

THE PALESTINE REPORT AND THE LAND QUESTION

THE ROYAL COMMISSION set up to inquire into the causes of the recent disturbances in Palestine and the Mandate given by the League of Nations to "His Britannic Majesty" for the administration of Palestine has reported in favour of a speedy termination of the Mandate (except as regards a strip of territory including Jerusalem and Bethlehem) and for the setting up of two independent Jewish and Arab States between whom Palestine would be partitioned.

Perusal of the whole Report indicates that the recommendations of the Commission are largely discordant with their findings as to facts, and that the proposal for partition does little or nothing to solve the real difficulties but postpones their solution to the future.

THE TROUBLE IS ECONOMIC

It is no doubt true that many difficulties arise from the profound cultural differences between the Jews and the Arabs, and such difficulties are bound to arise when there is a large and rapid immigration of people whose habits and outlook are largely industrialized and Western into a country whose inhabitants are Eastern and whose economic life is primitive. But even in making this statement we are obliged to refer to the economic side of the question, and the Report is full of evidence that economic troubles are the underlying cause of the disturbances and aggravate the other causes which are present.

THE BURDEN OF CUSTOMS TAXATION

Attention is drawn to the large proportion of taxation which is raised by means of Customs duties. In 1935 these amounted to £2,870,000, which was equal to 27 per cent of the value of the goods imported. Specific illustrations are that the duty on cement was 70 per cent, on galvanized iron buckets 90 per cent, on matches 350 per cent. These taxes fall most severely upon the poorest inhabitants, Jews as well as Arabs.

The purpose of the tariff has not merely been to raise revenue but also to protect local industry, and as the Report says, the familiar phrase "infant industries" has become part of the fiscal language of Palestine. The manufacturers, as usual, supply the impetus for the erection of protective tariffs, and the creation of vested interests has gone on apace. The Report says: "The Arabs complain that, as most of the recently protected industries are Jewish concerns and employ Jewish workmen, the increased cost of commodities must fall on the Arabs who form the mass of the rural population." There is much truth in this, but it should be qualified by adding that some part of the cost falls also on the Jewish worker. The Report, however, makes the inane reply that the Arabs have secured a better market for agricultural produce because of Jewish immigration; and it caps this by adding that "the rapid rise in the price of land has filled many Arabs' pockets and enabled them to sell part of their holdings and improve the rest." This is one example of the fallacy which runs through the whole Report of regarding the Jews and the Arabs as two homogeneous masses, neglecting the fact that some are landowners and some are tenants and workers and that their interests are completely divergent.

It does not seem to occur to the Commission how deplorable it is that a Mandate, set up by the League of Nations, should be used for the purpose of destroying freedom of trade. Perhaps the League Committee

which is considering this matter will wish to know why the "open door" policy was not applied.

LAND SPECULATION

The most significant passages in the Report are those dealing with the land question. Some quotations may be given:—

"They (the Arabs) view with mistrust the extent of land which has passed into Jewish hands; they fear that as the result of high prices and the weakness of some of their fellow-countrymen more land will pass into the hands of the Jews. They note that land once acquired by the Jewish National Fund can never, by the terms of the trust, be resold to the Arab" (p. 109).

"Apart from that (the loss of the 'sweets of office'), it is difficult to detect any deterioration in the economic position of the Arab upper class. Landowners have sold substantial pieces of land at a figure far above the price it could have fetched before the war" (p. 125).

"In the light of these facts we have no doubt that many Arab landowners have benefited financially from Jewish immigration. They have sold a large amount of land to Jews at a price far higher than its pre-war value. A member of the Arab Higher Committee admitted to us that 'nowhere in the world were such un-economic land prices paid as by Jews in Palestine'" (p. 126).

"Another proposal, that undeveloped land in urban areas should be taxed at a higher rate, was vehemently opposed by the Arabs, on the ground that more land would be forced into the market for the benefit of the Jews" (p. 208).

"The rapid rise in the price of land has filled many Arabs' pockets, and enabled them to sell part of their holdings and improve the rest" (p. 213).

"... circumstances of singular difficulty, not rendered any easier by the unavoidable pressure of the Jews for land purchase and consequent land speculation..." (p. 225).

"This procedure (in title suits) inevitably provokes and multiplies litigation, especially in a country where there has been a sudden and abnormal increase in land values" (p. 230).

"They (the Jews) point out that the Government had to pay £72,240 for the purchase of 17,868 dunums in the Beisan and Jenin Subdistricts to be used for the settlement of displaced cultivators. Land, therefore, which the Government had sold at £1 10s. or £1 5s. a dunum was resold to them at £4 and upwards" (p. 261). (A dunum is about one-quarter of an acre.)

"The grant of lands has led to land speculation on a considerable scale" (p. 262, quoting from Sir John Hope Simpson's report).

"In the Statement of Policy issued by His Majesty's Government in 1930 it was stated: 'It appears that of the 86,980 Arab families in the villages 29.4 per cent are landless'" (p. 239).

"Speculation in land and building has been a characteristic of the recent wave of immigration. This is not a healthy symptom, for if from some cause the flow of capital is seriously checked, a slump in building and allied trades will probably supervene. Mushroom industries would be hit and the industrial situation might have to be readjusted to a lower level" (p. 298).

The Report amply demonstrates that although the importance of the land question has been constantly recognized, no less than twelve official inquiries into it

having made reports, it has been shamefully mishandled. One example is that after 15 years "the Palestine Government are unable to state with any degree of accuracy how much land they hold either as State Domains or as waste land."

ATTEMPTS AT REMEDIES

Article 11 of the Mandate directed the Administration to "introduce a land system appropriate to the needs of the country, having regard among other things to the desirability of promoting the close settlement and intensive cultivation of the land." Even before this (in 1920) an Ordinance had been passed requiring the assent of the Government to all transfers of land. This was a proper method of preserving the *status quo* until something positive could be achieved. In fact, the law was not enforced, and the Arab landowners regarded it as an attempt to keep down the price of land.

In 1923 a Commission was appointed to consider the system of ownership known as *masha'a* under which the whole of the property in a village is held in common, the individual shares being revised and divided every two years. The Commission regarded this as a bar to agriculture and recommended the Administration to enforce partition. One wonders whether they had ever read any English history or knew of the enclosures and their results. Happily this recommendation was not carried out, apparently because the Arabs very properly considered this system a safeguard against alienation of the land. The present Commission, disregarding all the lessons of history and economics, reiterate the recommendation that the *masha'a* system should be broken up. The argument, of course, is the old one that it prevents development, but there is no recognition of the fact that communal ownership and individual development can be reconciled if the community receives the economic rent.

Another Ordinance in 1921 repeated the prohibition against alienation without consent, such consent only to be given if the Director of Lands was satisfied that any tenant in occupation would retain sufficient land in the district or elsewhere for the maintenance of himself and his family. This Ordinance was disregarded and proved unworkable. Since 1929 there have been a whole series of Ordinances and amending Ordinances providing for the payment of compensation to displaced tenants.

In 1935 a Rural Property Ordinance was passed consolidating and simplifying the Turkish Tithe and House and Land Tax. The Commission says: "This affected a large reduction, in some cases up to 70 per cent, in the taxes payable by the peasantry, in the hope of so encouraging agricultural developments." And so the British administrators in Palestine, knowing nothing of their own recent history from the Agricultural Rates Act, 1896, onward, or of the economic implications, repeated the old fallacy that you encourage agriculture by taking taxation off land, whereas you only encourage the landlord to get more rent.

LANDLESS ARABS

Throughout the Report it is clear that there has been constant anxiety among the Arabs over the sale of land to the Jews, because they saw their means of subsistence disappearing. This refers to the mass of the Arabs, for the vendors in most cases were the Arab landowners, some of whom own enormous estates. A report by Mr Lewis French refers to "the absorption, gradual but inevitable, of the Arab peasant proprietor

by the Arab *effendi* or capitalist landlord." "In one Subdistrict in the hilly tracts it is reported that in a decade no less than 30 per cent of the land has passed from Arab peasants to Arab capitalists."

The Jews, on the other hand, regarded their schemes for immigration as being hampered by anything that prevented the free sale of land. An era of speculation set in which benefited the owners of land whether Jew or Arab, but which was of no benefit to the rest of the population of either race. The Jewish immigrants having more capital and using more modern methods of cultivation were able, however, in some cases to make a living from land bought at prices which were prohibitive to the Arab peasant. The cause of the economic antagonism between Arab and Jew is thus clearly revealed. The Administration and the various Commissions, including this latest one, were unable to see that the only solution was to take the rent of the land for public purposes. The mass of the Arabs would then have had a perpetual share in the higher land values caused by Jewish immigration, and their antagonism would have been mollified. The Jews, on the other hand, would have been saved from the extravagances of speculation which pushed the price of land up to famine level.

COWARDLY CONCLUSIONS

The population of Palestine is estimated at about 1,336,000, of whom 30 per cent are Jews. The country has an area of 10,400 square miles. There is therefore less than one person for every four acres. Making due allowance for the area of the Dead Sea and the Sea of Galilee and for the tracts which are infertile, it cannot be said that the country is over-populated. But high land values, as they always do, simulate the effects of over-population. Numerous examples are given in the Report of the prices paid for land. They range from £4 or £5 an acre to £10 or £11 an acre. In many cases this is land requiring even larger sums to be spent for irrigation or other works to fit it for agriculture. The rapid rise in land values has discounted the prospects of many years to come. A case is mentioned of a settlement called Kiriya Anavim, some nine miles from Jerusalem. The land bought here in the years 1920-27 cost on an average £9 an acre. For the land purchased in 1935 the price had risen to nearly £28 an acre. Out of £20,593 invested by the Palestine Foundation Fund in this settlement, nearly half has had to be written off, and the remainder is to be repaid over 40 years with interest at 2 per cent.

How lame and impotent then is the main recommendation of the Commission for the partitioning of Palestine into two States. The fundamental problem will not have been solved. In some respects it will be aggravated. The Mandatory Power will have evaded its responsibilities, and the solution of the problem will devolve upon the Governments of the new States. If these proposals are carried out they will be a shameful and cowardly conclusion to an experiment for which this country by the Balfour Declaration was mainly responsible, and it is all the more shameful when the precedents already existed, in Northern Nigeria and elsewhere, showing how the problem could be solved.

LAND AND TAXATION. Conversation with Dudley Field.
By HENRY GEORGE. 1d.

WHY THE LANDOWNER CANNOT PASS ON A TAX ON LAND VALUES. 1d.

LAND VALUE TAXATION IN PRACTICE. By A. W. Madsen.
6d.