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INTERNAL TRADE OF PALESTINE

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P R E F A C E

For the purpose of this thesis the writer chooses to consider "Palestine's Internal Trade" as that part of its economy by which the demands of the consumer are furnished by the supplier. Since Palestine's trade is also concerned with foreign countries, the foreign consumers and suppliers will be considered in so far as they affect or are affected by the local trade. The function of trade then is as a medium which transfers the goods of the supplier to the consumer, and its purpose should be to accomplish this in the most economically efficient way.

The purpose of this survey is to describe the organization and working of Palestine's trade in such a way that one will be able to judge how well and efficiently it is performing its function. In an endeavor to accomplish this it was necessary to describe in detail the most important factors of and forces influencing Palestine's internal trade as well as the "interplay" between these factors or forces and trade itself.

In order to limit the scope of this work the marketing of commodities only is considered. Trade with means of production as land, capital and labor is not dealth with. The problems which arise in the marketing of these are quite different. For the same reason the marketing and pricefixing of services are not considered. Neither will the auxiliary marketing functions such as transportation, storage, finance etc. be dealt with in detail although it is agreed that such factors do influence the supply and prices of goods as well as methods of business.

Foreign and transit trade will only be considered when such trade passes through the local channels. The marketing, in such cases, will be followed up until the title of the goods in question is transferred to a foreign firm; that is, a firm which has its residence abroad. Supplying, purchasing and re-exporting countries will be considered to the extent that they influence the local organization and methods of trade.

As will be seen the treatment of Transjordania's trade is not adequate. This is due to the lack of material on it. However, it may be said that a description of the primitive methods of Palestine's trade will apply also to Transjordania.

In consideration of methods to apply and a plan to be followed for this work, the writer was confronted with many obstacles. First of all there is scarcely to be found another treatise of this nature which attempts to deal with the internal trade of a country in its entirety. There are, of course, excellent treatises which deal only with agriculture, foreign trade, the marketing of certain commodities etc. but these are of little aid as guides to this work.

But perhaps the biggest difficulty experienced was the lack adequate statistics available, often when and where they were most needed. This, of course, prevented following a definite plan in display and content of subject and in each case limitations were imposed by the amount and nature of material at hand.

The close relation of all the various factors and influences considered, often results in duplication of references and certain phases of the material. But in order to maintain the thought as clear as possible and also to draw intelligible conclusions, duplication and repitition in many instances were unavoidable.

The arrangement of the text and treatment of the material was made even more difficult because of the fact that Palestine is now in a period of transition, with modern and primitive methods operating side by side.

In deciding upon a system or working basis for the display of the material probably the most practical one would have been to employ a commodity approach. However, that would have been too technical for this work and, furthermore, would have failed to bring out the correct relation of the various factors and influences to trade as a whole. In fact, it would have served more as an economic handbook or directory. A functional approach, on the other hand, would have been too theoretical and might have lead to abstractions. And so instead the writer has attempted simply to bring the more general economic points together in a synthesis so that trade might appear as one organic unit which serves the total economy. Such factors and details which do not have a direct or important bearing on the theme as a whole are considered separately in the appendices.

In Palestine there exists different communities with spiritual and cultural peculiarities. This fact not only influences the trade of the different communities but affects also the trade of the country as a whole. Although these community peculiarities appear more or less important in nearly every topic considered, efforts were made to indicate these differences only when they were considerable. It was not the writer's purpose to describe one community more than another but unfortunately the statistics available for the different communities were not of the same proportion, so it was thought better to include what material was at hand rather than discard anything which might be useful.

Generous use of footnote references and remarks have been made with a view toward helping the reader who desires more information on a particular subject than the writer has been able to give in his treatment of the topic.

At this point the writer wishes to acknowledge the very helpful cooperation which has been received on all sides. Particular mention should be made of Prof. Said B. Himadeh of the A.U.B. who not only aided in the construction and arrangement of the work but who was always at hand to offer valuable criticism and advice; also Prof. Basim Faris of the A.U.B. who acted in the capacity of general advisor and assisted particularly in the conducting of the survey, and Prof. Walter Ritsher, A.U.B., who made it possible for the writer to become connected with Mr. Mills, Director of the Department of Immigration and Statistics of Palestine. The writer also feels indebted to Mr. Albert Khouri and Mr. Albert Deuth who assisted in checking the manuscript, and to all others who offered valuable assistance and advice from time to time.

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INTRODUCTION

A. Relation between trade and other fields of economy.

Trade is not an independent entiry. It is characterized by the nature of the economic structure of a country.(1)

In changing from a natural economy into one of exchange, as is now taking place in Palestine, people must, of necessity, become more and more dependent upon one another's products and services. The exchange of the products of different economic unities is fulfilled by trade. Only in case of hypothetical thoroughly planned society could one conceive of an absence of trade, but even then it is questionable how many of the marketing functions could be eliminated in such a society. In a modern economy nearly every producer is in some way directly concerned with trade.(2) However, the extent to which every producer is concerned with trade depends upon the nature and form of his production.

On the other hand, trade is not only conditioned by a country's economic structure, but it also influences it. It is not only a function but also a factor of it. Very often lack of efficient marketing and distribution hinders the development of an industrial enterprise. This difficulty is particularly serious in Palestine, due to the large influx of European immigrants eager to establish industrial enterprises. These immigrants very often have the capital required and also the necessary technical knowledge, but their marketing experience of Europe cannot, without many modifications, be applied in Palestine. This inability ar

(1) See Hugh B. Killough and Barrington Associates. The economics of Marketing. New York and London 1933. p.9
(2) See Dr. J. Hellauer, Handels-verkehrslehre, veroeffenthicht in d. Handels-hochschule. Berlin - Wien 1928, Band I, Kapitel IV, p.746

lack of means for organizing and finding a market for their products were often the cause of failure of some concerns in Palestine[1]. Although the manufacturers usually succeeded in finding a market for their goods amongst the Jewish population, they experienced considerable difficulty with the Arabic speaking population of Palestine and its neighboring countries[2].

Every growth of industry is connected with a broadening of buying sources and selling regions. Therefore the importance of trade-organization in Palestine increases directly with the growth of industry[3]

Trade and volume of trade also greatly influence the form and methods of business and agriculture. For example, the lack of an ordered and extensive market in Europe and inadequate transport facilities which existed in Palestine during the early years of the last decade resulted in a high sensibility of the market to every oversupply and undersupply and, consequently, prices fluctuated widely. This, of course, did not permit specialization in farming as, e.g., in the production of poultry products and vegetables, because such specialization would, perforce, require a larger capital, and so long as the Palestinian market offered such risks, these specialized fields of endeavor could only be included as a minor part of the entire agricultural system[4]

However, the mutual relation between agriculture, industry and trade, each influencing the other, is only one phase of the problem. Trade and marketing are, at the same time, concerned with the demand for goods appearing on the market which, in turn, is affected by the purchasing power, standard of living, distribution of wealth, habits and customs of the people etc... Moreover, the carrying on of trade

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1-See A. Jevzerov, "Urban Colonization", Mishar Vetassija, (Tel-Aviv, 1926), Vol. IV, No. 14-15, p. 361.
2-Idem.
3-For the extent to which it has taken place, see later p. 40.
4-See Hassadeh (Tel-Aviv, 1920-21), Vol. I, No. 3, p. 33-35.

more efficiently tends to decrease selling prices which, in turn, increases the standard of living and influences demand for social conditions.[1] But before we consider further this complex interrelation of factors, let us examine more closely the principle features of Palestine's economic and social life which are influencing or being influenced by trade.

B. GENERAL ECONOMIC AND SOCIAL FEATURES

1. Economic sketch of Palestine:

Palestine's land area is approximately 25,483 sq. km. or 10,000 sq. mi.[2]

The population was 1,035,821 on Nov. 18th, 1931.[3] The settled population was, however, at that time 969,268[4] and ~~at~~ in the middle of 1933 it was estimated at 1,038,331.[5] The density on Nov., 1931 was 40.65 per sq. ~~km. for~~ the whole of Palestine.[6] But, considering Palestine less the area of the Beersheba sub-district (which is mostly desert but accounting for 46.6% of the entire area of Palestine) the density was 71.21[7] per sq. km. In the middle of 1933 the density of the settled population was 76.28 per sq. km. Palestine's population has been increasing at the rate of 3.54% per annum, and if this rate of increase is maintained for 20 years Palestine's population will become doubled.[8]

The relation of earners to dependents[9] was, in 1933, a ratio of 29 to 71.[10]

1-See Marshall, "Industry and Trade", London, 1923 p. 271.
2-See E. Mills, Census of Palestine, 1931, Alexandria, 1933, Vol. I, P. 17. For distribution of area according to geographical districts see Appendix I p. 353
3-Ibid., Vol. I, p. 18.
4-See Mills, Ibid, Vol. II, p. 7 Although 3,101 settled persons were living in the Beersheba district Nov., 1931, who should have been excluded as in case of the area of this district, we were compelled to include them because no statistics of population according to sub-districts were available for that period.
5-See Report by His Majesty's government in the United Kingdom of Great

2. Changes in Stage of Palestine's Economy:

For about 700 years[1] until the middle of the last century Palestine's (qs well as other Near-Eastern countries') economy was in a static state.[2] The productivity of the land, the principle source of Palestine's wealth, was not sufficient to produce surplus by which capital investments could be effected to increase the productivity and raise the standard of living, and no government aid was given to alleviate this condition.[3]

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notes
age 3-5 con. Britain and Northern Ireland to the Council of the League of Nations on the adminstration of Palestine and Transjordania (called further Rep. to L.ofN.) for the year 1933. London 1934 p.180
3-3 See Mills, op.cit. Vol. I, p.34
3-7 969, 268: (25,148-11,872)=71.21
3-8 See Mills, op.cit., Vol. I p. 45
3-9 According to Mills, op.cit. Vol.I, p. 270 "dependents" are such persons who by their work do not add an increment to the family income in coin or kind.
3-10 See Ibid, Vol.I, p.285

notes
age 4-1 See Mead, Reports of the Experts submitted to the Joint Palestine Survey Commission (further called: Rep. of experts). Boston, 1928, Chap. I, p. 18.

4-2 See Dr. A. Gronovsky, Systems of Taxation in Palestine, Jerusalem, 1933. p. 283

4-3 See Mead, op. cit. Chapt. I. p. 30

This economic state, which was distinguished by its closed economy and selfsufficiency of its economic units, began to change in the second half of the last century (due to improvement in transport facilities and to the influx of European elements and ideas[1] to an economy of exchange. This new process developed very slowly at first and even until shortly before the war it was not parallel with the development in other Near Eastern countries. Lebanon, with its more educated population, better transport facilities, richer land, and influx of capital for missionary institutions and from emigrants, progressed first.

Palestine's progress began with the Jewish immigration and the building of the Jaffa-Jerusalem and the Haifa-Damascus railways,[2] but it was only until after the war that this progress became rapid. This rapid increase in progress was brought about through better administration, higher security of personal and property rights, but mostly to the influx of the immigrants with their enterprising spirits and capital.

Palestine is still in the period of transition. Two systems of economy are combating each other, the old domestic or feudal systems and the new capitalastic system. The old order, however, is giving way to the new and the latter continues to forge ahead.[3] These systems, however, are not confined within themselves but are interwoven and overlapping with each other. This, of course, further complicates Palestine's economic structure and since marketing functions and methods

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1-According to Dr. Kurt Grunvald, The Industrialization of the Near East, Bulletin of the Pal. Ec. Soc., Tel-Aviv, 1934, Vol. VI, No. 3; p. 3; the missionary activities were able to develop under the protection of capitulations. With the giving up of religion, tradition, culture and customs were changed.

2-See Great Britain, Foreign Office. Diplom. & Cons. Reports: Turkey Trade of Palestine for the year 1899 Annual Series No. 2405 London 1900 p. 3

3-See Gronovsky, Systems, p. 282-3.

differ in the two systems, it is one of her biggest problems how to avoid duplication of institutions and at the same time arrive at a most efficient means of marketing. This fact of the coexistance of economic and social influences operating side by side and whose origin is in different periods[1] should always be kept in mind when considering Palestine's economic and social problems.

3. Palestine's Economic Structure:

The occupational distribution of the entire settled[2] population of Palestine (including dependents) was, in Nov., 1931[3], as follows:

Agriculture and production of raw materials	54.46%
Industry	13.78%
Trade	9.98%
Transport	5.23%
Public administration and liberal arts	8.63% (4)
Miscallaneous	7.93%

This table indicates that Palestine is an agricultural country[5] with a high degree of commerce[6]. According to Rupin[7] Palestine has changed from a purely agrarian country before the war into a "semi-agrarian " country after it. The above table may be misleading in that it deals with average figures for the occupational distribution of the entire population. The fact that the population is not homogeneous but consists of different sects having different sources of income and developing their activities along different lines, although not unusual, is important. But in the case of Palestine, the coexistance of the two most important economic sectors, the Jewish and the Arabic, isolated to a certain degree from each other due to the tendencies of

1-See Ibid p. 293.
2-See Mills, Census, Vol. I, p. 281.
3-See Ibid, Vol. I Subsidiary table, No. 1, p. 313.
4-It is interesting to note, that the economic distribution of Palestine is similar to that of Irish Free State. In 1926 there were engaged in:

agriculture and mining	52.3%
industry	14.5%
commerce	8.3%

their strained political and social relations, is of particular importance. And so if we are to have a clearer picture of the distribution of trade we must analyze and consider the differences existing between these economic and social sects.[1] And so, too, we find that the natural and climatic conditions have tendencies to divide Palestine's agriculture into a fruit raising belt, dependent largely upon the market, and a cereal area with a high degree of selfsufficiency. Again these differences must be considered in detail.[2]

All of these various factors leave their influences upon and make up the features of Palestine's economy in such a way that there exists simultaneously economic spheres and factions which have not yet grown together to form one organic unit.

4. The Dynamy of Palestine's Economy:

Palestine at the present is a country with a high rate of development and dynamy. The population and particularly that part of it actively engaged in economic life is increasing rapidly, not only due to a high rate of natural increase but also to the immigration from European and neighboring countries.

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notes
page 6-4 cont.

Transport	5.2%
Pub. Adm. & Lib. prof. ..	7.2%
Miscellaneous	12.5%
	100.0%

(Taken from the Statistical Yearbook of the League of Nations 1932-3. Geneva 1932 p33ff. 6----edited by the League of Nations' Economic Intelligence Service.)

6-5 Considering the "productive" occupations (in the narrowest sence of the word) only, we see that Palestine is still predominantly agricultural.

6-6 "Commerce" includes here trade and transport

6-7 Rupin. "Pal. Occupational Divisions" Pal. & Middle East, (called further: PME) Economic Magazine, Tel-Aviv 1933 Vol. VIII no.4 p. 161

7-1 See later p. 83 ff.

7-2 See later p. 20-26 App. 8 p. 363 ff., p. 101

The rapid increase in imports, in building activities, in citrus plantations, in industry and the influx of capital and its investments, all go to change the ecnnomic features of the country from day to day. The development and changes do not all take place at the same rate, therefore the structure changes. Certain lines develop more rapidly than others. The distribution of population and its concentration in the cities changes. The volume of production and its methods change. Trade has new tasks. Industry grows. A closed natural economy is becoming replaced by a capitalistic one.

The scientific way to observe these changes is by statistics but, unfortunately, the latest figures are often out of date; in fact, material and changes of development for statistical data are being produced faster than they can be assimilated. If data had been available which accurately portrayed the present situation we would have been able, not only to describe and statistically verify Palestine's economic status, but to indicate tendencies towards which Palestine moves. Due to the high rate of dynamy this would have been of even greater importance than a description of static conditions.

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Chapter I.

Relation of Agriculture, Industry and of Social and other factors to Palestine's Trade.

I. Palestine's Agriculture.

Introduction:

The coexistance of modern and primitive methods is more striking in Palestine's agriculture than any other field of its economy. (1)

Palestine's economic transition is particularly reflected in its agriculture. Definite structural changes are apparent although the transition and development are not yet complete - forms and systems exist side by side which belong to different stages. This state of conditions is of particular importance in the present marketing methods and problems of Palestine's agriculture.

The coexistance of the money-lender as the financier, as the supplier and seller of the products of the fellah - the link which connects him with the capitalistic world - with the modern cooperative movement which has to do with the cultural as well as the economic needs of its members(2) indicates the different stages of Palestine's agriculture.

A. Structure of Palestine's Agriculture:

1. Importance of the Subject.

A detailed consideration of the structure and structural changes in Palestine's agriculture is important for the following reasons:

First, because of the introduction of new crops,(3) trade has to adjust itself to new requirements. This is particularly felt in Palestine where the middlemen of agricultural products have to fulfill

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(1) See A. Bonne: "D. Sozialoekonamischen Strukturwandlungen in Palestina, Archiv für Sozialwissenschaft und Sozialpolitik, Tuebingen, 1930, 63. Band, 2. Jeft, 318.

(2) See later p. 237 ff.

(3) See Meads, Reports of the Experts submitted to the Joint Palestine Survey Commission, Boston, 1928.

many functions, which in other countries are usually fulfilled by the farmer or his organization.[2]

Secondly, it is important to know the structural composition of Palestine's agriculture as a whole, and as such to consider its general economic aims. It is important to see if agriculture is one-sided, if there is a proper and sound choice of crops. In case of monoculture, for example, trade has to be very elastic. It has to bear the risks which are incurred from the "one-sidedness" of the agriculture. The problem resolves itself into how far the traders are able to reduce their fixed costs or resort to other business at a time of crop failure. Furthermore, agricultural merchants in Palestine are often connected with the functions of financing.[1] In time of bad harvests they are confronted with the problem of financing the agriculturists for the following season. Their ability to assume new risks and open new credits are problems that would have to be solved by them.

Thirdly, whether the farm is conducted on a specialized or diversified basis has a direct bearing on the volume of trade. A farmer specialized in one branch of agriculture is more dependent on the market than a general farmer. The amount of his cash income and expenditures are greater than that of a general farmer, but his cash income is always dependent upon the market. He is compelled to sell his goods and purchase his necessities. Therefore the volume and value of goods passing through the market is considerably higher than in the case of the general farmer.

Fourthly, only the estimation of the different groups of commodities enable us to arrive at a figure for the total volume of agricultural products appearing on the market.

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(1) See later p. 211., p. 213.

(2) See later p. ....

Fifthly, the composition of Palestine's agriculture is also of importance in determining seasons of active trade. Agriculture, being yet quite primitive in Palestine, is more dependent upon nature than intensive and modern agriculture.(1) Due to the lack of cooperative organizations which perform the functions of financing, storage etc., as well as the indebtedness of the fellah, the crops appear on the market very soon after the harvest. This results in seasonal requirements for money and credits which must be supplied by the agricultural merchants.

2. Structural Features of Palestine's Agriculture.

a. Distribution of occupied according to nature of agriculture. According to Mills(2) the distribution in 1931 was as follows: 45% of total population occupied in ordinary farming; 5% of total population cultivators of special products; 3% of total population engaged in forestry, animal and poultry; husbandry. Total: 53%. Placing the total equal to 100%, we find that 84.9% of those occupied in agriculture were engaged in ordinary farming,(3) 9.4% as cultivators of special products and 5.7% in forestry, animal and poultry raising. This shows that on the whole Palestine's agriculture is little specialized.

b. Estimation of agricultural production according to branches.(4) According to a detailed estimation by Soskin,(5) the produc-

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(1) See Appendix 10, p. 374.

(2) See Census, Vol. 1, p. 289.

(3) These are the diversified farmers or called "general farmers". Most of them are primitive culturists and are called "fellahs".

(4) It is not necessary to stress that such estimates are rough but nevertheless, they aid in drawing certain approximate deductions.

(5) See Dr. S.E. Soskin, "The Escape from the Impasse", Tel-Aviv, 1927, pp. 16 and 14.

tion of Palestine's agriculture for 1925 was distributed mainly as follows: 55.5% in cereals and legumes, 18.0% in animal, dairy and poultry products and 4.3% in olives and fruits.(1) According to Palestine and the Near East Economic Magazine(2) the agricultural production for 1930-1931 was estimated at £6,000,000. An attempt was made to verify this figure and an average of £5,420,000 was arrived at for the years 1927-1932.

The principle products were cereals and legumes 28.0%, animal products, milk wool and hair 25.0% citrus and other fruits 22.2%, olives 7.7% and melons 4.1%. If we combine olives, grapes, figs, and almonds with citrus and other fruits we find that Palestine's horticulture represents 33.7% of the total agricultural production. 62.55% (3) of the total production is in the winter and 37.45% in the summer.(4)

B. Markets and market-dependency of Palestine's Agriculture:

1. The importance of markets in Palestine's agriculture.

The importance of markets for Palestine's agriculture is recognized by every investigator of Palestine's agriculture. No development schemes can be considered on a large scale so long as there remains a question about the markets.(5) For example, if farmers should engage in specialization along intensive lines, then the local markets would be soon oversupplied. The foreign markets are closing themselves up more and more and Palestine, being a mandated territory, is not

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(1) For further particulars see Appendix 2 p.?44.

(2) "A Brief guide to Economic Palestine" PME 1931, Vol. VI, p. 381 .

(3) See Appendix 3 p.354.

(4) The division into winter and summer seasons used by agriculturists does not correspond with that of the calendar year. Here the agricultural usage is taken, which is based on the planting and sowing time.

(5) See Lewis French, "Reports on Agricultural Development and Land Settlement in Palestine." London (1932) p.8.

permitted to maintain a discriminative foreign trade policy for its protection.(1) Also, it should be added, the remoteness from large foreign consuming markets is a handicap for the developing of an agriculture which would cater to a world market.(2) For the Jewish colonization movement this problem takes on an even greater significance,(3) due to the higher standard of living of the immigrants. The development of markets enables division of labor which means a better utilization of the advantage of comparative costs, whether it is regional or international.

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(1) The case of Egypt indicates sufficiently what harm this prescription of the mandate is bringing to Palestine.

(2) See Mead, op. cit., Chapter I, p. 30.

(3) Ibid., Chapter I, p.64.

2. Extent of Market-dependency of Local Agriculture.

An estimation of the local agricultural products appearing on the market (according to wholesale prices) follows:

Table I.

	Production	Appearing on market	relative importance of goods handled expressed in%	Appears in winter	Appears in summer
Cereals & legumes (sesame excluded)	£p.1,516,077	£p.303,215[1]	10.3%	£p.262,575[2]	£p40,640[3]
Sesame	65,570	65,570[4]	2.3%		65,570
Melons	220,326	320,326[4]	7.5%		220,326
Olives	414,756	263,370[5]	9.0%		263,370
Grapes	109,504	109,504[4]	3.8%		109,504
Figs	72,998	36,499[6]	1.2%		36,499
Almonds	22,088	22,088[4]	0.8%		22,088
Vegetables	201,336	201,336[4]	6.8%	100,668[7]	100,688[7]
Oranges & Grapefruit	1,103,994	1,103,994[4]	37.5%	1,103,994	
Other fruits	97,560	97,560[4]	3.3%	97,560	
Tobacco	137,000	137,000[4]	4.6%	137,000	
Fishing	100,000	100,000[4]	3.4%	50,000[8]	50,000[8]
Food animals	515,000	102,800[7]	3.5%	51,400[9]	51,400[9]
Milk	826,000	165,120[7]	5.7%	66,000[10]	99,120[10]
Wool hair	18,000	18,000	0.6%		18,000
Total	£p. 5,420,000	£p2,946,670	100%	£p. 1,869,197[11]	1,077,185
Percentage	100%	54.36%	--	63.4%	36.6%

(1) For most of the crops which are not mainly "cash-crops," it was assumed that 20% of the production appears on the market. According to the investigations of Johnson-Crosbie (Rep. p. 23-24) the surplus on the market disposed of by the fellah was 15.06%. As it was not "possible to obtain any information regarding surplus stock put on the market for disposal" (Rep. p. 23) and as only "non-specialized" fellah-villages were included, (Rep. p.1), so we can conservatively increase the figure to 20%. This would include also the products of the Jewish and German diversified farms. The assumption that from each branch twenty percent appears on the market is wrong. There are surely fluctuations. Some

groups show a higher market-dependency than others. Not having better statistics 20% has been assumed, but one should keep in mind, that there are certain sources of error included, e.g., the export of durrah (maize) exported on the average year for 1927-32 amounted to £p.73,000. But the market dependency of durrah amounted only to £p. 40,600. (See Report of Department of Agriculture, forests and fisharies of Palestine for 1927-30 p. 86. Report to the League of Nations for 1932, London, 1933, p. 167.)

2) 20% from winter crops of cereals and legumes in value of £p. 1,312,877.

3) 20% from durrah in value of £p. 203,200.

4) Assuming that 100% appears on the market. The home consumption is in the most of these crops negligible, and is equalized by the under-estimation of the Department of Agriculture.

5) 63.5% of the output which equals £p. 414,576. The figure of 65.5% was arrived at by using the data supplied by the Johnson-Crosbie Report. The output of olives for the average of 100 dunams investigated land was £9 (Report Table XX, p.19). According to Simpson Report, p. 649, from the average holding of 91.2 dunams we receive an output of olives in value of £p.8.20. For the cost of living the Report of Johnson-Crosbie brings an expense of £p.3 for olives and olive oil per family (Table XXII p. 20) which makes 36.5% of the production.

6) 50% of the production of figs ~~were~~ excluded as remaining in dry form for the winter (estimated by Professor Faris).

7) Although vegetables do not appear regularly throughout the year, (but not having them enumerated according to kinds) we take the ratio of 50% to 50%.

8) There are seasonal fluctuations, but they have been averaged for the whole year, since this item is of little importance.

9) For meat animals we have no exact figures. It was assumed that the value appearing on the market is equal in summer and winter.

10) It was assumed that 40% are sold in winter and 60% in summer.

11) In this seasonal classification it was assumed that crops appear on the market shortly after their harvesting. Due to the perishable character of the main crops and the fellah's lack of accommodations and means for storage - this assumption is, in general, true.

The table is based on an estimation of Palestine's total agricultural production.(1)

The market-dependency of the whole of Palestine's agriculture is roughly more than 50%. The predominance of the orange trade is clearly indicated. Next comes cereals and legumes. For the years previous to bad crops this group was considerable higher. Then follow, in the order of their importance, olives, melons, vegetables, and milk.(2)

If the orange trade is excluded only 42.7%(3) of Palestine's agricultural production is connected with the market. This indicates again that Palestine's agriculture is mostly self-sufficient in character; that is, the volume of trade with local agricultural products is comparatively undeveloped. It is only the orange trade which has a tendency to alter this state.

Since 63.4% of the total crop appears in winter it is this season, of course, in which trade is most active.

&. The Markets of Local Agricultural Goods.

The functions which have to be fulfilled by the dealers in agricultural products are, to a considerable extent, determined by the markets to which the goods are directed. If most of the goods were consumed locally, the function of distribution would be of greater importance while if the goods were to be used by industries, the function of collection would be more important.

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(1) See AppendixJp. 354.

(2) It should be kept in mind, that the above figures do not represent the actual amount of products applying for the Services of middlemen, because in certain fields of agriculture there is developed a direct selling between farmer and consumer. Mainly in milk, vegetables, and poultry products.

(3) £p. 1,842,676 out of £p. 4,316,000

According to the Department of Agriculture an average value of £ 1,542,533[1] of local agricultural products were exported for the years 1927 - 1932.[2] This shows that 28.46%[3] of the total production was exported which represents 52.34%[4] of the local agricultural goods appearing on the market.[5]

But this figure has to be corrected by subtracting industrial goods of agricultural origin which were included in the exports as returned by the Department of Agriculture.[6] Then the exports amount only to £ 1,280,555 or 43% of agricultural goods appearing on the market. This comparatively high percentage[7] shows that in the trade of local agricultural goods the function of collection predominates and all the problems connected with this function are of great importance in Palestine's economy. A correct solution of these problems would make marketing ~~more~~ efficient and would aid considerably in developing Palestine's agriculture.

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(1) The change in method of evaluation of citrus-fruits was not considered but it is not changing the result considerably.

(2) See Agricultural Annual Report for 1927-30 Appendix 11, p.94 and Report for 1931-32, Appendix No. 5, p. 34.

(3) £p. 1,542,533 from £p. 5,420,000.

(4) £p. 1,542,533 from £p. 2,946,670.

(5) There is one source of error which was difficult to eleminate and this was the difference between the export prices and internal wholesale prices.

(6) See Appendix 5 p. 351.

(7) This high dependency of agriculture upon exports is a characteristic feature of many undeveloped colonial countries.

The amount of agricultural raw materials of local origin consumed by Palestine's industry was estimated by E. Rizk[1] to be £1,050,280 for 1927, which accounts for 17.5% of Palestine's agricultural production at that time[2] or 19.37% of our average for six years. If the percentage of 1927 is assumed for the investigated years (1927-1932) godds which represent a value of £948,500 appear on the industrial market as raw materials. This figure is certainly too high because many industries in Palestine do not buy their raw materials in the market.

Very often the industrial enterprise is annexed to the agricultural holding.[3] Flour mills and olive oil presses, for example, consumed in 1927 approximately 53.3%[4] of the total local raw materials used, or 84.5%[5] of the total local agricultural raw materials used by industry. A part of these raw materials as well as the output never appeared on the market and so cannot be included in the volume of goods handled. Also, during the last years, the crop of

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(1) Edward.A. Rizk, "The Standard of Living in Palestine", A.U.B., B.B.A. thesis, typewritten, Beirut 1934, p.76. Compiled by him from the Census of Industry.

(2) Output of agriculture assumed by Rizk was £p. 6,000,000, Ibid. p.6.

(3) Or it is operated for performing the products of the farmers of the neighbourhood against a certain charge. Therefore, such enterprises are not connected with the market.

(4) According to Government of Palestine, Department of Customs Excise and Trade First Census of Industries taken in 1928. Jerusalem 1929. p.77 and 78. These industries consumed monthly £p. 116,618 of local raw materials. The total monthly consumption of local goods was £p. 218,560.

(5) £p. 116,618 out of £p. 137,873. See E. Rizk " Op. cit., p. 76"

cereals dropped to about one-half of its value for 1927 and 1928,(1) therefore the figure (£948,500) should be further reduced. However, after these deductions have been made,(2) the local agricultural goods appearing on the market are divided as follows:

44% for the foreign market.

20% for the internal industrial market.

36% for internal ultimate consumption.

C. Extent of Market-dependency and Volume of Marketable goods According to Types of Farms:

Since a considerable part of the collecting and distributing trade of the products of smaller farms is bound geographically to its customers and as there exists tendencies in Palestine toward isolation of different communities,(3) a consideration of special types of farms is of more practical value than the determination of the extent of market-dependency for the whole of Palestine.(4)

1. Farms Specialized in Fruit Growing.

The Johnson-Crosbie Report(5) shows the following estimates by Mr. Smilansky:

	Value of gross produce	Value of net income
Oranges per dunam	34,500 mils	19,500 mils
Grapes per dunam	4,500 mils	2,500 mils
Almonds per dunam	3,250 mils	1,750 mils
Olives per dunam	2,500 mils	1,500 mils

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(1) From £p 1,280,000 and £p 946,676 in 1927 and 1928 respectively to £p 597,000 and £p 577,000 in 1931 and 1932 respectively. The same with durrah. Calculated on the figures of Agricultural Annual Report, 1931-32. Table No. 1, p.27, and of the "Monthly Wholesale prices in Palestine, 1922 to 1930".

(2) See Appendix 6 p. 351-362

(3) And as the different communities are concentrated in different parts of the country. Particulars see later p.33..

a. Oranges.

According to an investigation by Viteles[1] the average size of the Jewish orange grove[2] in a fruit-bearing state was 42½ dunams. This would give a gross income of £1,466,25 and a net income of £828.75 per annum. The average size of the younger groves in a non-fruit bearing state was at that time (1927-1928) a little less than 22 dunams[3] which would yield corresponding incomes of £759 and £429 respectively. As the whole production appears on the market it is possible to calculate the market dependency of an orange grove at about £759[4] plus £759[5] = £1518.

b. Wine grapes.

According to Viteles[6] the usual size[7] of the wine grove farm was between 20 and 50 dunams, the average being 35 dunams. The cost

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(4) The extent of market-dependency of Palestine's agriculturists should not be expressed only in %% of their gross-produce but also in absolute figures, for the average farm, because this determines absolutely the purchasing power of the agriculturists and the volume of goods handled.

(5) See Report Table XLVII, p.39.

(1) See Viteles, "The Citrus Industry in Palestine", PME 1928, No. 15-16, p.354

(2) The average size for an Arab grove is not available.

(3) Viteles, Ibid., p.354.

(4) Representing the gross income of the younger groves.

(5) Assumed that wages, outlays, and profits appear on the market again. No deductions were made for savings.

(6) "The Wine Industry", PME, 1928, No. 20, p.455.

(7) 29.6% of groves had less than 20 dunams
52.4% between 20-50 dunams
18.0% more than 50 dunams

of production[1] was about £2.25[2] per dunam making a total cost of £78.75 per average wine grove. An optimistic estimate of the total income would be £4.80 per dunam[3] or £168 per grove. But according to the estimations of Viteles himself the average gross income per dunam was 420 kg.[4] x 5.5 mils[5] equals £2.31, and per average grove equals £80.85. Assuming 100% market-dependency and using the optimistic figure of £168 we get £168 plus £168 = £356, while according to Viteles only £161.70.

2. Non-specialized Farms.

a. The Fellahs farm.

In consideration of the general farm in Palestine, prevailing up to the present time, use of the Johnson-Crosbie Report[6] will be made. According to this investigation the annual surplus produce on the market had a value of £p. 106,000[7] out of an average income

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(1) Viteles, "The Wine Industry", PME, 1928, No. 20, p. 455.

(2) Cost on wine grapes: were
2,290
2,595 the mean makes about 2.25
2,510
1,710

(3) Ibid.

(4) Ibid.

(5) Ibid., p.456, 5.5 mils being the mean of the price paid by the wine-cellars since 1924.

(6) It is possible to judge about the "representativeness" of the investigation from the fact, that there were investigated 104 villages Report (p.4), out of 844 Report (p.3). The population amounted to 136,044 as stated by the villagers or 126,398 Report (p.4) according to vital statistics by the Department of Health. The number of families being 23,573 or 21,066 Report (p.4). The total number of Palestine's rural population was estimated at 481,828 Report (p.3) at the end of 1929. This will give a figure of 28% or 26.8%, respectively. The statistical data was collected with the aim to inquire into the economic situation of the average fellah excluding all modern or specialized farms. So that "the Bedu area and villages, mainly cultivating citrons, melons, grapes, etc., should not be taken into consideration (p.1)

(7) W.G. Johnson, R.E.A. Crosbie Report of a committee on the economic condition of the agriculturists in Palestine and the fiscal measures of government in relation thereto, 1930 p.23.

from cultivation(1) of £P 703,512, which represents 15.06%. Here it is necessary to take into consideration the fact that for surplus stock put on the market for disposal it has been impossible to obtain any information.(2) The above figure then is a very conservative one. Bonne(3) estimates that the sold goods represent 20% of the gross produce. The following table shows the ratios of goods sold in qu ntities for the most important commodities.

Goods	Surplus put on the market in(4)	Commuted tithe figures(5)(6) in	Relation of 2:3 in	Declared produce(7) in	Ratio of 2 : 3 in
	tons	tons	% %	tons	% %
Wheat	3,807	24,675	14.52%	16,874	22.5%
Barley	1,295	8,525	15.1 %	9,142	14.1%
Quatani	316	4,725	6.7 %	3,201	9.8%
Dura	3,325	8,036	41.4 %	9,617	34.5%
Sesame	728	989	73.6 %	1,155	63.1%
Melons	613,000	1,509,168	40.0 %	1,405,680	43.6%

The crops cultivated by the fellah can be divided into two groups; for his own necessities and cash crops. By means of the latter (such as sesame-seed, durrah, melons, etc.) he can defray his immediate pecuniary obligations. Watermelons was the principle

(1) The surplus value put on the market, which is based on the declarations of the villagers was compared with the revised income, because it is assumed that the villagers have not been interested in displaying the value of the surplus coming on the market; but that is not the case with the value of gross produce.

(2) Johnson-Crosbie Report, p.23.

(3) A. Bonne, Palestina Land und Wirtschaft. Leipzig 1932, 1st. edition, p. 118.

(4) See Johnson-Crosbie Report, table XXVII, p.23.

(5) Ibid. table VII p. 7.

(6) See Remark on page.11.

(7) See Johnson-Crosbie Reprot table VIII p.8.

cash crop of the cultivator[1] of the lighter soils[2] until the imposition of prohibitive import duties by Egypt ruined their market there. Since then linseed and potatoes have been introduced as substitute crops. Dairy, poultry and vegetable products too are becoming more important as cash crops for the fellah.[3]

Expressed in absolute figures[4] the surplus disposed of in the market is an average of £5.03[5] per family. This figure can be checked against the expenses of the fellah. According to Johnson-Crosbie the cost of implements[6] was £1[7] (per 100 dunams), clothing £5., community expenditures £1., and other necessities not of village origin £3.[8]; total £10.[9] These expenses are covered by £5.03 for surplus produce plus £4.71 per family[10] for transport and labor outside of the village making a total of £9.74. The amount of market-dependency of the fellah absolutely expressed is £5.03 at selling and £9.74 in buying, together a total of £14.77 per year.[11]

In general it can be said that the farm of the fellah is only a little connected with the market, particularly from his income side. Not less than 80% of his produce is remaining in his farm, while in the U.S.A. only 30 - 40%.[12] With the fall in prices and the bad

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(1) Agricultural Annual Report 1931-32, p.16

(2) Ibid. p. 22.

(3) Ibid. p. 135.

(4) The absolute figures are based on average prices prevailing at the time of the inquiry and have therefore only a limited value.

(5) £p. 106,000 surplus = 21,066 families.

(6) It is assumed that it is paid in cash.

(7) See Johnson-Crosbie Report, table XVLII, p. 16.

(8) Ibid. table XXII, p. 29

(9) I have not included £p3 for olive oil and £p4 for other village produce because it is bartered or not appearing on the market as there is an internal exchange of goods equalizing itself.

(10) See Johnson-Crosbie Report table XXVI, p. 23. £99,326= 21,066 families.

crops of recent years, the income of the fellah was not sufficient to cover his expenses so he was compelled to ask for help from the money-lenders to meet this discrepency.(1) This accounts for the high share of the money-lender in the income of the fellah.(2) But this state of conditions will not continue because of the increase in horticulture,(3) because the fellah is beginning to apply more intensive methods,(4) and because there is a tendency for the increase of production of more remunerative crops such as vegetables(5) and animal and poultry products.(6) The market-dependency must increase. Capitalism, too, is having its effect in changing the methods and structure of the primitive farm, so that money more and more is becoming the single measure for all economic values.(7)

b. The diversified modern farm

According ~~to the~~ Census of the Jewish Agricultural Settlements(8) there was sold £46,831 out of £97,316 produced in 20 Jewish cooperative groups, making 47% of the total. In 15 small holders settlements(9)

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(11) Repayment of interest or debts in coin not subtracted.

(12) Fred A. Yoder, "Introduction to Agricultural Economics", New York, 1929, p.62

(1) Bonne-Palestina, 1st edition p.118.

(2) Later p.77f.

(3) This is due to the increase of the citrus industry.

(4) D. Horovitz, "Economic Review", Sefer Hashana, 1933-34, Tel-Aviv, 1934, p. 371-74.

(5) Agricultural Annual Report 1931-32, pp. 16 and 20.

(6) Ibid. p. 165

(7) D. Horovitz, "The Agrarian problems of the fellahs' economy", Achdut Haovodah. Monthly Magazine of the Labour party in Palestine, Tel-Aviv 1930-31. Vol III, No. 1-2 p.22.

(8) D. Gurevich. "Census of Agricultural settlement established or financed by the Jewish Agency". PMB Vol. VI. No. 10-11, table 20

(9) Ibid., Table 21.

there was sold £44,119 out of £76,149 produced, giving a percentage of 57.9[1] The products produced principally for disposition on the market are indicated by the following table:

Goods[2]	Value of[3] goods sold in £P	Value of[3] production	%% of 2 - 3	Value of[4] goods sold	Value of[4] goods produced	%% of 5 - 6
1	2	3	4	5	6	7
Cereals	7,773	25,885	30.0	4,318	20,257	21.3
Forage	1,919	9,443	20.3	697	7,790	8.9
Various crops	802	6,081	13.1	1,535	2,419	63.4
Vegetables	6,488	7,729	83.9	833	1,238	67.2
Grapes	1,723	2,123	80.9	943	1,383	68.1
Fruits	5,227	5,336	97.9	37	37	100.0
Various plantation	111	329	83.7	83	95	87.3
Milk	15,436	23,642	65.2	22,543	28,584	78.8
Eggs	1,946	6,499	29.9	3,478	7,042	49.3
Poultry	2,008	4,130	48.0	2,316	7,120	32.5

(1) This difference of 12% in the market-dependency between the two different forms of farming is not only an accidental; the lower market dependency in a communistic cooperative group than in a cooperative settlement is given by the bigger size of the first, where a higher specialization is possible, but which is accompanied also with a higher diversification in production. An internal exchange of goods takes place automatically between the different members of a cooperative group; therefore the dependency on a supply of goods from outside is less than in a small holders farm where the diversification cannot be so well developed as in a cooperative group.

(2) Value of cattle sold and of various items including outside labour is not included in this table.

(3) See PME 1931, No. 10-11, "Census of Agricultural Settlements established by the Jewish Agency", Table 20.

(4) See PME 1931, No. 10-11, "Census of Agricultural Settlements established by the Jewish Agency", Table 21.

Fruits, vegetables, grapes, milk, poultry and eggs are principal products for sale. The modern German-farms are even more specialized, 70% of all their cash-income coming from the sale of milk.(1)

The relative importance of the different agricultural products for cash income can be seen from ~~table~~ App. 9...(2) In the cooperative group the following products in the order of their importance are: milk, cereals, vegetables, fruits, poultry, and forage. In the smallholders settlements the order is: milk, cereals, eggs, ~~and~~ cattle, and poultry.

The expenditure side of the market-dependency for this group is even higher than the income side, since many of the settlements are still engaged in making improvements. The expenses incurred in these improvements can not be financed by the current incomes so credits have to be arranged to meet the discrepancy. The cash incomes and expenditures are estimated by Elasari-Volcani(3) for different types of settlements according to the natural conditions of the soil. The gross income was estimated for a farm on heavy soil at £255 - £290 and the expenditures at £219.72, leaving a surplus of £35-70. Although these estimations may not be accurate, yet they indicate sufficiently the difference between the Jewish and German diversified farms and the primitive farm of the Fellah.

D. Reasons for the Prevailing Low Degree of Market-dependency:

The reasons for the comparatively high degree of self-sufficiency of most of Palestine's farmers are particularly reflected in the conditions existing before the war.

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(1) See Report of the Zionist Executive to the XVI Congress, p.236-37.

(2) See Appendix 9 p. 363.

(3) Report of the Executive of the Zionist Organization to the XVI Congress, p. 236.

1. Lack of Developed Markets.

So long as the urban population constituted only a small part of the total, the purchasing power of that source was definitely limited and due to the poor transport conditions the export market for the neighboring countries remained undeveloped. Due to the lack of a wide market for their products, the agriculturists were want to govern themselves by a spirit of selfsufficiency rather than one of gaining and acquiring capital.(1) This spirit resulted in a lack of objective measures in the farm such as consideration of prices and costs of production. All decisions, plannings etc., were governed by subjective measures and as these are difficult to express in figures the choice of crops, methods of production etc. had to be traditional.

2. Size of the Farm.

The size of the farm largely influences the amount of goods appearing on the market; in fact, for given methods of cultivation it is directly proportional to it. Frank Adams(2) estimates that the average fellah cultivates 70-100 dunams without emplying outside labor and 400-500 dunams with the aid of "harists". The size of farm in the German colonies is 160-400 dunams.(3) Simpson(4) arrives at an average figure of 91.9 dunams per family, but the actual dis-

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(1) Dr. Seidel Das britische Mandatstaat Palestina im Rahmen der Weltwirtschaft, Berlin-Leipzig, 1926, p. 77.

(2) Frank Adams "Palestine's agriculture" Annals of the American Academy of Political and Social Science, "Palestine, a decade of Development". November 1932, Vol. 164, p. 79.

(3) Frank Adams, Ibid. p. 80.

(4) Report p. 64.

tribution of the holdings is of greater importance than average figures. According to Johnson-Crosbie[1] for 797,529[2] dunams investigated the owners with less than 120 dunams each constituted more than 50% of the total.[3]

3. Extent of Tenancy.

The extent of tenancy also largely influences the amount of goods appearing on the market. The tenant pays to his landlord, mostly in produce, a certain share of his gross income,[4] and since there are only a comparatively small number of landlords, the products thus tend to become concentrated. Auhagen[5] estimates for the year 1907 that 50% of the land in Judea belonged to the fellah and in Galilee only 20%. And Johnson-Crosbie[6] estimates that 23.52%[7] of the cultivated land by the fellahin was owned by absentee landlords. Since most of the present landlords satisfy their needs through goods delivered by their tenants, only a small amount of goods from them

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(1) Report p. 344

(2) There were excluded 245,275 dunams owned by absentee landlords and 126,522 dunams leased from other villages; which affects the actual figures to a certain degree.

(3) One feddan is about 120 dunams. (Johnson-Crosbie Report, p.21). There were owner occupiers living exclusively on their holding:

having over 2 feddans	3,873	24.9%
" between 1-2 "	1,604	10.4%

Owner occupiers who work also as labourers:

between 1-2 feddans	1,657	10.6%
under 1 feddan	8,396	54.1%
	15,530	100.0%

(4) It would lead too far, to determine to which extent the system of kind tenancy, sharing in gross income of the tenant by the landowners, hinders an increase in production, a rise in standard of living, and the amount of goods handled.

(5) See H. Auhagen, Beitraege Zur Kenntnis der Landesnatur der Landwirtschaft Syriens. Berlin, 1907, p.52.

(6) Report p. 20-21

(7) 245,275 dunams out of 797,529 plus 245,275 = 1,042,804 dunams.

appear on the market. The institution of tenancy tends to lessen the volume of goods appearing on the market. In the case of the absentee landlord, however, it is quite different. The high transport charges make the delivery of goods to them prohibitive, therefore they prefer to have their managers sell their goods and send them the cash returns.(1)

4. Other Reasons.

It will be found, too, that the methods employed in agriculture play a large part in the prevailing low degree of market dependency.(2) Recapitulating then the reasons for the low market-dependency of the fellah farm, we find that its small size, its low productivity, the extent of its tenancy, its small capital investment,(3) and methods employed are the principal factors accounting for this.

E. Forces influencing State and Trend of Palestine's Agriculture.

In order to understand the development and indicate the trend of Palestine's Agriculture it is necessary to consider the factors making it up and shaping it. Since, in Palestine, the transition is principally due to the immigration(4) a description of the forces at work resulting from the immigration and from the policies of the colonizing agencies is indispensible.

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(1) A statistical determination of present and absentee landowners is quite difficult.

(2) See Appendix 10 p. 378-2.

(3) See Appendix 10 p. 370f.

(4) Dr. Kurt Grunwald, The Government Finances of the Mandated territories in the Near East. Bulletin of the Palestine Economical Society, Tel-Aviv, 1932. Vol. VI, No. 1, p. 13.

1. <u>Relation between the market and State of Agriculture.</u>

The immigration of the Germans and Jews marked the beginning of the transition of Palestine's agriculture. Many of them, perforce, and by choice, concentrated in agriculture but they were not content to adopt the primitive methods then in use in Palestine. Their higher standard of living and their high fixed cost made it necessary for them to make use of machinery and applied sciences which were practiced in the Western countries at that time and to produce for the market.

For the first years they experienced considerable difficulties in production for the market. First, Palestine's market was limited due to the low standard of living of the urban population and secondly, a good share of the urban population was already engaged in agriculture. Only until the increase in the volume of the market for agricultural products was effected could the new agriculturists successfully compete with the primitive farmers. But the experiments of the modern farmer were adopted by the primitive farmer in the same surroundings. And as a result of that the natives, with their lower standard of living(1) and lower fixed costs, could successfully compete with the modern farmer so that their products still predominated the home market.(2)

This was particularly felt in the general field of agriculture since the non-specialized farmer was nearly selfsufficient and therefore could dispose of his surplus at practically any price offered him.

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(1) F. Adams, <u>Annals</u> p.82

(2) Agricultural Annual Reprot, 1925, p.3

(3) Ibid., p.3

The solution to this problem of the modern farmer was to avoid home competition by specialized production for the world-market. Here the primitive farmer could not successfully compete.

2. Policies of the colonizing agencies resulting from the conditions of the market.

These policies, so far as their results on the market are concerned, were two fold; policies for and policies against selfsufficient farming.

a. Policies for self-sufficient farming.

There were two reasons for these policies, social and economic.

1) The economic reasons were:

a) Conditioned by the internal market.

i. To avoid the competition of the local primitive producers.(1)

ii. To avoid the competition from imported goods of extensive agricultural countries as Australia or from neighbouring countries.(2)

iii. Not to hasten the transition from the primitive to modern methods because a thoroughly modernized farm would automatically become dependent upon the market.

b) Conditioned by the external market.

i. An agriculture catering principally for the world market would have been a venture entailing many risks which are independent of Palestine's economy.(3) An effective export trade is not possible

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(1) Horovitz, "Tendencies of Agriculture in Palestine", Hameshek Hashitufi, Vol. I, No. 14, p.206.

(2) Which at that time was not yet considerable.

(3) Ruppin, "The Agricultural Colonization of the Zionist organisation in Palestine", London, 1926, p. 13.

so long as a considerable share of the crop is not sold on the internal protected market at remunerative prices.(1) This is because of the dumping prices which prevail on the world market.

ii. Palestine's agriculture appeared on the world market late, which made it difficult to overtake other countries which were well established.(2)

iii. Palestine's agriculturists are still lacking in necessary experience, expert guidance, transport facilities, and organization for effective sales abroad.(3)

2. The social reasons for self-sufficient farming were:

a) So long as the settler is not able to compete with the primitive farmer on the local market it would not be wise to become altogether dependent upon the world market, for in case of war or other disturbances the dependency on removed markets is dangerous. There should preferably exist a certain number of colonies which would be able, in time of necessity, to supply at least a part of the main necessities in food stuffs.

b) Agriculture among the Jews who have not been engaged in it for centuries would get more thoroughly imbedded in them through self-sufficient farming.(4) The possession of land and the existance of an agricultural working class in Palestine is important for the Jews who are trying to take on the characteristics of a normal nation.

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(1) We excluded oranges and other goods, for which Palestine, due to climatic conditions, has a semi-monopolistic situation.

(2) Izchax Elazari, "The Anxiety for the Fellah". Achdut Haavodah, Vol. II, No. 2, p. 126.

(3) Agricultural Annual Report, 1925, p.3

(4) Elazari, "Communistic Settlements" pp. 11-12.

c) Agriculture is as yet unable to provide a reasonable profit for the capitalist and a fair wage for the workers.[1] The employment of cheap Arabic labor is not desirable from the standpoint of the colonizing agencies for it is their purpose to settle the highest number of immigrants possible. Therefore, it is desirable that the size of the farm be limited to the extent that it is possible to cultivate it by self-labor.

d) Many of the immigrants are socialists who wish to create conditions of living whereby the labor might support the members and no exploitation would exist. The means to such a state is self-labor.[2] Although some of the socialists agree that self-sufficient farming limit the possibilities of an effective agricultural development and tend to lower the standard of living, yet they believe that evolving a new correct social order outweighs these desadvantages.

e) There is to be added that a negative attitude to commercial enterprise[3] exists amongst the settlers which can be explained as a reaction against the hyper-commercial spirit prevailing with the Jews[4] and is founded largely on the "Umschichtung" movement for more productive occupation

f) Closely connected with the tendency for productivity is the idea of the settlers about "productive" occupation. They take the meaning to be very similar to the physiocrats,

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(1) Elazari, "Communistic Settlements" p. 11.

(2) David Peker, "Self-labour Problems" "Hapoel Hazair", 1928-1929, Vol. XXII, Nos. 4 - 5, p. 17

(3) D. Horovitz, "Tendencies in Palestine's Agriculture", Hameshek Hashitufi Vol. I, No. 14, p. 206

(4) especially elsewhere than in Palestine.

All these factors show that the tendency at that time was for self-sufficient farming[1] moving only slowly towards market-dependency.[2] The form of mixed or general farming follows naturally from it; that is the farm which supplies grain, milk, dairy, products, vegetables, poultry, eggs, honey, fuel and food for the animals.[3] A small surplus is calculated to supply cash to meet other essentials of life such as clothes, medicine, etc.[4] Thus we see that such a system means to combat the primitive farmer with his own weapon: self-sufficiency.

b. Reasons and policies against self-sufficient farming.

The reasons and policies for self-sufficient farming were not altogether effective in bringing about their desired result. The market-dependency for settlements was already in 1929-30 about 50%.[5]

1) The economic reasons were:

a) The higher standard of living of the settlers forced them to produce for the market in order to realize sufficient cash income to meet their various expenses.

b) Self-sufficiency in farming means diversification of production. Not having any agricultural tradition or training the settler would have to be very versatile to conduct a general agriculture. It is easier for him to specialize.

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(1) Ben-Ari, "In the Settlement of the Workers", Sefer Hashana, Vol. II, 1922-23, p. 365

(2) Elazari, "The Anxiety for the Fellah". Achdut Hasvodah Vol. II p. 124

(3) See Ruppin "Agricultural Colonization" p. 13

(4) Ibid., p.14

(5) Not only after the war, but also before the war, the Jewish colonies were not self-supporting, and had to buy grain and vegetables. See David Trietsch, Handbuch Von Palestina, Berlin, 1910, 2nd edition, p. 107.

c) The advantages of specialization are lost in a diversified farm and consequently the standard of living tends to become lowered.

d) Some believed by large communistic settlements the above problem could be solved. There the single members would be able to specialize and thus gain the advantage of modern scientific and technical methods. This scheme seems all right in theory, but up to date it has met certain social difficulties[1] and still the needs for industrial goods had to be met with cash which had to be supplied by placing goods on the market.

2) The idealogical reasons were:

a) A self-sufficient Jewish agriculture would mean that it covers only the needs of the rural population and so the urban population would have to be supplied by the local non-Jewish producers or by imports. ~~This is~~ against the national self-sufficiency principle of the Zionists[2]. Therefore the principle of "self-provision of the individual farmer" would have to be changed to "self-provision of the Jewish community" in order to conform with the Zionists' view.[3]

b) To avoid the lower standard of living resulting from self-sufficiency there was a movement after the war (1921-1925) among the social parties to create a closed economy for the working class[4] without being dependent upon capitalistic principles but this step was already an abandonment of the principle of self-sufficiency.

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(1) See Report of experts, p.57-8.

(2) For particulars about tendencies towards a closed economy according to communities see p.

(3) Granovsky, "Our Colinisation Problems", PME, 1927, p.212.

(4) D. Horovitz, "Tendencies in Palestine's Agriculture", Hameshek Shitufi, No.14, Vol.I, p.206.

3. Recent Changes in Policy due to Changes in Market.

In addition to the above cited forces working against non-commercialized agriculture, the conditions in Palestine have so changed that colonizing agencies have changed their policies. The sharp increase in the urban population accustomed to a high standard of living, accompanied by an increase in the purchasing power and a demand for high quality goods, opened new fields for specialized agriculture.

In determining the kinds of crops to be cultivated by the modern farms the following policies were put into effect:

a. In order to avoid competition of local producers in the home market:

1) To produce goods of high quality which the non-specialized cultivator is unable to supply.

2) To concentrate on production of perishable goods, where an efficient selling organization is necessary.

3) The introduction of new fruits.

4) To produce early and late vegetables.

5) The production of grains and forage, the prices of which are determined by the primitive farmer, but along modern lines and only to the extent of covering their own needs or for making use of in the raising of animals and poultry.

b. In order to compete with imported products specialization of perishable goods has been introduced,(1) the import prices of which are more fixed.

c. For the export market Palestine has concentrated on the

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(1) D. Hozovitz, "Economic Review", Sefer Hashana, 1933-34, p.373.

production of semi-monopolistic goods; that is, goods which are particular to its natural and climatic conditions.

From the above one will conclude that the commercialization of farms and the value of products appearing on the market will steadily increase. Trading agencies dealing in the goods of the modern farmer will be of considerable importance in Palestine's agriculture. The efficiency of the marketing functions fulfilled by them as well as their ability to compete in the export market will determine to a great extent the success of Palestine's agricultural colonization. Trade with local agricultural goods will have to adjust itself to the production in more valuable and perishable goods. The change in cereal to horticultural production changes the demands put on trade, so that certain functions of trade will grow in importance and others will diminish.

II. Palestine's Industry

The marketing problems in Palestine's industry are considerably different than for its agriculture. Industry, in the real meaning of the word, cannot be thought of without having a diredt connection with the market, no matter if it is of a general or specialized nature. Therefore the problem of market-dependency does not assume the same importance as it does in agriculture. Another difference in its problems is that, in industry, one does not find two diffrent groups of produces for identical products as is the case with agriculture. The competition of goods manufactured by local producers employing primitive methods is insignificant because Palestine's industry has been mostly founded after the war[1] and consequently has assumed a homogeneous character. The competition of foreign goods on the local market, however, is an acute problem for Palestine's industry.

The real working problems of Palestine's industry are the supplying of raw materials and the efficient distribution of its output. The extent of industrialization is largely dependent upon Palestine's market, which influences the size of enterprises as well as the methods of manufacturing.

Industry creates a ready market for agricultural products and other industrial goods so that a study of Palestine's market for industrial goods is of great importance for the whole economy of the country.

. Extent and Importance of Industry

The determination of the extent of Palestine's industry is important for our purpose to show how much of Palestine's market is supplied

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[1] In 1928, 64.7% of the operating industries were founded after the war. Since then the number of new enterprises has increased considerably. Certain groups have been mainly founded after the war such as quarries and electricity, dress and toilet, timber trades, paper, metal works etc.

by the local industry. This, in turn, will indicate the volume of foreign and internal trade and the organization of trade-channels.(1)

1. Number occupied by industry

In 1931, 13.78% of Palestine's total population were supported by industry.(2) According to communities the distribution of those supported by industry was:

8.8% of the Moslems
24.09% of the Christians
28.44% of the Jews (3)

2. Extent according to net-income

The number of people engaged in industry as a measure of the consuming power of Palestine's industrial population might be misleading. Only the net-income can indicate the real consuming power in relation to the market. An up-to-date estimation of the net-income of Palestine's whole industry is not existing. In 1927 the total output amounted to L 3,886,149.(4) Subtracting from this the cost of the raw materials (L 2,358,909) and fuel (L 127,936), the net income was L 1,399,304 or 36% of the selling value.(5)

According to the Jewish Census of 1933(6), the output of the Jewish industry was L 3,590,000 and the costs for raw materials, power and fuel L 1,700,000 leaving L 1,860,000 or 51.8% of the output valu(7)

(1) See later p.95
(2) See Mills, Census, Vol. I, p.313.
(3) See Ibid., Vol. I, p.315
(4) An estimation for ~~it~~ 1931 see later p.40
(5) In the U.S., according to the U.S. Statistical Abstract 1932, p. 733 the value added by manufacture was in 1929 $31,885,284,000 making 45.2% of total value of the industrial output.
(6) See Grumwald, Industrial, p.72.
(7) About the importance of industry for the different communities see Appendix 11 p.343

Comparing the net increase in industry with Palestine's agriculture,[1] the relative importance as a means for supporting the population is 23 and 77% respectively. However, so far as the value of goods appearing on the market is concerned, Palestine's industry is of greater importance.[2]

3. Estimation of Palestine's Industrial Output and Its Trend.

For the whole of Palestine, as well as the non-Jewish industry, there are no later statistics available than for the year 1927. The only recourse, then, is to estimate and combine with it the figures available for the Jewish industry. For 1927 the combined output of the Jewish and non-Jewish industries was L 3,886,149.[3] The Jewish proportion of this is estimated roughly at L 2,194,800[4] from this it is necessary to subtract the output of the cement industry, which was included in the Jewish industry but excluded in the government census.[5] This would give L 2,194,800 – (45,888 tons[6] at L 2.70 per ton[7]) = L 2,070,000. The nonJewish output then for 1927 would be L 3,886,149 – L 2,070,000 or L 1,816,000. Since no statistics on the rate of increase of the non-Jewish industry is available, it is assumed stationary.[8] Then the total output for 1933 was L 1,816,000 plus L 3,590,000 or L 5,406,000.

(1) The amount spent by Palestine's agriculture on raw materials was assumed as not consisting more than 21% of the output (Rizk, Standard, Appendix 25, p.77). 79% out of total agricultural production with LP 5,400,000 gives a net increase of LP 4,266,000.
(2) Making an allowance for the industrial goods not appearing on the market (See later p. 41)The relation of local industrial to agricultural goods appearing on the market is still more than 50 to 50 in favour of industry.
(3) See First Census of Industry, p.15.
(4) This figure is arrived at in the following way: The Census of Jewish industry for 1933 was compared with that for 1929. The annual increase rate of the value of the output of Jewish industry for that period was equal to 9.33% (calculated according to the formula: $y = p(1 + r)^x$) Hereby changes in price-level were not eliminated.

Footnotes continued on next page.

B. The Mutual Relationship between Market and Industry

1-Market dependency and markets of Palestine's industry

a. The problem

Because of Palestine's poverty in industrial raw materials[1], a ready market is important for its industrial development. Local industry is able to compete with foreign only in such branches where the proximity of the consumer is in its favor, but even then the foreign competition is often dangerous due to its large scale production and better utilization of machinery. However, Palestine's industry would be able to compete with foreign industry in certain branches if it would have an intensive market. The changes in quantity and quality of industrial goods demanded by Palestine's market are dealt with later.[2] Here it can be said that the aspects of industry are, in general, improving.

The limited home market is automatically limiting the foreign market for Palestine's industrial goods, because an extensive internal market is the basis for an export trade. The prevailing overproduction in the world often forces industry to sell on the world market at prices which do not cover all the costs of production.[3] They are able to do this, however, by carrying on sufficient trade in protected

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Footnote No. 4 cont. from previous page---Assuming that the same rate was prevailing also in the period 1927-29 we receive that the output of Jewish industry at the end of 1927 amounted to LP2,194,800. Thereby is assumed that between the Jewish Census in 1929 & the Gov. Census in 1929 passed 15 years.
5-See First Cens. of Ind., p.31.
6-According to Simpson, Report p. 109
7- " " " " " " assuming that no considerable price changes of cement betwen 1927 and 1929 have taken place in Palestine.
8-The reasons for this assumption are: Even if there was an increase in the volume of production it was followed by a considerable fall in prices. The non-Jewish industry, which was engaged mainly in the

Footnotes cont. on next page

markets, by which they cover their fixed costs.

The increase in Pqlestine's local market, therefore, has also a potential importance for increasing industrial exports.[1]

b. The extent of market-dependency of local industry.

) Local industry is still comparatively backward[2]. In 1927 only L3,325,778 or 85.6% of the total output appeared on the market.[3] The mill and oil industries are the principal branches which perform products not owned by them.

The ration of market dependency of Pqlestine's industry is increasing rapidly dueto failure of grain crops and the establishments of enterprises along modern lines of production. This means that the marketing problems are taking on a greater importance.

Footnotes cont. from previous pages.

8-cont.-food and chemical groups, made use of local raw materials of agricultural origin, was influenced more by this fall of prices than the Jewish. Secondly due to the close of the export market for Pqlestine's soap; and thirdly a conservative estimated is preferable.

1-Previous page--Except the chemicals of the Dead Sea and some products of agricultural origin.

2-See later p. 52 ff.

3-The lower limit being the proportional costs.

This page--

1-This is only true if considered for the long run. It is different for the short run. Increased local market increases imports. Only by-~~export~~ the time the local industries develop and cover the home-consumption and export their overproduction.

2-See appendix 15-p. 376

3- See App. 12 p.373

c. The different markets of Palestine's industry

Out of the total industrial goods appearing on the market,

L451,548 or 1378% were used by the foreign market[1].

L601,000 or 18.1% " " " " local industry[2].

L2,267,230 or 68.2% were consumed locally.

Most of Palestine's industry is based on the local market.[3] Only the chemical, wine, and soap industries are greatly dependent upon the foreign market.[4] Since 1927[5] conditions have changed which have not favored the export market.[6]

The lag between the local absorbing capacity and the producing capacity as well as the lack of rich natural resources are factors which hindered the development of exports. At a time of depression local industries may be obliged to look to foreign fields for a market of their goods, but at the present time that market is of little importance.

The low share of goods used by the industrial market is accounted for by the lack of local rich sources of raw materials.

The main problem of Palestine's industry now is how to organize an efficient distribution of its output.

1-See Rep. to L. of Nat., 1931, p. 146.

2-See Appendix 13 p.374
Palestine's agricultural output was 28.46% dependent on foreign markets (See Agr., P. --), or 52% if only agricultural products appearing on the market are considered.

3-See---

4-See Appendix 43 p.375

5-The 1927 statistics were the latest available.

6-The exports of manufactured products have even decreased to LP364,954 in 1931, to LP435,623 in 1932 & to LP406,398 ~~em~~ in 1933 (See Rep. to L. of N. 1933 p.198), on the other hand the extent of industry increased See ~~Ind~~., p.40.

2. The Influence of Market on the size of industrial enterprises

a. The problem.

Not only the extent of industry but also the size of its enterprises are determined by the market. Only an extensive demand for articles made in bulk opens possibilities for standardization and specialization in industry.[1] The market of Palestine is not yet great enough to permit the establishment of large-scaled enterprises[2] which are able to utilize the advantages of large-scale production, in the purchasing of raw materials and selling of output,[3] as well as in labor.

Most of the industries in Palestine have more the character of handicrafts which are better able to adjust their costs to prices. But the limited size of the undertaking has its effect on the trade-channels.[4]

A large-scaled specialized industry is often obliged, because of its fixed costs, to continue production. Here the marketing functions are very important for they must provide for the absorption of the output of the continued production. The tendency of modern society is to decrease risks by dividing the necessary functions which must be fulfilled. With the increase in size of industrial undertakings in Palestine, industry itself would have to concentrate more on production and would have to depend more on wholesale and other trade agencies to fulfill the marketing functions.

1-See Dexter S. Kimball, "Industrial economics", New York, 1929, p.7D.

2-See Grunwald, "Industrialization", p.41.

3-See Cyderowitz, "Problems of Industrialization" Meshek Shitufi, Vol II, No. 11 - 12, p.167.

4-Here we see again the close mutual relationship between markets' industry and organisation of trade, Influencing each other and being dependent upon each other.

b. Value of products per establishment

1-For the whole of Palestine's industry.

According to the government census the average net output per enterprise was L1108?74[1]. According to the Jewish Census of 1933 the average production was L1146,27.[2] In 1930 the Jewish handicrafts showed an average production of L230 per establishment, the Jewish small industries (employing, on the average, 6 workers) L1,340 and the Jewish factories (empoying 28 workers) L6,500.[3]

It is interesting to compare these figures with those of a developed industrial country such as the U.S. In 1929 the average output amounted there to L66,763[4] per factory--excluding those with products valued at less than $5000. Here one would find corresponding differences in the supply of raw material and distribution of goods.[5]

2- For special branches.

For the average output per enterprise in the different industries see appendix .16. p. 371

3. Influence of Small size of Enterprises on Marketing Methods

Metal works in Palestine have the character of handicrafts.[6] They usually work on order or they may help to install foreign machines, do repair work on automobiles etc...[7] There the customers apply direct to the establishments---the middleman's function is not necessary.

1-See First Cens. of Ind. p.15, the output amounted to LP3,886,149; the number of enterprises was 3505.

2-See Grunwald, Industrialisation, p.72, output 3,490,000; number of enterprises 3132.

3-See Grunwald, Industrialisation, p. 46

4-According to the U.S. statistical Abstract 1932, p.730, the value of products was $70,435 millions; the number of factories 211,000; making per enterprise $333,815 ($5 = 1LP)

Footnotes cont. on next page

The same is not true in the case of food, ~~benuages~~ beverages, tobacco, and chemical industries. Since in most cases, the output is not sufficient to open special retail stores by the industry, they must resort to middlemen for the disposition of their goods. The dress toilet and garment industries occupy an intermediate position. Here, because the tastes of its customers are important and it is necessary to anticipate and fulfill their requirements in a minimum of time, many stores have opened their own installations. In the textile industry the transition from the primitive to the modern is clearly shown. The government census indicates the "liliputian" character of the average-sized textile industry influenced by the Gaza and Magdal home industry. This type is dependent upon a collecting trade--- as all industries "working on order." The Jewish textile industry, however, is quite different. Its output is comparatively high and a developed retail trade is necessary.

4. Composition of Palestine's Industrial Output

a. Importance of the problem

A knowledge of the different branches in which Palestine's industry develops is important first because the trade channel of goods changes. The middlemen get nearer to the sources of supply and need not look to foreign suppliers. They can keep a smaller stock, a

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Footnotes from previous page

5-For further particulars about the small size of Palestine's industry, see Appendix 15 p.375

6-This is indicated once more by the low ratio of raw materials. For particulars see p.53 and App. 19 p.383.

7-For these as for the following considerations, see Appendix 16 p. 379

smaller capital is required, and the risks entailed due to changing conditions are ~~sellened~~, lessened more than when they order goods from abroad.[1] Secondly, not only the direction of the trade channel changes but also its length.[1] Thirdly, the compostion of goods indicates the functions to be fulfilled by trade. If, for example, Palestine's industry would produce mostly goods used for production, the organization of trade would be different than for production of goods consumed by an extensive market. Here the distribution function would be of more importance. Therefore, the structure and and structural changes in industrial production should be given due consideration.

b. Structural changes in industry and its trade due, to the war.

Trade in native goods produced with primitive methods is losing more and more its importance.[2] The cheap European goods successfully compete with the old industries because ~~of large~~-scale production, cheaper transport, and, not in the least, to changes in demand[3]. A portion of the market for the old local industries was lost due to the changes in political and customs boundaries after the war.[4] However, the modern local industry grew, and consequently traders dealing with the goods of the traditional local industry find their market limited. It produced more for the local market and so opened new field of activity for local trade.

c. Compostion of local Industrial output and its influence on trade.

According to the government census[5] the compostion of Palestine's industrial output for 1927 was as follows:

1-About the elimination of middlemen in organisation of trade with industrial products, See later p. 55ff.

2-See Braver Haaretz, Tel-Aviv, 1929, 2nd edition, p. 228.

3-See Grunwald, "Industrial", p. 4.

4-See later ~~p.~~ App. 38 p. 408

Footnotes cont'd on next page

Government Census 1927

		Production LP	
I	Quarries (Salt)	30,628	0.8%
II	Metal industries	174,027	4.5%
III	Jewelry	19,476	0.5%
IV	Textile industry	112,922	2.9%
V	Clothing industries	246,852	6.4%
VI	Food supplies	2,036,272	52.4%
VII	Chemical industry	649,523	16.7%
VIII	Paper printing	113,777	2.9%
IX	Leather industry	47,615	1.2%
X	Woodworking industry	149,370	3?8%
XI	Brickmaking	209,994	5.4%
XII	Other manufacturing industries	19,444	0.5%
XIII	Power industry	76,249	2.0%
		3,886,149	100%

Industry in Palestine, as, in other countries where capitalism is undeveloped, is engaged mostly in the production of goods for consumption---which means that it produces directly for the market.[1] Intermediate trade[2] between industries is, of course, less developed than it would be for a more capitalistic country. It is interesting to compare Palestine's industrial output with that of a more developed industrial country.[3]

Footnotes from previous page
5-See First Census of Industry p. 26

16See Dr. Cyderowitz, "Problems of Industrialisation in Palestine", Meshek Shitufi, Vol II, No. 13, p.189.

2-This may be dependent or independent from industry.

3-See appendix IV p. 340

The predominance of the foodstuffs as well as the primitive chemical industry shows that Palestine's industry caters primarily for the ultimate consumer. Therefore the efficient development and organization of retail trade is important for Palestine's industry. In this case only the industries connected with the building trade are exceptions. Here the consumers are producers as well, so that the features of its trade are similar to those of primary goods.[1]

5. Location of Industry and its Influences on the Trade Channel.

One of the functions of trade is to create place utilities. Therefore it is important to know if industry is near the consuming centers or if it is concentrated near the sources of raw materials.[2]

If industry is near its market, the shorter the trade-channel will be and, in fact, then the manufacturer can deal direct with the retailers. However, if the industry is far from its market the aid of agents or even independent trade institutions is often required.

According to the government census of 1927[3] 2/5 of the total industrial output was produced in the northern part, 2/5 in the southern part and about 1/8 in the Jerusalem district.[4] Comparing this with the concentration of the urban population[5] (the principal consumer of industrial goods) one finds a movement of Palestine's industrial goods from the north to the south and toward Jerusalem.

1-About the composition of Jewish industries See App.18, p. 311

2-It should be kept in mind that this problem is in Palestine of limited importance due to the small size of the country.

3-See First Census of Ind., p. 48, 49. (First Census of Industries)

4-Compiling the figures of table no. 5, Jerusalem town and sub-District had an output of LP537,640 or 13.6%; the southern district of LP1,597,188 or 41.1% and the northern district of LPLP 1,761,321; or 45.3%.

5-See later p. 67

The average output per enterprise in the northern district was higher than for the other districts, as is shown by the following table:

Average output per enterprise.[1] -

Haifa	£3,134
Jaffa	£2,383
Tel-Aviv	£1,894
Jerusalem	£ 723
Elsewhere	£ 695

This indicates that the distribution problem is of greater importance for the northern industrial area than elsewhere.

According to branches the output of the textile industries[2], liquors,[3] boots and shoes,[4] is concentrated more in the southern district while metal-works, flour-mills,[5] tobacco,[6] olive oil[7], and soap factories[8] prevail in the northern district.

1-See Grunwald, Industrialization, p. 178.

2-Hosiery had an output of £P 43,310 in the Southern and only £P 29 in the Northern district. Knitting works had £P 31,990 in the Southern district; in the other districts there were no factories. (the figures compiled from the First Census of Industries 1927.)

3-£P70,062 in the Southern, and about £P21,000 in each of the other districts.

4-£P 46,000 in the Southern, and about 27,000 in each of the other districts.

5-£P507,560 in the Northern; £P 453,800 in the Southern, and £P 55,600 in the Jerusalem district.

6-£P 335,985 in the Northern, and £P 116,128 in the Southern, and only £P 22,000 in the Jerusalem district.

7-£P 192,000 in the Northern, and 17,527 in the Southern district.

8-£P 240,000 in the Northern, and 110,393 in the Southern district.

6. Seasonal Fluctuations in Palestine's Industry.

Goods supplied regularly, or even better, according to the demands of the consumers, is an ideal condition never arrived at. Fluctuations in supply result in fluctuations in demand or in storage [1] (which means an increase in costs). Because Palestine's industry is 62% [2] dependent of local raw materials, and due to the lack of materials not of agricultural origin in Palestine, the industry is closely connected with the fluctuations in crops which appear seasonally. The industry of Palestine is not strong enough due to its comparative "primitiveness" [3] AND capital weakness [4] to maintain extensive stock and reserve to equalize probable fluctuations. Therefore this function has to be fulfilled by trade, - Either by the trade which supplies the industry with its raw material or the trade which distributes its output. But the trade which supplies Palestine's industry is yet neither strong enough nor develped enough to meet this requirement satisfactorily.[5] The storage and financing of qgricultural products and raw materials are yet unorganized.[6] Organized markets (as in the U.S. or Western Europe) for industrial primary goods are still missing in Palestine,[7] SO THAT THE RISKS ENTAILED WITH FLUCTUATIONS IN CROPS cannot be distributed or limited by trade. Therefore to be connected with such functions is risky for an undeveloped trade--and it prefers to avoid it.

1-A constant demand assumed.

2-See later p. 54--

3-See ~~above~~ App. 15 p. 3~~7~~7--

4-See ~~above~~ App. 15 p. 3~~7~~6

5-First, due to the lack of an extensive industrial market and due to the tendency of small manufacturers to gather their raw materials direct from the producers.

6-See later p. 143ff.

~~7-See later p.~~ --

Neither does the distributing trade undertake to fulfill the function of creating time-utilities. The wholesale traders are sometimes avoided by Palestine's industry and often there exists antagonism between the wholesales (who, in most cases, also deals with foreign goods) and the local manufacturer[1]---so that only the retail trade would remain to fulfill this function. But the retail trade in Palestine is poor[2,3] and is often dependent upon the wholesaler for credit.[4] The seasonal fluctuations in Palestine's industry are considerable and the solution of the problem is still to be found. The industrial activity[x] is only 8.23 months[5] per year which means 68.6% of its time capacity.

C. The Industrial Market

1. Raw Materials consumed by Palestine's Industry.

The amount of raw materials consumed by Palestine's industry in 1937 was £P 2,358,909[6] which amounted in value to 60.7% of its total output[7]. The amount of raw materieals consumed by the different branches and their corresponding percentages was as follows:[8]

1-See later p. 52 ff.

2-See PME, 1937, No. II, p. 42.

3-See later p. 174 f.

4-See later p. 211 f.

5-According to First Cens. of Industry, p. 32: Activity 28,876 months; no. of establishments 3,505.

x-The activity varied, of course according to branches.

6-See First Census of Ind., p. 32.

7-£P 3,886,149, Idem.

8-Extracted Table from First Census of Ind., p.32 & 33.

Industries	Consumption of Raw-materials	%
Quaries and salt	£P 1,824	0.1%
Metal industries	44,419	1.9%
JEWelry	10,312	0.4%
Textile industry	60,130	2.5%
Clothing industry	108,944	4.5%
Food supplies	1,511,753	64.1%
Chemical industry	464,002	19.7%
Paper and printing	35,163	1.5%
Leather industry	27,[illegible]	1.2%
Woodworking industry	56,320	2.4%
Brickmaking	31,171	1.3%
Power manufacturing industries	7,533	0.3%
	2,358,909	100%

2. The dependency of Palestine's Industry on local and foreign raw-materials.

According to the government census, for an average month of activity, there was consumed £ 218,560[1] worth of local raw material which made 9.56% of the total consumption of raw materials[2]. But it is necessary to correct this figure because there is included here the milling industry with a total monthly consumption of raw materials equal to £ 18,907[3], or 25.11% of the total amount of raw materials consumed in all industries.[4] Since most of the grain mills operate by

1-See First Cen. of Ind., p. 74.

2-£P 314,182 according to First Census of Ind., p. 74.

3-According to First Census of Ind., p. 77.

4-See " " " p. 80 - £P 314,812.

simply charging a fee for their services, most of the above value does not appear on the market at all ; therefore the milling industry should not be considered for this purpose. Then one finds that 62.23% of the total raw materials were of local origin.[1]

Although most of the raw materials are of local origin, the development of modern industry is making Palestine more and more dependent upon foreign sources.[2] This increases the importance of prevailing custom tariffs[3] and of an efficient organization of imports.

3. Organization of Palestine's industrial market

The purchasing for industry can be fulfilled by its purchasing department or by independent traders. Because of Palestine's small scaled industry and the fact that it produces mostly goods for ultimate consumption, there exists no special organized market for primary industrial goods. The enterprise, itself, must apply either on the local or foreign market for its raw-materials.

a. Supplying industry with local raw-materials.

Industries dependent upon local raw-materials are concerned more with the collecting trade. The products, mostly of agricultural origin, must be concentrated in considerable quantities before the larger industries can purchase them. The smaller industries often purchase their raw materieals directly from the producers. The average industries, which do not usually maintain a special purchasing departèment, prefer to buy from wholesalers who deal with many manufacturers and are able to carry a considerable stock.

1-The consumption of local raw-materials excluding the flour-mills = 218,560 = 71.763 (see First Cens. of Ind. P;77) = £P146,797.

Footnotes cont. on next page

The large industries, of course, depend upon middlemen agencies to supply them with raw materials.[1]

b. Supplying industry with foreign raw materials.

Here the conditions are contrary to the above small sized factories, because of their lack of means and credit, they have to apply to middlemen while the larger factories can order direct from the foreign producer or exporter.

Imported raw-materials are usually "semi-manufactured" so that the collecting process has already been completed and the goods are concentrated in large quantities. This obviates the necessity for industrial agencies to employ representatives abroad.

c. Conflict of interests between manufacturers and wholesalers.

Palestine's industrial producers complain that they are not being assisted bythe wholesalers and are sometimes meeting an organized resistance[2]. The wholesalers are afraid that when Palestine's industry develops and becomes financially strong it will try to eliminate

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Footnotes cont. from previous page

2-According G. Rep. to League of Nations for 1930 p. 174 and for 1933 p. 200, the imports of raw-materials and articles mainly unmanufactured amounted in 1927 to £P 568,424, in 1928 to 643,683 in 1929 to 720,557; in 1930 to 597,574; in 1931 to 417,904; in 1932 to 556,966; in 1933 to £P 836,485. Taking the fall in world prices, specially of raw materials, into consideration a steady increase is indicated.

3-See Mills, Census, Vol. I p. 395.

1-The case should be mentioned in which large-scaled industry deals direct with producers. When new crops and cultures are introduced, the factory distributes the seed and makes the contracts with the farmers without the intermediation of trade.

2-See Ch. Marulies------------------Miskar Vetassiya, 1936 Vol 4, No. 14-15, p. 366.

them and deal directly with the retailers.[1] Their apprehensions in in this direction are not unfounded because even now Palestine's industry often deals directly with the retailer through commission agents[2]. Very often Palestine's industry is only able to meet foreign competition by the elimination of middlemen and their margins. Economizing in distribution costs helps to cover the higher costs of production so that for small industries the direct marketing with retailers and even consumers is convenient.

In Palestine the same tendency of industry to eliminate wholesalers exists as in more industrial developed countries but in each case the reasons are quite different.

When large, well developed industries try to eliminate middlemen it is because they find a uniform demand for their goods -- and becasse of their strength.[3] In Palestine, on the contrary, it is because of its weakness.

Then from the wholesalers standpoint it is to be considered that they do not possess considerable capital resources as in Europe[4] and are attracted by the easier credit conditions granted by the foreign manufacturers or shippers.[5]

1-See Haaretz Vol. XVI No. 4353, 15, XI, 1935.

2-See later p. 131

3-Here are not included such cases where, due to technical peculiarities, industry must deal directly with its consumers.

4-See Haaretz Vol. XIV, No. 3863, 7, IV, 32.

5-See Haaretz XVI No. 4353, 15, XI, 33.

Furthermore the wholesalers are accustomed to dealing with imported goods. They have the advantage that their relations have been established for years. It is also possible that they realize greater profit in dealing with imported goods. Also they are hesitant in breaking old established relations in favour of new enterprises which may not continue to exist.

Consequently, the new industry is often forced to deal directly with the retailers and so the danger arises that the wholesalers may become excluded from the distribution of local industrial goods.

Now the retailer in Palestine usually has little or ~~not~~ no capital[1] and since the local industry is often not able to grant him credit, he buys imported goods from the wholesaler who offers him more liberal terms.

The ~~wholesaler~~ is the missing link in the trade channel of the locally manufactured goods[2], and this not only hampers Palestine's industrial development but also augments the the already strained relations existing between the manufacturer and wholesaler---the problem still remains unsolved.

1-See later p. 136

2-See PME 1929, Vol. IV, No. 19-20, p. 552.

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III. Social and Other Factors Influencing Palestine's Trade.

According to Ohlin[1] behind the demand for goods lie 1) the wants and desires of consumers and 2) the conditions of ownership of the factors of production which affect individual incomes. Louis Bader states that the former are influenced either directly or indirectly by psychological, social and economic factors[2] because they develop from the interplay between the individual's physical equipment and his external world which, in turn, is dominated by certain cultural factors and a certain economic organization.[3]

The above are, of course, theoretical considerations which the author will not attempt to verify in his description of Palestine's social life and its influences upon trade. Let it suffice here only to indicate such relevant factors and forces which are brought to our attention because of their direct and tangible effects on Palestine's market.

A. Foreign Influences on Palestine's Economic Life.

1. The influences of the World-War.

Every observer of Palestine is impressed by the changes in its economic life. The war is the outward demarcation between the period in which Palestine was considered Oriental in its character and the period in which it became one of the outermost parts of Europe[4]. During the war Palestine actually became part of the great battlefield where hundred-thousands of soldiers were centered. Directly after the war she came under the rule of a strong European country.

(1) Inter-regional and International trade, Harvard Economic Studies, Vol. XXXIX, Cambridge, 1933, p. 14.
(2) See Economic Principles and Problems edited by Spahr, New York, 1932. Vol. I, Chap. XI, p. 306.
(3) See L. Bader, "Economic Principles and Problems", edited by Spahr, Vol. I, p. 308.
(4) See Grunwald, Industrialisation, p. 3.

This brought about a quick restoration of economic life and order. Trade, which depended upon security, and had diminished during the war,[1] soon recovered.

Although Palestine's agriculture was temporarily crippled,[2] due to a decrease in population caused by epidemics and direct war-losses, as well as the use of animals for military purposes--the presence of the large armies which had to be supplied as well as the influx of capital for military purposes caused a high raise in Palestine's price level.[3] This increase in prices[4] stimulated agricultural production and purchasing power of the rural population,[2] thereby increasing its standard of living which in turn, opened a market for industrial goods.

But this was not the only reason for the development in trade.[5] At the same time the transport conditions improved to such an extent that trade was able to lower its selling prices and increase its volume of industrial goods consumed. The transport costs[6] for both imports and exports were reduced[A] because of the requirements of the military forces;[7] direct lines were developed and the time of transportation decreased. Thus Palestine eliminated the expenses incurred in importing through Egypt or Syria.[8] The connection for strategical purposes of

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(1) See U. S. Consular Rep. No. 83, Palestine, by Southard. Washington 1922, p. 59.
(2) See Dr. Friz Grobba Getreidewirtschaft Syriens & Palaestinas Seit Beginm des Weltkrieges. Hannover 1923, p. 100.
(3) For the extent to which Palestine's price-level changed see p. 305 also A. Bonne, Struk turwandlungen, p. 314.
(4) See Johnson-Crosbie Rep. p. 42.
(5) See Fuad Saba Reconstruction of Palestine's Trade, p. 7.
(6) "Transport costs" is considered in the widest sense of the world to mean all the costs connected with the transport of goods, as f.e. interest for goods during transportation, transhipment costs, customs duties formalities in place of transhipment etc.
(7) See Rep. on Palestine's Administration, July 1920- Dec. 1921. London 1922 p. 38.
(8) About the high share of imports in Palestine's internal trade see p. 35
(A) If in the long run considered.

Palestine's railway system with Egypt[1] reduced the transport costs to Egypt and Port-Said. The import of goods from Egypt, the largest trading center for staple goods of the Near East, consequently became stimulated.

The "route" from producer to consumer was further shortened by the building of strategical roads which enabled automobiles to cheaply transport goods to and from the remotest parts of the country.[2]

2. The Tourist Trade.[3]

The improvement in transport and traffic facilities increased the number of tourists visiting Palestine. Also the promise of Palestine, a national home for the Jews of the world created interest among many of them to visit it and investigate the possibilities for establishing there. This particular type of tourist, unknown to other parts of the world, often spent considerable time and money in Palestine.

Before the war 6,000 tourists and pilgrims visited Palestine annually.[4] After the war this number increased to 58,465.[5] Assuming an expense of LP 15[6] for every tourist,[7] Palestine's internal trade was in-

(1) See U. S. Consular Rep. "Palestine", p. 42.
(2) See Grunwald, "Industrialisation", p. 3.
(3) Palestine's tourist industry has peculiar features, not resembled in other countries. They are: 1. That sometimes the tourists decide to undertake investments, so that although there is no direct increase in the volume of goods consumed, still money comes into the country and contributes to the volume of goods handled, and 2, that of tourists' opportunities of importing European products or of exporting Palestinian goods to their own countries. (See U. S. Consular report "Palestine" p. 61.)
(4) See Great Britain Cons. Rep. "Turkey-Jerusalem", for 1912, Ann. Series No. 5107, London p. 4 ff.
(5) Arrived at by extracting the figures of travellers entered Palestine during 1927-1932. Out of the monthly figures published in the corresponding numbers of the Palestine Commercial Bulletin.
(6) See Hanania, "Account of payment", A.U.B.-thesis (Beirut 1931 (typewritten), p. 9 ff.
(7) About the difficulty in estimation of the extent of money left by tourists, see the Report of the Joint Palestine Survey Commission, London 1928, p. 76.

creased (directly and indirectly--if paid for services, etc...) by L 876, 975. Incidentally, tourist trade opens a market for goods of a higher quality. The most favored months by tourists are March and April and this influences the distribution of retail trade in certain localities[1] and in certain branches.[2]

3. Influx of Capital.

Palestine is of great historical importance. It is considered the "Holy Country" for many people of the world. Their sentiments have not only a moral but also an economic importance for Palestine.[3]

Hanania[4] estimates for 1929 the influx of money from abroad at L 4,604,000 divided as follows: L 990,000 for donations, religions and educational relief; L 903,000 from tourists; L 1,250,000 Zionest funds; and L,1,461,000 by foreign investments. To this should be added L 200,000 as remittances coming from emigrants[5] and L 100,000 for the expenditures of military forces in Palestine[6]. Both of these sums are twice as large as were the visible exports. While Palestine's exports depend largely upon its internal economic conditions, the influx of capital[7] depends upon foreign conditions.[8]

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(1) Mainly Jerusalem.
(2) See Palestine Commercial Bul. p. 331. Vol I,
(3) D. Trietsch, Handbuch, p. 304-6 estimated the annual influx of money only for Jewish institutions in 1910 at 4,955,000 frcs.
(4) "Account of payment", p. 45.
(5) Hanania, op. cit., p. 46.
(6) See "Palestine and British taxpayer", p. 10.
(7) S. Hoofien estimated in "Immigration & Prosperity" PME 1930. Vol V, no. 45 p. 76, the influx of capital since the war until 1930 at LP 44,000,000. Since that period the capital influx increased considerably.
(8) D. Horovits enumerated in "Why Palestines Present Immunity", PME. 1932, Vol. VII No. 14-15, p. 355, the reasons for the Jewish capital influx into Palestine: 1st. Palestine is considered by many Jews as their national home and the place of their future life. 2nd. Activities of Jewish capitalists in many European countries became narrowed by normal economic developements (as cooperatives, chain-stores etc...) and by persecutions. 3rd. Palestine's prosperity increases confidence in it.

The capital influx into Palestine is distinguished from capital influx into other countries by the fact that Palestine is not obliged to repay it with its interest. Because the capital is coming with the capitalists, Palestine's foreign debts do not increase. The chief problem concerning the capitalists is whether they will be able to invest their money in such branches of productivity by which they will be able to maintain their European standard of living. If not-- they will have to lower it to the Palestinian standard.(1) Whether Palestine's prosperity is only temporary and will fall off with a decrease in immigration or whether it may become permanent is a question only the future can answer.

4. Foreign Influences on Quality of Goods Demanded.

The presence of the tourists and pilgrims even before the war created wants which were hitherto unknown to Palestine's market.(2) This effected a change not only in the volume of goods handed(3) but also in their kind and quality. This change was further amplified by the presence of the many immigrants(4) and the European soldiers and officials. This influence was two fold; a direct one in so far as they asked for goods of the quality they were accustomed to and an indirect one as they were setting an example to the higher classes of the native population.(5) This assimilation of western ideas (6) into the lines of the natives, especially of the urban population, was further effected by the presence of philanthropic institutions(7)

(1) That the immigrants will lower the general standard of living of Palestine prevailing before their immigration is not to be assumed.
(2) See Great Brit. Cons. Rep. Turkey, Trade of Palestine. 1899 No. 2405, p. 3.
(3) See London, "New Wheat Tariffs in Palestine", PME, 1930, Vol. V, No. 14, p. 265.
(4) Particulars See later p. 8
(5) See Bonne Strukturwandlungen. p. 315.
(6) See Grunwals Industrialisation, p. 3.
(7) See Great Britain, Consular Report No. 2405, p. 3.

which tried to raise their standard of living. Messionary schools provided the necessary "spiritual" background for this transition and once their teachings had been thoroughly felt it was a small step to the final adjustment of their customs and habits to western ways.(1) The spread of literacy, the introduction of the cinema and other things all had their effects in raising the standard of living and consequently in changing the wants of the people. The satisfaction of these wants was made possible by the increase in purchasing power of the population as well as the decrease in prices of European goods. This rise in the standard of living resulted not only in an increase in the volume of trade but in a shifting from the needs and wants of Oriental goods to European commodities.

5. Immigrations(2)

Palestine's economy developed with the immigration(3). Before the war its effects were felt in abating the financial crisis then in existance.(4) The immigrants after the war were persons of more energy and economic initiative than the pre-war immigrants,(5) and the former were largely responsible for the economic transition.

In 1931 14% of the total settled population of Palestine were of foreign origin. The proportion of immigrants was, of course, the highest for the Jewish community constituting 58% of its total people, while in the Moslem community it was the lowest with only 2% of its total population.(6)

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(1) See Grunwald, Industrialisation, p. 3.
(2) The origin of this factor of Palestine's economy and market lies in foreign conditions; but also the immigrants go to settle in Palestine and by the Balfour declaration they have received the political assurance and right for it so that their influence has to be considered as one that remains in the country. Therefore this factor has an intermediate position between foreign and internal factors.
(3) See Grunwald, "Finances", p. 17.
(4) See Great Brit. Cons. Rep. No. 5339, "Trade of Jerusalem". London 1913 p. 4ff.
(5) Rep. of the comm. on the Pal. Disturbances of Aug. 1929 presented by the Secr. of State for the Colonies by Command of His Majesty, Mar. 1930. London 1930, p. 157.

From 1921 to 1929, 20.52% of the total immigrants[(1)] had independent means.[(2)] This indicates the comparatively high proportion of capitalists immigrating. The immigration of capitalists not only increases the demand for consumption goods but also, due to their higher standard of living, for a variety of high quality goods.[(3)] This consuming feature of the capitalists is not of less importance than their production enterprises.[(4)] The difference between Palestine and other countries into which capital flows is that not only the means of production but also the "markets" are imported.[(5)] The volume of trade increased by immigration also because of the need for durable goods, as buildings furniture, household utensils, etc...[(6)]

The immigrants, however, were not all of a united or similar class but varied according to the country of their origin. This, of course led to a diversified demand for goods.[(7)] Of the total number of people in the Jewish community in 1931[(8)] 41.91% were born in Palestine, 4.5% in Iraq, Turkey and Syria, 2.4%, in Persia and other neighboring Easter countries, 2.9% in Yemen, 20.44% in Poland, 15.66% in Russia, 2.4% in Lithuania and Latvia, 2.9% in Roumania, 0.6% in Germany[(9)]

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(1) According to Rep. on Disturbances p. 120 there were 84,300 immigrants (if the 26,900 unclassified immigrants of 1919-1921 would have been left out of consideration). The number with independent means was 17,300.
(2) About the different methods of classification of the immigrants by the Government of Palestine see Simpson, Report p. 119-120.
(3) See VII, Ann. Rep. of the Palestine Economic Corp., 1933, p. 8.
(4) See Horovitz, "Economic Reveiw", Sefer Hashana, 1933-34, p. 380.
(5) See Landau, "Wheat Tariffs in Palestine", PME 1930, p. 265.
(6) See S. Hoofien, "Prosperity of Immigration", PME, 1930, no. 4-5 p. 80.
(7) See Tishby, Director of Urban Colonisation, "Urban Colonisation". PME, 1927, p. 280.
(8) See Mills, Census, Vol. I p. 68.
(9) Since 1932 the percentage of Germans increased considerably.

and 0.4% in the U.S.A. This mixture of consumers with different demands is hendering the development of large scale local industry and obliges shopkeepers to keep a greater variety of goods in stock, or even specialise according to origin of clientele.

The above were the immediate or direct results of the immigration. The indirect result was the opening of new markets for agricultural goods(1) and for other products with which foreign competition is limited. The internal market(2) became more profitable, particulary after the war when the urban colonization began.(3) With the rise in the standard of living of the natives a new market was opened for industrial goods so that the internal trade increased(4) in both agricultural and industrial goods.

B. Social Conditions of Local Origin Influencing Demand.

1. Population.

Changes in size of population influences the volume of trade.(5) The ratio of urban population to total largely ditermines the volume and kinds of goods handled. The concentration of the urban population indicates the concentration of retail trade. The size of the

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(1) See Rep. to Leag. of Nat. 1925, p. 38.
(2) See Grunwald, Industrialisation, p. 18.
(3) Holdhein, Palaestina, p. 115, "~~35~~".
(4) See Braver Haarez, p. 240.
(5) An increase in size of population is not always identical with an increase in volume of trade. If all other conditions remain the same an increase in population means a reduction in standard of living. This would result only in a shifting of goods handled, because there would be greater demand for goods, which satisfy the the essential needs. In the case of Palestine where the increase of population until now has been accompanied with favourable changes in its economic life (See Mills, Vol. I, p. 46) the relation is a positive one.

towns affects the length of the trade channel and the number of trade functions to be performed. The age of the population influences the kind of goods demanded, etc.(1)

a. Growth of Population.

Between 1922 and 1931, Palestine's population increased by 36.8% (2) or 278,629. (3) The annual rate of increase was 3.54% (4). The natural increase rate was 2.26% while for Egypt 1.82%, Greece 1.36, Cyprus 1.32% and Italy 1.08% (5). For the same period the Jews in Palestine increased by 108.4% (6), the Moslems by 28.6%, and the Christians by 25.2%. (7)

b. Concentration of Population.

In 1931 there were living in the

Southern district	361,797 persons	constituting	34.9%	of the	total
Jerusalem "	266,562 "	"	25.7%	" "	"
Northern "	407,462 "	"	39.4%	" "	"(8)

In 1931 the density was the highest in the Southern district with 133.82 persons per sq. Km. (9) The Jerusalem district had a den-

(1) Spahr Economic Principles of Problems. New York, 1932. Vol. I Chapter XI.
(2) See Mills, Census, Vol. I p. 44.
(3) See Mills, op, cit. Vol. II, p. 6.
(4) See Mills, op, cit., Vol. I, p. 44
(5) For the average of the years 1926-30, according to Statistical Yearbook of League of Nat. 1932-33, p. 39.
(6) Since 1931 the number of Jews increased by immigration, considerably.
(7) The increase according to communities was considered because there are certain tendencies prevalent in Palestine toward closed national economic sectors which leave their influence upon trade. See later p.
(8) Mills, op.cit. Vol. I p. 34.
(9) Since that time the density as well as the absolute number of inhabitants of the Southern district has increased considerably.

sity of 63.01, and the Northern district. -58.31 [1] To draw better conclusion one should distinguish between the urban and rural population. Although the Northern district had the highest percentage or population as it is mainly agricultural,[2] cultivating grains[3] -- i. has a small importance for trade than its number would indicate.[4]

c. Urban and rural population

387,291[5] or 41%[6] of Palestine's settled population live in towns,[7] in the southern district 149,680[5] or 51%[6], in the Jerusalem district 121,866[5] or 49%[6] and in the northern district 115,745[5] or 29%[6]. If the tendency shown during the period 1922-1931 would continue the urban population, particularly in the Northern and Southern districts,[A] would promise to outgrow the rural.[9][8]

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(1) See Mills, op, cit., Vol, I p. 35.
(2) See Mills, op. cit., Vol I, p. 315. In the Northern district 61.7% of its population was engaged in pasture and agriculture. In the Southern district 48.65% and the Jerusalem district 45.65%.
(3) About the low rate of market dependency of the fellah see p. 214.,
(4) For particulars see later p. 101
(5) See Mills, Census, Vol. I p. 42.
(6) See Mills, Census, Vol. I, p. 27.
(7) For the definition of a "town" it "was considered the area within the jurisdiction of a municapal council," with the exception of Tel-Aviv. See Mills, Census, Vol I, p. 25.
(A) During the time when the urban population of Jerusalem district increased by 32.4%, that of the northern district increased by 44% and of the southern by 62.8%. See Mills, Census Vol. I. p. 42.
(8) Due to the immigration of urban elements and of the influx of peasants from the villages and from neighbouring countries attracted by the high wages prevailing in the towns. See Judeleritz "Hapoll Hazair" 1931. No. XVI, p. 10, "~~105~~".
(9) At the time when the total population increased by 36.8% the urban increased by 46.5% (Mills, Vol. I p. 55.)

The greater increase in the urban population is more important for the development of trade than a higher increase in the rural population.[1]

The size of the town influences the trade-channel. The larger the town the less likely is the ultimate consumer to purchase his agricultural requirements direct from the farmer. The towns in Palestine are yet quite small[2] the average size being only 17,470.[3] Out of the total urban population,

7.03%	lived in towns of	under 5,000 persons
12.33%	" " " "	5,000 - 10,000 "
18.96%	" " " "	10,000 - 20,000 "
11.90%	" " " "	20,000 - 50,000 "
49.78%	" " " "	50,000 -100,000 " (4)

That 75.80% of the Christian, 73.6% of the Jewish and only 24.8% of the Moselm communities[4] live in towns, is one of the reasons why trade is more developed amongst the Christians and Jews.

The average village in Palestine consists of 609 persons. [3] Out of the total rural population,

22.2%	were living in villages of under	500 persons
28.2%	" " " " " between	500 - 1000 persons
27.9%	" " " " " "	1000 - 2000 "
11.0%	" " " " " "	2000 - 3000 "
8.1%	" " " " " "	3000 - 6000 " (5)
2.6%	" " " " " "	over 6000 "

(1) It is interesting to note that 24.3% of the urban population were foreign born. Tel-Aviv shows 71%, Jerusalem 35%, Haifa 31% and Jaffa only 14%. (See Mills, Census, Vol I. p. 31) This indicates that the greatest foreign influences on style, and kind of goods consumed are in Tel-Aviv, Jerusalem, etc...
(2) See Mills, Census, Vol. I. p. 31.
(3) See Mills, Census, Vol. I. p. 40.
(4) See Mills, Census, Vol. I. p. 41.
(5) See Mills, Census, Vol. I. p. 41.

One sees the predominance of large-sized villages - with 500 - 2000 inhabitants. Isolated farms are unusual[1]. This decreases the importance of the peddler, who in primitive countries is very common and fulfills the function of mail-order houses.

d. Age-distribution of the town-population.

Only the town-population is of importance here. The standard of living of the fellah is so low in Palestine, and his needs that he covers on the market are so few and unimportant that the age distribution of the rural population is not able to influence the composition of goods purchased. The age distribution of the town population in 1931[2] was:

under 10 years	=	29.2%
10 - 15 "	=	8.3%
15 - 20 "	=	7.8%
20 - 30 "	=	19.5%
30 - 40 "	=	13.7%
40 - 50 "	=	8.7%
50 and over	=	12.8%
		100.0%

It is important to note the relatively high percentage of children under 15 years of age and also the high percentage of the age group, 20 - 30.[3]

e. Internal migration

Retail trade, following the consumer, is closely connected with the concentration of the consumers. Therefore changes in the residence of the latter will influence trade. It is very difficult to verify statistically the internal migration. The population of the coastal districts and towns increase more rapidly than the internal towns. It

(1) For reasons see Report of the Experts, p. 19.
(2) Arrived at by using the absolute figures of Mills, Cens. Vol. II, p.90.
(3) For comparison with European countries, see Yearbook of L. of Nat. 1932 - 33, p. 31 - 32.

is to be noted that changes of place of residence among the members of the Jewish community are more frequent,[1] than among the members of the other communities.

2. Moral and religious life influencing trade.

a. The position of the woman.

For the seller it is important to know who is the buyer he must deal with and advertise for. In the U.S. it was ascertained that 80% of all the purchases were made or influenced by women.[2] This is more difficult to determine for Palestine due to the difference in family life.[3] Even in the Moslem community, where the women are excluded of all political and social life, changes have taken place. The number of women shopping for their own need as well as the needs of the family is increasing. The number of Moslem women purchasing foodstuffs and buying on the market, however, is still low. How far they may influence the decision of the men in their purchases is difficult to determine, but even so their influence is greater than one would imagine considering their social position.

b. Holy-days and fairs.

The Ramadan has considerable influence on the trade in tobacco and foodstuffs in the Moslem districts. Fairs often take place in connection with certain holy days. Also religious processions as the "Nebi-Musa" attract thousands who stimulate trade in sweats, and foodstuffs, as well as textiles, cosmetics, etc... At Easter time thousands more come to Palestine, particularly Jews, and stimulate retail

(1) See Rep. on Invest. of Cost. of living 1926, p. 4
(2) See International Library of Technology, Scranton, 1909, Vol. 60, Section II, p. 25.
(3) See The "Near East and Am. Philanthropy", p. 225.

trade in many branches.

3. Other social influences affecting demand.

a. Relation between town and land.

Agriculture constitutes the principal means of support for Palestine's population.(1) One would infer from this that the welfare of the urban population is dependent upon the prosperity of the rural population--especially since industry supports only 14% of the total population. One might infer further that the purchasing power of the towns population is in direct relation to the income of the peasants.(2) Experience shows that this relation, however, is a very loose one. The agricultural depression of 1929, for example, did not greatly affect the town population. The purchasing power of the urban population is determined by factors that do not originate in Palestine's agriculture. The high degree of self-sufficiency of the fellah(3), the movement of immigrants toward the towns(4), and the influx of money for philanthropic purposes(5) all go to make the purchasing power of the urban population independent of the agricultural situation.(6)

b. Influences peculiar to Palestine's "transition".

The extent of trade has increased considerably due to the structural changes which Palestine's economy is now undergoing. Old

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(1) See above p. 6
(2) See "Landau", "New wheat tariffs", PME, 1930, p. 265 - 66.
(3) See above p. 11
(4) See above p. 68 Remark 1
(5) See above p. 61
(6) One limitation should be noted. The towns of the citrus belt, show a much closer connection with the welfare of the rural population.

buildings have been replaced by modern ones, handcraft implements by modern machinery, the camel by the automobile and the grain-growing agriculture has been supplemented by citrus and irrigated, plantations.

Although Palestine's development is of a pioneering nature it is now showing characteristic features of it in regard to the quality of goods demanded. Usually in new countries where every thing is in motion and much is built for temporary purposes the consideration of price is most important.(1) But not so in Palestine--where the market is changing from one of price consideration to one of quality.(2) Immigration of capitalists is responsible for it.

Another important consideration is the extent to which the immigrants are adopting the consuming habits prevailing in the country. Upon this depends to some extent, the development of agriculture, trade-channels, health conditions, and, not in the least, the standard of living.(3) Although the Jewish population consume for the most part the foodstuffs they have been accustomed to in European countries,(A) slow adoption to foodstuffs common to the resources(4) of the country is to be noted. By this they usually pay less for the same "food"-unit and hereby the real purchasing power of their income increases.

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(1) See Rep. on Inv. of the Cost of Living of Jewish workers' families in 1926, Jerusalem, 1927, p. 4.
(2) See Bellasis, "Palestine--a quality market", Palestine Post--"Levant Fair-British day special", Jerusalem, Vol. X, No. 2754, May 24, 1934.
(3) See loc. cit. Miskhar Vetaassiya, 1932, Vol. X, No. 7, p. 1ff.
(A) See Wolman, Rep. of the Experts, Chap. IX, p. 500.
(4) Comparing the figures of the investigation in cost of living of 1926 with the investigation of the Hebrew University in 1931. See Miskhar Vetassiya, 1932, Vol. No. 7, p. 5, ff.

C. Relation Between National Income and Demand in Palestine.(B)

E. Rizk(1) estimated for 1927 the national income of Palestine at L 19,870,000 which makes L 24 per capita.(2)

1. The average income of different classes.

a. Nomads and semi-settled Bedouins.(3)

The cost of living of a bedouin family is estimated by Epstein(4) at L 29.34. From this amount goods for L 16 are supplied by the bedouin himself and the remainder (L 13.34) he buys from the market.

(B) The demand and volume of goods handled do not correspond with a nation's income. Payment to foreign creditors, investments abroad horted amounts, all these change the demand for goods for consumption and investment purposes in the country, e. g. in the U. S. the retail sales make only 60% of the national income (see Spahr, op. cit. p. 303). In Palestine, where an extensive immigration is accompanied with a considerable influx of capital, which is partly consumed instead of being invested in business, national income and volume of goods consumed differ. Therefore in the following not much attention will be paid to the determination of Palestine's income and its sources. It is more important to point out the income of representative groups (see Warren C. Waite, Econ. of Consumption ---New York 1928, p. 21---and the problems of distribution of national income (see W. C. Waite, op. cit. p. 21) and its relation to trade in Palestine.

(1) See Ed. Rizk "Standard" p. 13.

(2) The corresponding figure for the United Kingdom was L 80; difference in price-level not considered.

(3) This paragraph is especially important considering the conditions in Transjordania and Palestine's desert. Transjordania with its 300,000 people and the 66,553 Palestinians' nomads (see Mills, Cens. Vol. II, p. 12) do not play an important part in marketing. Their life resembles that of patriarchal times.

(4) See Epstein Beduins, their life and customs. Jerusalem 1932 - 33, p. 64.

His sources of cash-income[1] are wool, hair, skins, semneh, gibneh and animals. He purchases coffee, grain, clothing and arms from the frontier traders.[2]

Difference in wealth has no influence on the consumption of the bedouins[3]--the conditions prevailing in the desert force the bedouin to be satisfied by his own products.[4] The rich and the poor can only be distinguished by their tents and their clothes; their food remains the same.[5] The limited productivity and consumption on one hand and his self-sufficiency on the other limit his trade to few goods and small quantities.

b. Agriculturists.[6]

The net-income for plantations was estimated by Smilonsky[7] for 1930 at L 19.50 per dunom of oranges.

"	2.50	"	"	"	grapes.
"	1.75	"	"	"	almonds.
"	1.50	"	"	"	olives.

The size of the plantation determined the income of the planter.[8] On

(1) See Ibid, p. 62.
(2) General Federation of Labour, Documents and essays on Jew. Lab. Policy in Palestine, Tel-aviv, 1930, p. 42.
(3) See E.E.-n, "The Bedouins in Transjordania", Achdut-Haovodah, Vol. II, Tel-Aviv, Mar - April 1931, No. 5 - 6, p. 473.
(4) See E. Epstein, Beduins, p; 61.
(5) See E. E-n, "The Beduins in Transjordania", Achdut-Haovodah, Vol. II, No. '4 - 5 ' p. 473 ff.
(6) About the number of farmers employed in different branches of agriculture see p. 14--
(7) Johnson-Crosbie Rep. p. 39.
(8) For the average net income of fruit growers See ~~Agr.~~ p. 13__

the average his position is better than that of the diversified farmer and is not to be compared with that of the fellah.(1)

For the diversified farm Smilansky(2) estimates an average yearly income of L 49.

According to the Johnson-Crosbie Report the average income of a fellah-family (5.77 persons per family)(3) was L 27.50,(4) L 35.20 (3) for the owner-cultivator and L 20.00(5) for the tenant.(6) The fellah spends about 77% of his income on food, 19% on clothing and 4% on house operation(7) This indicates what little importance the fellahs (with a total population of 322,847(8)) have on the volume of goods marketed. The fellah's demand appearing on the market is small in average years. In times of bad crops or a severe drop in prices his conditions are very bad(9) and there remains for him his last asset--his power to endure hunger.(10)

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(1) See p. 21.
(2) Johnson-Crosbie Rep. p. 38.
(3) Calculated on the figres returned by the villagers. See Johnson-Crosbie Rep. p. 4; the Depart. of Health calculates a family with six persons.
(4) Johnson-Crosbie Rep. p. 23.
(5) " " " p. 18.
(6) According to Albert Badr, "The standard of living in Syria", A. U. B. Beirut 1933, p. 3, the average income of farmers in 1929 was in Ohio (U.S.) LP 426.8, Kentucky (U.S.) LP 240.0, and Syria LP 16.
(7) E. Rizk, "Standard", p. 28.
(8) See Mills, Census, Vol. II, p. 284.
(9) According to John. Cros. Rep. table XXXII p. 27. Out of 104 villages only 70 were able to cover their cost of living and taxes; 55 - cost of living plus taxes, and rent and only 31 cost of living, taxes, rent and interest on debt.
(10) See Agric. Annual Rep; 1925 p. 3.

Under such conditions it is impossible to consider the satisfaction of any cultural needs.[1] Therefore trade supplying the fellah has to look for cheap and simple goods.[2] There are few colonial goods that are demanded by the fellah. Trade catering for the fellah has small volume of business, keeps small stocks and is unable to bear risks. The low extent of marketing with the fellah is reflected in the village general store "dukkan." The margins have to be low[3], the methods of marketing primitive.

3) Agricultural labour.

The wages of agricultural labourers are shown in appendix -20-.[4]

4) Industrial Labour.

The wages are shown in appendix --21--[5]

The industrial wages vary according to branches of industry. The difference between European (mainly Jewish) and Asiatic wages is the greatest for unskilled labourers.

From appendix 21a-[A] one sees that wages in Palestine are higher than in all other Near-Eastern countries. The real wages of native labourers increased according to W. Preuss'[6] estimations by 50% - 55%, especially in the regions where Jews immigrate. Trade supplying industrial labourers finds a rather favourable demand. Due to the continuing

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(1) See op. cit. p. 80.
(2) See Tishby, Report of the Director of Urban Colonisation to the XVI Zionist Cong. "Problems of Urban Col." in PME,1927,p. 280.
(3) So long as there is no credit granted.
(4) See p. 314
(5) See p. 314
(A) See later p. 315
(6) See W. Preuss,"The economic effects of Jewish Immigration in Pal." Annals,p. 114.

industrialisation of the country trade has to develop.[1]

2. Distribution of Income.

One of the most important problems for Palestine's economy is how to increase the income of the fellah. This would influence the demand for industrial goods and the volume of trade would increase. The income of the fellah is absorbed mainly by rent for cultivation, payment of exorbitant interest, and taxation.

The rent is, in general, equal to 30% of his gross income or 25%[2] if stock, dairy etc...are included. According to Simpson this amounts to L 13.86[3] for an average holding of 91.2 dunoms. The Johnson-Crosbie commission[4] estimates the total indebtedness of the fellahin at L 2,000,000 and the interest paid is estimated at L 600,000.[5] Per family the average debt amounted to L 27 and the interest paid to L8.[6] This makes 21% of the fellah's gross income[7] out of agriculture. The tithe, werko and animal taxes amounted to L 6.8 per 100 dunoms[8] which accounted for 10.2%[9] of his gross income. [10]

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1) For the extent of industrialisation and importance see above p. 10.
2) According to Johnson-Crosbie Rep. Table XX p. 18. LP 18 out of LP 64.
3) According to Johnson-Crosbie, Table XX, p. 18, the rent paid to landlords (subtracted by werko) is LP 15.2 for 100 dunams of all kinds of land.
4) See Rep. p. 42.
5) See Harovitz, "D/genosensehaftsleenagung und die Fellachenwirtschaft", Palaestina, Wien No. 12, 1933, P. 422.
6) See Johnson-Crosbie, Rep. Table XXXI, p. 26.
7) According to Johnson-Crosbie Rep. Table XXXI, p. 26, the interest paid amounted to LP 168,528, the income from agri. to LP 799,232.
8) Johnson-Crosbie Rep. Table XX, p. 18.
9) Johnson-Crosbie Rep. p. 43.
10) Granovsky (Systems p. 308) estimates for the year 1930 the burden of the different kinds of taxation at LP0.72 per capita of the Arab rural population and at LP3.185 per capita of Palestine's urban population, added by the Jewish settlements' population. According to him (p.309) it would make only 7% or 8% of the fellah's gross-income.

The fellah's income then is reduced by 35.9% as cost of production[1] plus 10.2% for taxes making a total of 46.1%; the income of the tenant is reduced by 25% more making 71.1% of his gross income.

This indicates clearly that because of the bad appropriation of the national increase derived from agriculture, the purchasing power becomes concentrated into few hands. It is important for the development of large-scaled industry not to have a diversified but uniform demand for simple goods. The present distribution of income derived from agriculture is far from being favorable from this standpoint.[2] This fact hampers the development of trade[3] in general and especially of retail trade dealing with goods of consumption.

3. Policies of distribution of national income.

In 1933 the capital deposited in the banks of Palestine amounted to 12 - 14 millions Palestinian pounds.[A] The problem is to find suitable fields of investment for this sum. The fields for investment are definitely restricted due to limited markets. It would be preferable, of course, if the national income were distributed more equally and consumed.[4] The General Federation of Jewish Labor continues, as in Germany and the U. S. to raise the wages of the labourers[5] neglecting the fact that the wages in the long run are determined by marginal productivity. So long as there is capital supplied from abroad

(1) According to Joh. Cros. Rep. Table XX, p. 18, the cost of production for 100 dunoms amounted to LP 22; gross income - LP 64.
(2) D. Horovitz "D/Genossenschaftsbewegung" - Palaestina, Wien 1933 No. 12 p. 426
(3) Z. Abramovitz, The problems of income, Meshek Shitufi, 1933, Vol. I, No. 1 - 2 p. 11-12.
(5) See appendicies to the Rep. of the Executive of the Jew. Gen. Fed. of Labour for 1931/2, Tel-Aviv 1933, Feb. p. 127.
(4) See D. Horovitz "The problem of the distribution of national income in Palestine" Meshek Shitufi, Vol. II, no. 3, p. 29.
(A) See Haaretz No. 4566, 25. VII. 1934.

this plan is feasible but with the diminishing of capital influx some adjustment will have to take place. D. Horovitz[1] sees the argument of an increased standard of living, raised wages and high costs of production but does not consider it as very important. According to his opinion, the share of wages in the costs of production of the main item of Palestine's exports (oranges) is not high. In buildings it is not the costs that determine the price and the rents paid but the relation of supply and demand. A local industry which expects to supply the local market must only be protected by customs duty in order to equalize the difference in wages.

It is quite obvious that the "artificial" creation of demand must in some place collapse.

First, according to H. Viteles[2] the labor expenses constitute 50% of the total cultural costs of citrus fruits. An increase in wages can only result in lower returns to grove-owners and a loss in capital values.

Secondly, Palestine being a small country, must depend on imports. The establishment of customs walls results in a loss of the advantage of comparative costs and a rise in the cost of production accompanied by an increase in prices and cost of living. The increase in wages would be balanced by the increase in prices and so no additional demand will appear on the market.[3]

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(1) See D. Horovitz, "The problem of the distr. of Nat. income", Meshek Shitufi, Vol. II. No. 3, p. 29.
(2) See "The citrus industry" Hadar, 1934, No. 4 - 5 p. 89.
(3) In goods considered, only the values will rise.

Thirdly, one can conceive of an increase in demand due to a "lag" between wages and prices, but this is only possible so long as the customs tariffs are not raised in the same proportion as the increase in costs. But such an increase in demand can only be a temporary one because such a reduction (in relation to the difference in costs of production) in customs tariffs is not conducive to an increase in the productive power of the country; and the time will come when Palestine will not be able to cover the excess of its imports over exports by the influx of capital. Wages and standard of living would have to be reduced.

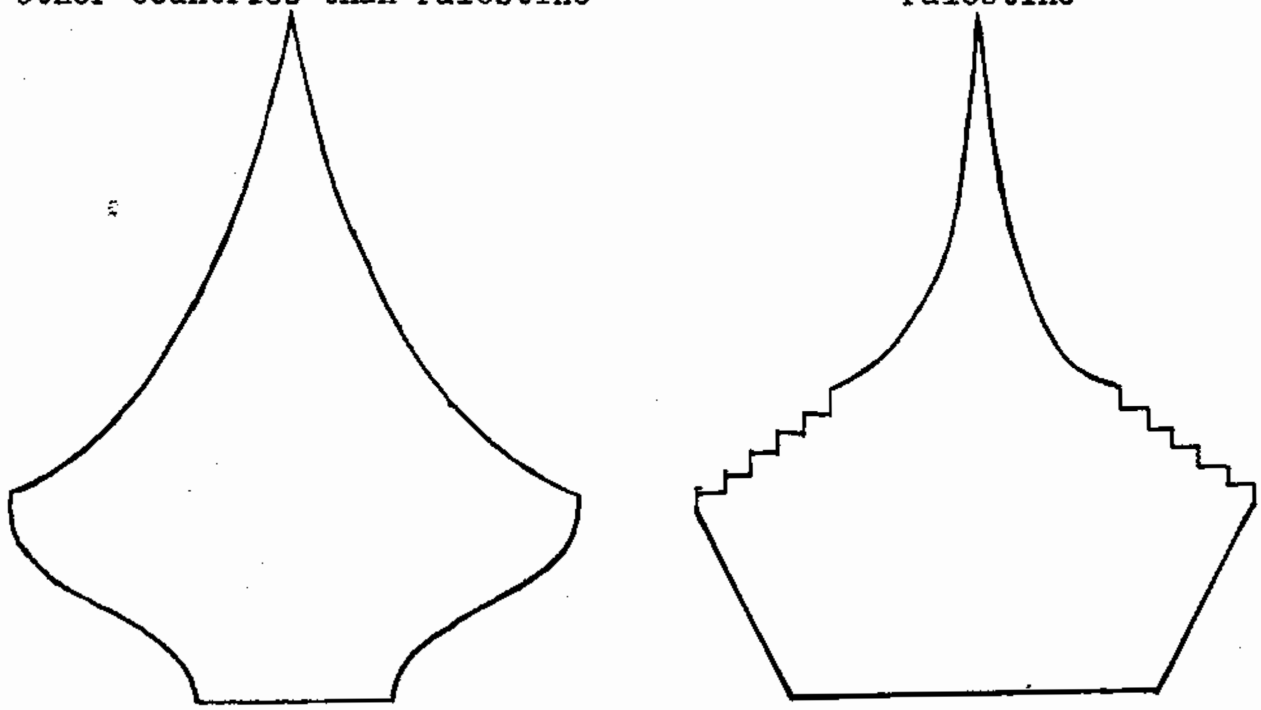
A second case is possible where the lag between wages and prices, although existing with an increase in tariffs, will take place due to the utilization of the advantages of large-scaled production and the competition among manufacturers. However, large-scaled production is dependent upon an extensive and uniform demand. With increase in the income of the subjects and in consideration of the relatively high level of industrial wages the demand for goods becomes more diversified rather than uniform. Therefore, Palestine's industry will not be able to develop on a large scale but instead will leave room for small factories with high costs of production and high selling prices.

Fourthly, adjustment and increase in the productivity of a country requires experience and time. It is questionable if Palestine possesses sufficient capital to cover the excess in imports until its capacity of production has risen. This all indicates how dangerous it is for Palestine to follow the policies and experiments undertaken in countries with an extensive population and rich natural resources.

It is interesting to observe the changes taking place in alestine's pyramid of income.(A) Immigration of capitalists not only gives additional employment to immigrants but also opens new markets for the agriculturists, but their standard of living rises very slowly.(1) So two main factors change the pyramid of income in Palestine; the immigration with a high standard of living and the other the slow improvement in the standard of living of the agriculturists.(2) The relation between the two is not harmonious.(3) The pyramid is changing in a vertical direction more than in the horizontal so that it does not resemble that of other countries.

The Pyramid of Income in

Other countries than Palestine　　　　Palestine



A) This can indicate the composition of the demand and still more in tendencies e.g. what goods will be demanded for and of which quality.

1) Dr. Schlomit "Inc. & Cons. in Pal. eco." Mesh. Shit. Vol. I no. 21p.322

2) The standard of living of the industrial workers increases considerably but Arabic labour is not keeping pace due to the influx of seasonal workers from the surrounding villages and neighbouring countries.(See J. Judelevitz,"To the Problem of a Joint Workers' Organization" Hapoel Hazair, Vol. I,(New Series) No; 16 p. 10.

3) See Dr. Schlomit Mashka "Income and consumption" in Palestine's economy", Meshek Shitufi, Vol. I. No. 21 p. 322.

From this structure of Palestine's pyramid of wealth follows that the demand is getting ~~quickier~~ more diversified than uniform. This hinders the errection of an industry on a large scale and the establishment of department and unit stores.

4. The geographical distribution of income in Palestine

There being no income tax in Palestine, it is impossible to verify statistically the concentration of incomes according to localities. In consideration that the immigration moves mainly towards the coastal cities, the extensive development of the citrus belt, the higher rate of increase of the urban population of the southern district,[1] all indicate that purchasing power and standard of living are higher in the coastal regions.[2] This point is important for organisation of trade. Trade is developed more in regions with higher purchasing power (the coastal plains and cities) and retailers are more numerous there than in regions with low incomes.

A Granovsky[3] states that the extent of the burden of taxes depends upon the standard of needs of the tax-payers and their economic position. This would mean that one is able to judge approximately the standard of living by examing the burden of taxation.[4]

~~B. Non-homogeneous Economic and Social Life.~~[A]

There exist in Palestine two distinct economic spheres, the Arabic and the Jewish, and, although they are not altogether isolated from each other, they have not ~~yet grown together to form one organic unit.~~

(1) See remark (A) on p. 62
(2) See VII, annual Rep. of the Palestine Econ. Corp. 1933, p. 8.
(3) See "Systems", p. 277 - 8.
(4) Because the demands for municipal service increase (in the long run) together with the rise in standard of living.
(A) This is a feature which is particular for Palestine only.

3. Non-homogeneous Economic and Social Life.[A]

There exist in Palestine two distinct economic spheres, the Arabic and the Jewish and, although they are not altogether isolated from each other, they have not yet grown together to form one organic unit.

Considering the occupational distribution of Palestine's population according to religions[1] one will discover considerable difference in their economic structure.[2]

	Moslem	Jewish	Christain
	communities		
Production of raw materials (mainly agriculture)	68.42%	15.93%	19.48%
Industry	8.87%	28.44%	24.09%
Transport	5.01%	5.52%	6.63%
Trade	8.18%	16.42%	11.95%
Public administration & Lib. Arts	4.41%	16.84%	25.58%
Miscellaneous	5.11%	16.85%	12.27%
	100.00%	100.00%	100.00%

Comparing the structure of the Moselm community with that of other Moslem countries as Egypt, India and Turkey we find that the Moslem community is more soundly constructed in Palestine than in other Moslem countries.

The occupational distribution in the Christian community is almost opposite to that of the Moslem community. Having a higher percentage of literacy (71.5% of the males), than the Moslems (25.1%)[3] and being concentrated more in the towns (69,250 against 22,148)[4]

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(A) This is a feature which is particular for Palestine only.
(1) It is not to be inferred that economic shperes are identical with religious communities, but for lack of other statistics this classification is used.
(2) See Mills, Census, Vol.I, Subsidiary, Table II, p. 315.
(3) See Mills, Census, Vol.II, p. 206.
(4) See Mills, Census, Vol.II, p. 18 - 19.

the Christians fulfill the more complicated functions of the Arabic speaking community. Combining the figures of the Moslems and Christians one sees the following economic structure of the Arabic speaking population.

	Moslems	Christians	Total Arabic speaking population	
Production of raw material	474,256	17,818	492,074	62.72%
Industry	61,488	22,019	83,507	10.65%
Transport	34,709	6,062	40,771	5.20%
Trade	56,706	10,945	67,651	8.62%
Public Adm. & Lib. Arts	30,581	23,341	53,922	6.87%
Miscellaneous	35,419	11,213	46,632	5.94%
	693,159	91,398	784,557	100.00%

The Arabic speaking community shows that it is not a simple agrarian but more an agrarian-industrial and commercial community.(1) The relative importance of trade is characteristic of all the people east of the Mediterranean.(2)

Industry predominates in the Jewish community followed by public administration, liberal arts, and trade. The structure of the Jewish

(1) It is interesting to note that the occupational distribution of the Arabic-speaking population is similar to that of Finland, after making allowance for the more developed trade in Palestine according to Stat. Yearbook 1032 - 33 "160" p. 33. There were in 1930 engaged in agriculture and mining 63.4%, in industry 14.4% commerce & trade 4.4%, transport & communication 3%, public administration & liber. prof. 3.6%, in miscellaneous 11.3%.

(2) See David Urquhart, "Turkey and its resources," London 1833 p. 136 ff.

community is similar to that of Danzig Free State,[1] which is also not self-supporting.

There are differences too not only in the occupational distribution but in the methods and forms of identical branches of activity. In the one sector agriculture is modern and commercialized and shows a higher productivity, modern division of labor, trade unions[2] and a higher standard of living.[3] In the other sector, on the contrary, agriculture is primitive and traditional and shows a low productivity,[4] employs much hand-labor, pays low wages--a low standard of living results. This state of conditions could only prevail because the population is not united a common history,[5] by the same culture and manners of living.[6] The high number of foreign born in the total population and the continued immigration from countries with a

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(1) According to Stat. Yearbook 1930 - 31 "161" p. 44 - 45.
In Danzig Free State there were engaged in

agriculture	20.0%
industry	30.8%
commerce and trade	20.5%
transport	8.9%
Public administration and Lib. Ar.	8.5%
Miscellaneous	11.3%
total	100.0%

(2) See Granovsky, "Systems", p. 294.
(3) See Rizk "Standard", p. 24, 26, and 28.
(4) See Granovsky, Ibid p. 294.
(5) See Granovsky, "Systems", p. 195.
(6) See M. Assaf, "To the Discussion on the "Peace Union"", Hapoel Hazair, Vol. XXIII, 1930 - 31, No. 3 - 4, p. 7.

higher standard of living[1] is primarily the reason for the existance of these two sectors[2]. It is more difficult and unnatural for people to lower their standard of living than for people to raise their standard and so this separation[3] must continue until the native population develops considerably and approaches the higher standard of the immigrants. Only then could there be a united economy[4].

But this fact of the coexistance of two different economic sectors[5] involves political and social dangers.[6] The economic result of it

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(1) Dr. Elchonan Horovitz points out in "What do we learn from the Colonisation History of other Nations?" Doar Hajom 1934, Dec. 4., Vol. XVII no. 69 p. 4, that Jews due to political factors have to emigrate from countries with a higher standard to those with a lower.

(2) These two economic sectors are not identical with the national sectors. In general the developed sector corresponds with the Jewish community, and the primitive with the Moslem community. This is to be explained by the difference in foreign influences upon and the influx of capital into the two communities. But still in the Arabic speaking community there are to a considerable extent parts which have progressed features and have to be included in the modern sector. See Granovsky, "Systems" p. 296.

(3) The extent to which this creation of two isolated economic sectors is developed, is best seen from the Article of H. Frunkin, "The Labour Outlook in Palestine", PME, 1933, no. 3. p. 106, in which he tries to construct a balance of payments for the Jewish community only.

(4) See Granovsky, Systems, p. 295.

(5) See J. Gelfat, "The Economic Policy of the Jewish Agency", Hapoel Hazair, Vol. XXIII, 1930 - 31, No. XXI p. 5.

(6) This danger has been recognized by the government which has limited the immigration(to a lower extent than the the needs for additional labor is felt) and has tried to introduce Arab labor into the Jewish sector for the purpose of raising the Arab sandard, and at the same time diminish the "isolation" tendency.

has been an estrangement of the Jewish community and its being accustomed to a standard of living which the country's resources does not allow for.(1) It is doubtful if the Jewish standard of living can be maintained when immigration and the influx of capital ceases. Furthermore it is impossible in the long run for two economic sectors to exist in a capitalistic economy (without the aid of protective duties etc...) with different standards of living and different costs of production(2). It is doubtful too whether the natives will be able to a adjust their standard of living to that of the immigrants. Economic conditions of the country and the elasticity in the supply of native labour from neighboring countries hinders the rise in standard of living of the natives.(2)

It is unnecessary to call to the attention of the reader that this coexistance of two different economic sectors has important influences on trade. One of the most important is that there is insufficient circulation of money between the two sectors. Arabs are not able to employ Jewish labour(3) (due to the difference in the standard of living and wage-scales) and only buy the goods of the Jewish industry when they need modern products.

Frumkin estimates(4) that for the year 1932 L750,000 was paid to Arabs by the Jews for rents, wages and agricultural products. Jewish industrial products sold to the Arabs amounted to only L200,000

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1) See M. S-ky, "Self-Isolation" Boustina'a, Vol. III, no. 43, Feb. 10, 1932 p. 4.
2) See Dr. Elchanan Horovitz, "What do we learn from the colonisation history of other nations?" Doar Hojom, 1934, Dec. 4, Vol. XVII, No. 69, p. 4.
3) Only exceptional cases of employment of skilled labourers may be noted.
4) See Grunwald, Industrialisation, p. 45.

so that L 550,000 remained with the Arabs. And this money never returns to the Jewish sector,(1) because if it is not hoarded, it is spent on products and services supplied cheaper by the Arabic sector or by imports. This, of course, has a bad influence on Jewish trade. Although, before the disturbances there was no direct antagonism between the Jews and Arabs in trade,(2) the concentration of the Jewish population has largely confined the Jewish trade to its own community(4). There is no mutual economic connection between the Arabic agricultural labour and the Jewish colony in which he works. He brings his food from his village with him and there he spends his earned money.(5)

In Palestine, then, there exists no unit market for the distribution of industrial and agricultural goods.(6) The demand, the quality and display are different for both markets(7). Due to the fact that in many towns in Palestine the different communities are concentrated in different suburbs the retailers especially of convenience goods are of the same nationality as their clients.

The large shopping stores, however, are exceptions. These are located in the shopping districts. Looking for the demanded quality

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(1) See Grunwald, Industrialisation, p. 45.
(2) Preuss and Memirovsky, "The economic conditions in Palestine, after the disturbances" Achdut Haovodah, Sep.-Oct. 1931 p. 587.
(3) Jehushua Memuchim, "To the problem of Self-labour" Hapoel Hazair. 1929-30 Vol. XXII, No. 9-10 p. 10.
(4) Dr. A. Ruppin, "The agricultural colonisation of the Zionist Organisation in Palestine" PME 1928, Vol. III, No. 4, p. 63.
(6) See Cyderovitz, op. cit. Meshek Shitufi, Vol. II, No. 3, p. 46 ff.
(7) See Ibid., p. 47.

or kind of goods the customer does not consider so much the nationality of the merchant. Wholesale trade in regular times does not have any political or national considerations and there the mutual relationships are the strongest. But the number of wholesalers to the number of retailers is small so that the trade in Palestine is still largely concerned with the national community ~~it~~ he serves.(1)

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(1) An exception is here the direct marketing by producers or the distribution by peddlers. They deal often with members of di-fferent communities. The contrary is with the established retail trade.

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CHAPTER II

EXTENT AND COMPOSITION OF TRADE

A. Extent of Market.

1. The problem and the methods of calculation applied.

An estimation of the amount of goods passing through the Palestinian market[1] would indicate its capacity both absolutely and relatively[2] expressed, and the potentialities for the development of trade agencies such as wholesalers, retailers, etc. The lack of adequate statistics[3] regarding goods transported by cars and animals to and from the main towns as well as for amount bank clearings[4] and the fact of no tax on sales transactions prevent the accurate determination of the amount of goods passing through the market. However, by statistics and estimations of local agriculture, industry, and foreign trade one will be able to determine very approximately, the extent of the market. The actual value of transactions is very difficult to estimate without knowing the number of hands the goods have passed through and the margins added by the middlemen. The value of goods will be estimated irrespective of the number of times they change ownership. In connection with this, however, there arises a number of problems.[5]

First, concerning the value of such an estimation, complete statistics are not available for industry and agriculture for the last periods. Averages of previous years can only have an historical value because conditions in Palestine are changing very rapidly. Industrial statistics have only been taken once. Therefore it is difficult

(1) "Market" is used here in the widest sense of the word.
(2) Per capita of population.
(3) See G. Holdheim, "Palaestina, Idee, Probleme", p.139.
(4) See Wolman, "The Labour Movement and Cooperation". Report of the Experts, p.505.
(5) That such methods are applied for determination of the volume of goods sold is to be seen from the estimations of Nystrom on the American trade. See Nystrom, "Economics of retailing", Vol.I, p.373.

to even indicate tendencies and trends in extent of the market. Since there was no industrial census since 1927 the figures for that year,[1] will be combined with estimations of agriculture for an average of six years. A six-year average will be taken for agriculture because its production fluctuates more. To estimate the discrepancy that will arise, Palestine's agricultural production is calculated for 1927. Making necessary allowances for changes in fruit, vegetable and milk production it is found that Palestine's agricultural production for that year exceeded the average for 6 years by approximately £300,000. But considering the market dependency of agricultural products this would mean that the goods appearing on the market were underestimated by only £100,000.

Secondly, what is to be understood by Palestine's market? Should the requirements of the military and government stores as well as the Iraq Petroleum Company be included? The imports of the I.P.C usually do not pass through Palestine's market and do not stay in any economic relation with the country's trade; therefore they should be excluded. The imports of the government and military stores are supplied by the Crown agents and appointed for the needs of officials and military forces. The wages and salaries of the government officials are paid by Palestine and part of the military expenses.[2] So it can be said that their purchasing power is derived from the national income and so it is correct to include the imports of the government stores and a part of the military requirements in the volume of Palestine's market.

A third problem is what prices should be considered; the consumers'[3]

(1) Although they do not correspond by far with the conditions prevailing now, the year of 1927 was a year of depression. Imports were undertaken for the actual needs of the country. Speculative orders were avoided. The estimation will be a very conservative one.

(2) Only the difference between the costs of upkeeping in England and Palestine is covered by Palestine.

(3) Not only the ultimate consumers but also the producers using raw-materials are included under consumers.

or the wholesale prices? For the calculation of the volume of transactions the aggregate of the corresponding returns of the trade agencies is taken. For calculation of the volume of the market the goods handled should be expressed at a uniform price. Here the wholesale prices for local goods will be used and the import values (including duties) for the imported goods. These figures are better than retail values because a part of the goods sold do not pass the retail market at all and a determination of the prices of those goods (machinery, for example) would be quite impossible.

The organization of the trade channel of the different markets, which influences the volume of transactions, will not be considered. Usually local goods, for example, for the industrial market pass through fewer trade agencies than imported industrial goods for consumption purposes. This difference should have been considered but because of the different methods and agencies of supply for the same commodities it would lead too far to determine the extent and pattern of each trade channel.

2. Estimation of the value of goods Changing ownership in Palestine (duplication eliminated).

An estimation will follow now on the goods passing through Palestine's market(1) and duplications (where the same goods pass through more than one middleman) will be avoided as much as possible.

Out of £2,496,670 of agricultural goods appearing on the market, £1,280,555 was exported, £589,000 was used as raw materials by industry, and £1,007,115 consumed in the country.(2)(3)

(1) The word "market" is used here in the widest sense of the word. Everything that is not consumed by the producer himself is considered as appearing on the market.
(2) These absolute figures do not correspond with the percentages, because these are the figures for exports and the local industrial market.
(3) How much of the agricultural production was purchased for further agricultural performation is difficult to estimate. The imported goods for agricultural production were also not considered.

Out of £2,358,909 raw material used by Palestine's industry, £1,050,280(1) was of local agricultural origin.(2) The imported raw materials consumed by Palestine's industry(3) amounted to £707,670. The remainder, £600,956, passed through one or more industrial processes. The total industrial output amounted to £3,886,149 and subtracting that part of the output which did not appear on the market (£560,371) leave £3,325,778.

In summary, the goods which passed Palestine's market in 1927 were as follows:

Local agricultural goods exported(4)	£1,280,555		
Local agricultural goods for ultimate consumption	1,077,115		2,357,670
Total agriculture			2,357,670
Local industrial goods appearing on the market		3,325,000	
Minus duplication(5)		601,000	2,724,000
Total local agriculture and industry			5,081,670
Imports for consumption(6)	6,184,454		
Plus custom duties collected(6)	766,175		
Value of imports after paying duty	6,950,629		
Minus imports used as raw-materials by local-industry	707,670		
Total imports destined for ultimate consumption and investment			6,242,959
			11,324,629

(1) Estimated by E. Rizk, "Standard", Appendix 23, p.76
(2) The difference between £P 1,050,280 and £P 589,000 (see above p.42) and £P 461,280, is the estimated value of raw materials, which the farmers give for milling purposes, so that it cannot be considered as passing through the trade channel.
(3) See Chapter I, Industry, p.53
(4) This is the average export of agricultural goods for 6 years. The actual export for the year 1927/8 according to the Agr. Ann. Rep. for 1927-30, Appendix, No.11, p.94 was, after elimination of industrial exports, £P 1,227,919.
(5) Value of goods destined for the industrial market.
(6) See Rep. to L. of Nations, 1930, pp.173 and 167.

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Volume of Palestine's potential market(1)	11,324,629
Imports to gov't and military stores(2) in value of	428,854
Volume of local potential market imports for gov't and military stores excluded.	10,895,775

The volume of Palestine's market per capita(3) amounted to £P 1,272, if imports for government and military stores are included and £P 12.24 if excluded.(4)

It is interesting also to calculate the amount of goods consumed per capita.

For this purpose it is necessary to deduct agricultural exports at: (A)	£P 1,280,555
industrial(5)	475,548
reexported goods(6)	246,592
and also the imports of used effects at(7)	60,122
Total	£P 2,062,817

from £P 10,895,775 making £P 9.92 per capita.

3. Estimation of value of goods appearing on the different markets in 1927.

The markets of Palestine may be classified as follows:

1). The export market for the local agricultural and industrial products.

2). The reexport market. This market is distinguished from the export market by the fact that its trade channel is shorter. In

(1) The imports of used personal effects in value of £P 60,122, (see Blue Book, 1928, p.368) was not excluded; these are goods that actually have not changed ownership, but still they have to be included in the potential volume of the market.
(2) See p. 31
(3) The total population for 1927 was estimated at 890,000 persons. (see Rep. to L. of Nations, 1932, p.155).
(4) This calculation has been based on wholesale prices, margins added by wholesalers excluded.
(5) See p. 43
(6) Rep. to L. of N., for 1931, p.147
(7) Because they do not belong to the regular absorbing capacity of the market as they increase or decrease with the changes in number of foreign officials and in extent of immigration. (See Tuerkische Post, Vol. VIII, No. 275 of 23, XI, 1933.)
(A) See p.194 App. 7 p.362

the latter the collecting trade and its agencies have importance. The traders of the reexport market fulfill only intermediate functions and therefore their margins are different than those of the export market.

3). The industrial market. This is the market of goods used as raw materials by Palestine's industry.

4). The market for local consumption. The latter word is used in the widest sense and includes goods for consumption as well as goods used for investment. Not all the goods included here pass the trade channel; a part of them are ordered from abroad directly by the customers. A part of the local agricultural goods as well are sold by a direct transaction between cultivator and ultimate consumer.

	The export market. £P	The reexport market £P	The local industrial market £P	Imports for gov't & military stores £P	Local market for consumption & investments £P	Total	%%
Agr.[1]	1280,555		589000		1077115	2946670	22.3
Ind.	457,548[2]		601000[3]		2267230[4]	3325778	25.2
Import		246592[7]	707670[3]	528980[5]	5467387[6]	6950629	52.5
Total	1738103	246592	1897630	528980	8811732	13223077	100.0%
Relative importance of the different markets	13.2%	1.9%	14.3%	4.0%	66.6%	100.0%	

(1) See p. 11 and App 7 p. 362 (2) See p. 43 (3) See p. 43
(4) Marketable industrial output minus exports and the output sold on the industrial market.
(5) In 1927 imports of Canteen stores amounted to £P 26952, of gov't stores £P 317,737 and of military stores £P 74,928, of municipal stores £P2045 and Transjor. gov't stores £P 7192, and £P 60,126 used personal effects and £P 40,000 an allowance for charitable institutions, consuls etc. (Blue Book 1928, p.366-8).
(6) Total imports plus customs (Rep. to L. of N., 1930, p.173 & 167) minus reexports, imports for industrial market and gov't stores.
(7) Rep. to L. of N., 1931, p.147. This is the statistically verified reexports by caravans to Transjordania, Arabia etc., as well as the imports from these countries could not be verified.

The local market comes first in importance followed by the industrial and then the export market.[1]

The fact that the export market is only 1.1% less than the industrial market indicates once more that Palestine's economy is undeveloped. The specialization in industrial enterprises is low. Due to the lack of primary raw materials there is not enough diversification in industry. The imported raw materials and "half-manufactured" goods must supply the needs of industry.[2] This means that the trade channel of the industrial market is shorter than in other more industrialized countries.[3]

The comparatively high ratio of exports to the total country's output[4] can be explained by the characteristic features of young capitalistic countries;[5] that is (for one) the specialization in monocultures in which they have an advantage due to their natural conditions.[5] The high degree of self-sufficiency of Palestine's agriculture and low standard of living of the farmers also contribute to the above.

The self-sufficiency of Palestine's farmers explains the fact that local agricultural goods appearing on the market are only 22.3% of the total; and industrial products 25%. In an agricultural country as

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(1) If re-exports are included with exports, then the export market is second in importance.
(2) To the extent of about 37%, "£P 707,670 out of £P 1,897,670".
(3) This explains the lack of organised industrial markets as exchanges of primary goods, etc.
(4) Although the export market constituted only 13.2% of the total trade, its importance for local, industrial, and agricultural output appearing on the market was not less than 28% (13.2% in relation to 47.5%). The importance of the export trade is not so obvious due to the capital influx (see ~~See. p.~~) which is reflected by the fact that imported goods constituted 52.5% out of the total volume of the market, (See above), or 64% (5,467,387 + 528,980) of (8,811,732 + 528,980) of goods for consumption in the country.
(5) ~~See p.~~
(5) The importance of oranges in total exports has been indicated.

Palestine[1] this relation might be quite different. This condition has its social influences. The interests of merchants and agriculturists are not the same. Customs policies[2] for forwarding local agriculture are not popular among the traders, because they are interested in imports.

The volume of the market[3] per capita was £P 14.85[4] the exports amounted to £P 1.95[5] per capita, the imports (duties excluded) to £P 6.67[6] or to £P 6.07[7] if imports for government and military stores etc., are excluded. Not less than 67.6%[8] of goods passing Palestine's market were destined for or coming from abroad. This indicates sufficiently the share of foreign trade in Palestine's total trade. Organisation and efficiency of foreign trade influence Palestine's domestic trade. This influence is particularly felt in times of prosperity, when imports increase.[9]

The sources of supply of the trade for local consumption and investment[10] were: local agriculture 12.2%, local industry 25.7%, and imports 62.1%. These figures show the close relation between organisation and efficiency in import trade to cost and standard of living.

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(1) See above p.6
(2) The system of licenses has not been considered. In this case the merchants who receive the licenses are in favour of them, because it gives them a semi-monopolistic position.
(3) Most goods at the calculated wholesale purchasing price.
(4) £P 13,223,077 divided by 890,000 (number of settled population for 1927 taken from the Rep. to L. of N., 1932, p.155).
(5) £P 1,738,103 divided by 890,000 persons.
(6) £P 6,184,454 divided by 246,592 = £P 5,937,862 divided by 890,000.
(7) £P 5,408,882 divided by 890,000.
(8) 52.5% imports+13.2% exports and 1.9% reexports.
(9) The reduction in grains was equalized by an increase in horticulture; ~~and~~ industry increased from £P 3,886,000 (See above p.40) by £P 1,520,000; ~~+ £P 3,700,000~~ make £P 5,200,000. £P 5,406,000 50
(10) In relation to £P 1,077,115 to 2,267,230 and to 5,467,387.

The high ratio of foreign trade to total trade is, for small countries, not unusual,[1] because they cannot cover all their needs by their own production and they have to specialise on few lines.[2] The important fact is that the export market is only one fourth that of the import market. The difference, of course, is more than equalized by the capital influx.

From the above it follows also that the wholesaler of the importer is of greater importance than one might think. Palestine, being a small country with a primitive agriculture and a small scaled industry, should have a short trade channel between the producer and the consumer, but due to the fact that it is only to a limited extent supplied by internal sources and (the imported goods consist of about 60% of the total goods of local consumption and investment) the importance of the importing firms is relatively high. Trade channels in Palestine are therefore not as short as the size of the country and the organisation of its economy would justify. This fact has considerable influence on the number of traders, their volume of sales and margins.

4. The Changes in the Volume of Palestine's Market.

The change in the volume of the market since the war were considerable. The forces which brought about these changes have been described. To determine exactly to what extent the changes have taken place is quite difficult.[3] The volume from 1927 to 1933 increased by at

(1) See A. Marshall, "Industry and Trade", London, 1923, p.23, "153".
(2) See Ohlin, "International Trade", p.106.
(3) Some try to compare the exports and imports of the pre-war period with the present corresponding figures, and in this way to indicate the development not only of foreign but also of internal trade. Before the war Palestine was dependent more on Syria and Syria's intermediate trade than now. Therefore what now appears as foreign trade was before the war internal trade. (See Burns, "Tariff" p.521). For this reason any deductions of the comparison with the foreign trade statistics of the pre-war period is misleading.

least £P 5,200,000 or 39%.[1] This, while most other countries showed a decrease in volume for the same period. The increase per capita was £P 2.23[2][3] or 15%[3], or a little less than 3% per year.

The increase in volume of trade[4] is characterized not only by the quantities of imported goods but also by the many new kinds of goods handled by trade, e.g., benzine, radios, various machines etc.

Trade has become more diversified and specialized.[5] Small differences in qualities and kind must be given consideration. This opens new fields of enterprise for merchants and introduces modern methods of business and selling into Palestine's trade.

B. Composition of Palestine's Market.

1. Extent of market according to national and geographical features.

For an explanation of the geographical distribution of the volume of trade and for drawing deductions on the development of trade within different national communities in Palestine, it is necessary to consider the factors which influence trade for the different communities and the different geographical regions.

a. Volume of trade according to national communities.

From what has been described it follows that:

1. The Jewish community is less engaged in agriculture[6] than the Arabic-speaking population.

2. The higher employment of paid labour in agriculture is by Jews.[7]

(1) £P 5,200,000 divided by 13,203,000.
(2) In arriving at this figure account was taken of the increase in population.
(3) 13,223,077 + 5,200,000 = 18,425 divided by 1,078,878 persons.
(4) The influences and relation of the increase in volume of foreign and internal trade to re-export trade and on supplying countries See Appendix 37, 38 p. 405, 408.
(5) Enabled by the increase in volume of trade.
(6) See p. 83
(7) See ~~p.~~ App. 10 p. 370

3. That 83% of the Moslems engaged in agriculture and are fellahs,[1] and not less than 49% of the Jewish farmers are engaged in intensive cultures.[2]

4. High income and market dependency are connected with orange-growing and that the ratio of Jewish growers to total orange growers is high.

5. The market dependency of the fellah is low[3] and that of the Jewish and German diversified farms, considerably higher[4].

6. The ratio of Jews supported by industry to total[5] is high.[6]

7. The immigration of Jewish capitalists[7] and the influx of capital[8] have been considerable.

8. The increase in the Jewish community has been greater than for other communities[9] and also that concentration of Jews in towns has been greater.[10]

9. The income of Jewish labourers in Palestine[11] is higher.

10. Different standards of living ~~(12)~~ and thrift habits prevail.

From what has been said above it follows that the volume of trade per capita is higher for the Jewish population than for the non-Jewish. Hoofien[12] found that for 1928 the average imports per capita for the Jewish population was £P 25.9 while for the Arab population

(1) See ~~p.~~ App. 8 p.363
(2) See ~~p.~~ App. 8 p.363
(3) See p. 21
(4) See p. 24 ff.
(5) See ~~p.~~ App. 11 p.373
(6) See p. 39
(7) See p. ~~61~~ 63.
(8) See p. 61
(9) See p. 66
(10) See p. 68
(11) See p. 76, App. 20 & 21.
~~(12) See p.~~
(12) See S. Hoofien "Prosperity and Immigration" PNE 1930, No.4-5, p.80

only £P 4.5. It cannot be assumed, however, that the total volume of trade is in the same proportion because the Jews are more dependent upon European goods than the other communities. For 1928 57% of the total imports were for Jews but in times of greater immigration and prosperity this percentage increases.(1) This high share of the Jewish consumption of imported goods has its influences on the national composition of wholesale trade. Although wholesale trade shows the least antagonism between the sectors, yet the Jewish wholesale trade is increasing rapidly not only in supplying its own community but also parts of the Arabic community as well as neighbouring countries.

b. Volume of trade according to regions.

Due to the :

1. smaller importance of agriculture and especially of grain-growing in the Jerusalem and Southern districts,(2)

2. the concentration of the market-dependent agriculture of the Arabs in the sea plain, and the valleys of the hills,(3)

3. as well as to the concentration of the Jewish market-dependent agriculture near the Sea-shore plain,(4)

4. the concentration of industry in the Southern and Northern districts,(5)

5. the higher density,(6) the higher ratio of urban population to total population,(7) the higher rate of increase of urban population,(8)

6. and the higher national income of the Southern district(9) indicate sufficiently that the volume of trade in the coastal plain is more extensive than in the other districts of the country. Traders

(1) ~~Ibid~~ Hoofien, op. cit. PMF 1930 p. 80
(2) See ~~p. App. 8 p. 365~~, Mills, Cens. Vol. I p. 315 ff. See above p. 67 Footn. 2
(3) See ~~p.~~ App. 8 p. 366
(4) See p. " p. 365
(5) See p. 49 ff.
(6) See p. 66 ff.
(7) See p. 67
(8) See p. ~~67~~ Footnote 67
(9) See p. 82 "

and institutions fulfilling auxiliary functions of marketing get more and more concentrated in the Southern district. It is not necessary to call attention to the fact that the towns of the Sea-shore due to their location are the wholesale centers of the country, which is so much dependent on imports coming by sea. Also the retail trade is more diversified there in the southern district. The urban shop as well as the village store have more diversified stocks and goods of higher quality than towns of the interior; it is possible to say, in general, that the volume of trade is moving from the West to the East. At the same time the volume of trade is highly concentrated between Jaffa and Jerusalem . But moving to the North and the South of this district the volume of trade decreases.(1)

2. The share of local products in trade.

Organization of trade in a country is largely ~~dependent~~ upon the extent of the goods supplied locally. Local industry and agriculture can sometimes exclude imports and eliminate wholesalers.(2)

For the share of local products sold within the country the Jewish Census of Trade(3) estimates £P 2,600,000 for 2,299 retail establishments,(4) which classified their sales according to the origin of the products.(5) 245 establishments (10.5% of total investigated) dealt almost entirely with foreign products such as high-quality textiles,

(1) It is not yet possible to see how far this distribution of the volume of trade will change because of the development of Haifa's harbour and industry.
(2) This is especially true in small countries. In large sized markets, on the other hand wholesale trade finances local industry and helps its development.
(3) Cyderovitz, "Jewish Retail Trade", Meshek Shitufi, Vol.II, p.49-50.
(4) They constituted about 70% of the total number of Jewish retail establishments in Palestine. (See ~~above~~ p. 158). The figures for the wholesale trade were not available.
(5) It is necessary to keep in mind the difficulties in determining what should be considered as a home and what as a foreign product. The organisers of the Jewish Census of trade took the value of labour added to the product as a basis for distinction.

automobiles, machinery, radios etc. The fact that these establishments deal in goods of high value explains their comparatively high share in the total volume of sales. Cyderovitz[1] estimates that 2/5 of the total products in Jewish retail trade are of local origin. This agrees with the 37.9% previously calculated for goods covering the requirements of the local market, supplied by local agriculture and industry.[2]

Since the war two tendencies in trade are apparent. The volume of the market increases with every wave of immigration. Foreign imports increase, but the immigration also gives an impulse to local production. By the time local industry and agriculture try to adjust themselves to the new markets a new wave of immigration upsets the state of equilibrium toward which local industry and agriculture had been moving. Therefore the relative importance of local to foreign products[3] has remained about the same and will probably continue until the immigration decreases. Wholesaling, then, in trade organization, will continue to assume its importance indicated above.

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(1) See Dr. Cyderovitz, "Jewish Retail Trade", Meshek Shitufi, Vol.II, p.50.
(2) This estimation was for 1927 when the development of local industry started. One would expect a higher percentage of local goods for 1931. But this tendency was equalized by increase in standard of living, and by greater requirements for foreign goods. The Jewish Census includes only Jewish retail trade, which caters mainly for the Jewish community, and this is more dependent on imported goods than the Arabic-speaking population. The difference of 2% could also be explained by the fact that this estimation was for the whole volume of Palestine's market, while Cyderovitz's for the retail trade only.
(3) About the activities for movements to increase the share of local products in internal and foreign trade, see Appendix 33 ~~No~~ p.414

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CHAPTER III

NUMBER OF TRADERS AND DISTRIBUTION ACCORDING TO COMMUNITIES

A. Traders in Palestine

1. Number of Traders

In 1931, the total number of earners in Palestinian trade was 28,751. The census of Mills gives a number of 26,495 earners engaged in trade.[1] Excluding the order 25 - which refers to the people engaged in banks, establishments of credit of exchange and of insurance,-- with a total number of 1,124 persons, and adding one third of the number of people employed under order 55 and group 174, and two thirds of persons occupied under order 55 group 175[2], we get an additional number of 3380 persons.[3]

The 28,751 persons engaged in trade, constituted the 10.2%[4] of the total earing population[5]. In the same year the percentage in U. S. was 12.48%.[6]

2. Their relation to the needs for them.

In 1931, there were in Palestine, 33.7 persons for every person engaged in trade.[7] The figures in the United States were, 24.8 in 1920 and 20.2 in 1930.[8] according to the German trade-census of 1907, there

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1-See Mills, Census, Vol. II, p. 290.
2-Not having better methods for determination of the exact number of persons engaged in commercial occupations, we used this method of estimations. About the correctness of these estimations consult the the "classified index of occupations", Appendix 23, p. 386
3-1/3 out of 1378 = 460, and 2/3 out of 4,385 = 2920. See Mills, Census, Vol. 2, p. 296. See App. 24 p.390
4-This percentage does not correspond with the percentage given on Sec. p.6, because there the relations were given according to persons supported by trade, and, secondly because the groups included in the classification of the Census do not correspond with the classification used here.
7-28,751 traders out of a total settled population of 969,270.
8-According to U. S. Abstr., 1932, Table No. 4, p. 2, and Table No. 44, p. 58.

Footnotes 5&6 on next page

were 37 consumers for each middleman[1].

The average trade volume per trader was LP 458.9[2]. If we exclude the imports for government and military stores, the figure becomes only LP 441.5.[3]

Considering that (1) about LP 3,030,000[4] of Palestine's consumption do not appear on the market[5], (2) that under "traders" in Palestine, were classified persons who are engaged only in trade---the agricultrual cultivators and manufacturers[6] (who distributed their output) being considered as cultivators, or manufacuturers, (3) that the classification is based on the primary occupation of the earners, (4) that dependents of workers do not come under earners,[7] (5) that there lacks a developed industrial market and intermediate trade, (6) that collecting trade-except citrus trade--is relatively undeveloped[(8)], and finally, (7) that the national standard of living[9] and volume of market

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Footnotes cont. from previous page & this page

This page

1-See Dr. R. Leo's "Das Ostjudenproblem und Palestina", "ProPalaestina" Berlin 1919. 6. Heft. p. 10.

2-LP 13,223,077 divided among 28.751 persons (See above p. 85--)

Cont. footnotes of page 104 Chap. III (previous page)

-Total number of settled earners in Palestine was 280,938 (See Mills, Cens. Vol II, p. 282)

-Calculated on the figures of the Statistical Abstract of the U.S.A. for 1932, Table 44, and 52. pp. 58.

The footnotes of this page continued

-LP 12,694,097 for 28,751 persons

-LP 2,473,330 out of local agricultural production, and LP 560370 out of industrial output. See above, ~~Agr.~~, p. 1, and ~~Vol II~~ p. 12 p.373

-As a result the volume of trade is reduced by LP 105.3 per person occupied in trade.

-See Mills, Census, Vol. I, p. 277, Illustrations, see ~~under "Number of establishments"~~ p. 147

-See Mills, Census, Vol. I, p. 272.

-See Chapter V, p. 209

-See page 73

are low[1], one can deduce that traders in Palestine are more than the need for them justifies.[2] This fact will be verified furthermore when we compare the average sales per wholesaler and retailer in Palestine with these of other countries[3]. Here we need only to indicate again the above mentioned relation of consumers to traders[4]. The result of this overcrowding in trade in average volume of sales and margins, will be dealt with later. The ratio of persons engaged in direct marketing to those of auxiliary functions was 8.85 to 1.[5] This high ratio indicates that specialization and division of labor in the trade establishments are not so highly developed in Palestine, and that methods of trade and size of average establishments are low[6].

D. Traders according to communities

The merchantile class in Palestine is composed of many nationalities[7]. Among the merchants, there are not only natives, levantines, but also a great number of Europeans, who have been there for some generations.[8] This variety of nationalities and languages, as well as the temperaments of the Palestinian merchants, have marked influence on the trade.[9] Going into details for all these differences would lead us

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See p. 35.
This assumption is sustained by the fact that out of 100 traders there were 2.14 who had subsidiary occupation in agriculture, at the time, when industry showed a ratio of 1.15%, transport 1.79%, public administration 1.50% and liberal arts only 1.09% (See Mills, Census, Vol I, p. 318-310).
See later pp 133 ff & 162 ff
See later p. 404
25,831 to 2,920
Particulars about this under ~~"methods of trade"~~ p. 133-136
They are mainly representatives of foreign firms and deal mostly in foreign importing or exporting firms, as agents or commissioners.
See U. S. Cons. Rep. No. 83, Palestine, p. 58.
See Great Britain For. Office, "Syria & Pales." Handbook No. 60, London 1920, p. 125.

too far, therefore we limit ourselves only to investigations on the two main communities, namely, the Jewish and the Arabic-speaking. It is sufficiently indicated above, that between the Jewish and Arabic speaking pupulation there exist certain economic differences which have their influences on trade.[1] For this reason the structure of the trade of the Jewish community was compared with that of Palestine taken as a whole.

The method of the forth-coming considerations will not be the construction of separate relative figures for each community. It would be wise to limit all deductions only on Jewish trade, for all other communities are more or less interwoven with each other. Comparing the data of the Jewish community alone, with that of Palestine as a whole, one will obviously see the difference prevailing in trade, as regards ~~to~~ the main economic and national sectors[2].

The data give ~~s~~ a thorough picture of the percentual importance of each commercial branch as with the total of Jewish trade, and the proportional number of Jewish earners in each branch of trade[3]. From the column of persons per trader,[4] one can easily judge for each branch, by how far Jewish traders are more numerous. But not being able to verify the differences in volume of sales of the two communities, we can use the above mentioned ratios only for general comparisons. There is always to keep in mind that these figures are based on the occupational census. A greater number of traders in one branch can indicate that trade is more developed in that particular field due to

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1-See above p. 82.
2-See above p. 84.
3-See ~~App.~~ App.-26 p. 393.
4-Here is assumed that traders of one community do not cater for the other. This is wrong, because to a certain degree, especially in wholesale trade, mutual relations exist (see above Soc. p. 44). The retail trade on the contrary caters mostly for the same community. As the wholesalers in relation to retailers are few in Palestine, this method ~~is~~ to a certain degree true. In every case it is necessary to keep this limitation in mind.

its higher volume of sales, or, that in that specific branch there is an overwhelming number of traders. Therefore, such considerations have to be based on the different economic conditions prevailing among the two nationalities and their economic justifications have to be found out.

1. Jewish Traders in Palestine

In 1931 the number of Jewish earners was 10,579[1], constituting, 15.9% of the Jewish earning population[2]. This percentage as compared with the corresponding one of the Arabic-speaking community[3], is rather high, but, on the other hand, it represents not even fifty percent of the corresponding figures of the Jews engaged in trade in countries other than Palestine.[4] A. Ruppin[5] quoting, Lestschinsky's estimation, states that out of the total number of earning Jews throughout the world, 38.6% are occupied in commerce, including transport.[6] For various countries these estimations are as follows:

For Germany 49.7%; Checkoslovakia 46.0%, Hungary 39.7%; Rumania 37.2%; Polland 34.6%; Latvia 48.0%; and Lithuania 33.0%.[7] This extensive number of traders among Jewish earners lead to the assumption throughout the world, that Jews are suited especially for commerce.

1-Arrived at on the same way as described for total Palestine, see above p. 101. Figures extracted from Mills, Cens. Vol 2, p. 290 ff.
2-Out of 66,863 earners (See Mills, Cens., Vol. 2, p. 282 ff.)
3-See above p.34 --
4-See G. Holdheim, "Palestina", p. 138.
5-See Arthur Ruppin, "The Jews in the modern world", London 1934, p. 280 ff.
6-The percentage of Jews engaged in transport in Palestine was 5.52% (See Mills, Vol. I, p. 315). Here they are classified according to supported. (The difference between classifications according to supported and between earners is not great enough to change our deductions). Together with traders it makes about 21.4%. As Jews in other countries are less represented in transport than in Palestine the discrepancy between the figures for "commerce" in Palestine and in other countries is mainly due to trade. Commerce is here used in the wider sense of the world including trade and transport as well.
7-See Dr. Ruppin, "Pal. Occupational divisions" in PME, 1933, Vol VIII, No. , p. 458.

But Jews are no exception. They have the same developed commercial sense as all other nations which have an old civilization, as Armenians, Greeks, Syrians, and Chinese[1]. Living among races with an agricultural experience the Jews have, naturally, progressed in commerce. In Palestine, on the contrary, Jews meet considerable difficulties in "combating" the positions of trade in the country. As immigrants with lack of knowledge of the spoken language of the country, they cannot easily ajust themselves to the conditions prevailing in the country[2]. They find in Arabs equally strong competitions[3] because, due to lower standard of living, the Arabs are able to limit on smaller margins[4]. As it is indicated above, the Jewish trade had no considerable subvention from national funds, due to the attitude of the colonizing agencies toward trade[5]. Only with difficulties and gradually could they cover the needs of the Jewish community[6]. Here again, political and national sentiments were applied in the same way as the case was with the Jewish labor, which was the unhomogenity of Palestine's population[7]. The Jewish retailers at the present time are able to cover the needs of the Jewish community alone[8]. Only the wholesale trade shows considerable economic connection with the merchants of the other communities in Palestine[9]. This explains why Jewish traders are less numerous in Palestine than in other countries.

1-See Ruppin, "The Jews in the modern world", p. 205.
2-See Ruppin Agric. Colonization, p. 185.
3-See Holdheim, Palaestina, p. 137 ff.
4-See Braver, Haaretz pp. 242.
5-See Chapter X p.331 ff.
6-See, the Anglo-Palestine Co. Ltd. "Bericht uber die Tatigkeit der APC. in 1903 - 1913 pp. 16.
7-It would take us too far, had we taken into consideration the details.
8-See Dr. Ruppin "Pal. Occupational Divisions" in PME, 1933, No. 4, p. 158
9-Particulars see above p. 35 ff.

Jewish Traders in Relation to needs for them.

Jews engaged in trade constituted 36.8% of the total persons engaged in trade,[1] in a time when the Jewish consumers constituted only 18.01% of the total population[2]. Due to the low degree of commercial relations between the retailers and consumers of different national sections,[3] the Jewish trade is relatively overfilled.

This conclusion is still more strengthened when we consider that there were 16.5 persons for each Jewish trader[4] in a time when the corresponding ratio for all Palestine was 33.7 and for the U.S. 20.2[5]. It means, that in order to avoid an overfilling in Jewish trade, it is necessary to have the volume of sales of each consumer of the Jewish community by 20% higher than the corresponding estimates for each person in U. S.[6] Such a standard of living is not possible to be justified by the productivity of Palestine since her natural resources are so poor. This overfilling is justified to a certain degree only in the time of immigration because that brings in capital[7], and increases the volume of trade as the import statistics indicate. But immigration brings with it traders[8] and thus increases the total number of traders in Palestine.[9] Only so long as there is a lag between the number of immigrants and the number of traders, the overfilling in this fund is not felt. However, when the immigration stops, the volume of trade diminishes, and the number of traders remain for the first time the same[10], the crisis will surely be felt. On one side the competition

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1-10,579 out of 28751. (see above p.104)
2-174.600 out of 969.270 (See Mills, Cens. Vol. 2, p. 282 ff.) Making conclusions from the earners occupied in trade of the different communities, there is to keep in mind the fact, that in Palestine the dependents on workers are not included under earners. Therefore in the case when in one community the dependents on workers are more than in the other, the deductions based on this comparison of the earners, can be misleading. But as the relation of earners to dependents in Jewish commerce was about the same as that ~~one~~ of the Christian and Moslem communities, (32:40:28 see Mills, Vol I, p. 285) therefore we can assume the above mentioned limitation as a theoretical one.

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among traders increases, and alongside with this margins of trade due to low volume of sales per establishment increase as well. Prices of goods handled, rise and reduce the real purchasing power of the people.

We do not have further statistics, but we can assume without any limitation that in 1931 the number of Jewish traders was much exaggerated.[1] According to A. Ruppin, trade should not represented more than 10% of the total Jewish earners.[2]

The great number of the Jewish traders (15.9%) sufficiently indicates that this field is rather over-crowded, although the Jewish community has a higher volume of trade[3], and longer trading channels due to the dependency on imported goods and a smaller direct purchase from the producer. Still there is an over-crowding of traders. The Jewish trade is over-crowded as well as that one of Palestine taken as a whole. The excessiveness of Jewish traders is especially noticed in retail-trade.

Footnotes cont. from previous page

3-See above p. 23ff
4-174.600 for 19.579
5-See above p. 404
6-The actual retail-sales per inhabitant were in the U.S. about LP 80, and in the Jewish community, only LP 20 (See p.166)
7-See above p. 61 (63
8-According to Commercial Bulletin, New Series, 1932, Vol 1X, p. 104, out of the 2061 Jewish earning immigrants in 1931 there were 207 manufacturers, merchants, dealers, etc.. and 166 in clerical, commercial and civil service, together 18%. In reality immigrants with commercial occupations constitute a higher percentage. The discrepancy is explained by the fact that many of the merchants before immigration change their profession to such a one which is more fit for the country.
9-It is noticed in Palestine that every wave of immigrants increases the number of traders. This fact was noticed in the prosperity time of 1925 and in 1933-4 again. (See 7th Annual Rep. of the Pal. Ec. Corp. p. 8-9) The reasons for this can be subdivided into two main groups. The first, is influencing the "demand" for traders and opening for them fields of activity and the second, influencing the "supply" on

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Together with the urban colonization which started in 1923, there came into Palestine a great number of commercial people[1]. As these immigrants had limited capital[2], and had not the necessary knowledge of the conditions of the market for wholesaling, they turned to retailing. Today, this field in particular is overcrowded[3].

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traders. The first factors are that every immigration and influx of capital at the short run influences commerce more than industry and agriculture. This is due to the consumptional character of immigration (See above p. 63ff) and to the elapse of time necessary for industry and agriculture to adjust themselves to the new conditions. But the increased consumption has to be supplied. Therefore, the volume of trade increases automatically with immigration. An additional factor is the economic revolution of Palestine. New goods and wants are demanded (See above p. 62) The wants are verified in quality and lines (See above p. 62). All these facts open new fields for traders. The existing marketing agencies are not able to handle all the increase in volume of trade due to their lack. The reasons of the second group are that the immigrants do not need to change much, their previous occupation and can continue on lines of living with which they were accustomed abroad. To get a trader and especially a retailer, there is not necessary special technical experience as in agriculture or industry. (See Nystron, "Economics of Retailing", Vol. 1, p. 119). Then trade does not apply for much capital (See Doyer, 9, XI, 34, No. 2837, Vol. X p. 30). Julius Hirsch in Der Moderne Handel, p. 35, indicated that due to improved transport marketing and financing conditions the need for keeping of big stocks decreased and the insertion of persons with small capitals into trade was enabled.

10- Due to the low ratio of employed labour to proprietors in trade in general and in Palestine especially (See p. 106), the merchant is unable to adjust his establishment to the reduced volume of trade. He is only able to lower his own standard of living or increase margins if state of competition allows it.

1- See Department of Health, Annual Report 1932, p. 10; also, S. Hoofien "Urban Development in Palestine, and the Simpson Report PME, 1930, p. 430, and Wolhosky, Haaretz Vol XIV, No. 3958 --31 VII, 32.

2- See Ruppin, "Agricultrual Colonization, p. 185".

3- See above p. 93--

4- See Holdheim "Palestina" p. 115 "33".

5- It is noticed among the capitalist immigrants a tendency not to go to trade. According to an investigation of the Dep. of Immigration and Labour of the Jewish agency for 1926-32 out of 254 immigrants with a capital of LP 1,000 and more, who were engaged abroad in trade, only 39 remained in trade in Palestine. (See Gurevich "Einwanderungstruktur and Kapital-import", p. 37). From the other 299 capitalists who were engaged in Industries, liberal professions, house-proprietorship etc... in their countries of origin, only 15 persons have

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In Tel-Aviv, for every grocery store there were about 130 persons[1], in the U. S. there are about 73 families[2]. In the Jewish rural districts especially in the plantation colonies, the number of traders in relation to population was also high. According the Smilansky[3], the number of shops in 33 plantation colonies was 337 the number of the population being only 22,132. This gives an average of 65.6 persons per store. It is quite a high percentage for purely agricultural districts in which the cooperative movement is developed to a considerable extent[4] and in the neighborhood of which are located shopping towns.

3. Jews and Arabs in Trade According to Branches.

As indicated in many places, the tendency for isolation according to communities, in the wholesale trade, are less than in the other fields of trade.[5] It would be very important, therefore, to know in which particular lines have the ~~Jews and~~ Arabs specialized and what the factors for this specialization were.[6]

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chosen trade as their principal occupation in Palestine. (See Gurevich, Ibid. Table X, p. 98). The capital invested in trade by immigrants in 1926-32 amounted to only 5.6% of the total capital invested by them (p. 32). This shows that capitalist immigrants avoid trade.

1- See Ruppin, "Agr. Colonisation", p. 185.
2- "Luach Cooperative Shimushi", 1931-2, Vol. 2. p. 189.
3- See, Warren C. Waite, "Economics of Consumptions", Yew York 1928, p. 142, M. Smilansky, "Jewish colonisation and the fellah", PME 1930 p. 158.
4- See later p. 245-
5- See p. 89 ---
6- Due to the recent increase in volume of trade and structuctrual changes in it, it is impossible to say how conditions are now, Because they are now undergoing changes, which are yet not possible to verify. All our following considerations will be based on conditions prevailing in 1931.

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Arab wholesalers were leading in the trade of cereals, tobacco, soap (mainly export) in most of grocery-goods and in various kinds of food stuffs[1]. In the important export trade of orange they equally participate[2].

Wholesale-trade in building materials, furnitures, textiles, wine, honey, chocolate, and almonds was predominantly in Jewish hands. For the national concentration in trade, the following reasons are to be considered: first, the social and economic connection with the producers; in all the primitive countries trade is merely a matter of confidence[3]. Merchants are not able to open credits for long periods to the farmers without knowing about their honesty and promptness to repay debts. The farmers, who are illiterate and unaware of all the price fluctuations, need the confidence that merchants are not exploiting their ignorance. Secondly, trade is to a great extent traditional. Tradition in methods and source of supply plays an important role. Consequently, dealers who have specialized in certain goods have the start before the new-comers. They can supply the increased demands of such goods with less risks and at lower costs. Therefore, we find the Arabs, specialized in the trade of goods which are supplied by the fellahs of Palestine, or of the adjacent countries, and also in such goods as rice, coffee and other grocery-stuffs which always require bulky and uniform demand.

The Arab merchants supply efficient quantities of such goods to Jewish retailers.

On the other hand, taste, as well as an understanding of technical requirements, count a whole lot. The Jews and the military forces have introduced to the country altogether new methods of building and cons-

1. See Holdheim Palaestina, p. 138.
2. See "Luach Cooperative Shimushe", 1932-33, Vol III p. 189. The number of Jewish independent wholesalers in citrus fruits is less, but the volume of sales is approximately the same.
3. It is not necessary to stress here that primitive countries lack legal

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ruction -- ferro-concrete etc... In this phase the Jews have the advantage. They are quick and able in forecasting the demands for goods connected with construction--works. The taste and demands for textiles of the bulk of the customers to them is known better than to the natives. Furthermore, the immigrants coming from various parts of Europe knowing better the conditions there, can easily find suppliers with best terms. They often continue keeping on connections with the firms with which they were related in their countries of origin. It is obvious to infer, therefore, that the Jewish wholesalers have progressed more in catering for the needs of the Jewish community[1], but at the same time they get higher importance in covering the requirements of the Arabic-speaking community for certain goods.

. Specialization of Moslems and Christians in Trade.

After a thorough study of the structure ~~of the~~ whole economy of Palestine, one can easily see the prevailing differences between the Arabic-speaking and Jewish communities. But the former does not form thoroughly a homogeneous economic unity.[2] The differences in occupational distribution have to be seen alone[3]. The Moslems are occupied in trade, and cater mainly in goods which satisfy the most primitive needs---the primary necessities of life. 27% of the total number of Moslems engaged in trade, deal in food-stuffs and beverages; out of this number more than 3000 deal in grocery goods, about 2660 in vegetables, and a great number of them peddlers. The Moslems constitute 81% of the total number of dealers in vegetables; 66% of the drinks and ice-sellers; 61% of the grocers; 67% of the peddlers; 47% of the textile-merchants and 28% of the

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organized institutions such as stock-exchange, arbitrary-courts etc... for increasing confidence.

It is still questionable as to what extent the Arabs have adopted modern styles, and if there is adjustifications for the concentration of

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llers in other branches of trade, such as furniture, metals, building terials[1], etc... It is interesting to note that this predominance of the Moslems in these trades is in correspondence with their predominance in the various fields of production. The division of the Christian traders in various classes of goods gives, however, quite a different picture. They are rather predominent in trades which have to do with luxury articles that are so closely related to the tourist movement of Palestine.

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rabs in textiles and building trades. The same ~~is~~ problem is in the case of the concentration of Jews in foodstuffs. About this will be possible to judge, when the boom years come to stagnation.

- I. Ben-Zvi, "The Christians & the Moslems in Palestine", Achdut--Haovodah, Tel-Aviv, 1931 - 2, Vol III, no. 1-2 p. 16.
- See p. --84
- See Abramovitz, "The Structure of the Arabic population", Meshek Shitife, Vol II, No. 7, p. 96.

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CHAPTER IV

CHIEF CHARACTERISTICS OF PALESTINE'S TRADE.

I.- Characteristics of Palestine's Trade in General.

A. Number of Establishments.

1. Number of Establishments in Certain branches and their Size according to the number of Employed.

For Palestine as a whole we do not have at hand the necessary statistics. The statistics published by the Department of Health on licensed establishments consider only such trades which are subject to the control of the Department of Health. So, as not all branches of trade are under the control of the Department of Health, we have to concentrate our attention only on certain specific groups of trade. It is necessary to keep in mind that comparisons between the data of the census of population and of the Department of Health have only a limited value. The classification into groups differs. Shop-keepers having other main occupations, do not appear as traders in the census of population. In the Report of the Department of Health such shops are included regardless if the owner runs it as a primary or subsidiary source of income. Then, there are often some merchants who do not have any shops, do not keep stocks, and consequently are not recorded in the figures.[1] Merchants dealing in mixed goods of different character could be sometimes classified in the Census of Mills under such classes which do not fall under the control of the Department. On the other hand the Department of Health will include those shop-keepers under groups which are under its control. Merchants who run two different shops at the same time, will

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(1) E.g. Brokers

pear twice in the records of the Department of Health and only once the Census of Mills. Not having better statistics we have to use e above mentioned inspite of the limitations described.

	Number of issued licenses [1]		Number of traders [2] according to census of population
awkers (including water carriers)	1815		1947
akeries, public ovens and shops [3]	546		
utcher shops and tripe shops	667		
ish shops [4]	93		182
rain and Cereal shops	298		866
roceries, flour stores and shops for le of vegetables and fruits	4839		
il-mills and oil stores	241	5080	8602
ilk, butter, cheese and dairy-roducing shops	82		
oultry shops	88	170	1770
stablishments for the sale of non-lcoholic beverages	179		
otel places	507		
offees and restaurants	882		
odging and boarding houses	189	1757	4020
stablishments for the retail sale of etroleum and mineral oils (5)	582		
etroleum, paraffin and mineral il stores (distributing stores and ulk installations (5)	52		
hops for the sale of explosives [5]	1	635	292
armacies and drug stores [3]	231		
s and second hand establishments	56		

) Extracted from the Report of the Dep. of Health for 1931, p.61.
) See Appendix 24 p.330
) We did not bring the figures of occupied in these classes according to the census of population, because it is difficult to eliminate the persons fulfilling marketing functions from those engaged in production.
) A good deal of the local ~~catched~~ caught fish is sold by the fishermen themselves directly to the consumers. According to Mills, the number of fishermen was 779. Census Vol.II, p.282.
) The difference between the figure of the census of population and the returns of the Dep. of Health are to be explained only by the fact that these establishments are run mainly as subsdiary enterprises.

From the above table one sees clearly that the number ~~of~~ engaged rade was considerably reduced because of the method by which the us of population was taken. This is due to the exclusion of pro- rs who distribute their own products, and the elimination of the sub- ary occupations. Accordingly, such important distributors as but- s, bakers, and establishments for the retail sale of mineral oils, not included under trade.(1)

The number of bakeries, butcher shops, establishments for the re- l sale of benzine, and pharmacies illustrate clearly ~~by~~ how much the ve mentioned figures of middlemen are reduced by the Census of Mills. ming only one person engaged in the selling activities of these ablishments, we would arrive at a figure of 2026 persons. This would ease the total number of engaged from 28,751 to 30,777 or an inc- e of 7% in all.(2)

The number of hawkers and water carriers corresponds in general the figures of the Census of Mills if we consider the difficulties numerate them all.(3)

The figures for fish-selling shops indicate that there are about persons for each fish-shop. But on the other hand, there are mer- ts who do not have shops and are more, brokers. At any rate, if we me an estimate of 1.5 persons engaged per each shop it will be more ss correct.

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ethods of classification see above p. 117
This is given here not to correct the figures of traders in Palestine, ut only to illustrate that a considerable number of people perform- ng marketing functions were not included by the census of population. his shows again that the number of consumers per person performing arketing function in Palestine is less than 33.7 (See above p. 104) nd stresses the overcrowding of traders in Palestine once again.
ee Annual Rep. of the Department of Health for 1932, p.61

The grain and cereal sellers show an average of about 2.9 persons.

This is explained by the higher turnover of these shops and also by the fact that a good number of dealers in grain do not operate shops.(1) Groceries, shops for the sale of vegetables, fruits and vegetable oils show an average of 1.7. Making an allowance for dealers in vegetables and fruits, who have rather, the character of peddlers and do not operate shops or stands, one sees the primitiveness and the small size of this group.

The figures for dairy-produce and poultry shops indicate sufficiently that the distribution of these goods is not taking place through shops.(2) These commodities, due to their high perishability, are brought by the middlemen directly to the customers. They are distributed through "carriers".

In each establishment for the sale of alcoholic and non-alcoholic drinks, hotels, cafés and restaurants there were on the average 2.3 persons employed. This indicates clearly that this industry as yet is not developed in Palestine. This in turn has its influence on the organization of the trade. With the exception of a few big-sized hotels or restaurants this sort of establishments cannot deal with the wholesalers directly, due to the fact that they are obliged to render services on small scale.

(1) It is not to be understood that actually 2.9 persons are employed per shop. The above given figure indicates only, that so many dealers are on the average per each shop running.

(2) Because in an other way we would arrive at a paradoxical figure of 10 persons per shop. A figure which overlaps such estimates in wholesale-trade of developed countries as the United States.

2. Trends in the Number of Establishments

As it is indicated above, Palestine is lacking censuses of trade, especially of different periods, which might otherwise help us greatly to indicate the prevailing tendencies and gradual progress in various fields. As these are missing, the records of the Department of Health served our purpose. But, unfortunately not all trades are controlled by this department. Hence trends for only few trades will be discussed in this connection. It is necessary however, to keep in mind, that an increase in the number of establishments, controlled by this department, does not indicate that newly established enterprises are equal to the reported increase, because, often changes in the rules and provisions of the Department itself, can be the cause of this increase. In case ~~when~~ the control is extended also to the rural districts the increase in number of controlled enterprises will again not enable us to make any deductions about trends in the number of establishments.

The following deductions can have a value only under the assumption that changes in provisions and efficiency of the Department, if any, were not the cause for extensive changes in the reported number of controlled establishments.

In the following table, the years 1921, 1929,(1) and 1932(2) are taken as the basis of all deductions. In case, ~~when~~ in records for 1922 the mentioned trades are not included, The end of 1927 or 1929 is taken as the starting point for the necessary estimations. Our considerations, therefore, extend over periods of 11, 5, and 3 years

(1) The year 1929 being the depression-year.
(2) The year 1932 representing a normal year with many favourable indications.

respectively.

	The end of				absolute increase	Average yearly increase	Average yearly increase in %%
	1921 (1)	1927 (2)	1929 (3)	1932 (4)			
Hawkers & hawker stalls & water carriers (5)	----	475	1640	2221	1746	349	73.0
Bakeries, public ovens bread & bakers shops	280 (6)	514 (7)	507	600	93 (8)	31	6.11
Butchers & tripe " (9)	----	561	616	658	97	19	3.4
Confectionery, sweetmeat, jam & preserved fruits including pastry-shops	172 (10)	206	157	143	-63	-12	-6.0
Fish-shops (11)	17	---	58	85	68	6.2	36.0
Grain & cereal shops (12)	----	256	295	403	147	13	5.0
Groceries, flour stores, & shops for sale of vegetables & fruits (13)	----	4394	4952	4859	465	93	2.1
" " " "	3272	----	----	4859	1587	144	4.4 (14)
Milk, butter, cheese & dairy (15)	----	39	52	95	56	11	28.0
Poultry shops	----	40	44	82	42	8	20.0
Pharmacies (16)	62	136	239	231	169	15	24.0
Establishments for the retail sale of paraffin & mineral oils (17)	----	---	513	494	-19	--	----
Petroleums, paraffin & mineral oil stores (17)	----	---	37	66	29	--	----

From the above table one can see that shops introducing new commodoties increase relatively quicker. Fish-shops, dairies and poultry, as well as pharmacies, show annual high rates of increase. On the other hand, the bakeries, butcher-shops, groceries grain and cereal stores,

Footnotes: See next page.

and green-grocers, show considerably lower rates of increase. But in spite of this, their annual rate of increase is still higher

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(1) Extracted from Commercial Bulletin 1922, p.383-4
(2) Extracted from Report of the Department of Health 1927, p.58 ff
(3) Extracted from the Report of the Department of Health for 1929, p.69.
(4) Extracted from the Report of the Department of Health for 1932, p.62
(5) The increase in this field is mainly due to the improvements of the activities of the Department, although they have difficulties in enumerating them.
(6) Bakeries only,
(7) Flour stores included.
(8) Due to the differences in classification only the periods 1929 and 1932 are compared.
(9) The low rate of increase of butcheries is perhaps due to the activities of the butcher's-syndicate.
(10) Shows a tendency to decrease.
(11) The high rate of increase is mainly due to the increase of Jewish population. This is indicated in the best way by the geographical distribution of fish-dealers.
(12) In cereal and grain shops is noticed an interesting shifting from the small towns to the middler and to the main towns of the country. (By comparing the number of shops in the different sub-districts at different periods.) This is partly explained by the change of supplying sources. Due to the bad crops of grains Palestine got dependent on more imports than before. Therefore, the collecting function is partly changed by the distributing function and this has its influences on location of shops.
(13) Groceries and green grocers included.
(14) Comparing not 1927 but 1921. The annual average increase was in this case by 50 more than if 1927 taken as basis. This was explained by the fact, that especially in 1923-5 the number of groceries increased, due to the immigration and rise of the standard of living of the fellah. The absolute increase which is by about 60% (144 instead of 93) greater than the increase of the period 1927-32, is reflected in a percentage increase of more than 100%. This is due to the fact that different numbers of different years were taken as basis (3272 instead of 4394).
(15) Mainly concentrated in places where Jews live. (Nablus is an exception to this rule.)
(16) Shows improvement of sanitary conditions in the country.
(17) There is a shifting from retail to wholesale dealers in mineral oil.

than the annual increase of population.(1) Knowing that the average volume of sales per establishment has not decreased,(2) these figures show a rise in the standard of living of the population and their increased market-dependency. It furthermore indicates, that trade is still continuing to develop.

This general deduction, however, is not true for all parts of Palestine. If one compares the figures for 1932 with those of 1929(3) he will see appreciable differences. In general, it can be said that the number of shops such as groceries etc. in rural districts and especially in the grain growing parts of the country is decreasing since 1929,(4) or not increasing at the same rate as in the main towns, or in citrus belt. This is due mainly to the ~~higher~~ more quick concentration of population in towns,(5) to the immigration of people toward coastal regions, and to the continuing bad crops. The particulars about the geographical distribution of different trades are given in connection with the different groups.

B. Structure of Trade.

1. Structure of Palestine's Trade according to the number of occupied.

Judging the structure(6) of Palestine's internal trade

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(1) Due to natural increase as well as to immigration. It was 3.54%. See above p. 66
(2) See recent investigation of the Chamber of Commerce of Jaffa-Tel-Aviv and Haifa in Haaretz, Vol.XVIII, No.4747, 27/2/35 and 3/4/35.
(3) The classification for these two years, is with some exceptions, uniform.
(4) It is possible that now, in 1933-4, conditions have changed due to the prosperity. But we do not possess the necessary statistical materials for the above mentioned periods in order to make any deductions.
(5) See above p. 66
(6) Here was paid great attention to the structural composition of the different branches, as we did in the case of Palestine's industry and agriculture. This was due to the purpose of this survey. It is mainly to give a description of status and of different powers working in Palestine's trade; therefore, we cannot limit ourselves only on analytical considerations; we have to show the relative importance of the different branches and their mutual connections, composing a special field in Palestine's economy.

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from a standpoint of earners occupied,[1] one sees the predominance of the dealers in foods. These constitute 43.4%,[2] and if we include the restaurants, hotels -- which constitute 13.9% -- the total figure becomes 57.3%. Then follow the dealers in textiles with 6.9%; peddlers with 6.8%; brokers, commission agents and exporters with 4.8%; dealers in ready clothing and in articles of toilet with 3.4%; traders in luxury-articles 1.8%; dealers in chemical products 1.1%; agents for transport .9%; dealers in wood and metals .9%; dealers in furniture .8% and those dealing in building-materials form only .7%. It is true that the food-trade needs comparatively greater number of employees, but even then, the predominance of this group compared to others indicates quite well that Palestine's trade is yet primitive.

(1) One should always keep in mind that the figures are based on the results of the Census of Mills, which is an occupational and not an economic census. A second limitation is that number of persons employed in the different kinds of trade and their mutual relations do not indicate about the structure of the turnover and its distribution according to different branches. Because there can be different labour intensive trades, which need more labourers in order to perform the same turnover. Thirdly, in this classification were included only persons who had trade as their main occupation. Herewith, the relative importance of the different branches of trade can be changed by the fact, that one branch has more than one person occupied in subsidiary trade, and consequently in the statistics is not reported. In this way small manufacturers distributing their own products, such as metal commodities, furniture, textiles etc., are not recorded in the statistics at all, and thus the relative importance of these branches decreases. Fourthly, persons who were engaged in trade, but not performing direct marketing functions (as f.i., bookkeepers, cashiers etc.) were excluded from their branches and classified all together under group 175 (See p.386 Appendix 23). In this way, the relative importance of such branches, which employ officials in auxiliary functions decreases. A fifth limitation is, that traders were classified according to goods handled. In Palestine there are merchants who deal in different products "and it is often a matter of chance under which type of commodity these tradesmen prefer at the moment to specify their activities." (See Mills, Census, Vol.I, p.297-8). All these facts can change the structural composition of the different branches of trade if considered according to the returns of the Census of Population.

(2) See Appendix 24 p. 390

Palestine's industrial equipments are supplied by foreign producers. They are imported from foreign concerns and through commission agents. Only in that case are these goods reflected in the records of Palestine trade.

The reasons why 57% of the traders deal in foodstuff are more than one. First, the low income of most of the agriculturists,(1) second, the mal-distribution of the income of the fellah(2) and third, the general low standard of living of the bulk of population(3) resulting in the expenditure of their income mainly for foodstuffs.(4)

The food industry in Palestine depends to an extent of 74%(5) on

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(1) 84% of the agriculturists were occupied in ordinary agriculture (see above p.74f.)

(2) See above p.77f.

(3) That in times of prosperity and immigration the standard of living of certain classes and nationalities rises above the productivity of the country does not change the correctness of the above statement.

(4) According to E. Risk, "Standard", p.28, Table 11, the distribution of income was in a family

	With an annual income of £P	for food in %	for clothing in%	for house operation in %	for sundries in %	for rent in %
an Arab farm	27.5	77	19	4	-	-
a Jewish farm	70.0	62	17	21		-
a Jewish workman	120.0	56	6	9	14	15
a Jewish farmer	180.0	34	11	38	17	-

Although the fellah is mainly self-sufficient in foodstuffs, still his income for expenditure on clothing is low. So that, the relative importance of the foodgroup is high due to the relative unimportance of the other groups. The self-sufficiency explains the relative lower rate of foodstuffs (57% or 45% of the turnover) against what it should be according to their share in distribution of expenditure.

(5) See Appendix 13 p.383.

raw materials. But this particular work is limited due to the self-sufficiency of the farmers and also to the fact that a part of the people engaged in this industry do not produce for marketing.(1) The nature of the foodstuff-trade is such that it employs a great number of persons. Being convenience-goods the merchants have to adapt their business according to the geographical concentration of the consumers. Therefore a development of large-scaled retail enterprises in foodstuffs is greatly limited.

The average turnover in wholesale prices expressed(2) per dealer in foodstuffs(3) is £.P.341.4(4) when exports are excluded, and

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(1) Particulars see above App.12 p.373

(2) In wholesale purchasing prices expressed; margins of wholesalers not included.

(3) Officials, not occupied in direct selling and purchasing functions are not included. Under dealers are the wholesalers as well as the retailers.

(4) The value of imports are without duty. Because the duty collected is not sufficient according to groups; we are not able to estimate the value of foodstuffs with duty.

Arrived, by adding to the annual average of imports for 1927-30 with £P 1,684,200 (calculated on the figures published in the Rep. to Leag. of Nat. for 1930 p.174) the local agricultural goods appearing on the market for consumption with £P 1,077,115 (see above p.95) and the industrial output of foodstuffs in value of £P1,507,000

The output of foodstuff-industries amounted in 1927, to £P. 2,036,272 (see Ind. p.48). To this it is necessary to add the value of output of oil and sesame after the elimination of the amount of oil used in soap industry as raw-materials. The yearly output of the oil industry amounted to £P 262,758. This has to be subtracted by local oil used as raw-materials by the soap industry in value of $\frac{61,244}{73,652}$ x 278,284 = £P 231,500.

(See First Cens. of Ind. p. 78 and 29). The amount of local oil presses not appearing on the market was about £P 31,200. Together with foodstuffs it makes £P 2,067,700. From this must be subtracted the output of mills and oil presses not appearing on the market in value of £P 560,000 (see App.12 p.374). The remainder in value of £P 1,507,000 is the industrial output of foodstuffs, appearing on the market. The agricultural production of foodstuffs for consumption, together with the corresponding industrial output and the imports, makes £P 4,268,315. This amount was divided among 12,501 dealers in foodstuffs. In these calculations the value of goods sold directly by the producers to the consumers was not subtracted.

£P 443.8 [1] when exports are included. [2]

2. The Various Branches of Trade in Palestine. [3]

Under the main group of dealers in food-stuffs come the grocers, vegetable oil sellers and salt-sellers. Most of them supply the primary necessities of life. The share of the dealers in vegetable oils is considerable, due to the high consumption of oils in the country. The relatively high number of vegetable and fruit-sellers find its explanation in the fact that these goods are destined for local or foreign markets to the amount of £P 724,500. [4] This amount is further increased by £P 183,500 [5] because of the imported vegetables and fruits.

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(1) Arrived by adding agricultural exports for 1927 £P 1,280,555 and £P 4,268,315, (see above Footnote p.127) together making £P 5,548,870.

(2) The industrial exports of foodstuffs were not included because they are already represented in the industrial output. (~~See Remark...~~).

(3) Based on App. 24 p.390

(4) According to p.18 there were included the values of melons, grapes, figs, almonds, vegetables, and other fruits; in the market for olives we assumed that 15% of the total amount appearing on the market, were destined for the home market in the form of pickled and fresh olives making the amount equal to £P. 39,500.

(5) The annual average imports for 1927-1930 of legumes, vegetables, and fruits extracted from the Agr. Ann. Rep. 1927-30, App. No. 11 p. 90ff. We have taken the import of the previous four years from the census of Mills, because the volume of trade of one year does not change the number of traders.

Although a considerable extent of this amount is sold directly by the producers to the consumers,[1] the distribution of these goods is important. Vegetables and fruits have, in general, to be brought quickly and directly to the consumer. The value of the unit sold is low. This explains the relative high number of people engaged in this group.

It is surprising that the citrus trade which handled about £P 1,100,000, employs very few persons. The reasons for this are that the main function of this trade is the collection of the crop,[2] the efficiency of the cooperatives and, finally, the fact that persons not actually engaged in buying or selling activities of this trade, are included under the group of "officials" etc.[3]

The dealers in dairy and poultry products have to distribute their products quicker than the dealers in vegetables and fruits. Their volume, however, is considerably less.[4]

The next group in importance form the dealers in grain and flour. It is suprising that their number is relatively low, when one considers that Palestine is a grain-growing country. This is explained by the fact that grain and flour merchants have to perform only the collecting and intermediate functions between producer,

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(1) About this see p. 189

(2) About 86.8% from the total crop are exported. See App. 4 p. 357

(3) See above p.

(4) The volume consists of milk products amounting to £P 165,000, £P 10,000 from poultry products (estimated as 10%) the total being £P 175,000 (See above p. 14) The annual average imports for 1927-30 were, according to the Agr. Annual Rep. 1927-30, Ap. No. 7, p.150, dairy products £P 106,800; poultry £P 2,300; eggs £P 22,000; all together £P 306,100. To this must be added the considerable imports of semolina, lebneh etc. from Transjordania.

miller and baker[1] Another reason might be considered the cultivation of grains by farmers mainly for their own use.[2] The needs of the urban population in cereal products are covered mainly by imports. The average annual amount of these imports during the years 1927-1930 were amounting to £P 571,900,[3] in the time when the local supplies appearing on the market were only £P 303,000.[4] The imports do not require any work or function ~~from~~ on the part of the merchants as such functions are carried on by few middleman. Then, of course, the number of importers of grain and flour are partly limited, due to the system of licenses to be issued by the government. All these explain why grain and flour dealers constitute only 3% of the total merchants in Palestine.

The ~~relative importance~~ of the group including hotels, restaurants and cafés cannot be well estimated - without taking into consideration the climatic conditions of the country, the tourist trade,[5] the extensive immigration[6] of unmarried elements, and the various living-habits of the orientals.

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(1) The extent of flour sold to consumers is not considerable.
(2) See above p. 22
(3) See Agr. Ann. Rep. 1927-1930, App. No.11, p.86.
(4) See above p. 14
(5) See above p. 60
(6) See above p. 63

The next group in importance is formed by the traders of textiles. From the Appendix(1) one can see the difference between this group and the one formed of dealers in clothing and toilet, whereas the latter deals in goods to be worn or to be used immediately after sale, the former, on the other hand, deals in goods destined for the textile industry as raw-materials, or goods which have to be transformed so that they can be used.

It is surprising to consider, that in the time when there are 998 persons per one trader in the clothing group, there are only 494 in the group of dealers in textiles. This could mean that traders catering for the industrial market are more numerous than the distributors of goods to the consumers. The causes for this phenomenon are the following. In Palestine the demand is not sufficiently uniform and extensive(2) to allow a development of a concentrated clothing industry(3). Moreover, it is a custom among the people of Palestine even up to present time, to sew their clothes themselves or order them to tailors(4). So, inspite of the fact, that the output of the clothing industries is more than the double of what it is in the textile industries, the proportion of traders in both represent just the opposite picture. Imports of raw-materials for textiles are negligible(5). But these imports taken together with those of yarns

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(1) See p.390
(2) See p. 62
(3) See App. A 6 p.379 and p.46
(4) This is due to low demands in style and to the fact that time is not sufficiently utilized by the people.

(5) See the Blue-books for 1927-30. They don't exceed £P 15,000.

nd cloths amount to £P 975.000,[1] if added to the output of local textile industry which amounted to £P 140,000[2] it would make £P 1,115,000 for the textile group. Meanwhile the figures for the import of garments show an amount of £P 400,000[1] which, in addition to £P 250,000 due to local output, make a total of £P 650,000 for the garment group. One can see that the number of textile and garment traders is in proportion to the value of goods handled. The average volume of trade per person employed in the textile trade amounted to £P 569[3] and in the clothing trade to £P 669.[4] This difference is explained by the fact that a great number of manufacturers of garments sell directly to the consumers[5] thus reducing the actual turnover per trader.[6]

The next important group form the hawkers, peddlers and itinerant traders. In all the country there are 497 persons per each hawker and peddler. The corresponding figure in U.S. in the year 1930 was 2,168.[7] This again emphasizes the predominance of primitive forms of distribution in Palestine.

The concentration of rural population in big villages reduces the number of this class of merchants. An additional factor which limited the field of activity of the peddlers is the spread of the business spirit among the people[8] and their utilized time.

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(1) The annual average of the years 1927-30, (See Appendix 26 p. 312
(2) See p. 48
(3) £P 1,115,000 among 1959 persons. If we exclude the raw-materials for textile industries, assuming that these do not pass through trade channels, the amount would decrease by £P 55.
(4) £P 650,000 ~~through~~ 971.
(5) See our deductions above p. 46
(6) Not having any statistics, we are not able to indicate sufficiently what extent has the volume of trade per trader in clothing and toilet articles to be reduced.
(7) According to the U.S. Stat. Abstr.1932, Table 44, p.59, there were 56,610 hawkers and peddlers, the population being 122,775,046 (See table 4 p.2)
(8) David Urguard, Turkey & Its Resources, p.138.

The relatively high number of brokers, commission agents and exporters is explained by the fact that Palestine is still an importing country. Her imports constitute the 52.5%(1) of the total goods appearing in the market. The size and extent of her local industries are not large enough to enable the insertion of wholesale traders in the distribution of their goods. The predominating method of distribution of local industrial products to retailers is the one done by the commission men. There is still another fact to be considered. There is a lack of confidence among the peoples in the Near East. The agriculturist will not trust the wholesaler or retailer till a man, in whom he has confidence, assures him that the price or conditions offered are the best. Here comes in the necessity for brokers. Their number as compared with U.S. is few. According to recent statistics there are in Palestine 700 persons for each broker(2) whereas the corresponding estimate for U.S. in 1932 gave only 460 persons(3)

The traders in luxury articles are comparatively ahead, due to the developed trade in books, music instruments, pictures and souvenirs. This development is in turn due to the tourist trade and also to the progressive publishing activities of the people.

The trade in chemical products is relatively low.(4) This can be

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(1) See above p.95
(2) It is necessary to keep in mind that under this group the Palestinian statistics included "tourist-agents, house, share and stock brokers, bill-brokers, bill collectors, and emigration agents". (See Appendix 23 p.386 group 112). We were not able to verify and eliminate their number.
(3) Extracted from Table 44, p.58, of the U.S. Statis. Abstract 1932, "the number of commercial brokers and commission men", "Commercial travellers" and "Brokers not specified and promoters". Altogether 267,358 persons; number of population 122,775,046.
(4) Considering the importance of this field in the Structure of Palestine's industry. ~~See~~ Supra 48

explained by the fact that dealers in oils and soaps are excluded from this group.(1)

In Palestine there are 3831 persons per each man occupied in means of transport. The U.S. statistics show only 1996 persons(2). The difference is still greater when one considers that in the U.S. statistics under this group come only dealers in automobiles, tires and other car accessories,(3) whereas in Palestine even the bicycle, horse, and mule dealers are included under this group.(4)

Dealers in wood and metals are not numerous due to the lack of extensive sources of raw-materials and to the lack of an industry producing primary-materials. These fields constituted only 8.3% of the total output of Palestine's industry in 1927, and 23.5% of the Jewish industry in 1933(5).

Trade in furniture, hardware and cooking implements are limited due to the low standard of living of the population. Another reason might be considered the fact, that the prices for building are extremely high. This makes people to build small flats, and consequently to use little furniture.(6) On the other hand, constant immigrations increase the demand for furnitures so that this trade like the one of building-materials is highly dependent on the extent of immigration.

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(1) According to the occupational classification of the census of population they fall under the trade in foodstuffs.
(2) U.S. Statist. Abstract 1932, Table 44, p.59.
(3) See U.S. Dep. of Commerce, "Classified index of occupations", XI, Census of the U.S. Washington, 1930, p. 173.
(4) See "Classified Index of Occupations in Pal." App. 23 p. 386
(5) See p. 48 and App. 18 p. 381
(6) Another reason for the small number of merchants in furniture is the fact that in Palestine demand for furniture is not sufficiently uniform and steady in order to enable a large scaled production for the unknown market. The furniture shops are to be considered as exhibitions of the producers which collect orders for the manufacturers.

3. The Structure of Palestine's Trade According to Sales.[1]

The above given investigations of the relative importance of different branches to each other, according to the number of persons occupied, has to be modified and corrected by the value of transactions undertaken, because the persons occupied in different branches vary also according to the labour intensiveness of the different branches of trade. Unfortunately we do not possess full data about the trade of Palestine as a whole. We have to rely on the figures of the Jewish investigation of 1931. But in this, too, one is handicapped, because, the structural composition of one national community is not sufficient to reflect the composition of trade of the whole country. This is especially true for Palestine, where the population is far from being homogeneous. As wholesalers of one community deal with customers of another community more than the retailers do[2], the figures of wholesale trade, too, become somewhat valueless.

Often in wholesale trade the industrial features of the country are fully represented. Therefore wholesale trade varies from country to country so that a comparison of the volume of sales in Palestine with that of U.S. would be beyond imagination. The case is not so with retail trade. It does not represent such great differences among countries as wholesale trade does.

The conditions being such, we have chosen the data of the Jewish retail-trade. The turnover of the investigated Jewish retail- estab-

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(1) Above on p. 95 was estimated the volume of Palestine's market. Volume of market, is not identical with volume of sales. Here are only such goods included that actually applied the services of middlemen. The estimation of the volume of merket on the other hand includes direct transactions and indicates the potential volume of trade at wholesale purchasing prices calculated.

(2) See above p. 89

lishments[1] in 1930-1931 showed the following picture:[2]

Foodstuffs	39.7%
Textiles	17.7%
Furniture and hardware	5.3%
Building materials	14.7%
Other branches	22.6%
	100.0%

The structural composition of sales for the U.S. in 1928 was as follows:[3]

Foodstuffs, drinks and tobacco	52.5%
Textiles	21.5%
Furniture and hardware	5.0%
Other trades	21.0%
	100.0%

In Germany during the period 1928-32, the turnover of foodstuffs constituted 43%[4]. The surprising fact is that, although the standard of living of the Palestinians is low, the retail trade of food stuffs in the Jewish community showed a volume of 39.7%. But this figure must be increased by 12.5% due to the sale of foodstuffs by restaurants, and cafés,[5] which were mentioned under other groups. The total figure

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(1) There were investigated 3149 establishments (See Cyderowitz "Jew. Retail Trade" Meshek Shitufi, Vol II p.46). But the sales of 432 of these establishments were not enumerated. (Ibid p.46).
(2) See Cyderowitz, op. cit. Mesek Shitufi, Vol. II, p.49.
(3) Calculated on the figures of P. Nystrom, "Economics of retailing", Vol.I, Table 28, p.375.
(4) Dr. Cyderowitz, op. cit., Meshek Shitufi, Vol II p.48.
(5) Under others with a turnover of 22.6% there were included cafés and restaurants. They constituted 10.5% of the total enterprises and 14.4% of the total number occupied. (See Cyderovitz "Jewish Retail Trade" Meshek Shitufi. Taking the ratio of turnover to employed for others with 88.4% (See later p. 137) we arrive at a volume of sales of 12.7%.

(12)

then becomes 52.2%[1].

Due to the high capital investments (as different electrical installations, etc.) and the purchases of durable goods, the percentual importance of foods gets reduced. Also the higher share of goods sold by direct marketing in Palestine than in the U.S. is responsible for it. These explain why the low standard of living is not represented in a higher share of foodstuffs in total retail trade.

Comparing with the standards given by Nystrom,[2] one can say that the structure of sales in Jewish retail-trade indicates that the standard of living in the Jewish community in Palestine is higher than they have subsistence level, and considerably lower than an ordinary standard of living in a well-to-do country.

The above given deductions are for the Jewish community only; for the whole of Palestine the importance of foodstuffs will rise and all of the other branches of trade fall considerably. This is possible to deduct from the structural composition of Palestine's ~~and~~ and of Jewish trade according to persons occupied.[3] The primitiveness of Palestine's trade is indicated once more. The low standard of living pushes the branches dealing in first necessities of life on the first range, although this tendency to a certain degree is decreased by the high self-sufficiency of the fellah who produces most of his needs increasing the relative importance of other branches than foodstuffs in trade. This explains the fact, that the importance

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(1) The corrected figures for the Jewish retail-trade will be as follow,

Foodstuffs	52.2%
Textiles	17.7%
Furniture & hardware	5.3%
Other branches	24.8%
	100.0%

(2) "Economics of Retailing" Vo.I, p.23. Only the figures for merchandis were taken services were eliminated.

(3) Compare App.24 p.390 with App.26 p.363

(13)

of the volume of business of the foodstuffs group is not so high, as one would await, considering the low standard of living of Palestine's population.

Speaking about the structure of Palestine's trade one sees, therefore, its primitiveness as compared with the occupational census of U.S.[1]

Whereas the Palestinian classification supplies all the necessary information by an estimate according to goods and by general groups (No.174 and 175)[2] the one of U.S. shows a high specialization due to the systematic division of labor[3] The same is true in the case of a comparison between the census of trade of U.S. and that of the Jewish Agency in Palestine.

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(1) See U.S. Stat. Abstr. 1932 p.59 ff. There are special items for advertising agents, decorators, drapers, and samplers, labourers and porters in stores, retailers in department stores, five and ten cents and variety stores, auctioneers, graders, and packers, etc.

(2) See later Appendix "Classified Index of Occupations in Pal."No.38 p.

(3) This is the reason why there were met difficulties in comparisons of trade-statistics in different countries.

For instance in 1929 retail sales of the U.S. had the following composition:

Food group	22.61%
Country general stores	3.85%
General merchandise group	14.27%
Automotive group	19.08%
Apparal group	8.62%
Furniture and household group	4.57%
Restaurants and eating places	4.19%
Lumber and building group	7.27%
Other retail stores	15.23%
Second hand stores	0.31%
	100.00%

(Extracted from Spahr, p.303, "181").

From these figures we are not able to judge about the goods handled. We can only see the importance of the different forms of trade establishments in the distributing cannel. This classification indicates sufficiently the difference between the retailing in Palestine and in the U.S.

4.- The Structure of Jewish Trade According to the Number of Occupied.(1)

The different groups of the Jewish trade according to the number of occupied in each, are the following:(2)

Foodstuffs	29.7%
Restaurants, cafés	11.9%
Textile	6.8%
Brokers	6.6%
Peddlers	4.5%
Clothing and toilet	4.2%
Luxury articles	3.4%
Furniture and hardware	1.6%
Chemical products	1.3%
Wood and metals	1.2%
Building materials	1.2% (3)

In general the different branches of trade follow each other in the same order of importance as those of the country as a whole.(4) But the trade in foodstuff does not hold a conspicuous part compared to the country taken as a whole, the relative importance of the different branches of trade in the Jewish community are more equalized than in the total trade of the country. While the figure of all trades except those of foodstuffs and hotels gave Palestine a total

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(1) Jewish community has shown certain distinct economic features (See p.84, p.99 p.) and as there exist certain tendencies towards isolation (See p.334)it is interesting to see the differences between the Jewish community and that of all of the country.

(2) The one factor changing all these comparisons of the structural composition of the different branches of trade is the fact that for whole of Palestine we had 12.5% of persons engaged in trade, whose branch of activity was unspecified: for the Jewish community we had 25.3%. It is questionable if persons falling under these groups are not actually engaged in such lines which would change the relative number of the different branches once more. Not being able to eliminate this source of error, we had to leave it as it was.

(3) See Appendix 26 p.393

(4) See Appendix 24 p.390

42.7%,[1] for Jewish trade 58.4%[2], a diffrence of more than 15%[3].

II.- Wholesale Trade.

A. Wholesale Trade in Comparison to Retail Trade.[4]

In considering the situation of trade one has to have in mind the problems of volume of sales, capital invested, size of enterprizes, number of occupied and so forth. All these phenomena vary in retail and wholesale business. For this reason we have to be careful not to make inferences for wholesale-trade from that of retail.[5] Unfortunately we lack detailed and full data for these

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(1) Foodstuffs 43.4%, hotels, cafées, and restaurants 13.9%, together 57.3% leaving 42.7%.

(2) Foodstuffs 29.7%, hotels, cafées, and restaurants 11.9% together 41.6%. There remained 58.4%.

(3) Particulars about the different branches of Jewish trade. See App. 2 p. 395

(4) It is to be kept in mind, that the difficulties connected with a Census of trade, generally, merchants are more afraid to render information on volume of sales, costs, capital and stocks, because in trade less technical knowledge is necessary. A simple comparison with other similar firms can easily indicate their position. Then, there are very limited possibilities of controlling the reported figures. Especially in Palestine, where the bank clearings are not developed and not available, and where no taxes on merchandise transactions exist. The failure of the Egyptian Census of trade in 1927 indicates this sufficiently.

According to the opinion of D. Gurevich, Chief statistician of the Jewish Agency for Palestine (Interview on the 21.3.35) the data collected for wholesale trade are more reliable than that for retail-trade. The figures enumerated in Tel-Aviv's trade are more truthful than those for Jerusalem. (See D. Gurevich, "Census of Jewish Retail & Wholesale Distribution of 1931, p.6").

(5) Although a clear disttinction between wholesalers and retailers is quite difficult. See A. Ruppin, Syria, New York, 1918, p.64.

trades in Palestine, so, involuntarily one must make corresponding deductions from the Jewish trade figures for all the country. Keeping in mind the fact that Jewish wholesale trade is less than the wholesale trade of the Arabs and that Jewish retail trade is greater in extent than that of the Arabs, ~~(1)~~ one can conclude and figure out the actual amount of wholesale trade of all Palestine.

In 1931 there were 209 Jewish establishments[2] for wholesale trade against 3139[3] retailers. This gives a ratio of 1 to 15.[4] In the U.S. the corresponding ratio was 1 to 9.[5] As the average size of the wholesale establishments is not lower than that of Palestine, one can explain this feature by the relatively small size and extent of the retail-shops of Palestine.[6] Another reason might be considered the fact that a great many of Jewish retailers depend on Arab wholesalers.

In a time when Jewish wholesale trade amounted to £P 4,305,000[7]

~~(1)~~ See p.
(2) Dr. Cyderovitz, "Jewish Wholesale Trade in Palestine" Meshek Shitufi Vol.II, p.116.
(3) Dr. Cyderóvitz, op. cit. Meshek Shitufi, Vol.II, p.46.
(4) It is assumed that all the establishments of Jewish retail and wholesale trade were enumerated. ~~In case~~ If ~~are~~ not, then in wholesale trade there were left out proportionally as much establishments as in the retail trade. The second assumption is that retailers of the Jewish community are supplied by Jewish wholesalers, only. If these assumptions do not hold true, the above ratio will have only a very limited value.
(5) See the statistical abstract of the U.S. 1932, Tables 783 and 780, p.p.787, 793.
(6) In Palestine there lack progressed and large scaled retail-establishments as department-stores, chain and unit price stores. The independent retail stores do not have the same value of sales as in the U.S.
(7) Calculations how arrived at see later p. 144.

the retail sales were only 3,515,600,[1] the ratio between the two being 1.22.[2] In 1929 this ratio in Germany was 1.57[3] and in 1930 in U.S. it was 1.41.[4] It is surprising that the ratio of Palestine is less than that of U.S. only by 0.19. This is explained by the fact that about 37% of the value of transactions of the Jewish wholesale trade were those of citrus-cooperatives and citrus wholesalers.[5]

In this connection there should be mentioned again the monocultural aspect and tendencies of Palestine agriculture. About 44%[6] of the local agricultural products appearing on the market were destined for export. ~~Of this~~ 37.5%[7] were citrus fruits. Goods, therefore being once recorded in wholesale trade, do not have to be included also in retail-trade since they are immediately exported. On the other hand, the imported wholesale goods have to be recorded once again in the form of retail trade since their distribution is done through the channels of the latter. It is a general feature

(1) Calculations how arrived at see later p. 162
(2) All these considerations have only a limited value, being based on the assumptions, that Jewish retailers are supplied only by Jewish wholesalers, and that retailers in Palestine purchase directly from producers in the same proportion as retailers do in the countries compared with.
(3) Hirsch estimated in "Die Handelspanne" 1931, p.2 the sales of wholesales trade as 50-60 milliards mark. Average, 55 milliards mark and the retail-sales 35 milliards.
(4) According to stat. Abstract for the U.S. 1932, p.787 and 793. Wholesale sales $69,291,000,000 retail sales $49,114,600,000.
(5) See Cyderovitz, op. cit. Meshek Shitufi, Vol.2, p.117. In reality according to the opinion of the author this percentage should be decreased by some 5-6%. The oranges sold are exported and herewith do not pass the retail trade.
(6) See p.19
(7) See p.14

in all undeveloped colonial countries that foreign trade is higher than the internal trade.(1) Due to this, the wholesale trade in Palestine becomes important. The ratio of 1.22 for the whole country is a rather high ratio. This is due to the higher dependancy of the population upon local supplied than that one of the Jewish community. By how much should this be decreased one cannot know.

B. Wholesale Trade.

1. Forms of Wholesale Trade.

Trade is mainly individualistic in its form. This is true especially in Palestine, where there is absolute lack of confidence(1) and lack of mutual understanding between people. Partnerships exist, but these are chiefly among the members of the same family. ~~(2)~~ Among the Europeans, however, the form of trade is quite common.(3)

Out of the total Jewish wholesale-trade establishments, 66% were sole proprietorships, 27% were partnerships and 7% comprised the corporations and the cooperatives.(4) Although the individualistic form predominates, its extent is considerably less than it is in the retail trade.(5)

The individualistic form of wholesale trade is a special feature in Palestine. It has conspicuous influence on the general structure of trade.(6) It predominates especially in wholesale trade

(1) See above p.35ff.
(2) See Great Brit. For. Of."Syria & Palestine", Handbook, No.60, p.125.
(3) See Dr. A. Ruppin, "Syrien als Wiztschaftsgebict", p.361.
(4) Dr. G. Cyderovitz, op. cit. Meshek Shitufi, Vol. II, p.149.
See Dr. Cyderovitz, op. cit., Meshek Shitufi, Vol. I, p.116.
(5) See later p.144
(6) See Dr. A Ruppin, "Syrien als Wirtschaftsgebict", p.361.

of foodstuffs and to a considerable extent in textile trade. The trade in furniture too is mostly individualistic.(1)

The partnership form predominates in garment and textile trade and especially in the wholesale trade of building materials.(2)

The cooperative form of business has been developed in the trade with citrus fruits.(2) In the export trade the first place is held by the cooperative system of business; then comes the partnership and individualistic enterprises follow suit. In the import trade and in trade with local products however, the individualistic form comes first.(2)

2. Volume of Sales Especially of Jewish Wholesale Trade.

a. Total sales and averages per establishment.

The ~~reported~~ figures for sales in 184 wholesale establishments amounted to £P 3,800,000(3), making an average of £P 20,600 per establishment. Assuming the same average turnover for the uninvestigated 25 establishments(4) we shall have a total volume of sales for the whole Jewish wholesale trade, of about £P 4,305,000. If we exclude from the above calculations the amount due to the citrus trade with a volume amounting to £P 1,400,000,(5) we shall have an average volume of £P 14,100 per establishment.(6) If we assume this average turnover for the other 25 unreported establishments, we shall have a volume of £P 3,800,000 plus £P 350,000, making a total amount

(1) See Dr. G. Cyderovitz, op. cit. Meshek Shitufi, Vol.II, p.149.
(2) Idem.
(3) See Dr. A. Ruppin, "Syrien als Wiztschaftagebic", p.361,
(4) Dr. G. Cyderovitz, op. cit. Meshek Shitufi, Vol.II, p.149, Ibid., Vol.II, p.116,
(5) See later p. 147
(6) Arrived at by dividing the remainder of £P 2,400,000 by the number of enterprises which have reported their trade turnover; and by excluding the 7% of those dealing in citrus trade (See Ibid, p.117). In this way the number of enterprises become 170.

of £P 4,150,000.(1)

Since 1930-1931 the volume of Jewish wholesale trade has increased considerably. The import and export statistics for 1933, according to Cyderovitz, bring the Jewish wholesale trade to an amount of £P 6,000,000. The value of sales expressed quantitatively would have increased more an the prices then were rather low. For the sake of comparison it would be good to bring in the corresponding figures of U.S. In 1929 the wholesale trade in that country amounted to $69,291,548,000(2) or $408,310 per establishment.(3) This gives an average of £P 81,660.(4) As these figures include all kinds of establishments - such as manufacturers' sales branches, chain store, warehouses etc., we had to consider only the typical wholesalers - of the kind which were enumerated by the Jewish Census. According to Nathanael Engle(5) in 1929 these were in U.S. some

(1) We believe that it is more correct to exclude the turnover of the citrus trade establishments from the totals when calculating the average volume for the establishments the volumes of which were not reported. Because, as the Jewish citrus trade is mainly organized in form of cooperatives, it was easy to get their volume of sales. Therefore, we must assume that under the 25 ~~not~~ reported establishments there were no citrus-trade establishments. As the average volume of a citrus trade enterprise varies considerably from the total average, we have to eliminate them. In this estimation was assumed that the firms not reporting their sales had a volume of sales which is not much varying from the above-given average. This is true only to a limited extent. Because usually the greater firms avoid to report their volume of business more than the smaller ones. (Interview with Mr. D. Gurevith, Jerusalem on the 21-3-35).

(2) U.S. Stat. Abstract 1932, Table No.783, p.787

(3) Arrived at by dividing through 109,702 wholesale-establishments.

(4) Calculated on the base of one £P = $5.

(5) "Economic Phases of the Wholesale Market" in the American Economic Review, Vol.XXIII, No.2, June 1933, p.190.

(7)

4,000 so-called "typical" wholesalers with a turnover of $25,000,000,00 this gives an average turnover of $337,800 or £P 67,560. It is more correct to compare these results with those of Palestine. The sales per Palestinian wholesale establishment is on the average between one third or one quarter as great as in the American.(1) Although the differences in price-levels in U.S. and in Palestine were not considered, the difference is so great that, these would not effect the population in the least.

In other fields of economy, for example in industry, one sees a much greater difference in volume of output per establishment. In 1929 the output per industrial establishment in U.S. was £P 66,763. The corresponding figure for Palestine in 1927 was only the one-sixteenth of the amount.(2) This great difference between wholesale trade and industry in Palestine if compared with those of the U.S. is due mainly to the fact that wholesale trade is relatively oder than industry; the latter being introduced to the country only recently. In this connection there is to be said that wholesale trade does not require so much machinery work or natural resources(3) - it

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(1) It may be possible to bring this ratio to 2.5, because Jewish wholesale trade is less than Arabic. But on the other hand, the average turnover per Jewish wholesale establishment is increased by the developed cooperative movement in citrus and dairy and poultry products. Not being able to verify these figures for whole of Palestine, we leave them unchanged.

(2) See above p.45

(3) This independency is only as a direct one, to be more correct. It is clear, that with rich natural resources, productivity and income, as well as increase, and the advantage of comparative costs, forces ~~to~~ an exchange of goods. This means at last a development of volume of trade.

can develop where the market is extensive. Also the advantages of large-scale, Wholesaling are less than in industry, so that wholesale trade in the U.S. is less developed on a large scale than industry.

The total volume of business of Jewish wholesale trade gives the following picture[1]: about one third of the total sales are due to groceries and foodstuff-trade.[2] The volume of business of citrus fruit agencies constitutes about 37% of the total sales making an amount of £P 3,800,000.[3] Trade in building materials constituted about 10% and that of garments and textiles around 26-30%.

b. Distribution of Volume of Sales.

But the figures on the average volume of wholesale trade per establishment are misleading. In Palestine ~~we do not~~ have a clear distinction between wholesalers and retailers. There are wholesalers even with an average volume of sales of only £P 1,000[4] and on the other hand such, who have a yearly total sales of £P 100,000 and over.[5] Therefore we have to classify Jewish trade ac-

(1) Dr. Cyderovitz, op. cit. Meshek Shitufi, Vol. II, p. 117.
(2) This low rate is explained by the fact that in these branches Arab wholesale trade is especially strong and that a certain share of local foodstuffs consumed in the country do not pass the trade-channels at all.
(3) The citrus-fruit agencies not only sell the fruit, but they supply the producers with many wants. Not only packing materials and fertilizers, but also goods devoted for investment purposes, as motors, rails for transport of fruit, and iron pipes). Besides this, they have the agency for some shipping companies. By these all their volume of business increases considerably.
(4) Dr. Cyderovitz, op. cit. Meshek Shitufi, Vol. II, p.116.
(5) Ibid, Vol. II, p.117.

cording to turnover. Wholesale trade with a volume of sales less than £P 1000 would be insignificant. According ~~t~~ to the census this group constitutes only 2.5% out of a number of enterprises and its volume of business only 0.1% of the total wholesale trade.[1] This group is composed mainly of textile and garment wholesalers, who cannot be distinguished quite well from retailers.

The next group is that which has a yearly volume of sales from £P 1,000 up to £P 5,000. Such establishments too, are quite numerous and their volume of transactions quite appreciable. In this group too are included quite a number of garment and textile dealers. In this group again the textile-garment enterprises range first, followed by foodstuffs trade.

Enterprises with an annual turnover of £P 5,000 to 10,000 are less in number, but their volume of business naturally ~~is~~ higher. In this group predominate the dealers in foodstuffs and grocery goods.[1]

The next group in importance have an annual turnover of £P 10,000-25,000. This is rather a typical group for Palestine's wholesale trade. Nearly all branches of wholesale trade are represented in this group.[2]

The group with an average volume of £P 25,000-50,000 is smaller in number but greater in volume of sales than the previous one.[2]

In the group with an annual sales volume of £P 50,000-100,000 we find two main branches, namely, the trade of garments and textiles, and the one of foodstuffs and grocery goods.

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(1) Dr. Cyderovitz, op. cit. Meshek Shitufi, Vol.II, p.116
(2) See Dr. Cyderovitz, op. cit. Meshek Shitufi, Vo.II, p.117

Establishments with an average sales of over £P 100,000, are few in number and their sales represents a percentage of 8.6% out of total.(1)

One sees from the foregoing picture, that ~~in~~ trade in foodstuffs and grocery-goods as well as in that of garments and textiles exist side by side with large and small scaled wholesale enterprises. This fact can be explained by the fact that in Palestine the trade channels of the above mentioned branches are longer than of the other branches of trade; there are certain wholesalers who import the textiles and foodstuffs from abroad, and there are others who distribute these goods to the retailers. Hereby they fulfill not only marketing functions but performing functions as well. They often change the size and quantity of the packages. This happens chiefly in the case of foodstuffs and grocery-goods, textile trade is of a different nature. There are cases when one can hardly tell whether the kind of trade is really a wholesale trade or retail trade. This is due to the fact that textile trade has to adjust itself to the wants of the customers. The big importers are not able to do it. Therefore there is room for an insertion of small wholesalers.

The wholesale trade of building materials and handware is in the intermediate stage, the volume of sales sometimes reaching from £P 5,000 up to £P 50,000(2) per wholesaler. The extent of this wholesale branch gets reduced(3) because often retailers themselves

(1) See Dr. Cyderovitz, op. cit. Meshek Shitufi, Vol.II, p.117.
(2) The Census was prepared in the fall of 1931, when the depression had finished. But the building activities had not started yet to a large extent. Since then all the data concerning trade with building materials have changed.
(3) About the extent of interference of retailers in wholesale-business, see later p.197.

port their necessities from abroad directly, or through commission agents.(1)

c. Volume of Sales According to Period of Establishment of the Enterprise.

It is obvious that the average size and importance of an enterprise depends to a considerable extent upon the time that has elapsed since its establishment. The Census has proved that the sales per establishment decreased with its youngerness.

About 60% of the volume of Jewish wholesale trade deal with firms which have started their business in 1919.(2) Their number constitutes only 27% of the total number of wholesale enterprises.(3) Their chief interest lies in foodstuffs and grocery products. The 32% of the total wholesale traders have started during the period of 1920-1924. Their turnover constitutes about 20% of the total. About 37% of the total number of establishments have started business in the years between 1925 and 1931. Their volume of trade in 1931 was only 15% of the total.(4) This period, however, shows some changes as compared with previous periods. During this time were established certain concerns which dealt not only in goods of

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(1) Interview with Mushin, Director of the "Palestine Iron-Works" Ltd. Haifa.
(2) See Dr. Cyderovitz, op. cit. Meshek Shitufi, Vol.II, p.117-118.
(3) This is explained by the fact that the most of the firms dealing in citrus trade were established before 1919. Their volume of sales constituted 37% out of total; number of citrus enterprises is only 7%.
(4) Adding all the percentual figures for number and volume of business there are missing about 4-5%. What belongs to enterprises, the year of establishment of which could not be defined.

consumption but also in raw-materials and in semi-manufactured goods.[1] In the years 1932 and 1933 there developed a trade in articles of luxury - soap, perfumes, radio, etc. due to the immigration of capitalists.[2] This case is true not only for Jewish trade but of Palestine as a whole. Due to the structural changes in agriculture, to gradual advance of the standard of living resulting from the influx of capital, new fields of trade are every day started. Trade, thus is getting more and more diversified.

3. Capital Invested in Wholesale Trade.

The capital invested in 164 Jewish establishments amounted to about £P 550,000.[3] Taking the average as £P 3,350 per establishment and calculating for other 45 concerns which have not reported their capital, we shall have a total of £P 700,000.[4]

The capital invested in trade increases rapidly. According to an investigation of the Jewish Agency during the years 1926-32, 5.6% of the total investments of immigrant capitalists - each possing more than £P 1000 - were destined for trade.[5] This percentage

(1) Dr. Cyderovitz, op. cit. Meshek Shitufi, Vol.II, p.118.
(2) "Annual report of the Palestine Economic Corporation for 1933 p.8-9"
(3) See Dr. Cydervotz, op. cit. Meshek Shitufi, Vo.II, p.116
(4) For the capital of the wholesale and retail trades in Jerusalem and Southern districts without distinction of communities we have an estimation of M. G. Kagan in "Jerusalem i jego raion" (rus.) St. Petersburg, 1909, p.6. According to him there were in 1907-8:

6000	merchants with a capital between	200 - 2,000	rub.	(£20- 200)
1600	" " " "	2,000 - 6,000	"	(£200- 600)
200	" " " "	6,000- 15,000	"	(£600-1500)
100	" " " "	15,000 - 25,000	"	(1500-2500)
100	" " " "	25,000 over	"	(£2500 -)

(5) See Dr. Gurevich and Dr. Cyderovitz (Einwanderungsstruktur und Kapitalimport), p.32-3".

was by 0.4% greater than the one of investments in handcrafts and industry. Besides this the capital of wholesale trade increases by the increase in the extent of borrowed capital - due to the easier availability of credit.(1)

If we make a ratio between the average invested capital per enterprise and the average volume of sales of an average enterprise, we shall have a figure of 6.1 per annum.(2) This relatively high ratio is explained by the fact that there is a wide use of credit in Palestinian trade. An additional reason is the high share of the citrus trade in total Jewish wholesale trade.(3) This branch is known with its extensive cooperative movement and developed modern moethods of financing; their business are financed by short-~~term banking~~ credits. Another thing to be taken into consideration is, that Palestine's wholesale trade is composed to a considerable extent of food-stuffs and textiles - things which usually have higher turnover frequency than other commodities.

The average working capital tied in business is higher in the establishments dealing with citrus fruits(4) and building materials. Here the average fluntuates between £P 4,000 and £P 5,000.(5)

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(1) To discuss about the changes in availability of credit in Palestine would lead so far from our subjet.

(2) £P 20,600 through £P 3,350. See above pp. 144, 151

(3) Eliminating the sales of citrus trade establishments, we receive a frequency of 14,100: 3,350 = 4.2. Due to lack of data here ~~was~~ only the volume of sales was corrected. But the extent of the error is not great.

(4) But in relation to sales transacted per establishment, the capital invested in citrus trades is lower than in other branches.

(5) See Cyterovitz, "Op. Cit", Meshek Shitufi, Vol. 2, p.116.

For the trade in grocery-goods and foodstuffs the average invested capital per enterprise amounts to little less than £P 3,350.

4.- Jewish Wholesale Trade According to Occupied.

a. Total and Average Number of Occupied.

The 209 investigated Jewish enterprises employed 769 persons.[1] This gives an average of 3.7 persons per wholesale establishment. In the U.S. this average in 1932 was 9.4.[2] While the average volume per establishment in U.S. is 3 or 4[3] times greater than that of Palestine the average number of occupied is only 2.5 times as great. This indicates that labor in American wholesale trade is better utilized than ~~in the~~ that of Palestinian.[4] The volume of sales per person occupied in Jewish wholesale trade was £P 5,560.[5] or 3,810 if Citrus trade excluded, In the U.S. the figure represented £P 8,630 per person[6] This problem of volume of business per occupied in wholesale trade has its influences on margins in wholesale trade in so far as the cost of living of people has to be confronted.

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(1) See. Dr. Cyderovitz, Op. cit. Vol.II, p.116.
(2) According to U.S. Stat. Abstr. 1932, table No.783, p.787.
(3) See above p. 145-6
(4) By this it is still not verified that the sale of labour in value of goods sold is in Palestine higher. The contrary is possible due to lower wages and standard of living.
(5) £P 20.600: 3.7.
(6) According to U.S. Stat. Abstr. 1932, Table 783, p.787 the sales amount to $69,291,548,000; the number of employees 1,605,042. This gives an average of $43,170.

(15)

b. The Employment of Paid Labor in Wholesale Trade.

Of the total number of persons occupied in wholesale trade 31% form the owners themselves, 10% their kinsmen, and 59% the paid laborers.(1) Wholesale trade of foodstuffs and grocery-goods employs about one third of the total number of employees; the textile trade occupies about 1/5 of the number; the citrus trade a little less than 1/7; trade in building materials and other products occupy about 1/8 of the total number of employees.(2)

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(1) See Dr. Cyderovitz, "Jewish Wholesale Trade", Meshek Shitufi, Vo.II, p.116.
(2) Idem.

III.- The Trade of Commission Agents

As it was indicated above(1), the imports constituted a large part of the wholesale trade. These imports are made mostly through commission agents. The distribution of the products of the local large-scaled industrial enterprises too is mainly carried on by the agents(2). This important group of commission agents, therefore, have to be taken into consideration. According to the Jewish census of 1931, there were 103 commission agents during that year(3). The total number of persons engaged in that kind of business was, however, 394(3), thus making an average of 3.82 persons per such establishment. The corresponding estimate for the wholesale trade was 3.7(4). This fact is surprising, because usually the commission firms require smaller number of people than establishments of wholesale trade, for the former are engaged only as intermediates between sellers and buyers and not in the handling of the goods(5). One can draw a better comparison by considering the volume of sales per person occupied in each. For the commission agencies it amounted to £7.261(6) and

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(1) See p.55ff.
(2) See later p.231
(3) See D. Gurevich, "Census of Jewish Retail & Wholesale Distribution", p.15.
(4) See p.153
(5) "handling" used in the narrowest sense of the word.
(6) Sales per establishment £.Pal. 27,740, ÷ 3.82.

for wholesale trade to £.5,560, if the volume of sales of citrus trade is included and only £.3,810 if excluded[1]. The commission agency trade then was only 30 or 90 % greater per person than the wholesale trade, which is much lower than would be expected. This is explained first by the fact that many of the wholesaling functions are performed by the commission agents[2], and secondly, because the Jewish Census of Wholesale Trade has included the citrus cooperatives[3], which should better belong under commission agencies.

The volume of transactions carried on by 81 commission agents amounted to £.P.2,247,000. This gives an average of £.P.27,740. This figure is about two times greater than the corresponding figure for the wholesale trade of citrus trade is excluded[4]. This means that for each commission agency there existed two wholesalers. This indicates again that commission agents in Palestine deal to a great extent with retailers and not with wholesalers. The average volume of sales per retail establishment was £.P.1120[5]. Subtracting a possible allowance of 20 % as margins for the re-

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(1) As the persons occupied in citrus trade could not be eliminated from total employed in wholesale trade. Therefore this average is exagerated. In this way the 90 % should re reduced. We are not able to determine by how much. In every case the ratio of sales to occupied is in commission enterprises by 30%-90% higher, than in wholesale trade.
(2) About the similarity of wholesaling- importers & agents for imported goods, see later p. 226.
(3) The volume of sales of which is intensive.
(4) See above p. 144
(5) See later p. 162

tailers, the cost value of goods purchased by retailers would be £.P.896 per establishment. This gives an average of 30 retailers per commission agent[1].

If we assume the same average of £.P. 27,740 for the agents who have not reported their sales, we would get a total volume of business for Jewish commission agents amounting to £.P.2,850,000. This figure today has, of course, increased considerably as compared with 1931 figure.

The geographical distribution of the transactions of commission agents was as follows:-

Tel-Aviv	£.P.1,824,000	or	81 % of the total
Jerusalem	£.P.300,000	or	13.3 % of the total
Other places	£.P.120,000	or	5.7 % of the total
Total..	£.P.2,247,000		

The marked high percentage of Tel-Aviv is explained by the fact that it is the main gate for imports to the country. The figures of Haifa were rather low as compared with its wholesale trade. The construction of the harbor was not yet able to influence the wholesale and commission trade at that time. By how far these conditions changed since then, it is rather difficult to calculate.

(1) £.P.27,740 by £.P.896. Hereby is assumed that no business was transacted by commission agents to wholesalers and to consumers. A considerable part of machinery sold, passes through agents directly to consumers.

IV.- Retail Trade In Palestine

A.- Number and Year of Establishments and Legal Form of Retail Enterprises.

The only figures available for the retail trade, are found in the data of the Census. of the Jewish agency of 1931(1). The investigations showed 3139 establishments(2) with 6205 persons occupied(3). The retail establishments were distributed as follows(4):

38 % of the total in Tel-Aviv
29 % in Jerusalem
10.8 % in Haifa, &
22.4 % in other places (Tiberias, Safad, Petah-Tikwah, Rehoboth, Nes Ziona, Nachlat-Jehouda, Borochow Settlement, Ramat-Can, Bney-Brak, Magdiel, Kfar-Saba, Herzlia, Hedera, Karkur, Benjamina, Zikhron Jacob, Atlit, etc.)

1. Structure of Trade According to Number of Establishments

More than the half of the retail-traders deal in food-stuffs(5). If we add on this the restaurants and the hotels which constitute 10.5 %, the

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(1) See foot-note N° 1 next page.
(2) See Dr. Cyderovitz "The Jewish Retail Trade" Meshek Shitufi, (Vol.II, p.46.
(3) Ibid., p.47.
(4) See later Appendix 28 p. 398 (table I)
~~(5) "Wholesale & Retail Distribution" p.12-12 see App. p. (calculated on the basis of the absolute figures given by D. Gurevitch in the above)~~.

figure will be somewhere 62.7 %[2]. The retailers of textiles and garments constitute about one fifth of the total. Then follow the retailers of such goods as benzine, pharmaceutical goods, books, newspapers, stationery, etc. with a percentage of 11.3 %. Retailes stores of furniture constitute only 4 % and those of building materials 3.8 % of the total number[3].

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(1) (From previous page): In the Census of Jewish Retail Trade there were not included the following:-
- a)- the dairy, poultry & fruit selling cooperative "Tnuvah".
- b)- numerous independent sellers of milk.
- c)- kerosene venders.
- d)- direct sales by the farmers to the customers.
- e)- enterprises which perform services incidental to sales, or artisans engaged in production and in distribution of their output, such as shoemakers, carpenters, hatmakers, etc.
- f)- industries selling to the consumers their own goods - as bakeries, wine sellers etc.
- g)- public utilities, as electrical plants, contractors and publishing firms. (Taken from D. Gurevitch "Census of Jewish Retail and Wholesale Distribution" p. 3.).

(2) Here, as well as in all the following considerations and deductions, it is necessary to keep in mind that in trade there is no distinct line of separation between the establishments dealing in different kinds of goods. Therefore, for the classification there was taken as basis the main goods in which a store deals. For this fact, comparisons too, cannot be made. Comparisons with other countries can have an exact value, only if the composition of other goods not belonging to the main group (according to which the classification was done) is in different countries, the same.

(3) See App. 29 p. 338 Table II.

In the Arabic-speaking community we do not have any data except those which have been investigated by the Jewish Agency for Jerusalem.

Out of 83.3 investigated establishments, the relative number of different retailers were the following:

47.4 % the total were engaged in foodstuff trade.
17.3 % in textile trade
9.2 % in furniture and hardware.
11.2 % in restaurants and cafés.
1.0 % in building materials
13.9 % in different other trades [1].

The relatively large number of retailers of furniture and hardware is explained by the fact that Jerusalem is an important tourist center. In the above mentioned group there are 15 retail shops selling souvenirs and 41 others which sell articles connected with religion and religious history[2]. Comparing with the concentration of the Jewish retail trade one sees that the Arabic retail trade of foodstuffs in Jerusalem is catering for higher needs than the

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(1) Calculated on the basis of the absolute figures given by D. Gureivitch in "Wholesale & Retail Distribution" p.12-13, See App. 36 p. 404.

Jewish trade of all Palestine(1).

But if one comparies in Jerusalem the retail trade of the two communities , he will see that they are about the same. In the textile trade, the Jewish retail establishments are more represented than the Arabic-speaking retailers. But, in other trades the latter surpass the Jews. On the same way, the large extent of hardware and furniture trades in the Arabic-speaking community is equalized by a greater number of establishments - dealing in building materials - , in the Jewish community.

2. Period of Establishment of Retail Stores

Operating in 1931(2), only 13.0 % of the retail stores had been established before 1919(3); 18.8% in 1920-1924 and 62.9 % have started operations during the period 1925-1931(4). The high rate of increase during that

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(1) According to different calculations the composition of number of establishments in Jewish retail trade in Jerusalem was as follows:-
47% foodstuffs
24.5 % textiles
4.6 % furniture and hardware
5.0 % building materials
18.9 % different trades. (based on the %% figures of App.30 p.338)

(2) The Census of Jewish trade was taken in the fall of 1931. See D. Gureivitch "Census of Jewish Retail & Wholesale Distribution" p.1.

(3) We have no indications for the rate of failures of trade-establishment, therefore, it is impossible to know how many stores were actually established in the different periods.

(4) For 5.3 % of the stores the year of establishment could not be determined. For particulars see Table II App.31 p.338.

period is due to the extensive immigration and also to the predominance of the urban colonization. This is particularly true in the case of restaurants and hotels. 81 % of these were established after the year 1925(1). This indicates t well that Jewish retail trade is comparatively young yet, but is starting to progress with big strides.

3. Legal Form of Retail Enterprises

From Table I one can infer, that the individualistic form of enterprise predominates in the retail trade of the country. The number of partnerships is considerably less than in the wholesale trade, while cooperatives and corporations are very few. For the sake of comparison, we bring here the distribution of retail-establishments in the U.S. of America according to their legal form, in the year 1930(2).

84.07 % of the total formed proprietorships
15.93 % of the total formed corporations and cooperatives.

In Palestine, the proprietorships constituted 99.3 %; corporations and cooperatives only 0.7 %.(3). This comparison is enough to show clearly the primitiveness of Palestine's trade in its legal forms. This latter is due to the lack of developed modern retailing establishments, such as department stores, chain and unit-price stores.

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(1) Calculated on the figures of App. Table II, the figures for those enterprises the year of establishment of which could not be determined have been subtracted from the totals.
(2) See U.S. Dep. of Com., Distribution, Vol.I, Retail Distribution, Washington 1933, p.8 ff.
(3) See App.18 p.338. Table I.

B.- Volume of Sales in Retail Trade

1. Volume of Sales in Jewish Retail Trade

a. Total & Average Sales

The sales of 2707 retail establishments, which have reported their volume of sales, amounted to £.P.3,030,000.-[1], making an average of £.P.1120.-[2] per establishment. If we consider the same average for 432 other establishments[3] which have not reported their sales, we shall have a total of £.P.3,515,600.-, for the whole Jewish trade of 1931[4]. Dr. Cyderovitz estimates the total volume for 1933 as £.P.4.5 to 5,000,000.-. Since that time this amount has, of course, increased considerably[5].

The average volume of business per establishment in Haifa was £.P.1,420.-, in Tel-Aviv £.P.1,357.-, and in Jerusalem £.P.970; and in other towns and villages the amount was less than £.P.1,120.- but more than that of Jerusalem[6]. Safed showed the lowest volume, namely £.P.266 per establishment[7].

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(1)(2)(3) See Dr.Cyderowitz Op.Cit.Meshek Shitufi Vol.II.p.48.
(4)According to D.Gurevitz "Wholesale & Retail Distribution" p19, the total sales of Jewish retail trade in 1931 amounted to over £.P.4000000. The discrepancy is explained by the fact that we took the average, while Dr.Gurevitz tried to classify the firms. He believes that the greater number of firms have avoided to report the extent of their business.
(5)See Cyderovitz, Op.Cit.Meshek Shitufi, Vol.II,p.48.
(6)See above p.
(7)See Dr.Cyderovitz "D/Juedische Bimenhandel" p.26.

The average volume of sales per retail establishment for all the communities in Palestine would be considerably lower. Due to the lower standard of living of the Arabic-speaking population~~(1)~~, their higher self-sufficiency(2), and their lower concentration in the average sales of a retail-store catering for the Arabic-speaking people, must be considerably less. This is well demonstrated if we consider the stocks on hand of a store located in a Jewish village and another one in an Arabic-speaking village or community. In the latter case, the quantity and variety of the goods handled is comparatively smaller than in the case of the former. Not having specific data for all Palestine, we are obliged to limit ourselves to those investigations.

b. Sales Per Establishment and Person Compared with other Countries.

In 1930, the volume of sales per retail establishment in the United States of America amounted to Palestinian Pounds 6,360.-(3). In Canada the corres-

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~~(1)~~ See above p.
(2) See above p.19ff and App. 3p.363.
(3) According to United States Statistic Abstract. for 1932, Table 788, p.791, the total net sales amounted to $ U. S.49,114,653,000, the number of establishments 1,543,158. The average was $ U. S. 31,827.

ponding figure was £.P.3590.-,(1) including the services, and £.P.5507(2) if services were excluded. This shows that the sales per retail store in the United States were 5.7 times and in Canada 3.2 (4.2, if services excluded) greater than in a Jewish retail store in Palestine. We see, here, that Jewish retail trade as compared with that of other countries (United States in this instance) shows less developed features than Palestine's wholesale trade(3). This is due, first, to the less-developed methods and forms in retail trade, and second, to the fact that Jewish retailers compared with retailers of other countries, are more numerous in number according to the number of consumers,(4) of course. There is an over-crowding of retailers due to the small amount of capital necessary in retail trade. This over-crowding can easily be seen when one considers the number of consumers per person occupied in retailing and the volume of sales per inhabitant.

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(1) According to Canada, Dominion Bureau of Statistics, "Retail merchandise Trade in Canada 1930" Ottawa 1934 p. 1, there were 125,002 firms engaged in merchandising and 42,223 in services; together making 167,225. The volume of business of the merchandise stores amounted to $2,753,319,900 and of the service-establishments to $248,555,900; together 3,001,875,800
(2) $2,753,319,900 per 125,002 establishments.
(3) The volume of sales of an average wholesale enterprise in the U.S. was only by 4 or 3 times greater than in Palestine. See above p.146, If commission agencies were included, the difference, then, would be smaller.
(4) See above p.144.

In 1931, in the Jewish community there were about 174,600 consumers(1) and about 6,205 persons occupied in retail trade(2). This figure gives an average of 28.1 persons per retailer. The corresponding figure in Canada at that time was 25.9(3), and the one of United States was 20.3(4) if part-time employees included and 23 persons if excluded. On the other hand, the volume of sales in the Jewish retail trade(5) amounted to £.P.20.100 per inhabitant(6); in United States £.P.80(7); and in Canada £.P.53(8).

Although the volume of purchases of an American inhabitant is four times as greater as those of a Jewish inhabitant, the average number of inhabitants per person occupied in retail trade is only by 18-20 % less than that of the United States(9).

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(2) Hereby it is assumed that by the Census of trade of the Jewish Agency as well of the U.S. all persons occupied in trade were enumerated, or left out in the same proportion.
(1) See above p. .
(3) According to "Retail Merchandise Trade in Canada 1930", p.8, there were 10,376,780 inhabitants and 400,328 proprietors and full and part time employees.
(4) According to the United States Statist. Abst. for 1932, Table 4, p.2, there were 122,775,046 inhabitants and 6,020,747 full and part time occupied in trade (see table 789,p.792: 1,510,607 + 3,833,581 + 676,559.
(5) Here it is assumed that Jewish retailers sold only to Jews. Although this is not true, the difference between Palestine & the countries compared above is so great, that it cannot be considerably altered, by an allowance for Arab consumers.
(6) The average vol. of sales in 1928 in Germany was £P.28, in France 33, in Sweden 35, in Gr.Brit. 41, & in Holland 52 per head. See Cyderovitz Op.Cit.Meshek Shitufi Vol.II.p.27
(7) See Statist.Abst.for U.S. for 1932,Table 789,p.792.
(8) According to "Retail Trade in Canada 1930" p.1,& 8; Sales amounted to £P.2753319900, N° of inhabitants was 10376780.
(9) [redacted] 23 or 20 out of 28 persons.

There is one more point to be considered. While the sales per person occupied in retail trade in the United States amounted to £.P.1,630.-[1], in Canada to £.P.1,376.-[2], in the Jewish retail trade it was only £.P.566.-[3]. This, again, indicates that while sales per capita occupied in the United States wholesale trade were 155[5] - 226[4] % as great as those of Palestine, in retail trade this percentage comes up to 288[6]. This means that the retail trade of the Jewish community of Palestine in general is more primitive and undeveloped than Palestine's wholesale trade.

C. The Distribution of the Volume of Sales

The volume of ~~sales~~ was distributed in the following way:-[7]

Establishments with a Yearly Vol. of Sales of:	Number of Establishments In Percentages	Volume of Sales In Percentages
1 - 199 £.P.	15.4	1.5
200 - 499 "	24.2	7.6
500 - 999 "	25.2	15.4
1000 - 1999 "	21.9	22.8.
2000 - 2999 "	5.4	10.6
3000 - 3999 "	2.6	7.0
4000 - 4999 "	1.5	5.5.
5000 - 9999 "	2.6	12.8
Over -10000 "	1.2	16.8
	100.0%	100.0%

(1)- $49114653000 by 6020747 persons.
(2) According to "Retail Merchandise Trade in Canada 1930" p.l. & 8, the sales amounted to $2753319800, the number of occupied amounted to 400328.
(3) £.P.3,515,600 through 6,205.
(4) P.£.8630 against P .£.3810 in Palestine. the wholesale trade of oranges being excluded, see above p.153.
(5) £.P.8630 in U.S. against £.P.5560 in Palestine; sales of oranges included. See above p.153.
(6) £.P.1630 against £.P.566.
(7) Table extracted from Dr. Cyderovitz, "Jewish Retail Trade" Meshek Shitufi, Vol.II, p.83.

This table indicates that according to number of establishments, the stores with a volume of sales of £.P.500-999 predominate followed by the group of £.P.299-499 and then by the group of £.P.1000-1999. According to volume of sales predominate the enterprises with yearly sales of £.P.1000-1999, then follow that one of over £.P.10,000, and the group with a volume of business between £.P.500-999.

About 87.7 % of the total number of establishments have a yearly volume of business of less than £.P.2000, their volume of sales constituting 47.3 % of the total sales. ~~The~~ percentage of stores with yearly sales of less than £.P.2000 in Canada was 56.9 %, making about 9.50 % of the total sales(1).

In The United States, the corresponding figures were 43.66 % and 5.69 % respectively(2). In other words, Palestine's one half of total transactions of retail trade was performed by establishments with a volume of sales of less than £.P.2000, in Canada one tenth, in the U.S. 1/16th. This indicates, again, that on the average, the size and scale of Palestine's retail trade establishments are considerably small.

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(1) See "Retail Merchandise Trade in Canada 1930" p.10.

(2) See U.S.Dep. of Commerce "Retail Distribution" Washington, 1933, p.8 ff.

In this field, the small stores predominate. Establishments with a great volume of sales are non-existent. This is partly due to the fact that by 1931 there were no towns with a population of more than a hundred thousand[1].

Enterprises with sales of £.P.5,000 to 10,000 are rather concentrated in large towns[2]. Of these, 50% are found only in Tel-Aviv[3]. Retail stores dealing in foodstuffs and groceries are found more under the group with sales of less than £.P.1,000. More than 50% of the total number of establishments with sales of more than £.P.10,000 deal in building materials[4]. This fact is explained not only by the high value of unit transaction of trade in building materials, but also by the fact that such establishements are often engaged in wholesaling as well[5]. About the structure of volume of sales in the Jewish Retail Trade was dealt with above[6].

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(1) See p.67.
(2) See Dr. Cyderovitz "Jewish Retail Trade",Meshek Shitufi Vol. II p.83.
(3) Ditto.
(4) Ditto.
(5) See Table [illegible]. app.30 p.399 and p.197 The figures for number of establishments do not correspond with the totals in table 2 because not all of them returned the volume of sales. All the deductions are based on the assumption that the average volume of the enterprises not included in this table, do not differ considerably from the average volume of sales of that one enumerated. Also that the number of establishments which have not returned their volume of sales was in the different groups the same.
(6) See p.135ff.

d. The Geographic Concentration of Sales

By the help of the figures of the Jewish Census of Trade, it is possible to construct the following table:-

Distribution of Shops Enumerated By the Census in Percentages		Percentage of Retail Shops which have reported this volume of Sales	Value of Sales in %	Distribution of Jewish Consumers in %
Jerusalem	29.2	27.2	23.0	29.3
Tel-Aviv	37.6	36.9	44.4	26.0
Haifa	10.8	11.0	14.0	9.2
Other places	22.4	24.9	18.6	35.5
	100%	100%	100%	100%

Comparing the columns II III & IV with each other, it is seen that the share of sales of Haifa corresponds actually to its volume. The one of the Tel-Aviv should be increased by about 1%, that of Jerusalem by 1.5 %, and the share of other places must have been increased by some 2.5 % (1).

(1) Assuming that the enterprises which did not return their share of sales do not differ considerably from the average. in their towns.

From the columns IV and V, one sees noticeably that the concentration of sales of the retail trade does not correspond with the geographical concentration of the consumers. It may sound strange, but only the sales of Jerusalem correspond with the consumption power of its population.

The shares of Haifa and Tel-Aviv in the sales of retail-trade are much higher than the number of their consumers. This is due to that fact which makes the two cities form rather shopping centers for the rural districts. Consumers of villages and colonies are able without undergoing much expenses, satisfy their needs from these two centers. Consequently, the traders and trades dealing in textiles, hardware, furniture and building materials are more developed than the number of population in these two towns would justify.

2.- Average Volume Of Sales Per Establishment

a. Sales in Different Branches

Making calculations on the basis of the figures of table III(1), and considering the average

(1) See App. 30 p. 399.

Volume of sales for all branches in Jewish retail trade to be £.P.1,120.-[1]. The following amounts per establishment may be found:-

The sales per establishment dealing in foodstuffs and groceries......	£.P. 828
Furniture and hardware..............	1,561
Textiles and garments...............	1,166
Building materials..................	4,704
Other branches......................	1,150.

These figures, too, indicate that retail trade establishments in foodstuffs are primitive to a great extent. The retail trade in textiles and garments suffers considerably due to the insertion of the smaller wholesalers in retailing transactions. Only the trade in building materials show progressive features.

b. Sales In Different Branches In Various Towns

In the foodstuff retail-trade, the volume of business per establishment[2] in Haifa was the largest, amounting to £.P.1,095. In Tel-Aviv the amount reached to £.P.923 and in other places £.P.768.5. The smallest amount was that of Jerusalem with £.P.660.

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(1) See p. 162
(2) Calculated on the basis of the figures of App.30 Table III p.399.

In textiles and garments the retail shops of Tel-Aviv have the largest volume of sales with an amount of £.P.1,773. In Haifa the volume amounted to 1,461; in Jerusalem £.P.858; and in other towns and villages £.P.718.

The low rate in rural districts is quite understandable if one considers that the country is small, and that people who like to have better fashions and styles have to go to the main towns which are not far-located.

The average volume of business per retailer in building-materials is the highest in Tel-Aviv, with an amount of £.P.6,346. In Jerusalem the figure is £.P.5,152; in Haifa £.P.4,928; and in various other places £.P.2,850[1].

e.- Sales According to Time of Establishment

If one divides the volume of sales according to period of establishment of the enterprises, it will be noticed that the shops established during 1925-31 have a lower average turn-over than those which have started before 1925.

According to Cyderovitz[2] 54% of the total volume of sales was concentrated in retail enterprises

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(1) The difference according to towns in volume of sales per retail establishment dealing in furniture and hardware and other trades was not calculated due to their unimportance.
(2) See Dr. Cyderovitz Op.Cit. Meshek Shitufi, Vol.II.P.49

which started operations before 1925. Their number was at least 62.9 % of the total(1). While the average sales were £.P.1120(2) per shop, that of shops established after 1925 amounted to only £.P.961.5(3). This feature is more strongly represented in the wholesale trade(4). There, the number of enterprises established after 1925 was 37% of the total number, their sales representing only 15 % of the total.

This shows that the new establishments are still not developed to their full capacity. But this does not mean that they are not progressing in time. In fact, they are. The wholesale trade, being more complicated than the retail trade, needs more time for its development. This, of course, is an important problem not only for the Jewish retail trade, but for that of all Palestine.

Due to the structural changes of the country in the fields of agriculture(5) and industry(6), the market-dependency and the standard of living gradually come to higher levels. It is obvious, therefore, that all national communities of Palestine would be very much interested to know

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(1) In this number are not included 5.9% out of total number of enterprises, the year of establishment of which could not be determined.
(2) See above p.164
(3) (54:62.9) x 1120 = £.P.961.5
(4) See above p.150
(5) See above p.304.
(6) See above p.47.

how far is trade able to adjust itself to the changed conditions. In the Jewish community this fact is stressed more by immigration and changes originating primarily in the field of consumption rather than of production(1).

It is interesting to note that the recently established retail-shops deal more in goods other than foodstuffs. The volume of trades in textiles, garments, and building materials, and also restaurant and hotels increases comparatively faster(2).

d. Sales According to Legal Form of Enterprises

Of the total volume of sales of the Jewish retail trade in Palestine, the two thirds were concentrated in individual enterprises, one fourth in partnerships, ~~one-fourth-in-~~, and a little less than one tenth in corporations or cooperative-stores(3). But, while the average volume of sales of an individual retail-store amounted to about £.P. 900(4), the average volume of sales per partnership establish-

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(1)See above p. 63~~4~~.
(2)See Dr. Cyderovitz Op.Cit. Meshek Shitufi, Vol.II, p.49.
(3) Ditto.
(4) See Dr. Cyderovitz Binnenhandel, p.49.

ment was about £.P.2898.5[1] - 22% higher.

But the general predominance of the primitive legal form in Palestine's retail trade is indicated well if we compare the statistics with those of the United States. In the latter, the volume of sales of proprietorships constituted of 51.4%, and of corporations and cooperatives 48.6%[2], whereas in Palestine the corresponding volume of proprietorships constituted nine tenth and those of corporations and cooperatives only one tenth of the total amount classifying the above given percentage distribution of enterprises according to form, one gets the average volume of sales per certain form of enterprise, as the following:

Percentage of the total sales [3] per establishment.

	In Palestine	In United States
Proprietorships[4]	90.6 %	61.1%
Corporations & Cooperatives.....	142.8 %	305.1%

These percentages and figures show that the progressed form of corporations and cooperatives in Palestinean retail-trade show less developed features than in other countries.

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(1) Calculated on the figures published by Dr. Cyderovitx in Meshek Shitufi, Vol.II, p.49, volume of sales about 0.8 million £.P., number of partnerships which returned their sales 276.
(2) See "Retail Distribution in the U.S." Washington, 1933, p.10ff.
(3) Calculating by dividing the percentual figure for sales on percentual figure for number.
(4) Expressed in absolute figures the volume of sales in Palestine for a proprietorship would be about £.P.1,015 and for a corporation or cooperative about £.P.1,599.

C. - Capital Invested

In the establishments which had reported their working capital at the time of the Census, there was invested a total sum of £.P.1,180,940. Only 2,705 establishments had reported their capital then(1). This would mean that in Jewish retail trade at the end of 1930, there was invested a sum of £.P.1,370,000(2). This gives an average of £.P.436.5(3) per retail enterprise. Dr.Cyderovitz(1) estimates that at the end of 1933 the total capital invested in retail trade amounted to £.P.1,800,000-2,000,000.

The average capital invested in a retail shop in Jerusalem was £.P.519; in Tel-Aviv £.P.487; in Haifa £.P.505, and in other places only £.P.240.95(4).

Two thirds of the capital was concentrated in the individual retail-enterprises, 30% was owned by the partnerships and 4,5% by companies and cooperatives(5). The average capital invested in an individual retail shop was

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(1) See Dr. Cyderovitz Op.Cit, <u>Meshek Shitufi</u>,Vol.II,p.48.
(2) Hereby is assumed that the enterprises the capital of which was not enumerated, do not differ in their capital considerably from the capital of the enterprises which did return it.
(3) £.P.1,370,000 among 3130.
(4) Calculated on the figures of App.31 ,Table IV,p.400.,extracted from Dr. Cyderovitz' Binnenhandel p.34.
(4)
(5) See App.31 Table V, p.400. extracted from Dr.Cyderovitz' "Binnenhandel" p.53.

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£.P. 255; in a partnership £.P.1562, and in a company or a cooperative £.P.2,570(1). This shows clearly the large extent of capital used by companies and cooperatives against that of individual retailers.

The average capital invested per enterprise in

Food-Stuffs group was	£.P.157.6
Textile " "	" 708.9
Furniture & hardware	" 604.1
Building materials	" 2453.6
Other goods	" 518.6.

It is interesting to note the existing differences in the capital invested per enterprise in the different groups of retail trade. The following table will give the estimates for each:

Groups	Capital per individual store	Per partnership
Foodstuffs(2)	£.P. 166	£.P. 299
Textiles	537	1526
Furniture and hardware	584	765
Building materials	1,472	5917
Restaurants	121	269
Other trades	662	1973

(1) See Dr. Cyderovitz Op.Cit. Meshek Shitufi, Vol.II, p.48.
(2) There is some mistake. In so far as the previous mentioned average of this group was 157.6, this figure of individual enterprise should be lower.

The above were the figures for the Jewish retail trade. We can assume that for Palestine the capital invested per enterprise is less. According to the table the foodstuff-stores show the lowest capital investment. As the foodstuff and general stores in the rural districts predominate - especially so in the Arabic-speaking community, we can assume that the capital invested in foodstuffs shops is less than the average figure for Jewish trade(1).

The capitals invested in other fields of retail-trade do not differ much. The figures used for the Jewish community can in general be applied for all Palestine.

D. Turnover(2)

1. Sales per Capital

The ratio of sales to capital for all kinds of Jewish trade is 2.56(3). But this ratio varies considerably in various branches, and in different towns, as the following table indicates:- (Please see next page for table).

(1) The addition of "general" goods is still not able to minimize this difference. It can be easily proven by a comparison of the composition and value of stocks on hand in a Jewish and an Arabic store in the rural districts. In the towns the difference is not significant. It is clear that here there could not be included the capital used by merchants for opening credits to the fellah, because many of these credits could not be considered as commercial & so are to be classified under functions of money-lenders. As in the rural districts often money-lending and merchandising are integrated, it is possible that the capital of the general merchants is higher than that of the Jewish community.
(2) About the variety of meanings of the term "turnover" see Nystrom "Economics of Retailing", Vol. II, p.95.

Foodstuffs...............	5.25 (1)
Textiles	1.64 (2)
Furniture and hardware	2.58 (3)
Building materials	1.92 (4)
Others	2.21 (5)

It is observed that the capital turnover in foodstuffs-trade is the highest. Then come the turnovers for furniture, hardware, building materials, and textiles. About the stock turnover of Jewish retail trade no reliable figures exist[6].

In other countries, we possess only the rates of turnover of their stocks. Although the ratio between capital and stock vary for the differences in term and ways of granting credits in different branches of trade, still we bring them only for rough comparisons[7]

(1) 838 to 157.6 see above p. 171/177 (4) 4708 to 2453.6 see above p. 171/177
(2) 1165 to 708.9 see above p. 171/177 (5) 1150 to 518.6 see above p. 171/177
(3) 1561 to 604.1 see above p. 171/177

(6) Mr. D. Gurevich expressed in an interview with the author the opinion that the stock on hand in the Near Eastern countries is quite difficult to verify. Therefore, there were taken the figures for capital which were more easily to be determined.

(7) About the relation between stock and capital turnover see Joh. Fr. Schaer, Handels-Betriebslehre p.144 ff. and Paul D. Converse "The elements of marketing" New York 1931 p. 858.

According to Killough[1], the figures for stock-turn of groceries is 10 times per year, and that of retail hardware stores only 2 times.

Clark[2] gives, as the most common estimates of stock-turn, for groceries 7.9 times; general merchandise 2.4 times; and furniture in department stores 3.4 times.

The low rate of stock-turn in the Jewish retail-trade - especially that of foodstuffs and groceries is explained by the extent of credit granted[3], and also by the small amount of sales per establishment[4].

2. Turnover of Capital According to Forms.

It is interesting to see that the capital turnover in the primitive form of retail-shops is higher than in the more progressed ones. The annual turnover of capital in an individual retail establishment was 2.76[5], and of partnership 2.29[6]. This finds its explanation in the fact that partnerships and corporations are less represented in

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(1) "Economics of Marketing" New York and London 1933 p.132
(2) Fred. E. Clark "Principles of Marketing" New York 1924 p.516.
(3) Particulars about this later p.
(4) Table 5 of Nystrom's "Economics of Retailing" Vol.II,p.105 demonstrates clearly that with the increase of volume of sales the stock-turn in retail-sotres increases.
(5) £.P.900 divided by £.P.325, See above p.174 and p.177.
(6) £.P.2898.5 divided by £.P.1262 See above p.174 and p.177

the retail trade of foodstuffs, where the capital as well as stock turnover is comparatively higher. Such forms of trade are mainly represented in trades dealing in textiles and building materials - the turnover of which is quite low[1]

3. Capital Turnover According to Towns

The capital turnover in three different towns was represented thus:-

Jerusalem.....................1.87[2]

Tel-Aviv......................2.7[3]

Haifa.........................2.8[4]

The corresponding estimate for all Palestine was 2.56. This again shows the primitiveness of the Jewish retail trade in Jerusalem. The lack of developed means of transport and the conservativeness of persons dealing in trade, have their marked influence on the management and organization of business[5].

Haifa comes first in these considerations. In this connection there should be quoted the conc-

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(1) See p.179
(2) £.P.973 divided by 519 See above p.162 & 176
(3) £.P.1,337 divided by 487 See above p.162 & 176
(4) £.P.1,420 divided by 505 See above p. 162 & 176.
(5) See Dr. Cyderovitz "Binnenhandel" p.15.

lusion that Mills arrived at, after a thorough investigation in different phases of commercial life in Palestine. He said: "Haifa and Jaffa show marks of progressive commercial or industrial towns"[1].

4. Capital Turnover According to Period of Establishment of Retail Enterprises

According to D. Gurevitch[2], the stores established in the pre-war period have large amount of capital, but their capital turnover is much slower than that of the stores which have started business after the war. This is due to a great extent to the mentality and knowledge of the traders. The pre-war traders are not well acquainted with the modern methods of business management, and moreover they have not yet been able to adjust their business to the economic and transport conditions, which have changed considerably since the World-War.

The pre-war Jewish retail-stores constituted about one nineth of the total number of shops, their capital amounted to a little more than one third of the total capital invested in trade, and their sales amounted to only one fifth of the total sales.[3]

(1) See Mills, Census of Popul. Vol. I. P.31.
(2) See Dr. Gurevitzch "Census of Jewish Retail and Wholesale Distribution" p.8.
(3)See D. Gurevitzch "Census of Jewish Retail & Wholesale Distribution" p.8.

The primitiveness of stores capital turnover is still more indicated when one considers that the volume of sales for £.P.1000(1) of merchandise for retailing enterprises established in the pre-war period was £.P.1,500; established in 1919-25 was £.P.2,800; and during the five later years £.P.3,300.

E. - Jewish Retail Trade According to Number Occupied

1.- Persons Occupied per Establishment

In 3139 retail stores there were occupied 6,205 of which 4409 were men (71 %) and 1796 (29%) women(2). This gives an average of 1.976 persons per establishment(3). The corresponding figure in the United States(4) in 1930 was 3.9 and in Canada 3.2(5). The number of consumers per person occupied or partly occupied in retail trade was 20.36 for Palestine and 28.1(A) for the Jewish Community alone. In 1930, this ratio in Canada was 25.9(6).

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(1) See D.Gurevitch,"Census of Jewish Retail & Wholesale Distribution" p.9. Altho D. Gurevitch uses here the expression "merchandise", I believe it should be called "working capital invested in debts, in stocks & bills".
(2) See Dr. Cyderovitch Op.Cit.Meshek Shitufi, Vol.II.p.47.
(3) 6205 divided by 3139.
(4) Arrived at by adding to the proprietors the full & part time employees and dividing by the number of retail stores. Figure taken from U.S.Statist.Abst. for 1932,Table 789,p792 number of occupied 6,020,747 of stores 1,543,158.
(5) 400.328:125.002.
(6) Proprietors actively working, full and part time employees were, according to "Retail merchandise trade in Canada 1930" p.8 - 400,328, number of population being 10,376,780.

In Egypt, in 1927, there were about two persons employed by each establishment - wholesale and retail(1). In Palestine the corresponding figure was 2.1(2), if owners and working dependents included, and 0.61 if excluded.

Taking into consideration the figures of table VIII(3) and table II(4) and calculating by the given average of 1.976(5) persons per establishment, one will get the following number of occupied persons in different branches of trade:

Foodstuffs	1.76
Textiles	1.94
Furniture	1.98
Hotel & Restaurant	2.71
Building materials	2.65
Other trades	2.11

It is natural that restaurants need greater number of employees. The large number of occupied in the trade of building materials is explained by the organization of this particular trade. Not less than 70 % of the volume of sales of this branch are sales from retailers to retailers.

(1) Arrived at by adding to the average number of employees per establishment which was (according to the "Industrial and Commercial Census of 1927" published by the Statist. & Census Dept. of The Kingdom of Egypt p.19 & p.291) one person per establishment and one person more for owners working in trade.
(2) Arrived at by adding to 6,205 persons, 769 occupied in wholesale trade and 304 in commercial agent enterprises.
(3) See App.35 . p. 403.
(4) " " 29 p. 398.
(5) See above p. 183.

It means that this branch has certain wholesale characteristics[1]. This explains not only the number of occupied per establishment, but also the volume of sales and capital invested per such enterprise[2].

2. - <u>Proportion of Paid Labor</u>

Out of the total number of persons occupied in the Jewish retail trade in Palestine, 52.8 % of them were owners, 26.9 % ~~workers~~ dependents, and only 20.3 % employees[3]. 78 % of the retail stores did not employ any hired labor[4]. In the United States, the proportion of the employees constituted not less than 73.9 %[5] of the total, while in Canada only 68.7 %[6].

This low rate of employed people in the Jewish retail trade, as it will be seen later, has certain influences on the structure of expenses in trade and on the abilities of adjustment of cost of trade.

The proportion of persons occupied in individual enterprises was 82.1% of the total; in partnerships 15.7%;

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(1) Particulars see later p.197.
(2) See above pp.171-177
(3) See App. 34. Table VII p.404.
(4) See D. Gurevitch "Census of Jewish Retail and Wholesale Distr."p.'
(5) 4,510,014 out of 6,020,747; See Statist. Abstr. for the United States 1932 table 789 p. 792.
(6) 275,158 out of 400,328; See "Retail merbhandise trade in Canada in 1930", p. 8.

and in corporations and cooperatives only 2.2%[1].

From table VII[2], one can see that Tel-Aviv employed more officials than Jerusalem and Haifa did. But, on the other hand, relatively considering the highest percentage of employees. This is explained by the fact that in Jerusalem there are relatively more partnerships than in Tel-Aviv[3], and secondly, to primitive methods of condusting business.

The proportion of women-labor is higher in Tel-Aviv and in Haifa, than in Jerusalem[4]. Women are employed in restaurants and hotels and in trades of foodstuffs. In trades of textile, furniture and hardware they are less in number, and practically none in trades dealing in building materials[5]. This employment of women in various trades, has marked influence on the cost and margins in trade.

3. Sales per Person Occupied in Retail Trade

The average sales per person occupied in retail trade vary from branch to branch. The following table

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(1) See Dr. Cyderovitch Op.Cit. Meshek Shitufi,VolII, p.47.
(2) See App. 34. p.402.
(3) See App.28 Table I, p.398 .
(4) See Table VII, p.402, App.34,
(5) See App.35 Table VIII, p.403 .

gives a clear picture of the amounts for various branches of trade:

I Trade In:	Sales per person occupied	III Relation to Average In %	IV (1) Relation According To Cyderovitch
Foodstuffs (2)	£.P.471	83.0 %	85.4 %
Textiles & Garments (3)	600	106.0	100.0
Furniture & Hardware (4)	788	139.0	123.2
Building Materials (5)	1775	278.0	300.0
Other Branches (6)	545	96.0	88.4

It is seen again, that the retail trade dealing in building materials needs least number of employees. The greates number of employees are employed in the trades dealing in foodstuffs, and by groceries.

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(1) Extracted from D. Cyderovitzch O.p.Cit. Meshek Shitufi, Vol.II, p.49. He arrived at these results by a different method! He took the percentages of occupied in the different branches of retailing and divided them by the percentages of the volume of sales of the corresponding branches. As not all the establishments have reported their volume of sales, we consider our method as more correct, eliminate to a certain degree faults originating in enumeration of material.
(2) £.P.828 through 1.76 See above p. 171 4184
(3) £.P.1165 " 1.94 " " p. " "
(4) £.P.1561 " 1.98 " " p. " "
(6) £.P.4704 " 2.65 " " p. " "

CHAPTER V

MARKETING CHANNELS AND AGENCIES

For the description of this phase of Palestine's trade it was seen fit to divide the topic into two main parts; direct marketing and channel marketing. The latter will be divided into assembling or collecting, distributing, and the marketing which lies between these two. The distributing marketing is to be confined to only such transactions where the middlemen and the ultimate consumers come together. A wholesaler distributing goods is to be considered only as an intermediate link in the trade channel since his function is neither collecting nor distributing to the ulitmate consumer. Such distinction is necessary for the problems which differ according to the main functions to be fulfilled by the marketing agencies.

A. Direct Marketing.

Direct marketing means "that all middlemen are eliminated and the producers sell directly to the consumers."(1) Here producers' cooperatives are considered as middlemen for it is not the question of ownership but the fact that there exists a special economic unit to fulfill the distributing function.

In the direct marketing as well as in channel marketing one sees the coexistance of primitive and modern agencies operating side by side. This is the result of the transition Palestine is now undergoing, and to the fact that "social and economic development move in parallel rather than in series."(2)

(1) See "Marketing Methods and Policies" by P. D. Converse, II edition, New-York, 1929, p.140.
(2) See N. H. Engle, "Economic Phases of the Wholesale Market", American Economic Review, Vol.XXIII, No.2, June 1933, p.191

1. Aspects of direct marketing with agricultural products.

In consideration of Palestine's total trade the part which direct marketing plays is rather limited[1] due to the imports occupying a large share in the volume of trade. For the yearly average of 1927-32 the imports of agricultural goods amounted to £P 1,388,718[2] and for animals, animal products and milk produce to £P 610,000,[3] a total of £P 1,998,718. At the same time the local agricultural products appearing on the market amounted to £P 1,077,115 and on the industrial market to £P 589,000, together 1,666,115.[4]

If the country would have been self-sustaining in supplying its own agricultural requirements the extent of direct marketing would have been twice as great.[5]

A considerable direct marketing has developed with dairy and poultry products in Palestine. The regularity of supply and continuity in demand as well as the perishabliness of these products which make a quick distribution necessary[6] have made a direct marketing more economical and convenient.

The spread of direct transactions is explained also by psychological factors. The fellah prefers to go to the market himself to purchase some of his necessities. There he can visit the various bazars and shop and bargain as he is accustomed to.[7] At the same time he takes along some of his products for selling. Only grains are collected by the country merchant[8] in the villages or towns[9]. The rest of his goods the

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(1) If one considers the small size of the country, the unutilized time of the fellah and the primitiveness of the economic life of the country
(2) Calculated on the basis of the figures of the Agr. Ann. Rep., 1927-30 Appendix 5, p.31 and the Rep. for 1931-2, Ap.2, p.95.
(3) Agr. Ann. Rep. for 1931-2, p.121
(4) See p.95
(5) Hereby is assumed that the extent of direct marketing will be in direct relation to volume of imports to be sustituted.
(6) See Fred A. Clark, Op.cit., p.285-6.
(7) See Dr. Ruppin, Syrien als Wirtschaftesgebiet, p.429-430.
(8) Who is often also a money-lender.
(9) Dr. Bonne Palaestina, 2nd edition, p.191

takes with him part of which he sells directly to consumers, in order to save the middleman's margin.[1]

The time lost in direct selling is never considered by the fellah, for time with him has little value.

The proximity of the villages to the towns in Palestine has facilitated direct marketing. In four or five hours the farmer or his wife can reach the market by donkey. Also the ways of production and the composition of the fellah's crop made it necessary for him to eliminate middlemen in his "cash-crops". The fellah supplies his most important necessities by his own production. The surplus in grains went to the money-lender. His dairy, poultry, fruit and vegetables constituted only a small part of his output.[2] A variation in the price of these products could not greatly affect his living conditions, therefore he did not have to remove the risk of a drop in prices by selling to merchants. The prices of these products show considerable fluctuations due to the greater importance of the law of "supply and demand" in the price-fixing of perishable products. The lack of confidence in the rural population and the lack of organized produce-exchanges or auctions and reliable market quotations made it difficult for the fellah to follow and control the market price-movements-- particularly so in view of the fact that most of the fellahin are illiterate.

All these factors aided the development of direct marketing in Palestine but with the growth of the towns, the concentration of population and consumers in the coastal districts, the increase in specialization in agriculture and the higher market-dependency of it, the im-

(1) Faryis and R. B. Nasir, "Internal Trade of Syria" p.6
(2) See above p.21 ff. + app. 8 p.367

portance of direct marketing is decreasing.

2. Aspects of direct marketing with industrial products.

The tendencies which make for direct marketing of manufactured goods are:

First, that the size and output of the industrial enterprise should be small and in close proximity with its consumers.

Second, that the nature of the goods is such that the order is often accompanied by technical questions, special considerations, etc.

Third, that the orders are for high-valued products which may represent a considerable part of the output of the enterprise.

The first consideration is of particular importance for direct marketing in Palestine. Palestine's industry is still in the early stage of development. Many of the enterprises cannot be distinguished from handicrafts.(1) The elimination of middlemen here is not only convenient but means greater income by the amount of their margins and commissions. The larger manufacturers, however, are not able to eliminate middlemen. Neither is their volume of market and output sufficient to maintain chain retail stores to deal directly with the consumers. Although 64% (2) of Palestine's industrial production

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(1) According to the "Statistical Survey of Jewish trades, industrial and liberal professions in Palestine" of 1922, in Jerusalem there were 1211 industrial and handicraft establishments. Only 423 working on their own account and not on order. Out of these only 68 were selling to wholesalers and 19 applied for the services of agents. (See Bulletin of the Palestine's Economic Society, Volume I, No.3, July 1923, p.56 and 83). Since that time conditions changed considerably, but still the above given example shows that the extent of direct marketing and working on order is highly developed in the primitive industry.

(2) Calculated on the figures of Ap. [illegible] p.373 There was estimated that £P 560,371 of output of chemical and foodstuffs industries did not appear on the market. Subtracting this from total output of these industries, which amounted to £P 2,685,795 (See above p. [illegible]) we receive £P 2,125,424 as the equivalent for the output of these industries appearing on the market. Dividing this figure through total industrial production appearing on the market 3,325,778 we receive 64%.

ppeared on the market in the form of chemicals and foodstuffs for ltimate consumption, yet only a very small amount of these products eached the consumer directly. The developed demand and small unit ost of these products did not favour the direct marketing of them.

So far as the second consideration for direct marketing is con- erned it may be dismissed, for an industry which produces machinery o any extent does not yet exist in Palestine.(1)

A direct marketing which fulfills the third consideration, how- ver, is quite developed in Palestine. Building materials constitued 0-25% of the total Jewish industrial output in Palestine.(2) A good art of this was sold directly. Only the largest Palestinian indus- ries (as"Nesher") in building materials worked with commission agents n the distribution of their products.

With the increase in industrialization along modern lines direct arketing will probably decrease in importance. It will take a long ime before the volume of the market will increase sufficiently to enable ndustry to maintain its own distributing organisation. Neither are he consumers' cooperatives strong enough to open industrial plants o furnish their requirements.(3)

But, on the other hand, so long as a uniform and extensive demand oes not exist in connection with certain industries; they will al- ays depend upon a considerable direct marketing for their products.

3. <u>Methods in direct marketing</u>.

a. Of agricultural products.

The direct marketing of agricultural products take place s :

1. farm produce markets.

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(1) See above p. 47ff.
(2) See ~~above~~ pp. 18 p. 381-2
(3) Excepted in a few lines dealing with daily requirements as f.e., bakeries, which have shown quite favourable results.

2. bazars

3. peddling

The farm produce markets in Palestine are the same as the markets in Europe during the last century[1]. In Ludd, Gaza, Acre, Safed, Nablus, Nazareth, Ramallah, Jerusalem, Jaffa, and Haifa exist daily or weekly markets.[2] In many of these markets wholesalers and retailers, as well as consumers, take part. On the other hand, the producers themselves do not always appear there as sellers. Often they engage commission men or small country merchants to dispose of their products. The goods most often exchanged are animals, cereals, fruits, vegetables, and poultry and dairy products.[3]

In the bazars the fellah does not often sell his goods directly to the consumer.[4] He goes there to purchase his necessities and sometimes disposes of his goods with the merchants and sellers in the bazars, who in term sell the goods to passing purchasers or keep them for their own use.

By peddling[5] the farmer disposes of most of his perishable products. The farmers or other members of their family living near the towns bring their products on donkeys or by themselves and go through the streets advertising their produce. Often they have fixed customers who prefer to buy from them than from others.[6] In this way the consumer is often served cheaper and better than by the retailer. The producer, too, profits by sharing the profits of the middlemen with the consumer.

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(1) See Bonne, "Palaestina", 2nd edition, 1933, p.190.
(2) Only the most important are mentioned here.
(3) See Great Britain, Handbook, No.60 "Syria and Palestine" 1920, p.121
(4) See Z. Vilnai and Bonne, "Madrich", p.87
(5) Peddlers in agricultural products are not considered here, because they belong to channel-marketing.
(6) This same tendency exists with modern farmers, who distribute their goods by motocycle and visit regular customers.

Although Palestine is a fruit growing and a tourist country, road-side selling by the producer is made little use of. The explanation for this limited direct marketing on road-sides is found in the fact that internal tourist and resort places are yet undeveloped in Palestine. The foreign tourist does not stay a long time in the country; he hurries through by car. For road-side buying the local consumer is more important but as week end driving out of the towns is not practiced much; trading in this way is not common.

b. of industrial products.

The direct marketing of manufactured goods takes place in

1. bazars.
2. shops
3. industrial enterprises.

The bazar is not only a trading center; many artisans operate their business there and work on order or for the unknown buyer. There exists an integration of producing and marketing methods in the most primitive form. The concentration of many identical handicraft establishments enables the consumer to compare easily the prices and quality. The consumer believes that with the producers of identical products operating side by side competition and bargaining are utilized to the highest extent possible. This explains why the fellah has always preferred to purchase in the bazars.

Direct marketing takes place also in the shops. Tailors, small textile manufacturers, and garment producers are the most important. They are situated in the shopping districts of the towns and try to compete with producers on a larger scale by giving special consideration to the needs and wants of the consumer.

Direct marketing in industrial enterprises is most often found in iron and metal works. There the buyer examines the machinery or goods nd receives the necessary technical aid and information required. Often, too, some change in the machinery is effected to suit his particular need. In connection with this it should be mentioned that direct transactions sometimes take place in the offices of the industrial enterprises. This practice is quite wide-spread between producers of building materials and contractors. Standardization and uniformity in materials and in structural methods aid such practice.

4. An evaluation of direct marketing.

In summary the advantages of a direct marketing are: higher prices to the producer and a better utilization of his space time, the opening of fields for the small manufacturer and lower prices and better service for the consumer.

But still there are disadvantages to direct marketing. The marketing activities may detract from the producer's principal function. He is not able to specialize so well. It is probable that the farmer by concentration on more intensive methods would arrive at better results. The marketing that must be fulfilled by many persons could quite easily be performed by one merchant or an employee of a farmers' cooperative. Instead of transporting small quantities by means which require much time modern methods could be used to advantage. As it does not pay for the farmer to select and grade small quantities of goods he receives lower average prices. The purchaser subtracts an amount to allow for bad quality. Often the farmer is not able to dispose of all his products by direct marketing means so what he has remaining he leaves with commission men for sale or he applies to wholesalers and retailers. To sell to these, however, he has to sacrifice in price so that his profits from direct marketing are often absorbed by the losses incurred in remaining stock.

With increasing demand for quality the fellah finds his market more

more limited. Imports, with more efficient production and distrition and better display, are conquering his markets. Changes in ing conditions make a direct trading more and more difficult. An ficient marketing could to a certain degree protect the home mart against imports. Marketing agencies for assembling transporting, ading and distributing grow in importance. Palestine's agriculture confronted now with problems that arise in the social and economic ansition that is taking place. The time has perhaps arrived for lestine to adopt modern means and methods in the distribution of her oducts. The services of producers cooperatives or independent merants should be applied for. No doubt many advantages would result om a well organized and governed cooperative movement but it is questionable if the attitude of the population is such that they would now ve confidence in and support a cooperative movement in the real meang of the word.(1)

II. Channel Marketing.

A description of the different trading agencies constituting he trade channel is rather difficult for a country with primitive ays like Palestine. First of all functions which are quite opposite n character are often fulfilled by the same agency, E.g., the same erchants who lend money may be not only assembling goods but distriuting them as well. Therefore to draw a distinct line between traders ngaged in collecting, intermediate or distributing functions is practically impossible, especially in describing the rural trading agencies.

Furthermore it is often impossible to distinguish between the dif-

1) Attention is called to the fact that many cooperative members in Palestine believe that a cooperative is only an instrument for the securing of loans and no more.

rent stages of the trade channel. Wholesalers and retailers interfere in each others fields. This tendency of integration is stimulated by the fact that Palestine is in a state of transition. Conditions are unstable. Retailers develop into wholesalers over night. Wholesalers on the other hand try to assure part of their volume of sales by interference in retail business. Concerning the extent of this integration, one is able to judge from the data of the Jewish Census of Trade.

In 1931 there were 210 retail establishments selling also on wholesale, 6.7% of the total number of establishments investigated. The total volume of sales of these establishments amounted to £P 825,000 or 27% of the total volume of retail sales.(1) The retail trade with building materials shows the highest integration. 31% of the total number of these establishments were also selling on wholesale.

Hardware and furniture establishments showed a rate of	14.5%
Textile-trades	9.3%
Foodstuffs trade only	3.6%

The volume of sales of these establishments constituted(2)

in	the	building materials group	71.%	of the	total	sales
"	"	hardware and furniture	39.4	" "	"	"
"	"	textile	26.7	" "	"	"
"	"	foodstuffs	13.9	" "	"	"

This integration shows that a classification of trade agencies which should consider all the variations in the character of the different trading agencies is rather difficult.

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(1) See Dr. Cyderovits, Binenhandel, p.127

(2) See " " " p.128

A. Distributing marketing.[1]

1. The different agencies of the distributing channel

a. Peddlers

The most primitive agency for the distribution of goods is the peddler, who sells both agricultural and manufactured goods. The peddlers of agricultural goods are found in the towns while the peddlers of manufactured goods are to be found more in the villages.

1) Extent of peddling.

Peddlers of agricultural goods are more spread than the peddlers of manufactured goods. The reasons why the fellah preferred to purchase his own goods have been discussed. For the same reasons that the fellah prefers to purchase his manufactured goods in the bazars, the peddler with such goods finds difficulty in selling them in the villages. Peddlers of manufactured goods often find a market in the suburbs of the towns. They deal in goods which have been purchased at liquidation of businesses or of

(1) In following the steps in the trade channel, the procedure would have been to describe the assembling and intermediate trade before the distributing trade. The reverse procedure is followed here, however, because the distributing trade has many problems in common with the producer in direct marketing which was dealt with above. Another reason for the selection of this order is that the evolution of trade has been from the distributing to the assembling and intermediate trade.

stocks of retailers.[1]

The fields of activity for the peddler of agricultural goods increases with the growth of the towns but when the demand for his goods becomes extensive the retail shop displaces him. The same is true for the peddler of manufactured goods. The rise in the standard of living is conducive to the establishment of general merchandise stores in the larger villages. In Palestine as well as in most other countries of the world the institution of the peddler is gradually dying out.[2]

2) The different kinds of peddlers.

The peddler of agricultural goods buys the goods from the farmer on his farm or more often in the farmers produce market and sometimes from the wholesalers. Often he buys perishables which cannot remain longer in stock. These he buys at low prices and endeavors to dispose of them as soon as possible. His clientel is not fixed. He runs up and down the streets to catch customers who are ready to buy the goods for ultimate consumption. Such peddlers are usually called "pushers" and derive the name from the methods they employ.

A second kind of peddler of agricultural goods is the "carrier". These deal mostly with milk and dairy products. Their function is largely a delivery one. They have fixed customers who buy regularly their requirements from them. The regularity of supply as well as the quality (purity and freshness) of the goods is guaranteed by the

(1) In this connection it is necessary to keep in mind, that in the centres of the towns or in the neighbourhood of historical places there are many peddlers. But they are not so much interested in making profit out of selling their merchandise as to get a "bakshish" from tourists. Their occupation is mainly begging instead of peddling.

(2) It is possible that the number of peddlers increases, but their share in the total volume of business is decreasing here.

carrier. The prices are quite fixed -- bargaining has been reduced to a minimum. Often they work on a commission basis, distributing the products of a cooperative or a wholesaler. Sometimes they grant weekly or bi-weekly credits and take the responsibility of collection upon themselves.

The peddlers of manufactured goods purchase their goods from the factory (if small and primitive) or from wholesalers and even large retailers, if the products are imports or produced by modern local industries. These peddlers must know the demands of their customers and compose their stock accordingly. Bargaining is the rule -- the difference between prices asked and actual selling prices is great. The volume of sales is low; the margins comparatively high.(1)

b. Market and cornerstand sellers.

Like the peddlers there are numerous corner and market stand sellers. Beverages, ~~ice-cream~~, flowers, cigarettes magazines and newspapers are sold in the main streets by these middlemen. They are more numerous in Palestine than in European countries. This is because of a favorable climate and the fact that there is much out-of-door life in Palestine. Vegetables, fish, meat and fruits are sold to a considerable extent by market stands. The stand sellers are to be considered as representing a more progressed form of selling than the peddlers but yet they cannot be classified under store-keeping-retailers. The corner stand seller and market stand seller

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(1) There are also peddlers who follow the processions, (as Nebi-Mussah, Nebi-Rubin, Nebi-Elias etc.) religious fairs etc. which are frequent in Palestine. They sell foodstuffs, sweats, toys and some textiles and garments. They are attracted by the concentration of consumers in certain places and by their willingness to spend some money for presents to their family members.

quite easily distinguished from each other. The function of the first is performing to increase the convenience for the customers. They follow the consumers, operate until late in the night and on holidays.

The second is more a link between the agricultural producer and consumer. With them qualities and prices are important. They equalize fluctuations in supply and demand in the best way. The consumer often prefers the reliability and convenience of the market stand seller to the retailer. These interfere to a certain extent with the retailers but still a difference exists. The foodstuffs retailers deal mostly in convenience goods. They are not able to adjust their prices quickly to conform with fluctuations in demand and supply. This explains why the market stand selling concentrates in perishable goods. This kind of selling has a greater importance in Palestine than most other countries because of the concentration of the urban population in small towns where such markets are conveniently accessible.

c. The retail store.

The retail stores in Palestine reflect excellently the variety of styles and different stages of development in the life of the country. A walk of 5 minutes in the streets of a town discloses most contrary types of retail stores. The primitive general merchandise store, the bazar shop, the convenience store, the shopping store, the specialty store and the chain store can all be seen.

1) Department stores.

The primitiveness of Palestine's retail trade is indicated by the absence of large department stores. There are few firms which deal in a variety of goods[1] and have branches in the

[1] Textiles and garments and other shopping goods are not well represented in these establishments. These lines are usually, in all the countries of the world, the main lines of the department stores. (See Converse, Elements of Marketing, N.Y., 1931, p.601)

ifferent towns and suburbs. However, departmental management and thods are not sufficiently developed to justify calling them depart-nt stores--they more properly belong to the chain store group. A iform demand and large towns are necessary for the establishment of epartment stores. As these factors are still missing in Palestine, this ype of store is still undeveloped there.(1) Proposals have been made or the establishment of retail houses in which all the different bran-hes would be represented by individual retailers. Only the building, vertising etc. would be governed by a centralized cooperative orga-isation.(2) Since such a system would lead to the destruction of ndreds of retailers the idea hasn't met with the approval of the pub-ic.(3) How long it will be possible to avoid this form of retailing, is doubtful to say.

2) The ~~general~~ merchandise store.

In the rural districts the general mer-handise store is more wide-spread than any other form of retail es-ablishment. Its stocks are composed mostly of foodstuffs and colo-ial goods. Some textiles and drugs are also sold. Window displays and vertising do not exist. The stock is poor in quantity and quality. ften such a store is operated as a subsdiary occupation to agriculture. ey usually purchase their goods from a wholesaler and when they do not ve the necessary capital they are supplied by money-lending-merchants. ose either sell their own merchandise or purchase for them on a com-ssion basis and in the prices quoted by them interest for credit is luded.(4)

About the difficulties encountered by the Egyptian department stores see Manchester Guardian Commercial Special Supplement "Egypt".
See "Haaretz", 17.1.1934. This development would have been similar to that of the department stores in England.
It has been especially opposed by the Zionists, who like to enable the settlement of as many Jews as possible. The department stores depend upon purchases in large quantities and at low prices, therefore they would buy imported goods which would be against the interests of local industry (See Palaestina, Wien 1933, No.10-11, p.402.) It is told that the Municipality of Tel-Aviv discourages the errection of such enterprises.
imadeh, Monetary and Credit System, p.211.

3) The bazar shops.

The bazar shops which are spread in rural towns are the principal suppliers of the fellah. In the bazars are concentrated retailers of foodstuffs, textiles, drugs, colonial goods, garments, hardware etc. Artisans also operate there as well as sellers of vegetables and fruits. Peddlers of sweats, beverages, garments and second hand goods are to be found there also.(1) In the bazars the fellah is able to secure all his needs and at the same time take advantage of the competition prevailing among the merchants. Such bazars have a greater importance than one might think. Even people from Transjordania buy personally many of their refinements in the bazars of Jerusalem and Damascus.(2) As competition is keen the bazar shopkeepers look for the cheapest suppliers. They are not able to deal in goods of high quality -- price is the single determining factor and it is arrived at by bargaining.

4) The convenience stores.

The convenience, shopping and specialty stores are to be found mainly in the towns. The convenience store has the character of a general store. However, as specialization in these stores increases, the number of goods sold decreases and a large assortment in quality of goods can be maintained. Here the convenience stores often deal in goods which belong to the shopping lines, particularly by an addition in the suburbs. The convenience stores deal mostly in foodstuffs and groceries. They become established together with the first

(1) Bonne Palaestina p.190/1
(2) Dr. Stephan Loevengard, "Transjordania today" PME, 1926, No.4, p.168.

houses erected in the new settlements. Their stocks are usually small, turnover high and margins low if credit risks are considered. They often open monthly credits or credits for even longer periods with their customers and in this way try to avoid the price cutting results of competition.(1) But such a policy is often dangerous because as Palestine is in the upbuilding stage consumers are tempted to invest in more than they are able to. In times of depression the grocery stores were the first to suffer. The same in the case of the Arab storekeepers opening credits for the fellahs. It often resulted in a disproportionate spending of his income and in frozen credits.

5) The shopping stores.

The shopping stores deal mainly in textiles, garments, hardware, furniture etc. In some of them prices are fixed, in others bargaining is the rule. In these stores the goods handled show the greatest differences in style and kind. Goods of the most primitive to the most modern are sold. In most cases there is specialization in the stores and the kinds of goods dealt with. The shopping and specialty stores progress especially on account of the surrounding rural districts.(2) With increase in population and standard of living variation in composition of goods and specialization increases. The highest grade of specialization is shown in the stores dealing with hardware.

6) The specialty stores.

The specialty stores deal in electrical appliances, automobiles, parts instruments etc. Their number increases with the industrial development of the country and with the spread of technical knowledge in the population. Before the war and shortly after

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(1) For the same reason some of these convenience stores in the suburbs add different articles which do not belong to their line, such as specialty or shopping goods.

(2) See later Chap. III

specialty goods were usually ordered direct from Europe. Since with the development in local retailing the orders placed abroad creased.(1)

7) The chain-stores.

It is rather surprising to find the chain store in Palestine when there are no noticeable indications for department stores. The chain store is a more modern form of retailing than the department store, at least in the U.S. and Europe the department store developed first. A second surprising fact is that chain stores which require modern methods of selling, management and control could develop in a comparatively primitive country as Palestine. The development is explained, of course, by the presence of European elements. Shortly after the war there were many military and civil officials in Palestine who had high standards of living and were accustomed to European methods of purchasing . This was conducive to the establishing of chain stores.(2) The small size of the towns and the small number of Europeans did not justify the establishment of department stores.

Chain stores in Palestine deal only in goods of high quality while in the U.S. they sell products of various qualities.(3) This is explained by the fact that chain stores can exist only where customers are accustomed to modern methods of marketing and in Palestine such people have comparatively high incomes and demand goods of higher quality. As these stores in Palestine deal mainly in groceries where competition is keen they try to avoid it by selling certain foreign brands

1) Commercial Bulletin, 1923, Vol.III, p.114
2) The administration has chosen one of the main chain firms as the suppliers for the military forces.
3) See Converse Marketing Methods and Policies N.Y., 1929, p.318

of a high quality, and at the same time secure an agency of the goods for the whole of Palestine.

With the increase in immigration chain stores which deal in textiles, garments, stationary, books and toys were established. This type of chain store is quite different from the above. While the former are more similar to department stores or general stores the latter are specialized along a few lines. Some of their products are imported, some purchased locally.

In chain stores the prices are strictly fixed. In competitive goods the prices are low, in others the margins are great. Often sales are organized for representative goods as a means of advertising. The practice of fixed prices does not appeal, of course, to all of Palestine's population; because this practice involves a certain unelasticity in selling policy and presumps a certain mentality of customers.

Some of the chain stores have centralized bookkeeping and auditing departments. The goods are numerated and the selling prices are affixed. A perpetual inventory is kept and the goods checked at least once a month.

The chain store is perhaps the best form of retail selling for Palestine.(1) It does not require a great concentration of consumers and has all the advantages of purchasing on large-scale. Its development is limited because the capitalists do not enter the retail business(2) and the chain store needs considerable capital for successful operation. One of the strong points of the chain store system is its ability to purchase in large quantities and to pay cash in order to secure the

(1) See Converse, "Marketing Methods and Policies", N.Y., 1929, IInd ed., p.276. "The chain store appears to be capable of more efficient management and more economical operation than all the other modern forms of retailing."
(2) See p. 112 Footnote 2 ~~and p~~.

hest discounts. Its second limitation lies in the fact that the majority of Palestine's population is not yet accustomed to modern methods of marketing and pricing. A third limitation has to do with the keen competition among retailers and the question of fixed costs. Here small retailers who often have their business establishment in the same building as their domicile have an advantage. These factors make it difficult to indicate how fast and to what extent chain stores will develop in Palestine. It can be said, however, that in recent years the opening of branches in different towns and suburbs has increased.(1)

d. The consumers cooperative stores.(2)

Before the reorganization when they were operated under the management of the "Hamashbir" these stores could have been classified under chain stores. Now, however, since the ownership has been transferred to the consumers cooperatives.(3) Not only inefficient management has hindered the development of cooperatives but the extension of credit granted by grocers, the elasticity in price-fixing, the poor cooperation of members, the keen competition of the convenience and other stores as well as the fall in world prices, have all hindered a rapid development in this form of retailing.

e. Mail order houses.

Conditions for the development of mail order houses in Palestine are very unfavorable. The small size of the country, the improvement in automobile transportation, and the illiteracy and lack of confidence of the population practically exclude the establishment of this form of enterprise.

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1) Bonne, Strukturwandlungen, p.333
2) See further p. 256.
3) See Converse, "Marketing Methods and Principles", IInd edition, N.Y. 1929, p.297-8.

f. Restaurants and cafés

In Palestine restaurants and cafés play more important part in retail selling than in most other countries. This is the result of the warm climate, that much of the life takes place in the streets of the towns, the immigration of bachelors and the extensive tourist trade. The average size of these establishments is small. This means that many of the restaurants and cafés cannot avoid purchasing their supplies from other retailers. A direct purchasing from wholesalers is for the most part practically excluded or at least connected with economic disadvantages.

g. Automatives

The vending machines in retail distribution in Palestine were until recently unknown. The lack of confidence, the easy accessibility to the convenience store, the spread of peddlers and corner stand sellers were not favourable for the operation of these machines. Only recently there has been noticed a few attempts to operate them in connection with waters. Whether these steps will be marked with success or failure it is now difficult to foresee.

B. Assembling and Intermediating Marketing Agencies and Channels

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1. Assembling.

a. Extent.

The smallness of the country and its population, especially the urban population (1), and the predominance of small towns do not require a high degree of assembling, and concentration of products in large quantities. Features of a well-developed trade have only been shown in connection with the marketing of citrus fruits for export (2). Also the self-sufficiency of the fellah and his diversified character of production as well as the practice of direct marketing of "cash crops" hinder the development of a collecting trade with agricultural products.

Nor is there much need for a collecting trade in local industry. As the demand is still small, every factory is able to supply its retailers without the necessity of assembling a considerable quantity of goods. The dependency of industry on imported raw-materials (A) as well as its small size add in making it independent of a local collecting trade.

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(1) See above p.67
(2) The recent increase in demand for local milk and dairy products accompanied by a growth of local industry has brought new forms of collections with it. But this channel is important only in a qualitative way. Its importance has not been felt quantitatively, because the bulk of the needs are supplied by imports.
(A) See above p. 53

b. Marketing Agencies Engaged in Assembling.

The various marketing agencies engaged in assembling are: the country merchant, the frontier merchant, the money-lending merchant, the fruit dealer, and the producers cooperative.

1. The country merchant.

The collecting trade of the country merchant is not very important. He deals only with the farmers who are not heavily indebted. He usually operates a small village store and opens credits with merchandise. The farmers repay him their debts with their products. These he collects and sends to a town merchant, who, in turn, accepts them in payment for ~~the debts~~ the country merchant has entailed with him (1). Peddling country merchants assembling agricultural produce, who in other primitive countries are called "collectors"(2) are likewise of little importance in Palestine(3).

2. The frontier merchant.

The frontier merchants deal mainly with the bedouins. These merchants are to be found in Transjordania, Safad, Tiberias, Beisan, Gaza, Beersheba, and Hebron. At certain seasons they open shops near the camps of the bedouins. They supply the bedouins with a few groceries and other requirements and in turn buy all which the bedouins have to sell. The merchants have often to supply the bedouins on credit until the next season or

(1) Himadeh Op.Cit.p.205.
(2) See Hirseh D/Moderne Handel P.35.
(3) These are to be distinguished from the peddlers, who are engaged mainly in the distribution of perishable products.

whenever they may be able to repay. Although many of the bedouins have existed on stealing and robbing, yet they feel it is their honest duty to repay a debt. Granting credit to them involves no more risk than with the fellah.

3. Money-lending merchants.

The main assembling institution in cereals is the money-lending merchant. He is situated in the towns of the interior where grains are cultivated. He grants short medium termed credits to the farmers at exorbitant interest rates (1). These loans are not always used for productive purposes so that the fellah often fails to pay them back and gets himself into a situation of perpetual indebtedness. As the fellah is unable to give security (2) for what he borrows, he is bound by a moral or more often a legal obligation to sell his grains through the money-lending merchant. This obligation is mostly limited on grain crops as these appear at a certain season and can be easily controlled by the money-lender and handled by him without undue risks. However this is not the case with perishable products. The result of such an obligation is that the fellah has no recourse but to sell his grains to one merchant and often at unfavorable prices. Furthermore, as the fellah is obliged to repay his debt shortly after the harvest, he disposes of his goods when prices are low (3).

Often, too, the money-lender does not leave

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(1) When considering the risks often involved, the rates do not appear to be so exorbitant.
(2) Hemadeh Op.Cit.p.218.
(3) See Johnson Crosbie Rep. p.41.

sufficient grain with the fellah for seeding and feeding during the winter, so that he has to apply for further credit the following spring. He receives it but is charged with the prevailing price which is much higher than at harvest time (1). If, quantitatively considered, the fellah has much more to repay than what he has borrowed, this is impossible due to the low productivity of his land. So the fellah comes into a situation of perpetual indebtedness and becomes dependent upon the money-lender more and more. This dependency finds its expression in a restriction in the fellah's purchasing and selling activities.

In consequence of all this, the fellah's indebtedness becomes so severe that he agrees to transfer his land to the money-lending merchant and live as a leasee. The money-lender in this way often becomes a real-estate owner of considerable wealth. As he usually collects his rent in kind, his marketing functions do not differ much from those when he was a money-lender.

The money-lender sells a part of his grains collected by him directly to consumers in his own town (2). The remainder he disposes of to mills or other traders, or, he may keep a part for lending to the fellaheen in the late winter months. The money-lender, sometimes, acts only as a commission agent. The fellah, in the hope of receiving better prices, deposits his products with the money-lender and receives a credit in exchange. Then, the money-lender sells the products when the prices are favorable, and receives his commission. For the purpose of

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(1) This application of capitalistic measures is to the disadvantage of the fellah whose economy is merely in a semi-feudal stage.
(2) See Hemadeh Op.Cit. p.206.

avoiding the Moslem prohibition of interest regulation, the commission is usually made to include what interest might have accrued [1]. This method of marketing would be more advantageous to the fellah if he were better informed about the seasonal fluctuations in prices and market conditions, and if the moral standard of the commission men would be higher. As this is not always the case, one finds the money-lending merchant and not the money-lending commission men still predominating in the marketing of grains.

It is difficult yet to foresee by how far the credit cooperative movement among the fellaheen, organized and controlled by the government, will be able to eliminate the money-lending merchants from the collection of agricultural crops. It is possible that the money-lenders will limit themselves to the marketing functions, but it is quite probable also that with the development of the cooperatives, these organizations will also assemble and distribute the products of their members [2]. Then, some of the larger money-lenders may resort to import trade of grains from neighbouring countries. In any event, the increase in consumption, the transition to horticulture and the introduction of modern methods as well as institutions in marketing will gradually displace the money-lending merchant.

4. The "Fruit-on-the-tree" merchant.

Similarly, for lack of financial means and limited bank credit for the agriculturalists, there has developed "On-the-tree"

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(1) See Hemadeh Op.Cit.p.205.
(2) See p. 254ff.

merchants in citrus fruits [1]. Often the growers did not have sufficient funds for cultivators, so that they had to sell their fruit in the summer when it is still on the tree, and receive an advance on the crop. For the season of 1933, Viteles estimated that about 70 % of the total citrus crop was sold in this way [2]. The merchants either buy on their own account or for local or foreign brokers [3]. The picking and packing are usually done by the merchants themselves. This results in many irregularities because the merchants do not look so much for the reputation of Palestine's fruit, as they do for securing the largest possible amount of fruit [4]. The merchants do not conduct a long-sighted policy. They do not select and classify the crop as necessary. This is especially the case when the merchant is bound by a contract with the broker to deliver a certain number of cases of fruit during the season [5]. The easier financing in the case of a shipment to Europe than of a shipment to Egypt makes it more profitable for the merchant to send the largest possible number of cases to Europe than to sell in Egypt as "culls" [6]. Usually the reduction in price for bad quality is more than offset by the greater quantity. Although the reputation of Palestine's citrus industry is impaired, by this practice the merchant will not discontinue it so long as it is more profitable for him. In the case of complaints, the merchants are free to change their

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(1) See Reyerson Rep. of the Experts. p.303. (N°4-5 P.91.
(2) See Viteles "The Citrus Industry in Palestine" Hadar 1934, Vol.7
(3) Same as (2) "The Expansion of Citrus Indust." PME 1928, Vol.13, N°15-16
(4) See Turner "The Citrus Indust. in Palestine" (P.370.
Agr. Ann. Rep. 1927-1930, p.46.
(5) See the Fruit Exp.Com/n 1927/8. Com'cial Bult.1928, Vol. V. New Series p.314.
(6) Fruit Exp.Com/n 1927/8, Com'cial Bullt.1928, Vol.V. New Series p.31

trade-marks and labels [1]. This, of course, makes advertising difficult and leads to confusions and mistrust on the part of the client [2].

The different ways of purchasing by the local citrus fruit merchants are as follows:-

The merchants buy outright the fruit on the tree, or they buy the whole crop but pay according to the number of cases packed, or they buy a certain number of cases. In the first, speculation is the greatest, for there is not only risk in change in market price, but also of crop failure. In the second case as well as the third, the merchant bears only the risk of changing prices. Here the risk in quantity is not assumed by the merchant. The packing methods are usually better than for the first as the merchant pays to the grower only for the number of boxes packed

c. Evaluation of the Usual Organization of Trade with Citrus Fruit.

In general, the merchants deal in oranges only, in connection with their regular business [3], and as competition is very keen and prices often very high [4], they must bear considerable risk [A]. Smilansky said, "The merchants look upon the orange trade as a sort of miniature monte-carlo" [5]. This, of course, demoralizes the marketing methods. With the

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(1) Recently steps have been undertaken to prevent the unlimited introduction of new brands.
(2) See the minutes of the 23rd meeting of the Committee for Agr. Economies and Marketing on 11.4.1932, p.2.
(3) Reyerson Rep. of the Experts p.297.
(4) See Viteles "Expansion of the Orange Industry" PME 1928, Vol.3, N°15-16, p.357.
(A) To reduce the risks and losses the merchants try to send as much fruits as possible not regarding their quality.
(5) PME, 1928, Vol. 3, N° 16-16, p.370.

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continuing drop of price, the merchants have to make a considerable allowance for the risks involved (B), so that only the owners of younger groves sell through them (1). But the continued increase in crop puts advertising and organization problems on the industry which cannot be solved by individual merchants or even individual cooperatives (A).

The necessary is a central agency controlled by the growers which would distribute the fruit, standardize it, conduct investigations and experiments, develop new markets, purchase supplies and equipment, reduce transportation rates, secure credits, etc. (2). To distribute means also the appointment of representatives in Europe who would place orders, designate to which ports and markets the fruits should be shipped to, etc., etc. (3). But such an agency can only come about when the majority of the orange growers are already organized (4). Then is it possible that the government may adopt measures to compel the minority to join the organization (5).

Up till now, such an organization is missing. The Jewish exporters, however, organized the Central-Exchange of citrus fruit in which there participated

(B) Many of the merchants have suffered considerable losses in the last years. (See Bonne,Palestine p.189)
(1) The merchants by certain manipulations in the consignments of different groves are able to sell the large crop of the young groves.
(2) Reyerson Rep. of the Experts p.297.
(A) Particulars about coop.trade with citrus fruits see later p.147
(3) Tolkovsky "the Organization of the Jaffa Orange Trade" PME 1928, N°11-12, p.285,also Riklis in Hadar 1933,N°8,p.197.
(4) Turner "Citrus Indust.In Palest.". Agr.Ann.Rep.1927-30,p.44.
(5) Strickland, Report p.27-8.

two firms which exported about two and a half million cases in 1932-1933[1]. The majority of the Arab exporters were united in another institution which competed with the Jewish and then there were many individual merchants who shipped their fruit to any market and to any broker they liked. The organized cooperatives in the exchange do not show sufficient cooperation and coordination so that they compete with each other as well as other exporters[2]. Only with increase in confidence among the different exporters and growers, as well as a reduction in prices and returns, will cooperation progress. A contribution towards this end has been the appointment of the Citrus Fruit Committee by the government. The members of the committee are appointed only through the recommendation of the British, Arab, and Jewish Chambers of Commerce[3]. This committee acts as an advisory consul for the government, and acts for the purpose of an exchange of interests and for a stimulation of improvements in production and distribution of citrus fruits.

Palestine's citrus industry is still far from being organized. In the United States and South Africa 80 % of the crop is marketed through one central agency[4].

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(1) Miskhar Vetaassiya, 1933, Vol. XI, N° 1, p.3.
(2) Viteles "The Citrus Industry", Hadar 1934,N°4-5, p.95.
(3) Tolkowsky "The Future of the Citrus Industry", In Financial News Palestine-Number, London Feb.27,1933,p.36ff.
(4) Viteles Op.Cit. Hadar, 1934, N°4-5,p.94ff.

The poor organization of Palestine's Citrus Industry hinders the development of advantageous commercial relations between her and the South African industry. As their crops do not compete but appear in different seasons, they could cooperate with one another through a central organization which could distribute the crops for both and operate throughout the entire year.

Even the method of selling now in practice is not utilized to its treatest advantage. For the European buyer to purchase at a fixed price in advance would be too risky, so the fruit is consigned to a broker who sells on auction(1). The ~~brokers pay~~ or open credit with the local firms but the price of the fruit is decidedly by the auction. Although this method of selling concentrates the demand and brings the fruit quickly to the retailer, it has certain disadvantages(2). Oftentimes, a consignment is composed of both good and bad quality fruit. The bad fruit affects the price obtained for the whole consignment so that the good quality fruit is being sold at bad quality prices. Then, also, the shipper often sends the same brand to different brokers with the result that the competition lowers the prices obtained(3).

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(1) See Julius Hursch D/moderne Handel, 1925 p.79.
(2) PME 1929, Vol.IV, N°3, p.52.
(3) See Tolkovsky "The Organization of the Jaffa Orange Trade" PME, 1928, N°11-12, p.285.

It is difficult to introduce and develop brands, as practised with the auction method. The brands become mixed so that the same retailer may be supplied with different ones. In this way he cannot accustom his customers to a single brand and demand a higher price for it. This does not happen when the crop is directed to wholesalers by the cooperative. Every wholesaler has his regular dealers. The wholesalers may repack and regrade the fruit for which services the retailer is willing to pay a higher price, for in this way the risk is lessened. Furthermore, with regularity of supply in quality and brand, the retailer is willing to pay a higher price[1]. For these reasons Viteles[2] had proposed "to break away from the auction" and to distribute the crops in an organized way.

Up to now, the citrus cooperatives in Palestine have only used new methods in the assembling and handling of the crop. In selling they have made use of the usual methods of the private merchants and of the same channels for their European distributors. So that it is not surprising to find the larger merchants copying the cooperatives' handling and assembling methods for their own amelioration and becoming serious cooperators.

In other words, the advantages given to the growers by the cooperatives have been limited because a

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(1) See PME 1929, Vol. IV, N° 3, p.51.
(2) See Hadar 1934, N°4-5, p.97.

single selling organization does not exist. Under the present conditions the cooperatives cannot try to regulate prices obtained and to conduct an active marketing policy.

As the importance of the cooperatives in the distribution of citrus fruits increases, newer and better methods of selling will be looked for. This would give them an advantage over the big shippers who try to work together in order to economize on transportation and other charges as well as to avoid an overflow in the market(1). A most probable development is that the merchants and cooperatives will organize a unit exchange to regulate the supplying of the different markets. They will not leave the distribution to the free-play of supply and demand and deliver their crop in such a way that it would be subjected to high fluctuations in prices.

d. The Modern and Primitive Marketing of Milk,Dairy, and Poultry Products.

The dairy and poultry producers' cooperatives developed in Palestine for different reasons than the citrus cooperatives. The distances of the modern dairy and poultry farms from the consuming centers made a direct marketing or any use of primitive methods impractical.

It was a pioneer task to build up an efficient producing, assembling, and distributing organization for milk and dairy products. These cooperatives were classi-

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(1) Experiments were also undertaken by private shippers to build packing houses in order to pack the crop according to their needs.

fied here although they are fulfilling also other main functions than assembling because they were destined to eliminate assembling intermediating traders. The poor transport conditions and the limited market did not warrant the use of wholesalers. They did act often, however, on a commission basis for the distribution of the farmer's products in the neighbourhood of the consuming centers. But, the farmers were dissatisfied with the distribution methods of the wholesalers[1]. Therefore, the farmers near the labor movement, who were organized in communistic or cooperative settlements, started selling their products through the "Hamashbir"[2]. Later, there was created a similar special organization called the "Tnuvah"[3]. The problem of joint distribution of the dairy and poultry products of the primitive and modern farmers was dealt with by Stricklan, but there are still many difficulties and differences to be spanned[4]. Although the primitive farmer is not able to apply for the services of the cooperative movement, neither will he be able to con-

(1) See Miskhar Vetaassiya, 1925, N°22, P.652-3.
(2) See later p.260ff.
(3) See later p.248 for particulars.
(4) See Strickland Report p.28-9.

tinue distributing his products by direct marketing. This condition together with the increase in towns and consumption opens new fields to the wholesalers. There exists now a wholesale organization called "Einkhalav", which is mainly engaged in the distribution of milk and dairy products but is considerably different from the "Tnuvah"(1).

The importance of wholesaling or importing firms is indicated by the dependency of Palestine's market on foreign dairy products. In 1930, 27 % of the milk and dairy products consumed was imported(2) and since then this amount has increased.

Concerning the relative importance of the "Tnuvah" and of direct marketing in supplying the main towns with eggs(3), in 1930/1, out of the city of Tel-Aviv's total requirements Tnuvah supplied 4.5 % and direct marketing practically none; in Haifa, Tnuvah supplied 6.3 %, and direct marketing 10 %; in Jerusalem Tnuvah again supplied 10.2 % and the direct marketing amounted to 13 %(4).

~~8. Wholesale and Intermediate Trade Between~~

~~Assemblers and Distributors.~~

~~a. Extent and Specialization.~~

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(1) It distributes its products mainly through carriers, which usually are responsible for the credits given. Also Tnuvah distributes through "carriers", but it maintains also a developed system of chain-stores in dairy products.

(2) According to Miskhar Vetaasiya,1932,Vol.X,N°7,p.8,the total consumption of milk and dairy products was about 55000000 liters(if expressed in milk).From this about 8000000 were supplied by Tnuvah farmers,1.5 million by German,15000000 by Arabs. Besides, there were consumed about 12 million liters goat milk. The remainder of about 14.5 million were imported.

(3) Based on figures of the Poultry-sub-committee Rep. on "The Egg Production", Bulletin of the Palestine Economist Society,Jan.1932 Vol.V. N° 4.

(4) See under Direct Marketing & Distributing Trade(particulars given therein).

2. Wholesale and Intermediate Trade Between Assemblers and Distributors.

a. Extent and Specialization.

Wholesaling in Palestine is exposed to two opposite tendencies. One, the self-sufficiency of the farmer(1), the extent of direct marketing, the low degree of specialization in agriculture(2), the short distances between producers and consumers, the small size of the towns(3), the uniform demand, the small scale of industry(4) the high dependency on imported raw materials(5), etc. make wholesaling unimportant. But, secondly, the fact that Palestine is greatly dependent upon foreign supplies makes wholesaling an important function in ~~trade~~ economy.(6)

Another factor which works for intermediate trade is the increase in direct purchasing from producing countries by commission agents instead of purchasing in the neighbouring countries.(7)

Wholesale trade in Palestine is beginning to show developed features and modern methods of business,

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(1) See p.21 and App. 8 p.364ff.
(2) See App. 10 p.373
(3) See p. 67
(4) See p. 45
(5) See p. 53
(6) See p. 95ff.
(7) See Appendix 28 p.409.

largely because of its close association with European firms which employ modern methods of distribution[1]. Instead of the old wholesale shop where office, stock, salesroom, etc. were all together, the modern wholesale office is getting removed from the warehouse. Samples, and standards are used instead of seeing the goods where they are. This is especially noticed in wholesale trade with building materials.

Up to now there are not distinct lines of specialization in <u>import trade</u>. Some of the importers are specialized only on imports, while others, at the same time deal in export tourist, shipping and insurance business. Some firms having the agency of foreign producers reflect the integration of the concerns they represent. Only in wholesaling of textiles, foodstuffs, and building materials are specialization tendencies displayed.

Some exporting firms have specialized in oranges, soap, or cereals. A considerable part of the industrial output is exported by the producers themselves or their agents. The products of the souvenir industry are exported through contractors or collectors to the neighbouring countries or to native firms established in the United States. The Exporting firms, are, of course, fewer than the importing ones[2]. An additional factor which has its influence on the number of exporting agencies is the development of the citrus fruit cooperatives. But this same factor introduces

(1)
(2)

modern methods of business into the export trade. While the methods employed in Palestine's import trade are similar to those of neighbouring countries, the organization and methods employed with some of the branches of trade are considerably superior to them.

Considering the outlooks of the busienss of the commission houses and wholesale-importers, it is necessary to take into account the dynamic movements in foreign trade.

The increase in the extent of importers(1), ~~This~~, the increase in direct purchases from remote countries and the emancipation from the neighbouring trading centers(2), and even the initial tendencies towards Palestine's development to a re-exporting center(3) increase the importance of the commission houses and has certain influences on the size of orders, grade of specialization and even organization of local wholesale-trade. The local importers in the case of purchasing from remote countries have to order on a larger scale than in the case of covering their requirements from a neighbouring trading center. A purchasing from remote countries on bigger orders increases also to a considerable degree the extent of specialization. The wholesaler has to deal with few firms and is unable to deal with many firms and purchase in small quantities. This means

(1) See p.98
(2) See App.39 p.408
(3) See app. 37 p.405

that local wholesale trade will specialize and the retailer in covering his requirements will have to compose the assortment of his stock alone, or what is more probable, that there will be open a new field for smaller wholesalers, between the importing wholesalers and retailers. These smaller wholesalers will undertake the function of composing the assortment.

Such features are noticed in the foodstuff and textile trade (See Chapt.III). The above-said is only to be understood as a tendency towards which Palestine's wholesale trade moves and which for the first indications of signs are present there.

b. Agencies Engaged in Intermediating Between Distributors and Assemblers.

1. Wholesalers.

Wholesalers dealing in local products have been mentioned under assembling trade. Money-lending merchants who operate on a large scale are wholesalers. Fortunately, they are decreasing. Many insert in the import of cereals. The activities of the wholesalers in perishables and horticultural products have also been described under 'assembling' trade. Wholesalers deal with local manufactured goods only as side lines or for assortment purposes. The reasons for the unpopularity of local manufactured goods among wholesalers have been described (1).

The wholesalers deal mostly with imported goods through brokers, (2) some through commission agents,

(1) See p. 55¼.
(2) Brokers & commission men are not the same. Brokers only bring together buyer & exporter. They transfer the order further. But, the com/n merchant handles the goods. For this as for the following we adopted the classification of Converse "Market. Methods & Printsiples", N.Y. 1929, p.154-7.

or directly from producers. They usually sell to retailers and sometimes to consumers as well. Some wholesalers dealing in textiles, groceries, and foodstuffs, supply smaller wholesalers. As all these products (except the better textiles) are staple products, the competition is keen. Often the same brands and qualities are also handled by other wholesalers. In such cases, the margins are low - "cut-throat" competition results.

2. <u>Wholesalers With Sole Agency.</u>[1]

In this method of wholesaling, competition with the same labels and brands is done away with. This method is better for the <u>wholesaler</u> as well as the remote producer who is not able to control the conditions of the market or open its own distributing branch, as the most important oil-companies do[2]. Where it is necessary to maintain a special selling organization, arrange demonstrations, post advertisements, etc., the wholesalers get the sole agency for a certain territory. But, this kind of agency develops best in goods which have a uniform demand and do not require much technical service and knowledge. A sole agency arrangement prohibits the wholesaler to deal in competitive goods or brands. Often the wholesaler has to guarantee his company a certain annual volume of business. Usually, he deals directly with the pro-

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(1) Most of the following concerning wholesalers & agents are based on the descriptions of Prof. Faris "Internal Trade in Syria" p.16.2
(2) A.P.S.Clark, "Commerce, Industry, & Banking", <u>Annals</u>, Vol. 164, p.102.

producer or exporter. In his own locality he distributes the goods through his own organization to the retailers and even to the consumers. Most frequently, he appoints sub-agents in other towns and leads a marketing policy. He prescribes prices and credit conditions. Here it is advisable to leave free hand to the wholesale agent in his policies and prices. The foreign producer is not able to solve them better, not having a representative on the spot.(1)

The sub-agents purchase the goods on their own account or get them on consignment if the goods are unknown or do not have a regular demand.

3. Merchandise Brokers.

These are numerous in Palestine. They are usually called commissioners, but this is not their correct title(2). Their function is only to bring together buyers and sellers. They make offers and take orders with the clause that their supplier will accept them. As the capacity of the Palestinean market was small, it did not pay the wholesalers to send representatives abroad so that they were supplied by the numerous brokers or commission agents(3). The broker does not require much money so that his success

(1) See Dep. of Commerce, "Turvey", Washington,1926,p.195/6.
(2) See p.226 Footnote 2.
(3) See Stead, Economic Conditions in Palestine,1931,p.13.

depends only upon his connections and salesmanship abilities.[1] One finds, therefore, an overcrowding of brokers[2]. Hanania[3] estimates that 35% of the total imports are handled by brokers. Some brokers even take the responsibility of the credits granted - - for a certain commission. The commission varies from 1% for staple products to 3.5 % for textiles and up to 10 % for specialty goods. These brokers sometimes employ "sub-brokers" called "Placiers", who visit the retailers to try to get orders.

Some brokers are also to be found in the marketing of agricultural products; they deal on the farmers' produce markets. Some are appointed by the municipality and receive their remuneration from seller and buyer. They must have no prejudices in determining the best bidder.

4. Sales Agents.

But, many firms which are intensely interested in the market are not satisfied with the services performed by brokers. From them they appoint sales agents[4]. These have wider responsibilities and powers; they have to represent the exporting firm, to control the market, to follow the steps of competitors and to regulate prices. They settle complaints and disputes. In case of special technical problems,

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(1) See Converse, Element of Marketing, N.Y. 1931, p.443.
(2) See Raris, "Internal Trade of Syria" p.10.
(3) "Account of Payment" p.24 ff.
(4) See Ruppin, Syria als Wirtschaftsgebiet, p.362.

or problems of taste, it is advisable that travelling merchants should from time to time visit the market and collect suggestions and advice for a better adoption to demands(1). The sales agent also gets a commission for orders originating in his region, which he did not transact.

Some of these sales agents are appointed for all the Near Eastern countries(2), and they appoint sub-agents or sometimes open their own branches in the principal trading centers of Palestine and Syria. Shortly after the War, the bulk of the imports was mediated by the sales agents(3). But with the expansion of the local market and the opening of foreign branches(A) their importance decreased.

German firms particularly make use of this method in the distribution of their products, mainly electrical implements, machinery, and iron and steel goods(4). The German firms (in contrast to the British) work with agents of their own nationality(5). The Italian and Japanese manufacturers of textiles distribute through their agents to the retailers, avoiding the wholesalers(6). The British firms make use of a shipping house in the distribution of their textiles. The shipper selects two or three well firms and gives them sole agency rights.

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(1) See Davis Trietsch, Handbuch, p.178.
(2) See U.S.Consular Report Palestine, p.55.
(3) See U.S.Consular Report Palestine, p. 56.
(4) Miskhar Vetaassiya, 1925, N°18, p.553.
(5) See Great Britain, "Syria & Palestine", N°60, p.127-8.
(6) See PME 1928, N°XI-XII, p.303.
(A) See A.Bonne D/Soz. Strukurwandlungen, p.333.

There is noticed a tendency to allow sales agents to keep merchandise depots[1], and generally give them such freedom that they resemble commission men[2].

The marketing of the output of the local industry on the domestic market is mainly performed by sales agents. As explained before, the wholesale trade is avoided by local industry. They sell directly to the retailers or even to the consumers. The larger establishments are not able to deal with all the numerous retailers who are spread throughout the country. The maintenance of a special selling organization with travelling merchants would be rather expensive and not justified by the small output[3]. The services of brokers are too irregular and can easily be substituted by some clerk. The local industry needs sellers who are more responsible and active than the brokers. They should push their products and combat imports. The sales-agents, therefore, are the right solution. But as the Palestinian retailers are poor in capital[4], and especially local manufacturers[5]

(1) See Dep. of Com. N°83, Washington 1922 p.55
(2) See Converse "Mar~~[illegible]~~, Principles and methods" N.Y. 1929, p.
(3) See the comparison with the output per industrial enterprise in U.S. Appendix 16 p.375
(4) See above p.176
(5) This is one of the advantages which the retailers have in ordering local products. When they order foreign products, they have to apply to the wholesalers, and pay higher prices or order in larger quantities.

it is necessary to keep stocks in the main trading centers. In this way such manufactures agents developed. The general marketing policy is prescribed and controlled by the local manufacturers but in the single activities the agent is free. Often he bears the delcredere. In some cases they specialize on the distribution of the output of a one factory and are considered as sole-agents. Their radius of activity is limited and in every important commercial centers there are appointed special commission agents who are directly controlled by the factory. Often there are chosen the most efficient retailers or smaller wholesalers. This takes place especially in the interior of the country where wholesalers and importers are not identical. This method does not meet with the approval of other retailers or wholesalers. Often the commission men try to sell directly to the smaller retailers or even consomers at factory prices. This all obliges the local factories to control the commission agents and to fix the selling prices and margins.

5) Commission Men.

Commission men dealing in foreign products are few - too much confidence is required by the remote firm which is not able to govern and control them. The foreign suppliers prefer, instead of sending the goods on consignment, to sell to wholesalers with agencies.

Only new products unknown to the market need be sent on consignment, therefore, the Palestinian manufactured goods must often be exported in this way.

Sometimes foreign shippers send goods with which they are overstocked to commission houses which they trust, asking them to dispose of the goods as quickly as possible.

Although there are few commission men representing foreign firms, there are many dealing with local products. The most common are those who deal in perishables. If these are not sold by the producer himself they are sent to the commission men who distribute them further.

6) Retailers "Buying-Clubs"

Recently in Palestine some of the retailers have tried to arrive at the same advantages of chain stores by organizing buying clubs. In this way, they try to get quantity discounts and if goods are imported to save the margins of the importers. As such clubs have to depend upon the honesty and financial situation of its members, they include only a very few retailers.

This organization has not developed much in Palestine. The capital weakness of the retailers does not permit it. The purchasing from abroad includes risks which the retailers are not prepared to undertake.

1.) Manufacturers' Associations.

The form of these organizations is very free. They do not apply for an independent legal form, as corporations, cooperatives or partnerships. There is usually a gentlemen's agreement with certain securities deposited in the hands of an arbiter. There are many reasons for this loose form of organization. Palestine's industry is rapidly developing, and therefore, the local manufacturers want to feel free to expand when they like. Also the possibility of erecting new similar enterprises is not conducive to long-termed agreements.

The size of Palestine's industry is small. So the possibilities for the erection of chain stores, which would sell to the consumers directly, are limited. Furthermore, the dealing with retailers does not require a special institution for handling and distributing the goods. A geographical limitation to selling regions for the different manufacturers is usually sufficient[1].

Division and specialization take place with certain products and a prohibition of production of substitute products[2]. Sometimes, the industries agree on keeping

(1) This is especially true in the case of building-materials which do not suffer transport costs for long distances.

(2) This is noticed in the modern vegetable oil industry. See Nernirovsky Und Preuss, Industrie in Palestine 1932/3, Berlin, 1933, p.20.

fixed prices and selling conditions. This is facilitated due to the insufficient producing capacity of Palestine's industry behind the absorbing capacity of the market [1]. Therefore, there is no reason why manufacturers in identical lines should compete - providing they are protected by customs duties against imports. It follows, then, that a strict organization to handle orders, control output and sales, etc. is not necessary. The most thorough organization was noticed with the producers of beds. They jointly erected a selling store in Beirut [2], and the export was conducted jointly.

The short term of association, the small size of industry, and the greater absorbing capacity of the market than the volume of production does not justify the organization of economically indepenent marketing agencies. Such organization may, however, develop in times of depression or with an increase in local industry.

An increase in the elimination of wholesalers is possible as the credit conditions of the associated manufacturers improve. There is a marked tendency to prescribe consumers purchasing prices. The functions to be fulfilled by the merchants become less so that they resemble distributing agencies rather than marketing agencies with a high degree of elasticity [3].

(1) As the modern Mils (See Nemirovsky & Preuss, Industrie in Palestina, p.30.
(2) Nemirovsky & Preuss, Industrie in Palestine, Berlin 1933, p.7.
(3) Particulars about this see Schar, Handels betriebslehre, p.375 ff.

8. Organizations as Purchasers.

The department of citrus fruit growers in the Association of Jewish Farmers in Palestine purchased in the last few years the requirements in manure for their members on voluntary cooperative lines. In time it may be able to cover the requirements for mineral oil and packing materials, as well. The monocloture enables certain advantages which should be utilized. The organized purchasing of requirements is encouraged by the government's attitude for protection of the exports. Since up to now there has been no measures undertaken by the government for the forwarding of Palestinian exports, some of the orange growers purchase their requirements jointly,so that they may be able to make collecting bargaining, and that they may have the bargaining power with their supplying countries.

The "Merkaz-Hakooperacija ", in which the industrial producers' and services' cooperatives are included, has recently decided to also centralize the purchases of its members. Often they transfer the orders to "Hamashbir Hamercazi, Ltd.", the central cooperative wholesale purchasing cooperative, which is connected with foreign suppliers(1).

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(1) See M. Eter "Economic Notes" <u>Haaretz</u> 12 XII, 1934,p.4.

CHAPTER VI.

MOVEMENTS FOR THE ELIMINATION OF MIDDLEMEN.

A. The Cooperative Movement in General.

According to Hirsch (1) there are to be distinguished the following tendencies for the elimination of middlemen: first, from the inside or through the merchants themselves, and second from the outside, agencies, the primary functions of which are not marketing functions, try to eliminate the margins of the middlemen. This latter tendency originates outside the trading class and is led by the producers or consumers.

About the tendencies and extent of elimination originating with the merchants themselves one is able to judge from the discussions on integration in trade, organization of purchasing clubs of retailers, the chain store movement and on manufacturers' associations. (2) Therefore, in what is to follow, only the forces working toward the elimination of middlemen which arise with the producers and consumers will be stressed.

1. Factors influencing the development of the Cooperative Movement in Palestine.

a. The Financial Factor.

In Palestine the first marketing cooperative, "Pardess" was established for the purpose of supplying its members with better credits. When the PICA settlers began to work on their own acount, they had not sufficient capital means. The Anglo Palestine Bank, established by the Jewish Colonial Bank in London, had a special fund

(1) D/moderne Handel, p.33.
(2).See above p.p. 206 & 234

of 50,000. Frcs. for the purpose of helping the agriculturists and artisans. They could not, however, deal with each farmer individually, so a credit cooperative was the logical solution. But as the Turkish government was at that time against the establishment of associations and credit societies, the farmers elected an executive committee which distributed the credits. The farmers gave bills to the bank signed by all of them so that each was responsible for the other. (1) The bank, being interested in the well being of its debtors, was dissatisfied with the distribution methods of their crops. The practice of selling the fruit on the tree to the merchants was not in the best interest of the growers,(2) and a direct dealing with foreign brokers and wholesalers was at that time impossible for the smaller growers. Therefore, the Anglo Palestine Bank started organizing the growers into cooperatives. (2) Societies were organized for citrus growers, vine growers, dairy producers, etc. Financial conditions were responsible for the establishment of marketing societies. In Palestine, as in many European countries, the financial institutions forwarded the normalization of the marketing methods and its organization. For Palestine, where the producers to be organized were numerous, the best form has been the cooperative society and not trusts, syndicates, etc.

b. <u>The organization from the "top"</u>.

In most countries the organization of cooperatives is founded by the members themselves. In Palestine, however, all the cooperatives, if not established by central institutions, were certainly aided and stimulated by them. The Anglo Palestine Bank, The Jewish Colonization Association, the Central Bank for Cooperative

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(1) Levantin, " A Restospective View on the Cooperative Societies", <u>Sefer Hashanah</u>, 1922/3, p.388-9
(2) Ibid <u>Sefer Hashanah</u>, 1922/3, p.390.

Institutions, the Workers' Bank and the General Federation of Jewish Labour all took active part in the establishment of cooperatives.(1)

The colonizing activities of the Jews forced them to joint action in order to arrive at better and quicker results. (2) In view of the lack of help by the government, it was necessary that private and colonizing agencies should forward this movement. (3) The General Federation of Jewish Labour was particularly active in establishing cooperatives. It was inspired by the thought of a new social order in Palestine which would operate on the principle of cooperation. (4) As cooperation gives the same advantages of concentrated capital and enables the elimination of middlemen, it leads to a better distribution of income and wealth - which make for a happier people.

The General Federation of Jewish Labour aided the creation of both consumers and producers cooperatives. It means the Federation of Jewish Labour started the èlimination of middlemen from both ends.

c. <u>Government's Policy.</u>

Recently the government has changed its policy toward cooperation. (5) It has started credit cooperatives among Arabs, which may prove to be the forerunners of marketing cooperatives.(6) However, it does not yet grant special privileges to the cooperatives- as exemption from custom duties and taxes, reduction in freight rates, etc. The single exemption was the unimportant one of agricultural

(1) See Viteles, "The Jewish Cooperative Movement in Palestine." <u>PME</u> 1929, Vol. IV, No.10-11, p.X, and "The Labour Movement and Cooperation" by Wolman, Rep. of the Experts', p.527.
(2) See Viteles , Ibid., p.2-3
(3) Viteles, "Cooperative Movement in Palestine", <u>Annals</u> ,Vol.164, p.136.
(4) See Wolman, "The Labour Movement and Cooperation", Rep. of the Experts', p.527.
(5) See "<u>Kooperacija</u>, 1930, No.5-6, p.55.
(6) See Johnson-Crosbie Rep. p.48-9

and credit societies from the Stamp Duty Ordinance. [1] Except for the Arab cooperatives the Government has limited itself to granting the cooperatives the privilege to control their activities with the aim of protecting their members. (2)

d. <u>The Mental Factor.</u>

The high percentage of foreign born [3] in Palestine has aided the development of cooperative movement. Since many of the members of the Jewish community had had contact with cooperative movements in the countries of their origin, they found it easy to adopt the cooperative principles. [4] However, in the same community, differences of training, environment and psychology influence the extent to which the members participate in the cooperatives. [5] The Jewish Ashkenazim who have immigrated mainly from Western countries predominate in all the cooperatives.

It is usually assumed that the Jews are individualists and lack the mental responsibility which is necessary for cooperation. [6] The basis for this attitude is the fact that the Jews have concentrated in trade since mediaeval times. [6] It is true that outside of Palestine the Jews have avoided marketing cooperative movements, since these work against their interests and threaten to destroy their existence. [7]

(1) Viteles, "Jewish Cooperative Progress in Palestine", <u>PME</u>, 1931, No.14, p.335.
(2) Viteles, "The Cooperative Movement", <u>PME</u>, 1929, Vol.IV, No.10-11, p.IV-V.
(3) See above p.68 Footn.1
(4) See Rep. of the Joint Survey Commission, London, p.79.
(5) See Viteles, "The Jewish Cooperative Movement in Palestine", <u>PME</u> 1929, No.10-11, p.25.
(6) See Dr. Arje Tratkover, "Main Problems in Jewish Cooperation", <u>Kooperacija</u>, Vol.III, No.4, p.138.
(7) See "<u>Kooperacija</u>", Vol.III, No.1, p.16.

But this attitude does not prevail in Palestine. Here their occupational distribution is more normal and they are united in a general purpose to build up a new state. Such a state is only possible to create when the spirit of cooperation and mutual interest exists voluntarily. (1)

Not only the Zionists have tried to encourage this attitude but also the Labour Party of Palestine. The mutual spirit predominating among the members of the workers' cooperatives is higher than in the cooperatives that do not come under the General Federation of Jewish Labour. (2) The workers are more uniform in their income, interests and aims so that not only economical but also idealogical factors play their part.

A great handicap for the development of a cooperative movement among the fallahs is its high illiteracy and lack of confidence in each other. Therefore, every step towards the establishment of credit or marketing cooperatives must be accompanied by an increase in mutual confidence and responsibility. (3) The government avoids as far as possible compulsory measures and limits the functions to be fulfilled by the cooperatives. They are cautious, for a failure of an initial cooperative would result in mistrust among the peasants of future efforts.

e. <u>The Economic Factor.</u>

One factor movement is hastening the development of cooperative societies in Palestine. Since only small-scaled enterprises exist and grow there, the single possibility of securing the

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(1) See <u>Haaretz</u>, 13, XII, 1933.
(2) See <u>Haaretz</u>, 13.XII.33. and Volchonsky "Economics and Ideology", <u>Kooperacija</u>, Vol. III, No. 1. p.7-8.
(3) See the Pamphlets of the Registrar of Cooperatives in Palestine No. 1.2.& 3.

advantages of large scaled production is by cooperatives. The Jewish National Foundation and Palestine Jewish Colonization Association which possess considerable estates enable the erection of uniform settlements which can easily organize into cooperatives. Due to this uniformity by cooperative marketing and financing, the farmers try to equalize their higher costs of production so that they can compete with the primitive farmers.

2. The Extent of the Cooperative Movement.

~~At~~ On the 31st of December 1933 there were 534 cooperative societies.(1) In Egypt in 1932 there were 559 cooperative societies with 54,913 members, and a total capital and reserves of £P 185,000.(2) In Palestine the number of members was, on September 1933, 113,413, and had a capital of £P 931,399.(3) One fifth of the Jewish population were members of Cooperatives.(4) Out of these there were 49 marketing societies and 30 consumers' societies.(1) Some of the other cooperative societies (5) were also engaged in marketing but it is not possible to determine the extent of their activities.(6)

On the 30th of September 1933, 43 marketing, cattle insurance, and miscellaneous agricultural societies(7) submitted reports on their activities. The number of members was 8,319(8) making an average of 193 members per society.(9) These societies represented about

(1) Blue Book 1933, p.360.
(2) See Lugh Cooperativi Shimushi, 1934-5, Vol.5, p.93.
(3) Blue Book, 1933, p.361.
(4) See Volchonsky "The Importance & Function of the Jewish Cooperatives in the Upbuilding of Palestine" Kooperacia, Vol.3, No.4, p.123.
(5) Especially the rural credit societies, "the agricultural executives of some of the communistic and cooperative settlements and general agricultural cooperatives.
(6) See Volchonsky "The Importance & Functions of the Jewish Cooperatives in the Upbuilding of Palestine" Kooperacia, Vol.3, No.4, p.127.
(7) As the Gov't statistics do not show the marketing societies seperately, it is not possible to distinguish them from the others.
(8) Blue Book 1933, p.361.
(9) Idem.

7.5% of the total members in cooperative societies.(1) This shows that the marketing societies according to number of members do not play an important role in the total Palestinian cooperative movement. But greater are their importance when comparing the own funds of the marketing cooperatives with the total of cooperatives societies. The former constituted 26% (2) and borrowed funds 13%.(3) For the average cooperative society this amounts to £P 5,641 while the average for all societies was £P 2,920(4) while the borrowed funds did not differ much; £P 11,050 against 11,443 per society.(5) One sees that the economic importance of these cooperatives is considerabl~~y~~ higher than the number of members would indicate some estimations of the volume of sales of cooperative societies. Estimations by Viteles for 1929/30(6) are as follows:

£P 30,000. for almond cooperatives.
£P 75,000. for wine cooperatives.
£P 80,000. for milk and dairy produce cooperatives.
£P 20,000. for grain and foods.
£P220,000. for früits excluding oranges, table grapes, bananas.
£P 10,000. tobacco.
£P 30,000. eggs, poultry, honey and other products.
£P 465,000.

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(1) This low rate is partly explained by the duplication of members in different credit societies. The amount of duplication in marketing cooperatives is low.
(2) Share capital or contributions, reserve fund and other funds of the marketing, cattle, insurance and miscellaneous societies was £P 242,600., and for all the cooperatives £P 931,300. See Blue Book, 1933, p.361.
(3) Loans received, amount of deposits, sundry credits of the marketing and other mentioned cooperatives was £P 475,300; and of all total cooperatives £P 3,650,000. See Blue Book, 1933, p.3.
(4) £P 242,600 ÷ 43 and £P 931,300 ÷ 319.
(5) £P 475,300:53 or 3,650,600:319.
(6) See H. Viteles "Jewish Cooperative Progress in Palestine." PME 1931, Vol. IV, No. 14, p.327.

This means that about 15.7% of the total local agricultural products appearing on the market were sold by Jewish cooperatives.(1) The higher market dependency of Jewish farmers, and the concentration on valuable crops accounts for this relatively high percentage.(2)

For the year 1931/2 the sales of agricultural cooperatives and of the consumers and consumers wholesale-purchasing cooperatives were estimated at £P 800,000.(3) This makes only about £P 6% of the total volume of the market.(4) This indicates that the cooperative movement is not sufficiently represented in the distribution of imported products and local manufactured goods. The volume in 1931 of sales or works performed of the 34 industrial cooperatives which were organized in the "Merkas Hakooperacija"(The Central Institution for Industrial Producers' and Services' Cooperatives) of the General Federation of Labor was about £P 100,000.(5) The consumers' cooperatives are yet in reorganization and have not developed.(6) In the consumers societies there was only about 1.1% of the total members of cooperative societies represented; their own capital amounted to £P 6,000. and the borrowed funds to £P 15,400.(7)

3. <u>Evaluation of the Cooperatives in Palestine.</u>

The cooperatives in Palestine are still in the experimental stage. There are many factors working for and against their development. Certain points can be indicated whereby they might operate on a more sound and practical basis.

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(1) £P 465,000. of £P 2,947,000. See above p.44
(2) If the share of the Jews in total agricultural population is considered.
(3) See Dovar, Vol.VIII,No.2242,6.X.1932.
(4) £P 800,000. of 13,223,000. See Vol. p.11
(5) Arrived at on the basis of the figures of 16 and 24 of the "Hakooperacija Hajazranit Vehasherutit Shel Haovdim,Tel-Aviv-1932/3,p.130 and p.145 excluding the value of the services of the transport societies.
(6) See p.256ff., 263
(7) See p.

The colonizing agencies should not interfere too much in the business of the societies. Better that they should leave them more of the responsibility to solve their own problems.

The granting of veto-rights to certain political organizations should be avoided.(1)

The integration and combination of the different cooperatives among themselves should be only where there is a real economic need for it, but not for political reasons, or even as a solution of financial difficulties. In case of the latter sound cooperatives might become involved in financial difficulties brought on and not justified by the other cooperatives.

New social experiments should be avoided and the experience of other countries made use of.(2)

The management should be in the hands of trained experienced people and not representatives of political or economical groups.(3)

A reduction in the number of cooperatives would increase economy and efficiency. The different local and national cooperatives marketing the same products should show a better cooperative spirit.

B. The Agricultural Cooperative Movement.(4)

The agricultural cooperative societies are more developed than any of the others. The reason is that the conditions prevailing in the country are more conducive to the development of cooperatives in the towns. The rural population is more homogeneous; its needs, incomes and customs of life are not so diversified as in the towns.

(1) See case of "Hamashbir," p.260
(2) See Viteles "The Jewish Cooperative Movement in Palestine", PME, 1929, No.10-11, p.IV.
(3) Ibid, p.114.
(4) Here is dealt with the marketing cooperative societies only and with the general rural societies only so far as they concern the field of trade.

The uniformity of demand assures a certain minimum volume of business. As some of the farmers are socialists and some of them live even on communistic lines,(1) they naturally and willingly fall into the cooperative movements.

The competition of merchants in the remote rural districts is weak so that it is cheaper for the farmer to purchase his supplies in the towns. But the single farmer is not always able to follow the variations in the market conditions so that often he is selling or purchasing at prices which are unfavourable and economically unjustified.(2)

Large-scale purchasing and selling not only saves the margins of the middlemen but also permits certain handling and transport economies.(3) The poor transport conditions and the competition of the primitive farmer forced the modern farmers to join the cooperatives.

1. Agricultural Cooperatives engaged in marketing.

a. The General Agricultural Societies.

The existence of the general agricultural society is determined by the primitiveness of the country and the immaturity of its cooperative movement.(4) As the number of the settlements was small it was often necessary that the same cooperative should perform not only marketing functions but also those of a credit society.(5) Due to the diversification in production of many colonies there is no place for highly specialized cooperatives.

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(1) The 24 existing communistic settlements are good examples of how the spirit of cooperation may work in all fields of life.
(2) Ish-Hurvitz, "The Agricultural Cooperation and its Tasks", Kooperacija, June 1930, No.3.p.30.
(3) Provided that the cooperative society is working at least as efficiently as the private marketing agencies.
(4) Viteles "The Jewish Cooperative Movement in Palestine", PME 1929, Np.X-XI, p.4.
(5) See Viteles "The Cooperative Movement", Annals, Vol.154, p.130.

Besides the general cooperatives there are also rural settlements which should be considered as cooperatives. Their council fulfills the administrative functions, education, health, collection of taxes, marketing and credit functions which are usually fulfilled by special cooperatives. An agricultural council is appointed for these purposes which is called "Vaad Hacklai". In the communistic or cooperative settlements these functions are executed by the "settlement shop" called "Makhsan Hamoshav". In reality each executive of a cooperative or communistic settlement functions also as a marketing organization.(1) It is questionable whether it is best that an administrative power should be responsible also for economic functions.

b. The rural credit cooperative societies.

Many of the rural credit societies do not limit their activities to the supplying of credit. The credit cooperatives in Samaria, Sharon and the Esdralon plain are also engaged in cooperative purchasing.(2) This is especially the case when the goods purchased are of considerable value, e.g., machinery, tractors etc. -- which are owned not by a single member but by a group or even by the whole settlement.

c. The specialized producers cooperative societies.

These are mainly citrus, almonds and tobacco societies, which produce largely for the foreign market. They purchase, as well as sell, cooperatively.(3)

The most important citrus cooperative is the "Pardess" Cooperative Society of Orange Growers Ltd., Tel-Aviv. In 1933/4 there were 382 members(4) which exported 1,184,177 cases which constituted 21.52% of

(1) See Volhonsky, "The Importance and the Functions of the Jewish Cooperative Movement in the Upbuilding of Palestine", Kooperacija, Vol.III No.4, p.124-7.
(2) Ibid., Vol.III, No.4, p.129.
(3) Some of them have also the agency for certain shipping lines. It is questionable if it is desirable.
(4) See "Pardess", Annual Report, 1933/4, p.15.

lestine's total export of citrus fruits.[1] This represents an f.o.b. Jaffa value of £ 517,500.[2]

The following in importance is the "Hacklai-Cooperative", with 17 members (1932). Their crop amounted to 450,000 cases but only about half was exported by the society,[3] as its members are permitted to sell also to local merchants. This society also operates packing houses.

In recent years many local cooperatives have been established. At the end of 1933 there were about 21 citrus marketing societies which were organized into 5 or 6 exporting societies.[4]

The almond cooperative society handles the bulk of the crop. The importance of the tobacco growers cooperative is small and there have been many attempts by the local manufacturers to break it.

d. The diversified producers' cooperative societies.

These societies are to be found principally in the Esdralon and Jordan plains. Their products are milk, dairy, poultry, vegetables and table grapes. These products are sold on the local market and are consumed mainly by the European elements in the sea-shore towns and in Jerusalem.[5] The production, storage and transport problems were here too difficult for the single farmer or even the single settlement to solve.

There developed, therefore, a national distribution cooperative "Tnuvah" which is subdivided into three district cooperatives and seven

(1) See "Pardess" Annual Report, 1933/4, p.23.
(2) Arrived at by multiplying the export by the average price f.o.b. Jaffa. See the Pardess Annual Report, 1933/4, p.17
(3) See Mishar Vetaassija, 1933, No.1, p.8
(4) Lecture of Mr. Lewick in the A.U.B, President Dodge House, at the 29.V.1934.
(5) Except Gaza and Acre.

local "Tnuvahs".[1] The district cooperatives are situated in Haifa, Tel Aviv and Jerusalem. Each of these receives produce from its own district, as well as oversupplies from the northern district, which they distribute on a commission basis.

The national "Tnuvah" is the central institution which determines the general policy of the different "Tnuvahs", exports their products, purchases their supplies and conducts auditing and bookkeeping work. The national Tnuvah may be looked upon as a "round-table" where disputes between the different Tnuvahs or even the colonies are settled.

An interesting feature of this cooperative is that, although it is primarily a producers' cooperative, it is organized from view points of distribution. This is because the farmers are already organized into local producers cooperatives, the settlements which are members of the district Tnuvahs. The organization is therefore three-fold, the settlements, the local and district Tnuvahs, and the national Tnuvahs. The nearness to the consumers permits the district and local selling cooperatives to keep an elastic policy. Overcentralization is in this way avoided and the distributing problems are solved in the best possible way. Stressing distribution rather than production was necessary in order to meet the competition of the primitive producers as well as the foreign producers.

The policy of these cooperatives was to distinguish their products by a better display package and guaranteeing the freshness and pureness of the goods. They tried to get the consumers accustomed to their goods and qualities.[2] Then there could be effected differences in prices for the same goods but of different qualities. This explains

(1) See "Tnuvah" Report, for 1931/2, p.75.
(2) See "Tnuvah", Report for 1931/2, p.44 and 52.

by many of the production functions were undertaken by the "Tnuvah" societies -- in order to arrive at better and more uniform results.

Concerning the extent of the Tnuvah, there were 160 settlements or groups which represented a population of 10,000.(1) In 1930/1 Tnuvah employed 200 persons as officials, contractors, shopkeepers and agents.(2) The total sales of the Tnuvah in 1930/1 amounted to £146,643; in 1931/2 to £ 176,727(3) of which £ 112,331 were for milk and dairy products.(4) Since then the volume of sales has increased considerably.

The Tnuvahs sell their vegetable products mostly to wholesalers,(5) the milk and dairy products to contractors, (distributors on their own account) to carriers and even to the consumers directly. The exports are sold through "Hit" on a commission basis.(6)

The diversified agricultural marketing societies as the Tnuvah will probably have to reorganize in the future and specialize more.(7) The increase in production and volume of marketed goods may require a special organization for the marketing of vegetables, honey and poultry as the methods of distribution of these differ considerably from those of milk and dairy products.

It is interesting to note that by the cooperative movement the same return (20 mils) per liter of milk was maintained although the average world-market price dropped considerably during the last seven

(1) See Luah Cooperativi Shimishi for 1934/5, p.133
(2) See "Tnuvah" Report for 1931/2, p.75.
(3) See "Tnuvah" Report for 1931/2, p.2-3, Table I.
(4) See "Tnuvah" Report for 1931/2, p.4 , Table II
(5) There exists among the "Tnuvah" members the tendency to eliminate wholesalers. See "Tnuvah" report for 1931/2, p.69-70.
(6) "Hit" is a combination of the wholesale consumers purchasing society "Himashbir", the citrus producers cooperative "Jachin", and the Dairy, poultry and vegetable marketing cooperative "Tnuvah".
(7) See Viteles, "The Jewish Cooperative Movement" PME, 1929, No.10-11, p.90 - 91.

years.(1) This was realized by the diversified composition of the different dairy products and by being able to make the prices of certain of these items independent of the fluctuations in the world-market.(2) These favourable results indicate what a well developed general agricultural movement could do in Palestine if the fellahs too had been prepared to adopt it.

e. The cooperative societies for agricultural industries.

Under these there are to be mentioned the wine-cellars at Rishon Le-Zion, Zichron Jacob, and the cooperatives for the production of citrus fruit by-products. The societies work the products of their members into finished goods and sell them jointly. Their main function is the manufacturing one although they are also engaged in marketing.

The wine-producers cooperative was established by Pica. This society is governed by a council of 11 members and a board of managers who are representatives of the various wine colonies. In 1930/1 there were 280 members.(3) In 1931/2 16,000 kantars of grapes were delivered to the wine-cellars of the cooperative, and in 1932/3 only 7000.(4) The cellars produce now about 40,000 hectolitres per annum.(5)

The wines are sold in Palestine through branches or through agencies.(6) The export distribution is organized through agencies which are registered under the laws of the locality but which have to

(1) The price of fresh milk did not change considerably.
(2) See Tnuvah Report, for 1931/2, p.5
(3) Bernard Finkerstein , An Essay on Marketing of Palestine's wine at Home and Abroad, A.U.B. - 1932, p.4.
(4) Luach Cooperative Shimushi,1934/5, p.208
(5) The marketing activities are organised by the "Oriental Carmel" S.A. which works under the Wine-Cellars cooperative. Palnews Vol.II, No.46, (54), Nov.13, 1934, p.1-3.
(6) See Finkelstein, Op.Cit. 7 - 10.

be considered as branches as the cooperative is responsible for their debts. About 60 - 70% of the export is sold in this way.[1] This method of distribution is only applied to such centers abroad where there exists an extensive demand. The distribution for smaller centers is arranged through importing merchants; the latter control the selling prices.[2]

2. Financing in the agricultural cooperatives.

There are also important differences in the financing of the various agricultural producers' societies. The extent of indebtedness of the members to the societies and of the societies to the banks is determined by the type of society, the securities granted, their functions and the time of the year.

The indebtedness of the general agricultural societies is higher than of the marketing societies. This is because of the larger number of functions fulfilled by them. They not only purchase the requirements and sell the output but they also grant intermediate and long-termed credits for development purposes. The long-termed loans are secured by first-mortgages and liens on livestock and machinery and the seasonal loans by charges on all of the crops.

The agricultural marketing societies specialized on one commodoty also grant advances to their members.[3] The extent of

(1) See H. Viteles, "The Jewish Cooperative Movement", PME 1929, No.10-11, p.86.

(2) See B. Finkelstein, Op.Cit., p.7.

(3) See p.258

the credit is limited by the expected crop. The need for credit is greater with members of the specialized marketing cooperatives due to their seasonal crops. The interest rates are reasonable but the interest is charge, not up to the time when the loan is paid, but when the cooperative arranges all of its accounts with the members. This is usually the end of May.

The diversified marketing cooperatives usually do not give any advances. Their products show only small seasonal fluctuations. There, on the contrary, the members' products are sold and they receive their returns after one month. The advantages realized with this cooperative lie in the marketing field and not in the financing.

In the cooperatives for agricultural industries the growers receive two installments during the growing period and a third at delivery and manufacture. These three installments constituted only 75 - 80% of the income realized in the previous three years. If more credit is advanced than can be met, it is subtracted for the following season.(1)

(1) See H. Viteles, "The Jewish Cooperative Movement", **PME** 1929, No.10 - 11, p.86.

6. The Cooperative Movement Among Arabs.

Although the credit cooperatives do not strictly belong to this survey and their extent among the fellahs is small,[1] yet they should be considered as a potential factor which can change Palestine's entire trade organization, the marketing system, and even the whole economic and social life. In many countries (e.g. Ireland) where the farmer has been indebted the now existing marketing and producing cooperatives developed out of credit cooperatives. The same thing may come to pass in Palestine,[2] and in fact it has in the case of the citrus fruit cooperative. The volume of trade would then increase due to a better distribution of wealth and income of the rural population.

The government has decided first for the introduction of rural credit cooperatives for the following reasons:

1. The fellah realizes that the source of his poverty and hopelessness lies in his indebtedness, therefore he is quite willing to cooperate with a society which will help allèviate him of his burden. The primary requisite, interest, then for such a society is assured.

2. The conditions for existence of an efficient marketing society are more severe than for a credit society. The members must have stability of character and confidence in each other.[3] Every day the fellah is tempted to sell to the local merchant a part of

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(1) At the beginning of 1934 there were only 14 Arab credit Cooperatives. See Davar 15.I.1934.
(2) See Strickland Rep. 1930 p.4
(3) See Strickland Rep. 1930 p.4

his products. And to changes in character it is only possible to arrive at in time.

3. The marketing societies have to perform much more difficult tasks than the credit cooperatives. An efficient organization of reliable and educated employees is necessary. Large volumes of goods must be handled,[1] etc.

The single crop that would justify an organization which would qualify from the above is the citrus fruit. But the Arabs do not like to transfer a part of their private power and rights to a cooperative as long as their net returns are rather satisfactory. And too they feel some of the advantages of the cooperative without belonging to one, e.g. advertising, reduction of freight rates, etc.[2] The government does not like to force the Arab growers to organize into cooperatives but it hopes that they will have by the time the expected fall in citrus prices takes place.[3]

In further consideration of the government's policy in establishing cooperative societies among the fellahs it would appear better if the credit cooperatives would be established to include also marketing functions in their program. This would be necessary in making the fellah absolutely independent of the money-lending merchant. The cooperative should look not only to the immediate financial condition of its members but to the improvement of their general economic condition. Otherwise it can not justify its existence. The cooperative handling of the local grain crop could

(1) Strickland Rep. 1930 p.26
(2) Lecture held by Mr. Lewick in A.U.B. Faculty room, at 28.V.1934.
(3) See Prof. B. Faris, "Arabic Econ. Journal", Jerusalem, 1935, No. 3 p.

bring about good results. Grains can easily be standardized and graded according to quality. Cooperative handling of the crop, arrangement of warehouses and making the most of the seasonal fluctuations would certainly be advantageous. Manipulations in the quality of the grain by the fellahs could be avoided the first few times by proper inspection and control. After that it would probably be no longer necessary. The local village cooperatives should collect the crops and be associated with district cooperatives which would distribute the produce.

These steps are, of course, not all easy but for a quicker and more thorough improvement in the conditions of the fellah, the introduction of general rural cooperative societies is advisable.

D. The Consumers' Cooperative Movement.

1. Factors hindering development.

a. The consumers' cooperatives are not popular with the Jews from Eastern Europe. They had always been used as a weapon against them.

b. The Jewish Labor Federation placed more importance on the development of producers' cooperatives than consumers' - they were hoping to establish a social state in which the means of production should be in the hands of the laborers themselves. But with the change in extent and political composition of the immigrants as well as the increase in strength of capitalism, the attitude of the General Federation of Labor in establishing consumers' cooperatives may change.(1)

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(1) See Fritz Naphtali, Meshek Shitufi, 1934, Vol.II, No.16-17.

c. It is questionable if the mentality of the people is such that they will be willing to suffer inconveniences at the present for the gain which is to come later.

d. The overcrowding of retailers (especially in the Jewish community) results in strong competition so that it is doubtful whether the fixed costs of a cooperative store could be made low enough to give advantage to its members. Advantages may result through a large volume of sales but this is dependent upon the concentration of members.(1)

e. Special workers' suburbs do not usually exist in the towns. A consumers' shop should be within a 5-10 minutes walk for its members, but this is not usually possible in the towns but only in the communistic and cooperative settlements where the consumption and supply for consumption are organized in the settlement shop. In some settlements the consumers' society sells also the products of its members and acts as a single clearing institution for the accounts of the individual members among themselves and between the settlement and other organizations.(2)

f. The practice of retailers selling groceries on credit make the operation of cooperative stores difficult. The return in dividends to the members at the end of the year are hardly worth the convenience of buying on credit. If the cooperative stores started selling on credit they would become involved in a number of difficulties - which have been proven in other countries as well as in

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(1) 12 were in cooperative settlements; 7 in colonies; 4 in workers suburbs near the towns, and 3 only in the towns.
(2) See Dickstein,"The problems of our Consumers Coop." Meshek Shitufi Vol. I No.15 p.219.

Palestine. Up to now, as the Zionist settlements do not all receive their appointed budgets regularly, the consumers' societies finance part of the lacking sums.

g. The lack of capital and sales on credit oblige the consumers' cooperatives to buy on credit. Therefore they are not able to receive any cash discounts by which they might offer their goods cheaper.

h. The methods employed in calculating and fixing prices reduces the elasticity of the cooperatives in meeting competition of the private merchant. The latter is able to sell some of his goods at cost prices in order to attract buyers for other goods on which he makes more.

i. The fact that many of the Jewish workers are bachelors who are not settled in one place decreases the regularity of customers to a shop.

2. History and extent of the consumers' cooperatives.

The above explain why Palestine's consumers' cooperatives have not developed. The contemporary cooperative societies are operated on new lines and most of them have been established since 1930. Until that time the consumers' stores were more like branches for distribution of the wholesale-purchasing cooperative "Hamashbir-Hamerkazi" than cooperative societies. They were overcentralized, showed a financial dependency upon each other and did not take advantage of the experiments in other countries or follow cooperative principles.

The following table indicates the extent and development of

(6)

the consumers' cooperatives since their reorganization:(1)

No. of societies	No. of members and purchasers	Total of members & purchasers & their dependents	Volume of sales in ₤P	Own capital	Net Profit	No. of employees.
11	1076	2293	37,763	3344	864.561	25
15	1510	3692	46,388	4461	1193.515	30
26	2705	7585	95,000	6100	2300.000	70

This shows for the year 1932 average sales of ₤ 3,092 per cooperative store or ₤ 1,487 per employed person in the society, for 1933 ₤ 3,653 and ₤ 1,357 respectively.(2) The gross profit in 1933 was ₤ 9420 or 10% of the sales.(3)

It is interesting to note that of the total number of members of the General Federation of Labor in the towns only 1.5% belonged to consumers' societies, in the colonies only 5.7% while in the settlements 90.6%.(4) Although the total volume of sales of the cooperatives is increasing, the increase is largely confined to the country. There the results arrived at have been very satisfactory. Their prices often determine the prices of the private stores and keep them at a reasonable level.

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(1) Palestine, Meshek Shitufi, Vol. 2, No.6, p.79.
(2) Compare these figures with the corresponding figures for Jewish retail trade, in order to see the better utilization of labour in the cooperatives than in the other.
(3) See "The Auditing and Controlling Union of Hamashbir Hamerkazi and the Consumers' cooperatives" Meshek Shitufi, Vol.2, No.7. p.10.
(4) See J. Sphan, "The Contemporary Consumers Coop. in Pal." Meshek Shitufi, Vol.2, No16, p.80.

It is possible that in times of depression the consumers cooperatives will gain in strength as the economies may attract new members. On the other hand a depression can decrease the margins, increase competition and narrow the activities of the cooperatives. It is only conjectural to say what various forces may develop and how they will affect the cooperatives in the future.

E. The "Hameshbir".

1. Before reorganization.

In the history of the development of this organization there are reflected all the problems and experiments concerning the various cooperatives in Palestine. It was established at the end of the war to supply the workers with grains at reasonable prices.(1) With increase in the activities of the Zionist Organization it acted practically as a commission agent for the Zionist executives in supplying the settlements with their requirements.(2)

The political composition of the settlers connected the "Hamashbir"(3) with the Labor Federation, through the General Cooperatiive Association of Jewish Labour in Palestine, registered under "Hervat Ovdim Ltd." which keeps some Founders or Preference shares which give to the General Federation the vetoing right in

(1) See Mishar Vetaassija, 1924, Vol.II, No.5-6, p.176.
(2) See Viteles, "The Jew. Coop. Movement in Pal." PME, 1929, No.10-11, p.16. About 50% of the total business of the Hamashan consisted in purchasing for the Zionist organization.
(3) Here as in the following is to distinguish the "Hamashbir" from the "Hamashbir Hamercazi". The first was the predecessor of the last, which started operation on the 1.XII.1930 on reorganized line.

certain decisions.[1]

The "Hamashbir" organized the local consumers' societies in the settlements. It endeavored to connect the different settlements as well as the different workers' organizations in the towns. It was an original institution for the establishment of new relations in buying and selling.[2] Through this institution experiments were conducted to erect a social economy of the laborers in Palestine which would be independent of the capitalistic economy existing there.[3] This aim resulted in overcentralization and in an institution which nourished ideas not altogether practical.

The stores in the settlements were practically operated by the "Hamashbir" which lessened the interest of consumers.[4] Although all of the members belonged to the General Federation of Jewish Labour, this fact alone was not enough to assure the loyality and interest of the members.[5]

The close affiliation with the General Federation of Jewish Labor and the Zionist institution made most of the members either officials or workers - which led to the practice of selling on credit.[6] Goods were advanced to the members against their wages.

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(1) See Viteles,"The Jew. Coop. Movement in Pal." PME, 1929, No. 10-11, p.24.
(2) See N. Benari,"On the "Havrat Haovdim in Palestine", Sepher, Hashana of Palestine, Vol.II and III, 1924-5/6, Tel-Aviv, 1926, p.312.
(3) See Luft, "The Ideological Crisis in the Labor Movement in Palestine", Hapoel-Hazair, 1928/9 Vol.XXII, No.3, p.7.
(4) Rep. of the London, 1928, p.89.
(5) This was noticed especially in the bakeries operated by the "Hamashbir". See Rep. of Executive of the Gen. Fed. of Jew. Lab. to the third counsil p.274.
(6) See W. Senator Bull. of the Pa. Ec. Soc. Vol.2, No.2, p.10

From this there developed a system of "Hamashbir-money". The different institutions paid with checks against which the Hmashbir issued goods.(1) But as the colonizing agencies did not receive their income according to their budget and because their expenditures were often underestimated there was added to the "Hamashbir-money" system also a credit system. Bills of the Zionist Organization were discounted through the Hamashbir.(2) In cases when budgets were not granted the Hamashbir had to extend operating credits. With this it became the financing institution of the Zionist organization, of the General Federation of Jewish Labor of the "Merkaz-Hacklai" (the agricultural center of the General Federation of Jewish Labor, and the "Rupat-Habi" or Workers Sick Ins. Fund) and of the Labours' Federation's contracting institution "Solel-Weboneh".(3) Performing all these functions the Hamashbir handled a volume of sales in 1924/5 of £ 179,244 with a capital of only £ 11,882.(4) Although the institution collapsed one must appreciate the magnitude of its tasks and the results arrived at. It could not be expected that a wholesale purchasing society with its limited means could also fulfill the functions of a state-bank.

The Hamashbir was not only a wholesale purchasing institution

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(1) See W. Senator, "Problems of the Consumers' Coop. Move. in Pal." Bull of the Pal. Ec. Soc. April, 1926, Vol. II, No.2, p.10-15.
(2) See Rep. of the Executive of the General Fed. to 3rd Council Tel-Aviv, 1927, p.279, 35c.
(3) See W. Senator, "Problems of the Consumers Cooperative Movement in Palestine" Bul. of the Pal. Economic Soc. April 1926, Vol.II, No.2, p.10-15.
(4) See Werner Senator, Ibid., p.8.

for the consumers' socieities but also the selling agency for the agricultural output of the settlements.[1] But from the lack of a special marketing on the part of the Hamashbir, the distribution of the settlements products suffered considerably.[2]

2. <u>The "Hamashbir" reorganized into the "Hamashbir-Hamerdazi"</u>.

a. <u>History and constitution</u>.

At the end of 1930 the "Hamashbir-Hamerkazi" renewed operations and on lines which were compatible with the accepted principles of cooperative movements throughout the world. According to its statutes its aims were to associate the local consumers and socieities into one institution which would supply them their requirements in foodstuffs, groceries, machinery etc. This should be made to include all the institutions of the Jewish Labor movement in Palestine. Cooperative societies registered under the cooperative law and other societies affiliated with the "Hevrat-Ovdin" Ltd. can be members of the "Hamashbir-Hamerkazi".[3] Individuals can be members only upon resolution of the general assembly.[4] Besides the consumers' cooperatives Hameshbir-Hamerkazi supplied :

1) Tnuvah

2) The Sick-Fund

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(1) See Wolman, "Labour and Coop. Movement", Joint Survey Commission, Boston, p.529-530.

(2) See the Report on the agricultural activities of the General Federation of Jewish Labour to its third Council presented by the Hamercaz-Hahaklai, Tel-Aviv, 1927, p.10, "~~75ex~~".

(3) Practically it means all which are under the control of the Jewish Labour Federation.

(4) The Statutes of the Cooperative Supply Co. of the Jew. Labourers in Palestine, "Hamashbir-Hamerkazi".

3) The Contracting Office of the General Federation for Jewish Labour.

4) The "Jachin" Orange growers society.

5) The organisation of the bee-raisers.

6) Government institutions[1]

7) The producers' and services cooperatives etc.[2]

Each member of the "Hamashbir-Hamercazi" Ltd. is entitled to one vote for each purchase of £P 200. The "Hevrat-Haovdim" Ltd. is entitled to participate in all the meetings of the company and has a vetoing right in all decisions, which according to its opinion are contradictory to the cooperative principles or statutes.[3]

b. Extent.

The extent of its work is reflected by the fact that in 1933 its clientele was composed of 141 economic unities. The total volume of sales amounted to more than £P 122,000 (in 1932 only £P 89,360).[4]

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(1) Tel-Aviv, 1929/30, p.1, & 3 See Meshek Shitufi, Vol.II, No.4, p.53.

(2) See "Hakoperacija Hajazzonith Veserutith", p.1[illegible]

(3) General Federation of Jewish Labour. The Federation of Agricultural Labourers "Hamerkaz-Hahaklai". Report of it to the fourth Council, Tel-Aviv, 1931, May, p.233.

(4) See "Hakooperacija Hacarchomit in 1933", Meshek Shitufi, Vol.II, No.7, p.102.

(12)

The clients were as follows:[1]

	1932 In £P	1933 In £P
Communistic settlements	30,090	45,659
Depart. for Agr. Production	4,231	3,972
Consumers Cooperatives	9,984	16,981
Workers' Cooperatives on Communistic lines	18,377	30,280
Women labourers farms	2,582	3,307
Schools and Exper. Stations	4,145	5,383
Cooperative restaurants	639	552
Coop. settlements in which no consumers cooperative exist	2,553	1,456
Institutions	538	1,175
Different cooperatives		628
Different buyers	4,387	1,763
Sales to different for cash	3,435	3,206
	80,965	114,360
Sales of the settlements' produce	8,395	8,420
	89,360	122,780

The main customers were the communistic settlements. They purchased 43.5% of the total sales. Then follow the consumers cooperatives with 26.5% and the workers' cooperatives on communistic lines with 14.8%. It is interesting to note that the sale of the products of the settlements did not amount to more than 7% of the total volume of business. This shows that the "Hamashbir-Hamercasi" has since reorganisation specialized on the wholesale purchasing for its customers, which consist mainly of the rural population.

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(1) Extracted from Meshek Shitufi, Vol.II, No.4, p.53.

The main goods sold in 1933 were: grains for £ 31,253, oil-cakes for £P 12,995, mineral oils for £P 12,402, vegetable oils and soap for £P 8,047 and chemical fertilizers for £P 5,053.[1]

c. Methods of the "Hamashbir-Hamercazi".

The "Hamashbir-Hamercazi" introduced goods of a higher quality with special labels - thus reducing competition. It complained that its members did not purchase all of their requirements through it. In fact in 1932 they purchased only a third. Textiles, hardware, stationery, dairy products and vegetables were not purchased from the "Hamashbir-Hamercazi". It supplied only groceries, foodstuffs etc.[2] The Hamashbir-Hamercazi cannot deal in lines with a low rate of turnover because of their limited capital. Furthermore the granting of credit by its competitors influences its sales, as well as the methods used in fixing of prices.[3] Until September 1933 the "Hamashbir-Hamercazi" charged interests for its sales on credit. Since then it has sold on 90 days credit without any interest charge.[4]

The Hamashbir-Hamercazi also acts as an agent for the Socony-Vacuum Corp. for the Imperial Chemical Industries Ltd., for the Coop. W. W. Manchester, for "Shemen" and others. The association with the Manchester Wholesale Coop. is of importance as it constitutes a link with international trade.

Its purchases for cash amounted to 54%.[5] Because of an

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(1) See "Hakooperacija Hazarhonit in 1933", Meshek Shitufi, Vol.II, No.7, p.102.
(2) See A. Dickstein, "The problems of our cons. Coop." Meshek Shitufi, Vol.I, No.15, p.220.
(3) See Meshek Shitufi, Vol.I, No.4, p.45-7.
(4) See "Hakooperacija Hazarkonith" Meshek Shitufi.Vol.2, No.7, p.102.
(5) See "Hakooperacija Hazarkonith", Meshek Shitufi, Vol.2, No.7, p.105.

increase in availability of bank credits in Palestine the Hamashbir Hamercazi has been able to increase its purchases for cash.

d. The "Hamashbir-Hamercazi" as a wholesale purchasing cooperative.

From what has been said above indicates that the importance of the Hamashbir-Hamercazi in wholesale purchasing is increasing. The tendency to supply everything for the different insititutions of the Labor movement involves certain difficulties. It is questionable whether it is possible for the Hamashbir-Hamercazi to purchase all the goods at advantage to the customers as well as the society itself. Only in goods with an extensive demand and quick turnover can it operate most satisfactorily. In this connection its relations with the consumers' wholesale cooperative in Manchester are of importance.

F. Head Organizations.

As these are so numerous, it would lead too far to mention them all. The Auditing and Controlling Union, established by the "Hamashbir-Hamercazi" jointly with the consumers' cooperative socieities, is a good example. Its task are the organization of auditing and control of the cooperatives, the spreading of propaganda and the securing of mutual aid in the interests of the societies. Its work in connection with securing uniform monthly balances and reports has been considerable.(1)

The "Central Bank of Cooperatives" should also be mentioned due to its useful activities not only in financing but in solving other problems of the cooperatives as well, such as bookkeeping

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(1) See Meshek Shitufi, Vol.I, No.8, p.116.

management, organization etc. This organization has been largely responsible for the good results that have been already attained and must be given the consideration it deserves. It is truly an important cog in the machinery of Palestine's development.

CHAPTER VII.

GEOGRAPHICAL DISTRIBUTION OF TRADE

Traders and Trading Centers.

1. Geographical Distribution of trade and traders.

A. Wholesale Trade

1. Changes in the location of wholesale-trade.

After the war there took place considerable changes in the location and importance of the different trading centers.(1) Due to political changes Jaffa and Haifa became the main towns, supplying Palestine's consumers with imported goods. This concentration became more significant with the influx of the immigrant. The new-comers settled mainly along the plains and in the district of Jerusalem.(2) In 1931, there were in the Southern district 12.8%(3) of the people supported by trade,(4) in the Jerusalem district 10.36 of the population was supported by trade; while in the Northern district the percentage was only 7.62%.(5)

This shows that trade is of higher importance in Southern Palestine than it is in the Northern part. This corresponds with our deductions on geographical distribution of trade in Palestine. In this connection must be mentioned the improvements arising from the building of highways,(6) and the revolution in the means of internal communication.(7) As a result to these improvements in means

(1) The distribution of Palestine's trading centers of the period before the war, is to be seen in Appendix 38 p. 409
(2) See ~~Vol. 26 ff~~ 101
(3) Although "supported" is not identical with "earners" still the discrepancies are not so great as to make a drawing of conclusions unvalued.
(4) It is called to the attention of the reader that the terminus "trade" used by Mills differs from ours, as there are included banks, insurance and exchange establishments--bookkeepers and officials in stores being excluded. But still the differences are not sufficiently great to change the picture.
(5) About the problem of number of traders reflecting conditions of trade see p. 125 Footn. 1
(6) See p. 58ff.
(7) See later p. 281

of communication and transport, the commercial centers of the interior district ceased to be important - such importance being shifted to the main towns. There are cases where people from rural districts postpone their purchases to some other time, till they can afford to visit one of the main coastal towns, or Jerusalem. The towns in the interior have yet some importance in the supply of local goods for the rural population. But in this even they have lost their prewar significance. The progress of modern industry along the sea-coast[1] and the development of monoculture and production of horticultural and other perishable[2] products reduces[3] the importance of the interior towns as collecting centers.

The towns of the interior, have preserved, however, their importance in distribution of goods, it absolutely considered, and perhaps they have even become more important <u>in that,</u> due to the increase in number of the consumers and their standard of living.[4] Another factor for this may be considered the fact that Palestine's prosperity is to a great extent due to the influx of capital. Consequently, as the fellah sold a part of his lands, his purchasing power naturally increased.

These facts being true, the <u>relative</u> importance of the towns in the interior, especially in collection and in the supply of agricultural and industrial goods, has undoubtedly diminished.[5]

The large share of the four main towns[6] in the total trade is well seen from the fact, that 53% of the total number of Palestinian

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(1) See p. 44
(2) Out of the total agricultural goods appearing on market there were only about 30% not perishable products. Compare ~~For~~ p.44
(3) To be delivered quickly to the consumer, thus avoiding the collecting trade, as the case was with the collection of grains.
(4) If the absolute figures are compared.
(5) This is especially due to the more rapid increase of the urban population along the sea-coast than in the interior of the country.
(6) This expression is used by Mills, and includes Jaffa, Tel-Aviv, Jerusalem and Haifa.

(10)

traders were concentrated in these towns,[1] the others 47% being distributed in various other towns and villages.[2]

Traders in furniture, metals, luxury-products and stationery, brokerage, commission and export, trade in chemical products, clothing, toilet products, as well as restaurants and cafés were mainly consentrated in these four main towns,[3] to the extent of 65%, in a time when the population of these four towns consisted only 24.6% of the total population of Palestine.[4] On the contrary textile, food-stuff, itinerant traders, peddlers, and hwakers, show a low concentration in the main towns.

2. Concentration of Wholesale Trade.

The figures of the census of Jewish wholesale trade give data for the determination of the destribution of wholesa~~le trade~~ in various parts of the country.

The volume of sales of Jewish wholesale trade is mainly concentrated in Tel-Aviv, with 80% of the total wholesale transactions. This is to a great extent due to the citrus trade. The corresponding figures in Haifa and Jerusalem are 8% and 7% respectively.[5] Other towns do not have considerable importance in this field. Their total volume does not exceed the 5%.

The wholesale trade of all Palestine would not show a considerable difference in concentration. Only the relative importance of Jaffa and Tel-Aviv might decrease, but still it will range first.

(1) It should be kept in mind that not always the number of earners represent development of trade, as differences in extent of business and employment of auxiliary labour can exist. Therefore the number of traders only roughly reflectes concentration of trade
(2) See Mills, Census, Vol.I, p.314, Columns 9 and 10.
(3) See Appendix p. 464 468.
(4) According to Mills, Census, Vol.II, p.315, there were in 1931 in the main towns 238,873 persons out of a total settled population of 969,268.
(5) See Dr. Cyderovitz, "Jewish Wholesale Trad", Meshek Shetufi, Vol.II, p.117.

It is said above, that consumption,(1) as well as production(2) market is concentrated mainly in the Southern district, and the plain.(3) The lack of an important harbor before the war, the railway constructed between Jaffa and Jerusalem, the concentration of the citrus trade in the neighborhood of Jaffa, and the subsequent establishments of financial institutions, have rendered Jaffa a center of Palestine's wholesale trade. Tradition and financial facilities speak for this fact. By how far will the opening of the new harbor in Haifa, be able to change the position of Jaffa, is still impossible to judge, especially when we consider the fact, that the operating facilities of the Haifa harbor are not yet able to cover all the requirements of the country.

The wholesale trade of Jerusalem is much more important than the figures of Jewish census represent. That town plays an important role in supplying Transjordanian dealers and villages of the neighbourhood.

The importance of the wholesale trade in the smaller towns is also higher than the figures represented by the Jewish census. In such towns as Nablus, Tul-Karem, Nazareth, Gaza and Acre there are wholesalers who deal chiefly in local agricultural products and who perform collecting functions. The data for the Jewish wholesale trade could not represent these, because the Jews are very few in these districts.

In general, it would be correct to say, that wholesale trade in Palestine is unequally distributed among different main towns. If

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1) See above p. 82.
2) See above p, 534
3) See above p. 103

to what extent will equality in volume reach, depends upon how quick and by how far the interior of the country will get involved in the process of economic transition and if local products will replace imports, which automatically concentrate wholesale trade in the main coastal towns.

5. Characteristics of Wholesale Establishments in Different Regions.

Of the total Jewish capital 89% is invested in establishments located in Tel-Aviv, 7% in Haifa and only 4% in Jerusalem.(1) Comparing these figures with those of number of establishments in various locations (72% in Tel-Aviv, 14% in Haifa) or the number of occupied in wholesale trade in (Tel-Aviv 78%; in Haifa 12%; in Jerusalem 10%), one can see that the Jewish wholesale trade in Tel-Aviv invests more capital than in other towns. The wholesale trade in Jerusalem shows the most primitive features.

B. Retail Trade

1. Geographical Distribution of Retail Trade.

The geographical distribution of trade may be determined roughly by the figures of the census of population. As the ratio between the retailers and wholesalers is great(2) the inclusion of the wholesalers in the total number, cannot change the picture much.

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(1) See Dr. Cyderovitz, " Jew. Wholesale Trade", Meshek Shitufi, Vol. II, p. 116.
(2) This is especially true, as in Palestine's Census of population people engaged and supported not by acutal marketing occupations, were excluded from trade and included under groups 174 and 175. (See Appendix -XI- p. 312-)

On the basis of the figures of the census of population it is possible to divide the total number of traders in the following way:

40.3%	in	Southern districts
27.6%	"	Jerusalem district
32.1%	"	Northern district (1)

For the corresponding district the percentage of settled consumers were 31.5%, 26.5% and 42.0%(2) respectively. It is seen clearly, that in the southern districts the traders are 10% more than what they should be, according to the number of ~~their~~ population. It means, too, that in the Soutern district there are 30% more traders than what should be represented.

These all show that the Southern district is more active and flourished in trade.(3)

1. The Distribution of Various Branches of Retail-trade.

The brokers are mostly concentrated in Jaffa and Jerusalem. This is due to the importance that these two towns have in wholesale trade.

The traders in textiles are spread more in the rural districts, especially in the North. The case with dealers in clothing is just the contrary, due to the free time the fellahs have to make their clothing themselves.

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(1) Arrived by the multiplication of the relative number supported by trade. (See Mills, Census, Vol. I, p. 316, Columns 6, 7 and 8) With the settled population of the corresponding districts (Ibid., Vol. II, p. 7). In this way we got that in the Southern district there were about 39,000 supported by trade, in Jerusalem district 26,700; in the Northern district about 31,000.

(2) Calculated on the figures of Mills, op. cit. Vol. II, p. 7; taken only the settled population.

(3) It could be supposed that the number of traders is not yet indicating sufficiently the volume of business. But taking into consideration the fact that the citrus business is concentrated in the Southern district, we can decide that the mentioned limitation has only a theoretical value.

The foodstuff dealers are relatively fewer in Jerusalem, due to system of direct marketing there.

Trades in furniture, articles of luxury, and metals dominate in four main towns; while traders in building materials are found in these places where there is constant process of constructive work.

The concentration of traders.

From the table of "Geographical Distribution of Traders"(1) one can see that citrus trade is concentrated in the Southern district. Then comes the trade in wood, textiles, vegetables, fruits other than citrus, dairy products, building materials metals and clothing.(2)

These relatively large shares are explained by the composition of crop, the high market-dependency of agriculture, and by the higher standard of living of the people in that part. The latter fact is more vividly shown in trades of textiles, clothing and articles of toilet.(3)

The district of Jerusalem might be taken as a standard for the distribution of traders. Here, the distribution of traders does not differ much from the concentration of consumers. The descrepances between different branches of trade are not so conspicuous as in other districts. The hotels, here, come first followed by trade in skins

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(1) See App. ~~40~~ p. 416

(2) All these considerations are not based on the absolute figures but on the relative ones. It means, we took percentage of traders of the same branch in the different districts; and tried by this way to find out where and which branches are more represented.

(3) More particulars about the distribution of the different traders in towns and districts separately, see Appendix 40&41 p. 416&418

cakes, building materials, diary products, clothings, chemicals, metals.

If one compares the Northern district with the Southern, he will ...rly see the differences in composition of crops and the degree ...arket-dependency. In the North, dealers in grains come first. ...low-market dependency explains why the number of grocers and ...ad, cakes and sweat sellers is so small. The small number of ...lers in dairy products is due to the direct marketing system. The ...ber of the dealers in fruit and vegetables is quite high because ... Northern district has started to undergo some modification along ...icultural lines. On the other hand, the small number of dealers ...garments, clothing and toilet goods, is due to the population in ...t district.

...-Trading Centers

Jajja - Tel-Aviv

The trading center of Palestine is Jaffa - Tel-Aviv combined. ...ese towns are situated just in the center of citrus plantation area. ...ere, the agriculture is being conducted by modern scientific methods ... the modern industries are mostly situated there(1), thus making ... place a central market. The intensive building activities of ...l-Aviv and its surroundings increase the volume of different sales. ... supplies various goods for the Southern and often Jerusalem(2) ...istricts. Almost all leading firms have branches or representatives ...ere.(3) By how far the new constructed harbor of Haifa will influence ... alter the position of Jajja - Tel-Aviv, is difficult to say, but

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(1) See p. 47
(2) See Bonne, Palaestina, 1st edition, p. 20.
(3) See U. S. Consular Report, Palestine, p. 6.

are several indications that Jaffa - Tel-Aviv will remain for next future as the leading commercial centers of the country. least the successive new plantations of citrus groones, and the ly started industries guarantee that.

Jerusalem

The importance of Jerusalem as a trading center lies in its ing a quite good market for consumption-goods(1). Industry, there, in its primitive stage(2) and marketing is not so well organized it is in the coastal towns.(3) Jerusalem gains importance as ligions and administrative center. Thousands of tourists and lgrims from every part of the world and of various religions go here to see the sacred places.(4) Besides, there are many cultural nd social institutions which attract many people.

~~The existence~~ of numerous officials with an assured and fixed salaries, guarantees a somewhat regular demand for goods of a higher uality. The tourist-industry influences the seasonality of retail trade.

Jerusalem is important also as a center for wholesales to the surrounding towns and especially to the towns of Transjordania.

. Haifa

Haifa is comparatively a young town with a rapid growth and great potential abilities. In its exports it surpassed Acre before the war, took the place of Gaza in the export of barley and now it is increasing its volume of its foreign trade at the expense of Jaffa.(5)

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(1) Bonne Palaestina, p. 27.
(2) See p. 83
(3) See p.p. 233
(4) About the extent of the tourist-trade see above p. 40
(5) Nathanson, Haaretz 29. VI. 1932.

the I. P. C. works and the establishment of Palestine's "heavy ...stry" in the neighborhood of Haifa, have helped considerably ...he economical rise of that town.

One feature destinguishes Haifa from Jaffa - Tel-Aviv. While ... possibilites of the former for progress, lies in its excellent ...graphical situation(1) with its modern harbor.

Haifa, then, will get an important transshipment place with a ...veloped export-import and transit trade.

Jaffa and Tel-Aviv, on the contrary, will cater for the needs of ... local market, and will be engaged more in the collection and ...stribution of goods imported and exported.

<u>Other towns.</u>

It is necessary to note that the towns and villages in the in...rior parts of the Northern district have greater importance than in ...l other districts.(2) This is due to the smallness of the number ... urban population in that district.(3) Haifa, for example, has ...ly 12.5% of the total population of the Northern district. This ...atio is considerably lower than that of the district of Jerusalem.(4)

Although the number of trade establishments in the interior ...ncreases gradually, it cannot keep up with the increase of those in ...he coastal regions.(5) This is due to the more quickier transition

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1) The lack of a developed hinterland is mainly felt by the Jewish traders (see <u>Davar</u> Vol. IX, No. 2549, 4. K. 1933) This is due to the diversified character of the surrounding Jewish settlements and their higher self-sufficiency (see p. 362) Some say also that the political ideas and the economic principles of the settlers are responsible for it, as they hinder economic developments. (See B. Netanjahu "Around the Zionist Front" <u>Beitar</u>, Vol. I, No. 8, Jerusalem, 1932/3, p. 187).
2) For statistical data see Appendix 42 p. 416
3) In 1931 there were in Haifa, 50,403 inhabitants(see Mills, Census, Vol.II, Table V, p. 16)out of 407,462 (see above p. ---)
4) In JaffaTel-Aviv there were concentrated about 26% in Jerus. 34% out of the total population in those districts.
5) See above page 417

he coastal regions. The density of population in the Northern rict is less than in the other districts.(1)

From the towns of secondary importance Nablus is losing its nomic importance, due to changed transport conditions and tradees. Nablus is no more the supplier of Transjordania and Samaria.(2) decrease in the volume of its soap-experts(3) and the absence of igrants there, reduces the consumptive ability of its market.

The same tendency is noticed in Gaza. The continuing failure the barley crops, the inability to compete with oversea suppliers, ve reduced the importance of this market. The inability of its mitive textile industry with modern textile industries of Palestine, ia, and Europe, has made the economic conditions worse.

Tel-Karem is the center of the water-melon trade. Nazareth keeps s importance still, being up to now one of the main trade centers r the fellah in the Northern parts of Palestine. Safad is conmed to stagnation. Ramleh develops with by strides in agriculture. ron and Beersheba carry on trade to a considerable extent with the ouins, and supply the requirements of the frontier-merchants.

Trading Centers in Transjordania.

The trade in Transjordania is more developed in the Northern adic districts than in the South. This is due to the better adistration of the North of Transjordania and also to the half-settled te of the Bedouins in the North. In the South the trade is done tly be frontier-merchants who appear there occasionally.(4)

6,988,000 dunoms against 4,278,000 in the Jerusalem district. (See Mills Vol. I, p. 23).
See Bonni Land and Wirtschaft 1st. edit. p. 28.
The extent of it see Rep. to L. of Nat. 1933. p. ---
See E. E.-n "The urban population in Transjordania" Achdut Haovodah, Vol. III, No. 1-2, July 1932, p. 117.

rom the towns of Transjordania, Maan is quite a good trading
y for bedouin tribes. Kerak too is important, but it suffers
, due to its remoteness from the Hidjaz railway.[1] Salt is
ing a good commercial market ever since,[2] while Amman is try-
o get the importance that it had during the Roman period as a
er of trans-desert trade.[3] Being the seat of Transjordanian
rnment, its population is increasing rapidly alongside with that
umber of its shops. The majority of the commercial class have
grated there, from Damascus and a great number of them from
us. The distribution of cars and other important goods is car-
on by Palestinian or Syrian agents.[4]

ther Trading Places.

Besides these towns, there are also seasonal trading markets.
markets are closely connected with religious festivities and
r important occasions, and are known as fairs. These fairs often
time for some days and even weeks. They occur in practically
y part of the country. In such markets the peddlers usually pre-
inate. Some of these fairs are known, as Nebi-Mussa, Nebi-Elias,
-Rubia, etc...

See Dr. St. Loeventzardt "Transjordania Today" PME , 1926, Vol. I, No. 4, p. 167.
See Hapoel Hazair, Vol. XXII, 1928/9, No. 31/2, p. 17.
See E.E.-n "The urban population in Transjordania Achdut Haovodah Vol. III no. 1-2 July 1932 p. 117.
Ibid p. 117.

CHAPTER VIII

MARKETING FACILITIES AND BUSINESS METHODS

A. Marketing Facilities.[1]

1. Harbors.

The harbor facilities in Palestine are one of the weak points in its economy. Their development has been hampered due to the fact that the country is in a state of transition and because certain factors influencing the development not originating within the country and herewith not in the hands of the local authorities. The recently opened (   ) harbor is not adequate in handling all the imports and exports which have increased to an extent not contemplated in its planning.[2] The inadequacy is particularly felt during the export season.[3] This makes it difficult for the harbor authorities to handle the goods carefully and economically. The quality of the perishable exports often suffer due to delay in shipping.[4]

2. The railway system.

Traders experience the same difficulties in connection with shipping goods by rail. The seasonality of Palestine's bulky export (the citrus fruit) as well as the increase in the volume of the goods transported[5] brings delays in delivery.

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(1) In the following it will be dealt with the most important marketing facilities not as independent fields but from the view point as to their influence on Palestine's internal trade.
(2) See Rep. to L. of Nat. 1933 p.184
(3) Palestine export shows a very high seasonality.
(4) E.G., in 1921/2 the roadstead of Jaffa was not workable for 96 days owing to rough seas. (See Rep. of Pales. Administration for 1922, London 1923, p.14).
(5) From 350,982 tons in 1924 (See Rep. to L. of Nations 1926 p.58) to 722,624 tons in 1933 (Rep. to L. of Nat. 1933, p.241)

(2)

The traders also complain of the policy in fixing charges.[1] Although the freight rates are being reduced[2] they were still higher than in Egypt and even higher than in more prosperous countries. The ratios are fixed in such a way that there exists a greater difference between them and those of other countries for short distances than for long distances.[3] In consideration of the small size of the country this should have been quite the opposite.

3. The roads.

The roads in Palestine are of great importance. Improvements in the local transport conditions tend to equalize the prices prevailing in different parts of the country. Not only that but it enables ~~the produc~~er to receive a higher share

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(1) Sh. Ethingon in "Railways in Palestine" PME 1929, Vol.IV, No.7, p.149 shows the following:
The transport costs of 1,000 kg. of cereals were in 1928 in mils expressed.

Distance in km.	In Pales.	In Egypt	In Gernmany	In France	In Poland	In Chechoslovakia
50	341	63	240	204	152	226
75	381	94	340	283	206	304
100	420	125	430	346	257	387
150	499	188	560	416	338	495
200	577	250	750	487	442	613

The transport costs of 1,000 kg. iron sheets, bars, etc. were in 1928

50	380	125	205	221	152	229
75	440	188	280	315	206	306
100	499	250	365	393	257	384
150	616	375	505	521	340	507
200	735	500	640		421	568

(2) According to Bayevsky, "The Problems of Coastal Navi. Develop. in Palestine", PME 1930, Vol.V, No.18, p.398 the rates were reduced from 0.46 piasters per tonnage mile in 1924 to 0.25 in 1927 and even to 0.18 in 1928.

(3) See footnote on previous page.

of the price paid by the consumer or it enables the consumer to be supplied cheaper or both.

Perishables and other goods for the near markets are transported by automobiles. The use of modern transport has increased due to the increase in road mileage.[1] This revolution in the transportation of goods opened new local markets for the agriculturists[2] and they received higher returns for their goods than they did with use of animal transport.[3] V. Wolfson calculated that the building of a good road would lessen the cost of transport of a box of oranges by 20 mils which would mean a saving of £2 per dunam per year.[4] The government is often critized for not hastening the building of new roads and is charged in aiding the railway as the reason for not completing the important Haifa-Jaffa road.

4. Cold storage, warehouses and bonded houses.

The seasonablness of Palestine's agriculture, the large amount of perishables appearing on the market, and the worm climate make an extensive use of cold storage necessary. Furthermore, a large part of the population are foreign born who have consuming habits which do not conform with the seasons of various Palestinian

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(1) According to Rep. to L. of Nat. for 1933, p.227, the road mileage increased from 600 km. in 1925 to 1,015 km. in 1933. In 1933 alone the number of trucks increased by 1197. (See Pal. News, No.33, No.11, p.4, of 12, III, 1935); the number of motor vehicles from 891 in 1924 and 1,754 in 1925 to 6,126 in 1933 (See Rep. to L. of Nat. 1933 p.-229).

(2) See Rep. of the High Commissionair on Administration of Pal. 1920-25 Lon. 1925, p.9

(3) See Stead, Economic. Conditions, 1931, p.29

(4) V. Wolfson, "The importance of cheap transport", The Financial News, "Palestine" 27.II.1933, p.28.

~~See above p.~~

~~See above p.~~

products. Until 1928 all the imports of meat, butter, fish and other perishables had to be stored in Egypt. The lack of adequate storage accommodations resulted not only in higher costs[(1)] and seasonal price fluctuations, but also in regional differences in price. For example, the price of fish in Jerusalem in 1926 was twice as the price in Jaffa.[(2)] Since then there has been erected a modern cold storage plant with a floor space of 1,300 sq. meters.[(3)] It not only stores goods for merchants but also advances credit on goods stored[(4)] and not infrequently deals with goods on its own account. It has its own refrigerating cars with which it supplies its customers in different parts of the country.

The improvement in the standard of living was led to an increased demand for fresh goods. The immigration of capitalists and the general prosperity of the country enables consumers to pay higher prices which include the costs of cold storage.

It would be much better for Palestine's agriculture if the function of cold storage would be applied to the local products to the same extent that it is for imported ones, however with further progress in transition of Palestine's agriculture this important field may develop.[(5)]

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(1) See C. Joffe, "Cold Storage in Palestine", PME, 1931, Vol.VI, No.18, p.351.
(2) See Report on Investigation of Cost of Living of Jewish workers' Families, August 1926, p.9.
(3) See Agr. Ann. Rep.1931 and 1932 p.124.
(4) Commercial Bulletin, 1931, Vol.VIII, (New Series), p.185.
(5) The trial steps in introducing a citrus fruit export inspection had to be stopped for a time, due to the lack of storage accommodation. See Viteles, "The Expansion of the Orange Industry in Palestine". PME, 1928, Vol.III, No.15-16 p.373.

 (5)

Warehouses for local agricultural goods do not exist at all. The function of storage here is mainly fulfilled by the primitive money-lender. For imported goods there exists the Levant Bonded Houses which store goods, clear and forward them and issue credit certificates.[1]

In general trade, ~~in~~ Palestine lacks the necessary accommodations for fulfilling properly the function of storage, especially for goods of local origin. As a result the consumer must often take the risk of spoilage where it would be better for the consumers as well as for the producers if trade would do it - for the merchants could easily find some possibility in utilizing the goods of poorer quality.

5. Information facilities.

Neither have information facilities developed sufficiently. The lack of a form produce exchange and regular quotations is keenly felt. However, the commercial class does not even make good use of economic journals and economic parts of the newspapers which they have at hand. Only the citrus fruit trade shows the most progressed features in this respect.

6. Weights and measures employed.

In the interior and especially in connection with agricultural goods the old measures are used, while in the coastal towns the western measures are being adopted. Weights and measures differ from town to town and from commodity to commodity what makes it very troublesome for internal trade,[2] and introduces errors and

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(1) "The Levant Bonded Co." PME, 1926, No.I, p.33.
(2) See Commercial Bulletin, 1923, Vol.IV, (Old Series).

fusions.[1] The comparableness of the pricesprevailing at the fferent markets gets reduced, the fellah is exposed often by is to an unfair treatment. Therefore Strickland recommended the troduction of the metric system.[2]

7. Standardization and grading.

Standardization and grading in Palestine is yet far behind odern practice. About the only field in which use is made of hese functions is the citrus trade. Here efforts were made to tandardize the size of the boxes, methods of packing and grading. ut still there appear different sizes of orange boxes[3] and it s only the grapefruit boxes which have met with consistence. ince 1932 there has existed a provision which makes it compulsory for the shippers of citrus fruit to register their export brands.[4] In consequence of this the number of brands were reduced from 2000 to 675. The purpose of this was to avoid the practice of the exporters of shipping bad fruit under different brands. However, the brands do not fix the quality of the fruit - the elimination of excessive brands is only designed to bring this end nearer in view. Through the organization of cooperative packing houses better grading methods could be introduced. Although several of the cooperatives have employed voluntary control of the citrus exports, yet the function of grading has progressed but little.

There does not yet exist any joint experimental stations in Palestine with the exception of the operated by the government.

(1) Commercial Bulletin, 1923, Vol.IV, (Old Series) p.261.
(2) Report p.42-43
(3) See A. G. Turner, "Problems of the Palestine Citrus Industry", PME, 1933, Vol.VIII, No.4, p.164.
(4) Rep. ~~to~~ L. of Nat. for 1932, p.186.

d by the Zionist organization. Because of the lack of cooperation ongst the population, research for private associations has shown ittle growth. The illiteracy of most of the producers also hinders he spread of modern methods in grading and packing - and the process f education is a slow one.

Some of the primitive farmers do employ a sort of system of grading and packing but to their own disadvantage. They often place the best products on the top to cover those of poorer quality and then too there is the practice of mixing sand with the grain to increase the weight. But the purchasers are familiar with these practices and usually deduct more from the prices than is necessary. In connection with such practices the merchants are often obliged to repack and regrade the goods, which is not only inconvenient but is a pure economic loss.

B. Business Methods Employed in Palestine.

A complete description of all the various methods employed is beyond the scope of this text, therefore the description will be limited to only the most general and important business functions peculiar to Palestine's trade.

1. Credit.

a. Importance of the problem.

"Credit is the basis of nearly all business in Palestine".(1) The seasonal and unequal distribution of the agricultural products appearing on the market, the high share of imports in the total volume of trade, remoteness from the supplying sources(2)

(1) Stead, Econ. Conditions in Palestine, 1931, p.14.
(2) It takes still about 2 weeks to receive goods from Europe by way of the Mediterranean sea. If goods are sent from Northern Europe it takes 5-6 weeks; not including the time required to place the order. Usually goods are ordered 2 or 3 months in advance of selling seasons. (See Commercial Bulletin, "Principals Importers Exporters and Manufacturers in Pal. and General Commercial Information", Special Supplement. Nov. 1933, p.34).

(7)

a few of the factors which make credit particularly important Palestine. It should also be remembered that Palestine is undergoing transition and long-termed financial means are necessary changing or creating economic machinery. But as long-term credits not always available short and intermediate credits are overtended and used as substitutes - which often results in the "freezing-in" of these credits.

b. Extent of credit.

The extent of selling on credit was investigated for the Jewish retail trade in 1930-1. 2391 retail establishments with a volume of sales of £2,500,000 were investigated.[1] The following table indicates that only 11.1% of the total sales were strictly for cash. Although figures are not available for the Arabic retail trade one can assume that the cash transactions there are even less.[2] In the U.S. the cash sales amounted to 34.39% of the total[3] and in Canada 20.1%. The sales on cash in Palestine are by 3 times less than in the U.S. and by 2 times less than in Canada.

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1) About their share in the total Jew. retail establishments compares see p.158ff.
2) The seasonality of agricultural produce, the high indebtness of the farmer and the low share of Arabs in Pal. industry do not speak on favour of cash-transactions in the Arabic-speaking community.
3) See U. S. Department of Commerce Distribution, Volume I, p. 8ff.

I Extent of credit grant in total volume of sales	II Percentages of enterprises out of total investigated enterprises in Palestine (1)	III Percentage of sales out of total sales in Palestine (1)	IV Percentage of enterprises out of total in Canada. (2)	V Percentage of sales out of total in Canada (2)	VI Average volume of sales per enterprise in Palestine (1)
20% - 1	19.1%	16.2%	23.5%	19.3%	890
40% - 21	16.9%	15.1%	15.4%	16.7%	922
60% - 41	18.1%	22.0%	13.6%	18.4%	1263
80% - 61	18.3%	27.9%	9.4%	14.3%	1572
100% - 81	5.4%	7.7%	4.7%	11.2%	1359
	77.8%	88.9%			

The enterprises granting credit till 20% are relatively higher[3] represented in Canada, than in Palestine (according to volume of sales). In Palestine the selling on credit to an extent from40% till 80% predominated. The higher rate of sales of over 80% in Canada is explained by the selling on installment.

A study of the table indicates that on the average Palestinian firms grant more credit than the Canadian.[4]

The selling on credit in the Jewish retail trade is more extensive in Tel Aviv than in Jerusalem.[5] This is because the

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(1) Extracted from Dr. Cyderovitz's, "Jew. Retail Trade" Meshek Shitufi, Vol.2, No.6, p.83.
(2) Calculated on base of the figures published Canada, Domin. Bur. "Retail Merchandise Trade", p.42.
(3) For sake of comparison Canada has been chosen since it shows primitive features similar to Palestine.
(4) See Canada, Dominion Bureau of Statistics, "Retail Merchandise Trade". p. 142.
(5) See Dr. Cyderovitz's, "Jewish Retail Trade", Meshek Shitufi Vol.II, No.6, p.83.

practice of selling on credit has been largely introduced by the East-European immigrants who are more numerous in Tel Aviv.

The highest volume of sales per establishment is with stores selling from 60 to 80% on credit. This is because this group is concerned mostly with building materials. Over this limit the volume of sales per establishment decreases. Stores which grant 20-40% credit on their sales predominate in the textile branch, and 60-80% in the building industries. Extensive credit is common with furniture as well as grocery and foodstuffs stores. The ~~samil-~~ smal-ler groceries extend more credit than the larger ones. The restaurants and cafés do not, of course, grant much credit to their customers.[1]

c. Forms of credit.

The form of retail credit is mostly the open-book account.[2] The period is most frequently 2 months.[3] Sometimes the customers give promissory notes[4] in connection with goods when the unit value is high, such as furniture, electrical implements etc. and especially with building materials.[5]

Retail sales on instalments are rare[6] with the exception of

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(1) Cyderovitz, "Retail trade", Meshek Shitufi, Vo.II, No.6, p.83.
(2) The credit sales on open-book account are more extensive in the interior than in the towns.
(3) Gurevich, "Distribution", p.10.
(4) See V. Gruenwald, "The Palestin. Law. relating to bills of Exchange", PME, 1926, No.8, p.293.
(5) And not always in cases which would justify the signing and discounting of promissory notes. See Mjeskar Vetaassija, 1927, No.1, p.6.
(6) See Dr. Gurevich, "Distribution", p.5.

automobiles, radios, sewing machines, refrigerators etc. Only 5% of the total automobiles sold in 1928 were sold for cash.(1) Special American Export financing institutions grant credit to the importers by financing the installment contracts. The interest charged on installment sales is from 12-16% per annum.(1)

d. Sources and conditions of credit.

The fact that the retail trade is poor in capital, has a low rate of turnover, and the predominance of the open-book form of credit, make it clear that the retailer cannot finance the consumer. It must be shifted to other parts in the trade channel or to institutions, as banks, etc. Up to now no organized money markets exist in Palestine, as e.g., in Egypt.(2) Until lately the banks have maintained a conservative credit policy so that, for the most part, it was left to trade-credits to finance transactions.

Export as well as import trade has been better provided with credit than internal trade - the documents of goods in transport were often financed by the banks of the shipper or importer.

The majority of transactions have to be financed by the wholesaler(3) who receives credit easier than the retailer(4) and is

(1) Archavsky, "The Palestine Automobile Market", PNE, 1928, Vol.3, No.23-24, p.587.
(2) Grunwald, Industrialisation, p.34.
(3) The wholesalers often grant excessive credits to the retailers and are not severe enough in their collections. (See Haaretz Vol. XVIII, No.4747, 27, II 1935). The retailers often do not repay their debts. The collection of such debts is transferred to special persons, who receive a commission of 10%. (See Dasho-Sethian, "The Credit System in Palestine", p.22).
(4) See Hemadeh, Monetary and Banking System of Syria.

able to push part of his financial requirements on to the shipper.[1] Staple products which have a quick turnover are purchased for cash while credit is supplied with other goods having a lower rate of turnover.[2] The credit granted to wholesalers runs from 30 to 180 days. In trade with building materials it is often extended to 2 or 3 years. The foreign exporters give cash discounts of 2%, 5% and even 7%.[3]

e. Criticism of the credit system.

Although the use of credit enables a higher standard of living, stimulates sales and volume of business, and aids individuals and institutions to bridge current financial difficulties, yet when indulged in too freely it not only becomes costly[4] but often defeats its purpose. The risks have to be considered and equalized by higher margins, identical goods have to be sold at different prices so that the advantages of competition are lessened, the rate of turnover decreases, and the application of modern methods of distribution is rendered more difficult. The moral or legal restriction in purchasing from traders who have issued credit is often inconvenient and sometimes results in exorbitant prices.[5] The use of open-book accounts in retailing and promissory notes in

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(1) See Gr. Brit. Handbook, No.60, Palestine, p.127
(2) Robert Dasho-Sethian, "The Credit System in Palestine", p.24.
(3) Dep. of Customs Exercise and Trade, "Principal Importers and Exporters" Commercial Bulletin", Special Supplement, 1933, November, p.35.
(4) Sir John Campbell in the "Rep. on Jew. Settlements", Joint Surv. Commis. Boston p.438, estimated that purchasing on credit cost from 15-20% more.
(5) See Hemadeh, Op. Cit. p.218.

wholesaling makes rediscounts difficult. As the result of all these the costs of goods to the ultimate consumer are higher which tends to lower the standard of living and to reduce the volume of trade.

What is needed, then, is a reduction in the extent of credit transactions and also a modernization of forms and methods of credit. This could be brought about by the introduction of cooperative credit societies, the instalation of warehouses and financing institutions for local products and the shifting of financing of export and import to special banking institutions. A higher seasonal elasticity of the currency ~~loaded~~ board is also advisable.(1)

The extensive use of trade credit should be replaced as far as possible by bank credit. The consumer and even the merchant does not realize what price is paid for the trade credit granted, as usually the interest for a normal period of credit is included in the prices. In the case of bank credits, however, the same interest rate is charged to all consumers so that an incorrect pricing would result.

The bank credit with its exact days of maturity would force the traders to reduce stocks to increase turnover and to become accustomed to more rigorous terms of payment. This would effect in reducing the costs of marketing and lower prices. Furthermore, with exchange in information among banks and wholesalers as well as the organization of reliable auditing and credit-controlling firms, the risks in granting credit would be reduced.

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(1) The lack of a currency issuing bank results in inability to regulate interest rates paid for commercial credit, (See Doar Hajom, Vol.XVII, No.33, 23.X.1934) and it is not able to adjust itself to the requirements incurred by its narrow connection with gold or English sterling notes, (what for Palestine is the same as gold). (See Dr. D. Viceman, "Check", Mishar Vetaassija, 1925, Vol.III, No.24, p.721).

(14)

2. Purchasing.

a. Ordering from abroad.

Palestine's trade is more than 50% dependent upon its imports, therefore the extent and efficiency of methods applied in import trade play an important part in Palestine's economy.

1. Size of orders.

Except for the import of staple products the size of the orders is usually small. The poor distribution of wealth, the unhomogeneous character of the Jewish community and the non-uniform demand are the reasons for this.

Then also until after the war Palestine was a "price-market". Job-lot goods and others with faults in style, etc., were often ordered because of the favorable price for such goods. In ordering in this way, however no special brand or label could be supplied consistently,(1) and the irregularity in demand of such goods introduced considerable risks in ordering in large quantities.

Because of the fact that the capitalists do not become engaged much in trade there exists an overcrowding of traders with limited means, who must perforce order in small quantities.

The existence of two different communities with different tastes also adds to a non-uniform demand.

The lack of a large uniform demand is also due to the fact that there exists no standardization of commodities in Palestine. The government should appoint a commission which would decide on certain standards of size and kind of goods. Local production

(1) U. S. Cons. Rep. Palestine, No.83, p.33.

as well as imports could be controlled. Building materials, hardware, electrical implements etc., could be supplied in a more uniform way.(1) This would reduce the handling costs and increase the effieicny of marketing.

The fact that Palestine is in an upbuilding stage and the remoteness of supplying countries do, however, tend to increase the size of orders.

2. Quality of goods ordered.

Palestine is changing from a "price-market" to a "quality-market". This is due not only to the use in the standard of living but other factors as well. High quality European goods out of style in Europe are often sent to the Near-Eastern countries. Even the depression was responsible for an increase in quality - for many foreign industries disposed of their goods at any price offered. Therefore the qualities which were intended for richer markets also found their way to Palestine. Also in order that the goods are taken up by the importers and few claims as possible are placed, the shippers pay more attention to the quality of their goods.

3. Quotations.

The quotations are usually c.i.f. port of destination. The f.o.b. quotations involving more risks are not favored by the importers. Machinery and other goods which do not have a regular demand are sold from the factory and the expenses are covered by the purchaser.

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(1) In this field there does exist certain provisions, but only in so far as they regard quality.

(16)

b. Ordering from local suppliers.

In purchasing from local supplying sources the "hand to mouth" system prevails. Many of the above problems do not arise. However, the handling and distribution, especially of perishables, have introduced problems which have not yet been satisfactorily solved.

3. Selling methods.

These differ from place to place, according to community, origin, etc. Some of the most important have been dealt with in the description of marketing agencies. Here only two special phases of selling will be touched upon.

a. Advertising.

The widespread illiteracy of the population hinders the development of advertising along modern lines.(1) The fact that many languages are in use (English, Hebrew and Arabic are official) is also not conductive to an advertising which would reach the largest number of people. Advertising by posters and road-side signs is restricted in order to preserve the natural beauties of the country(2) and views of historical places.(3)

The Palestinians are not even well versed in the fundamentals of advertising.(4) The single large advertising compaign was the one instituted by Palestine's citrus growers (with the aid of the government) for the "Jaffa orange".(5) However this was not conducted in Palestine but in England and on the European continent.

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(1) This feature is noticed in all the near-eastern countries. See U.S. Dep. of Com. "Turkey" No.28, Washington, 1926, p.202
(2) See U. S. Coms. Dep. Palestine, p.57.
(3) See Gerhard Holdhein, "Palaestina", 1929, p.70.
(4) French Report, p.84.
(5) See Hadoar Hacalkali, Vol.I, No.4, 21.III.1934 p.1.

When wholesalers advertise it is usually only for goods for which they have the sole agency. Such advertising is mainly through special magazines, handbooks and export directories. Retailers make use of the daily papers and often advertise there in connection with clearances, sales, etc. The use of posters in railways, buses and stations as well as the distribution of samples, calenders etc., is very limited(1) and is practically confined to the Jewish community.

The display of goods, too, as a means of advertising is made little use of. The primitive shops are without windows - the goods are arranged haphazardly in the entrance and along the walls.(2) The shops are poorly illuminated. Modern methods of display in such shops is only possible after they have undergone reconstruction and redecorating. Although a number of small shops have windows no scientific use is made of them in display. The largest possible amount of goods are placed in them and are probably allowed to remain there until they are sold. Dust and dirt accumulate, and altogether they present anything but an attractive appeal. Such shops resemble the shops in the poorer quarters of the East-European towns.

Side by side with these there exists modern, clean shops with wide show-windows which offer an attractive and instructive view. Prices are sometimes displayed with the goods. The windows are often dressed by experienced decorators - some who have had special education and training in arts.

b. Bookeeping and accounting.

(1) See G. Hurst, "Suggestions for British Business", PME, 1926, No.7, p.254.
(2) See Dr. Bernhard Neumam, "Die Heilige Stadt", Hamburg, 1877, p.223.

(18)

These functions, as in other Near-Eastern countries, are very primitive in Palestine. The individualistic form of enterprise (and even partnerships) does not require an accurate or elaborate method of accounting. There exists no income tax which would require regular bookkeeping. Furthermore since prices are largely determined by bargaining, there is no point in keeping regular price accounts. That part of Palestine's trade which deals with imports and exports do employ more advanced methods of bookkeeping. Some of the chain stores, especially those in stationery and textiles keep detailed and uniform records.(1)

The environment and habits of business even affect bookkeeping. Considerable differences for example are noted with the Jewish trade in Jerusalem and in Tel Aviv. The former shows the simplest forms, often only a cash book and journal are kept while in Tel Aviv more complete and accurate methods are in use.(2) With the increase in immigration of Western elements bookkeeping and accounting will, of course, progress.

4. <u>Review of methods</u>.

Palestine's trade shows at the same time the most primitive methods, as bartering, and the most modern methods, as automatic vending machines.

Wholesale trade coming more in contact with Western methods shows more progressed features than retail trade. Both are, however, slowly moving toward more progressed forms. Jerusalem as all the interior is more conservative and cautious than the coastal

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(1) This is conditioned by the character of the business.
See above p.206
(2) See Dr. Gurevich and Cyderovitz, "D/judische Bimenhandel", p.33.

towns in adopting new methods. Haifa, with its newly opened harbor, shows the most rapid development. The trade in the interior of the country, especially the trade dealing with fellahs, is very much in need of organization. Only time will tell if the cooperative movement is the right solution.

CHAPTER IX

PRICES, COSTS AND MARGINS IN PALESTINE

A. Seasonal Fluctuations in Palestine.

The marked seasonal fluctuations in Palestine's trade are accounted for by three main causes. First Palestine is primarily an agricultural(1) country with about two thirds of its produce being winter crop; second, its agricultural production is of a highly perishable nature(2) and lastly Palestinian industry is dependent to ~~a large extent~~ about two thirds upon local agricultural row materials.(3)

Most of Palestine's farm products mature during a short period of the year. Because of this and because of the absence of adequate storage(4) and financing(5) facilities the produce is not carried over a period but is dumpted on the market immediately after harvest. With this produce on the market local and foreign demand have to be stimulated at the expense of price.

Concurrently with and as a result of this seasonal fluctuation in supply there is a correspondingly seasonal fluctuation in demand. The agricultural producer usually awaits this season during which he sells his products to satisfy most of his wants. Consequently two

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(1) See Supra. p. 6
(2) The seasonality of the orange-industry is still not reflected to the full extent in this figure, as the calculations were based on the average for 1927-1932. With the increase of the citrus fruit crop it is to assume that the winter-season will still more predominate.
(3) Supra p. 53.
(4) Supra p. 233
(5) Supra p. 293.

(2)

distinct season of business activity are noticed in Palestine,[1] the winter which lasts from November till April[2] and is characterized by intense activity and the summer season from July to August which is rather dull.[3]

These marked seasonal fluctuations in Palestine's trade are not left to work at full swing. Several factors work in the opposite direction and tend to iron these fluctuations. The important role that imports play in supplying a large share of the local market, tends to assure the country of a regular supply of goods all thru the year.[4] Also the fact that agricultural producers have to pay most of their cultivation expenses at various intervals previous to the harvesting season, help in spreading the demand over a longer season.[5]

A striking feature of Palestine's seasonal demand fluctuations is the high degree to which these are stimulated by fluctuations in price of local agricultural products. Due to the low standard of living of the bulk of the population the demand for foodstuffs is more elastic than in other countries with a higher

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(1) Orders for foreign goods are usually passed one or two months ahead of the above mentioned seasons. See PNE 1932 Vol.VII No.18 - 19, p.468-9.

(2) See Dept. of Customs, Excise and Trade "Principal Importers Exporters and Manufacturers in Palestine and General Commercial Information" Special-Supplement to the Pal. Com. Bull. Nov. 1933 p.34.

(3) Ibid. p.332

(4) The correctness of this statement is manifested by the fact that imported commodities show less seasonal fluctuations that local.

(5) This practice is common in oranges and cereals, the main products of Palestine. See Palestine currency Board. Rep. for the period ending 1929, p.2-3.

standard of living. Slight fluctuations in foodstuff prices are sufficient to increase in course of transfer from the consumption of one variety to another, especially among classes with low income. This elasticity of Palestine's demand for staple products tends to harmonize demand and supply.

Various investigations were undertaken to determine the extent of this demand fluctuation. It was found that the Arab rural population consumes in summer and spring when products are cheap, about 600-800 calories more every day per head than in the fall or winter.(1) Even the Jewish community which enjoys a higher standard of living shows a similar fluctuation in its consumption of foodstuffs. Taking our base as 100 which represents the quantity consumed during the winter months (November to February) and which is at the same time the lowest quantity consumed during the year, we find the following fluctuations in the consumption of a Jewish family (with a monthly income up to £ 2.72 per head).(1)

	March - June	July-October
Milk	102.6	118.1
Cheese	141.1	141.1
Butter	147.3	102.6
Eggs	180.0	140.0
Vegetables	129.9	182.3
Fruits	102.1	267.0
Meat	138.4	133.5

This relation between the fluctuation in consumption of foodstuffs and price movements is fully reflected in the price movements of eggs. On the basis of the "Monthly Wholesale Prices in Palestine

(1) Dr. Kligler and A. Geiger, S. Brombery and D. Gurevich. "An inquiry into the diets of various sections of the urban and rural population of Palestin". Bull. of the Pal. Econ. Soc. Vol. V, No.3, Tel-Aviv, November 1931, p.9.

1922-30" a seasonal curve of eggs' prices was drawn after eliminating all cyclical movements. This was compared with a similar curve of eggs' sales in Tel-Aviv for 1930.(1) The result of this comparison showed a respective correlation.(2)

This elasticity of demand which is a result of a low standard of living helps to limit within a narrower extent that if the demand was not so elastic, such a state of affairs is not desirable neither from the physiological nor from the economic point of view. In the latter case it causes a peak load on the marketing facilities for a short period and leaves them unutilized for the rest of the year. This tends to increase the marketing costs and consequently the cost of the product.

A swiprising feature of Palestine's price fluctuations is that the wholesale price index shows less seasonal fluctuation than the cost of living, which is a retail price index,(3) 2.6% instead of 8.2%. This is explained by the differences in the number and nature of differences included under each. The wholesale index includes 58 commodities most of which come from foreign countries and are not much liable to seasonal fluctuation. The cost of living or retail index on the other hand includes 19 commodities mostly local agricultural products which are subject to seasonal fluctuations.

It is necessary at this point to discuss the cyclical movements which influence to a large extent the seasonal fluctuations

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(1) (Calculated on the basis of the figures given in the Report on the Egg production in Pal. and on international trade in fresh eggs. Poultry-Committe sub-Committe of the committee on Agr. Economics and Marketing of the Pal. Vov. Bull. of the Pal. Eco. Soc. 1932, Vol.V, No.4, p.15).
(2) See Diagrams and App. 42, 43 pp. 419, 442
(3) See Appendix 42, Diagram ~~No.~~ p. 419.

in Palestine's trade. These movements are quite different in Palestine than in other countries[1] for they seem to originate from either political or economical conditions or both that happen to be prevailing in other countries. Its cyclical movements are thus more vigorous than if the cycles were originating from the economic conditions of the country and in many cases they tend to iron out some of the seasonal fluctuations. If the influx of capital and people continues as it has been in the past few years it is reasonably sure that seasonal fluctuations in Palestine will not be felt as in ordinary years when the local agricultural and industrial production are the determining factors for the seasonal fluctuations of Palestine's trade.

With the continued influx of capital to Palestine the standard of living of the population is apt to rise and consequently the demand getting less elastic. Naturally this would lead us to assume that seasonal fluctuations would become acute and marked. But the truth is not so. The unelasticity of demand is a result of the higher standard of living will cause many consumers to satisfy their wants irrespective of slight price fluctuations. This continuous demand would undoubtedly lead to the development of methods of production and moethods of storage to carry the product over a larger period and thus soften seasonal fluctuations.

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(1) Due to the peculiar conditions of Palestine's economy, the value of the usual way of determining the cyclical movements by consideration of trends of agricultural and industrial production, of imports and exports, of wholesale and retail prices etc. is very limited. At this time when vigorous changes are taking place, it is quite difficult to draw conclusions on the trends of its economy.

B. Cyclical and Geographic Price Movements.

1. Cyclical movement of price indicies.

In comparing the wholesale and retail price indices of Palestine over a period within the country itself or with those of other countries trends and tendencies could be only drawn with general conclusions. This arises out of the dissimilarity in the data used for the construction of these indices. The study of Palestine's price indices presents additional difficutlties. The absence of any pre-war price index necessitated the construction of one for 1914. This index was of little reliability for the commodities included under it were few to be considered as sufficient, nor were the prices so correct to be considered as representative for the whole of the country.[1]

The beginning of this centry witnessed an active start of the capitalistic regime in Palestine as well as in Syria. This resulted in a continuous rise of prices.[2] The foodstuff prices rose during the 12 years preceding the War by about 50%.[3] This tendency was further stimulated by the break of the War, the shortage of foodstuffs and the presence of considerable military forces which had to be supplied with food. Thus at the end of the War Palestine showd a much higher price level than any of the large European countries or its neighbor Egypt.

The influx of imigrants shortly after the War hindered quick adjustment to the world prices. This rendered any statistical comparisons with the prewar period or with the immediate post-war

(1) Campbel, Rep. of the Experts, p.462.
(2) Gr. Br. Consul. Rep. Nr. 4850, Turkey-Trade of Jerusalem 1911 London 1912, p.3.
(3) Rupin, "Syrien als Wirtsihaftsgebilt", p.527.

period rather misleading. However if we were to take later years as a base for drawing conclusions, this also would be rather faulty due to the shortness of the period. Therefore only general indications or trends can be pointed out.

Palestine's cost of living index, which is mostly composed of local products, showed after the War a much higher level than the price indices of Egypt or any other leading foreign country. Not until 1930 was there noticed an adjustment to the world price indices.

Numerous other reasons, besides the above mentioned ones, are responsible for this delay. There are the introduction of the Egyptian and English currencies which had a high valued small unit; the influx of capital, the expenditures of the military forces; the high proportion of foreigners in the total population who continued to live according to their European standard of living;(1) the rising standard of living of the native population and changes in the customs tariff policy. Matters were further aggravated by a defective system of distribution whereby credit granted by retailers was relatively high, (especially in the first half of the last decade)(2) and by the excessive number of middlemen in Palestine which tends to raise costs and price.(3)

The 1930 adjustment between Palestine's price indices and those of other countries stayed for a short period only. Since

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(1) Holdeim Palestine, p.146.
(2) Wolman "Labour Movement and Cooperation" Rep. of the Experts p.500. The extent of credit granted in 1930-31. See above p.288.
(3) Report of the Joint Survey commission p.91, particulars see p.404,11.

1931 there has been noticed a lack of correlation with price movements in other countries due to the countries' prosperity, its depreciated currency and the adopting of protective tariff measures for the local agricultural produce.[A]

The wholesale price index which includes more foreign commodities than the cost of living index shows more correlation with the world price movements. In fact the movements showed great similarity with those of other countries. Comparing Palestin'e wholesale index with 1914 as a base year, with indices of other countries we find that it is considerably higher.[1] Quite different is the case if one takes the year 1922 as a base.[2] Here although Palestine wholesale index shows a higher correlation[3] yet it is below the wholesale indices of Egypt and the other leading world countries.[4] This is due to the fact that the discrepancy between Palestine's price level and that of other countries during the base year of 1922 was still high. If later years are taken as bases the difference between Palestine's wholesale index and that of other countries would not appear to the same extent.

Since 1931 the wholesale price index has showed an upward tendency due to agricultural protective tariffs, depreciation of the currency and to the influx of capital which has resulted in a boom.[B] No constructive study with the purpose drawing conclusions can be made of the correlation between wholesale and cost of living indices for the structure of each of these differs greatly from the other.

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(1) See Appendix 44 table on p. 422
(2) See Appendix 45 table on p. 423
(3) This probably due to the uncorrectness of the reconstracted index for 1914. Particulars see Compbell "Rep. on the Jewish Settlements" Rep. of the Experts p.461 ff.
(4) See Diagram.
(A) Compare App. 51 p. 430 & diagrams
(B) Compare App. 50 p. 428. ~~& diagram~~

2. <u>Geographical Differences in Prices.</u>

In spite of the relatively small area Palestine covers, yet considerable price differences have been observed in various parts of the country. In the Eastern part of the country where local goods are produced we find the prices of these products cheaper than in the western part. On the other hand in the Western part of the country where the importing centres are located, we find the imported goods cheaper. The price descrepancies between these two districts were in prewar days and immediately after the war higher than they are now. This was mainly due to the deficiency in the transportation means.

The efficiency of the distributing channel is another important factor, other than nature of the commodity or the location of the dis~~trict, whi~~ch determines differences in price. In Jerusalem which is further east than Ramale Gaza or Acre, imported goods are sold at a cheaper price because of the better marketing channels existing in that city, due to the extensiveness of the market.

Perishable or semi-perishable goods show the highest price variations between the various localities. Fish for example is very cheap in Tiberias, Jaffa and Acre. The case would be the same in Haifa had it not been for an agreement among the different fish merchants not to reduce prices. In Jerusalem the fish prices are the highest.

Home produced cereals are cheap in the regions of production in the north and around Gaza. Native bread is cheaper in the places of production while white bread on the contrary in the importing or distributing centers.(1) Olive oil is cheaper in rhe districts where oil presses exist but where soap factories are absent.(2) Milk is cheaper in the North and Samaria and dearer in the consumption centers as Jaffa and Jerusalem district.(2) Native meat is cheaper in Beersheba,(3) charcoal at Jenin, native soap at Nablus.

According to towns in 1923-24 prices for native foods were in Hebron and Safad and Nazareth the cheapest in Jaffa, Beersheba, Haifa and Jericho the dearest.(4)

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(1) See Com. Bul. 1924, VolV, p.298.

(2) See table in Commercial Bul. 1923, Vol.IV, p.19.

(3) Ibid p.17.

(4) Ibid p.18.

C. Price Regulation & Price Fixing

Tendencies towards price regulation[1] on Palestine's market can be conducted by the government, by the municipal organs and by private associations of manufacturers or middlemen.

By conducting a customs policy, the government can easily regulate prices prevailing on Palestine's market. Changes in customs policy reflect quickly and effectively in Palestine's market prices. This is due to the high dependency of Palestine on foreign sources of supply. In other words, in most of the commodities the "marginal producer" is not the Palestinian but the foreigner. Herewith competition of local products is not able to affect prices so long as the foreign suppliers have to pay high customs. Shortly after the War, the government protected the interests of the consumers. The above indicated facts, raising Palestine's cost of living over that of other countries[2], made the protection of consumers necessary. The export of olive oil, olives, rice, and barley was forbidden up till January 1921. There were certain steps undertaken by the courts for limiting

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(1) Herewith we exclude from our scope the customs policy as a whole duty imposed for stimulating production or financial purposes, althoug they raise prices - are not included in our consideration. Here we limit ourselves on the statement that the total custom duties collected in Palestine constituted in 1922-23 10.9% out of value of goods imported for local consumption; in 1931, 15.5%; and in 1932, 15.4%. In Egypt the corresponding rate for 1931 was 20%, for 1932 ~~32%~~ 23%. This Palestinian rate is not high if compared with Syriaand other countries.(See Granovsky, pp 23 . ~~and Diag's.~~)

(2) See Appendix ~~47/48p~~ 425 & 426 and diagrams and p. 305

the profiteering[1]. Some maximum retail prices were prescribed. The authorities tried to limit the pooling among merchants and herewith to hinder artificial upkeeping of prices[2]. It is rather questionable if these steps brought about favourable results. Not only do certain undesirable experiences have occurred during the Great War, but in Palestine the primitiveness of trade and of marketing methods excluded any possibility of controlling it.

With Palestine's coming into a possession of normal price and market conditions, the government ceased to exercise any price regulation. The prices for agricultural produce dropped enormously. The fellah got more and more indebted, due to his inability to lower his standard of living correspondingly, due to the fact that his debts were calculated in coin although mostly paid in kind. The reform agricultural taxation, which took as basis an average of the previous four years and their prices, was an additional blow to the fellah. Therefore, the government decided to protect the fellah from the drop in world prices and from a dumping. The bulk of his crops lost grains and therefore the imposition of duties on these products was the solution. As Palestine had not, at that time, already been self-sufficient in grains, the government imposed variable tariffs. In

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(1) Commercial Bulletin, 1922, Vol. I, p.30.
(2) E. G., See Commercial Bulletin 1922, Vol, I, p.352.

the period June-December they were by 2.5 or 3.5 times greater than in period January-May[1]. This corresponded to the seasonality of the fellahs crop. At the same time the consumer should not be too harshly treated in the season of lack of local crops. But such seasonal duties could only work properly if they were connected with a system of licenses. In another way a door would be open for preparing stocks at low duty rates. The storing of imported grain would be a rather profitable business and would push prices of local grains down. This system was then improved by the introduction of contingents. The requirements for each following quartal has been estimated by the Standing Committee for Commerce and Industry. Each consumption center as well as each importer has been prescribed the maximum quantity to be imported by him in the next quartal[2]. But still the system did not operate sufficiently till the government introduced sliding custom tariffs. In the middle of 1933, there was decided that the price should be regulated, and be regulated more actively, and therefore the Director of Customs, Excise and Trade received the power to estimate the price of wheat, ray, flour, for each month. The duty is in negative proportion to the prices prevailing for these products. It was, therefore, possible in 1933 to keep prices on the same

(1) Granovsky "Systems" p. 49.
(2) Tuerkische Post, Istambul Vol.VIII, N°85,(12.4.33)

level.[1] Besides this the system of licenses has remained in force for unrefined olive oil and all acid and offal oils and of contingent for flour, semolina and wheat[2].

The imports from Syria and Transjordania are free from these provisions.

This method of aiding Palestin's agriculture has met sever criticism. There was first argued that the imposition of such protective tariff has no economic justification. Palestine is not able and will not be able in the near future to produce its requirements cheaply in grains. The imposition of such tariffs can only stimulate irrational production. Instead of stimulating the fellah to join Palestine's transition and cultivate such crops for which Palestine possesses certain natural advantages the government helps him to stick to primitive methods of cultivation and to undesirable crops.

This argument can be met from the social point of view. It is agreed that Palestine is not able to compete with the suppliers in the oversea countries. But the duties have no economic aims. They are proposed for preventing the fellah's standard of living from becoming catastrofal, which was again low before the drop in agricultural prices. The fellah

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(1) Blue Book, 1933 p.304
(2) Ibid., p.25.

who lacks the capital means and ability to change his production over night should be helped(1)

The low standard of living of the fellah involves certain social dangers which should on the expenses of the society be avoided.

One other criticism is that the urban population - on the expense of which the rise in prices is affected - does not gain at all. The rise in prices is only in favour of the money-lending leaders as they get the credits granted which could under normal conditions never be repaid. From this the urban population (except the money lenders) cannot profit as this implies higher concentration of capital in few hands and can result in no increase in the purchasing power of the population. The market for the industrial output does not increase by this means. A more sever criticism is the view, that due to the open door for Syrian and Transjordanian producers, Palestinian consudmers promote foreign producers, who buy nothing from Palestine because the agriculturalists of Hauran and Transjordania can hardly be considered as consumers for Palestinian products. Their taste and demands are furnished better by the Damasene producers and merchants. This

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(1) It is only questionable if the Government should not by spreading of the modern methods of cultivation, by opening of credits, forward the introduction of ~~[illegible]~~ new crops so that duties imposed upon the first necessities of life could be reduced.

was already recognized[1] by the government in 1931 and recently negotiations started between Palestine and Syria to include the imports of cereals under the system of licences and contingents. Positive results are very necessary as they do increase the purchasing power of the local consumers and herewith increase the extent of the Palestinian market.

Municipalities are other types of authorities who regulate prices. They are still governed by the Turkish law of 1877, according to which they are allowed to control prices of foodstuffs[2]. The differences between the government's and the municipality's policy is that while the former regulates prices of the country and therefore is not able to go into details and ~~adjust pri~~ces according to the special circumstances prevailing in different localities. In the second place, the government in Palestine is interested mainly in the prices of the wholesale market, while the municipalities,on the contrary, are interested with the retail prices only. This is due to the fact that the municipalities have their main objective the protection of their consumers.

From a private view, certain steps to influence and regulate prices are noticed mainly from the manufacturers associations, from the merchants, and even from the consumers.

The manufacturers federation tries to

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(1) A. Stead, Palestine Bulletin, Vol.VII, N°1980, 19.XI.31.
(2) See PME 1933, Vol. VIII N° 1. p.17-19.

institute sections according to branches of local industry. These sections deal with all the problems concerning their industry together with marketing problems. Hence, they try to avoid competition by gentlemanly agreements, pools, or some other forms of organization.(1)

Their activities are, usually, directed for raising the prices in order to utilize the margins drawn by the customs tariffs or costs of transportation or both. And not always do their activities result in a success but they often contimue for a short time only. This is due to the high denamy of Palestine's industry. The manufacturers sometimes go evern further to try to prescribe ~~the retail-prices~~. This is especially noticed in cases of foreign competition where local industries and even agricultural producers (the latter organized into cooperatives) try to conduct an active price policy for combating the importers.

An additional reason is that local manufacturers are interested to avoid out-throat competition among retailers. This can be accounted for by the fact that the suppliers have to grant the capital weak retailers credit on open book account or on bills which are not always rediscountable.

If at times of depreciation the manufacturers were able to influence prices in the same manner as at present by the same free forms - This is rather questionable.

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(1) See above p. 234.

The same reason of avoiding cut-throat competition among the distributors obliges often the sole agents of imported products or the retailers themselves to organize and prescribe the selling prices for the members. If the members do not keep prescribed prices, then the supply with such goods is stopped by the sole-agents or even manufacturers. The consumers' cooperatives try to establish bakeries and operate some joint-stores for supplying the members with goods that are rather cheap, but nevertheless, at the same time influence the retailing prices as they do not allow them exceed limits.

D. Margins and Cost in Palestine's Trade

The problem of costs influences to a considerable extent the prices of goods and therewith the cost of living. Comparisons of margins and conclusions about their height are rather difficult so long as services granted by trade are not considered. If one determines that the cost in one branch of trade or country is higher than in another, to deduct from this that trade in that particular branch or country is more inefficient ~~and~~ is impossible, as the functions fulfilled by trade are not determined. As these are not to be verified by economic values, the value of the following considerations is limited and only general deductions can be given.

1.- Costs and Margins in Wholesale Trade(1)

For the whole of Palestine's trade, there are no statistical data available. Therefore, it was necessary to use the figures of the Jewish Census of Trade of 1930/1.

The costs in wholesale trade in Palestine are usually higher than in Western countries. There are many factors responsible for this. The wholesaler deals mostly with imported products. Advertising of the goods is usually conducted by him. This would not have been the case if he

(1) The margins of commission houses vary according to the functions fulfilled by them. It is possible to assume that they move between three and 10 %.

were to deal with products of local origin. Then this function would have been accomplished by the manufacturers.

Besides this fact, the Palestinian wholesaler performs certain changes in the display and exterior looks of the material; in order to adjust it to the demands of his customers. Then the wholesaler has to cover certain expenses as freight, passage, etc., till the retailer gets it.

An additional factor is the fact that the retailers in Palestine are rather poor in owning capital, but on the other hand, they grant credit to a high limit. This is practically financed by the wholesalers by granting open book credits or by selling against promisory notes and bills. These all raise costs of wholesalers more than in other countries.

The first place among the costs enumerated(1) constitute the items of wages and salaries in wholesale trade. They composed about 70 % out of the total expenses enumerated. This was by about 1.4 % out of the total sales(2), and would represent a payroll of about £.P.55,000 in the Jewish wholesale trade only.

The relatively high share of wages and salaries in total expenses is explained by the relatively high share of paid labour in Jewish wholesale trade(3). ~~On the~~

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(1) Not all the operating expenses were enumerated. Compensation for labour of owners and their dependents and profits were not included as well as other minor expenses.
(2) See above p.162
(3) Cyderovitz "Jewish wholesale trade" <u>Meshek Shitufi</u> Vol.II,p.148.

On the other hand, it is rather surprising that the relation of wages and salaries to sales is low. This is due to the fact that the sales per establishment are high. This high rate of sales per wholesale enterprise is mainly due to the fact that the citrus cooperatives with their high volume of sales were included under Jewish wholesale trade(1). An additional factor for the low ratio of wages to sales is due to the low standards of living in Palestine, and herewith to the low level of wages ~~on the one hand~~ and the smaller utilization of paid labour ~~on the other hand~~(2)

The rents are low in Palestine's wholesale trade as in those of other countries. Wholesale trade usually does not need favorable and extensive premises. Its warehouses are often separated from the office. In Palestine the cost of rent made about 20 % out of total expenses enumerated(3), or 4% out of total expenses enumerated. This point distinguishes wholesale trade from retail trade. Retail trade is more dependent upon the concentration of consumers and required much more space for a better display of goods offered for sale. The enumerated expenses make about 2% out of total(4)

It would be of importance to add an

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(1) See above p.147. Due to lack of data we are not able to eliminate the wages paid by the citrus trade.
(2) In Palestine the average volume of transactions per occupied in wholesale trade was £.P.5,560, in the U.S.A. £.P.8630. See above p. 153.
(3) See Dr. Cyderovitz Op.Cit., Meshek Shitufi, Vol.II, p.148.
(4) Wages and salaries 1,4 % plus rent 0.8 % and others 0.2 %.

allowance as a compensation for the labour of owners and dependents which constituted still 40 % out of total occupied in the Jewish wholesale trade(1). If we assume for each owner and each dependent engaged in wholesale trade a monthly income of £.P.20(2), then we will arrive at an amount of £.P. 74,160 per annum(3), which would make about 2 % of the total value of sales(4).

Therefore, if we take all the expenses and the allowances together we would arrive at the conclusion that the Jewish wholesale trade in Palestine operates with a margin of at least 6 ~~6-1/2~~ %.(7)

In Germany there is an estimation of Julius Hirsh for the last prosperity year 1929 for the wholesale margin with 7%(5). There were included wages, salaries and allowance for occupied owners with 3.2 % and rent with 0.3 % of total value of sales(6); Together about 3.5%. While in

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(1) See above p.154 .
(2) This is rather a conservative estimate, as the officials and laborers engaged in wholesale trade received per annum an average salary of £.P.118 which makes about £.P.10 per capita.
(3) £.P.240 times 309 (40% out of 769) = 74.160.
(4) £.P.75,000 out of 3800000.
(5) Wages and salaries 1.4 %, rent 0.4% and allowance for the work of wholesalers and their dependents 2.0 %.
(6) The estimated wholesale expenses and profits with 3.75 milliard marks and the value of transactions 50-60 milliards. See "Die Handelsspanne" Forschungsstelle fuer den Handel p.2.
(7) As according to the Jewish Census mamy of the minor expenses of the wholesale trade are not enumerated.

Palestine the corresponding items amounted to 3.8 %.

2. Costs and Margins in Retail Trade

a. Totals.

The main items of total expenses in Jewish retail trade were rents and wages. The composition of the main expenses was as follows[1]:

Rent	£.P.	44.6%
Wages & salaries		38.6%
Other expenses		16.8 %
All together		100.0%

Hereby rent[2] constituted 3.3% out of the value of sales and salaries about 3.1% only. This represents a payroll and a rent expense of about £.P.200,000. This fact, at a first glance, is surprising, as in Germany wages and salaries reached about 11.25% in 1929 out of the value of sales, and 14.28% in the U.S.America[3]. This difference is to be explained by the fact that retail trade in Palestine employed only about 20% paid labour.

(1) Cyderovitz, Binnenhandel p.65. Hereby was no allowance done for compensation of owners and dependents.
(2) Only 6% of Palestine's retailers operated their stores in their own premises.
(3) U.S. Dept. of Commerce, Retail Distribution p.8.ff.

If we would estimate for the owners & working dependents an allowance for their labour, then it would be necessary to add an amount of £.P.300,000, according to a conservative estimation[1], and £.P.460,000 according to a liberal estimation[2]. This makes out about 9.8 % or 15.4 % out of total values of transactions, which is necessary for adding to the enumerated expenses in retail trade. Then we have the following picture:

	According to a conservative estimation	According to a liberal extimation
expenses for paid labour.......	3.1	3.1
allowance for owned labour.....	9.8	15.4
Rent.........................	3.3	3.3.
Other expenses[3]..............	1.2	1.2
	17.4	23.0

This ratio is relatively low[4] when one considers the above verified fact of overcrowding in retailing. This, again, is explained by three reasons: first, the general low rate of wages of earning people (of retailers). In Palestine a person employed in retailing received an average salary

(1) Cyderovitz Op.Cit. Meshek Shitufi Vol.II,p.84.
(2) Dr. Gurevitch "Jewish Retail and Wholesale Distribution" p.12; he taxes £.P.100 per annum for a store-keeper selling under £.P.500 per annum, £.P.125 selling till £.P.1900, £.P.150 over £.P.1900 and £.P.50 for working dependents
(3) Calculated on the basis of the figures of the previous table.
(4) In the United States the operating expenses for retail enterprises were 24.83 % out of value of sales (U.S.Census of Distribution 1930, p.21, in Canada it amounted to 24.02 (Canada Retail Merchandise Trade 1930, p.35).

of about £.P.75[1] per annum, in the United States it was about £.P.262[2], in Canada £.P.206[3]. The second reason is due to the fact that in Palestine's retail trade's predomination in foodstuffs and groceries is a real one. These branches show the lowest margins due to their higher turnover of stock and capital.

The third factor for low margins is the small size of the stores. It is noticed, wherever one observes, that the costs increase in retailing with the increase in the size of the enterprise[4]. The efficiency of the large scaled retail establishments originates not in reduction of costs and margins, but in lower purchasing prices.

All these factors indicate how difficult it is to make statistical comparisons and the drawing of conclusions, not considering the special factors which conditioned the statistical figures[5].

For Palestine, it is possible to say that although the margins in general are not higher than in developed

(1) 3.1% out of 3,030,000 = £.P.93,930 divided among 1250 employees.
(2) United States Distribution p.8ff.
(3) Canada Ibid. p.70.
(4) According to U.S. Census of Distribution p.21, the margins in a country store were in the U.S.A. 13.6% in a foodstore,19.5 in building material, 26.0 % in dray stores 27.1%,in apparel group 30.64% ; Or in Canada the expenses in a country general store were 14.8%, in a food store 20.1%, in a building material store 24.9%, in a furniture store 34.9%
(5) One factor was in all our considerations & comparisons left out and this is the difference in price-level in the different countries.

countries, still they are greater than they should be if one considered the services fulfilled by the retailers. As above indicated, many functions are performed by the wholesalers-importers or by the smaller wholesalers. The delivery functions play in Palestine a small importance; the proceeding and conversion of the goods are low; no technical knowledge of the merchandise is required, the degree of specialization is low, the proportion of related commodities sold are (as in the general store) high, and the level of wages and salaries low as well as rents are low in comparison to Western countries. For this can only be the explanation the overcrowding of retailers, the extent of credit granted and the inefficiency of retailing in Palestine.

a. The different items of expenses in Retail Trade

1) Rents.

Although it is the main expense in Palestine's retailing, still its extent is lower than in developed countries. The rental costs in Canada constituted about 3.7 % out of value of sales[1], in the United Stated

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(1) Canada, Retail Merchandise Trade in 1930", p.10.

it is even 4.17%[1]. Although rents are high in Palestine, yet they are not to the same extent as in industrially developed countries; a secon reason for the ~~ixx~~ lower share of rents in Palestine is the fact that Palestine does not possess big towns and its trade is dealing mainly in goods of convenience. Shopping on modern lines is not yet developed.

The rental costs vary from branch to branch in Palestine. They constituted[2] in:

The foodstuffs group -	2.9 %
The textiles group -	3.5 %
The furniture & hardware -	3.5 %
The reataurants	7.5 %
The Building materials	1.4 %
Others	3.4 %

In Tel-Aviv and Haifa the highest rents are paid. In times of prosperity the rents rise but they are more than offset by the increase in volume of sales. The opposite tendency is noticed in times of depression. The rents do not adjust so quickly to the reduced value of sales.

(1) U.S.Census of Distribution p.8ff.
(2) Dr. Cyderovitch "Binnenhandel" p.84.

2) Wages.

The average for all amounted to 3.1% out of the total value of sales. This rate differs according to employment of paid labour. It is the highest with 9.9 in consumers cooperatives, in partnerships with 3.3 % and in sole proprietorships the lowest with 2.2%.

The distribution of the number of establishments and wages paid is to be seen from the following table (1):

	Enterprises in percentages	Wages In Percentages
foodstuffs	52.9	14.2
textiles	15.1	13.9
furniture and hardware	4.3	5.3.
restaurants	10.3	13.7
building materials	3.6	16.3
others	10.8	26.6
	100.0%	100.0%

The highest share of paid labour shows the branch of building materials, and lowest foodstuffs.

The relation between wages and salaries paid to volume of sales one can observe from the following

Foodstuffs	1.0%
Textiles & garment	2.7%
Furniture & hardware	2.7%
Restaurants	6.5%
Building materials	2.9%
others	4.8%

(1) Cyderovitz Op.Cit. Meshek Shitufi, Vol. II, p.84.

3. Margins According to Commodities[1]

a. Cereals:

As indicated above cereals in Palestine do not pass through long channels and are not properly handled by the various middlemen. The assembling function predominates until the goods are delivered to the mills or sold to consumers who bake on their own account.

Before the drop in world prices the usual margin of retailers in wheat was about 8-9%, of wholesalers about 10% of the price paid by the consumer, or about 11.1% of the wholesale selling price. For durrah the rates did not differ much. They were about 9-10% for retailers and 10-11% for wholesalers. The fact that the wholesalers' margins are greater than those of the retailers, ~~indicates~~ that the assembling function, in the case of cereals, is more important than the distributing function in Palestine.

In the case of sesame there was an opposite tendency noticed. The retail margins were twice as great as the wholesale margins. While retailers added a margin of 9% of the consumer's purchase price, wholesalers marked up a margin of 4.5% of the consumer's purchase price. Since the drop in prices of cereals the margins rose due to the inability of trade to adjust its costs to the reduction in the value of transactions, and the decrease in competition due to the introduction of licences and contingents. In general it is possible to assume that the producer gets 80% of the price paid by the consumers for cereals, 20% being the margin of the trade channel. This is true in the case of producers who are free from debts. Quite different is the case of indebted

(1) Under margins are included expenses and profits orlosses of the different middlemen.

producers. These latter often receive their loans in kind from the money-lending merchants whose margin is higher than the above mentioned because it includes interest. It was rather difficult to eliminate the interest charges and to determine the real trade margin.

6. Dairy products:

In Palestine, milk and dairy products have high distribution costs, because of the hot climate of the country which necessitates special handling.

In 1928, the following were the costs of selling dairy products through the cooperative, expressed as percentages of the retail selling price:-

Producer's price	55%
Transportation costs	7%
Overhead charges of the cooperative, including manufacturing costs	17%
Commission and distribution costs	21%
	100%

45% of the price paid by the ultimate consumer did not reach the producer at all. The cooperative distributing stores or the stores acting as commission agents for the cooperative received in 1934 a commission of 20-25% for milk, laban, etc., and 10-12% for butter, the average being about 17%.

Many of the Palestinian producers try to eliminate the margins of the middlemen through direct marketing. Therefore, we find not only the fellah's wife early in the morning offering milk, dairy, and poultry products in the Souks of Jerusalem, but we see the modern farmer with his motocycle crossing the streets of Tel-Aviv and delivering his products early in the morning.

The margins for local vegetables and fruits vary from 50-60%.

c. Citrus fruits:

The trade margins for Palestine's main export item, Citrus fruits, are excessive. This is explained by the remoteness of the market and the perishableness of these products.

In 1928,[1] of the price paid by the consumer in England:

50% were destined to the retailer

7.4% were destined to the jobber

9.8% for Transportation

9.0% for harvesting, packing, transport to the station of export and

23.8% only reached the hands of the producers.

In the U. S. the producer's share constituted 41.8%.

d. Imported products:

These show the highest margins with the exception of local perishable products. It is generally assumed that the costs of distribution of products for ultimate consumption are about 35-40% out of the cost selling price. These percentages vary from commodity to commodity and from town to town. Staple products show lower margins than jewels and ready garments where greater risks are involved and turnover is slow. In Jaffa, the main importing centre, the margins of the wholesale and retail trade were, 20% of the ultimate price paid by the consumer for rice, about 24% for flour, 15% for sugar.

(1) Viteles "The Expansion of the Citrus Industry". PME 1928 no 15-16 p. 366.

CHAPTER X

ACTIVITIES FOR THE PROMOTION OF TRADE

1. The Policies of Official Institutions and the Jewish Agency Towards Trade.

In describing the attitude of the government toward marketing, Fred E. Clark (1) classifies the activities of the central and local institutions into three groups: (2) First, the efforts in elevating the extent of competition, second, the efforts in controlling monopolistic tendencies, and third, efforts to promote efficiency in marketing. Here, only the general policy of the government with regard to trade--as an essential factor of the country's economy--is considered.

Trade fulfills certain functions in each field of economy. The policies of various official institutions are derived from their evaluation of trade.

In Palestine, the government, (3) as well as the municipal authorities do not have any special attitude toward trade. For traders neither restrictions nor encouragement exists. Every one can become a merchant any where he likes.

There are certain branches however, which are under official control for the interests of the public. Such trades should be started and operated by licences, and must be under strict super-

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(1) "Principles of Marketing" New-York 1924, Chap. XXIII, p.473 ff.
(2) Ibid, p.480, 485, 488-491.
(3) The competent institution for trade, is the "Department of Customs, Excise and Trade". The name of this department indicates sufficiently which problems of commerce are treated. It is questionable whether this or the Department of Health has greater influence on internal trade.

vision of the government. All questions pertaining to such kinds of trade are regulated according to the "Trade and Industries Ordinance of 1927 and its Regulations".(1) But no measures are taken to limit or to increase the number of traders, to force and help their self-organization--(Chambers of commerce, for instance)--by giving them authority and extensive power. In Palestine's economy, trade is that field where the principles of "laissez-faire" exist without any limitations.

The Zionist organisations, had to clear the position of trade and marketing in the program of their activities. Although the influence of a semi-official organization--such as the Jewish Agency--is to a great extent limited, it possesses certain means by which it can influence trade and traders. For example, at the distribution of the immigration-certificates, merchant immigrants could be more or less considered; or by the distribution ofthe national funds commercial credits could be made more or less available. Therefore, the policies of the colonizing agencies should not be left out of consideration.

The building of the Jewish "National Home" is followed by a fundamental change in the usual sociological character of the Jews. The Zionist movement aspired for a better and sounder occupational distribution of the Jews in Palestine than those in all other Jewish communities elsewhere.(2) This "soundness" could come along by producing prime and raw materials but not by remaining middlemen as is the case with the Jews of Europe or of the U. S.(3)

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(1) Dr. B. Nathan, Juedische Rundschau, 1935 No.7, p.6
(2) Gerhard Holdheim, Palastina, Jdee, Probleme, Tatsachen p.79.
(3) See Elazari-Volcani "The communistic settlements" p. 11.

In other countries the Jews constitute a small minority and supply the demands of the rural and urban population. Specialization in one particular branch is possible in those places,(1) but in Palestine, due to national tendencies and differences between the two sections(2) of population, the Jewish trade is practically restricted to the Jewish population only.(3) This would mean, according to the opinion ofthe colonizing agencies, that traders have no productive value for the community as a whole. The profit obtained by the Jewish traders, expressed in money, would not represent a profit of the Jewish economy but a shifting of income from one individual to another.(4) An increase inthe number of merchants would mean a lowering of their standard of living, or raising the marketing margins and prices paid by altimate consumers. Commerce thus becomes harmful to industry and agriculture.(5) The Zionist organization by adopting a policy favorable to agriculture,(6) got engaged in the effort of the agriculturists to eliminate middlemen(7) as "superfluss intermediaries" which are without any economic justification.(8)

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(1) See G. Holdheim Palastina p.79
(2) See above p.13
(3) See A. Ruppin "The agricultural Colonisation" p.185
(4) See Dr. A. Ruppin "The Agricultural Colonisation" p. 197
(5) A. Jevzerov "The urban colonisation" Mischar Vet'assia 1926 No. XIV*XV p. 361.
(6) A. Granovsky "Our Colonization Problems" PNE 1927 No.3, p.69.
(7) See Elazari Volcani "Communistic Settlements" p.11.
(8) See V. Jabotinsky "The Manufacturer and the Merchant" PNE 1929 No. 8-9 p. 185.

Consequently the Keren-Hayessod spent Ŀ.P.1,640,000 for agricultural colonization and only Ŀ.P.425,000 for urban colonization,(1) out of a total expense of Ŀ.P.5,000,000 made during the period between April 1, 1921 till March 31, 1934. By summarising, one can say that the Zionist organization(2) even if has not hindered the development of trade and increase of traders, at least it has not encouraged it; (as it has the other branches of economy) and has left it to private initiative.

2. Institutions Promoting Trade:

The most important institution which is concerned with Palestines' trade is the official Department of Customs, Excise and Trade. This department, however, is not so much concerned with trade diredtly but with matters of trade which have to do with the government budget,(3) so that questions are sometimes dealt with from a viewpoint of increasing the revenue--rather than the efficiency ~~of trade~~. In the early years there existed a separate department of "Industry and Trade" which has largely advisory powers.(4) But in 1923 for reasons of economy its tasks were absorbed by the Department of Customs.(5) With increase in trade and industry tradespeople are demanding a separate Department again to protect their interests.

The Department of Customs, Excise, and Trade has a trade section which edits the Commercial Bulletin and its supplements. This Department is similar to the department of Overseas Trade. It gives

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(1) Figures extracted from a diagram in the Jewish agency stand on the Palestine and Middle East Exhibition at Tel-Aviv 1934. It must not be forgotten that in "Urban Colonization" the grants to industry were included. As the support granted to industry was greater than that granted to commerce, we can assume that the share of trade was considerably lower.

(2) Some members of the commercial community in Palestine expressed the opinion that the Palestine's Zionist Executive by participating in the capital and granting of credits to the cooperatives, without corresponding aid tothe private merchants help the coop. in combating private commerce.

(3) Because of the high share of customs & excise in total revenue of Pal

Continued on foot notes of next page.

trade information, directs enquiries, investigates economic questions which the government is interested in, compiles industrial statistics, maintains records of cost of living, price movements and shipping and acts in matters of collection of debts between British exporters and local merchants.(1) Its functions are so many that it is doubtful whether they are all fulfilled properly. Some of them should more properly be given to other departments and then the function of controlling and promoting internal trade could be included.

The Standing Committee for Commerce and Industry was reorganized in 1932 by appointment of officials and invitation to unofficial persons.(2) This committee decides questions of customs tariffs, regulates the prices of cereals and acts in an advisory capacity.

There are other governmental departments as well which are concerned with bettering trade conditions. Of the foremost to be mentioned are the Agricultural Council and the Subcommittee for Agricultural Economics and Marketing. These are interested in protecting the local market and in openin foreign markets for Palestines' cooperatives to inprone the distribution of their crops, it tries to standardize certain products for export and it generally investigates and studies the conditions under which the local agricultural produce is marketed both in the local andforeign markets.(3)

The publications of the Department of Agriculture gives valuable information on standardizing, grading, and opening new markets for local goods.

Continued footnotes:
(4) In terim Report on Palestine's administration. July 1920-Dec. 1921 London 1922 p. 37.
(5) Report on the administration ofPal. 1920-1925 p.20

(1) Commercial Bulletin 1931 Vol. VIII Feb, Special supplement Report of the Department of Excise & Trade 1930, p. 16.
(2) Grunwald, Industrialisation. p.24.
(3) Agricultural Annual Report 1931-2 p. 10-13.

The Citrus Fruit Committee which is appointed by the General Agricultural Council advises upon all matters which have to do with the inspection and marketing of citrus fruit.

All the activities of the Departments of agriculture which have to do with raising the quality of Palestinian products and opening new markets are important not only in improvement in the standard of living of the agriculturists but also in increasing the efficiency of marketing with local products.

Chambers of Commerce are quite widespread in Palestine but only in the coastal towns in Jerusalem, in Nablus and in Gaza do they show much activity.

In the coastal towns the chambers of commerce are divided according to the main nationality of traders--a feature which does not add to cooperation in the merchant class.

The most important functions fulfilled by the chambers of commerce are:

1. To propogate the interests of their members amongst the population and with the government.

2. To give trade information.

3. To arrange for experts when needed.

4. To arrange for commercial arbitrators.

5. To grant certificates and recomendations.[1]

The Chambers of commerce do not receive any financial aid from the government[2] so that they are supported only by membership fees. If the government would give financial assistance as well as more

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(1) Annual Bulletin of the Chamber of Commerce of Jaffa, Tel-Aviv 1932-3 p.I.
(2) Holdheim Palastina. p. 143.

legal power (as in most Western Countries) these institutions would be able to broaden the scope of their activities and operate with better results in improvement of business methods andx efficiency of trade.

In Tel-Aviv and Jaffa there is an associationof Commissioners which endeavors to improve the relations among its members as well as between itsmembers and clients andsuppliers.(1)

In Jerusalem there exists an association ofwholesalers to aid in granting credits, to improve their mutual relations and to decrease "cut-throat" competition.(2)

Then in Tel-Aviv there is an association of retailers which shows tendencies to develop into a national institution. Its activities are directed towards decreasing competition among retailers and a normalization of their selling activities. Similar institutions are not found with the Arabic-speaking merchants.

A few private commercial educational institutions exist in the Jewish community. Secondary commercial education is generally secured at the American University of Beirut.

Exhibitions such as the Levant Fair at Tel Aviv which displayed foreign and modern local products of the whole Near-East and the Arab Fair at Jerusalem which exhibits traditional oriental goods also do their bit in creating interest andpromoting activity in Palestine's trade.

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(1) Misckar Vetaasiya 1932 no. 16. p. 12.

(2) Doar Hayom XIII No. 257. 11. 8. 1931.

SUMMARY AND CONCLUSION

As Palestine's trade is still in a period of transition, any conclusions which would be drawn on it today would probably have little significance tomorrow. One can only review its present status, point out definite changes in structure and method, indicate their trend and development - and consider the possibilities.

Only 50% of Palestine's demand for agricultural goods appearing on the market is supplied by local agriculture and of the entire local agricultural goods appearing on the market 56% is for local ultimate and industrial consumption - which means that Palestine's exports of agricultural goods are about the same value as its imports.

The total market dependency of Palestine's agriculture is 50%. However, according to different regions and types of agriculture this varies from 20% with the fellah or general farmer to 90% with the citrus, dairy and vegetable production in the coastal region.

Primitive methods of distribution of loca agricultural products still exist side by side with modern methods. The fellah disposes of his surplus either by primitive direct marketing means or through the money-lending merchant. The marketing facilities for the distribution of local agricultural goods of the fellah are yet undeveloped.

Modern methods of distribution appear mainly with the trade in citrus fruits and perishables and are mostly applied by one community.

The trend in production of agricultural products for local consumption is toward specialized products and perishables. This has been brought on by the demands of the immigrants by industrialization by the extensive production of agricultural goods for foreign markets and the concentration of the population in larger towns. This has resulted in an increase in the extent and quality of goods demanded. The corresponding trend in distribution is toward the application of modern methods and the organization of cooperative societies. With the improvement in transport and credit facilities the primitive farmer is also progressing toward modern methods. He is held back, however, because of his unfavorable association with the money-lendig merchant, because of the illiteracy of the population, the lack of scientific and economic knowledge and confidence and cooperation with tradespeople.

Trade has not been able to fulfill its function satisfactorily with perishables for local consumption. What is required is proper selecting and grading of the produce, quick delivery to the consumer and ample cold storage facilities. When the primitive methods of direct marketing were not employed by the fellah, he sold his perishables direct to wholesalers who were not provided with proper storage facilities and paid little attention to the grading or standardizing of the produce. Most of the produce was in such poor condition by the time it reached the retailer that he was forced to do some selecting and grading. The result of all this was a poor price for the producer, high prices to the consumer and at the same time low net profit to the middlemen for with them there resulted not only a loss in spoilage but also poor economy in handling because of small quantities and improper means. These primitive methods of distribution were not able to keep pace with the increase in the demand and quality brought on by the immigration and concentration of consumers in the towns. To meet the new demand modern methods and cooperatives were organized. Produce which was not distributed through the cooperatives was sold to wholesalers who attempted to arrive at the same advantages by adopting the more modern methods employed by the cooperatives. The use of cooperatives and modern methods, however, is largely confined to the Jewish community. If the fellah, through government aid and cooperatives would employ similar methods, he would not only be better off but the local population would be better supplied with perishables and the local market would be able to compete with similar foreign produce.

The distribution of grains and cereals has suffered for about the same reasons as the perishables but in addition to the lack of the more important credit facilities. Middlemen (mostly moneylending marchants) have been inserted in the trade channel due to the lack of credit available to the fellah, and the condition of uncleared tenancy. But neither is sufficient commercial credit available to the marchants. Large warehouses do not exist where the merchants might store their grain and reduce the handling expenses. Therefore the use of credit certificates against grain in storage is not facilitated. If such practice is at all employed the bank which grants credit must have a key to the store room in joint possession with the merchant. The use of such a system is not conducive to granting credit and is most unfavorable from a storage and handling viewpoint. The inadequate storage and credit facilities results in high seasonal fluctuations in prices. As in the case of perishables the producers have received less for their grains and the ultimate consumer has paid more. The low surplus of the fellah, the small size of the towns, the uneconomical methods of handling, the lack of standardization and grading and the risks involved have increased the margins of the middlemen but at the same time have decreased his net profits. The improvements in transport conditions have generally aided the collecting and distributing functions, but up to now the fellah's agriculture is still logging behind the general progress of the country. It is necessary that some adjustment be made. First of all the fellah due to lack of means is unable to adjust his production to meet the needs of the market for quantity and quality. The assembling trade has failed to aid in the necessary adjustment for quality. In fact, it is not particularly interested in taking the steps toward the necessary adjustment for it can more conveniently be supplied from foreign markets which can meet the demand for standardized and high quality products.

The most obvious solution for the fellah's situation is the cooperative. This, of course, can only be organized through government aid. It is true that the government has already taken steps in the granting of credit on a cooperative basis to provide better means of production for the fellah - but this is not enough. What is perhaps just as important is for the government to aid also in the solution of the marketing problems. General cooperative societies which would take care of the needs of marketing as well as productions would more properly meet the requirements of the fellah's agriculture.

To begin with societies could probably be organized only in the more concentrated agricultural regions. Local societies in the millages should be organized to operate in conjunction with district ~~cooperatives~~ which would assemble the products in considerable quantities, grade, standardize and store them, and finally to distribute them to the best interests of the group. In this way the advantages of large scaled production and distribution could be realized through the operation of small unit means.

Although 44% of the local agricultural goods now appearing on the market is supplied to trade for foreign consumption, a tendency exists toward an increase in percentage and in volume. This tendency is due mainly to the increase in citrus production. The methods of distribution of the citrus production were by means of wholesalers operating on their own account or through brokers and by cooperatives. The latter method is employed mostly by the Jewish trade. 70% of the export is now dealt with by private merchants but with the successful results of the cooperatives and the increase of the Jewish element in citrus production, this percentage is expected to decrease. In the long run the cooperative method is the most satisfactory for it includes the advantages of collective grading, packing, storage, control and distribution. Some of the merchants have awakened to these advantages and steps have been taken to organize jointly and imitate the methods of the cooperatives. Through better uniformity, packing etc. the brokers auction method of distribution in Europe might be eliminated so that the exporters could deal directly with foreign ~~wholesalers~~ and secure more profits and better regulation in prices etc.

With the increase in production only a strong joint organization will be able to meet and solve successfully the problems which will result from the increase. The cooperatives and wholesalers should all unite into one; exchange, maintain a central assemblying plant as well as maintain a distributing house in Europe to organize and control the distribution there. It might be possible then to cooperate with the South African growers who are already thus organized. Since the Palestinian and South African crops appear at different seasons, a single organization might be effected to distribute and control the crops of both.

In this way not only would the consumer be supplied more regularly with citrus fruit, but a single organization operated by experts could function more economically by handling both crops and operating the year around.

Trade with local industrial products is practically confined to the home market except for the native soap industry and the chemical products of the Dead Sea. The industrial output is of about the same value as the agricultural output appearing on the market.

Industry is 60% dependent upon local agriculture for its raw-materials. Altogether industry in Palestine is on a comparatively small scale. Thus one finds most of the industrial enterprises located in the most congested agricultural districts so that a developed assembling trade is ~~not necessary~~. The raw materials are supplied to industry principally by direct marketing and through wholesalers. The raw materials supplied are grains, olives and olive oil, sesame, grapes and tobacco. With the shifting of Palestine's agriculture from grain to fruits Palestine's industry is becoming more dependent upon the foreign market in supplying its raw-materials.

About 85% of Palestine's industrial output is consumed locally. The samll size of industry, the limited and non-uniform demand practically excludes the use of wholesalers in distribution of the industrial output. Industry therefore applies to retailers to dispose of its products. It either deals directly with retailers or through agents. As most of Palestine's retailers are poor in capital the financing has to be fulfilled by industry. With the exclusion of wholesalers industry has to try, too, to equalize seasonal fluctuations and perform many other functions which are usually fulfilled by intermediate trade. Furthermore, Palestine's industry is yet too small to maintain its own retail stores. Some direct marketing, however, is noticed in trade with building materials. If middlemen could be "inserted" to fulfill some of the functions now fulfilled by industry, it would them be able to concentrate more on production, but on the other hand the introduction of middlemen's margins would make it very difficult for the local industry to compete with foreign products. The problem as yet has found no solution.

Import trade supplies about 50% of all the goods appearing on the local market. This comparatively high share of imports in the total volume of trade has been brought about mostly by the influx of the immigrants and is expected to continue with the immigration.

More modern methods are employed in trade with foreign products than with local. Wholesalers, who deal mostly in imported goods, particularly show an adaptation of modern methods. Proper finance, transport, and storage facilities are easier available to them than to intermediate trade with local products. As was mentioned before the retailers are mostly dependent upon the wholesalers to finance their business operations. Because of the large share of import trade and the tendency toward exclusion of wholesalers in trade with local products the wholesalers in Palestine are mostly concerned with trade in foreign products.

Besides the wholesale importers the foreign products find their way to the consumers through commission agents, sole-agencies and brokers. Some products such as building materials, machinery etc. are sold by the foreign exporters directly to retailers and consumers.

The increase in the extent and composition of imported products after the war has brought about greater economy in handling the products and in conducting the business. This, together with the competition in foreign products, has lowered the prices to the ultimate consumer so that imported products are now more generally available to the bulk of the population than before. The result of this is reflected in the increased standard of living of the population.

The importance of trade in Palestine's total economy is best indicated by consideration of the self-sufficiency of the fellah. Although the goods produced and consumed by the fellah is equal to 40% of the total volume of goods appearing on the market, there exists a marked tendency toward the decrease in self-sufficiency of the fellah. As the result of this trade is beginning to pay a more important part in Palestine's economy.

Although the volume of trade has increase considerably the number of traders still remains more than the need for them justifies. There is especially noted an overcrowding of retailers and because their volumes of sales arē low this increases the costs of distribution. Now, however, the volume of trade is increasing faster than the number of traders so that there exists a tendency toward more normal conditions, but in case of a reversal in economic conditions the original status is likely to return. Because of the increase in extent, quality and diversification of demand brought about by the immigration and increase in standard of living of the natives, the number of establishments dealing with goods other than the necessities of life have shown a faster increase than establishments dealing in more staple products. However, in consideration of the self-sufficiency of the fellah, the share of foodstuffs in total trade is still considerably more than in countries which have a higher standard of living. The sare of durable and specialty goods is high and is increasing with the immigration and transition in Palestine's economy. This has brought about a greater diversification of traders in special lines.

It is interesting to note that the increase of importance of wholesale trade in Palestine is not due to the increase in the production of the country but to its increase in consumption. Therefore one finds that wholesale trade in Palestine is concerned more with distribution than with assemblying functions. The fields of activity then for the wholesale trade are imports and exports, the latter largely with citrus products. One sees in both cases the direct connection with the foreign market.

This connection has resulted in the imprint of modern methods of business on the wholesale trade so that it shows more progressed features than any other field of Palestine's trade.

The need for reorganization and improvement in Palestine's retail trade is felt more than for any other form of marketing agency. The general store is the principal means of retail marketing in Palestine. Although the margins added to the costs of the goods by the retailers are less than in more developed countries, yet they are high in consideration of the quality of the goods and service, and the functions performed. The low volume of sales per establishment or persons occupied in retail trade, the low frequency of capital and stock turnover, the business methods practiced, and the excessive number ~~of retail~~ establishments are the most important factors which require adjustment. Indications for adjustment have been manifested by the organization of consumers' cooperatives and the introduction of the chain store institution. The former have not proved very successful because of their restriction to members belonging to the labor party their limited capital means, the competition of retailers selling on credit, the non-uniformity in demand of goods, the low concentration of consumers, the practice of operating with fixed prices and the generally poor cooperation of their members. The chain store organization however, more nearly meets the requirements of retail trade. Although its development is hampered by reasons similar to the above, private interests with more capital and better management, a greater specialization in products and a better distribution of stores

(172)

have all resulted in making the chain store the most successful of retail enterprises. The chain store institution, however, is yet in the arly stages of its development in Palestine so that the general store still predominates in supplying the bulk of the population and will probably continue to for some time.

There exists a marked tendency for trade in general to become concentrated along the coastal plane and particularly in the Southern district. Wholesale trade, because of the nature of the goods it deals with, finds little activity in the interior. With the improvement in transport conditions retailers in the interior can quite easily go to the larger towns along the coast to purchase their requirements. Because of the concentration of industry and market-dependent agriculture along the coastal plane as well as the concentration of the population with a higher standard of living, the retail trade too is finding more importance in this region.

Although transport conditions are generally improving the rate of improvement has not kept pace with the increase in trade. Storage and credit facilities still require considerable improvement, particularly in the interior in connection with local products. Palestine's economy has reached a stage where special institutions to perform some of the most important auxiliary marketing functions might be advantageously employed. For the benefit of the consumers as well as the producers the government should aid in organizing and financing these institutions.

In general the selling and business methods employed in Palestine's trade need yet to undergo considerable improvement. The practice of bargaining should be replaced by fixed prices. Standardization and grading of goods should be employed. The government might appoint a special committee to investigate and control it. Modern methods of accounting and management have so far only been adopted by comparatively few enterprises. The more widespread use of these as well as the above functions would lead to greater efficiency in trade and would make it possible for the ultimate consumer to receive better goods and service and at lower prices. Some of these functions and methods could be instituted in trade by chambers of commerce if these societies would be given more power and freedom by the government. Such societies also aid considerably in furthering good will and cooperation among the various members of trade - a future in which Palestine's, as well as other Near-Eastern countries', trade is sadly deficient.

Although the risks involved in granting credit are becoming generally reduced yet the practice of granting credit to consumers is too extensive, both in primitive and modern trade. The credit available to the producers and intermediate trade, however, is not sufficient so that seasonal fluctuations in prices results. These fluctuations are reflected in the irregular consuming habits of the population. The effect here of supply and demand on the consumption is as a poor substitute for storage and other facilities.

There are two tendencies in the cyclical movement of price in Palestine. One, due to its connection with foreign trade, is to keep in step with world prices. The second is the independent cycle which move with the immigration.

Shortly after the war prices in Palestine rose to an exorbitant level. The government had to intervene in protection of the consumers. Now hoever prices are lower than normal so that the government has imposed high customs tariff on grains in the interest of the local producers. But since Palestine is not able to supply its own needs with grain and since it will never be able to compete with extensive grain growing countries as the U.S. and Canada, this increase in the price of grains by the high tariff is economically unjustified. It is to be considered only as a temporary measure to help relieve the burdensome difficulties of the fellah.

In general it may be saidthat all of the drawbacks and hindrances imposed by the conditions of Palestine's economy upon the development of trade have been more than offset by factors which have facilitated it. Unfortunately, though, most of these factors find their origin in sources independent of Palestine's economy so that the increase in its prosperity is not a normal one but conditioned by forces which may expend themselves before their results can be thoroughly enough imprinted on Palestine's economy to effect a more permanent prosperity. However, only time alone can reveal to us the real future of Palestine's economy and her trade.

APPENDIX 1: Distribution of Palestine's Area

...stine's area is estimated according to Simpson[1] as follows:-

		Estimate of Cultivable Land Metr. dunams		Uncultivable Land Metr. dunams
...bited hills		2450,000		3,674,000
...ll Wilderness				2,738,000
five Plains				
Maritime Plain	2663000		555000	
Acre "	379000		171000	
Esdralon "	372000		28000	
Hulleh "	126000		65000	
Jordan "	554000	4,094,000	511000	1,330,000
...rsheba area		1,500,000		1,700,000
...thern desert				8,672,000
...tal		8,044,000		18,114,000

APPENDIX 2

...Soskin's Estimation of Palestin's Agr. production in 1925 [2]

...	Value	Percentage
Cereals & legumes	2,775,000	55.5%
Melons	100,000	2.0%
Industrial plants	115,000	2.3%
Animal products, dairy & poultry	900,000	18.0%
Vegetables and seeds	90,000	1.8%
Fruits	715,000	14.3%
Wine, grapes, raisins	90,000	1.8%
Olives	215,000	4.3%
Total	£P.5,000,000	100.0%

(1) See Sir John Hope Simpson, Report on Immigration, Land Settlement and Development in Palestine. London 1930 p.22.

(2) Taken from Dr. Soskin "The escape..." p. 16 and 14.

The Author's Estimation of Palestine yearly average [illegible]

(Based on quantities and prices of (2)

1927 - 1932)

Cereals and Legumes	Value £	Value £	%%	%%	Winter 21) Production	Summer 21) Production
Wheat 3)4)5)	862,361		15.9%		862,361	
Barley 3)4)5)	294,259		5.4%		249,259	
Lentils 3)4)5)	35,035		0.6%		35,035	
Kerseneh 3)4)5)	49,071		0.9%		49,071	
Beans 3)4)5)	37,880		0.7%		37,880	
Peas 3)4)5)	34,271		0.6%		34,271	
Durrah 3)6)7)8)9)	203,200		3.7%			203,200
Sesame 3)4)5)	65,570	1,581,647	1.2%	25.0%		65,570
Melons 3)4)5)		220,326		4.1%		220,326
Olives 3)10)4)5)		414,756		7.7%		414,756
Grapes 3)4)5)	109,504		2.1%			109,504
Figs 3)4)5)11)	72,998		1.3%			72,998
Almonds 3)4)5)	22,088		0.4%			22,088
Oranges 14)	1,103,994		20.4%		1,103,994	
Other fruits3)12)15)	97,560	1,406,144	1.8%	26.0%	97,560	
Vegetables3)12)13)		201,336		3.7%	100,668	100,668
Tobacco 16)17)		137,000		2.6%	137,000	
Fishing 18)19)		100,000		1.9%	50,000	50,000
Food animals 20)	515,000		9.5%		257,500	257,500
Milk 20)	826,000		15.2%		330,400	495,600
Wool and hair 20)	18,000	1,359,000	0.3%	25.0%		18,000
Total 22)25)		5,420,000	---	100.0%	3,389,999	2,030,210
		100%	---	---	62.55%	37.45%

otes To Appendix 3 of p. 2

(1) Here the crop year was considered to be from October till September of the following year.

(2) The quantities of each year were multiplied by the prices of the corresponding year.

(3) Quantities extracted from Agric. Annual Rep., 1931--32, Appendix No.1, p.27.

(4) Prices for 1927 and 1928 were constructed from the monthly prices. See "Wholesale prices in Palestine for the years 1922--20".

(5) Prices for 1929--32 from the Rep. to League of Nations 1933, p. 206.

(6) The yearly price for 1927 was taken from Simpson, Report App. 14, p.174.

(7) The yearly price for 1928 was taken as the arithmetic average of the prices of 1927 and 1929; at 7,419 Palestinian pounds per ton.

(8) The average price for 1929 and 1930 constructed out of the monthly prices published in Agr. Ann. Rep., 1931--32, No.14 p. 40.

(9) The prices for 1931 and 1932 extracted from the Agr. Ann. Rep. 1931--2 App. No.15 p.42.

(10) The price for the year 1927 was estimated at £P 43,720 per ton, arrived at by the arithmetic average of the prices of 1926 and 1928. The price of 1926 was taken from Agr. Annual Rep. 1931--32 App. No.15 p.42.

(11) The price for 1928 was estimated by an arithmetic average of the prices of 1927 and 1929; at 8.22 mils per 100 kg.

(12) Here a different procedure was used. Each year was not multiplied by its price, but first the average crop was calculated and this was multiplied by an estimated price.

(13) The price of vegetables was estimated at £P 12 per ton (by Prof. Faris)

(14) See Appendix 4 p.357

(15) The average price for "fruits" was estimated at £P 18 per ton (by Prof. B. Faris)

(16) The average production was calculated on the figures extracted for 1927 till 1932 from the Agr. Ann. Rep. 1927--30, App. No. 8, p.83, and Agr. Ann. Rep. 1931--32, App. No. 2 p.27.

(17) The price was taken at 20 piasters per kilogram. If we would take the yearly export-price, which is lower than the price prevailing on the protected internal market, we receive an average of £P 102,931.

(18) Estimated by the Agr. Ann. Rep. 1927--30 p...at £P 70,000.

(19) Estimated by Nemirovsky and Preuss in "Recent Economic Development in Palestine" for 1931 at £P 100,000. See PME 1932, p.283.

(20) Agr. Ann. Rep. 1931--32, Annexure "D", p.121.

(21) About the seasonal distribution see Footnote (4) to p.41

d. footnotes of Appendix 3 of p.2

(22) The "approximateness" of such calculations should always be kept in mind. For our purpose however where only indications are necessary, it is sufficiently accurate. The figure of £P 5,420,000 is relatively low, but due to the bad crops and fall of prices from 1929 it proves again that the calculation is, in general, correct.

(23) In these figures we did not include an addition for the 15% underestimated wheat production according to the tithe returns. See Pimmer, "Wheat Culture", p.6.

Appendix 4

Estimation of Palestine's Average Production of Oranges and Grapefruits for 1927 - 32

Year	Exportcases	Export value	2)8) Net average price per case of citrus fruits	Value at grove of exports	Export to Egypt in bulk and local con-9) sumption 20% of exported cases	Price per case	Value
		LP					LP
1927/8	1) 2,658,716	1) 804,420	5) 0.3695	7) 982,395	351,743	10) 0.308	163,777
1928/9	1) 2,106,404	1) 631,958	5) 0.3873	7) 815,810	421,281	10) 0.312	131,440
1929/30	3)4) 1,704,534	3)4) 513,079	5) 0.3242	7) 552,610	13) 338,304	10) 0.219	74,089
1930/31	3)4) 2,630,799	3)4) 792,858	6) 0.3468	7) 915,047	13) 518,172	11) 0.268	138,870
1931/32	4)12) 3,726,670	12)4) 1,793,384	6) 0.3116	1,163,723	13) 724,172	11) 0.241	174,527
1932/33	11)12) 4,485,368	12) 2,094,007	6) 0.2941	1,319,147	13) 848,153	11) 0.227	192,531

Average of 6 years
oranges and grapefruit exported 958,122 Exported in bulk and locally consumed 145,872 =

Total LP 1,103,994

Notes of Appendix 4 of p.5

1) Figures for oranges extracted from Agr. Ann. Rep. 1927--30, Table XI, p.88.

2) See the "Pardess" Coop. Soc. of orange growers Tel-Aviv. Ann. Report for Season 1932--33, p. 19.

3) Figures for oranges and grapefruit extracted from the Agr. Ann. Rep. 1927--30, Table XI, p.88.

4) The grapefruit figures until 1932--33 were negligible, being not more than 5% of the export of oranges.

5) Prices for oranges only, See Pardess Rep. for 1927--28, for 1928--29, and for 1929--30.

6) From (1930--31) and on, in the "Pardess" average price, the returns for grape-fruit were included. Although in the first years the percentage of exports of grapefuits to exported oranges of the "Pardess Cooperative Society" was higher than of whole Palestine, this could not influence considerably the results, because of the low percentage of grape-fruit exports to total citrus fruit export for those years. In 1932--33 the export of grapefruits increased, but the difference between the price of oranges and grapefruits decreased, so that we made no distinction between grapefruits and oranges. For further years this would have been necessary.

7) The higher value at grove than that of the government export value statistics is explained by the method of price estimation employed ~~by the~~ government up to the season of 1931--32. Until that time there was taken an estimated average price per case. About underestimation of export of oranges in 1929 see Balance of accounts of Palestine 1929, in Hanania, Farid. A.U.B. thesis, Beyrouth 1931, p.26.

8) The average net price is given after deduction from the general average price f.o.b. Jaffa, the expenses from grove to ship. (See "Pardess" Rep. for 1932--3, p. 13). These expenses were above 30% of the f.o.b. Jaffa price. According to estimations of M. Sililensky (See Johnson-Crosbie Rep. Table XLVII, p.39) 35% of exports are consumed locally and exported to Egypt. This has been reduced to equalize the overestimation of prices. (See footnote 10) In "The Citrus Industry in Palestine" H. Viteles states: (Hadar, Tel-Aviv 1934, vol. VII, N°.4-5 p.89) that 85% of total production was exported in 1933. This would indicate that 17.7% of the exports were consumed locally. But the year 1933 was noted for its good crop so that in general 20% can be considered as a correct estimation. It is possible to criticize this method of estimation of local consumption. For example, in time of a qualitative good crop a higher percentage of it will be exported, and on the local market probably less oranges will be sold than in times of qualitative bad crops and small exports.

10) The yearly average price calculated from the monthly wholesale prices, extracted from "Wholesale prices in Palestine 1922--30." As the yearly price is an unweighted arithmetic average of monthly prices, the average is influenced by the high prices for months of scarcity. This will be equalized, however, by the underestimation of local consumption. Local consumption of grape-fruit is not included.

. Footnotes of Appendix 4 of p.5

11) The local wholesale-price for 1930--32 was estimated as being 77.2% of the average net-price at grove "of the Pardess" Coop. Soc. This relation is based on the prices of the three previous years 1927--29. Although the export increased considerably, thelocal market expanded to a high degree, at the same time so that we can assume that prices in Palestine fall in the same relation as world prices.

12) Extracted from Agr. Ann. Rep. 1931--32, Table XI p.38.

13) In estimating the quantities of local consumption only, the export of oranges was used as a basis.

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pendix 5

Correction of figures for Agr. Exports

The department of Agriculture includes in the agricultural exports industrial goods which are of agricultural origin; e.g., soap, wine and even bread passover. nce such products, in reality belong to industrial goods, they should be excluded. According to the Report of the Dep. of Agr. for 1927--30, App. No.11, p.87, soap as included which accounted for £216,804, bread passover for £ 8,898, confectionery nd sweets for £ 3,194, olive oil for £ 48,644, sesame oil for £ 222, and wine for £ 300,251. From this sum £ 52,636 was deducted in order to equalize the exports of 1927 with the average for the years 1927--32.(1) The average figure of exports ould therefore be decreased by £247,615, which would bring the average total to £ 1,280,555.

pendix 6

Corrections for changes in values of products, failure of grain crops and effects upon the different markets

Only rough estimations were made to allow for discrepancies introduced by the

1) The average for six years amounted to £P 1,542,500 (See above). The actual export in 1927 was £P 1,584,636.

decrease (1) in the value of Palestine's cereal and olive production. According to the "Government Census of Industries" 1927, p.72-80, £ 116,618 of local agr. raw-materials were consumed by the flour mills and oil-presses, which was 37% of £ 2,358,900(2) or £ 872,793. This amount constituted 49.6% of Palestine's output in wheat, durrah and olives when deducted by the average exports(3) for the years 1927 and 1928.(4)

If the same percentage, 49.6,(5) is taken for the years of bad crops (1931 and 1932) it amounts to £ 537,828 (6) or 9.36% of the total average agricultural production.(7)

In 1927 the local agricultural raw-materials consumed by Palestine's industry consisted of 19.1%(8) of the total average output for six years. By this wheat, durrah and olives consumed by Palestine's industry was 16.1%(9). The difference between them of 3.27% is added,(10) to the above percentage of 9.36 so that in the years of bad cereal crops 13.3% of the total agr. production is consumed by Palestine's industry. This amounts to £ 715,440 and makes 24.2% of the total local agr. goods appearing on the market.(11) It is not possible to verify statistically by how much this percent should be reduced to allow for industries not working for the market.(12) 20% was assumed as the amount of local agr. goods appearing on the market and practically the same figure results when the value of the agr. exports and the value of the goods allotted for industrial use are deducted from the total production of the corresponding goods.(13) Wheat, durrah, and sesame were not included as they appear on the industrial or the export market only.

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1) This consideration is of particular importance due to the fact that Palestine's agriculture is more and more losing the features of a grain-growing country and becoming horticultural country.
2) See first Census of Industry, p.32
3) Imports are left out since only the markets of the local agricultural products are considered.
4) Calculated on the figures of the Agr. Ann. Rep. 1931-32, Table I, p.27, and the monthly prices for 1927 and 1928 gives a production of wheat £ 1,115,500 of durrah - £P 243,000 and Olives 526,000 together £P 1,883,000. According to the Agr. Ann. Rep. for 1927-30 table No.11, P.90, exports for 1927 of wheat were 4,379 tons at £12.90 per ton (the average yearly price) = £P 56,489
and for 1928 to 2,976 at 14.50 (the average yearly price) = 43,152
Total C/F 99,641

Total B/F = £P 99,641
and of durrah in 1927 to 7,080 at £ 6.50 (average y. price) 46,020
and of durrah in 1928 to 13,472 at £7.41 (" " ") 99,827
= £P245,488 ÷ 2 =
£P 122,744 Yearly average.

Subtracted from total production of wheat, durrah, and olives there results = £P 1,760,256.

. This assumption is an optimistic one. It is to assume that in time of bad crops a smaller proportion of wheat, durrah and olives appear on the market for disposal because they are not "cash-crops".

. In 1931—32 the production of wheat amounted to £P 587,245, of durrah £P 145,000 and olives £P 407,115, together £P 1,139,850. If average yearly exports for 1931 and 1932 (according to agr. Ann. Rep. App. No.5, p.32) are subtracted for
wheat 103 at £P 7.60 (the yearly price) = 783
326 at £P 11.30 (" " ") 3684
for durrah 14,347 at £P 6.95(" " ") 99712
" " 610 at £P 11.26 (" " ") 6869
£P 111,048 ÷ 2 = 55,520

there remains a total of £P 1,084,330.

. Which amounted to £P 5,420,000. See Appendix 3.

. £P 1,050,280 out of £P 5,420,000. See above p.354

. £P 872,793 out of total production.

. Here it is assumed that the amount of local agricultural raw-materials other than wheat, durrah and olives consumed by Palestine's industry remained the same; the fall in prices is equalized by increased quantities.

. £P 2,946,670 See above p. 14

. See ~~above~~ p.373

. See Appendix 7.

Appendix 7

An estimation of agricultural goods appearing on the market which were used for ultimate consumption (raw-materials for industry excluded).

	Appearing on market	Exports for 1927, or a proper estimation of the exports or for the goods alloted for industrial use.	For local ultimate consumption.
	LP	LP	LP
s (1)	220,326	85,000	135,326
s (2)	263,370	223,865	39,505
s (3)	109,504	53,000	56,504
(4)	36,499	5,000	31,499
tables (5)	201,336	5,000	196,336
es (6)	1,103,994	958,122	145,872
fruits (7)	97,560	10,000	87,560
ing	100,000		100,000
animals	102,800		102,800
	165,120		165,120
Total			Lp 1,060,522

The distribution, then, of local agricultural goods appearing on the market is as follows:

% or £1,280,555 were exported

% or £1,060,522 were sold for local ultimate consumption

% or £ 605,593 were consumed by the local industrial market.

The exports taken as an average for five years.
It was estimated that 15% of the olives are consumed pickled or fresh, while the remaining are used for pressing purposes.
About Lp. 8,000 were used for export (See Agr. Ann. Rep. for 1927-30, App., No.11 p.88) and 45,000 used by the local wine industry (See First Cens. of Ind. P. 29 and p. 77)
The industrial consumption estimated at £5,000.
Estimated exports.
See Appendix 4.
Estimated exports for four years (See Agr. Ann. Rep. 1927-30 App. No.11, p.88)

Appendix 8

FEATURES OF PAL. AGR. ACCORDING TO COMMUNITIES AND FORMS OF FARMING

In consideration of Palestine's agriculture it is not sufficient to consider only a-
ge figures for the whole country, since such figures may not indicate the real signi-
nce of certain phases of agricultural structure. For example, a country as a whole
show a diversification of crops and yet specialization may exist to the extent that
volume of goods handled would exceed the average indicated for the whole country.
So long as there exists a multiplicity of different kinds of farms with different
racteristic features, every generalization can mislead, therefore the writer believes
is better to show: a. The structure of agriculture according to communities; b. the
osition of crops in the Zionist and Pica settlements; and C. the composition of crops
the fellah's farm.

Structure of agriculture according to religious communities.

The occupational districution of those occupied in agriculture is different for each
nity.

83% of the Moslems in agr. are engaged in raising live stock, 7% are general farmers
fellahs, 8% are cultivators of special plants, fruits and market gardening and 1% in
ing and hunting. (1)

26% of the Christians in agr. are engaged in intensive cultivation of products. Al-
gh the Christian sect of the Arabic population specialize more on intensive agr. than
Moslems do (2), yet modern methods amongst the Christians are still comparatively un-
loped. The system remains a pre-capitalistic one. (3)

49% of the Jews occupied in agriculture are specialized on intensive cultures.(3)

Out of 3810 orange-growers there were:

See Z.Abramovitz,"The economic & social structure of Palestine's Arabic population" Meshek Shitufi Vol. II, no. 7, p. 96.

See Z. Abramovitz, "The Arabic Population of Pal." II part. Meshek Shitufi, Vol. II. no. 8-9, p. 125/6

See Z. Abramovitz, "The Arabic population of Pal." Meshek Shitufi. Vol. II. no. 8-9 p. 125-26.

2,000 or 52.4% Moslems

1,625 or 42.7% Jews

186 or 4.9% Christians (1)

Out of 12,200 cultivators of other fruits, vegetables, wines, flowers etc., there were:

7,430 or 60.9% Moslems

3754 or 30.8% Jews

812 or 6.7% Christians

204 or 1.6% Others

The proportion of Jews in intensive cultivation is considerably higher than their total share in Palestine's agr. and it is largely this fact which enables them to keep to their higher standard of living.

b. Features of the Diversified Zionist and Pica colonies.

Out of 457,735 dunams of settled land by Zionists at the 30th of June, 1927 there were 364,248 dunams assigned for crops. Plantations consisted of 89,964 dunams and crops of 279,284 dunams or a relative percentage of 23.32 to 76.67 (2). According to the Joint Survey Comm. (3) in 1926 grains led among the field crops accounting for 76% of the total. 33% of this was wheat, then followed barley, oats, maize and millet. Fodders (clover, pumpkin beets and vetches) accounted for 15% and legumes (beams, peas, lentils, etc.) 6%. Tobacco and other minor items constitute the remainder. Since that time the land under Jewish cultivation has increased considerably and the tendency has been to concentrate more on special products and market gardening.

But, of course, the Jewish agriculture varies according to geographical influences.

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(1) Compiled out by Mills, Census, Vol.II, p. 282-83.
(2) See Elazari-Volcani "The Communistic settlements" Table I. page 7.
(3) See Report of experts p.32.

the sea-plain produces mainly fruits. The "Emek" produces grains, dairy products, vegetables and fruits. The dairying in the Emek is not the same as in the neighborhood of the towns, where the animals are fed on purchased foods or grass, but is connected more with the land. The upper Galilee is devoted mainly for grain-farming.

This subdivision is the result also of the policies of the different colonizing agencies (1) as well as the time of colonizing. Before the war the orange market was still undeveloped, internal and foreing transport facilities were inadequate, the competition of foreign cereals not so great and the absorbing capacity of the urban populationvery limited--therefore the policy of the settlers was principally to cover their own needs. After the war conditions changed so that the choice and composition of crops changed accordingly. From the Johnson-Crasbie Report (2) the following structure of the Pica and Jewish settlements is noted:

	In 2 Pica Settlements			In 3 Jewish Agency Settlements		
	Value £P		%	Value £P		%
Wheat	2,609	-	23.73	1,837	-	10.84
Barley	1,428	-	13.00	1,372	-	8.09
Maize	380	-	3.45	1.455	-	8.60
Vetches & forage	1,780	-	16.20	1,728	-	10.21
Other cereals	1,650	-	15.01	1,458	-	8.60
Income of stock, dairy produce, etc	3,145	-	28.61	6,846	-	40.42
Other sources non-agr.	-----	-	-----	2,243	-	13.24
	10,992	-	100.00%	16,939	-	100.00%

Assuming that the Johnson-Crosbie Commission has selected representative settlements, one sees that the Pica group are raising mostly grains while the Jewish settlements produce more dairy and poultry products and materials for the raising of live stock.

The nature or form of settlement also has its influence on composition of crops. According to the "Census of Agr. Settlements established or supported by Jewish Agencies," there was produced the following:

(1) See ~~later~~ p. 314ff.
(2) See p.

	In 20 Co-operative settlements (1)			In 15 small-holders (2) settlements		
	£P Value		% of total prodcut-ion	£P Value		% of total production
Cereals	25,885	-	26.6	20,257	-	26.6
Forage	9,443	-	9.7	7,790	-	10.2
Various crops	6,081	-	6.3	2,219	-	3.4
Vegetables	7,729	-	7.9	1,328	-	1.6
Grapes	2,128	-	2.2	1,388	-	1.9
Fruits	5,366	-	5.5	-----	-	----
Various Plant	329	-	0.3	95	-	0.1
Milk	23,642	-	24.3	28,584	-	37.5
Eggs	6,499	-	6.7	7,042	-	9.3
Poultry	4,180	-	4.3	7,120	-	9.4
Various	6,034	-	6.4	166	-	0.2
	97,316	-	100%	76,146	-	100%

In the settlements of small holders milk, eggs, and poultry prevail. This is to be explained by the necessity of the farmer's direct interest and care ~~for~~ towards these fields, also the advantages of large-scale production in these branches are easily accomplished through co-operation. Therefore the small-holders possess an advantage in these branches.

From the nature of the Jewish agr. one can easily conclude that the volume and development of trade is greater than for the non-Jewish(1). There is a difference in trade, of course, according to the difference in forms. In the sea-shore regions, where the orange and other fruit growing predominates, the density of the population is high so that trade develops faster. Then follow the mixed farming settlements concentrated in the Emek and last, the Pica settlements of Galilee, whose main production is grain.

c. Features of the fellah's farm.

The agr. of the Arabic-speaking population consists of both primitive and developed methods. In the fruit-bearing belt quite different methods are employed than in the case of the fellah or general farmer. (2)

(1) Relatively speaking only, because the absolute figures of the agr. of the Arabic-speaking population are higher.

(2) As the "fellah's farm" is so understand the general primitive farm, which predominates in Palestine.

The composition and value of the crops of the fellah's farm are indicated by the following table taken from the Johnson-Crosbie Report.(1)

The agricultural (2) Incomes (3) of the investigated villages (4) were distributed as follows:

Incomes	Total agr. income in %	%
Winter crops:		
Wheat	34.9	
Barley	7.8	
Qatani	5.1	
Other	0.8	48.7%
Summer Crops:		
Durrah	7.6	
Sesame	2.8	
Melons	0.3	
Others	0.8	11.7%
Total Crops (5)		60.6%
Fruit Trees:		
Olives	13.5	
Other	14.0	27.5%
Total Income of Cultivation (6)		88.1%
Stock, dairy produce and poultry (7,8)		
Milk cows	2.4	
Sheep	3.5	
Goats	4.1	
Poultry	1.8	11.9%
Total Agriculture		100.00%

1. According to Johnson Crosbie Report p. 4, Table 3, there were investigated about 1/4 of the total number of Palestine's fellahin and material has been collected for 21,066 families covering an area of 1,247,581 dunams; farms, which were mainly producing citrus fruits, melons, grapes etc. were not included. (See Report p. 1)
2. Other sources of income as transport and labour etc, were not included in this calcul.
3. Not identical with "cash"-income.
4. Which are characteristic for the fellah's farm.
5. Based on the absolute figures given in Johnson-Crosbie Report Table XI. p. 10
6. Based on the absolute figures given in Johnson-Crosbie Report Table XII. p. 14
7. " " " " " " " " " " " XV. p. 13
8. "The figures for stock and dairy produce are too low". - Report p. 12

Comparing this table with the one prepared for the Jewish settlements(1) one sees the predominance of cereals such as wheat and durrah and of fruit trees, especially olives. Since the trade is fulfilled mainly by the same "national community" which supplies its consumers (2) one sees that the Arabic-Speaking community (3) deals mostly in the collection of wheat, barley, durrah, sesame, olives and other fruits, and caters mainly for the rural ~~of the~~ population (4).

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(1) See p.365 ~~above~~ p. ~~41, agr.~~

(2) See ~~later~~ page. 89

(3) See above p. 27 about the integration of Christians in the Moslem community.

(4) According to Mills, Census, Vol. I. P. 325 Agriculture supported:

90.1%	Moslems
5.2%	Jews
3.2%	Christians
1.5%	Others
100.00%	

Appendix 9

The relative importance of the different sources of cash-income

for Jew. diversified farms

Goods sold	20 Jewish Cooperative groups (1)		15 small holders settlements (2)	
	£P Value	%	£P Value	%
Cereals	7,773	16.6	4,318	9.8
Forage	1,919	4.1	697	1.6
Various crops	802	1.7	1,535	3.5
Vegetables	6,488	13.8	833	1.9
Grapes	1,723	3.7	943	2.1
Fruits	5,227	11.1	37	0.1
Various plantations	111	0.2	83	0.2
Milk	15,436	33.0	22,543	51.2
Eggs	1,946	4.4	3,478	7.9
Poultry	2,008	4.3	2,316	5.3
Sale of cattle	445	1.0	2,978	6.8
Various (out-side work included)	2,954	6.3	4,196	9.6
	46,831	100%	44,117	100.0%

(1) See Census of Agr. Settlements established by the Jewish agency, PME, 1931, No. 10 - 11, table 20

(2) Ibid, table 21

Appendix 10. Methods in Palestine's Agr.

a. The employment of paid labor.

One of the most striking features of Palestine's agr. is its low ratio of employed labor. According to the Census of population of 1931 there was, for the whole of Palestine a ratio of 2.17[1] farmers to every agr. laborer.[2] As a contrast, for England and Wales[3] this ratio, in 1921, was 0.059.

However, one will arrive at different results when considering the ratios for the different communities.[4] For the Moslem it is 2 farmers, for the Jewish 0.4 to every laborer.

From the above ratios one sees that the Jewish agriculture is employing more paid-labor than the Arabic.[5] The amount of paid-labour is important from the point of view of how far agriculture is dependent on the market. It indicates largely the extent of intensive cultivation and the production of high-value crops both of which mean a higher market-dependency.

b. Own and borrowed capital invested in an average farm.

The amount of capital invested in a farm also influences the market-dependency of it. A farm with a high capital investment has to provide for the payment of interest on borrowed capital as well as a reasonable profit. Such forms are closely associated with the market because of the cash income they require in exchange of their goods.

It has been impossible to obtain reliable figures for the capital investment of a farm for the whole of Palestine; however according to communities it is as

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(1) See Mills, Census, Vol.I, p. 289. There were 63,190 earning farmers compared with 29,077 earning agricultural Labourers.

(2) Reasons for this low ratio are 1): The small size of the holdings in Pal. in which the farmers, with their family members, are able to fulfill all the necessary work. (See Mills, Census Vol.I p. 289) 2) The prevailing extensive character of Palestine's agriculture, which is concentrated on the cultivation of low-priced goods. 3) The fact that in Pal. the problem of labour in the large-scaled holdings is solved, as in some other countries, by tenancy. (See Taylor, Outb. of Agr. Economics, p. 189) The fellah (According to Johnson-Crosbie, p. 20) in Palestine leases 29.8% of his cultivable area.

Footnotes cont. next p.

follows: £ 62.5 [1] for the fellah farm. In this figure the value of the land is not [2] included. The average amount invested in a Jewish national fund has spent £940 per family for the purchase of land in the Emek. [3] Equpment costs are estimated at £ 890, together making £ 1830 per family. According to Johnson-Crosbie [4] the loans of the Zionist organization vary from £600 - £ 900 per family and Vilkansky [5] estimates the average investment at £ 1,360 per family. [6]

c. Extent of Application of modern methods.

In general, for the major partion of Palestine, it is possible to say that agr. is dependent upon rainfall and the farming methods are the same as centuries ago. [7] The total area under irrigation in Palestine is only 262,276 dunams which makes 3.1% of the total area utilized. [8] This percentage is lower than the percentage of irrigated land to total crop acreage in the U.S. [9]

(Footnotes of previous p. cont.) ~~(3) See~~ Mills, Census, Vol.I p. 289.
(4) A consideration according to branches of agriculture or natural-economic districts would have been more proper. Due to lack of Statistical material classified according to the above-mentioned characteristics we have to use the statistics classified according to religious communities, which are available. Although the latter are not identical with economic-classification (See Granovsky, Systems, p. 295-96) of Palestine's agriculture, they still can be used for making deductions, since they are, to a certain extent, representative of the different economic groups in Palestine's agr.
(5) The average Jewish ratio of employed labor would even be larger if certain sectors employing self-labor were excluded. For example, the Kerem-Kajemeth Settlements and other settlements operating on a communistic basis.

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(1) See Simpson, Report, p. 65-66
(2) So long as the Arab farmer has inherited his land and, as he is not directed by a capitalistic spirit, it is correct not to include the value of the land .
(3) Report of Executive of the Zionist organization submitted to the XVIth Zionist congress at Zurich, July 28th -August 7th, 1929.
(4) London, 1929, p. 208. Rep. p. 38.
(5) I. Elazari-Volcani. "The communistic settlements in the Jew. Colonization in Palestine". Publ. of the Pal. Ec. So. Tel-Aviv, July, 1927, Vol. no.-- Table II, p. 8.
(6) For comparison purpose the average values per farm in U.S.A. in 1930 (See U. S. Dep. of Com, Bereau of foreign and domestic commerce. Statistical abstract of the U.S. 1932, p. 588,) are:

	Bld.&Land	Invested in Impl.& mach.	Total	About
by full owners	$7,255	$544	$7,799	£1,560
cash tenants	$7,770	$478	$8,248	£1,650
other tenants	$5,784	$349	$6,133	£ 1,228

(7) See Mills, Census, Vol.I .P.289
(8) See Mills, Ibid, Vol.I. P. 23
(9) Footnotes cont. next p.

This indicates that Palestine is still far from being a country employing intensive methods of cultivation. This fact as well as the lack in application of modern scientific methods made Palestine's agriculture largely dependent upon climatic conditions. The crops fluctuate widely with the rainfall,[1] so that sources of supply must vary accordingly. The markets of perishable goods particularly, show great fluctuations in prices. The exact conditions are quite well partrayed in Palestine's foreign trade statistics. Some years the same products are imported that were exported other years. This is shown especially for durrah, maize, barley, sesame-seed, etc.[2] Simpson[3] accounts for the decrease in barley export by the irregularity of its supply, trading-institutions being interested in having a regular and assured supply.

This irregularity in supply puts special tasks on Palestine's trade which has to recognize these fluctuations and be able to organize cheaply and effectively other sources.

Footnotes of previous p. cont.) . (9) According to the U.S. Stat. Abstr. of 1932 Table No. 527, p.567, the area of irrigated crops was 14,633,557 acres and of all crops 361,944,557 acres. The area of the U.S. is devoted mainly to exclusive agriculture.

(1) For fluctuation in rainfall see Appendix, Agriculture annual Rep. for 1927-30, App. No. 20 p. 101.

(2) Agr. annual Rep. for 1927-30, p.86 ff. and agr. Ann. Rep. for 1931-32 p.32 ff.

(3) See Simpson, Report, p. 103-4.

App. 11. Industry According to Communities.

The distribution of industry according to communities, although fundamentally a question of social origin, is of particular economic importance for Palestine. A study of its distribution aids in determining the concentration of industry, in analyzing the extent of the markets of the different communities in investigating trade channels. This is necessary due to the coexistense of semi-closed economic spheres in Palestine.(1)

In 1931 the total number supported by industry were distributed as follows:(2)

46.0%	Moslems
37.1%	Jews
16.5%	Christians
0.4%	Others

The Jewish and Christian part in industry was higher than their percentage of the population. It is interesting to note the characteristic differences according to communities. The Moslems are engaged mainly in the manufacture of products with a bulk demand, as foodstuffs, primitive textiles and traditional leather goods.(3) The Christians, on the other hand, are concentrated in industries where skill is required such as articles of luxuries, tourist souvenirs, etc. The Jews participate more in the capitalistic industries as power metalworks,(4) etc. They concentrate also in industries connected with the building trade since it is of particular importance due to the immigration.

Appendix, 12. Estimation of Palestine's industrial production appearing on the Market.

The local and foreign monthly consumption of raw-materials by flour mills(5)

(1) For particulars about these different economic spheres and the boycott-tendencies see p.334.
(2) See Mills, Census, Vol.I,P. 325.
(3) See Z. Abramovitz, "The Economic Structure of the Arabic Inhabitants", Meshek Shitufi, Vol. II, no. 8-9, p. 126.
(4) See later App. 18 p. 381
(5) First Census of Industries p.98, £P. 78,976.

oil(1) and sesame presses (2) amounted in 1927 to £P 135,457 constituting 43.1%(3) of the total raw-materials consumed by industry. Converting it in yearly figures these industries consumed local and foreign raw-materials amounting to £P 1,016,690(4) Making an allowance of £P 1,050,280-589,000 = £P 461,280 for wheat and durrah, olives and sesames given to mills for performation purposes only,(5) these industries consumed local and foreign raw-materials amounting to £P 555,690,(6) which was used for actual production for the market. The corresponding value of the products manufactured of these raw-materials was £P 699,502,(7) leaving an output of £P 560,371,(8) which does not appear on the market. Thus the value of industrial output appearing on the market amounted in 1927 to £P 3,886,149-560,371 = £P 3,325,778.

Appendix 13. Estimation of the Extent of Palestine's Industrial Market.

Out of £P 2,358,909 of raw-materials(9) consumed by Palestine's industry £P1,050,280 were of local agricultural origin.(10) The imported raw-materials consumed by industry amounted to £P 707,670.(11) Therefore the remainder £P 600,956 was the value of raw-materials which passed through one or more industrial processes.(12)

(1) See First Cens. of Ind., p. 105, £P 50, 616.
(2) " " " " "., p. 106, £P 5,934.
(3) £P 135,457 of the total monthly consumption of raw-materials at £P 314,184.
(4) 43.1% of 2,358,909.
(5) See p.
(6) Arrived at by subtracting £P. 461,000 from the total consumption of raw-materials by the above mentioned industries at a value of £P 1,016,690.
(7) The yearly net output of these industries amounted to £P 1,279,873 (See First Census of Ind. pp.98, 105, 103). The value of raw-materials consumed was £P 1,016,690. Therefore the consumption of raw-materials purchased gave a net-output of £P. 699,502.
(8) Total output of £P 1,279,873 minus £P 699,502.
(9) See p.
(10) Calculated by E. Risk using the figures of the First Cons. of Ind., (See Risk "Standard", Appendix 23,p. 76). This figure does not correspond with the figure given in the determination of the markets of Palestine's agriculture (See above p.364). This is due to the fact that £P. 461,280 was assumed as being the value of raw-materials used by Palestine's flour, oil, and sesame industry only for performation purposes, so that they can not be considered as passing through the trade channel. (See ~~App.~~ p.19 , App.6 p359, and ~~Ind~~ p.53-54. App.).
(11) According to p.54 the percentage of foreign raw-materials was about 30% of all the materials consumed. (£P. 2,358,909).
(12) £P. 2,358,909-(1,050,200-707,670)=600,956. It is possible to assume that in Palestine there are no considerable other natural resources than agriculture.

Appendix 14. The Importance of Foreign markets for the different Branches of Industry.

In determining the value of the exports for the different branches the classification of the Industrial Census [1] was made use of.

Products manufactured by the chemical industry were exported to the value of £P. 309,827 [2] which makes 47.07% of the output of this branch. [3] The foodstuffs exported was £P. 46,010, [4] only 2.25% of its total output, [5] £P 23,573 [6] worth of intoxicating liquors was exported or 20.68% of its total output. [7] Textiles were exported to the amount of £ 13,846 [8], 12.25% of its total. [9] £ 22,959 [6] worth of cement was exported out of £ 209,994 [10], or 10.93% of the total output of the brick-making group.

So one sees that the export trade is only of considerable importance for the chemical and textile industries.

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(1) See First Cens. of Ind., p.19.
(2) According to Rep. to League of Nations, 1931, p. 146, there was exported; soap £P. 234,082, olive oil 68,468, sesame oil 2,560, sunflower oil 4,645, linseed oil 72, together, £P. 309,827.
(3) £p. 649,523 (See First Cens. of Ind., P. 29.)
(4) According to Rep. to L. of Nat., 1931, p. 146, there was exported in food-stuffs: bisquits £P 3, bread passover £P 6,532, cheese 1,256, raisins 10,189, sweets 3,455, tehine 819, olives preserv. 183, alchhol 174, brandy 1,650, liquors 64, wines 1,684, total: £P. 46,010.
(5) See First Cens. of Ind., p.26.
(6) See Rep. to L. of Nat., 1931 p. 146.
(7) See First Cens. of Ind., p.29.
(8) See Rep. to L. of Nat., 1931, p. 146, there were exported:

Stockings	12,618
Wearing apparel	1,224
	£P 13,842

(9) See First Census of Ind., p.21.
(10) See First Census of Industry, general table, no. 2(b), p. 25.

App. 15.

Prevailing size of enterprise.

There are the following measures of the size of an industrial undertaking, according to Kimball:[1]

a. Capital invested per establishment.

b. Value of products or value added by manufacture per establishment.

c. Number of employed per establishment.

d. Amount of power used per establishment.

The last measure will, in the case of Palestine, not indicate much about the average size of an undertaking, because in the year 1928 only 15.6% of all establishments used motor-power.[2] The value of product per enterprise has been dealt with above.[3]

a. Average working capital invested per enterprise.

Factories with an investment of £P 50 and less predominate in their number.[4] The average amount invested was £P 1002.820 per enterprise.[5] In the Jewish industry the average amount per enterprise was £P 903.27[6] in 1929, and £P 1478.28[7]

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(1) See "Ind. Economics" p.158.
(2) See Government of Palestine, First Census of Ind, P.11.
(3) See P.45
(4) According to First Census of Ind., P. 16, which brings the latest statistics available for Palestine,

54.9%	of total	number of	establishement	had a	capital of	£P 50 and less.
11.3%	"	"	"	"	"	50 -100
10.6%	"	"	"	"	"	101 - 200
10.8%	"	"	"	"	"	201 -500
5.3%	"	"	"	"	"	501 -1000
5.5%	"	"	"	"	"	1001 -5000
1.2%	"	"	"	"	"	5001 -10000
1.4%	"	"	"	"	"	100001-over

(5) According to "First" Census of Ind." p.16, the capital invested was £P 3,514,886; the number of enterprises 3505
(6) According to Grunwald, "Ind." p.72, capital invested was £P 2,612; number of enterprises 2,475.
(7) According to Grunwald, "Ind." p. 72, capital invested was £p. 4,630,000; number of enterprises 3,132.

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in 1933 if crafts are included and £P 3350.56 [1] in 1929 if excluded.

b. Number of employed per establishment.

The average number of employed per enterprise was for the whole of Palestine 5.12.[2] In the Jewish industry in 1933 the number was 5.39 [3]. In 1930 1.8 persons were employed per Jewish handicraft establishment, 6 in small industries and 28 in factory establishments.[4] In Egypt the corresponding number was 3.07 [5]. In Damascus in 1929 the average was 2.83 [6] per enterprise.[7] In addition, the figures for the U.S. amounted to 43.38.[8] Although Palestine ~~is ragging~~ ranks first among the neighbouring countries, the above figures indicate that it is still far from being a country of large industrial enterprises.[9]

c. Primitiveness of Palestine's industry.

The low ratio between output and amount invested in land, buildings, machinery and working capital indicates once more the primitiveness of Palestine's industry. According to the Government Census this ratio was for all Palestine 1.105.[10] In the Jewish industry in 1933 this ratio was 0.775 [11]

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(1) According to Grunwald, "Ind." p.71, capital invested was £P 2,074,000; number of enterprises 619.
(2) According to First Census of Ind., p.11, number of workers was 17,955; of enterprises 3505.
(3) See Grunwald, Ind., p. 72; the personnel was 16,900; the number of establishments 3,132.
(4) See Grunwald, Ind., p.46.
(5) According to Grunwald, Ind., p. 57, in 1927 there were 215,889 paid and unpaid workers in 70,314 undertakings.
(7) A Census for all the French mandated territories is missing.
(8) According to the Stat. Abstr. of the U.S., 1932, p. 730, there were in 1927 8,350,000 wage-earners and 192,000 enterprises; handicraft and factory, establishments with a yearly output at less than $5,000 excluded.
(9) This is not to say, that Palestine's industry is not developing rapidly. According to Grunwald, Ind., p. 72, there were in 1929 in the Jewish industry 3.62 employed per enterprise and in 1933, 5.39 persons.
(6) According to the Grünwald, "Ind.", p. 112, 15,480 workers in 5,469 undertakings.
(10) See 155, p.26, output £P 3,886,149 capital; 3,514,886.
(11) According to Grunwald, Industries, p. 74, the annual production amounted to £P 3,590,000; capital invested 4,630,000.

If we will exclude the power item then the ratio is 1.14.[1] The percentage of enterprises employing less than 6 persons in Palestine was 91.1[2] of the total number of enterprises. This again indicates that industry is to a considerable degree in Palestine a matter of personnal craftsmanship -"and an industry in the Western sense only in its embryonic stage."[2]

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(1) Output 3,590,000 - 180,000 =£P3,410,000; investment (4,630,000 - 1,640,000) = £P 2,990,000.

(2) See First Census of Ind., p. 9.

Appendix 16

Average output per enterprise for different industries

	First Census of Ind. 1927			Jewish Agency Cens. 1933			U. S. 1927		
	(1) Output in Ƀ P	No. of estab. (1)	Output per (4) enterprise in Ƀ P	(2) Output in Ƀ P	(2) No. of estab.	Output (4) per enterprise in Ƀ P	Output in Mill. of Dollars (3)	Number of enterprise (3)	Output per enterprise in Ƀ P
Metal works	174,027	327	532.1	440,000	589	747,0			
Textile trades	112,922	357	316.3	140,000	48	2916.6	8,950.4	26,843	66,595
Dress + toilet	246,852	813	303.6						
Food, Drink, Tob.	2036,272	473	4305.0	760,000	246	3089.4	11,015.8	49,787	42,451
Chemical Ind.	649,523	581	1117.9	170,000	26	6538.4	3,351.8	7,541	88,897
Timber trades	149,370	397	376.2	400,000	399	1002.5			
Garments	---	---	-----	250,000	694	3560.2			
Stone + cement	---	---	-----	690,000	121	5702.4			

(1) See first Cens. of Ind., p. 21.

(2) See Grunwald, Industrial., p. 74.

(3) See Stat. Abstr. f. U.S. Stat., 1932, p. 733.

(4) Although there have taken place considerable changes in price-level, the figures indicate sufficiently the differences in size of output. The price-level changes between 1927 and 1933 were not sufficiently strong to make these figures illusory. ~~Changes in price-level, see later "Price-Level", p...~~

Appendix 17

Composition of products in U. S. 's Industry (1)

	Value of output in 1914 in millions of $ (2)	% (3)
Food and kindred products	4,977	20.55
Textiles and their prod.	3,444	14,30
Forests production	1,616	6.67
Paper and printing	1,456	6.02
Chemicals and allied	1,964	8.11
Petroleum and coal	721	2.97
Rubber	300	1.24
Leather	1,104	4.55
Stone and clay & glass	618	2.55
Iron, steel, machinery & non-ferrous metals	5,049	20,84
Transportation equipment	1,137	4.69
Railroad repair shops	552	2.27
Miscellaneous ind.	1,270	5.24
Total industry	24,216	100.0%

(1) Extracted from U.S. Stat. Abstr., 1932, p. 733.

(2) The year 1914 is given because there were included also enterprises with a production of less than $5,000, which makes the figures more comparable with those of Palestine.

(3) By the comparisons of composition of products in the U.S.& Palestine is assumed that changes in price-level were effected in the volumes of the products of the different branches of industry to the same extent. This is only to a limited extent true.

Composition of Jewish Industrial Output.

The structure of the output of the Jewish industry was in 1933 (1) as follows:

	Annual production £ P	%
Foodstuffs	760,000	21.2
Textiles	140,000	3.9
Garments	250,000	6.9
Metals	440,000	12.3
Woodwork	400,000	11.2
Leather	270,000	7.6
Paper and print	160,000	4.5
Chemicals	170,000	4.8
Power	180,000	5.1
Stone and cement	690,000	19.3
Different industries	50,000	1.3
Different crafts	70,000	1.9
	3,580,000	100.0%

Comparing the above table with the composition for the whole of Palestine one notes the following fact: The r e l a t i v e low rate of Jews in the foodstuffs and chemical (2) branches, their relative high rate in stone and cement, metals, woodworks, power, paper and printing.

Z. Abromovitz (3) has tried to classify Jewish industry into four groups. The first is the group of goods of consumption, the second the intermediate, the third the group of means of production and the fourth of industries connected with building. He arrived at the following percentages basing them on the number of employed.(4)

I group : goods of comsumption	1930		Beginning of 1934	
Foodstuffs	14.7%		13.4%	
Dress & toilet	13.5%		11.8%	
Leather	9.8%		6.7%	
Paper and printing	9.8%		7.4%	
Different ,	6.0%	53.8%	4.8%	44.1%
2 group: intermediate				
Weaving and textile	5.9%		6.0%	

(1) See Grunwald, Industrialisation, p.74 .
(2) Under chemicals are included oil-presses, and other industries, working mainly for the home market with local raw-materials.
(3) See "Jewish Industry", Meshek Shitufi, Vol II. No. 11 -12, p.170 .
(4) The use of number of employed as a basis for calculations instead of value of output has the advantage that the relations are not obscured by high or low valued goods.

3. group: Means of production	1930		beginning of 1934	
Metals	14.1%		15.1%	
Electricity	2.2%		2.8%	
Chemical works	4.6%	20.9%	5.7%	23.6%
4. Group: Industries connected with the building industry (1)				
	19.4%		26.3%	
Total	100.0%		100.0%	

One sees that the Jewish industry in Palestine is assuming more and more capitalistic features and the production of goods, the distribution of which does not apply to the retail trade, increases. Dr. Cyderowitz estimates the value of the output of industries producing means of production to one quarter of the tatal output of Jewish industry in 1933. (2). This group includes metal-works, stone and bricks, and chemical works. These branches consist of small-scale enterprises.

Therefore the output appears in relatively small quantities, so that in most of cases there is a direct connection between the producer and his customers who are also manufacturers on a relatively small scale. In larger industries the services of the middlemen are made use of.

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(1) The boom in building activities is well reflected in this figure. The relative high rate of industries concerned with the building-trade is not only due to the developed building activities but also because building-materials don't allow for high transport-costs.

(2) See Dr. Cyderowitz, "Problems of Industrialization in Pal." Meshen Shitufi Vol. 2, No. 13, p.189.

Appendix 19

The dependency of the different branches of industry upon local and foreign raw-materials

Group of industry	(1) Yearly expense on raw-materials in Ƅ P	(1) The Yearly net output was in Ƅ P	Making percentage out of output	(2) The monthly consumption of local raw-materials in Ƅ P	Total (3) monthly consumption of raw-materials	Percentage of local raw-materials out of total raw-material consumed in Palestine's industry
rries	1,824	30,628	5.9 Percent	73	304	24.0 Percent
al works	44,419	174,027	25.5 "	15	3,863	0.4 "
elry	10,312	19,476	52.9 "	--	905	0.0 "
tiles	60,130	112,922	53.2 "	1 00	5,706	1.7 "
ss, and toilet	108,944	246,852	44.1 "	1,076	10,281	10.4 "
d, drink, tobac.	1511,753	2,036,272	74.2 "	100, 982	141,883	71.1 "
micals + all.	464,002	649,523	71.4 "	108,713	132,107	82.2 "
er and printing	35,163	113,777	30.9 "	12	3,071	0.4 "
ther and canvas	27,338	47,615	57.4 "	3,548	3,935	90.1 "
ber trades	56,320	149,370	37.7 "	10	5,363	0.2 "
ck, stone and clay	---	---	---	4,031	6,021	66.9 "
cellaneous	7,33	19,444	38.7 "	---	743	0.0 "

In Palestine the food, drink and tobacco, the chemicals, the leather and canvas, the textiles and jewelry groups are highly material-dependent. Only the leather and canvas the chemical, food and drink, brick stone and clay are supplied to a high degree with local raw-materials. (4)

(1) See First Census of Ind. p.28 ff.
(2) " " " " " p.75 ff.
(3) " " " " " p.74
(4) Due mainly to high transport costs.

Appendix 20

The wages of Agricultural workers

The daily wages in 1932 were for

(1) European Labour			(1) Asiatic Labour		
Men Mils	Women Mils	Children Mils	Men	Women	Children
200-300	150-200		80-120	60-80	40-70
175-200	150	80-120	60-100	50-70	40-60
175-200	150-175	---	80-120	50-80	---

Appendix 21

The wages of Industrial Labour

The daily wages in 1932 were for

(1) European Labour			(1) Asiatic Labour		
Men Mils	Women Mils	Children	Men Mils	Women Mils	Children Mils
350-500	---		200-300		
	100-150		50-140	50-100	50-80
200-300			100-200		
300-400			250-300		
300.	150-180		80-100	80-100	
150-240	100-200		80-160	80-150	50-80
200-300			200-250		
500-600			400-500		
250-325			100-150		
200-300			100-120		

APPENDIX 23

CLASSIFIED INDEX OF OCCUPATIONS

Group No.111
1. Agent (Insurance)
2. Agent (Bank)
3. Accountant (Bank)
4. Auctioneer
5. Auditor
6. Banker
7. Cashier (Bank)
8. Bank-Clerks
9. Exchange Agent
10. Grain Higher, measurer
11. Moneylender, Changer, Tester

Group No.112
1. Agent (Carting)
2. Agent (Commercial)
3. Agent (Commission)
4. Agent (Warehouse)
5. Agent (Tourist)
6. Bill-broker
7. Bill-collector
8. Broker (House, Share, Stocks)
9. Brokers Clerks
10. Commercial Traveller
11. Emigration agent (Contractor)
12. Exporter of goods
13. Warehouse (Owners & employes)
14. Weighman

Group No.113.
1. Bristles Seller
2. Canvas S.
3. Cloths S.
4. Cotton cloths S.
5. Fibre (raw) S.
6. Hair S.
7. Hemp fibre S.
8. Ivory S.
9. Muslin S.
10. Piece goods dealer
11. Rope S.
12. Seller of shell
13. Silk cloths S.
14. Raw Silk Cl.
15. Strawmet S.
16. Trade in textiles
17. Woolen goods S.
18. Yarn S.

Group 114
1. Bone S.
2. Feathers S.
3. Furs S.
4. Hides S.
5. Horn S.
6. S. of leather articles
7. Leather S.
8. Water bag S.

Goup No.115
1. Bark seller
2. Basket S.
3. Cork goods S.
4. Sawdust S.
5. Dealer in timber
6. Wood S.

Group No.116
1. Bell metal S.
2. Brass S.
3. Cutlery S.
4. Fire-arms seller
5. Implement (agric.)
6. Iron S.
7. Old iron S.
8. Knifes S.
9. Lead S.
10. Machinery dealer
11. Metal S.
12. Nickel dealer
13. Scissors S.
14. Sewing Machine S.
15. Sickles S.
16. Spade S.
17. Dealer in tin

Group No.117
1. Earthern Ware articles S.
2. Pottery Ware S.

Group No.118
1. Ammunition seller
2. Bomb S.
3. Candle S.
4. Chemical products
5. Drugs
6. Dyes S.
7. Fertilizers S.
8. Fire-work S.
9. Fuel oil dealer
10. Incense S.
11. Kerosine oil S.
12. Matches S.

p.118 (Continued)
Paint dealers
Petroleum S.
Pitch dealer
Salt petre S.
Tallow S.
Tar S.
Varnish S.
Sulphur S.
Wax S.

p.119
Ice Seller
Lemonade S.
Liguer S.
Hotel Manager
Spirit S.
Water & aerated waters S.
Wine S.
Wine Shop service

p.120
Bar-keeper
Boarding house keeper
Café manager
Cooks in hotels
Garage-keeper
Hotel keeper
Inn-keeper
Refreshment-room keeper
Restaurant
Serai
Soda Water S.
Steward
Waiter (Hotel etc.)

p.121
Fish Seller
Fish (preserved) S.

p.122
Castor oil seller
Condiment dealer
Grocer
Linseed oil S.
Oil S.
Salt S.
Sesame Oil S.
Spice S.
Tea S.
Vegetable oil S.

Group No.123
1. Bird Seller
2. Butter S.
3. Cheese S.
4. Cream S.
5. Curd S.
6. Egg S.
7. Milkmen
8. Pigeon Dealer
9. Poultry breader, rearer

Group No.124
1. Meat Seller

Group No.125
1. Bread Seller
2. Cane S.
3. Ginger S.
4. Honey S.
5. Pickle S.
6. Sugar S.

Group No.126
1. Almond seller
2. Fruit ~~(crystallized)~~ S.
3. Fruit S.
4. Seller of garden fruits.
5. Gartic S.
6. Green grocer S.
7. Potato S.
8. Vegetable S.

Group No.127
1. Citrus fruit Seller
2. Orange merchant of agent

Group No.128
1. Barley meal seller
2. Flour seller
3. Grain broker
4. Grain S.

Group No.129
1. Cigarette Seller
2. Snuff S.
3. Tobacco S.

Group No.130
1. Goat dealer
2. Pig dealer
3. Sheep dealer

Group No.134 (Continued)
6. Crystal ware seller
7. Enamelled articles S.
8. Looking glass S.
9. Glass ware S.
10. Hardware S.
11. Porcelain S.
12. Utensil (cooking) S.

Group No.135
1. Brick Seller
2. Building materials S.
3. Lime S.
4. Lime-stone S.
5. Dealer in Tiles

Group No.136
1. Ass dealer
2. Bicycle S.
3. Boat S.
4. Camel S.
5. Carriage S.
6. Cart S.
7. Cattle S.
8. Harness S.
9. Horse S.
10. Lash S.
11. Motor-car S.
12. Mule S.
13. Saddle cloth S.

Group No.137
1. Charcoal dealer
2. Coal dealer agent
3. Cow dung S.
4. Firewood S.
5. Fuel S.

Group No.138
1. Amulet seller
2. Artificial eye etc. seller
3. Clock S.
4. Diamond S.
5. Gold dealer
6. Jewelry S.
7. Optical instrument
8. Ornament S.
9. Photographic apparatus S.
10. Ring S.
11. Scientific instrument S.
12. Silver dealer
13. Spangle
14. Spectacles
15. Dealer in Stones
16. Watches Seller

of Bangles all kinds
S.
S.
s
S.
S.
g S.
eller
net seller
r (artificial) S.
r seller
r of games, bats, balls etc.
necklace seller
S.

c S.
lace S.
y S.
r stamp seller
S.
h (artificial) S.

lac Seller
-agent
-publisher
osity S.
S.
ers in antiquities
er in objects of arts
aving S.
seller
c-dealer
paper vendor
r S.
of periodicals
ure dealer
isher
ler in souvenir goods
lin Seller

1
ure Seller
ste) Paper dealer
dealer
ler in refuse matter
ble refuse, dealer of

42
opkeeper (unspecified)
ades man (unspecified)
lesale dealer (otherwise unspecified)

Group No.144
1. Exhibitor of animals
2. Bear dancer
3. Circus performer
4. Conjurer
5. Cricketer
6. Devil driver
7. Fortune seller
8. Magician
9. Monkey dancer
10. Reciter

Group No.145
1. Dog Seller
2. Frindstone S.
3. Millstone S.
4. Postage stamps vendor
5. Seed garden S.

Group No.174
1. Business man (unspecified)
2. Merchant general

Group No.175
1. Accountant (commercial)
2. Actuary
3. Shop apprentice
4. Commercial assistant
5. Bill collector
6. Book-Keeper
7. Cashier (unspecified)
8. Collecting clerk
9. Door-Keeper (shop)
10. Manager (unspecified)
11. Overseer (unsepecified)
12. Salesmen (unspecified)

...r	Group	Branch(1)	No. of(2) earners in each group	No. of earners in each order	Percentage of earners in dif. groups	Percentage in the dif- ferent orders	Settled(3) population per tra- der in dif. groups	popula- tion per trader in each order	Populat per tra der in U.S.
	II	III	IV	V	VI	VII	VIII	IX	X
	111	Banks, Ins.	1,124	1,124					
	112	Broker, Com.	1,384	1,384	4.8	4.8	700	700	460
	113	Textiles	1,959	1,959	6.9	6.9	494	494	
	114	Skins, Leather and furs	132	132	0.5	0.5	7341	7341	
	115	Wood	104	104	0.4	0.4	9319	9319	
	116	Metals	134	116	0.5	0.5	7233	7233	
	117	Pottery	146	117	0.5	0.5	6638	6638	
	118	Chemic. pr.	292	292	1.1	1.1	3319	3319	
	119	Wine and waters	1,459		5.0		664		
	120	Hotels, garages	2,561	4,020	8.9	13.9	378	241.1	
	121	Fish	182		6.6		5325		
	122	Grocers, vege- tables oils, salt	5,319		18.5		182		
	123	Dairy, poultry	1,770		6.1		547		
	124	Meat	124		0.4		7816		
	125	Bread, cakes	482		1.7		2010		
	126	Veg. and fruits	3,283		11.4		295		
	127	Citrus fruits	130		0.5		7455		
	128	Grain	866		3.0		1119		12,417
	129	Tobacco and cig.	108		0.4		8974		6,153
	130	Sheep and goats	224		0.8		4327		
	131	Hay and grass	13	12,501		43.4	74549	77.5	

132	Clothing and toilet	971	971	3.4	3.4	998	998	
133	Furniture and carp. curt.	112		0.4		8654		
134	Hardw. cook. porcelain	123	235	0.4	0.8	7880	4124	1,381
135	Building	188	188	0.7	0.7	5155	5155	
136	Transport means	253	253	0.9	0.9	3831	3831	1,996
137	Fuel	159	159	0.5	0.5	6096	6096	4,100
138	Pr. stones, clocks, opitcs	44		0.1		22028		
139	Flowers, toys, fans, etc.	126		0.4		7692		
140	Book, music, pictures, souvenirs	384	554	1.3	1.8	2524	1749	3,363
141	Refuse Matter	106	106	0.4	0.4	9144		
142	Shopkeepers uns.	241		0.8		4021		
143	Itin. tr. + ped.	1,948		6.8		497		
144	Fortune tellers	23		0.1				2,168
145	Other	21	2,233	0.1	7.8		434	
174	General merchants	460		1.6		2107		
175	Officials	2,920	3,380	10.1	11.7	332	286	
Grand Total		28,751	28,751	100.0%	100.0%	33.7	33.7	

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1) The detailed index of classification of occupation see Appendix p.
2) Extracted from the Census of population Vol.II Table XVI Part I (a) p. 290 ff. Columns 4 and 5.
3) As basis was taken the total settled population with 969,270 persons. See Mills, Census, Vol.II Table III p.10
4) Calculated on the basis of the figures of the statistical abstract of the U.S. for 1932.

Appendix 45:

tion of Import of Textiles and garments to Palestine during 1927-1930

ulated on the corresponding figures published in the Blue Book of 1928 pp.320-
d of 1930 pp. 283-289, for textiles. For apparel we took the figures
hed in Blue Book of 1928 pp. 333-8 and of 1930 pp. 289-292

Cotton yarns and manufactures thereof.

Cotton yarns	39,700	
Cotton thread	21,700	
Cot. piece goods, bleached	77,200	
Cot. " " dyed	319,600	
" " " grey	70,700	
" " " printed	32,300	
Other cotton manufactures	51.200	612,400

Wool, yarn and manufactures thereof.

Woolen yarns	12,500	
Woolen thread	1,700	
Woolen tissues, wholly of wool	88,900	
Woolen Tissues mixed	40,200	
Other woolen manufactures	3,300	146,600

Silk and manufactures thereof.

Silk yarns	4,900	
Silk yarn artificial	3,500	
Silk thread	1,700	
Other silk tissues mixed and artificial	73,100	163,700
Linen tissues	6,500	
Other linen manufactures	2,700	
Velvets and plushes	7,700	
Other textile manufactures not elsewhere specified.	17,700	34,600
Total Textiles		963,300

Apparel

Boots and shoes	81,800	
Braces, Belts	12,000	
Cloaks	27,500	
Hats, Bonnets, caps and agals	17,900	
Stockings and hose	36,000	
Neckties and cravats	5,000	
Hatta and shawls	33,800	
Outer garments	103,560	
Under garments	30,500	
Tarbouches	6,600	
Knitted apparel	15,500	
Other apparel not elsewhere specified	13,900	
Old clothing (other than personal effects)	11,700	395,760

Group II	Branch III	Number(1) of earners in each group IV	Number of earners in each order V	Percentage of earners in different groups VI	Percentage of earners in each order VII	Percentage of Jewish traders in each group to total traders in Palestine VIII	Persons(2,3,4) per trader in the Jewish community IX
112	Brokers, Com.	700	700	6.6	6.6	50.5%	249
113	Trade in text.	719	719	6.8	6.8	36.7%	242
114	Skins, leather and fur	60	60	0.6	0.6	45.4	2,910
115	Wood	45	45	0.4	0.4	43.0	3,880
116	Metals	97	97	0.9	0.9	72.0	1,800
117	Pottery	10	10	0.1	0.1	7.0	17,460
118	Chemical products	138	138	1.3	1.3	47.0	1,265
119	Wine, water	233	---	2.3	---	16.0	749
120	Hotels, rest.	1,014	1,247	9.6	11.9	39.0	172
121	Fish(5)	76	---	0.7	---	42.0	2,297
122	Grocers, veg. oil, salt	1,498	---	14.2	---	28.0	116
123	Dairy, eggs, poultry	770	---	7.3	---	44.0	226
124	Meat	40	---	0.4	---	32.0	4,365
125	Bread, cakes	124	---	1.2	---	25.0	1,408
126	Veg. and fruit	463	---	4.4	---	14.0	377
127	Citr. fruit	27	---	0.2	---	21.0	6,466

129	Tobacco, cigar.	30	---	0.3	---	27.0	5,820
130	Sheep, goats, pigs	11	---	0.1	---	5.0	1,587
131	Hay, and grass	2	3,133	---	29.7	----	87,300
132	Clothing, and toilets	440	440	4.2	4.2	45.0	396
133	Furniture, carp. curt. bed	83	---	0.8	---	74.0	2,103
134	Hardware, cooking porcel	87	170	0.8	1.6	70.0	2,006
135	Building	125	125	1.2	1.2	66.0	1,396
136	Transport	28	28	0.2	0.2	11.0	6,235
137	Fuel	46	46	0.4	00.4	29.0	3,795
138	Jewelry, optics	27	---	0.2	----	61.0	6,466
139	Bengles, toys, hunt	88	---	0.8	----	69.0	1,984
140	Books, station. music	251	366	2.4	3.4	65.0	695
141	Refuse matter	64	64	0.6	0.6	61.0	2,728
142	Shop keepers unspecified	182	---	1.7	----	----	959
143	Peddlers	503	---	4.8	----	26.0	347
144	Fortune-tellers	1	---	---	----	----	-----
146	Farmers of poun.	3	---	---	6.5	----	-----
174	General merchants	212	---	2.0	----	46.0	823
175	Bookkeepers, etc.	2,290	2,502	21.6	23.6	78.0	762
Total(6,7)		10,579	10,579	100.0	100.0		

Extracted from Mills, Cens. of Pop., Vol.II, p.291, Column 16 and 17
Jewish population calculated as 174,600 persons
16.5 persons per Jewish trader.
Out of total settled consumers 18.01% are Jewish.
The percentage of Jewish traders, to total traders in foodstuffs, in Palestine, was 25.1%.
Of the total traders, 36.8% are Jewish.
Of the Jewish earning population 15.9% (10,579 out of 66,683) form traders.

ndix: 27

Jewish Trade According to Branches(1).

The Jewish trade in foodstuffs group, with a percentage of 29.7% is relatively r then in other groups. This is explained by the fact that the wants for food-ffs of the Jewish community are limited although its standard of living is higher(2) it is more dependent on the market.(3) Due to the inelasticity of the demand for dstuffs, the higher standard of living cannot be considered a criterion for a responding higher consumption of foodstuffs.

While for all Palestine there were 77.5(4) persons for each trader in foodstuffs, the Jewish community this number was 55.7(5).

Another reason for undeveloped Jewish trade in foodstuffs is that the Jews do perform the collections of a great number of agricultural goods.(6) They do not e social and cultural relations with the local peasants. Such relations should be avoided particularly in Palestine, where the peasants are in need of the fi-cial help of the merchant.

The development of cooperative(7) movements in Jewish agricultural areas, has n another cause for the partial decrease of the number of such traders.

The importance of the sub-group including eggs, poultry and dairy arises from fact that the Jewish community consumes these goods more, is more unself-suffi-nt than the Arabic Speaking community puts higher demands on quality of goods that a great extent must be imported from foreign countries-a fact which causes increase of the number of traders, as direct marketing is excluded here.

) See Appendix 26 p. 393
) See above p.
) See above p.
) See above App 24 p. 390
) 174,600 through 3,133 traders.
) Or of the goods imported from the neighbouring countries as Syria, Transjordania and Cyprus.
) See p. 245 ff.

The case is the contrary in the consumption of vegetables and fruits. The Jewish community does not consume sufficient ~~volumes~~ amounts of vegetables and fruits. Whereas the number of persons per trades of vegetables and fruits in all Palestine was 295, the corresponding number in Jewish community was 377. This indicates sufficiently that this sort of trade is yet undeveloped among the Jews.

The developed cooperative movement in connection with citrus trade decreases the number of persons occupied in direct selling, and on the other hand increases the number of those fulfilling auxiliary functions.

A comparison between the percentage of citrus trade in Palestine and that of the Jewish community, indicates that independent citrus merchants in the Arabic-speaking community are more numerous.(1)

The predominance of the non-Jewish merchants in citrus trade is explaned by their experience in the field and moreover, by their activity and readiness to bear risks.(2)

In the trades of fish and meat, the Jewish merchants are relatively greater in number. It is due to the higher consumption, of these products by the Jewish community.

The low percentage of Jewish merchants in grain-trade is explained by the dependency of the Jewish community on imported grains.(3) Besides this, the Jewish traders lack experience in this field and also they have no connections wit the fellah. (4) The system of licenses is to a certain degree limiting the interference of the new-comers in this line of trade.

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(1) Although the Jewish merchants comprise about 21% of total merchants in citrus fruit, the fact that Jewish groves constituted about 40% of the total made this relation rather low.

(2) Since 1931 the private citrus trade did not develop much, first because many of the merchants due to the drop in prices, went into bankruptcy. Secondly, many of the plantators of young groves repaid their debts and are not in suc an urgent need for money as before. This enables them not to sell the fruit on the tree.

(3) For reason of quality.

(4) Because many of the Jewish traders immigrated recently.

The high percentage of Jews operating hotels and restaurants is due mainly the ~~the~~ great number of immigrants[1]- especially bachelors- and also to numerous wish tourists.

Under the group of trades in textiles the Jewish community is far ahead, with 2 persons per trader against 494 persons per trader in all Palestine. This vance is due to the high standard of living of the Jews, and also to the fact, at Jews supply non-Jews with textiles of higher quality and on modern lines.

The Jewish commission agents constitute about 50.5 % of the total of this oup. This is explained by the fact that the Jewish community depends more on ported goods[2] than the non-Jewish, and secondly, that imports have developed more ter the war, in direct proportion with immigration. A third reason is that, lustry in Palestine being established mostly by the Jews,[3] has increased the portance of the commission agents.[4]

In trades, dealing in metals, furniture, hardware and building meterials the s predominate. Due to the literacy and intellectual high level of the Jews well as due to tourist trade, the Jewish traders are leading in the sales of ks, stationery, musical instruments and souvenirs.

See above ~~Sec.~~, p. 63
See above p. 101
See above ~~Agr.~~ 11 p. 373..
See ~~org. of trade~~, p. 231

Appendix 28:

LEGAL FORMS OF JEWISH RETAIL TRADE ESTABLISHMENTS.(1)

(Table I to Retail Trade.)

Towns	Sale Proprietorships in %	Partnerships in %	Corporations & Cooperatives in %	Total in %
Jerusalem	25.3	3.8	0.1	29.2
Tel Aviv	34.5	2.9	0.2	37.6
Haifa	9.2	1.5	0.1	10.8
Other Places	20.1	2.0	0.3	22.4
Total	89.1	10.2	0.7	100.

Appendix 21:

YEAR OF ESTABLISHMENT OF JEWISH RETAIL ENTERPRISES(2)

(Table II to Retail Trade)

Branches	till 1919	1920-24	1925-31	Undefined	Total
Foodstuffs	5.2 %	10.3%	33.9 %	2.8 %	52.2 %
Textiles & Garments	4.4	3.0	9.5	4.2	18.1
Furniture& Hardware	0.7	0.7	2.5	0.2	4.1
Restaurants	0.2	1.7	8.2	0.4	10.5
Building materials	0.9	0.7	2.1	0.1	3.8
Various	1.6	2.4	6.7	0.6	11.3
Total	13.0	18.8	62.9	5.3	100.

(1) Extracted from Cyderovitz,"Jewish Retail Trade," Meshek Shitufi, Vol. II p.46. These percentages are based on number of enterprises.

(2) Extracted from Dr. Cyderovitz,"Jewish Retail Trade," Meshek Shitufi, Vol. II p. 47.

Distribution of Volume of Sales of Jewish Retail Trade.
(Table III to Retail Trade)

Towns	Foodstuffs		Textiles and Garments		Furniture and Hardware		Building Material		Others		Total	
	Enterprises	Sales	Enterprises	Sales	Enterprises	Sales	Enterprises	Sales	Enterprises	Sales	Enterprises	Sales
Jerusalem	13.4	7.9	6.0	4.6	1.2	2.0	1.0	4.6	5.6	3.9	27.2	23.0
Tel Aviv	20.5	16.9	4.8	7.6	1.5	2.3	0.9	5.1	9.2	12.5	36.9	44.4
Haifa	4.5	4.4	2.3	3.0	0.6	0.8	0.5	2.2	3.1	3.6	11.0	14.0
Others	15.3	10.5	3.9	2.5	0.5	0.2	1.1	2.8	4.1	2.6	24.9	18.6
Total	53.7	39.7	17.0	17.7	3.8	5.3	3.5	14.7	22.0	22.6	100.0	100.0

(1) Extracted from Dr. Cydervitz, "Jewish Retail Trade", Meshek Shitufi, Vol. II p. 49.

Appendix 31 :

DISTRIBUTION OF CAPITAL IN JEWISH RETAIL TRADE[1]

(Table IV to Retail Trade).
In Percentages.

	Number of Enterprises	Capital Invested
Jerusalem	25.8	30.7
Tel Aviv	38.6	43.1
Haifa	10.8	12.5
Other places	24.8	13.7
Total	100.0	100.0

(1) Extracted from Cyderovitz, Bimenhandel, p.34.

-Appendix 32 :

Distribution of Capital according ~~to~~ Legal Form.[1]

(Table V tooRetail Trade)

Individuals	66.1%
Partnerships	29.4%
Companies	4.5%
Total	100.%

(1) Extracted from Cyderovitz Bunnenhandel, p.53,

APPENDIX 33

Capital Working in Jewish Retail Trade According to Branches

(Table VI to Retail Trade)

	Districution of number of establishments in percentages	Distribution of capital in percentages.
Foodstuffs	53.1%	15.2%
Textiles and Garments	18.1%	29.4%
Furniture and Hardware	3.9%	5.4%
Building Materials	3.7%	20.8%
Other Trades	21.2%	25.2%

Appendix 34 :

Distribution of Occupied in Jewish Retail Trade.

(Table VII of Retail Trade)

In percentages.

Towns	Owners	Family	Officials	Total	Males	Females
Jerusalem	15,3	6.3	7.5	29.1	23.1	6.0
Tel Aviv	20.2	11.7	8.0	39.8	26.2	13,7
Haifa	5.6	2.8	2.5	10.9	7.9	3.0
Other places	11.7	6.1	2.3	20.1	13.9	6.2
Total	52.8	26.9	20.3	100.0	71.1	28.9

(1) Extracted from Cyderovitz, op. cit, Meshek Shitufi, Vol. II, p. 47.

Appendix 35 :

Distribution of Occupied in Jewish Retail Trade According to ~~Trade~~. Branches

(Table VIII to Retail Trade)
In percentage.

Branches	Owners	Family members	Employed	Total	Males	Females
Foodstuffs	26.9	15.5	4.1	46.5	31.5	15.0
Textiles and Garments	9.8	3.6	4.4	17.8	13.6	4.2
Furniture and Hardware	2.3	0.9	0.9	4.1	3.4	0.7
Restaurants	6.1	4.3	4.0	14.4	8.3	6.1
Building Materials	1.9	0.6	2.6	5.1	4.4	0.7
Others	5.8	2.0	4.3	12.1	9.9	2.2
Total	52.8	26.9	20.3	100.0	71.1	28.9

(1) Extracted from Cyderovitz, op.cit. Meshek Shitufi, Vol. II, p.47

Appendix 36.

(1)

mber and Distribution of Arab owned Stores in Jerusalem

in 1930 - 1931

ood Stores:

roceries	203	
eat	56	
airy	4	
oultry and eggs	10	
ish	3	
andy	20	
rain	25	
ifferent other stores nd markets	84	395

extiles:

iece goods and haberdashery	6	
arpets	3	
iece-goods	50	
aberdashery	46	
lothing	39	144

urniture:

urniture	5	
usehold	8	
ouvenirs	15	
bjects of piety	41	
iscellaneous	8	77

estaurants:

estaurants	63	
afés	27	
azeuze	3	93

uilding material:

uilding material	4	
lumbing	4	8

iscellaneous:

erosene	11	
achinery	4	
lowers	2	
usical instruments	3	
utomobile	3	
rug stores	11	
aper	4	
ook	5	
to parts	11	
eather	8	

APPENDIX 37

The Effect of Transit and Reexport Trade on Palestine's Internal Trade.

The outlook of the following discussion of transit and reexport trade is not from the point of view of foreign trade but from that on their effect on the country's internal trade. A developed transit and reexport trade is undoubtdly a major factor in increasing the number of local trading agencies or enlarging their volume of trade. Besides its effect on local exports should not be minimized because then the establishment of connections with neighboring countries the export of local products is furthered.(1) This increase in local exports causes a corresponding one in the internal trade.

Other things being of a country equal, the more developed and extensive exports and imports are the more is the transit and reexport trade developed. A large volume of foreign trade tends to spread the fixed costs such as storage and transportation over a larger volume of trade and thus reduce the fixed expense per unit which leads in turn to a lower cost of distribution. Also an increased volume of foreign trade necessitates the development of financing, risk bearing, and transport institutions all of which are considered as corner stones of efficient trade organizations. Thus a country which enjoys such a developed foreign trade becomes a centre for neighboring countries to bring from or to pass their orders thru, which leads to an increase in its internal trade.

In view of this interrelation between a countrey's foreign trade, transit and reexport trade and internal trade, it would be wise to discuss briefly these different fields of Palestine's trade. The total imports of Palestine for the

(1) Connections are important not only for a better knowledge of the market but also for the raising of confidence between traders and reduction of risks.

were distributed as follows, for local consumption 94.0%[1] for reexport and for transit 2.1%.[1] In the case of exports 10.8% were re-exports and (2) transit. Palestine's position as a transit and reexport country was not avorable in the past years as compared with some of its neighboring countries. can be inferred from the following figures for Palestine's, Syria's and t's reexports and transit for the year 1931-32.

Palestine	£P 182,000	£P 155,000
Syria	" 563,000	"1,325,000
Egypt	" 745,000	"1,735,000

The recent trend of Palestine's reexport has been going upwards, in 1931 the e of reexports £P 251,338, in 1932 £P 243.607 and in 1933 £P 319,302 to which be added a new item of £P 48,285[3] as exports from bonded warehouses during year. The importance of this increase can be viewed better if compared with reexport trade of Syria. Syria's reexport trade has been on the decline for the t few years with the result that in 1933 it was about £P 84,245[4] behind that Palestine's. The cause of this new supremacy of Palestine's reexport trade r that of Syria is thought in Palestine's cheaper money, its lower custom ies, its better developed market and the construction of Haifa's harbor.

In the case of transit trade conditions are different. Here figures have ained practically constant. Altho the imports and exports increased consi-rably yet they were not accompanied by a corresponding increase in transport storage facilities. The discharge of goods and their transport shows high

Calculated on the figures of the Rep. to L. of N. for 1930, p.173.
Calculated on the figures of the Rep. to L. of N. for 1930, p.174.
See Rep. to L. of N. for 1933, p.199.
According to Burns Tariff p.116 (~~"95"~~) and to "Statistiques du Commerce Exterieur année 1932 & 1933 (~~"182" a&b~~) p.19 and 15 the reexport of Syria in 1931 was 1,420,437 Syrian pounds, in 1932 was 693,625 and in 1933 337,195 Syrian pounds.

ays in Palestine. The auto-route to Baghdad has not been as well developed the Syrian. Perhaps through the establishment of the Haifa-Baghdad railway lestine will be able to inherit Syria's position as a "caravanserie of the ar East".(1)

In conclusion Palestine is becoming more and more, if not a transit country, centre of reexport. As a result wholesale import merchants will increase both number and importance. The relative importance of retail trade establishments is apt decrease. Also the costs of handling imports tends to diminish.(2)

(1) See Burns "Tariff", p.52.
(2) This is only a tendency.

Appendix 38

The Influence of Palestine's Foreign Trade on Marketing Methods and Agencies

upplying Countries (1).

he distance of the supplying countries influences to a great extent the size ers, specialization, and business methods employed in the organization of If the supplying sources are neighboring countries the business of local sion agents is more limited than it would be in dealing with more remote ies. The size of the orders, too, is usually smaller when supplied by neigh- countries.

n studying the conditions of the supplying sources it is necessary to con- wo periods, the pre-war and after-war. Complete statistics are not avail- or the pre-war period but it is of little consequence since the political bound- have changed and therefore comparisons of the foreign trade of the pre-war with that one of after the war have a limited value for our purposes.

The Pre-war Period.

During the pre-war period the principal supplying centre was Syria. The vol- of trade was too small and harbor conditions too badly developed to permit large ect imports. The same was true for Egypt. Alexandria and Port-Said were the nshipment points for textiles, colonial goods, coal and iron goods (2), part- larly for those coming from the British empire. Egypt was the shifting place much of the goods to and from the Far-East. It was convenient and economical transfer the orders in Egypt for the Near-Eastern countries as well (3). hough Egypt was leading in the shipment of bulky goods, Syria, in general, was

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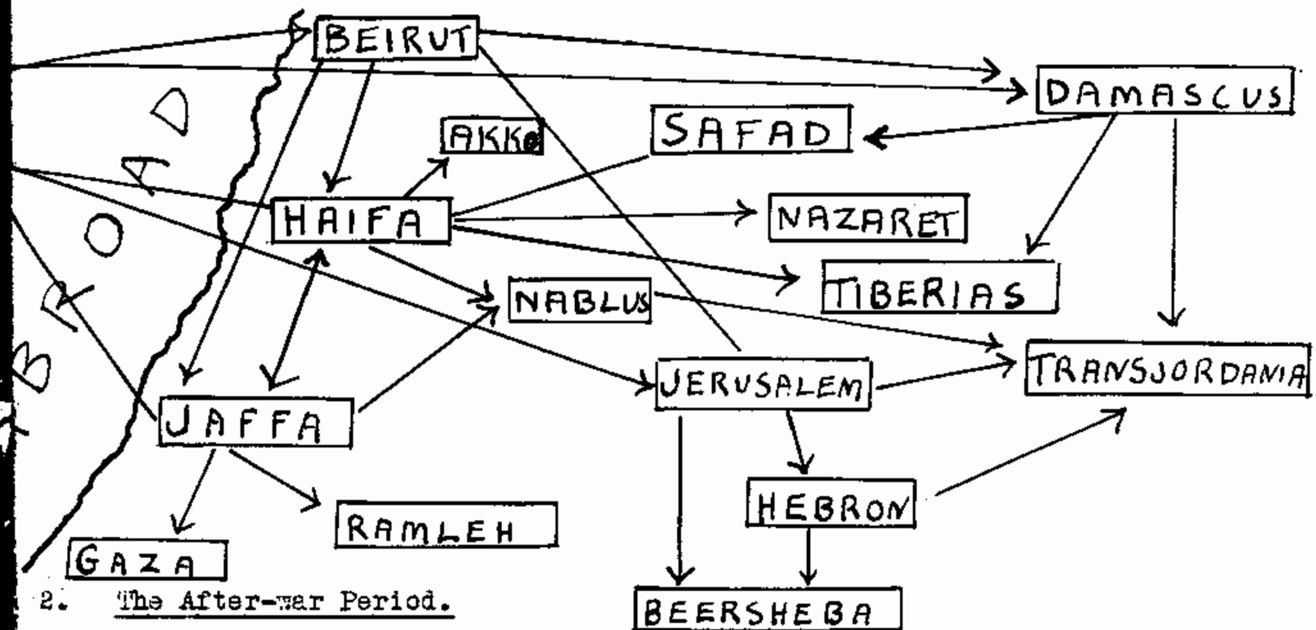
The share of foreign trade in total trade was more than 50%. See above p.95
See Dr. A. Ruppin "Syrian als Wirtschaftsgebiet", Berlin, 1916, p. 363.
This was especially enabled by the customs preferences. In the case if goods re-exported within 6 months to other parts of Turkey no special duty was raised. See Davis Trietsch "Handbuck, Von Palaestina", Berlin 1910, p. 121.

the most important. For 1907 it was estimated that about 90% of Palestine's requirements in cotton goods were supplied through Beirut. (1).

The internal distributing channel of imported goods would be according to Ruppin as follows (2):



2. The After-war Period.

The connection of Palestine's railway system with Egypt, the uniform currency and the change in political baoundaries put Egypt in first place in shipping goods to Palestine. Local merchants could now go to Egypt in a single night to transact business. In this way the goods in stock and on order could be reduced considerably (3).

With the progress in inflation in the European countries it paid the Palestinian merchants to send representatives to Europe and order directly from the factory or exporting firm in the currency which was undergoing depreciation (4). In 1924 the same reason brought the Palestinian merchants to Beirut (5), which was becoming again the supplyer of all the Near-Eastern countries (6). The French

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1. G.Britain, For. Office. Diplomatic & Consular Reports,"Trade of Palestine for 1907", Ann. Series No. 3974, London, 1908, p.7 .
2. See Dr. Ruppin,"Syrian als Wirtschaftsgebiet", p. 432, ff.
3. See Commercial Bulletin 1922 Vol. II, (old Series), p. 333 .
4. Mishkar Vetaasiya, Vol. III, 1925, No. 14-15 p. 435
5. See Commercial Bulletin , Vol. V, (Old Series), 1924, p. 131
6. Miskhar Vetaasiya, Vol. IV, 1926, No. 5, p. 113.

horities tried by a system of commercial treaties to bring back the re-export de to Beirut and Damascus (1). Their efforts were facilitated by the fact that thern Palestine and Transjordania belonged before the war to the administrative trict of Beirut and Damascus. Many of the Palestinian merchants were well known Beirut and Damascus so that credits were granted to them on more liberal conicns than in other countries (2). And so many small wholesalers found it more venient and economical to trade with Syria rather than order their goods from e distant countries--which would have required more capital. An additional factwas that the volume of Palestine's market was limited ; ordering on a large scale m the first sources of supply was risky(3). Therefore many of the Palestinian lesalers and even some retailers, conducting business ~~of~~ on a large scale had it ier to cover their requirements in the neighboring trading centres, where orization of imports was superior and prices lower than in Palestine (4).

Due to the limited extent of the Transjordanian market no local firms existed ere which ordered directly from Europe or the U.S. (5). It was supplied by Dascus, Jerusalem and Haifa (5). Damascus has been since ever an industrial centre r oriental goods, which are demanded by Transjordanian people. At the same time was a market for the raw-materials produced in Transjordania. This enabled the rchants of Damascus to grant open-credits in form of sales of merchandise which re repaid by raw materials by the Transjordanian merchants. In this way Damascus came Transjordania's supplying cetre not only for native goods but also for im-

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See Great Brit., Dept. of Overseas trade, "Report on Trade, Industry and Finance of Syria", by H.E.Satow, London, 1925, p. 10.
See Gr. Brit. Dep. of Overs. Trade, "Economic Conditions in Palestine", by K.W.Stead, London, 1931, p. 19.
Braver Haarez, p. 241.
See Gr. Britain, Dep, of Overseas trade, "Report on the trade, industry and Finance of Syria", p. 11.
Dr. S. Loevengard, "Transjordania to-day" Palestine and Near East, Vol. I, 1926, No. 4 p. 159.

rted goods.

The conditions for importing, however, have changed considerably since 1931. e depreciation of the English correncу made it unprofitable to purchase in Syria. e increase in the volume of trade of Palestine's market often permitted the mer- ants to deal directly with the producing countries (1). This tendency was shown rticularly with immigrants who had entered the wholesale and import business. rst of all they did not have the necessary connections with commercial and finan- al institutions in the neighboring countries and, furtheremore, it was more nvenient for them to deal directly with European suppliers, many of whom they d had previous commercial relations with. An additional factor is that many migrants in order to get their money out of countries where money-export-restri- ions exist, import their money in the form of goods (2). These factors are all king Palestine's trade independent of the neighboring countries (3) and in the ture Palestine may even become an important re-export center (4). The develop- nt which has already been shown is indicated by the following import statistics(5) on the next page.

It is interesting to note that indirect purchases (through Syria and Egypt) are creasing both in relation to the total imports and in absolute figures. The de- rease was from about £2,723,000 in 1926 to £1,978,000 in 1932 while during the

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. See Alfred Bonne, "Palaestina" 2nd edition, Leipzig 1933 p. 188.
. Mainly from Germany, Roumania, Tschechoslovakia, Austria etc. See Haaretz, Vol. XVIII, No. 4747, 27. II. 35, p,7
. See Zeev Vilnai, Dr. A Monne Madrich Eretz-Israel, Jerusalem 1934/5, p. 85.
. About the development of Pal. transit trade see appendix p.
. Since 1926, "imports are classified according to the countries where the goods were last owned" See "The Palestine directory and Handbook 1932", Mishkhar Metaasiya, Tel-Aviv p. 35.

rts	1925 (1) In £P	%	1926 (2) In £P	%	1930 (3) In £P	%
l:	7,338,491	100	6,429,245	100	6,985,258	100
pt:	375,169	5.5	1,723,893	26,8	1,591,355	22.8
a:	1,017,903	14.5	999,853	15.4	1,035,411	14.8

ts	1932 (4) In £P	%	1933 (5) In £P	%
:	7,768,920	100	11,123,489	100
t:	1,165,307	15	1,208,227	10.86
:	813,213	10.5	942,663	8.47

period the total exports increased by £1,340,000 (6).

Purchasing Countries.

.he trend in Palestine's exports shows an increase in the volume of goods for e markets. Since 1926 the exports to Great Britain increased from 39.9% (7) to

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Extracted from Rep. to L. of Nations for 1925 p. 17
" " " " 1926 p. 17
" " " £ 1930 p.
" " " " 1932 p.163
" " " " 1933 p.201

For the year 1933 is remarked a slight increase in the absolute figures, if red with 1932. The imports from Egypt increased by £P42,620 from Syria by ,065 together by £P 172,065 while total imports grew by £P3,354,569. In spite is slight increase the imports of goods of foreign origin from Syria decreased ding to the Rep. to Leag. of N. for 1933, p. 195, there are given the totals of ts of Syria's origin to Palestine for 1931, 1932,33, with £P810,000, £P683,000 P829,300 respectively. Subtracting these figures from the total imports from to Palestine (given in the above table, for the year 1931 they amounted to ,873) we perceive that foreign goods imported through Syria amounted in 1931 to

35% [1] in 1932, and to 60.17% [2] in 1933. On the other hand exports to E-
Sudan, and Syria decreased from 45.1% 1926 [3] to 10.99% in 1933 [2].
he exporting of goods to distant countries calls for a different organization
de than in exporting to neighboring countries. The distribution of the goods
s dependent upon factors which originate far from the eyes and attention of the
ers and exporters. The needs for quickness and sensibility of the exporting
zation for Palestine's goods grows in importance. Often independent pro-
s organize for export purposes only. Costs in handling the goods increases
h affects the net returns of the producers. At the same time opportunities
nomizing are indicated. This explains why in the export field the co-oper-
movement has developed more than in any other field of Palestine's trade (4).

See Rep. to L. of Nat. for 1932 p. 165.
" " " 1933 p. 201.
" " " 1926 p. 18.
Here, only the problems of export trade which directly concern organization of
e have been touched upon. The subject as a whole belongs to "foreign trade".

Appendix 31

"Buy Home Products" movement

he movement towards the encouragement of buying home products affects to a n extent the organization of Palestines internal trade. It tends to increase lume of local products handled in the home market and henceforth the type of men that carry on the country's trade (1). The initial movement has been d out under the auspicies of the "Federation of Jewish Industries in Palestine", e following measures have been used to encircle as many followers as possible:

. Occasional publication and distribution of catalogues of Palestine products.

Granting prices for the best window displays of local products.

. Furthering public discussions and talks about the merits of home products.

. Using home made textiles for uniforms of schools and other organizations.

. Granting in certain instances subsidies for esporters (2).

oncurrently with the movement of encouraging the use of home products in Pales-as that of encouraging the consumption of Palestinian products abroad (3). In f the fact that Palestinian industrial concerns are small and unable to handle dually an efficient distribution of their products abroad (4) nor an efficient ation of their raw materials (5) it was suggested that they unite and form a society of Palestinian industrialists. This organization is to start by con-g manufactured goods to reliable wholesalers in the different centres of the to be sold on commission basis. Later on with the development of this organiz-

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his is especially due to the non-participation of local wholesalers in the dis-ribution of local products.
The Congress of the 'Buy Home Products' movement", Miskhar Vetaasiya 1932 No. 2-13, p. 20.
his problem in times of prosperity and immigration diminishes in importance. ut with every stagnation this problem becomes actual again.
ME 1927, No. 2, p. 42, on "Palestine".
bout the dependency of Palestine's industry on foreign raw-materials, p. 53

ation it is advisable to establish branches in these foreign centres (1).

Another proposal was the appointment of "trade--representatives" in foreign markets where they study the conditions thoroughly and try to connect foreign traders with Palestinian manufacturers (1). Others went even further and suggested the establishment of a central clearing house in Palestine ~~which~~ whose function is to receive orders sent by foreign representatives, distribute these orders among the various local manufacturers, see to it that the orders are well attended to and even grant short term credit where necessary (2). The funds for carrying such a proposal are to come from the Zionist funds (3). A side issue of this proposal is to instal exhibitions of Palestinian products in the main Jewish centres of the world, to organize centralized advertising campaigns and even to grant subsidies to exporters ~~at the start~~ (4).

~~More~~ None of the above proposals has been carried out yet. However, with the development and increase of Palestine's industrial output some new measures of distribution are apt to be followed in time of depression (5). Whether these measures will prove as effective as those applied for agricultural products is rather questionable (6).

See D. Volchonsky, "To the problem of organising our export", in Miskhar Vetaasiya 1932, No. 4-5, p. 18.

"Organising Palestinian exports", PME 1928, Vol.3, No. 4, p. 64.

"Palestine", PME, 1927, Vol.2, No. 2, p. 42.

See Ch. Margulies, "The place of the Zionist Organisation in industrial development", Mischar Vetaasiya 1926, No. 14-15, p. 366.

As these proposals have never been executed we do not need to show the dangers of overcentralisation and overestimation the value of sentiments.

See later p. and p.

Geographical Distribution of Palestinian Traders.

	Order 26		Order 27		Order 28		Order 29		Order 30	
	Brokerage Commission & Export traders		Trade in Textiles		Skins Leather & Furs		Trade in Wood		Trade in Metals	
	Num.	%	Num.	%	Num.	%	Num.	%	Num.	%
tal Palestine	1384	100	1959	100	132	100	104	100	134	100
tal Main Towns	1004	72	812	41	82	62	66	63	107	80
ffa & Tel Aviv	541	38	289	15	32	24	44	41	44	33
uthern Dist.	160	12	350	18	15	12	11	11	9	7
rusalem	289	21	350	18	36	27	11	11	36	26
rusalem Dist.	45	3	235	12	12	9	5	5	6	4
ifa	174	13	173	9	14	11	11	11	27	20
rthern Dist.	175	13	562	28	23	17	22	21	13	10

	Order 31		Order 32		Order 33		Order 34		Order 35	
	~~Trade in~~ Pottery		Trade in Chemical Products		Hotels Cafés Restaurants		Other trade in Foodstuffs		Trade in Clothing & Toilet Articles	
	Num.	%	Num.	%	Num.	%	Num.	%	Num.	%
tal Palestine	146	100	292	100	4,020	100	12,501	100	971	100
tal Main Towns	21	14	200	69	2,756	68	5,400	43	659	67
ffa & Tel Aviv	9	6	71	25	1,442	36	2,543	20	271	28
uthern Dist.	67	45	24	8	209	5	2,789	22	92	10
rusalem	11	8	80	27	956	24	1,793	14	273	28
rusalem Dist.	22	15	16	5	169	4	1,220	10	33	3
ifa	1	1	49	17	558	14	1,064	9	115	12
rthern Dist.	36	25	52	18	686	17	3,092	25	187	19

ource:
: Mills, op. cit., vol. II p. 363

Appe[redacted] continued

Geographical Distribution of Palestinian Traders.

	Order 36		Order 37		Order 38		Order 39	
	Trade in Furniture		Trade in Building Material		Trade in Means of Transport		Trade in Fuel	
	Num.	%	Num.	%	Num.	%	Num.	%
al Palestine	235	100	188	100	253	100	159	100
al Main Towns	209	89	177	62	88	35	92	58
ffa & Tel Aviv	85	36	47	25	38	15	37	23
thern Dist.	5	2	29	15	76	30	11	7
rusalem	79	34	48	26	41	16	34	21
rusalem Dist.	7	3	12	6	17	7	3	2
ifa	45	19	22	12	9	4	21	13
rthern Dist.	14	6	30	16	72	28	54	34

	Order 40		Order 41		Order 42	
	Trade in Articles of Luxury Stationary & Books		Trade in Refuse Matter		Trade in other sorts	
	Num.	%	Num.	%	Num.	%
al Palestine	554	100	106	100	2,233	100
al Main Towns	434	78	63	59	1,061	48
ffa & Tel Aviv	197	36	45	42	456	20
thern Dist.	43	8	36	34	434	19
rusalem	198	36	18	17	425	19
rusalem Dist.	34	6	1	1	209	9
ifa	39	6	0	0	180	8
rthern Dist.	43	8	6	6	579	25

The geographical Distribution of Traders in the Most Important Groups of Trade.

	Group 122		Group 123		Group 126	
	Grocers & Sellers of Vegetable oil, salt of other condiments		Sellers of dairy produce eggs, poultry		Sellers of vegetables and fruit	
	Num.	%	Num.	%	Num.	%
Total Palestine	5,319	100	1,770	100	3,283	100
Total Main Towns	2,107	39	855	48	1,392	42
Jaffa & Tel Aviv	926	17	418	24	674	21
Southern Dist.	1,277	24	306	17	790	24
Jerusalem	741	14	297	16	432	13
Jerusalem Dist.	676	13	188	11	169	5
Haifa	440	8	140	8	286	9
Northern Dist.	1,259	24	419	24	932	28

	Group 127		Group 128		Group 143	
	Sellers of citrus fruit		Grain dealers		Itinerant traders, pedlars,& hawkers.	
	Num.	%	Num.	%	Num.	%
Total Palestine	130	100	866	100	1,948	100
Total Main Towns	115	88	298	34	894	46
Jaffa & Tel Aviv	112	86	101	12	367	19
Southern Dist.	10	8	196	23	316	16
Jerusalem	3	2	93	11	381	20
Jerusalem Dist.	2	2	89	10	198	10
Haifa	-	0	104	12	146	7
Northern Dist.	3	2	281	33	540	28

Appendix 12 : Seasonal Fluctuations of the

	Wholesale price Index	Cost of Living Index	Wheat Prices	Flour Prices	Olive Oil Prices	Milk Prices
	(1)	(2)	(3)	(4)	(5)	(6)
January	98.4	103.6	98.8	101	93	107.5
February	98.6	102.4	98.9	100	97	100
March	100.3	98.2	103.1	100	106	92.5
April	99.7	99	104.9	101	100	88.5
May	99.3	95.6	100.5	102	101	89.5
June	100	95.6	95.9	98	111	88.5
July	101	96.4	96	98	101	95
August	100	96.9	107.3	100	103	98.5
September	101	100.2	95.7	101	101	101
October	101	102.4	96.9	102	99	109.5
November	100.2	103.6	100.5	98	92	113
December	100.5	103.8	101.5	99	93	116.5

Appendix 4 : Seasonal

Fluctuations of the

	Mutton Prices	Butter Prices	Egg Prices	Rice Prices	Soap Prices
	(1)	(2)	(3)	(4)	(5)
January	113	104	138.6	102.2	101
February	115	98	113.6	101.4	100
March	108	94	89.2	101.4	99
April	95	90	81.3	101.3	97
May	86	92	73.8	101.3	98
June	85.5	94	71.6	100.3	97
July	91.5	93	72	101.3	100
August	96	99	80	100.3	102
September	98.5	98	85.2	98.5	103
October	100.5	116	109.9	98.4	101
November	104	111	133.8	96.4	101
December	107	111	151	96.4	101

APPENDIX 43

Seasonal Fluctuations in Sellings of Eggs in 1930 in Tel-Aviv.

	Monthly distribution of sales in percentages	Monthly fluctuations in sales (8.3% = 100%)
January	6.5%	78.03%
February	6.9%	82.83%
March	9.1%	109.24%
April	9.3%	111.64%
May	10.2%	122.44%
June	11.2%	134.45%
July	10.6%	127.25%
August	9.9%	118.84%
September	7.6%	91.23%
October	6.0%	72.02%
November	6.0%	72.02%
December	6.7%	80.55%
	100.0%	

Source: "Report on the Egg Production in Palestine & on International Trade in Fresh Eggs". Publication of Palestine Economic Society, Tel-Aviv, 1932, p.15

Appendix ??:

INDEX NUMBER OF WHOLESALE PRICES
(Basis July 1914 = 100%)

ar	Palestine	Egypt	England	U.S.A.
14	100	100	100	100
20	580	316	307	226
21	350	173	197	147
22	280	146*	159	149
23	241	123	157	151
24	240	132	163	147
25	255	151	157	160
26	248	129	149	151
27	242	118	141	145
28	267	117	141	141
929	211	109	137	142
930	173	102	119	120
931	159	96	104	105
932	173	83	102	93
933	171	--	--	--

Source:

Alfred Bonne, Palestina, Land Und Wirtschaft, Leipzig, 1932, p.204 and Statistical Year-Book of the League of Nations, 1932-33

Appendix 45:

INDEX NUMBER OF YEARLY WHOLESALE PRICES

(Basis 1922 = 100%)

ar	Palestine(1)	Egypt(2)	U.S.A(2)	England(2)	Italy(2)
22	100	100	100	100	100
23	86.0	90.4	103.5	100	101
24	85.7	97.9	101.4	104.4	104.7
25	91.1	104.1	106.5	100	122.1
26	88.6	90.4	102.9	93.1	123.6
27	86.4	83	98.6	89.3	99.6
28	95.4	82.1	100	88.1	92.8
29	75.4	79.5	98.6	86.2	90.9
30	61.8	70.5	89.2	75.5	77.7
31	56.7	65.8	75.5	65.4	64.7
32	61.9	56.8	66.9	64.2	58.6
33	61.1	---	---	---	---

) Bonne, Palestine, 1st edit. p.204 till 1930: For the later years from the corresponding"Blue Books". All the figures converted into 1922 as a basis.

) Statistical Year-Book of the League of Nations 1934/ p.266-8; for The figures of England are those of the Board of Trade; for Italy of Consiglio prov. dell, econ. di Milano.

Appendix 46

Monthly & Yearly Wholesale Price Index for Palestine (1)

(Base 1922 = 100%)

	1922	1923	1924	1925	1926	1927
ry	87.4	82.7	73.2	97.6	89.1	83.5
ary	93.1	83.5	73.9	99.8	86.2	84.4
	97.2	84.4	78.0	98.5	86.4	85.0
	101.3	85.0	80.5	95.1	87.3	83.6
	101.9	83.8	82.4	90.8	89.4	84.0
	102.7	82.6	80.6	93.2	88.5	83.5
	99.6	85.8	82.9	93.3	88.6	83.5
t	99.3	84.9	90.2	92.8	86.6	81.5
mber	98.8	83.9	93.4	89.7	87.7	81.1
er	100.9	86.4	98.4	86.1	87.3	83.2
ber	109.1	84.9	99.1	84.3	86.1	83.6
ber	111.1	83.4	96.4	84.3	86.0	82.9
ge	100	86.07	85.71	91.07	88.57	86.42

	1928	1929	1930	1931	1932	1933
ry	80.5	80.2	64.0	52.9	63.2	64.1
ary	78.8	81.2	63.2	52.3	64.7	63.2
h	79.7	80.1	67.0	53.0	67.4	62.1
	79.9	77.8	65.9	53.2	67.0	63.2
	80.0	75.5	65.7	55.4	64.9	61.6
	80.8	74.4	65.6	59.6	64.1	62.5
	80.9	73.9	64.8	63.2	62.7	64.0
st	81.1	72.8	64.8	56.9	64.7	63.7
ember	82.2	73.3	63.8	57.0	65.1	65.5
ber	82.2	72.2	61.5	63.5	62.4	63.4
mber	82.6	72.3	59.0	66.6	59.9	60.9
mber	83.6	69.9	59.0	66.6	56.8	61.0
age	95.35	75.35	61.78	56.7	61.92	61.05

Extracted from the Corresponding "Commercial Bulletins" & converted to 1922.

Appendix 47.

YEARLY NUMBER OF COST OF LIVING

Palestine[1]	Palestine[2]	Palestine[3]	Egypt[4]	U. S.[4]	U. K.[4]	Italy[4]
88.2	100	---	100	100	100	100
76.6	86.8	100	92.0	102.3	95.1	96.6
79.4	90.0	103.6	91.5	102.3	95.6	105.2
83.8	95.0	109.4	93.8	105.4	96.2	122.0
82.1	93.1	107.2	90.9	104.8	94.0	130.5
74.4	84.4	97.1	86.9	103.6	91.8	117.4
73.7	83.6	96.2	86.4	102.3	90.7	105.8
69.4	78.6	90.6	85.3	102.3	89.6	106.8
61.4	69.7	80.2	84.1	98.2	86.3	105.8
55.3	62.6	72.1	76.4	88.6	80.3	96.8
56.6	64.2	73.9	75.0	80.2	78.1	93.4
54.9	62.2	71.7	---	---	---	---

alestine Commercial Bulletin, March 1934, p.204. Basis January 1922.

asis 1922 = 100

asis 1923 = 100

tatistical Year-Book of the League of Nations 1932/33 p.270-2

INDEX NUMBER OF RETAIL PRICES (1)
(Bais July 1914 = 100%)

Year	Palestine	Palestine[2]	Egypt	England	U.S.A.
1914	100	--	100	100	100
1920	--	--	281	262	215
1921	560	--	196	226	145
1922	242	88.2	172	175	139
1923	203	76.6	152	165	144
1924	209	79.4	148	164	140
1925	230	81.8	158	168	156
1926	217	82.1	158	161	153
1927	205	77.4	157	156	150
1928	196	73.7	144	156	149
1929	131	69.4	140	153	155
1930	147	61.4	132	144	141
1931	146	55.3	120	--	--
1932	149	56.6	112	--	--
1933	145	54.3	--	--	--

(1) Alfred Bonne, op. cit., p.204.

(2) Commercial Bulletin for Palestine, March 1934, p.74. and Statistical Year-Book of the League of Nations, 1932-33, p.270-4.

MONTHLY AND YEARLY COST OF LIVING INDEX IN PALESTINE
(Basis Jan. 1922)

Expressed in Percentages.

ths	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933
n.	85.8	76.8	87.8	82.5	82.6	78.7	75.7	68.7	57.6	59.8	57.8
b.	83.5	75.7	90.4	82.6	83.7	76.9	75.6	65.5	56.3	58.9	54.0
r.	79.7	74.8	86.2	81.4	82.3	70.9	72.2	62.5	54.2	56.9	55.1
ril	78.2	76.8	85.2	79.0	78.3	74.4	69.6	60.6	53.1	56.5	53.9
y	77.5	76.2	80.9	78.9	74.8	73.0	65.1	60.0	54.3	55.2	52.0
ne	74.1	74.2	80.2	76.4	73.0	71.6	63.9	59.2	54.5	55.6	53.1
ly	72.6	75	81.5	79.6	74.0	71.9	65.5	58.6	53.3	54.1	54.8
g.	72.5	80.8	82.5	87.2	75.3	71.4	64.5	59.3	52.5	54.8	53.4
pt.	71.3	81.9	81.1	85.1	74.3	72.6	68.8	62.3	53.2	55.1	54.7
t.	72.8	84.5	84.6	85.8	76.3	72.2	71.7	60.4	55.9	57.1	55.7
ov.	74.2	87.7	82.5	82.4	76.5	75.6	68.8	59.9	58.4	59.7	56.0
ec.	73.8	88.7	83.6	82.5	77.3	75.3	70.9	59.4	59.8	56.1	57.7
verage eneral ndex.	76.6	79.4	83.8	82.1	77.4	73.7	69.4	61.4	55.3	56.6	54.9

ource: Commercial Bulletin of Palestine.

Appendix 50

Monthly Average Prices for Important Local Agricultural Crops

Wheat

		1926/27	1928/29	1929/30	1930/31	1931/32	1932/33	1933/34
tober	in L.P.	10.400	15.580	10.260	6.680	9.250	11.100	10.790
vember	"	10.900	16.310	9.560	6.660	11.210	11.200	10.830
cember	"	11.960	15.470	9.430	7.460	11.020	10.370	10.670
nuary	"	12.605	15.660	9.140	6.550	11.820	11.300	10.680
bruary	"	12.860	14.170	8.600	6.630	12.370	11.550	10.450
rch	"	13.120	16.400	9.040	7.020	13.210	10.300	10.500
ril	"	14.220	16.400	8.040	7.200	12.520	10.290	10.360
y	"	13.540	12.440	8.090	7.290	11.160	9.940	9.580
ne	"	12.580	10.620	6.530	6.830	10.700	11.550	9.540
ly	"	11.220	11.120	6.520	6.770	10.470	11.140	9.260
gust	"	10.100	10.940	7.500	6.570	10.570	11.240	9.030
ptember	"	10.840	10.580	7.250	7.650	10.870	11.030	9.770
erage		12.032	13.807	8.330	6.944	11.264	10.910	10.122

Barley

		1926/27	1928/29	1929/30	1930/31	1931/32	1932/33	1933/34
ctober	in L.P.	5.500	10.240	5.570	3.410	6.250	6.950	5.640
vember	"	5.800	10.410	5.500	3.920	6.110	7.090	5.530
ecember	"	6.270	10.810	5.330	4.700	7.840	6.960	5.680
anuary	"	6.240	11.290	5.610	3.960	7.310	6.810	5.590
ebruary	"	6.530	10.160	4.740	4.030	7.970	6.940	5.590
arch	"	6.580	12.040	4.630	4.490	8.650	6.690	5.600
pril	"	7.290	11.020	4.270	4.580	7.930	5.870	5.540
ay	"	7.190	6.770	3.780	4.330	5.170	5.260	4.870
une	"	6.860	5.830	3.220	4.400	6.490	5.270	4.440
uly	"	6.430	6.220	3.300	4.410	7.050	5.630	5.110
ugust	"	6.000	6.300	3.760	4.540	6.860	5.700	4.820
eptember	"	6.770	5.800	3.700	5.570	7.130	5.600	5.420
verage		6.455	8.907	4.451	4.362	7.288	6.230	5.336

Monthly Average Prices for Important Local Agricultural Crops

DURRAH

	1926/27	1928/29	1929/30	1930/31	1931/32	1932/33	1933/34
tober in L.P.	6.530	9.630	5.490	4.260	5.400	7.220	6.880
vember "	6.730	10.000	5.600	4.560	7.210	7.440	7.930
cember "	7.000	10.300	6.260	5.000	7.160	7.220	7.030
nuary "	7.270	9.800	7.000	4.480	7.270	7.240	6.960
bruary "	7.220	10.700	5.360	4.680	7.530	7.110	6.640
rch "	7.440	11.580	5.140	5.900	8.230	7.250	6.510
ril "	7.610	11.910	5.230	5.180	7.910	6.850	6.460
y "	7.730	9.650	4.640	4.920	7.520	6.400	6.100
ne "	7.020	8.800	4.320	5.120	6.870	7.040	6.500
ly "	6.670	7.660	4.190	5.000	7.080	7.310	5.880
gust "	6.610	6.700	4.190	4.190	6.880	6.970	4.860
ptember "	6.420	5.900	4.210	5.030	7.020	6.940	5.070
erage "	7.029	9.386	5.137	4.863	7.193	7.080	6.402

SESAME

	1926/27	1928/29	1929/30	1930/31	1931/32	1932/33	1933/34
tober in L.P.	27.050	25.150	18.030	12.340	16.750	22.760	19.360
vember "	27.360	27.670	18.800	13.170	18.600	23.040	19.660
cember "	26.560	28.770	18.620	14.290	18.610	23.210	19.900
nuary "	25.900	29.620	18.620	12.950	19.010	21.820	20.390
bruary "	26.700	26.940	18.680	11.320	19.690	21.020	19.020
rch "	25.200	31.910	17.980	13.330	21.130	20.040	18.380
ril "	26.400	33.900	17.140	13.840	21.150	18.350	18.190
y "	24.900	22.840	17.150	14.690	22.140	17.640	17.550
ne "	26.800	22.780	15.150	14.940	22.570	17.500	17.350
ly "	30.400	22.200	15.210	14.500	21.550	17.460	17.890
gust "	27.100	23.740	15.410	15.580	22.320	19.680	18.960
ptember "	24.100	19.600	12.060	15.490	12.200	19.380	15.890
erage "	26.541	26.260	16.904	13.870	20.481	20.160	18.548

Appendix [illegible] :

Average Retail Prices of 19 Essential Commodities in Use or Consumed in Palestine (1)

(Average Retail Prices throughout the Year)

modity	Unit	1927	1928	1929	1930	1931	1932	1933
		mils	mils	mils	mils	mils	mils	mils
eat	Kilo	13	15	13	9	8	12	12
ead	"	21	20	19	17	16	16	16
our	"	21	20	18	16	16	16	15
tton	"	124	117	104	92	83	88	87
ef	"	149	108	104	106	92	83	79
sh	"	154	125	108	117	104	96	92
lk	"	29	33	33	33	25	21	21
tter	"	243	258	217	200	171	163	158
eese	"	107	100	100	75	75	79	75
rosene	Tin	217	155	142	174	159	151	179
arcoal	Kilo	11	10	9	9	7	7	7
ce	"	25	27	22	20	18	19	15
ive Oil	"	75	84	80	42	40	48	55
gar	"	32	27	24	22	20	20	19
gs	Ten	41	40	45	34	26	30	33
ap	Kilo	57	59	56	38	34	40	45
ffee	"	130	120	121	96	75	83	85
tatoes	"	12	13	11	10	11	9	9
ions	"	10	9	7	6	7	8	6

(1) Extracted from the corresponding "Blue Books".

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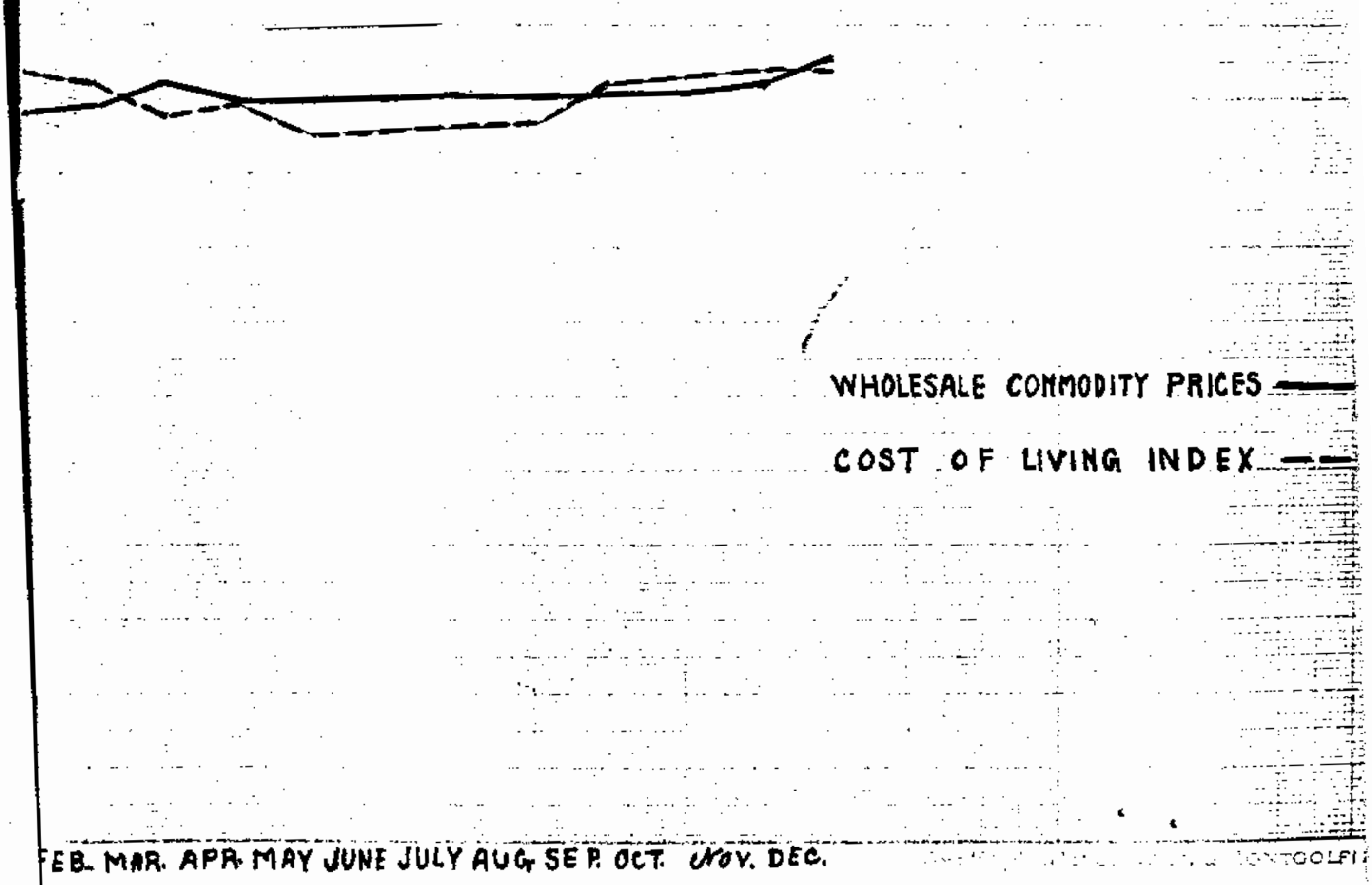
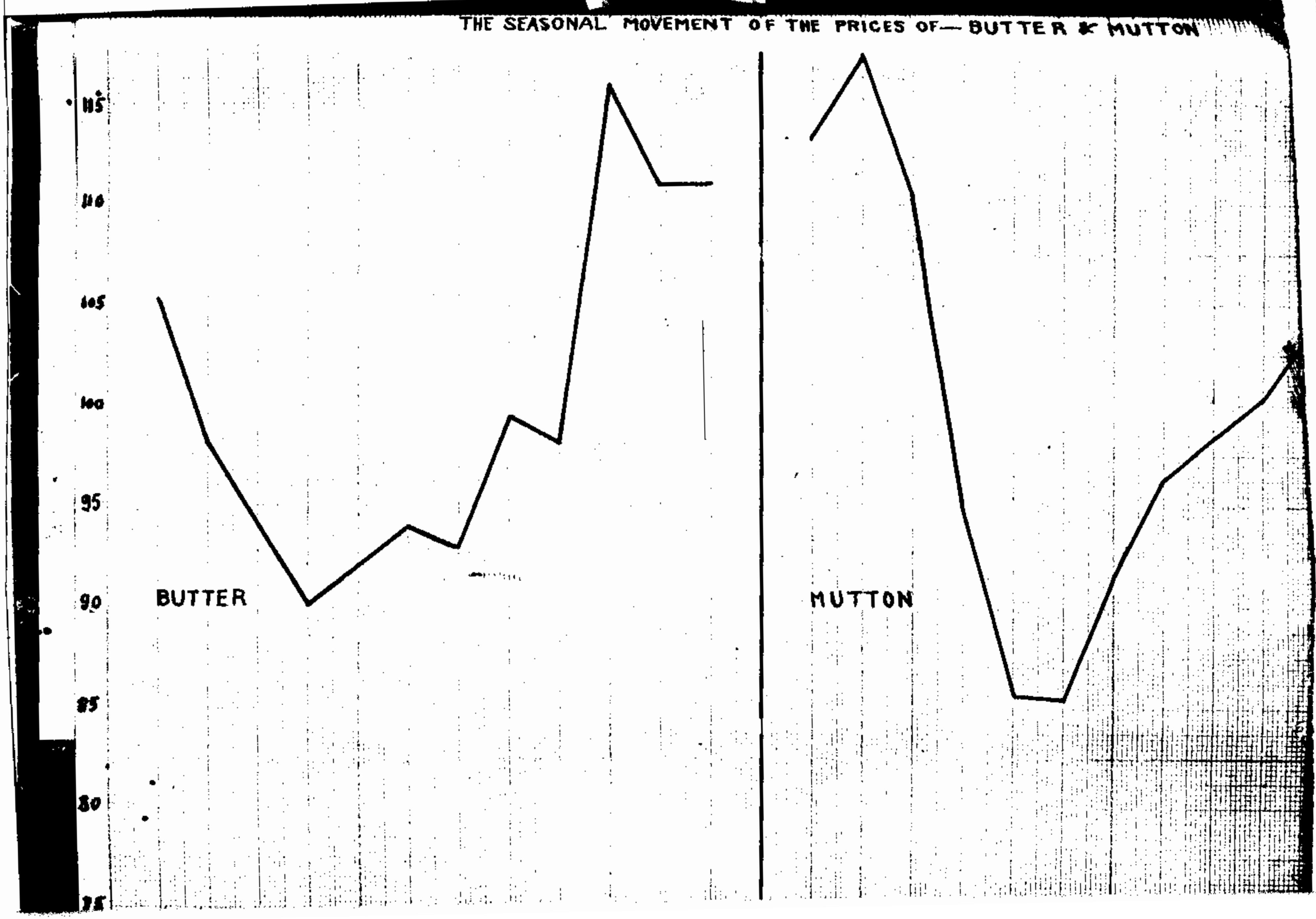
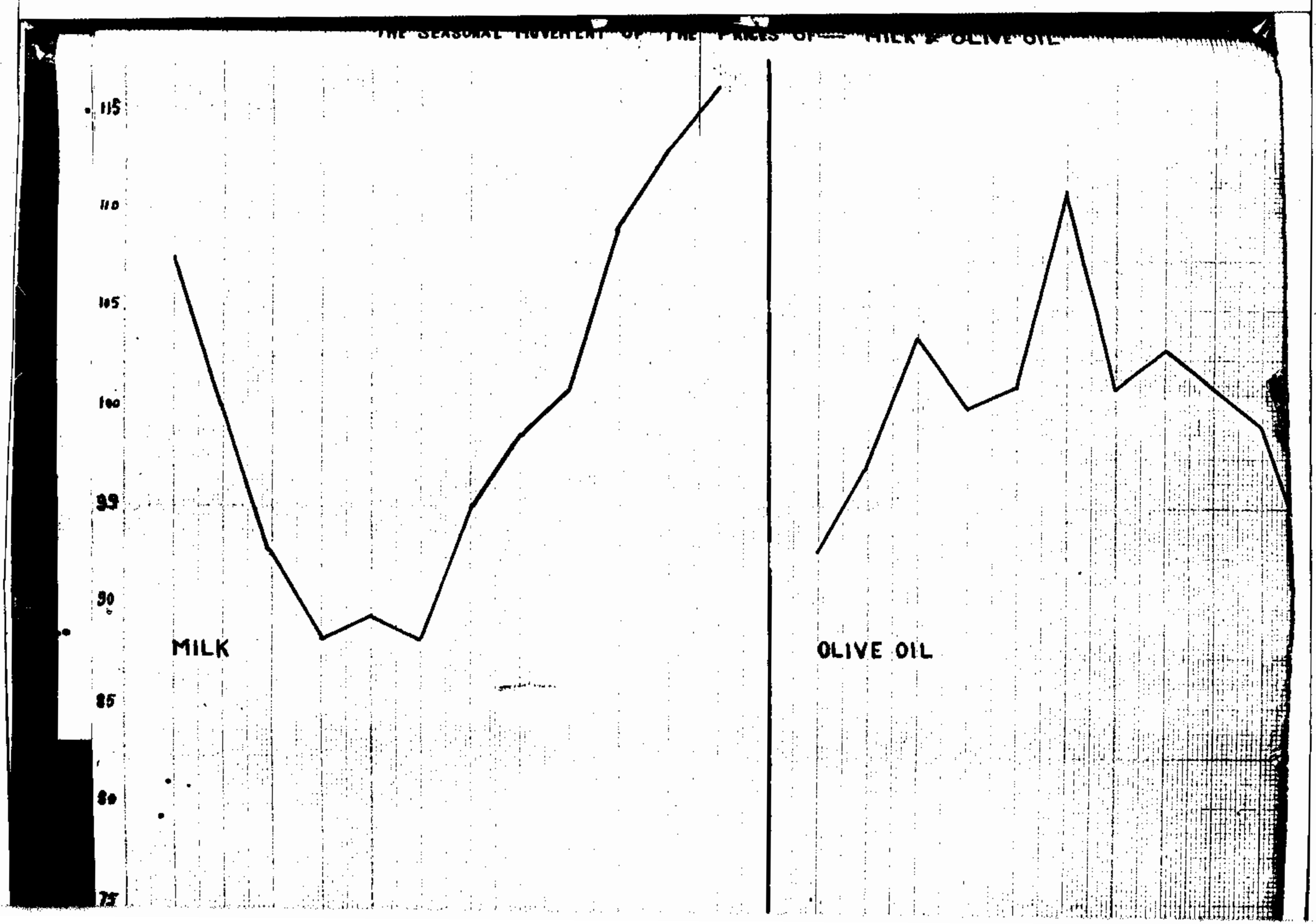
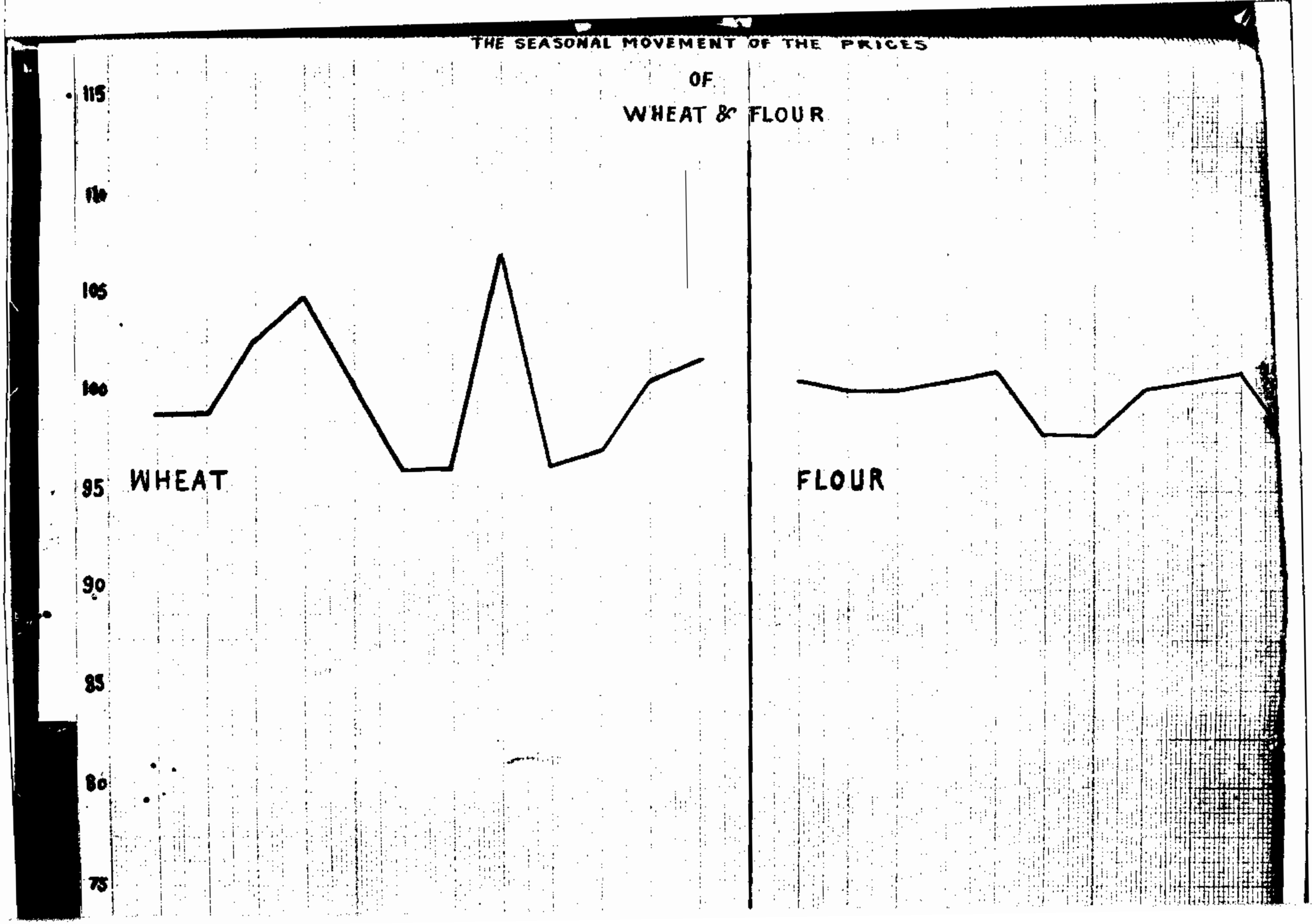
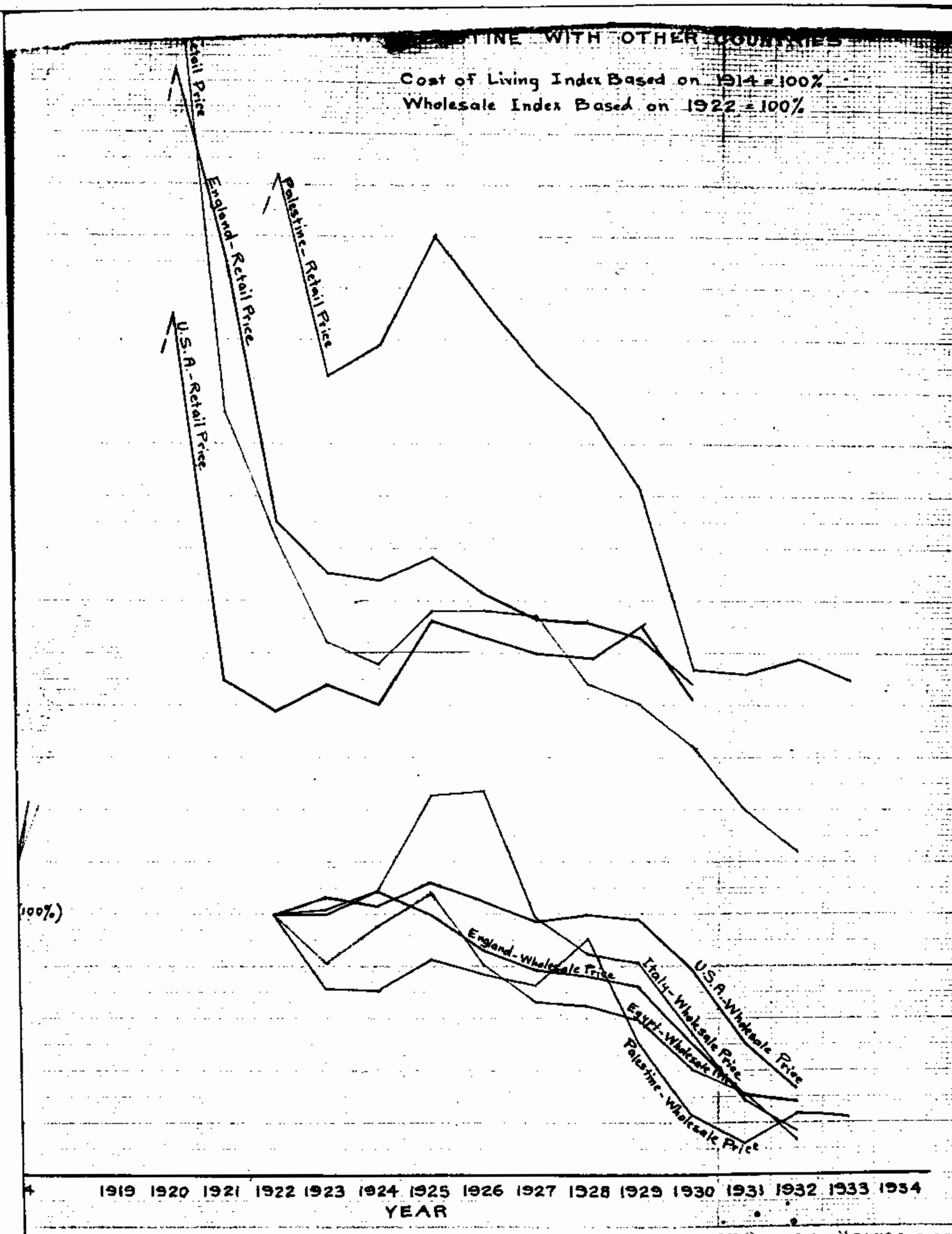
COST OF LIVING INDEX



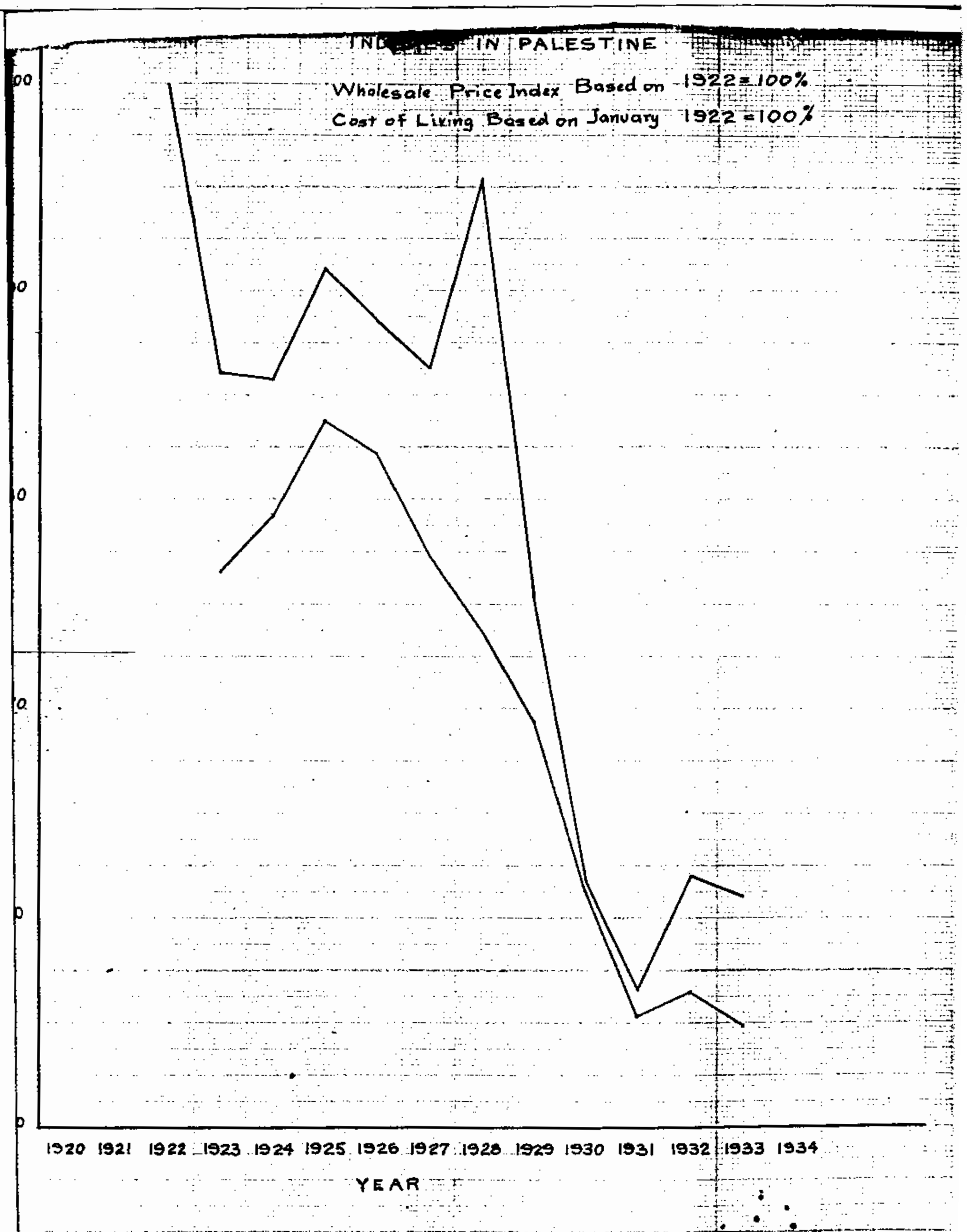

THE SEASONAL MOVEMENT OF THE PRICES OF— BUTTER & MUTTON
115
110
105
100
95
90
85
80
75
BUTTER
MUTTON

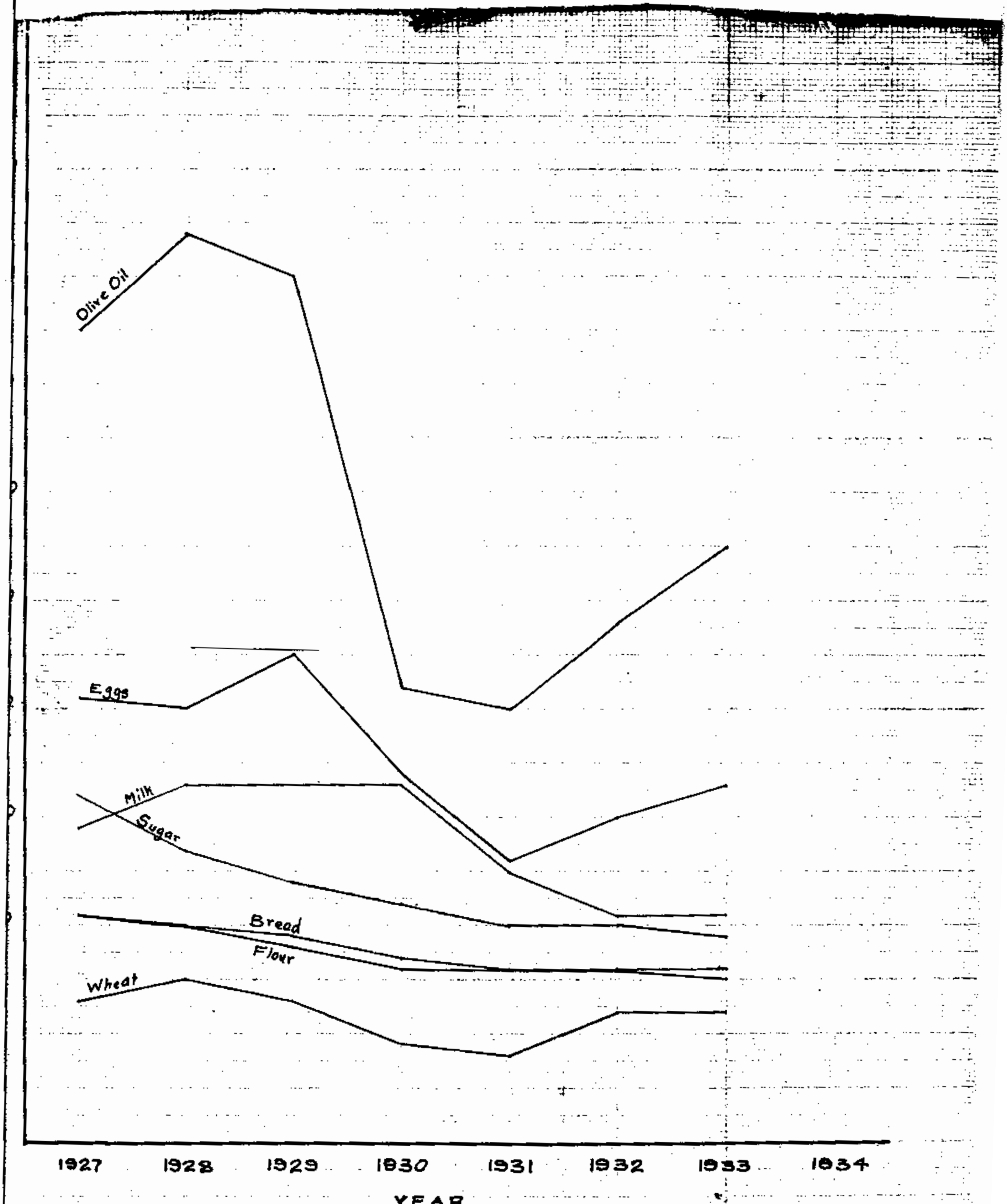

THE SEASONAL MOVEMENT OF THE PRICES OF MILK & OLIVE OIL
115
110
105
100
95
90
85
80
75
MILK
OLIVE OIL

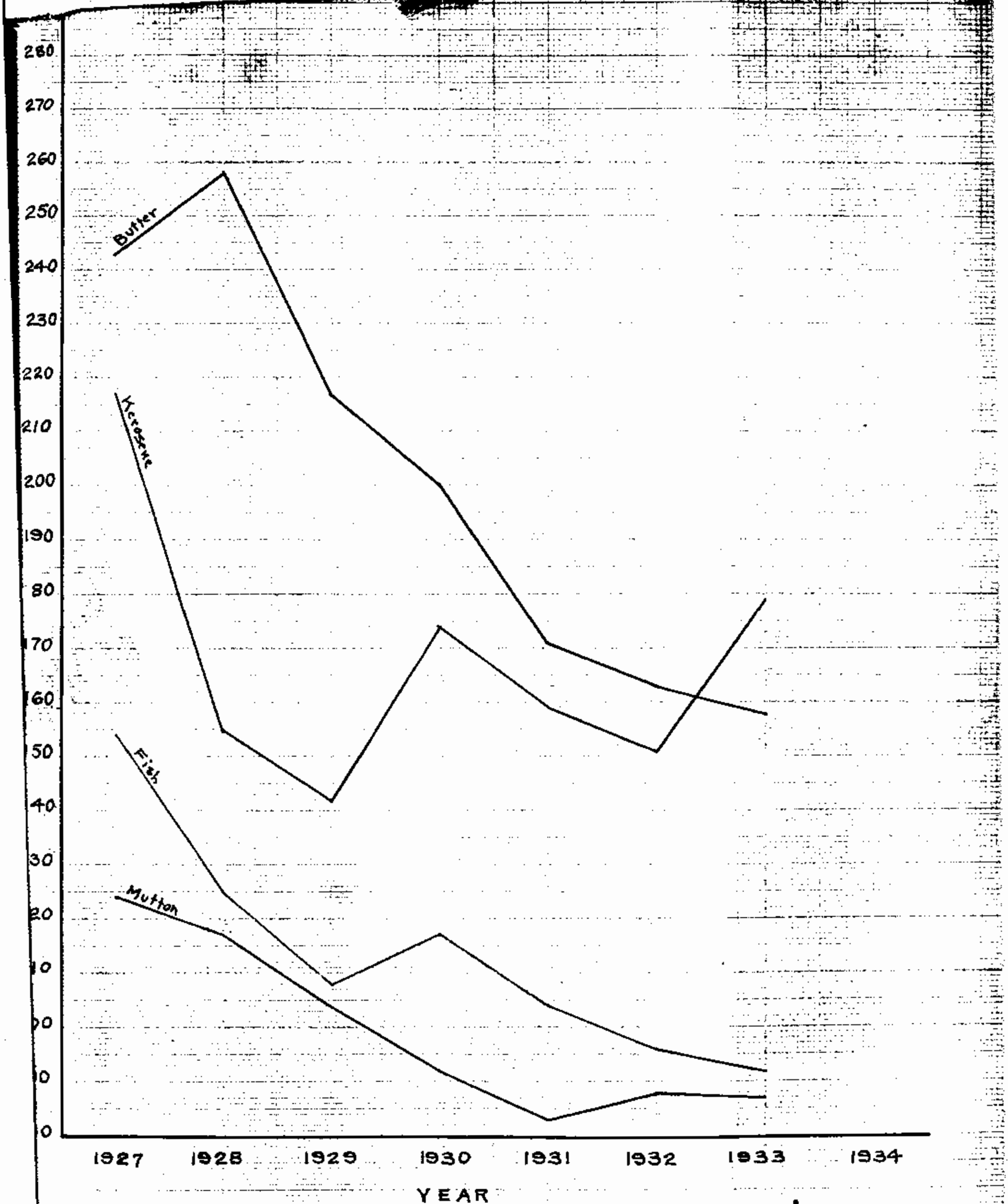

THE SEASONAL MOVEMENT OF THE PRICES
OF
WHEAT & FLOUR
115
110
105
100
95
90
85
80
75
WHEAT
FLOUR



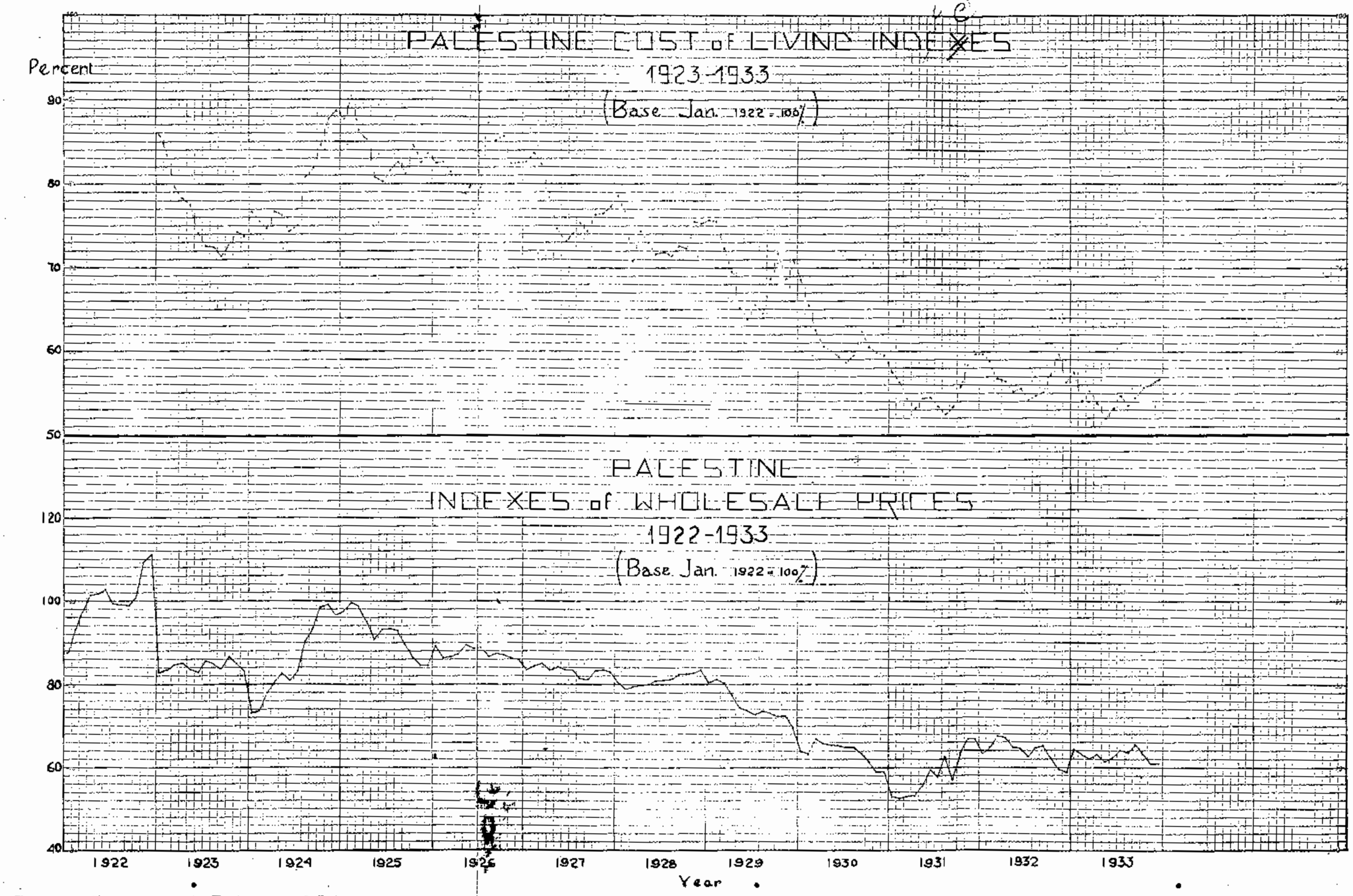
TINE WITH OTHER
Cost of Living Index Based on 1914 = 100%
Wholesale Index Based on 1922 = 100%
England - Retail Price
Palestine - Retail Price
U.S.A. - Retail Price
(100%)
England - Wholesale Price
Italy - Wholesale Price
U.S.A. - Wholesale Price
Egypt - Wholesale Price
Palestine - Wholesale Price
1919 1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1931 1932 1933 1934
YEAR


INDICES IN PALESTINE
Wholesale Price Index Based on 1922=100%
Cost of Living Based on January 1922 = 100%
1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1931 1932 1933 1934
YEAR


Olive Oil
Eggs
Milk
Sugar
Bread
Flour
Wheat
1927
1928
1929
1930
1931
1932
1933
1934
YEAR



280
270
260
250
240
230
220
210
200
190
80
170
160
50
40
30
20
10
00
0
0
Butter
Kerosene
Fish
Mutton
1927
1928
1929
1930
1931
1932
1933
1934
YEAR



Source: Commercial Bulletin of Palestine