

Gershon Agronsky,\* “Palestine Arab Economy Undermined by Disturbances,” Political Department, Central Zionist Archives, January 20, 1939, Central Zionist Archives Political Department S25/10.091

*Gershon Aronsky (later Agron) was born in the Ukraine in 1894, and spent his childhood in the United States, served in the Jewish Legion in Palestine during WWI becoming the press officer to the Zionist Commission 1920-21. He was headed of the Press Office of Zionist Executive in Jerusalem from 1924-29. In 1932, he founded English-language daily Palestine Post (from 1950 Jerusalem Post) and was its editor-in- chief. He wrote reports for the Jewish Agency and was a Jewish Agency delegate to the to the U.N. Conference at San Francisco 1945, later served as Director of the Israel Government’s Information Office 1949-51, and from 1955-59 was Mayor of Jerusalem.*

*Agronsky’s clear assessment of 1936-1939 disturbances provides a graphic description of the devastation caused to Palestine’s rural economy and to the majority Arab population. Coming after the rural destruction caused by World War I, and a series of terrible years in the early 1930s where crop yields plummeted because of weather and dumping of agricultural goods on the Palestine markets from other parts of the Middle East, the rural economy and the peasantry remained at bare subsistence levels.*

Ken Stein, April 2012

The almost uninterrupted disturbances which the Arabs have kept going since April 1936 have reduced their economy to a parlous state. Although one of the motives of the promoters of the “rebellion” undoubtedly was to bring the Jewish community here to their knees by wrecking their economic life, it is doubtful if they thought far enough ahead to visualize the paralysis and decay which they were bound to inflict on their own people.

While both the Government treasury and the Jews are feeling the pinch, their position can in no sense be described as undermined. As for the Government, it is true that it has not only seen a decrease in revenues through the slowing up of imports, land transfers, tax collections and other channels through which its income flowed into the treasury at such a rate that it was able to accumulate a surplus equivalent to twice its estimated budget for 1936, but it has had to pour out huge sums for maintaining the necessary security forces. Stringent economies in other spheres of expenditure – such as public works, health, education – have, however, enabled the Government to maintain an almost balanced budget.

The Jews, while they have suffered a setback, since for a time there was a drop in capital investments with a consequent slackening in building, new industrial enterprises and the like, have kept their heads above water and even point to gains in certain directions. Their settlements forced the [ace in mixed farming to meet the needs of the



market normally supplied by the Arab agriculturist. The 1936 strike in the Jaffa Port led to the development of a port in the neighboring Jewish town of Tel Aviv. Hundreds of workers were employed in building the port and Jews only are now engaged in running it. From a jetty for landing incoming goods it has developed into a lighter harbor both for unloading and loading of goods and embarking and disembarking passengers. At least half the trade that used to pass through Jaffa, including orange export, now goes through Tel Aviv. New roads, built primarily for security reasons, have facilitated communications and transport from some of the most outlying districts to the town and their markets. The terrorists' aim of ruining the Jews in Palestine may truthfully be said to have failed.

The case is quite the reverse among the Arabs. Ruin faces, not only the peasant but the large landowner and the townsman, whether he is engaged in commerce, industry, or transport.

On the whole, for the first two years of the disturbances the peasant suffered less than the townsman. In spite of all his marketing difficulties, first because of the six months strike tied up transport and open selling, and second because through the Arab boycott activities, he lost the Jewish market which had absorbed a large party of his surplus crop, he was nevertheless basically self-sufficient. He was left with some £1,200,000 of produce on his hands – that usually absorbed by the Jewish market – with a consequent depression of prices. This, coupled with the decreased purchasing power of the urban population, undoubtedly threw him further into debt.

Two other setbacks contributed to his difficulties – the curtailing of the Government's activity in the organization of credit cooperatives – aimed at freeing the peasant from the yoke of the Arab money lender – and the decrease in the supply of capital through the sale of surplus lands to the Jews. This capital influx had enabled many farmers in the past to intensify their farming and to extract more from a smaller holding through the acquisition of improved methods and modern implements.

But in spite of all these difficulties, the fellah was able to carry on, whatever the situation was in the town. He could always produce enough for his daily rations of bread and olives.

His situation today, however, is very much more difficult as a result of terrorist activities throughout the country. It is estimated that not more than 50 percent of the fellahin will be able to work their farms this year. In the first place, they have been forced to feed some 5,000 terrorists through the year. Whereas in 1937-38 the armed bands bought provisions from the peasant at good prices; this year, with the peasant completely intimidated by the bandits, the latter have requisitioned what they needed. The oil, olives, vegetables and other provisions from which the peasant makes his living and on which he subsists, have been eaten up by the bands which have quartered themselves on the villages. Many of the farmers have been left without seed, and even without work animals. It is estimated that their losses, counting the provisions taken by the bands, and the collective fines imposed on the villages by the Government for harboring the terrorists – whose presence they were powerless to resist – amount to at least half a million pounds.

Many of the farmers will therefore be idle this season, either because they have nothing left with which to farm, or because they have decided it is better to sit with idle hand than to work, if their produce is to be taken from them.

These adverse conditions apply both to the owner-farmer and to the tenant-farmer. In the case of the latter, many have been ousted from their workings by the terrorists. Thousands of fellahin are normally engaged in working the large holdings of effendis. In the case of effendis belonging to the Opposition – that is to those who disagree with the Mufti's political and terrorist methods – many of them have had to flee for their lives and their properties have been either requisitioned by the terrorists or partially or completely destroyed. Some of the largest landowners have had to abandon home, fields and orange plantations on which thousands of peasants were making their living either as employees or as tenants. In many cases the old tenants have been replaced by those pleasing to the terrorists. In other instances, where large plantations have been ruthlessly destroyed, the lands are going to waste since the ousted effendi, even if he dared to return to attempt to retrieve his property has no capital for the purpose or declines to use it until normal conditions of security return to this harassed land.

Spokesmen for the Opposition estimate the property expropriated or destroyed by the bands at a quarter of a million pounds, but recent investigations show the damage to be nearer half a million. To this material loss must be added the huge sums extorted by the terrorists and the money being sent out of the country to support some 40,000 refugees living abroad in Egypt, Syria, Lebanon, Cyprus and Europe. Only those were able to leave the country who had some money – and could count on receiving money while abroad either from family, business, investments, etc. in Palestine. The most recent estimate is that these refugees who had fled the threats and extortion of fellow-Arabs have drawn off at least a million pounds from the money normally in circulation or invested in this country.

The lot of the city Arab has been a hard one since the beginning of the disturbances. The losses sustained by shopkeepers who were forced to keep their businesses closed for six months on end have not been estimated but it is clear they had to live on whatever savings they had. Even now they are liable to have to close at any time for any duration decreed by the terrorists as a protest of one kind or other. Foreign manufacturers have lost confidence in them as customers, and credits are consequently harder to get, both from the manufacturers and from local banks, which have restricted credit facilities considerably.

The building and transport trades have suffered severe setbacks, as has the Jaffa Port which in the pre-strike days employed 700 workers. Taking 100 as the index in 1935, building in Jaffa dropped to 30.8 in 1936 and 18 in 1937. Similarly cargo handled in the Jaffa Port, taken as 100 in 1935, was 43.7 in 1936, and 48.7 in 1937.

Thousands of Arab motor drivers were idle during the half year strike in 1936 and now most of them are again unable to work. First the terrorists ordered them to boycott the identity card and travel permit introduced by the military authorities and then when the ban was lifted [concurrently with the citrus shipping season] and taxis, buses and lorries began to operate, the authorities withdrew almost all passes for public vehicles since “the privilege was being abused.” As a result, taxi and bus drivers are out of work and transport companies have had to suspend payments on their vehicles.

Large numbers of laborers have been thrown out of work by Government economies necessitated by decreased revenues and increased expenditure for security. This cut is particularly noticeable in the Public Works Department which has dismissed hundreds of laborers. In addition, certain Government departments have dismissed staff

since they could not operate normally because of insecurity on the roads. The Department of Agriculture is a case in point. Also due to the general demoralization, eleven magistrates courts and a number of post offices have been closed, resulting in the dismissal or temporary suspension of a number of clerks.

Perhaps the truest reflection of the economic havoc wrought among the Arabs by the disturbances is provided by the vital statistics for 1937, the latest available. Compared with 1935, both the absolute number of births and the birth-rate among the Moslems has fallen, whereas the absolute number of deaths and the death rate has risen. There has been a distressing rise in infant mortality. The striking degree of deterioration is the more tragic when the substantial improvement in the years before the "riots" is borne in mind. According to official reports, the death rate among non-Jews in Palestine had fallen from 31.4 in 1927 to 22.3 in 1935, and the infant mortality from 213.4 to 146. The death rate in 1937 was 24.82 and the infant mortality 179.3.

The question now is, having reached such a pass, how are the Arabs to rehabilitate themselves? The first essential is undoubtedly the return of security to the country, so that each man may ply his trade. But it will take an active policy on the part of the Government if the Arabs are not to flounder for a long time to come and if they are, indeed, ever to climb out of the morass. This is a point which, it is hoped, will not be overlooked in the forthcoming London talks. If the political future of the country is to be discussed without any reference to the economic problems, the Arabs may not have to "live by bread alone," but they may have to live without bread.

The Arabs have suffered heavy economic losses, their earnings and their standard of living have shrunk to a fraction of those they enjoyed in the days of "prosperity" which, significantly enough, coincided with the period of largest Jewish immigration and concomitant influx of capital. The Government treasury is almost empty and is being further drained by deficits in spite of drastic budget cuts. It has been forced to cut down on such essential services as public works, education, health and agriculture. If discontent among the Arabs of Palestine is widespread today, it can be safely be said to be due to economic rather than political conditions and prospects.

In order to set Palestine on the path to recovery, two ways are open. One is to admit a large number of immigrants. The influx of new capital and new vigor will mean new industries, more building, more transport, more consumers for agricultural and manufactured products. As in all years prior to the disturbances, Jewish investment will benefit from the Arab population, both directly and indirectly. With the resuscitation of the economic life, money will begin to flow again into the Government coffers and expenditures on public services will be resumed. It is a fact to well known to be repeated, that Jewish contributions to Government revenues – out of all proportion to their percentage of the population – were what made possible the standard on which public services were provided for the population as a whole, and for the Arabs in particular.

A second way of pumping life into the country is by means of a large loan for development purposes. But the obtaining of a loan presupposes ability to repay and here again the Jewish factor must be taken into consideration. It has been shown repeatedly – even in the Woodhead Report – that without an energetic Jewish population, motivated by the ideal of transforming Palestine into a home which can absorb its persecuted brethren in European countries, the country cannot be economically self-supporting, let alone accumulate surpluses or repay debts.

It would be too optimistic to think that the Palestine Arabs coming to the London talks will be prepared to accept either of these ways of restoring prosperity to the Arabs whom their tactics have brought to the brink of ruin. Political and not economic considerations lie uppermost in their minds, and they will no doubt use the opportunity of the talks to wring the utmost political concessions out of the Mandatory Government. What they may not realize, or realizing but will not admit, is that political maneuvering which ignores economic realities is bound to reduce the people for whose political life they purport to be fighting to such a state of poverty that even complete independence would bring little satisfaction.