

REPORT

**BY HIS BRITANNIC MAJESTY'S GOVERNMENT
TO THE COUNCIL OF THE LEAGUE OF NATIONS
ON THE ADMINISTRATION OF
PALESTINE AND TRANS-JORDAN**

**FOR THE YEAR
1926**

SECTION I.

PALESTINE.

I. INTRODUCTORY.

General.

The economic condition of the country has been less prosperous this year than last. The principal reasons for this are twofold:--

(i) The early promise of a better distributed rainfall yielding an abundant harvest was not fulfilled, and an outbreak of cattle plague during the summer, though effectually checked before it had spread very far, necessitated rigorous restriction of the movement of animals for several months.

(ii) The financial situation of the Jewish part of the local population has for various reasons been unsatisfactory as compared with the two previous years and this has affected trade in general.

These adverse conditions are reflected in the revenue returns for Customs, Tithes, and Land Registration Fees in 1926, but the full effect of them on the financial situation of the country is not yet apparent.

It is satisfactory to note, however, that notwithstanding these conditions, and the continuance of a troubled situation on the northern frontier, there has been no

disturbance of public security in Palestine and Trans-Jordan. A complete reorganisation on more economical lines of the public security forces in the two countries has been effected. Considerable progress in administrative efficiency has been made. A number of public works have been carried out: amongst others the improvement of the port at Jaffa and the installation of a more adequate water supply for Jerusalem supplementing the supply installed by the Army in 1918. This improved water supply has, however, been laid down only as a temporary measure, and the pre-war concessions for the water supply and electric lighting of Jerusalem, which were held by Mr. E. Mavrommatis, have been re-adapted to meet present day requirements; but the concessionaire has not yet formed a company to carry out these works.

A stud farm has been established near Acre. Preparations for land settlement, for the introduction of new currency, and for the issue of a revised stamp law have been advanced.

Tourist traffic shows satisfactory development. Several large Christian pilgrimages visited the country. An archaeological congress, attended by some ninety representatives of scientific bodies in many parts of the world, was held at Jerusalem in April.

An alteration in the District Administration has been made whereby Jerusalem and its neighbourhood including the sub-districts of Bethlehem and Ramallah have been excluded from the Southern District (whose headquarters are at Jaffa), and constituted an independent Administrative Division under a Deputy District Commissioner.

The Administration have lost two valuable officers in the persons of Sir R. Storrs, lately District Commissioner of the Jerusalem and Southern District, who was appointed Governor of Cyprus, and Professor J. Garstang, Director of the Antiquities Department, who has retired from the Government service; and further losses will be experienced shortly by the retirement of the Chief Justice, Sir T. W. Haycraft, and the transfer of Mr. H. B. Lees, the Director of Public Works, to Ceylon.

Local Government.

A Municipal Franchise Ordinance to enable Municipal

Councils to be put on an elective basis was enacted in December. The system for elections under this Ordinance is general and not communal, and each voter is entitled to vote for all candidates for election to the Municipal Council. At the same time it is desired to secure proportional representation of the several communities, and to this end provision is made for separate community registers in the case of mixed populations (See Section IV Legal - p. 20). Certain sections of the population would have preferred municipal elections to be conducted on communal lines; but nevertheless preparations for the elections are being carried out with the keen co-operation of the citizens. A revision of the existing municipal law and regulations is being made with a view to the enactment of a new and comprehensive ordinance better suited to modern conditions and requirements of the country. The draft of this ordinance when ready will be discussed with members of the newly-elected Municipal Councils.

A Moslem Committee has been appointed to make recommendations for the reform of the Regulation for the Supreme Moslem (Sharia) Council, and of the system of election to that body, but has not yet rendered its report.

The draft Regulations for the Jewish Community have been completed, but are not yet published.

The report in English of the Bertram-Young inquiry into the affairs of the (Greek) Orthodox Community has been translated into Arabic and Greek and published in book form. It contains suggestions for the amendment of the existing Ottoman Statute for the organisation of the community, a Statute which was never fully applied.

Finance.

The Palestine and East Africa Loans Act, 1926, received the Royal Assent in December. By this Act His Majesty's Treasury is authorised to guarantee a loan of £4,500,000 to be raised by the Palestine Government.

Notwithstanding a falling revenue and increased expenditure, as compared with 1925, surplus balances at the end of 1926 totalled £E.1,504,554 as compared with £E.1,069,576 at the end of 1925. Advances have been made from surplus balances and by the Crown Agents to defray the cost of works undertaken in anticipation of the new

Palestine loan. Repayment of these advances and of the sum of £1,000,000, due to His Majesty's Government in respect of Railways, Roads, Telegraphs and other capital assets acquired by the Palestine Government, will be effected when the loan is issued. The balance of the loan will be utilised for construction of a harbour at Haifa and other necessary works, and to defray the cost of raising the loan.

The public finances of the country, although not unsatisfactory, demand a cautious policy. The expansion of revenue which has enabled the accumulation of considerable surplus balances is due mainly to items derived from the large influx of Jewish capital to the country. These items will fall and rise in close relation to this influx. On the other hand Jewish enterprise and capital have not yet succeeded, and cannot in the nature of things succeed immediately, in increasing the production of the country to a level that will maintain its increasing population and serve to lessen the present tremendous disparity between the values of visible imports and exports. So long as these conditions obtain it will be difficult to ensure financial stability and recurrent expenditure must be kept low if adequate provision is to be made for the payment of interest charges and amortization of the projected loan. The normal and steady exploitation of the agricultural and other natural resources of the country, although apparently slow, will be facilitated by improved means of communication provided by the Government from loan funds and should in due course ensure a more stable economic position. In the meantime the accumulation of surplus balances provides a reserve fund from which, as circumstances permit, monies may be available for the execution of a buildings programme and other public utility works of which the country stands in urgent need.

Inland Revenue System.

An official Commission was appointed to examine the vexed question of replacing the present system of assessing the tithe on agricultural produce (which was reduced last year from 12 1/2 per cent. to 10 per cent. of the market value) by a system which would be less onerous alike to revenue officers and the public. Concurrently with this examination are proceeding measures preparatory to a permanent and unquestionably beneficial change in the inland revenue system. These measures will consist of a cadastral survey

and land settlement in order to ascertain and fix title. This is a work of some magnitude and, while every effort will be made to carry it out expeditiously, it will take a period of years before it can be completed for the whole country. The issue before the Commission, therefore, was whether it was possible, and worth while, to devise a new system so much better than the present one, which is familiar to the bulk of the peasantry, as to warrant its introduction pending the institution of permanent reform, and to outweigh the obvious objection to two changes in revenue system within the period required to effect this reform. The members of the Commission were unable to make a unanimous recommendation and, as the issue is one of immediate interest to the agricultural population, their report has been published in order, if possible, to elicit an expression of public opinion for or against the temporary change in system advocated by the majority of the Commission.

Education.

The problem of the better organisation and promotion of educational enterprise in Palestine has been the subject of further careful study by the Government. The variety of existing enterprise has been described in previous reports; and later statistics of schools maintained almost entirely from general revenues and managed by the Department of Education, and of schools managed and maintained by the Zionist Organisation and by non-official bodies, Moslem, Christian and Jewish, are given in Section V* (p. 28) of this Report. It will be seen that the two largest groups or systems of schools, the one organised by the Government in which the principal language of instruction is Arabic, the other organised by the Zionist Executive in which the principal language is Hebrew, together provide for nearly three-fifths of the total school attendance. Thus, public instruction is divisible into two main branches; the one concerned with the instruction of Arabs, the other with the instruction of Jews. This division by national language corresponds with the political and cultural cleavage between the two sections of the local population. It is the object of Government to develop the administration of these two divisions along parallel lines and to evolve a public system of education which shall comprise all schools in receipt of financial aid from public funds whether provided by the central or local authorities. Organs of local Government such as Municipal Councils and Community

Councils will, as their circumstances admit, be made local education authorities, and authorised to levy an additional rate for educational purposes. A new Education Ordinance to replace existing (Ottoman) legislation is being prepared. It is proposed under the Ordinance to make regulations for local education authorities and for schools, Arabic and Hebrew, included in the public system.

Jewish Settlement.

A sharp depression in trade and other commercial enterprise succeeded the easier conditions which prevailed in 1925, and has been the cause of distress--in some places acute--among Jewish immigrants. As the result there has been a considerable movement to emigrate, more unemployment, and a feeling of anxiety throughout the local Jewish Community. Relief of distress, occasionally in the form of money doles but principally by the provision of special works, has been afforded by the Zionist Organisation, supported by Jewish public bodies and aided by the never-failing Jewish philanthropy. But the strain at a period when trade was slack has borne somewhat heavily on the community as a whole. Partly on this account the Council of the Tel-Aviv Township, in which the majority of Jewish unemployed was assembled, were compelled to seek the aid of Government to enable them to meet financial obligations contracted when the immediate outlook was brighter. An attractive side of the picture is the spirit of fortitude which has hitherto predominated, and of determination whenever possible to struggle through a difficult period.

There is possibly some danger that unduly pessimistic inferences may be made from the present situation in its relation to the establishment of a Jewish National Home. The facts certainly controvert the views of those optimists who demanded insistently a sudden large increase in the local Jewish population by means of an unrestricted immigration of Jews from Eastern Europe; and who believed that, given the necessary population and sufficient capital, agriculture and industry could at once be made profitable in a small, undeveloped country in which several important factors to the success of settlement on a large scale are at present lacking. The Government, engaged in the preparation of a number of projects which, as they can be realised, will promote the economic development of the country, are often accused of indifference to these factors and urged to adopt a forward *colonizing* policy. Apart from

the fact that His Majesty's Government have decided that immigration should not be so great in volume as to exceed whatever may be the economic capacity of the country at the time to absorb new arrivals, it must be remembered that *time* is an essential, perhaps the prime, factor in successful Jewish settlement. The ratio of yield to capital invested is still an attenuated one and it will be some years before increased production, mainly agricultural, can support a much larger Jewish population in the country. The enterprise of the Palestine Electric Corporation, the concession in whose favour has now been signed, harbour improvements and other enterprises of a constructive nature will in the future, it is hoped, provide employment for all labour surplus to present requirements, and should pave the way to new economic developments. In the meantime all available monies and effort should be directed to the consolidation of the position, agricultural, industrial and commercial, already gained; and a selective immigration policy must ensure that this work of consolidation is not impeded by the entry to the country of non-productive elements whose presence immediately would be a source of embarrassment and weakness.

Local Defence.

A reorganisation of public security forces was effected during the year with a view to making the two territories-- Palestine and Trans-Jordan--comprised in the British mandatory area more self-dependent in regard to local defence and to reducing the amount of the grants-in-aid hitherto made by the British Treasury on this account.

Under the new scheme a clear distinction is made between the forces employed on normal police duties and those who may be required to engage in military operations. The British and Palestinian Sections of the Palestine Gendarmerie, as well as the Arab Legion in Trans-Jordan, have been disbanded, and replaced by Palestine and Trans-Jordan Police Forces who perform the normal police duties, and by a mounted military force recruited locally and designated the Trans-Jordan Frontier Force. This latter force is available for duty in both territories but is principally required for service in Trans-Jordan. The cost of the Palestine Police Force is borne by the Government of Palestine and the cost of the Trans-Jordan Police Force, which has been renamed the Arab Legion, by the Government of Trans-Jordan assisted by a grant-in-aid from the British Government.

The Trans-Jordan Frontier Force, which is under the command of British Officers, is highly mobile and has been recruited for the most part from the Arab Legion and ex-(Palestine) gendarmes. Its cost is borne by the Palestine Government with the assistance in 1926 of a grant-in-aid from the British Government.

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