Dairy Industry

100. While I have expressed the conviction that the citrus industry must remain, at all events for many years, the principal source of the country's exports, it is necessary to consider the prospects of other rural activities.

Hopes have been entertained that a dairying industry capable of competing in foreign markets could be established. Palestine is a country with a great scarcity of natural pastures: and their extent is steadily being diminished with marsh reclamation and the expansion of citrus and other plantations. With this handicap and the absence of any means of disposal (other than poultry) for skimmed milk, which in other countries is fed to pigs, it is difficult to believe that Palestine dairy products can hope to compete successfully in foreign markets with those of more highly favoured countries like Australia, New Zealand, etc.

The Government Stock Farm

101. At present the subject of animal husbandry is being pursued from two standpoints: and it is a question whether there should not be closer co-operation by the two sides than actually exists. The Government Stock Farm, Acre, is gradually being stocked with selected indigenous breeds of cattle, sheep and goats (in addition to poultry) with a view to the distribution of their progeny to farmers.

The Jewish Dairy Industry

102. On the other hand, Jewish enterprise deals with high-grade imported cattle. The dairying industry among the Jews has developed rapidly: but its position seems to me precarious. The present costs of Jewish production due partly to expensive methods of feeding and scarcity of pasture and fodder, and partly to faulty organization and distribution, are too high to allow of successful competition in local markets with imported products. But Government cannot afford to let the matter rest in its present stage. It may be that time will

show that, in the conditions obtaining in Palestine, the local cows, under proper feeding and other treatment, are more economical dairy animals than the high-grade and cross-bred cattle which the Jews are now using. Even so, there are about 12,000 of these latter-named cattle in the Jewish dairy farms, and it is vital that all possible steps should be taken, by experiments in feeding and fodder production, to bring down production costs.

Three Main Aspects of Animal Husbandry

103. Animal husbandry has three main aspects—disease, feeding and breeding. Good work has been done by Government in the control and eradication of disease, but little has so far been attempted for the general improvement of feeding and breeding. The matter is of considerable importance, not only on the dairying side, but also in stock-raising for meat. Tests are required with the different local breeds, to determine their capacity for both growth and milk production and the extent to which their rate of production could be increased by improved methods of feeding and management and by selective breeding. Experiments are required also to ascertain the feeding value of local foodstuffs, so as to determine the most economic rations for different kinds of stock—cattle, sheep, goats (and poultry). A carefully planned programme, extending over perhaps eight to ten years, should produce good results and facilitate the policy of closer settlement.

Suggestion for Co-operation Between Government and the Jews

104. I suggest that Government should undertake forthwith an enquiry into the best method of carrying out the work and the funds which would be required. Should it be found that the Jewish Agency Experimental Dairy Farm at Rehoboth could usefully co-operate, if only as regards experiments designed to reduce the production costs for dairying with high-grade and cross-bred cattle, the question of a Government subvention would no doubt be considered.

(d) Egg Production

Palestine Suitable for Production of Turkeys and Eggs

105. An industry which shows promising prospects, and merits the sustained attention of Government, is that of egg production.

The rearing of domestic birds such as turkeys, geese, ducks and fowls in the farmyard is of particular concern to farmers under conditions of intensive cultivation: and,

fortunately, climatic and other conditions of Palestine appear on the whole suited to the raising of turkeys for the table and hens for egg production.

I have been informed by a catering expert that this country can and does produce some of the very best turkeys in the world; but that, at present, while the eggs produced are generally satisfactory and superior to those which Egypt exports in such large quantities, the quality of table poultry is indifferent. No doubt, as the poultry industry progresses, this defect will be remedied. Attention is, for the time being, rightly concentrated on increasing egg production.

Egg Production Industry Requires Still Greater Attention

106. Popular sentiment among the Arabs (and to a certain degree among the Jews) still relegates the supervision and management of the fowl-yard to the distaff side of the house; and although ideas will probably change as the industry develops, the feeling indicated serves to retard this development. The result is that the management of fowls on scientific lines is almost entirely confined to the Jews.

Action Taken by Government to Promote the Industry

107. Government has already shown its interest in the poultry industry through the research into diseases conducted by the Veterinary Department and by stocking of the Government Stock Farm, Acre , with poultry for the hatching eggs of which there is an unsatisfied demand.

It is hoped that production of such eggs will be largely increased in the near future.

Monograph of Egg Production Recently Published

108. In an admirable bulletin recently published by the Palestine Economic Society, an exhaustive analysis has been made of the situation as regards egg production. It is reported that between the years 1926-30, there has been a decrease of 50 percent in the importation of eggs, accompanied by a fall in prices. But even in the last year named about eight million eggs consumed in Palestine were of foreign origin. The compilers of the bulletin calculate that on the average (Jew and Arab poultry-keepers taken together) a hen in this country lays about ninety eggs per annum, which is not a high figure considering that its costs of maintenance is estimated to be equivalent to the value of seventy eggs per annum.

Conditions of a Successful Export Trade: Results of Trial Shipments Made to the United Kingdom

109. Palestine being situated as it is, if the industry of egg production is to attain real prosperity it must be able to ship eggs to foreign markets in seasons of the year, i.e. between October and January, when high prices can be commended there. During the cold weather three trial shipments to the United Kingdom were made, two by Government and one by the Jewish selling agency known as "Tnuva." The results surpassed expectations: and the Empire Marketing Board, with whose assistance the consignments were marketed, has in its technical report expressed the opinion that a market for Palestine eggs exists in the United Kingdom . It is noteworthy that the first Government consignment, which consisted of eggs purchased through "Tnuva" from Jewish settlements in the plain of Esdraelon, and the second ("Tnuva") consignment, which also came from Jewish sources, were described as very satisfactory: while the third shipment, which was composed of eggs collected from Arab villages, was generally satisfactory, but the least pleasing of the three consignments.

(e) *Mesha'a Lands and Land Registration*

The Proportions of Mesha'a Land in Various Parts of the Country

110. In paragraph 32 of the First Report I quoted statistics which show how the primitive system of *mesha'a*, or land held in joint ownership, was gradually weakening: and I remarked that the proportion of *mesha'a* land in the country was less than forty percent.

It is apparent from unverified statistics, kindly supplied by the Commissioner of Lands, that the position as regards partitions was at the end of last year as follows:

| | VILLAGES | | |
|------------------------|------------------|---------------|-------------|
| | Wholly or Partly | Unofficially | |
| | Partitioned | Unpartitioned | Partitioned |
| Northern District..... | 339 | 207 | 31 |

| | | | |
|-------------------------|-----|-------|----|
| Southern District..... | 109 | 168 | 31 |
| Jerusalem District..... | 131 | 23 | -- |
| | | <hr/> | |
| | 579 | 398 | 62 |

As a matter of fact, in addition to the sixty-two villages which are shown as unofficially partitioned, a number of the 579 villages returned by District Officers as partitions are so probably as the result of unofficial partitioning. An analysis of the figures, as reported, reveals that in the Southern District, where much land has from climatic reasons comparatively small value, partitions have been effected to a less extent than elsewhere. In the Jerusalem district the percentage of partitioned villages is as high as 85 percent. This is mainly due to the congestion of the population and the consequently greater value of land in the hills. Long ago the hillmen were driven to abandon a system of ownership which prevents tree-planting, terracing, etc. On the other hand, where the population is comparatively sparse and the land provided the bare requisites of livelihood without the labour and expense of tree-planting, manuring, etc., the *mesha'a* system still largely prevails.

Unofficial Partitions

111. Out of sixty-two villages in Palestine which have been actually returned as unofficially partitioned, twenty-nine line in one District Officer's charge and twenty-eight in another's. In eleven sub-districts no unofficial partition whatever has been carried through. It should be explained that an "unofficial" partition is one where the villagers have mutually agreed to effect partition themselves of their joint undivided lands without effecting registration in the Land Registry; and each man takes possession, with a view to permanent occupation, of the holding which is assigned to him. After ten years of uninterrupted and unchallenged individual occupation, he obtains in any case a prescriptive right to this holding.

The Excessiveness of Fees Levied

112. It may be asked why, when matters have proceeded by mutual agreement as far as a partition of the village lands among the co-proprietors, steps are not taken by these owners to register their possession according to the law. One answer is that unless all the

co-proprietors intimate their assent—practically an impossible condition in view of the existence of absentees and minors—the registrar refuses to register. Even if the partition case comes before a magistrate, and he orders registration, the co-proprietors in most cases neglect to comply. In this omission is to be found the other answer to the question, viz. the exorbitance of the fees demanded by the State for validating unofficial partitions.

I reproduced below from the Report of the Mesha'a Land Commission of 1923 a summary of the fees that may be exacted from a *mesha'a* shareholder on partition:

- A. the cost of a certificate of succession from the Moslem Sharia Court :
- B. 5 percent 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 ½ percent of the registered *werko* (land tax) value of his land, and
- E. in the future, an increase of 100 percent on his *werko* (land tax).

As the Committee on Economic Conditions which sat in 1930 drily remarks: "It is hardly surprising that the partition of *mesha'a* land has not progressed."

The Ineffectiveness of the Present System of Registration of Titles

113. Recommendations have been made to Government from time to time for the encouragement of the voluntary partition of *mesha'a* land: but until recently without success. By officers well versed in the administration it has been estimated to me that not one percent of the land transactions in the country have, since the Occupation, been officially registered, one of the main deterrents being the exaction of the excessive fees specified above. If these fees were reduced and levied on a more reasonable scale, due regard being paid to the services rendered, I believe the fiscal gains would be considerable and the registration of title, if the system of registration in villages which I have recommended in paragraphs 43-54 of the First Report be set up, would become universal. At present the records of the Land Registry are popularly believed to be quite unreliable: and unless some such system as that referred to above be introduced, the work which is being done at great cost in the settlement operations for the establishment of titles will in a generation be nullified; and property records will be in as bad a state again as they were under the Ottoman administration.

Contrast of Fees Levied Inside and Outside the Settlement Area

114. There is another aspect of this question of fees levied in connection with unofficial partitions.

Under revised regulations published recently for villages in the settlement area, there are payable in cases of partition carried through by the Settlement officers no fees other than a nominal survey fee for service done by the Survey Department. On the other hand, if villagers outside the settlement area seek voluntarily to partition their lands without recourse to official aid and are by remote chance in a position to have this partition legally confirmed, they are assessed on registration to the heavy fees indicated above. It thus appears to them that they are being severely penalized for doing themselves that which Government in its own good time will do for them gratis.

A Revising Committee Recommended

115. Accordingly, for the examination, and with a view to the reform, of the existing archaic system of levying fees in connection with land partitions and registrations, I recommend the appointment of a small committee.

Other Benefits Derivable from Encouragement of Partitions

116. Further, it is well known to those familiar with the countryside that partitions of land held in joint ownership, whether official or unofficial, are attended by a reduction in crimes of violence, thanks to the removal of fruitful grounds of quarrel. Again, there is an educative influence in the process of unofficial partition. If, in a country where co-operation is so little in evidence among one section of the population and where internal land disputes are so common in villages, Government can encourage a spirit of solidarity and induce the people themselves to undertake work which bears in it the germs of local self-government, it should not, I submit, lose the opportunity of thus facilitating real development and progress.

Ultimate Economy Effected by Unofficial Partitions

117. In paragraph 34 of the First Report, I referred to work already done on unofficial partitions, and recently the Commissioner of Lands has been able to depute temporarily as Assistant Settlement Officer to supervise voluntary partitions in advance of settlement operations in the Southern District. Quite apart from other benefits, one result of such partitions will be to reduce materially the work, and, consequently, the cost of survey operations.

But only a small area in one district is affected by this deputation: and similar proceedings are wanted in the other two districts so that by the time settlement operations reach them, the villages in a very large part, if not the whole, of the country, will have unofficially partitioned.

A Special Staff of Supervising Officers Suggested: Their Maximum Cost

118. In paragraph 35 of the First Report I recommended the appointment of a small special staff of Palestinian officials to guide the work of partition in advance of settlement. Three District Officers or Assistant Settlement Officers it is now suggested—one for the rest of the Southern District, one for the remaining few unpartitioned villages of the Jerusalem district, and one for the Northern District—would suffice. As soon as the work in any one district was completed, the officer of that district could be transferred to assist in another district, or it might be found advisable to concentrate the work of all the officers at first in one district.

I estimate that the three officers (with a small staff and equipment) would cost not more than £2,500 per annum. The economies to be effected eventually on the survey side of settlement operations will be substantial: but it is not possible to frame any exact estimate.

Postponement of Legislation Recommended

119. Finally, I have given the subject of legislation referred to in paragraph 37 of the First Report further consideration: and am of opinion that for the present the supervision of unofficial partitions should be undertaken without any enactment until further experience has been gained of the difficulties that are likely to emerge.

(f) The Hydrographic and Irrigation Surveys

The Proposed Hydrographic Survey

120. The hydrographic survey dealt with in paragraph 77 of the First Report remains of cardinal importance to the development of the country: and its early start will be all the more necessary if the proposal made in paragraph 39 above for a village-to-village survey in the Maritime Plain be accepted. There are, it has been ascertained, many water supplies

and resources in villages which can and ought to be developed to the benefit of the local population and of the State revenues, and which are at present either running to waste or thriftlessly used. What is required is some system of control as recommended in paragraphs 78-88 of that Report and contemplated in the Irrigation Ordinance under consideration, with provision of funds to be used in the form of loans. The degree of financial assistance by the State which is called for in any particular case cannot be determined until a survey has furnished the necessary data: and it is not, therefore, possible, at this juncture, to make a general estimate of sums which can usefully be spent on the objects referred to and recovered by the State in due course.

The proposed survey needs to be supplemented in another highly important direction.

Expert Irrigation Surveys Also Required

121. The conclusion has been reached in paragraphs 46-9 that citrus growing is in existing circumstances the sole large-scale industry in sight on which Palestine can depend for its prosperity: and a *caveat* has been added as to the perils of attempting or encouraging its indefinite expansion in a too brief period of years.

While, however, I deprecate hasty action in pushing on with new schemes for developing the Beisan, the Huleh, the Jordan Valley and Aujha Basin areas, I am of opinion that in conjunction with, or rather as a part of, the hydrographic survey already recommended, preliminary surveys of all these projects ought to be undertaken now by an expert Irrigation Engineer and suitable staff. Sooner or later this work must be done, before a final decision can be reached as to whether development of these tracts is or is not feasible or worth attempting. What the cost of such preliminary surveys will be and within what time they can be completed, I am not at present in a position to estimate.

To my other remarks on Irrigation recorded in paragraphs 78-88 of the First Report I have nothing to add.

(g) The Position of Hill Peasantry

The Congested Hill Area

122. Among the matters enumerated as coming within the purview of the development Scheme is the question of the congestion amongst the fellahin in the hill

districts of Palestine . It was contemplated that measures will be devised for the improvement and intensive development of the land, and for the bringing into cultivation areas which hitherto may have remained uncultivated, and thereby securing to the fellahin a better standard of living, without, save in exceptional circumstances, having recourse to transfer. In this connection paragraphs 69 *et seq.* of the First Report may be read.

Deterioration of Condition of Hill Fellahin: Need of Security of Tenure

123. Further and closer acquaintance with the tracts referred to leads me to the conviction that in present conditions, the condition of these fellahin is steadily deteriorating. In rural communities nothing is so fatal to progress as want of security of tenure—a want which can be supplied by protecting the small proprietor and the occupancy tenant from eviction. As long as insecurity exists, there can be no incentive to the fellah to improve his lands by intensive cultivation. It is not that industry is wanting. No one whose work leads him among the hill fellahin can fail to be impressed with the efforts which they, under pressure of increasing population, are making to extend their lands by reclamation and terracing.

The vital wants of the fellah are few: his manner of existence simple and his poverty pervading. His holding is very small: the value of the produce he raises seems almost pitiful. On the other hand his family labour on the land, and his working expenses are almost negligible. Little can be done to give him a better return from his holding, if his outlay is not at the same time to be disproportionately increased. Once more—the process of amelioration can only be a slow and lengthy one.

Existing Impediments to Progress in Hill Areas: *Mewat* or “Dead” Land Restrictions

124. There are two or three impediments to progress that, I think, could be at once removed to his advantage. Under the old Turkish law anyone who was in need of what is known as “dead land” (vacant land of a certain defined nature) might, “with the leave of the official,” plough it up gratuitously and cultivate it on condition that the legal ownership belonged to the State. If anyone broke up and cultivated land of this kind without leave, the value of the land was to be exacted from him and a title deed issued to him.

Under this system, no criminal process lay against the squatter.

In 1921, however, was promulgated the *Mewat* (i.e. dead land) Ordinance which substituted for the Turkish law the provision that “any person who, without obtaining the consent of the Government, breaks up or cultivated any waste land, shall obtain no right to a title deed for such land, and further will be liable to be prosecuted for trespass.”

Effect of Restrictions

125. The effect of this change, with its attendant penalties, has been, I am informed, to put an end to, or to curtail, the breaking up of cultivable waste in hill areas where such land might be subjected to the industry of cultivators who badly need opportunities of expansion in their home villages.

Possibility of Removal or Partial Removal of Restrictions

126. The subject is not free of complications: for the extension of cultivation in suitable areas of Mewat land is closely connected with the maintenance of forest reserves which have been brought into existence with a view to protecting tree-growth, both natural and artificial, and also to preventing the continuous denudation of soil by rain or the grazing of animals. Something could, however, be done to ease the present restrictions in favour of the hill fellahin: and I recommend that the Mewat Ordinance should be cancelled, or else be so modified as to remove some of the unnecessarily deterrent effects of its existing provision.

Obstacles to Arboriculture in the Hills

127. Another obstacle from which the Arab peasantry suffers is the want of facilities for obtaining fruit trees for planting. In 1928 the Director of Agriculture issued instructions that Government nurseries should continue to raise forest and ornamental trees for departmental requirements, for sale and for issue for amenity planting as before; but fruit trees commonly raised by private nurserymen should not be produced at Government nurseries excepting olives, carobs, walnuts, mulberries and pistachios, as well as unproved fruit stocks, particularly new types the propagation of which might more conveniently be carried out at Government nurseries.

The policy of restricting issues of fruit trees seems to have been dictated by a fear that nurserymen might suffer in their trade; but the restrictions imposed seem to have been too drastic. Arabs are not in the habit of buying common fruit trees—other than oranges, etc.—from nurserymen, very few of whom exist outside the coastal plains and the suburbs of the three larger towns, and I recommend that the rules should be modified so as to permit of sales of any trees from Government nurseries. If the policy of producing improved varieties on a limited scale at Government stations be adopted, the question of competition with the nurseryman's industry will scarcely arise.

If some such order were issued, fruit trees would at first be obtainable from Government nurseries: and, if and when Arab or Jew private nurseries become more general, the Government institutions would automatically be devoted to other needs. The Department of Agriculture has been making efforts to get such Arab nurseries started, and there seem good hopes of success: but it may be some years before a sufficient number of such concerns exist, particularly in the hill areas where the planting of fruit trees is most desiderated.

Measures in Being for Assistance of Fellahin

128. On the positive side the Department of Agriculture is actively endeavouring to spread the advantages of good, clean seed—with such success that enough seed of the types favoured cannot yet be grown. This work, too, must necessarily be very gradually developed. Perhaps one of the most astonishing features of rural economic conditions is the blindness of the moneylender, who takes so large a proportion of the fellah's grain crops, to the advantages he would derive if he assisted his clientele in growing crops from selected seed, which returns higher yields than the dirty, unselected grain to be found in the ordinary village shops.

PART V

CONCLUDING REMARKS

The Matters Enumerated in the Secretary of State's Despatch of June 26th, 1931 : How Dealt with in the Two Reports

129. In the First Report and this Supplementary Report I have dealt with the matters which were enumerated in the Secretary of State's despatch, No. 487 of June 26th, 1931 (a copy of which is given in Appendix I to the First Report), as the initial steps to be taken to give effect to the policy of His Majesty's Government in regard to Agricultural Development and Land Settlement in Palestine.

A summary of these initial steps, and how they have been covered in the Reports, may be added:

- (a) The registration of displaced Arab families is proceeding (S.R., paragraphs 5-7).
- (b) Schemes for the re-settlement of some of these Arab families, when registered have been drawn up (S.R., paragraphs 17-36).
- (c) In the First Report the pre-requisites to any large schemes of land settlement or development have been outlined (F.R., paragraphs 22-90). An inquiry has been undertaken to ascertain what State and other lands are, or properly can be made available for the re-settlement of the displaced Arabs mentioned above and for close settlement by Jews. The potentialities have been considered and discussed (F.R., Part II, S.R. Part I, paragraphs 8-42; Part II, paragraphs 44-52; Part IV (f), paragraph 120; Appendix, S.R.I).

The question of the congestion amongst the fellahin in the hill districts has received attention, and such measures as seen practicable for the improvement and intensive development of their lands have been indicated (S.R., Part III and Part IV (g), paragraphs 122-8).

- (d) (i) The feasibility and advisability of providing credits for Arab cultivators and Jewish settlers have been examined (S.R., Part II, paragraphs 54-60, and Part IV (b), paragraphs 93-9).

(ii) Consideration has been given to the possibilities of draining, irrigating and reclaiming land not at present cultivated or cultivated only to a limited extent; and hydrographic and irrigation surveys have been recommended (F.R., Part II, S.R. Part IV (f), paragraphs 120 and 121, and Appendix S.R.I).

- (e) In all cases where sufficient data are available, as close an estimate as possible of the cost of the works or other measures proposed has been given.

Lastly, in Part III of this Report, I have dealt at some length with the necessity of certain restrictive measures which in no way conflict with the declared policy of His Majesty's Government, but which, if enacted, would serve to prevent the recurrence of many of the agrarian problems with which the country is at present and must in future in default of such legislation, remain confronted.

Change in Financial Situation: The Cost Involved of the Measures Recommended in the Two Reports

130. In January last, the Secretary of State intimated that conditions had changed

very much since his predecessor's despatch of June 26th, 1931, was written, and that it could not now be assured that it would be found practicable to make two and a half million pounds available for development purposes. His Majesty's Government would, however, give careful consideration to the Director's Reports and the High Commissioner's recommendation thereon, after receiving the observations of the Jewish Agency and the Arab Executive, so that early action might be taken (financial circumstances permitting) to give effect to a limited scheme of development, providing, first, for the re-settlement of landless Arabs and, secondly, for some assistance for Jewish settlement.

In the First and Supplementary Reports I have recommended certain measures, involving expenditure by Government, which in my opinion will facilitate development and closer settlement. These measures, with the estimated cost of carrying them out, so far as data at present available, are:

- (1) Additional Survey staff, if found to be necessary, in order to complete the work of settlement at the earliest possible date: £P.12,000 spread over eight years (F.R., paragraph 24).
- (2) Appointment of a small special staff to undertake partitions of *mesha'a* lands in advance of settlement: £P.2,500 a year or less for, probably, three years; which would, however, ultimately effect an economy in the total cost of settlement (F.R., paragraph 35, and S.R., paragraph 118).

Also, the appointment of a small committee (involving no appreciable cost) to examine into the existing system of paying fees in connection with partitions and land registrations (S.R., paragraph 115).

- (3) The institution of a staff of Village Registrars for the proper maintenance of the record-of-rights in land and water and of records of crops, etc.: £P.15,000 to £P.20,000 per annum as a maximum when the establishment has been completed. This expenditure would be offset to some extent by fees charged for copies of entries, reductions in present tax-collecting staff, closer collection of land tax or revenue and, probably, savings in other administrative services (F.R., paragraph 53).
- (4) Government control of water supplied, with the provision of loans to cultivators to facilitate the proper exploitation of water at present running to waste, or thriftlessly used, as may be found to be desirable after the completion of a hydrographic survey to cost £P.8,000 (F.R., paragraphs 77-89 and S.R., Part IV (f), paragraph 120).
- (5) Government assistance towards the cost of Citrus Experimental and Demonstration Stations: £P.32.365 during the first five years (S. R., Part IV (a), paragraphs 82-92).

- (6) Further experiments in animal feeding and breeding over a long period: the cost to be ascertained after investigation by Government of a suitable programme of work (S.R., Part IV (c), paragraphs 100-4).

Summary of Conclusions Regarding Re-settlement of Landless Arabs and Assistance for Jewish Settlement

131. In Part I of this (Supplementary) Report, I have set out the difficulties which have to be faced in effecting the re-settlement of displaced Arab families and given reasons for my conviction that progress is bound to be very slow. I have indicated that there is very little suitable land available in the dry-farming areas; and that, at present, the only other possibility is the development of small irrigated holdings on land adapted for citrus growing which is at present being cultivated extensively for cereals, etc. This, I have shown, would involve the re-settlement also of the existing cultivators on the land to be acquired, and would cost about £P.800 for each displaced Arab family re-settled, spread over five or six years.

With regard to the question of assistance for Jewish settlement, I have expressed the opinion, in Part II of this Report, that even if it is found that there are no insuperable technical obstacles to the irrigation, drainage or reclamation of the lands not at present cultivated or cultivated only to a limited extent, their exploitation would not be an economic proposition at the present stage of agricultural development in Palestine. In that Part also I have reached the conclusion that the case as presented so far to me for providing credit facilities for Jewish settlers can scarcely win acceptance; but that some assistance might be justified later, in certain circumstances, if funds can be provided.

Co-operative Societies

132. As stated in paragraph 93 above no appointment has, so far as I know, yet been made to the post of Registrar of Co-operative Societies. I am not, therefore, in a position to indicate what financial assistance may have to be provided, if funds are available, in order to facilitate the formation of co-operative credit societies among Arab cultivators.

133. It only remains to add an expression of the highest appreciation of the invaluable assistance rendered to me during the last two months by Mr. F. Skevington, M.B.E., the Financial Advisor, first in the critical examination of the economic and financial aspects of the proposals which I have had under consideration and, secondly, in connection with the preparation of this Report; also of the careful and skillful counsel received in the preparation of parts of the Report and Appendices from Mr. A.H. Webb, K.C., Legal Adviser. I am most grateful, too, to Mr. J. Dawson Shephard, O.B.E., Irrigation Officer, and

to officers of the Department of Agriculture for much sound advice on technical and other matters: and, finally, to Mr. W.A. Thorogood, the Chief Clerk, and the other members of my office staff for the cheerful energy and efficiency with which they have carried out their duties.

[1] Apart from the cost of the land, which belongs to the Jewish National Fund, and for which a rent will be payable to the Fund.