

PALESTINE AND THE MIDDLE EAST

AN ESSAY IN REGIONAL ECONOMY

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PALESTINE is a link in the chain of Middle Eastern countries, and until 1918 it formed a part of the Ottoman Empire. Its climate and geographical position connect it with the Middle Eastern area and its ethnographical and economic structure bear the mark of this connection. It is confronted with fundamental social and economic problems common to all the Middle Eastern countries: the agrarian and labour question, poverty and disease, low standard of life and illiteracy, semi-feudal regime in agriculture and indebtedness of the peasant.

There is, however, one factor differentiating Palestine from the adjacent countries: the impact of a modern Western economy projected upon it by the process of colonisation. As a result of this impact the development of Palestine was in many respects different from that of the Middle East. By the end of the first World War most of the Middle Eastern countries had achieved a certain degree of independence and autonomy. On the face of it this political independence should have provided a basis for accelerated economic development. Thus an inter-territorial comparison between Palestine and other Middle Eastern countries is essential for appreciating and judging the effect of political independence and colonisation activity respectively on the development and economic conditions of these countries.

The problems are: (a) whether Palestine's economic development was accelerated or retarded by the process of colonisation and the impact of the Western system of economy, and (b) whether the influence of political independence acted as a stimulus

to economic and social emancipation and development in other Middle Eastern countries.

The answers to these questions provide the key for judging the prospects and possibilities of economic development of the Middle Eastern bloc. The comparison will be the more conclusive as other Middle Eastern countries started along the road to Western civilisation at the same stage of development as Palestine with very much the same standards, problems and difficulties.

INFANT MORTALITY

The most telling indices are those connected with demographic developments, in particular infant mortality. The development of infant mortality in the Middle Eastern countries is summarised in the following table (compiled by Prof. Roberto Bachi) :

	<i>Rates of Infant Mortality (per 1000)</i>				
	1921-25	1926-30	1931-35	1936-39	<i>Decrease</i>
Egypt	224	218	208	203	9%
Palestine (Moslems)	192	193	172	141	27%
	1927-33	1934-37	1938-41		<i>Decrease</i>
Iraq (3 towns)	318	250	227		29%
Palestine (Moslems)	189	161	133		30%
	1929-32	1933-35	1936-38		<i>Decrease</i>
Transjordan	209.5	219	195		7%
Palestine (Moslems)	186.9	162	147		21%

It seems that although in all Moslem countries for which data are available infant mortality has begun to decrease under the recent influence of Western civilisation, it remains much higher than in European countries. The only exception is Moslem Pa-

Excerpt from a Study on the Economic Capacity of Palestine

lestine where the decrease in the last decade has been very considerable and has brought the rate in recent years near to that of some European countries. The rates for Egypt, Transjordan and Iraq are more or less similar, and so was that of Moslem Palestine at the beginning of the period for which data are available. At present, however, the rate for Palestine is very different from that for other Moslem countries.

Registration of both births and infant deaths is probably incomplete in almost all the countries reviewed here. The extent to which the incompleteness of one set of data is compensated by the incompleteness of another set in the calculation of the infant mortality rates is not known. However, there is ground to assume that data for Palestine are more reliable than for other countries.

The only country in the Middle East showing a decrease approaching that of Palestine is Iraq; but Iraqi statistics refer only to the three largest towns, while in Palestine the rates apply to the whole population, the bulk of which is rural and less susceptible to progressive influence. Further, the absolute level of infant mortality in Iraq is much higher than in Palestine.

To sum up, the whole Middle East, with the exception of Palestine, shows a very high infant mortality rate and in most countries of this area the decrease has been very small. Infant mortality among Palestine Moslems is, however, much lower than in any other Middle East country.

MIGRATION TRENDS

Migration is another useful indication of economic conditions. Inter-state migration from Syria and Transjordan to Palestine was a part of a general migration trend, particularly from Syria, which is described as follows: "Syria, (Syria, Greater Lebanon, Latakia and Jebel Druse) has for generations provided a stream of emigrants, mainly to Brazil and other South American coun-

ries. The emigrants were mainly peasants driven into the overcrowded towns by the insecurity of the open country, and by poverty. Migration continued after the War, but there has been a considerable return movement, both of Syrians who had made their fortunes and of poor men repatriated. The carrying capacity of the country, with a good policy of irrigation and land reclamation, is considerably greater than the present population of about 3,250,000. The average density, if desert areas are excluded, is about 25 to the square kilometre, and some parts of the country are very fertile." (Royal Institute of International Affairs: "The Colonial Problem", London, 1937).

In another study the following interpretation of this process is given: "A large proportion of the emigration from the State of Syria may be traced to the inability of the Syrian peasantry to gain an adequate living in agricultural pursuits either as labourers or as proprietors. Wages of agricultural labour are very low because of its low productivity, and employment is seasonal. The use of primitive methods of cultivation has kept the productivity of the soil so low that even in good years the struggle for existence is difficult". (S.B. Himadeh: "Economic Organisation of Syria").

Thus, in spite of the great "carrying capacity" and low density of the country, emigration from Syria was a permanent feature, owing to politico-economic conditions, which made the effective utilisation of this carrying capacity impossible. Of course this emigration movement was strictly limited by the world-wide restrictions on immigration in countries of absorption.

In Palestine, on the other hand, there has been no process of Arab emigration during recent years, such as was known before the war. On the contrary, Palestine has served as a centre of attraction for the influx of a stream of Arab immigrants, particularly from neighbouring Syria.

EXPANSION OF IRRIGATED AREA

Comprehensive direct production tests would provide another conclusive basis for inter-territorial comparisons in the Middle East but these cannot be made as the statistical data available are insufficient for the purpose. However, certain indications are representative or characteristic of some sections of the economy or of branches of economic activity. In the Middle East the development of irrigation and expansion of irrigated areas provide a valuable indication of intensification and diversification of farming. In this connection special importance should be attached to the trend of development.

If the irrigated area in Palestine in 1922 is taken as 100, the corresponding index for 1939/40 would be 1,310. None of the other Middle East countries can show such a remarkable expansion of their irrigated areas. In Syria, taking the irrigated area in 1922 as 100, the figure for 1939/40 is 233. In Egypt (1922=100) the index for the present area under irrigation is 113. The per capita figure of irrigated area increased in Palestine sixfold since 1922. In Syria the rise was only 25%, and in Egypt the per capita figure has actually declined, due to the fact that the population figures increased more rapidly than the areas under irrigation. However, it must be taken into consideration that the population statistics of the Middle East countries, particularly of Syria, are not reliable. This does not affect the results in respect of the general trend of the progress of irrigation. The per capita development curve in Palestine has obviously been affected by the considerable increment of population, but nevertheless the increase is extraordinarily high.

It is interesting to compare the development in Syria with the historical background of the irrigation system of that country: "Elaborate irrigation systems existed in Syria in ages past. Remnants of these systems still indicate the important role irrigation

played when Syria was at the peak of its agricultural development. Under Roman rule irrigation in Syria reached its utmost perfection. The waters of the upper valley of the Orontes were carried through an intricate system of aqueducts to distant lands through the pressure of hydraulic wooden wheels". S. B. Himadeh, *Op. cit.*

AGRICULTURAL MACHINERY AND INDUSTRY

The import of agricultural machinery is an indication of agricultural development connected with the mechanisation of agriculture in extensive farming (the irrigation index applies to intensive farming). If the value of agricultural machinery imported into Palestine is taken as 100, Syrian imports during the period 1932/34 were 23, and during the period 1935/38 21. The Egyptian figures equalled 10 and 21 respectively; and the Iraq figure during 1935/38 was 10. Palestine spent on the import of agricultural machinery during the periods mentioned above about 36 mils per capita, which was 5 times greater than the per capita imports in Syria or in Egypt.

These figures indicate that mechanisation of extensive farming was more rapid in Palestine than in other countries of the Middle East. The relative degree of mechanisation reached in the countries under review is illustrated by the fact that in Palestine there was in 1935—37 one tractor per 20,000 inhabitants, which compared with one tractor per 50,000 inhabitants in Egypt and one tractor per 280,000 inhabitants in Iraq.*

Industrial development is similarly reflected in the import of industrial machinery. If the value of industrial machinery imported into Palestine in 1932—34 is taken as 100, the index for Syria would

*) "The Problem of Production of Agricultural Machines and Implements in Palestine" by Dr. J. Schlesinger, Central Transport Committee of the Jewish Agency for Palestine.

be 17 during the same period and 5 during the period 1935/38. The corresponding figures for Egypt would be 16 and 4 respectively. The figure for Iraq in 1935/38 would be 16. The per capita expenditure on imports of industrial machinery was in Palestine 80 mils during 1932/34 which compared with only 13.8 in Syria and 13 in Egypt. In 1935/38 Palestine spent on the import of industrial machinery much more — 382 mils per capita, comparing with 18 mils in Syria and 15.8 mils in Egypt.

The above data are fairly indicative of industrial expansion as there was hardly any production of industrial machinery in the Middle East until the second World War. Thus, as the internal supply of means of production was negligible, the import figures may be considered as conclusive.

FINANCES, TRANSPORT AND TRADE

Demographic and production indices are reinforced by similar trends in financial developments. The following table shows the per capita figures of currency in circulation, revenue and expenditure for the Middle Eastern countries, in 1927/28 and for the period ten years later, 1938/39:

Revenue, Expenditure and Currency in Circulation (L.P. per cap.)

	Revenue		Expenditure		Currency	
	1927/28	1938/39	1927/28	1938/39	1927/28	1938/39
Palestine	2.761	3.423	3.093	4.842	2.084	4.320
Lebanon	1.689	1.134	0.828	0.535	0.523	1.059
Syria	1.937	0.830	1.571	0.862	0.523	1.059
Egypt	2.786	2.159	2.826	2.211	1.830	1.048
Iraq		1.541		1.532		1.417

A comparison of the per capita figures for Government revenue during the latest period 1938/39 shows, as the above table indicates, that in Iraq, for instance, the revenue per head of

population amounted to 45% of that in Palestine, in Lebanon to 33%, in Syria to 24%, and in Egypt to 63% of the Palestine figure. The per-capita expenditure amounted in Iraq to 32% of the Government outlay in Palestine, in Lebanon to 11%, in Syria to 18% and in Egypt 46%.

Both the level and the trend accentuate the strong deviation of developments in Palestine from those of other Middle Eastern countries. The differences in the structure of economy are also reflected in the level of transport. Thus in Palestine there were 9.8 motor vehicles per 1000 inhabitants in 1936 (excluding motorcycles), which compared with 1.8 in Egypt and 3.2 in Syria.

Sea-borne transport reflects to an even greater extent the accelerated pace of expansion of Palestine's foreign trade in contradistinction to other countries of the Middle East. Of the three Eastern Mediterranean ports — Alexandria, Beirut and Haifa —, Haifa is the most recently established, but it has recorded the highest increases in the volume of traffic.

Tonnage of Ships entered at Haifa, Beirut and Alexandria
(Index base: 1925=100)

Year	Haifa		Beirut		Alexandria	
	Tons	Index	Tons	Index	Tons	Index
1910	784,000	112	1,767,000	107	3,698,000	77
1925	697,000	100	1,646,000	100	4,780,000	100
1932	1,733,000	253	1,881,000	114	3,853,000	81
1934	3,469,000	502	2,418,000	147	5,385,000	113
1938	4,804,000	693	2,718,000	167	—	—

The indirect production indices reflect the general expansion of productive machinery. Trade indices are indicative of both expansion of productive machinery and to a certain extent of levels of consumption.

As compared with other Middle East countries, Palestine shows the highest increase in the last decade in the value and

quantum of foreign trade. In 1938, for instance, the gold value of its foreign trade was about 27% higher than that in 1929, and in total quantum it was more than 2½ times greater than ten years ago. At the same time Egyptian trade in 1938 was in gold value only a third of the 1929 figure, and in quantum amounted to 80%. Syrian trade amounted in value to a half of the 1929 figure whilst the quantum was maintained at the same level.

In per capita figures Palestine had not only the highest imports but also the highest exports of all Middle East countries. The Statistical Abstract of Palestine for 1942 gives the following comparison of foreign trade per capita for Palestine and other Middle East countries :

<i>Foreign Commodity Trade per Capita, 1938</i>			
	<i>Imports</i>	<i>Exports</i>	<i>Total Foreign Trade</i>
Palestine	LP. 8.0	LP. 3.4	LP. 11.4
Egypt	2.3	1.8	4.1
Iraq	2.6	0.9	3.5
Syria	2.3	0.9	3.2

These figures provide a corroboration of former conclusions. The gradient between Palestine and the rest of the Middle East is again very pronounced. Trade statistics thus provide a series of indications referring to both expansion of production (capital goods) and rise in levels of consumption.

MIDDLE EAST PANORAMA

Some descriptions of the general standard of life in the Middle East provide the background for those statistical data and quantitative criteria. Thus, rural life in Syria is described by Professor Dodd (in "A Controlled Experiment on Rural Hygiene in Syria", Beirut, 1934) : "In the privately owned villages debts are large and the money lenders' rate are usurious, running

up to 50% a year... The high turnover of the population is partly a result of rural bankruptcy. The peasant is mulcted by the money lender on the threshing floor. With whatever he can save or secrete, if his debts are still overwhelming, he leaves, hoping to escape by starting afresh in some distant village with equipment loaned by another landlord. Obviously peasants with such a low standard of living and so heavily in debt are enormously handicapped in taking any steps towards better hygiene... In fifteen to thirty years a mud house if not constantly repaired collapses. The timber is salvaged, the ruins levelled, and a new dwelling is built on top without foundations, thus raising the mound another two feet or so. The floors are mud. The ceilings have crude poles overlaid with reeds or reed matting and then about sixty centimeters of roled earth. Dimu houses are partly underground with roofs thatched with reeds. Assili has many underground cave houses — into which rainwater runs, in which filthy stagnant pools collect, mosquitoes breed, and light, air and sanitation are things unknown. Windows are non-existent in the Arab villages.

"Most Arab rooms are in darkness except when the door is open or a half dozen pigeon holes, each about ten centimeters in diameter, are unplugged in summer time. The cattle of over half the homes sleep in the same room with the family in winter to warm the family and to be safe from thieves. The door yards are miry and full of manure in winter with dust and flies replacing the mire in summer. Drying dung cakes plaster the walls of every house, court and stable... The census of every house revealed not a single table or chair in the Arab villages. All household work is done squatting on the floor. There is not a single water closet of any sort in either the Arab or Armenian houses".

The agrarian question which is the crux of the whole Middle Eastern problem is commented upon in another study :

"The problem is not how to secure more agricultural labour,

but how to secure a tolerable standard of living for the existing cultivators to enable them to remain on the agricultural land. The economic condition of most of the cultivators is desperate. The typical cultivator has, in ordinary years, practically no surplus after paying expenses, taxes, and interest on indebtedness. He is ignorant and works not for profit but for mere subsistence. The taxes he pays are very oppressive. He is very heavily indebted and in most cases he is a 'customary' tenant possessing no land and depending upon his landlord, for the little capital he needs. His dependence on the landlord and the precarious right he holds in the property gives him no incentive to improve the land. Furthermore, sickness and disease are very common among peasants and medical assistance is not easily accessible". (S. B. Himadeh, Op. cit.).

The picture of industrial activity in Syria is not different from that of rural life. According to S. B. Himadeh, three francs is a common rate for women and 5—6 francs is quite common for unskilled men. Cases are known of children who work for one franc a day.

"Hours of work have not changed much since 1932. The length of the working day ranged then from 9 to 15 hours, being shortest in the new factories and longest in the older establishments. The working week remains predominantly the six day week".

Rural life in Egypt is very similar to that of Syria: "The average family of five occupies a hovel the quality of which is no better than in the days when the Pharaoh compelled the Israelites to make their bricks without straw, for the walls are built of the same sun-dried mud bricks and are plastered inside and out with black mud... As fresh soil is often added, the stable soon fills up. Through this place with its water buffaloes, sheep, goats, fowls, dogs, fleas, etc., etc., men, women and children must pass to reach their own rooms. In the midst may sit the

sallow faced toddler, with diseased eyes and nose both running and almost obscured from view by rings of thirsty flies. In such surroundings vermin flourish and cleanliness is difficult... "The fellah's traditional undernourishment has developed social significance in Egypt. The upper economic class customarily considers being fat a mark of health, beauty and higher social standing... Only in very limited higher circles, among the younger generation who have been affected by the teaching of modern hygiene, is there found much desire to avoid overweight.

"In Egypt as a whole, of the population above five years of age, 77 percent of the males and 95 percent of the females were illiterate at the time of the 1927 census. In 1930—1931 only 21 percent of the children of school age were attending school, and of these only one half remained beyond two years. Those who leave early do not even become permanently literate.

"The chronic ill health of the people, particularly with reference to certain diseases, is the cause of their apathy in regard to the low standard of living, and the lack of initiative necessary to improve it... This lack of energy and initiative is probably due to the fact that Egyptians, particularly the males, are exposed to certain enervating diseases in the course of their labours in the fields which infect great numbers and cause varying degrees of anemia". (Wendell Cleland: "The Population Problem in Egypt", U. S. A., 1936).

Iraq presents a similar picture: "The fellahin and coolie classes live on less than a penny a day per head. The rent of the average reed-hut, if set up on private lands, varies between a shilling and eighteen pence per month. It is only on festivals and such occasions that new clothes are bought, and then only of the cheapest sort. There are probably two million people in the country living on such standards, and it can be imagined what purchasing power they possess and what revenue they can raise." ("Report on Economic Conditions of Iraq" by C. Empson, August 1933).

IMPACT OF JEWISH SETTLEMENT

Indications of expanded production, financial indices and in particular trade indices, and import of typical goods into Palestine stand out against the background of stationary economics and general stagnation in the Middle East. Indices of expanding production also reflect indirectly changes in level of consumption. Trade statistics are more directly indicative of consumption; although if the increase is mainly concentrated on capital goods, the short term rise in consumption may be small. Demographic statistics directly reflect the standard of life and to a certain extent the standard of consumption, which are also reflected in the following inter-territorial comparisons of indices of health budgets per capita :

Health Expenditure in the Near East in 1936/37 per head

	<i>LP.</i>	<i>Index</i>
Palestine	0.161	100.0
Iraq	0.077	47.8
Transjordan	0.051	31.7
Cyprus	0.145	90.0

These data seem to indicate an expansion of social services in Palestine, exceeding that of other Middle Eastern countries.

All indices connected with economic expansion, production, transport and access of capital equipment on the one hand, and with standards of consumption and social services, on the other, reflect structural changes in the Palestine economy, divergent from those of other Middle Eastern countries. In Palestine the steep curve of aggregate increases is certainly due to an economy of a growing population. The transformation is not, however, confined to quantitative changes. Qualitative changes in standards and structure of economy are indicated in the rise of all per capita indications. Both seem to reflect a twin process of quanti-

tative expansion and structural transformation, in sharp relief to the more stationary background of Middle East economy. Political independence in other Middle Eastern countries did not stimulate as quick a transformation of economic conditions as the influence of Jewish settlement and integration of the colonisation sector in the indigenous economy of Palestine. Other countries of the Middle East appear more static in their economic development and equilibrium, the conditions in Palestine being determined by more dynamic processes. The common denominator of economic indications in Palestine is economic development. The scope and size of this development would appear to be the cause of the divergence of Palestine economy from that of the Middle Eastern background.

CAUSES OF BACKWARDNESS

No development scheme for Palestine can be divorced from the background of the Middle Eastern countries stretching from the Persian Gulf to the Suez Canal.

Sir William Beveridge's five giant evils — Disease, Want, Ignorance, Squalor and Idleness, hold complete sway in those lands. On the ground prepared by Want, Disease and Squalor spread from one end of the land to the other. Illiteracy is widespread, and with illiteracy goes ignorance in all spheres of social and economic life. Widespread unemployment and forced idleness are another scourge of the economic and social life of these countries. The agrarian problem, the low standard of life, low wages and lack of capital are their main problems.

The situation is very strikingly described by Mr. Delbes, the Director of the Agricultural Experiment Station in Lattakia, Syria (in the *Bulletin de L'Union Economique de Syrie*, Paris, 1928): "Among the reasons for the fellah's backwardness social factors play a role similar to, and it may even be said, greater

in importance than technical conditions. While indeed it may be possible in a comparatively short time to spread knowledge of modern agricultural methods, it is far more difficult to change the social conditions of the tiller of the ground and the land ownership regime under which he lives. One of the main present obstacles to agricultural advance is to be found in the existing system of land tenure... The owners of large landed property — families or groups of families — take little if any interest in the agricultural development of their lands... The fellaheen who work these lands live in a state comparable to that of the serfs under the Carolingian dynasty. Hardly 20% of the gross produce of the soil remains to its cultivator... It may almost be said that landlords here are engaged not in exploiting the land but those who cultivate it... As under the existing system of taxation no charge is levied on uncultivated lands, landlords are able without loss to themselves to leave large areas unused”.

In agriculture in the East the central and most important factors, overshadowing all others, are indebtedness and lack of capital. This situation is commented upon in the memorandum prepared by the Government of Palestine and submitted to the Royal Commission: “It has long been recognized that indebtedness is no new thing in Palestine. It is generally alleged that the Palestinian fellah is born in debt, lives in debt and dies in debt. It is also contended that for many generations, and indeed centuries, his life has been made miserable by the pressure of his creditors and that his moral and material progress has been severely handicapped by the burden of his debts and by the cruel rate of interest paid by him”. As to the rate of interest at which this credit is extended the following statement is made in the same memorandum: “A rate of 30 per cent. per annum is perhaps the commonest but 50 per cent. for three months is not unusual. The result is that many farmers now owe sums that are quite beyond their capacity to pay”.

This situation is not confined to Palestine but prevails in all Middle East countries.

The economic pressure exerted by a peasantry living in abject poverty and the influence of their very low standard of life affects the level of wages of hired labour. Further, low wages are closely related to the problem of low productivity, particularly of agricultural labour. With regard to conditions in Syria, for instance, S. B. Himadeh writes (in the "Economic Organisation of Syria"): "Wages of agricultural labour are very low because of its low productivity, and employment is seasonal. The use of primitive methods of cultivation has kept the productivity of the soil so low that even in good years the struggle for existence is difficult. Besides, the irregularity of the rainfall and the lack of adequate irrigation have made crop failures not uncommon in Syria. When bad crops occur those most affected find themselves forced to emigrate".

Comparisons of wage fluctuations at various periods reflect a very low level of wages in all the countries of the Middle East, although in Palestine the situation is mitigated by modern colonisation development which succeeded to some extent in raising the level of wages of the indigenous population. During the period from 1932 to 1937 the wages of the lowest paid Syrian workers doubled, but they reached only 54% of the wages paid at the same period to similar categories of Palestinian Arab workers.

One of the most striking indices of economic conditions is the foreign trade of those countries. Syria, which is typical for the whole area, did not increase the volume of its imports in the period between the last and present war. As Himadeh points out, "Syria's total import throughout the latter part of the last decade appears to be about the same in value as that of the pre-war period. Since 1929, the value of imports has declined although the quantity of imports has actually increased during the depression".

The backwardness of Syria is also reflected in the fact that in spite of the very limited range of its products its per capita import trade is only one-fourth of that of France, a country which is almost self-sufficient. Syria lives thus, to a great extent, in economic isolation, in spite of its deficiency in raw materials and consumers' goods. "Syria might be expected", says Himadeh, "to have a comparatively high per capita foreign trade since the range of products which can be produced within its borders is necessarily limited. On the contrary Syria, along with all the other Near East countries, has a very low per capita trade. France, for example which is considered to be nearly self-sufficient, has a per capita foreign trade nearly four times that of Syria. This fact brings out more clearly than anything else the extent to which Syria lives in a state of local economy. The popular idea is that Syria produces a surplus of raw materials which it exports to manufacturing countries. On the contrary not enough raw materials are produced to supply local needs. The lack must therefore be supplied from abroad".

The economic distress prevailing in the Middle East and the stagnation of these countries is not the outcome of natural conditions. There is a consensus of opinion as to the very considerable unused potentialities of the Middle East and the capacity of the lands lying between the Mediterranean and the Persian Gulf to absorb a large additional population is rated as being very high.

ROOM FOR INCREASED POPULATION

The well known American demographer, W. S. Thompson, in his "Danger Spots in World Population", gives the following picture of the situation: "Syria has a population of about two and a quarter millions. It is said to be capable of supporting three or four times as many people at better standards than are now prevalent if irrigation is developed in the fullest degree. This

would mean that it could support between four and six millions more people than it now does. Clearly there is room for considerable expansion here without seriously interfering with the development of the native population. The country has been badly mis-governed in the past and the population is decidedly backward in its development. A progressive, modern, non-exploitative European administration would undoubtedly be of benefit to the natives at the same time that it opened up unused lands for settlement... Syria would not only be a land for agricultural settlement, but also a source of various raw materials... There are considerable deposits of lignite, iron ore, copper, lead, and so forth in this region. Besides there are some indications of petroleum, although as yet no profitable wells have been brought in... "Iraq is even more thinly settled than Syria, having less than 3,000,000 persons on an area of 143,250 square miles. Of course much of this area is unproductive without irrigation, but with full irrigation it is estimated that about 7,000,000 acres can be made available for winter crops — wheat and barley principally — and about 4,000,000 acres for summer crops — fruits and so forth. At considerably improved standards this area would support a population of six or seven millions more than at present. In the Mosul district Iraq is supposed to possess large reserves of oil, and there are other valuable minerals in the country".

Thompson's conclusion was that there is room in Syria and Iraq for eight to ten million European settlers and he envisaged the solution of the Italian population problem by the colonisation of these half-empty territories. There is no doubt as to the availability of land in the two countries of this region — Syria and Iraq. According to S. B. Himadeh, in Syria only one-fourth of the country's cultivable land was under cultivation; if the lands lying under annual fallow are included the total area used for agriculture amounted to about one half of Syria's total cultivable land.

The reasons for so great a proportion of the land remaining uncultivated are given by S. B. Himadeh as follows: "First, Syria contains vast areas of swampy land... The proper drainage of these swampy lands would make possible the cultivation of fertile areas which are now unused, and in addition would improve the sanitary conditions in districts nearby, permitting the cultivation of lands now left uncultivated through fear of disease. Second, inadequate irrigation facilities make it impossible to cultivate large areas which might otherwise be used for agriculture. Only one-fourth of the 640,000 hectares of irrigable land is now being irrigated. Third, the prevailing use of primitive agricultural methods has limited cultivation to the more fertile lands. Consequently, a large proportion of cultivable land which by the use of modern methods might be profitably tilled, is left unused.

"Fourth, Beduin raids in certain agricultural districts such as the plains bordering the Euphrates river are a menace to the agricultural development of the country. The farmer in those districts who plants trees and cultivates his land is in constant fear that these nomads may raid his lands and use them as pasturage for their flocks. However, the raids are becoming less frequent as government control extends into these outlying districts".

The opinion of Thompson as to the possibilities of the countries of the Middle Eastern region is corroborated by other sources in respect of Iraq as well as Syria and other Middle Eastern countries. As Stuart Charles Dodd in his "Social Relations in the Near East" states: "In the Near East as at present, Iraq is an under-populated country. With its rich soil and two rivers, large uncultivated areas could be made productive and with oil for power, a large population could be supported at a higher standard of living. However, unless technology improves (that is, unless the people learn how to irrigate, practise more modern agriculture and develop industries using agricultural products)

the population may increase without raising the standard of living. Turkey, Persia, Transjordan and parts of Syria could similarly support a larger population if the natural resources were more scientifically exploited".

ROAD TO RECONSTRUCTION

The most important problem of these countries is that of irrigation. The situation with regard to Syria is described as follows: — "The available water supply in Syria, if fully utilized... is sufficient to irrigate more than 600,000 hectares of highly fertile soil. In 1926 for which figures are available, only about 160,000 hectares benefitted from irrigation... Syria's resources for generating power have not been adequately investigated. Hence no reliable figures can be given. One estimate puts the figure at about 500,000 horse-power... In 1920 the total electric power in Syria, both thermic and hydraulic, was 3,264 horse-power. By 1930 it had risen to 16,940 horse-power, and when the projects under construction have been finished, the figure will have reached 39,000 horse-power... Efficient modern irrigation systems are rare in the country at present. In most districts the old systems are being reorganized. In the Orontes valley the underground canals which had fallen into disuse, are being reopened. The vast irrigation system of canals running off the Barada river at different levels through the Damascus orchards is another heritage from the past".

The twofold solution of introducing new methods of cultivation (first of all by extension of irrigation) and a policy of immigration, is also recommended in an essay published in the *International Labour Review* and quoted in the "Colonial Problem" of the *Royal Institute of International Affairs*. This states that large stretches of cultivable but idle land are still available in Syria. "Their development depends on the introduction into the

country of new methods of cultivation, and above all on the extension of irrigation, which will enable more of its inhabitants to engage in agricultural pursuits and will encourage the settlement of the nomadic population. This irrigation policy might also usefully be supplemented by a policy of immigration, which would supply Syria with the agricultural labour and the capital that she lacks at present".

Obviously, the Middle East is in need of structural development to be effected by access of capital, immigration, new technique of irrigation, higher standards of life and access of skill and knowledge. The solution of the agrarian problem and industrialisation, i. e. development, would go far to improve the social and economic conditions of the Middle Eastern areas.

However, such a solution would be possible only if the process of development were carried into effect in both spheres of economic life: production and markets. Raising of productivity with stationary markets for primary products would be of no avail because, for the time being, agriculture is the main basis of economy of these countries. Expanding markets can open up new avenues of employment and new sources of livelihood only if the productivity of labour is increased by both technical and social means. In the words of S. B. Himadeh, As long as "the present methods of cultivation in Syria are primitive and inefficient, plowing consists of scratching the surface of the soil to a depth of three or four inches with a simple wooden plow with a wood or iron share attached, guided by hand, and drawn by animals, usually oxen" — progress must be very slow. Unexploited potentialities and abject poverty are closely connected with the cultural level of the population and the method of cultivation: "The Syrian peasant is more like a miner than a farmer. He exploits the soil without restoring its fertility. Generally speaking, only fruit orchards and vegetables are fertilized. Land cultivated with cereals is not manured except by the negligible amount left

by animals in the fields after plowing and harvesting”.

Only an economy based on growing population and the introduction of external dynamic factors could transform the economic structure of this area and revitalize the dormant forces of economic development which could then exploit the unused potentialities and resources of the whole region.

LEVER OF MIDDLE EAST PROGRESS

The relations between Palestine and this Middle Eastern region in the period between the last and the present war were limited to trade arising out of the differences in the structures of colonisation and indigenous economies. The Middle Eastern countries supplied some of Palestine's requirements of foodstuffs for its growing population and of feeding stuffs for its new intensified agriculture based on cattle breeding and poultry raising. There was some export of manufactured goods from Palestine, but the balance of trade was adverse to Palestine. Palestine, as a country of immigration, has offered an important outlet for the export of the Middle East countries. Since 1926 Palestine bought from the surrounding countries LP. 26,000,000 more worth of goods than it sold to them during the same period.

Excess of Imports into Palestine over Exports from Palestine to Middle Eastern Countries (1926—1939)

Adverse Trade Balance with

Cyprus	LP.	900,000
Egypt and Sudan		9,900,000
Iraq		1,200,000
Iran		900,000
Syria		10,400,000
Turkey		2,200,000
Transjordan (estimate)		500,000
Total	LP.	26,200,000

The neighbouring countries have absorbed a considerable proportion of Jewish capital imported into Palestine :

	<i>Jewish Capital Imported into Palestine</i>	<i>Excess of Middle East Imports into Palestine</i>	
1926—1929	LP. 22,000,000 (estimate)	8,000,000	37%
1930—1939	LP. 72,000,000	18,000,000	25%
Total	LP. 94,000,000	LP. 26,000,000	28%

This development was of importance for the Middle Eastern region from two points of view : (a) Colonial countries usually require capital for the development of their resources. The surplus obtained from the trade of this region with Palestine amounted to over LP. 26,000,000, which in relation to the population and capital available in other ways to some of these countries, such as Syria, Iraq and Transjordan, represents a considerable amount; (b) like other colonial regions, the Middle East is first and foremost in need of markets for its primary products: Palestine, to a certain extent, provided such a market.

MIDDLE EAST COOPERATION

The twin problems of the Middle East, poverty and backwardness, on the one hand, and unused potentialities and resources on the other, can only be solved by an increase of productivity through improvement of land, introduction of irrigation, new technique, etc., resulting from an economy of growing population and import of capital. The economic cooperation between Palestine and the Middle East region, far from decreasing, has been strengthened by the impact of colonisation economy on the economic structure of Palestine.

Import of capital is essential for the utilisation of dormant potentialities and resources of the Middle East, the degree of utilisation of resources being not less important than their avail-

ability. Capital flows, however, to the colonial countries only at the high price of economic and political subjection and is reluctant to venture into backward and desolate areas with a poor labour supply and lack of technical facilities. In the post-war period the percolation of capital from Palestine, if its flow of immigration and capital expands at a rapid pace, would go far to supply the Middle Eastern countries with a considerable proportion of the capital required for the development of their resources. Such percolation would be unavoidable because of a temporary lag in agricultural production behind the growth of population.

With its intensified mixed farming, concentrating on the production of protective foods, while the other Middle Eastern countries, from time immemorial, have devoted themselves to the production of energy producing foods, Palestine may play in the agricultural problems of the Middle East a role similar to that of Denmark in the agriculture of Continental Europe.

The economic relation between Palestine and the whole area is further determined by the self-sufficiency of the Middle Eastern bloc in cereals. The wheat consumption of the area under review is put at approximately 807,000 tons and production at 963,000 tons. However, it is estimated that Syria alone could increase its cultivation of wheat by two million hectares. Another estimate puts the potential additional yields at 3,000,000 tons for all the Syrian States (Huvelin in "Que Vaut la Syrie?") These quantities would go far to cover the deficiency in cereals which might arise in Palestine following the rapid and large-scale increase of population after the war. As an equivalent of these cereals, manufactured goods could be exported to the Middle Eastern countries, whose requirements for such goods would increase with the rising standard of life. Further, the export of protective foodstuffs, first of all citrus, to European countries, would provide Palestine with the wherewithal to pay for these imported cereals on the basis of triangular trade.

The difference in economic structure between Palestine and other Middle Eastern countries is also reflected in their occupational distribution, as is shown in the following table :

Occupational Distribution — Primary, Secondary and Tertiary

	<i>Primary</i>	<i>Secondary</i>	<i>Tertiary</i>
Syria	71.3		28.7
Iran	74.6	6.6	18.8
Turkey	73.1	11.5	15.4
Egypt	62.0		38.0
Palestine (Total)	38.6	18.2	43.2
Palestine (Arabs)	52.9	11.6	35.5
Palestine (Jews)	19.3	27.1	53.6

The preponderance of primary production (e.g. agriculture) in the whole Middle East bloc creates a gap in the secondary (processing industries) and tertiary (services, transport, commerce) stages of production which would increase with rising productivity and expanding volume of production. Such a gap could be filled by a higher proportion of secondary and tertiary producers in Palestine following the industrialisation and modernisation of the country by economic assimilation of the whole country to the structure of the colonisation sector. Such a development would lead to the export of manufactured goods from Palestine to the other Middle East countries as their standards of life and need for capital equipment and consumers goods would make imports indispensable. At the same time, it would also raise the standard of life and national income of the whole population of Palestine.

Such an all-round development based on an economy of a growing population, industrialisation and modernisation of Palestine; on its increasing weight as an industrial and enterpot centre, within the framework of the Middle East, and on rising productivity and standards of life in the adjacent countries, would lead to the establishment of a new set of relations between the

whole region and the mature economies of Europe and America. According to experience, the requirements of the region, far from decreasing, would increase. In such dynamic development with its need for capital, equipment, etc.

The policy of development would thus provide a market for the capital goods and industries of Europe and America and serve as a factor counteracting the effects of agrarian backwardness, underpopulation, low standards of labour, and lack of capital in the Middle East.