

'Introducing a Distinction Which Your Lordship Would Not Allow': Official Debates on
Agricultural Co-operatives as a Means of Dealing with Fellaheen Indebtedness in
Palestine, 1929-1934

by

Amber Ayers
B.A. /University of Victoria/ 2007

A Thesis Submitted in Partial Fulfillment
of the Requirements for the Degree of

MASTER OF ARTS

in the Department of History

© Amber Ayers, 2010
University of Victoria

All rights reserved. This thesis may not be reproduced in whole or in part, by photocopy
or other means, without the permission of the author.

Supervisory Committee

‘Introducing a Distinction Which Your Lordship Would Not Allow’: Official Debates on
Agricultural Co-operation as a Means of Dealing with Fellaheen Indebtedness in
Palestine, 1929-1934

by

Amber Ayers
B.A. /University of Victoria /2007

Supervisory Committee

Dr. Martin Bunton, Department of History
Supervisor

Dr. Gregory Blue, Department of History
Departmental Member

Dr. Elizabeth Vibert, Department of History
Departmental Member

Supervisory Committee

Dr. Martin Bunton, Department of History
Supervisor

Dr. Gregory Blue, Department of History
Departmental Member

Dr. Elizabeth Vibert, Department of History
Departmental Member

Abstract

This thesis seeks to explain some of the factors influencing British colonial officials in mandate Palestine, in particular, British colonial officials' response to the 1929 Arab Revolt. The various groups in Palestine at the time of the Revolt agreed that it was a direct response to the increasing vulnerability of the Arab cultivator to lose the rights to the land on which he worked as a result of the particular combination of his indebtedness and the laissez-faire market in land supported by the British administration. Based on primary source research on memoranda and official reports from the British Colonial Office between the years of 1929 and 1934, this thesis seeks to examine the trajectory of British credit provision to the Arab population in Palestine in order to stop the tendency of Arab cultivators (fellaheen) to be caught in indebtedness leading to landlessness. The most influential official idea between 1929 and 1934 was one that supported the creation of credit co-operatives for the Arab population. However, credit co-operatives never became an effective means of dealing with the problem of indebtedness leading to landlessness amongst the Arab population in mandate Palestine. There were multiple difficulties associated with the creation of credit co-operatives for the Arabs in mandate Palestine. The most powerful obstacle to success in this colonial endeavour was the lack of consensus amongst officials on how to provide credit to Arab cultivators. There was little agreement on whether or not access to land should be secured for the cultivators prior to credit provision. In trying to demonstrate how much disagreement there was amongst officials about co-operatives and land rights, I am seeking to explain why co-operatives in Palestine failed. In the official discussions, it is clear that there were a significant number of officials who had a very detailed knowledge of the situation in Palestine. However, there was so much disagreement amongst officials that this understanding failed to translate into effective legislation that could deal with the land question and credit.

Table of Contents

Supervisory Committee	ii
Abstract.....	iii
Table of Contents.....	iv
Introduction.....	1
Chapter 1 Free Government and Despotic Markets: The British, Fellaheen Indebtedness and Land Rights in mandate Palestine, 1929-1934.....	34
Chapter 2 Idealism “must not blind us to the very grave risks that hover round this policy”: Official Divergences in Credit Provision and Co-operatives for the Arabs	74
Chapter 3 British Officials’Competing Conceptualizations of Co-operatives in Palestine between 1932 and 1934	113
Conclusion	146
Bibliography	150

Introduction

The study of land rights in mandate Palestine is particularly important because of the major transformations that occurred during this time, several of which took place out of the control of the mandate government, although the issue was always one of major official concern.

This thesis focuses on relationship between land rights and agricultural co-operatives under the mandate. Little has been written on co-operatives in Palestine and what has been written tends to use co-operatives as a concrete example of British failure to correctly identify what needed to be done to solve the economic problems of the mandate. The contention is correct; however, it is my contention that examining the discussions surrounding co-operatives is still useful in trying to explain the forces at play under the mandate. I attempt to illustrate the amount of expert knowledge gathered about credit provision for Arab cultivators, particularly through the examination of four official reports written by Hope Simpson, Strickland, French, and Lowick. When taken with the arguments made by some of the officials in the Palestine section of the Colonial Office, it is clear that there were a significantly large number of officials governing Palestine who understood the situation on the ground.

Despite the extensive amount of knowledge, there was actually very little consensus amongst the British officials about credit provision in mandate Palestine. Although officials agreed that cultivators were in extreme need of credit, there was no

agreement on how to provide it and there was very little agreement on whether or not access to land should be secured for the cultivators prior to credit provisions. These divisions between officials made writing about the British government in Palestine with any sort of coherence difficult. This thesis also attempts to explain the effect of the divisions between officials on the overall institutionalization of co-operatives for the Arab population.

Britain first established military control of Palestine in 1917 when it conquered the territory from the Ottoman Empire during the First World War. In 1920 the British established civilian rule over Palestine in preparation for the implementation of the mandate system. The mandate was an international agreement made through the League of Nations which granted control over the new territorial entity of Palestine to Britain and incorporated the terms of the 1917 Balfour Declaration which promised the Zionist movement British support for the creation of a Jewish National Home. It is important to qualify what “British rule” entailed in practice. It was not all Britons who concerned themselves with the governance of Palestine but rather two specific groups of individuals. In the metropolis, it was officials in the Colonial Office who oversaw the administration of Palestine. In Palestine itself, it was the high commissioner, his council, and his officials who governed Palestine. Starting in 1922 and continuing until 1935 there were attempts made by successive high commissioners to create a legislative council in Palestine that would provide a framework for Jews and Arabs to have institutional representation in the Government of Palestine. None of these attempts were successful and so Palestine under British rule never had an elected legislature. Arabs were thus never able to hold any significant positions of governmental authority under the

mandate.¹ Although the stated objective of the mandate system was to develop ‘self-government’ for the newly independent territory, events in Palestine under the British mandate inadvertently contradicted this objective. In 1948, when the mandate ended abruptly, there was no self-governing authority in Palestine to take over from the British.

Throughout the mandate period the Jewish and Arab communities of Palestine remained distinct and the government of Palestine remained positioned in between the two, unable to win the allegiance or the acquiescence of either. The Government of Palestine set up two parallel relationships, one with the Zionists and one with the Arabs. Both were outside the formal structure of the government.² The consultative administrative bodies that represented the Arab community in Palestine were the Arab Executive and the Supreme Muslim Council. Both represented particular Arab, urban, elite families and thus could not be considered as representing all Arabs living in Palestine.³ The effectiveness of these organizations was curtailed by internal divisions and their elite membership. The Jewish population in Palestine, on the other hand, effectively used its organizations, such as the Palestine Zionist Executive and the International Jewish Colonization Association, to influence the Government of Palestine.

This discrepancy between Jewish and Arab influence became increasingly evident in the ways these political bodies succeeded or failed to influence the British on important topics. Of particular importance were those related to the question of land purchase. Starting during the Ottoman administration and continuing under the mandate, Jews kept records of Jewish land purchases in Palestine. During the late Ottoman period,

¹ D.K. Fieldhouse, *Western Imperialism in the Middle East, 1914-1958* (Oxford University Press, 2006), 155-156.

² Fieldhouse, *Western Imperialism*, 157.

³ Fieldhouse, *Western Imperialism*, 157.

such land purchases had been restricted by the Ottoman administration. Under the terms of the post-war mandate such land purchases were instead expected to be facilitated, although ostensibly they were still supposed to take place under the direction of the British. In practice, however, the British were suspicious of the records of land ownership and usage kept by the Ottoman administration; the mandate government treated Ottoman records as though they were inaccurate. In the early years, the British were equally distrustful of their own land registry's ability to create a comprehensive system of land registration but they did recognize the records kept by the Palestine Zionist Executive as accurate official records. This recognition of the administrative powers of the Palestine Zionist Executive was part of a larger trend of British consultation with Zionist organizations working in Palestine, and it gave the Zionists in Palestine an advantage over the Arab community.⁴

This thesis will attempt to illuminate some of the problems the British faced in their attempts to govern the system of land rights in Palestine. The central focus of this thesis is the British endeavour to establish co-operatives for the Palestinian Arab population as a means of combating the indebtedness of certain small-scale land owners and tenant cultivators.

Co-operatives were one of several institutions that were subject to long and minutely descriptive official debates during the mandate period. Co-operatives themselves, as will be discussed more closely in chapter three, were never actually particularly well defined by officials. Each official involved in governing Palestine had a very particular idea of how co-operatives should work. However, there was very little

⁴ Kenneth W. Stein, *The Land Question In Palestine, 1917-1939* (Chapel Hill: The University of North Carolina Press, 1984), 32-33.

consensus between officials on this topic. Furthermore, no single official was willing or able to take charge of the provision of credit to Arab agriculturalists through co-operatives so the process remained fragmented throughout the mandate.

Often, discussions about co-operatives were framed in opposition to two other important institutions. One was the proposal for an agricultural bank, which differed from co-operatives in the sense that an agricultural bank would be directly controlled and administered by the government so that there was direct communication between cultivators and the government. Conversely, co-operatives were to be regulated by the government, but were decentralized institutions who were not funded by the government (rather by fees paid by members) and who were governed by the registrar and the president of the particular co-operative. The fact that the Ottomans had established a fully-functioning agricultural bank played a significant role in the way banks were perceived during the mandate period. The third institution that needs to be considered in the evolution of co-operatives is *mesha'a*. *Mesha'a* was a system of landholding that had existed in the Ottoman Empire and continued to exist under the mandate. In *mesha'a*, land was owned by a group of individuals, each of whom was entitled to exclusive use of a share of the piece of land to which the group held title. As will be illustrated throughout this thesis, the definition and redefinition of all three institutions was complex and fluid during the mandate period.

In Palestine, discussions around co-operatives for the Arab population were firmly rooted in a context of the tensions surrounding Arab cultivators' access to land. Consequently this thesis closely examines the tensions surrounding access to land that

were exacerbated by the mandate so that the reasons for setting up co-operatives for the Arab population between 1929 and 1934 may be clearly understood.

This thesis will focus mainly on British treatment of the Palestinian Arab population, but it is important to remember that land rights were one of the issues that were equally significant to Arabs, Jews as well as the Government of Palestine. Indeed, through the efforts of the Palestine Zionist Executive and the Jewish Colonization Association, Jews had acquired two million dunams (one metric dunam is equal to 1,000 square metres or approximately $\frac{1}{4}$ acre) of land by the end of the British mandate, a feat that was achieved through careful and deliberate land purchasing by the Zionists.⁵ Nearly all of this land was located in the valley and coastal areas, the most conducive to agriculture. This is notable given that out of the total 26.3 million dunams of land that made up mandate Palestine, less than a third was cultivable.⁶

The discrepancy between the reasoning behind laws dealing with land rights and the wording of these laws as they were promulgated in mandate Palestine will be discussed in this study. When it comes to legislation concerning Arab small scale landowners' and tenants' (referred to by the British by the Arabic term "fellaheen" plural and "fella" singular) access to land in the late 1920s and early 1930s, there are huge discrepancies between the intention of the law and the actual outcome of the law as it was promulgated. One possible explanation for these discrepancies is that the British who governed Palestine were willing to compromise so much that their legislation was ineffective. Yet, this explanation is over-simplified. Cain and Hopkins have warned against understanding "compromise" in the context of British colonialism in a way which

⁵ Stein, *Land Question*, 4.

⁶ Stein, *Land Question*, 3.

“drains the official mind of much of its content and reduces policy to an unending series of compromises in which the only discernible value is compromise itself.”⁷ It is more useful to try to understand compromise in a more specific way. Instead of considering legislation in Palestine as having been made ineffectual by compromise, it may be more useful to examine the way in which the law-making process incorporated different, often diametrically opposed objectives while still adhering to an overarching policy that was distinctly British colonial in the way it functioned.⁸ In the present study, the legislation concerning fellaheen’s rights to land passed between 1920-1934 will be examined so that the effect of the multiplicity of objectives within a singular piece of legislation may be recognized as part of a larger trend in British legislation concerning legal title to land in Palestine.

The primary focus of this study is how the British dealt with the difficulty inherent in securing the fellaheen’s access to land through the promulgation of legislation. It is evident that the British recognized fellaheen indebtedness and insecurity of title to be problems that needed to be solved; however, the difficulties the British confronted in trying to address these problems proved to be grave. The seemingly permanent nature of these difficulties caused the British to consider an alternative to legislation. Instead of using legislation to put restrictions on access to land, the British decided to create legislation that would institutionalize co-operatives in Palestine.

This paper is based on primary research done using official reports and minute sheets from the British Colonial Office between 1929 and 1934. The official reports were

⁷ P. J. Cain and A.G. Hopkins, *British Imperialism 1688-2000 Vol. 2*(Harlow and London: Pearson Education Limited, 2003), 11.

⁸ Cain and Hopkins, *British Imperialism*, 11.

written by individuals who did research on the ground in Palestine on the position of the Arab fellaheen there. The minute sheets were written by British officials in the Colonial Office in Britain, a significant number of whom spent time in Palestine at one time or another during the mandate. These minute sheets were circulated amongst the officials of the Palestine section of the Colonial Office. Some minutes are addressed to specific individuals and are signed by their authors; others are not. Each minute sheet lists in the upper left hand corner the names of the individuals working in the Palestine section. Sometimes these names are crossed out; it seems likely that this was done as each official received and read the minute. Regardless of their addressee and their addressor, it seems as though officials in the Colonial Office expected that all of the other members of the Palestine section would be reading the minute sheets and thus the minute sheets appear as more an ongoing conversation amongst the officials of the section than a correspondence restricted to certain individuals.

Although the minute sheets and official reports are rich with information, there are some serious difficulties associated with using these sources. Firstly, and most importantly, the minute sheets and reports provide insights into one side of the situation, the Arabs are not given a voice in either source. Secondly, there is scarce information on the men who wrote these sources. The background of these men and how they came to be working as part of the government of Palestine are unknown; although, both of these pieces of information would provide some very valuable insights as to the perceptions of the official in question. Related to the lack of information on the authors is the way in which the information in minute sheets and reports is provided. In both sources, the information is very detailed but very scattered. The officials were writing for other

officials governing Palestine and were likely not expecting any outsider to use their correspondences. Thus, there are absolutely no markers given by the officials about how the minutes should be used by anyone trying to establish some sort of narrative to officials' discourse. In establishing a narrative using the minute sheets and reports, one must be very careful to balance the need to organize information so that it may be presented in a coherent way to the reader, but one must do this without imposing a narrative structure that subverts what officials were trying to communicate in their writing.

Because this paper is exclusively based on British official documents and memoranda, a word must be said on the usefulness of official sources. It may be argued that laws are not an accurate reflection of reality. This argument is usually made in instances of colonial rule where the legitimacy of the foreign government to rule over the inhabitants of the territory is under greater scrutiny than is the case when the government and the governed have common national identities.⁹ This criticism of laws could be extended to include official reports as well. Because this paper makes extensive use of official reports, it is important to examine the usefulness of official reports as historical sources. Although official correspondence, like the laws, represent a particular official viewpoint of reality, this does not justify claims that either is of little value in studying mandate Palestine.

The period between 1929 and 1934 gave rise to a particularly formative set of legislative measures created by the British to try to address land issues and indebtedness amongst the fellaheen in Palestine. The intensification and expansion of such measures

⁹ For a discussion of the particular function of law in British settler societies, see *Despotic Dominion: Property Rights in British Settler Societies* ed. John McLaren, A.R. Buck and Nancy E. Wright, (Vancouver: UBC Press, 2005).

by the British were the result of a specific occurrence –the August 1929 revolt by Palestinian Arabs. Although the overall atmosphere of the Palestine mandate was such that political tension and unrest were common, the British understood that there was a deep significance to the Wailing Wall riots of 1929. Ostensibly, these riots began over disputes between Jews and Arabs over the wall which is a religiously significant site for both Muslims and Jews. These particular riots spun out of control very quickly, and at the end of the week of violence 133 Jews and 116 Arabs had been killed.¹⁰ The British were not at all equipped to handle the conflict and stopped it only after much confusion. Following the suppression of violence, a considerable number of officials in Palestine, including High Commissioner J.R. Chancellor, realized a shift in British policy was necessary. The difficulty the British had in suppressing the violence drew attention to the difficulty the British were having in summoning their authority to deal with the land question in Palestine which was creating tensions between the Arab and the Jewish populations. In particular, British officials recognized that indebtedness leading to dispossession was creating a group of disaffected, unemployed, transient Arabs who were willing to express their distress through a violent uprising.

The obligations of the British rulers in Palestine were set out in the League of Nations mandate by which the victorious World War One powers established tutelage over former enemy possessions. The British mandate for Palestine was different from other British and French mandates created by the League of Nations in that the former contained what became known as the “dual obligation”. The “dual obligation” referred both to earlier promises made by the British to the Zionists, in the form of the 1917

¹⁰ Fieldhouse, *Western Imperialism*, 162.

Balfour declaration, and to post-World War One promises made to respect the self-determination and to protect the civil rights of the “non-Jewish” (read Palestinian Arab) community which then constituted 90 per cent of the population. The main promises made to the Zionists involved their right to expand their base numerically through immigration; the right to purchase land on the open market; and the right of the Zionists to participate in certain administrative bodies in Palestine. As Barbara Smith observes, “In retrospect, the very admission of a dual obligation can be seen as a tacit acknowledgment that there would be intercommunal disputes over many key political and economic issues.”¹¹ Although the actual terms of the mandate only referred to the British obligation to “safeguard” the civil and religious rights of all people living in Palestine,¹² the division between the Arab and Jewish communities and the fact that both groups were undergoing changes, albeit very different ones, meant that “safeguarding” civil and religious rights was an extremely difficult process. As there was so much change occurring, it became a very convoluted process simply to establish what these rights included.

The existence of the “dual obligation” is testament to the particular importance of law in mandate Palestine. Roger Owen observes that the mandate system occurred at the same time as a significant shift was taking place in international law. The shift gave heightened consensus to the idea that military occupiers of a foreign territory should continue to employ the legal system already in place. Owen notes that this was the case in Palestine under both the military [1917-1920] and civilian British administrations [1920-

¹¹Barbara J. Smith, *The Roots of Separatism in Palestine British Economic Policy, 1920-1929* (Syracuse University Press, 1993) 6.

¹² *A Survey of Palestine Prepared in December 1945 and January 1946 for the information of the Anglo-American Committee of Inquiry* (Reprinted in Full With Permission From Her Majesty’s Stationary Office By the Institute For Palestine Studies, Washington D.C., 1991), 1-11.

1948] of Palestine.¹³ What is important to recognize here is that the very effort to maintain linkages between Ottoman law and law under the mandate caused major shifts in politics and economics in Palestine. In these circumstances, as Owen notes, the “development of the legal system soon lost much of whatever claim it might have made to extrapolitical or even customary authority.”¹⁴ In the process of the creation of legislation in mandate Palestine, both the presence of the British and the decisions made in government needed to be fully justified in terms of international objectives (as stipulated by the League of Nations’ mandate) as well as financial ones. The military occupation and the internationally recognized mandate were not enough to ensure that British decisions were recognized as legitimate by those who lived in Palestine or even to all officials within the administration itself.

Within the heavily contested arena of law in mandate Palestine, land laws in particular stood out as a central focus for the Arabs, the Jews, and the British. When the British took control of mandate Palestine the situation of the rural Arab population was beset with problems. Fighting on Palestinian soil during the war had caused significant destruction of the land itself. Existing independently of this situation were the structural problems facing Arab small scale landowners and tenants. Some of Palestine’s economic problems during this period were problems common to any market economy: changing demand with consequent rises and declines in prices, in addition to political conditions including wars and disturbances in the region itself but also in Europe and America, all of

¹³Roger Owen, “Defining Traditional: Some Implications of the Use of Ottoman Law in Mandatory Palestine” *Harvard Middle Eastern and Islamic Review* 1 (2) (1994): 115-131. He notes also the British occupation of Iraq in 1920.

¹⁴Owen, “Defining Traditional”, 121.

which were directly affected by market conditions.¹⁵ In the period immediately prior to the mandate, the rural economy had sustained a number of consecutive low yields.¹⁶ Connected with the problem of low yields were problems in tax collection which resulted partially from a lack of surplus in agricultural production and partially from the fellaheen's distrust of tax collectors.¹⁷ These problems concerned the majority of the Arab population in Palestine. The most conservative estimate is that at the beginning of the mandate 70% of the Palestinian Arab population was dependent on agriculture for its livelihood.¹⁸ In 1931, approximately 593, 785 Arabs out of the total Arab population of 782, 054 lived in rural areas of Palestine and thus in some way were involved in the agricultural economy.¹⁹ Approximately half were owner-occupiers. The remainder worked the land but did not own it: they paid rent to a landlord, giving the landlord either money or a set portion of the agricultural yield from the land on which they worked.

Despite the fact that Palestine's agricultural sector was a market economy, before the mandate there was no clear "Palestinian economy."²⁰ Most Palestinian Arabs were involved in agriculture and were peasants. Many urban notables and influential landowners were not Palestinian Arabs but were Lebanese, Syrian, and European.²¹

The impoverished condition of the agricultural economy should not obscure the fact that, in the later stages of Ottoman rule, the Palestinian countryside was undergoing

¹⁵ Alexander Scholch "European Penetration and the Economic Development of Palestine, 1856-82" *Studies in the Economic and Social History of Palestine in the Nineteenth and Twentieth Centuries*, Ed. Roger Owen (Oxford: St Antony's College, 1982), 13-14.

¹⁶ Stein, *Land Question*, 4.

¹⁷ Stein, *Land Question*, 16-23.

¹⁸ Smith, *Roots of Separatism*, 14.

¹⁹ *Survey of Palestine*, 141 & 147.

²⁰ Scholch, "Economic Development of Palestine", 21.

²¹ Scholch, "Economic Development of Palestine", 23.

massive changes. The 1858 Ottoman Land Code had caused a massive shift in the organization of land ownership, and the central government's increasing security measures were opening up new areas to settlement. Together, these measures meant that Palestine was becoming more and more integrated into the world economy, with the attendant opening up of new communications that this process entailed.²² The significance of this is that the Palestinian Arab population had already been experiencing massive changes in their economy and in the structure of their administration. The mandate certainly brought many unique changes and presented new challenges which in turn presented new difficulties to the Arab economy, but it is important to recognize that the difficulties came from the challenges themselves, and not any inability on the part of the Arab population to accept change.

This last point needs to be stressed because there was a certain segment within the British administration of Palestine who were suspicious of Palestinian Arabs' ability to accept change. According to D.K. Fieldhouse, members of the colonial administration in Britain, those who had written the Balfour Declaration and determined the terms of the mandate, "knew little of Palestine."²³ Those in the metropole, unlike officials on the ground in Palestine,

had no conception of the hostility of Palestinian Arabs to Jewish immigration and land purchase before 1914. Most seem to have regarded them as decadent "Levantine" who were unable to develop their own country. What they needed was an injection of skills and the western work-ethic. It was the classic western attitude to an allegedly backward people, and differed little from the view taken by the British and other Europeans of the societies of Black Africa and the Pacific during the partition of the world before 1914. Britons in Cairo, and later in Palestine, knew better.²⁴

²² Rashid Khalidi, *Palestinian Identity: The Construction of Modern National Consciousness* (New York: Columbia University Press, 1997), 95.

²³ Fieldhouse, *Western Imperialism*, 217.

²⁴ Fieldhouse, *Western Imperialism*, 217.

Yet, despite the similarities with which officials in Britain regarded Palestinian Arabs and the indigenous populations of Africa and Asia, there were differences in the way Britain governed Palestine when compared with other territories under British rule. As Jacob Metzer has observed, unlike typical colonial administrations, particularly those in colonial Africa, the administration of Palestine provided a legal framework for otherwise mostly unregulated economic activity.²⁵ In the land transactions and in the labour sphere, this unregulated approach resulted in a strict differentiation between Arab and Jewish sections of these areas.²⁶ The most significant aspect of this particular approach, as Jacob Metzer has argued, is that the government did not intervene even when ethno-national rivalry motivated Arabs and Jews to disrupt free economic activity, particularly through boycotts and labour hiring practices, but also through other actions with equally decisive outcomes.²⁷ Ideologically, an unregulated approach to governing the economy meant that there was no distinction between all who participated in it. In practice, however, this unregulated approach produced an economic sphere that affected individuals differently based on ethnicity and political affiliation, the very boundaries that an unregulated approach was supposed to transcend.

The unregulated approach to the economy had an unintended destructive impact on the Arab agricultural sector.²⁸ After the war, the agricultural economy was in a depressed state and many landowners and tenant-cultivators were in debt. The unregulated approach to the agricultural economy failed to resolve any of the problems in

²⁵Jacob Metzer, *The Divided Economy of Mandatory Palestine* (Cambridge:Cambridge University Press,1998), 201.

²⁶ Metzer, *Divided Economy*, 203.

²⁷ Metzer, *Divided Economy*, 203.

²⁸ Smith, *Roots of Separatism*. Metzer, *Divided Economy*.

the Arab economy, specifically lack of access to capital for investment in the land. The stagnant rural economy facilitated a high volume of land transfers which threatened to create a group of landless cultivators.²⁹ Exacerbating this problem was the policy, unique to the Palestine mandate, which required Palestine not to discriminate in its trading relations against any member of the League of Nations.³⁰ This meant that in key economic areas such as olive oil and sesame seed production, it became unprofitable for local growers to compete in the market with foreign imports, especially those from China.³¹ It would have been logical for the British government to use legislation to stop the creation of a class of landless Arabs. As it was, enacting legislation that would have affected one particular group out of the entire population within mandate Palestine was difficult to the point of being nearly impossible. This was because of the problems officials faced in *justifying* such legislation.

In part, the attention the British gave to justifying laws in the 1920s and 1930s was consistent with ideas at the time about how governments in general should operate. The importance the British attached to the ability of the state to ensure the functioning of an unregulated market economy anchored in and in turn ensuring individual property rights was ideologically consistent with the liberal-market perspective enunciated in the late nineteenth century. According to that doctrine,

...a self-regulating market society becomes inextricably linked to a certain understanding of the 'rule of law' which refers to a definition of individual rights and freedoms in terms of general laws. The generality of law is expected to shield universal rights and laws from the laws of the state. The latter, it is argued, in their particularistic thrust, are protective of special interests as opposed to the 'general' interests of individuals engaged in market

²⁹ Smith, *Roots of Separatism*, 115.

³⁰ Sarah Graham-Brown, "The Political Economy of Jabal Nablus, 1920-1948" *Studies in the Economic and Social History of Palestine in the Nineteenth and Twentieth Centuries* ed. Roger Owen (London: Macmillan Press Ltd. for St. Antony's College, Oxford, 1982), 97.

³¹ Graham-Brown, "Political Economy of Jabal Nablus", 97.

transactions. The general formulations of rights and freedoms in law provide certainty and predictability in market transactions, while institutional autonomy ascribed to law imparts a sanctity to the general formulations.³²

The idea that the law was a generality and therefore able to protect universal rights was prevalent amongst British officials in Britain and in Palestine. These officials saw the law as something that had sanctity above and beyond the state. In reading the correspondence of officials, one can distinctly see the particular effort made by officials to keep the state and its potentially “special interests” out of the way of the “general” interests of the law. However, in practice, officials working in Palestine were faced with the reality that law quite often did not act in a universally uniform way. Instead, it affected individuals differently according to political and economic distinctions. Officials were thus confronted with the paradoxical challenge of using state power to ensure the generality of law which was supposed to be more powerful and all-encompassing than the state itself.

This paradoxical challenge remained in place throughout the mandate and officials were continuously trying to overcome it. One of the most common ways to make the law seem as though it were above the state was to use justifications that invoked a sense of legitimacy. These justifications usually appealed to concepts that were not necessarily directly connected with the state. As Owen very effectively argues, regardless of whether the British were making changes in the law according to the ideal of honouring tradition or the ideal of implementing progress, it was always necessary for the

³² Huri Islamoglu, “Introduction” in *Constituting Modernity: Private Property in the East and West* ed. Huri Islamoglu (London: I.B. Tauris, 2004), 16.

British to justify the changes they made; there was no stage at which the state's objectivity become so accepted that justifications were no longer needed.³³

Ottoman historian Huri Islamoglu draws attention to the erroneousness of the assumption that law and the state necessarily work in conjunction with one another. In the formation of systems of individual ownership of property, courts and central governments can overlap and/or stand in tension with each other.³⁴ It is necessary to be aware of these convergences and divergences between the state and the law when examining land and property laws in Palestine.

The trajectory of legislation and official discourse of British officials dealing with the agricultural economy in Palestine neatly fits the tension between law and politics described by Islamoglu. In the wake of the 1929 riots the British tackled head-on the subject of an agricultural bank, and then that of co-operatives as a means of confronting the problems that the government was facing in dealing with indebtedness and landlessness. Between 1929 and 1934 the British attempted to develop credit institutions for the Arab population as a means of preventing indebtedness, which, throughout the 1920s and 1930s, tended to lead directly to loss of title to land.

In 1929 the British requested the assistance of C.F. Strickland, a colonial official who had extensive experience with co-operative organizations in the Punjab. The British colonial administration requested that Strickland make recommendations for the development of co-operatives in Palestine amongst the Arab population where there was little precedent for co-operative organizations. Over the next five years, Strickland and British officials in Palestine and in the Colonial Office in London discussed the matter of

³³ Owen, "Defining Traditional", 120-121.

³⁴ Islamoglu, "Introduction", 16.

co-operatives extensively. In 1932 a registrar of co-operative societies was appointed and his voice was added to the discussion. In the minds of all these British officials, co-operatives were a solution to the endemic problem of fellaheen indebtedness. For the British officials working in Palestine, co-operatives and the land question were intimately connected to one another.

However, the connection between co-operatives and the land question in Palestine had not been apparent to British officials initially. At the beginning of the mandate, co-operatives existed only amongst the Jewish population. The Co-operative Societies Ordinance of 1920 was clearly intended to give recognition to Jewish co-operative societies that were already in existence. Although theoretically the 1920 ordinance applied to all people living in mandate Palestine, by the terms of the ordinance, only groups with previous experience were able to form credit facilities. This in practice meant the Jews were the only ones for whom this ordinance was of any use.³⁵ The ordinance was intended to provide a legal means by which all co-operative societies could be registered by the government and, in turn, provided a way for the government to regulate these societies. The ordinance did not contain any provisions that would allow the government to change the nature or the constitution of co-operative societies.

The problem with the land question in Palestine was that land transactions- that is to say, land sales and land purchases- were generally outside of the control of the British. While in a sense this was ideologically consistent with an unregulated economy, the degree to which land was changing ownership and the impact this was having on the Arab fellaheen was destructive to the agricultural economy. This decline in fellaheen's

³⁵ Smith, *Roots of Separatism*, 115.

conditions contravened the obligations of the British under the terms of the mandate to “safeguard” the rights of those living in Palestine prior to the war. Arab land sales to Jewish buyers had started taking place prior to the mandate and had been an object of controversy.³⁶ Due to the promises made in the Balfour Declaration and incorporated in the mandate document, Jewish land purchase under the mandate increased significantly in scale. There is ongoing controversy over how much land was sold by fellaheen, how much land was sold by urban notables, and how much land was sold by absentee landowners; the numbers of each group can be used in arguments that criticize the legitimacy of Palestinian nationalism. Stein argues that the great number of land sales from Palestinian notables to Jews was indicative of an “absence of true commitment to Arab nationalism.”³⁷ Stein makes the further claim that in the first nine years of the mandate, more than one quarter of the land sold by Arabs to Jews came from Palestinian notables and fellaheen.³⁸ This means that three quarters of the land acquired by Jews would have been sold by absentee landlords. Rashid Khalidi argues that the “bulk of land would indeed seem to have been sold by non-Palestinian absentee landlords, for whom these were no more than straight-forward commercial transactions.”³⁹ What is significant in the matter of land sales, as Stein points out, is that even when land was sold by Palestinian Arabs to Jews, there was not complete freedom of choice on the part of the Palestinian Arab. Stein is heavily critical of the British government for failing to provide

³⁶ Khalidi, *Palestinian Identity*, chapter 5.

³⁷ Stein, *Land Question*, 70. See Appendix 3 of Stein’s book for a list of Palestinian notables who sold land to Jews.

³⁸ Stein, *Land Question*, 66.

³⁹ Khalidi, *Palestinian Identity*, 114.

money and capital to Arab tenants and owner-occupiers.⁴⁰ The British failure to provide money and capital under conditions of economic distress that had existed since the beginning of the Stein mandate and that increased in intensity in the period around 1930 made land sales the only means of gaining a much needed source of capital in many cases.⁴¹

British officials had to defer in all legal matters to the opinions of the secretary of state for the colonies and to the chief justice in Palestine; it was they who decided whether laws were politically justifiable or not. In Palestine, given the terms of the international mandate system, what determined the justifiability of a law was whether it could in any way be perceived to have a political or ethno-national bias. High Commissioner J.R. Chancellor more than once referred to the “differentiation which Your Lordship is not prepared to accept.”⁴² This “differentiation” was legislation that would control dispositions, or land sales, between Arabs and non-Arabs. The specific context of Chancellor’s comments was the 1930 Transfer of Agricultural Land Bill but the same expression was used whenever the question of the protection of cultivators and tenants arose. The particular bill under question was intended to prevent tenants and cultivators from losing their land by making it more difficult for tenants and cultivators to be evicted by their landlords. According to Chancellor, there were major problems with the bill because it made dispositions more complicated in legislation without actually changing the current trend; it threatened to create a “greater administrative problem and a greater interference with credit than it would do if it did not establish control over

⁴⁰Stein, *Land Question*, 64.

⁴¹ Stein, *Land Quesiton*, 70.

⁴² Great Britain, Colonial Office Records, CO 733/199. Mflm. 13356. J. R. Chancellor Secret Reference No. 4014/30. January 3, 1931.

dispositions as between Arabs and dispositions between non-Arabs⁴³ (dispositions referred to the buying and selling of land). This particular bill was created in recognition of the fact that Arabs were being singled out in the mandate in the sense that they were the group in which indebtedness and landlessness were prevalent; however, as Chancellor pointed out, the bill would exacerbate these problems instead of ease them.

From Chancellor's perspective, even once the British were favoured with all the conditions requisite for enacting legislation, the discrepancy between the intentions of the law and the effects it had in reality could pose major problems. Avoiding making a distinction between Arabs and Jews was considered to be of fundamental importance. As will be seen in the following chapters, the distinction between Arabs and Jews in fact was continually reinforced by the application of law under the mandate. Although politically contrary to the terms of the mandate, this distinction was reinforced in particular by the very different economic opportunities available to Arabs and Jews. Paradoxically, this distinction was a direct result of the unregulated approach to the economy. In response to this latent outcome, however, the British did not abandon their support of an unregulated economy but instead tried to reverse its most destructive impacts so that an unregulated economy could continue to operate in Palestine without having a destructive impact on either the Arabs or the Jews.

There has been a considerable amount of scholarship that examines the British attempt to make the Palestinian economy more amenable to market forces during the mandate.⁴⁴ This scholarship is scrupulous and has produced nuanced works that present

⁴³ Great Britain, Colonial Office Records, CO 733/199. Mflm. 13356. J.R. Chancellor Secret Reference No. 4014/30. January 3, 1931.

⁴⁴ See especially Graham-Brown, "Political Economy of Jabal Nablus". Metzer, *Divided Economy*. Amos Nadan, *The Palestinian Peasant Economy Under the Mandate: A Story of Colonial Bungling*, (Cambridge:

the factors that prevented the British from succeeding in this endeavour. The scholarship has stayed away from deterministic explanations that put the blame on either the colonizers or the colonized; it has instead isolated specific features of the time the British were in Palestine that, taken together, created the convoluted situation which made it impossible for Palestine to exist as an independent polity. The focus here will be only on the scholarship that concentrates specifically on *rural* economic issues in mandate Palestine, but this study will attempt to apply the same nuanced approach that scholars have used to describe the mandate's overall economy.

It is important to recognize that, although one should avoid making generalizations about colonizers and colonized, mandate Palestine did contain many features seen in colonial relationships elsewhere between Britain and her formal colonies. As Smith phrases it, the mandate of Palestine was based on the idea that Palestine was unable to “stand alone” and therefore needed the “tutelage of advanced nations.”⁴⁵ Palestine was notable amongst colonies and mandates in that, in addition to the indigenous population and the mandate government, it included a third group, neither the colonizers nor the colonized: the Zionists. In the view of the League of Nations the Zionists' function in mandate Palestine would be to create a “bridge” between East and West.⁴⁶ Certain Britons very strongly believed in the ability of Zionism to positively influence the Arab population, to modernize the economy and to raise the standard of living of the Arab population. This was not to be the case in reality, but these officials

Distributed for the Center for Middle Eastern Studies by Harvard University Press, 2006). Roger Owen, “Introduction” *Studies in the Economic and Social History of Palestine in the Nineteenth and Twentieth Centuries* ed. Roger Owen (London: Macmillan Press Ltd. for St. Antony's College, Oxford, 1982). Scholch, “European Penetration and the Economic Development of Palestine, 1856-82.” Smith, *Roots of Separatism*, 1993.

⁴⁵ Smith, *Roots of Separatism*, 52.

⁴⁶ Smith, *Roots of Separatism*, 53.

remained very strongly influenced by their belief in the transformative impact of Zionism on Palestine as a whole.

Even the British who did not think that the mere presence of Zionists in Palestine would fix the economic problems that were plaguing Palestine still believed that the linkages between Europe and Palestine created by the mandate would have a gradual improving effect on Palestine independent of the actions of individual British officials there. So much was this the case that the British sometimes held back as a government because of the belief that Zionists in Palestine would be able to implement institutions that would benefit the territory as a whole, Arabs and Jews alike. This was certainly the rationale behind the 1923 British decision to withhold agricultural loans pending the development of agricultural credit institutions. However, as Smith very convincingly argues, this approach was a disaster: seven years later, co-operative legislation remained at a standstill, and no other forms of agricultural credit were recognized as deserving of government attention.⁴⁷ Martin Bunton notes that despite the limited scope of co-operative credit societies in the 1930s, the government still considered them a success. In theory, co-operatives were supposed to take limited government funds and to grow slowly because their development was predicated on the Arab agriculturalists' change in character away from so-called "traditional" economic practices to practices congruent with co-operative credit societies.⁴⁸ Thus, even though there were only a limited number of co-operative credit societies by 1937, the administration could still declare the institutions a success.⁴⁹ For both Bunton and Smith, then, co-operative societies were

⁴⁷ Smith, *Roots of Separatism*, 115.

⁴⁸ Martin Bunton, *Colonial Land Policies in Palestine: 1917-1936* (Oxford University Press, 2007), 121.

⁴⁹ Bunton, *Colonial Land*, 122.

typical of colonial endeavours to change the economy in that the British were strongly influenced by the idea that the “Arab character” was responsible for the economic problems of Palestine more than larger economic trends such as lack of availability of capital.

It is important at the outset of this thesis to provide some content to the heavily racialized perceptions of the “Arab character”. Edward Said has written about the power of Western attitudes towards people living in the Middle East in shaping the relations between the two groups and, in particular, creating a political and economic power imbalance in favour of the West. Said describes Western knowledge about the Middle East in this way:

The object of such knowledge is inherently vulnerable to scrutiny: this object is a “fact” which, if it develops, changes, or otherwise transforms itself in the way that civilizations frequently do, nevertheless is fundamentally, even ontologically stable. To have such knowledge of a thing is to dominate it, to have authority over it.⁵⁰

Although British officials never explained in detail their perceptions of the “Arab character”, it is important to remember that all British decisions were informed by certain assumptions about the “Arab character”, assumptions that affected decisions made by officials in their treatment of the fellaheen’s indebtedness leading to landlessness. In the case of the Palestinian peasantry, the most prominent trait ascribed by officials to their character was improvidence, or a lack of knowledge of how to use resources and capital effectively. Related to this was several officials’ assumption that the fellah was a “simple” man who could not easily understand modern economic principles. Thus, indebtedness remained a problem amongst the fellaheen, according to certain officials, because several fellah could not understand why they should try to increase their

⁵⁰ Edward Said, *Orientalism* (New York: Random House, Inc., 1978), 38.

agricultural productivity, and not because of any macro-economic trends in the Palestinian economy. Assumptions about the Ottoman Empire reinforced these assumptions about the character of the fellah. A significant number of British officials assumed that the Ottoman government had been corrupt and arbitrary, thus land records kept by the Ottomans were not considered useful. Furthermore, the British assumed that the Ottoman government had not been able to control the agricultural economy. Thus, indebtedness was considered to be simultaneously a character flaw of the fellaheen, but also a sign of the inability of the Ottoman government to control the economic practices of the fellaheen. This was the case even though the British themselves were reluctant to be seen taking too interventionist an approach to the economy.

Although there is some agreement on the argument that the British were too willing to refrain from intervening in the economy, there is no real consensus amongst scholars of mandate Palestine about what it was in British government decisions that failed to address the problems faced by the fellaheen. According to Amos Nadan, the British approach to the Palestinian economy overall was one of high expenditure and low return.⁵¹ He argues that the Palestinian economy would have been better served if more had been spent on agricultural services and agricultural infrastructure, especially irrigation.⁵² Such an interpretation suggests that it was a lack of British knowledge about the situation in Palestine that led to the problems in the agricultural economy under the mandate. Seen in this way, Nadan's interpretation of British governance of the Palestinian economy diverges from Stein's. Stein also argues that British rule in Palestine was characterized by major divergences of opinion, but instead of placing these

⁵¹ Nadan, *Colonial Bungling*, xxxv.

⁵² Nadan, *Colonial Bungling*, xxxv.

divergences temporally, in terms of shifts from one decision to the next, Stein sees the divergences between individual officials as an ongoing phenomenon. It is this ongoing divergence between officials that can explain why, under the mandate, certain officials would argue assiduously for the government's responsibility to protect cultivators' rights, and then for legislation whose original aim was to protect cultivators but whose wording was later shifted by other officials who were wary of such invasive legislation.

Stein treats the changes that occurred between the 1920 Land Transfer Ordinance and its amendment, the 1921 Land Transfer Ordinance and the changes that took place between those two and the 1929 Protection of Cultivators Ordinance as specific instances that illustrate what he considers to be a characteristic phenomenon in the way British officials dealt with the issue of land sales and the attendant changes in fellaheen's access to land.⁵³ The land transfer ordinances of 1920 and 1921 were intended to try to balance the British government's need to be aware of land transactions with its desire not to interfere with a free market in land. The 1929 Protection of Cultivators Ordinance was intended to ensure that tenants who were displaced by land sales would be given compensation in the form of money so that they did not become destitute. In reality, Stein argues, all three ordinances institutionalized the idea that tenants deserved only compensation while otherwise allowing tenants' rights to be circumvented "under the pliant eye of subdistrict officials."⁵⁴ Interestingly, Stein only makes one mention of agricultural co-operatives, although he twice uses reports by C.F. Strickland to critique

⁵³ Stein, *Land Question*, 59.

⁵⁴ Stein, *Land Question*, 59.

pre-mandate institutions of the Arab agriculturalists, specifically musha'a and moneylenders.⁵⁵

Like Stein, Ylana Miller also explains the divergences in British legislation for Palestine in terms of differences in ideology. She argues that there was no overarching ideology that influenced the government's decisions for rural areas. Instead, decisions were made on a case by case basis. All decisions, she argues, were affected by a desire to avoid unnecessary major changes; this meant that all decisions were made by individual officials working on the ground in Palestine and were never made to be part of a larger strategy to create a systematic means of governing Palestine.⁵⁶ Specifically referring to co-operatives in relation to British government involvement with rural villages in Palestine, Miller argues that co-operatives were characteristic of plans for "progress" in villages. "Clearly", she states "there was a great deal of ambivalence about outright aid, and a tendency to mix value-laden lessons with relief."⁵⁷

Amos Nadan has provided the most in-depth coverage of Arab co-operatives under the mandate. In Nadan's overall analysis of the Palestine mandate, the British are portrayed as incapable of supporting a coherent policy. Nadan argues that the administration of Palestine supported radically divergent policies, with the end result of these policies being that the British had an insignificant impact on the situation on the ground. For Nadan, the most significant part of Strickland's recommendations for co-operation amongst the fellaheen was the latter's charge that the fellaheen had been

⁵⁵ Stein, *Land Question*, 144 and footnote 59 of Chapter 3. In the present thesis, musha'a and moneylenders will be discussed in detail in Chapter 1.

⁵⁶ Ylana M. Miller, *Government and Society in Rural Palestine 1920-1948* (Austin: University of Texas Press, 1985), 72-77.

⁵⁷ Miller, *Government and Society*, 84.

making excessive use of strategic default on their loans, something that the government had already been working to eliminate.⁵⁸ Unfortunately, once co-operative societies were operating, there was a high rate of strategic default.⁵⁹ In practice co-operatives benefited affluent fellaheen, the majority of whom were not tenants.⁶⁰ For Nadan, then, co-operatives represented an incongruity in British colonial policy, and ultimately this incongruity meant that co-operatives were completely ineffectual at fulfilling any of the objectives for which they had been created.

Although the 1934 Co-operatives Societies Amendment Ordinance, like its predecessor the 1920 Co-operative Societies Ordinance, was applied to all of mandate Palestine, the question of co-operatives amongst the Arab population is best understood as an instance of British attitudes towards the fellaheen, particularly in relation to how the British comprehended their role as one of directing and controlling the actions and affairs of the fellaheen. This thesis, therefore, looks at the co-operatives in the context of the multiple pieces of legislation aimed specifically at tenants and cultivators.

Despite the urgency of the problems facing the fellaheen at the onset of the Great Depression, an urgency that individual British officials recognized, the administration in 1929-1930 decided only to appoint two bodies to study the causes of the widespread fellaheen indebtedness that had led to the 1929 disturbances. They waited upon these reports before deciding whether to issue short term loans to certain fellaheen that would stop them going so far into debt that they would be forced to either sell and or vacate the

⁵⁸ Nadan, *Colonial Bungling*, 218.

⁵⁹ Nadan, *Colonial Bungling*, 228-229.

⁶⁰ Nadan, *Colonial Bungling*, 239.

land on which they worked.⁶¹ This decision to seek reports was made by O.G.R. Williams, the head of the Palestine section in the Colonial Office. The appointment of these two bodies was the first sign of the government's recognition that its unregulated approach to the economy might need changing. The first report was written by the Committee on the Condition of Agriculturalists and the second by Sir John Hope Simpson, an official who had worked for the Indian Civil Service before being assigned to investigate the land situation in Palestine. Both reports were published in 1930, the same year emergency loans (an approach to short-term loss) were granted to certain fellaheen. Following these two reports, Lewis French and C.F. Strickland also wrote reports concerning the deteriorating state of the agricultural economy, although the two differed to a great degree in their arguments on what precisely was causing problems in the mandate. The differences in the arguments are notable given that French and Strickland were both from the Indian Civil Service in the Punjab. In the Punjab, French had worked as the assistant commissioner and colonization officer while the recently retired Strickland had been a settlement officer. French argued that the need for economic development was immediate, and he was highly critical of the mandate government for failing to recognize the immediacy of the economic problems in Palestine- problems which, he argued, were systemic and needed to be addressed without delay. Strickland, for his part, laid out exactly how co-operatives were to be implemented amongst the Arab population. Co-operatives, specifically Strickland's proposal for the creation of a co-operative movement amongst the Arab population, were given a very specific function; yet at the same time they were seen as part of the much larger (somewhat racialized)

⁶¹ Great Britain, Colonial Office Records, CO 733/199. Mflm. 13356. O.G.R. Williams 11304 Economic Condition of Fellaheen. November 12, 1930.

problems of Arab property rights, Arab indebtedness and the inability of Arabs to participate in the international market economy. Each official who investigated the Palestinian agricultural economy had these larger issues in mind and was aware of the specific manifestations on the ground. Each official also had his own view on which issue deserved the attention of the government before the others.

Yet, even officials in the far-off Colonial Office realized the immediacy of the issue of Palestinian Arab fellaheen's access to land. In a note to Sir John Campbell, the financial advisor to the Colonial Office, O.G.R. Williams argued in favour of swift government intervention.

The Commission of Enquiry formed the conclusion that Palestine cannot support a larger agricultural population than it at present carries, unless methods of farming undergo a radical change (page 162 of Report). The High Commissioner goes somewhat further in his conclusions, which are that all cultivable land in Palestine is now occupied, and that no cultivable land now in possession of the indigenous population can be sold to Jews without creating a class of landless Arab cultivators (the last paragraph of No. 4). I would however suggest that what is required at the moment is a temporary expedient to safeguard the position of the indigenous population until future land policy is settled.⁶²

The supposed need for change in Arab farming practices, the lack of unoccupied land, and the threat of creating a landless Arab population as a result of allowing an unregulated market in land were potentially insurmountable problems in the view of British officials in Palestine. The uncertainty as to which problem should be given attention first, given that, as the above quotation illustrates, officials recognized that each of these problems was intimately connected to the others, served to compound these problems.

Overall, this thesis gives particular weight to the institution of credit co-operatives because analyzing their development in Palestine brings to light the problems faced by the British in dealing with land rights and indebtedness. The first chapter of this study

⁶² Great Britain, Colonial Office Records, CO 733/185/1. Mflm. 13356. Minute by Beckett. March 29, 1930.

explores the reasons for the discrepancies that emerged between the objectives expressed in individual officials' memoranda and the actual legislation promulgated by the British government to address the problems of landlessness and indebtedness amongst the Arab fellaheen. In setting the context for credit co-operatives, the first chapter seeks to put co-operatives in the context of land legislation. It does so by discussing the difficulties inherent in creating land legislation in mandate Palestine. My aim is to help the reader understand why credit co-operatives appeared by 1930 to be a good idea to the British.

The second chapter seeks to explain the linkages between proposals for co-operatives and the idea of improvement. Improvement as a concept was distinct from that of land rights, yet the way in which British officials understood problems with land rights in Palestine was heavily influenced by those official ideas about what was lacking in Palestinian agriculture.

Even within the group of officials who agreed on the desirability of co-operatives, there were differences in how each official conceptualized the specific functions of co-operatives in Palestine. The third and final chapter examines the specific ideology of co-operatives as explained by F.G. Lowick, the first registrar of co-operative societies, and examines how that ideology played out in the 1934 Co-operative Societies Amendment Ordinance. The linkage between co-operatives and land rights will be further established in this final chapter, which concludes with an assessment of whether or not the Co-operative Societies Amendment Ordinance was able to transcend the difficulties that had prevented previous land legislation from solving the problems of indebtedness and insecurity of title.

The evidence indicates that the British endeavour to create co-operatives for the Arab population in Palestine was a complete failure. This was the case despite equally powerful evidence that supports the argument that British officials responsible for governing Palestine were aware of the reality of the situation facing the Arab cultivators in the late 1920s and early 1930s. Together, the chapters of this thesis seek to support the contention that the legislation employed by the British in mandate Palestine was inherently flawed. Nowhere was the impact of ineffective legislation more strongly felt than on the land question. Even legislation that was intended to set up institutions that might ameliorate the condition of cultivators was incapable of finding success. Instead it had a destructive impact on this particular group while making the general economic condition of Palestine unstable.

Chapter 1

Free Government and Despotic Markets: The British, Fellaheen Indebtedness and Land Rights in Mandate Palestine, 1929-1934

It is difficult to define clear starting and end points for the development of co-operative organizations among the Arab population of mandate Palestine. As legal frameworks the British rulers promulgated the first Co-operative Societies Ordinance in 1920 and the Co-operative Societies Amendment Ordinance in 1934. In the ensuing fifteen years, major shifts in the role of law in the governance of Palestine were taking place. Though to some extent these shifts reflected changing needs, they also reflected the extent to which it became evident in Palestine, as elsewhere in the empire, that law was a contested issue. Owen has aptly argued that British colonialism in Palestine possessed a “certain necessary incoherence at its center” as the British tried to reconcile their very real limitations –e.g. financial resources- with their obligation as the holders of the mandate to develop and transform Palestine into an economic and politically independent region.⁶³

Concerns expressed in official discussions on co-operatives that began in 1929 and culminated in the 1934 ordinance stood in marked contrast to the original objectives of the 1920 Co-operative Societies Ordinance. Like other laws created under the mandate, the 1920 Co-operative Societies Ordinance was not supposed to differentiate between Arabs and Jews (there was no mention of either group specifically in the ordinance). However, by 1929 there was widespread recognition within the British administration of the need for extra measures, specifically in the way co-operatives were

⁶³ Roger Owen, “‘Defining Traditional’: Some Implications of the Use of Ottoman Law in Mandatory Palestine”, *Harvard Middle East and Islamic Review* 1(2): 117.

institutionalized, to ensure that the laws would apply to the entire population in practice and not just in the wording of the law. Discussions about Arab co-operatives came as a result of the realization that a laissez-faire approach did not bring about equality of Arab and Jews before the law. By 1929 it was clear that legislation had failed to reach the section of the Arab population who were involved in the agricultural economy.

Arab agriculturalists who did not own land but worked on it for their livelihood occupied an obscure position in relation to the government. From 1929 to 1934 there was no shortage of legislation dealing with tenants and non-owner cultivators, yet the British seemed unable to decide how to legally define the position of this group. Nor were the British able to figure out how to prevent this group from losing access to the land on which they worked. Under the Ottoman administration, tenants and cultivators had rights to land that were outlined in law and were monitored by government officials, but the details of these rights were not readily apparent under the conditions of the mandate. This problem was not easily resolved. According to the British, they had inherited from the Ottoman administration a system of land rights that was arbitrary, ineffective, and easy to circumvent. The British argued that it was arbitrary because it was not based on a cadastral survey and so there were no verifiable reference points for land claims. Because of its apparent arbitrary nature, the British thought that it was easy to make false land claims, a problem which was said to be exacerbated by the fellaheen's supposed distrust of the central government. The result was that "practically all applications for registration in the name of present holders are contested."⁶⁴ Given these conditions, which the British saw as the "deficiencies of the Turkish system, and the general insecurity of tenure

⁶⁴ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Land Titles in Palestine [Extract from Report on Palestine Administration- July 1920 to December 1921].

arising out of that system and the unsatisfactory manner in which it had been administered,” it was decided to introduce a new system of registration of land under the 1928 Land (Settlement of Title) Ordinance.⁶⁵ This ordinance started the process by which British officials undertook a cadastral survey of Palestine meant to confirm land owners’ title to their individual plots based on triangulation surveys and the determination of rights by settlement officials’ assessment of claims.⁶⁶ It was the intention of the government to enforce a seemingly more comprehensive system of land title than had existed under Ottoman rule, however, the British were not successful in their attempt to bring land title under the complete control of the government. Less than a year after the passage of the Land (Settlement of Title) Ordinance, the Revolt of 1929 forced the British to reconsider the way in which they used legislation to deal with access and title to land.

The tumultuous years 1929 and 1930 were marked by the passage of an extensive number of bills specifically dealing with rural property rights: the 1929-1930 Land Courts Bills; the 1929-1930 Land Settlement Bills; the 1929& 1930 Protection of Cultivators Bills; the 1930 Law of Execution (Amendment) Bill; the 1930 Registration of Agriculturalists Bill; and the 1930 Transfer of Agricultural Land Bill. All were concerned with enabling the government to compile accurate information on ownership of land and at the same time to put the government in a position where it could control land transactions while not unduly interfering with the free market in land. Practically, this contradictory position of the government- to simultaneously ensure that land transactions

⁶⁵ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Land Titles in Palestine [Extract from Report on Palestine Administration- July 1920 to December 1921].

⁶⁶*Survey of Palestine*, 233-237.

did not affect Jews and Arabs differently according to ethnic divisions, while allowing for the operation of a perfectly functioning free-market economy- made a successful outcome impossible in mandate Palestine. Despite the impossibility of the project, the British consistently strove to find a solution throughout the mandate.

In 1920, as indicated by the major pieces of legislation regarding land rights and the alleviation of indebtedness, the government had adopted a laissez-faire approach to the economy of Palestine.⁶⁷ The first co-operative societies ordinance entitled the government to prohibit or restrict the lending of money on mortgages of immovable property, but did not explicitly prohibit such lending.⁶⁸ In a similar manner, the jurisdiction of civil courts in this regard was limited to the winding up of a society and the settlement of disputes between a former member and a society.⁶⁹ Under this ordinance, co-operative societies were given the authority to decide how shares were to be divided, to determine what was to be done in the case of bankruptcy, to settle disputes concerning the business of the society in question, to expel members, to decide how the benefits of the society were to be bestowed on each member, to determine the rights of voting, to determine how a society could move or receive money on deposit, to choose where money was to be invested, and finally, to decide the conditions of loans.⁷⁰

The 1920 ordinance included a provision which stated that the high commissioner could appoint a registrar,⁷¹ but a registrar was not actually appointed until 1932. The 12-

⁶⁷ See Smith, *Roots of Separatism*, 1993.

⁶⁸“An Ordinance to provide for the constitution and regulation of Co-operative Societies” *Legislation of Palestine 1918-1925 Including the Orders-in-Council, Public Notices, Proclamations, Regulations, Etc.* Volume I, Compiled by Norman Bentwich (Alexandria, Whitehead Morris Limited, 1926), 108.

⁶⁹ “An Ordinance to provide for the constitution and regulation of Co-operative Societies”, 110.

⁷⁰ “An Ordinance to provide for the constitution and regulation of Co-operative Societies”, 112.

⁷¹ “An Ordinance to provide for the constitution and regulation of Co-operative Societies”, 103.

year delay between legal provisions and actual practice was due to the changing objectives of the British in Palestine. In theory, the registrar of co-operative societies was to have access to all information on the societies; he was to decide the legitimate forms of investment by societies and to determine how societies would be allowed to interact with non-members.⁷² But these remained theoretical powers. In 1920 the government of Palestine was not yet concerned with the task of bringing economic activity under its purview. The British fear of international courts and trade competitors and the metropolis' desire to avoid open-ended financial commitments to Palestine in conjunction with political opposition to the Balfour Declaration prevented the government from initiating comprehensive economic development schemes.⁷³ By 1934, however, the British perception of the role of government in the economic activity of Palestine had changed.

Despite the multiplicity of challenges, the British believed that the paramount problem and the one that affected all of the others was the absence of a government mechanism for establishing and guarding individual title to land. This absence had actively contributed to the economic and political unrest of the 1929 Revolt. Statutes dealing with land rights were scrutinized to ensure that the law would address a specific problem without affecting any wider issues. When officials began to discover that laws regulating land transactions were necessary, some argued that if “evasion” was to be prevented the “definition of ‘disposition’ must be as wide as it is in Tanganyika.”⁷⁴ Evidently, the British experience with problems related to the transfer of ownership in

⁷² “An Ordinance to provide for the constitution and regulation of Co-operative Societies”, 112-113.

⁷³ Smith, *Roots of Separatism*, 36.

⁷⁴ Great Britain, Colonial Office Records, CO 733/199. Mflm. 13356. J.R. Chancellor Secret Reference No. 4014/30. January 24, 1931.

land in other colonial situations made them realize that care that needed to be exercised when establishing legal definitions to address this highly sensitive issue. Accepting the need for wide-ranging legislation dealing with this issue was a significant change when compared with the government's approach at the start of the mandate, when British administrators made legal definitions as narrow as possible. Yet, even when British officials recognized the need for increasing the scope of legislation, it was still considered necessary to prevent legal definitions from becoming excessively broad. J.R. Chancellor argued that the wide definition of 'tenant' in the 1929 Protection of Cultivators Ordinance was "dangerous" because it could potentially protect a group that was "greater than necessity demands."⁷⁵

Following the 1929 riots, the British in Palestine were acutely aware of the seriousness of the problem facing agriculturalists. Immediate measures independent of co-operatives were taken to try to solve the indebtedness problem. In 1930 a proposal was made for the allocation of £35 000 for immediate distribution to agriculturalists on short-term loans.⁷⁶ These loans were to be repaid in two instalments due in August 1931 and August 1932.⁷⁷ The short term loans were intended to help farmers who had no resources to continue to farm the following year because of locusts, crop failures and inflated prices. The colonial administration, comprising both the Government of Palestine and the Colonial Office, were extremely wary of possible unintended consequences and determined to weigh all justifiable courses of action. Even measures taken to alleviate

⁷⁵ Great Britain, Colonial Office Records. CO 733/199. Mflm. 13356. J. R. Chancellor Secret Reference No 4014/30. December 11, 1930.

⁷⁶ Great Britain, Colonial Office Records. CO 733/199. Mflm. 13356. O.G.R. Williams. 11304. Economic Conditions of Fellaheen. November 12, 1930.

⁷⁷ Great Britain, Colonial Office Records. CO 733/199. Mflm. 13356. O.G. R. Williams. 11304. Economic Condition of Fellaheen. November 12, 1930.

crises were subject to this lengthy evaluative process. In this sense, caution became a hindrance.

Analyzing the linkage created between credit co-operatives and fellaheen indebtedness and dispossession is essential, though at first glance the linkage may seem spurious. To understand the connection, it is first necessary to understand that among British officials, there was a prevalent disillusionment with the ability of legal measures to solve the problem of indebtedness and dispossession. In 1930 High Commissioner Sir John Chancellor deemed the land situation in Palestine “critical” and he called for immediate action.⁷⁸ Coming from the highest political authority in Palestine itself, Chancellor’s opinion carried far more weight than those of district officers or any other official in Jerusalem. Yet, despite his position and his local knowledge of the situation, the high commissioner’s assessment of the situation was still overridden by a Colonial Office unwilling to ask Parliament for money. The Colonial Office perceived that domestic considerations in London were more important and concluded that there would be no willingness within the metropolis to spend money on Palestine.⁷⁹

Like many civil servants, the British officials who were charged with the regulation of land rights in Palestine had to constantly anticipate the varied responses to their actions. There were divisions between the metropolis and the colony, but they did not coincide with the differences in priorities amongst financial advisers and land experts: these transcended the metropolis/colony divide. To create legislation that overcame the divergences within official opinion was a complicated process and one that tended to make officials feel disillusioned with the legislative process. Because of the need for

⁷⁸ Stein, *Land Question*, 86.

⁷⁹ Stein, *Land Question*, 86.

building consensus, the legislative process was long and arduous whereas the problems with which the officials were confronted demanded immediate action. The point of difference that proved to be insurmountable and that complicated the legislative process was between those who thought that the British possessed the responsibility and the authority to legislate a solution to the situation of tenants and cultivators and those who thought that, despite evidence to the contrary, limited government involvement was the only justifiable action for the British. The fact remained that, whatever politicians and civil servants thought was justifiable for the British, there were tenants and cultivators who were losing access to land and who could soon prove a threat to the political stability of Palestine. The discussions on co-operatives that began in 1929 amongst officials of the Palestine section of the Colonial Office arose out of a combination of disillusionment with the legislative process and acknowledgment that the status quo was not working. Because co-operatives did not go against free-market ideology, they were acceptable to even the most ardent supporters of a free-market approach. Once the legislation was passed to institutionalize co-operatives, the organizations would theoretically operate without the need for government intervention. Seen in this context, co-operatives could stop the large scale indebtedness of the fellaheen while ensuring the continuation of a free-market economy in Palestine.

The Government of Palestine was not being allocated sufficient funds from the metropolis for a strong interventionist approach, and this fact meant that officials in Palestine were hindered in their ability to govern the territory effectively. A related problem was the uncertainty of the British as to how to govern land rights in Palestine. Some officials argued that it was imperative for the administrators to use their knowledge

of Palestine to reconfigure the system of land rights so that cultivators would no longer lose their access to land as readily as they had in the years leading up to the 1929 Revolt. According to official discourses, no development could take place unless individuals' right to the piece of land on which they lived and/or worked had fixed boundaries that were sanctioned by the government. In 1931 Lewis French thus wrote in his report for the government on the problems pertaining to development and land settlement in Palestine:

There is no doubt that the survey and settlement proceedings are one of the most powerful temporary incentives to development that can be devised because they enable a landowner, large or small, to know for the first time exactly what his rights in the land are vis-à-vis other landowners. But, as the enactment of various Ordinances proves tenants have rights which should be protected... If there is to be a sound and equitable system of land taxation, full information as to the prevailing rents paid by tenants from time to time must be easily available, as well as knowledge of the cash value of those rents paid in kind.⁸⁰

For French, the major problem in Palestine was the deficiency in the current system of land titles. The ongoing commitment to a free market in land meant that no one was responsibly overseeing how land ownership patterns were transforming under British governance. The deficiencies of the land registration system and the fact that the system was being allowed to operate without proper supervision were together having a destructive impact. This phenomenon led French to conclude that some "restrictions on free transfers of land must, in any case, be imposed" if any economic development was to happen.⁸¹ He thought that decisive intervention and the consolidation of authority in a single government position was necessary. Giving the high commissioner the power to determine whether land transfers could take place or not was in the "country's interests without discrimination of race."⁸² Although giving one individual the power to decide

⁸⁰ Lewis French, *First Report on Agricultural Development and Land Settlement in Palestine*, 23 Dec. 1931. CO 733/214/5, 38-39.

⁸¹ French, *First Report*, 48.

⁸² French, *First Report*, 48.

whether land transactions could take place was contrary to the unregulated approach the British had adopted towards the land market in Palestine from the beginning of the mandate, French thought that, in the context of 1931, a large scale change in British policy was warranted.

Co-operatives were not what colonial officials had first envisioned as the best way to inject credit into the agricultural economy following the 1929 revolt. Immediately after the revolt, officials thought that an agricultural bank would be the best way to counter fellaheen indebtedness. Co-operatives were suggested only after it became clear that an agricultural bank was not going to be possible in Palestine. An agricultural bank and credit co-operatives perform very similar functions. Both have the potential to provide access to credit to small landowners and tenant-cultivators and both require some sort of security to be provided by the receiver of the loan. Access to credit through either institution will be based on the ability of the individual to repay the loan by the due date. The significant difference between the two institutions is that co-operatives required a specific knowledge-based component in which its members must be schooled, a characteristic that was not mentioned in any discussions of the agricultural bank. In 1929 the Palestinian Treasury, a staunch supporter of the idea of an agricultural bank, argued against co-operative societies because Treasury officials did not think that co-operative societies could be established amongst the Arab population “without direction.” They argued that, even with assistance, “development along these lines is likely to be of slow growth as the majority of the fellaheen are not in a position to provide any capital and those who may be able to do so require education in the principles involved.”⁸³

⁸³ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. S.S. Davis, A. Abramson, and E.R. Sawyer to J.R. Chancellor. November 22, 1929.

The arguments in favour of an agricultural bank in 1929 were made in a way that implicitly criticized the British administration in Palestine for failing to show any sort of initiative in fixing the stagnant agricultural economy. It is significant that it was British officials themselves who were arguing for an agricultural bank. The point of view of the colonial officials who were criticizing the previous handling of economic problems was an agricultural bank was the most effective means of providing credit facilities for Arab peasants.⁸⁴ Given that there was evidently considerable support for an agricultural bank, it is useful to look further at the discussion amongst officials about the agricultural bank and to determine why the proposal for one was abandoned in favour of co-operatives.

The proposals for the agricultural bank and co-operatives were both viewed as solutions to the problem of fellaheen indebtedness and to the political instability it caused to the mandate. A big problem, however, was that the only ways the British could imagine to change the situation involved providing financial assistance on the condition that those in receipt of the money be in possession of landed property.⁸⁵ The British, at this point, felt that their funds were so limited that it would be courting economic disaster to lend money that was not guaranteed by landed property. Because of previous loans used for other projects, particularly the Jerusalem drainage scheme, it was not open to the Palestine government to obtain a loan from the Crown Agents under the Inter-Colonial Loan Scheme.⁸⁶ At the same time, no private bank in Britain would have been willing to

⁸⁴ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Minute by L.J. Mayle. January 23, 1930.

⁸⁵ Whether or not the connection between financial success and individual ownership of landed property was specific to the British is debatable. For an argument in favour of this connection see John McLaren, A.R. Buck and Nancy Wright "Concepts of Economic Improvement and the Social Construction of Property Rights", *Despotic Dominions*: 1-21.

⁸⁶ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Minute by L.J. Mayle. January 23, 1930.

offer a loan because at this point investors would view the loan as too risky. As a result, L. J. Mayle argued that the only solution to the problem of lack of available capital was to have a bank operating in Palestine to furnish the capital, with the support of a London government guarantee of a return of a certain percentage of the advances made up to an agreed maximum.⁸⁷ The chief problem with this sort of operation was the lack of legal title to land which would be put up as collateral. As Mayle stated, “[i]t may be well to ensure that before the Bank is established land settlement has reached a stage which would enable the Bank to do reasonable business, especially if a Government guarantee of a minimum return is to be given.”⁸⁸

Those who opposed an agricultural bank argued in response that the government was not in a position to support such an institution because, in the case of default, the government would have to pay the debt charges.⁸⁹ Furthermore, the interest rate would be 8% . This would have defeated the purpose of the bank because the cost would be too high to benefit those most in need of capital.⁹⁰

Despite the financial stringency with which the British colonial administration was faced, and despite the considerable opposition to expenditure on an agricultural bank (on the grounds that it would not be remunerative), a significant number of officials, both in the Colonial Office and on the ground in Palestine, thought that the territory was a potential asset to Great Britain and was therefore worthy of economic and political investments. There was considerable evidence to suggest that an agricultural bank might

⁸⁷ Great Britain, Colonial Office Records. CO 733/184/10. Mflm. 13356. Minute by L.J. Mayle. January 23, 1930.

⁸⁸ Great Britain, Colonial Office Records. CO 733/184/10. Mflm. 13356. Minute by L.J. Mayle. January 23, 1930.

⁸⁹ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Minute by N. Becaed.

⁹⁰ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Minute by N. Becaed.

be financially lucrative for the Palestine administration, they argued. Certain officials, supported by information provided by Barclay's Bank, did consider the creation of an agricultural bank for long-term mortgage loans to be economically viable: one wrote that the "benefits to the Government resulting from the development of the country's agriculture (including the direct financial benefit of increased tithes...) should not be forgotten and should be given due weight when considering the inevitable risks of any schemes."⁹¹ The most important function that would be served by the agricultural bank was that it would provide access to credit to individuals who would otherwise be cut off from all official lines of credit, specifically smaller landowners and tenant-cultivators who "constitute the large majority of cultivators and who have not the same facilities for obtaining credit as larger land-owners."⁹² However, while the administration was proposing government intervention to bring credit to certain segments of society, it still accepted that money could be provided to the fellaheen in a way that would not violate free-market principles. So that the agricultural bank would maintain financial liquidity, Treasurer S.S. Davis, Commissioner of Lands A. Abramson, and Director of Agriculture E.R. Sawyer argued that it was of "paramount importance that loans should only be issued to agriculturalists within their capacity to repay at due dates and thus obviate recourse to usurers for the purpose of meeting obligations" in order to preserve loan capital and to continue lending.⁹³ The key aspect of the bank which made it so attractive to its supporters was that, once set up, it could operate on its own without any guidance or attention from the government.

⁹¹ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Letter to Mr. Williams.

⁹² Great Britain, Colonial Office Records. CO 733/184/10. Mflm. 13356. Letter to Mr. Williams.

⁹³ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Memorandum by S.S. Davis, A. Abramson, and E.R. Sawyer. November 22, 1929. CO 733/184/10.

The Ottoman agricultural bank had provided loans to cultivators granted on security of mortgages of immovable property and “other suitable security”⁹⁴; according to one official it had charged a 1% initial charge and 6 % annual charge.⁹⁵ To excuse the discrepancy between the proposed agricultural bank’s rate of interest which was to be 8%, and the rate of interest charged under Ottoman rule, which was 6%, the bank’s advocates argued that the Ottoman government had imposed on the cultivator a charge of one-tenth of the tithe and a single administrative charge, neither of which were being levied by the British administration.⁹⁶ By this logic, the agricultural bank under the British administration would be more advantageous to the small landowner and cultivator than the Ottoman agricultural bank had been. By explaining this particular difference between the Ottoman and the British administrations, British officials hoped to convince the population that the transition from the former government to the latter government was a beneficial transformation.

Mandate officials who favoured an agricultural bank used reference to the Ottoman agricultural bank to explain to skeptics in the British administration that, in Palestine, there was a precedent for the provision of credit by the government.

It should be mentioned that the Banks usually charge 9 per centum on similar loans. The proposed rate of 8 per centum cannot be compared with the charge of 6 per centum on similar loans without taking into consideration the fact that the Ottoman Government imposed a charge of one-tenth of the tithe on the cultivator and a single administrative charge of one per centum of the amount of the loans issued. These charges were probably more advantageous to the Ottoman Agricultural Bank than an interest charge of 8 per centum.⁹⁷

⁹⁴ Great Britain, Colonial Office Records. CO 733/184/10. Mflm 13356. Memorandum by S.S. Davis, A. Abramson, and E.R. Sawyer. November 22, 1929.

⁹⁵ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Memorandum by S.S. Davis, A. Abramson, and E.R. Sawyer. November 22, 1929.

⁹⁶ Great Britain, Colonial Office Records, CO 733/184/10. Mflm 13356. Memorandum by S.S. Davis, A. Abramson, and E.R. Sawyer. November 22, 1929.

⁹⁷ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Memorandum by S.S. Davis, A. Abramson, and E.R. Sawyer. November 22, 1929.

The context of this description is important. It was made by the Treasury in London and referred specifically to the provision of credit to small land owners and tenant-cultivators. The need to justify the discrepancy between the Ottoman government and the British government was simultaneously conspicuous and easily met. Acknowledging the Ottoman institutions helped officials to justify the creation of institutions for the same purpose under the mandate. Equally important was being able to prove that the mandate's institutions were more efficient and more helpful to the cultivators than those of the Ottoman Empire. References to institutions in Palestine that had been created by the Ottomans continued to influence how development and credit were conceptualized by mandate officials.

It is significant that the Ottoman agricultural bank continued to be discussed even once the idea of an agricultural bank had been thrown out. The reason for the continual British references to the Ottoman system was twofold. First, the British government in Palestine wanted to ensure that there was nothing that the Ottoman government had provided that the British were not providing for the people living in Palestine. Secondly, the British wanted recognition, not only for providing the same quality of credit facilities that the Ottomans had provided, but also for providing these institutions in a way that was both more efficient and more advantageous to the people of Palestine.

In the case of land title, as with credit, mandate-era comparisons between the Ottomans and the British were made most assiduously in favour of the British system.. For example, the Ottoman Land Code of 1858 is characterized by recent historians of the Ottoman Empire as a piece of legislation that “promoted greater stability of tenure,

increased production of crops and the continued flow of taxes.”⁹⁸ However, this land code was characterized by the British as a “primitive system of registration of title” which had led to a “multiplicity of boundary disputes” because it had been subject to corruption under the Ottoman regime.⁹⁹ Similarly, the 1858 Land Code was part of the Ottoman attempt in the mid-nineteenth century to assert control over the land through the registration and taxation of the land. To establish this sort of control, the Ottoman government needed widespread acknowledgment of its authority from the population living within the borders of the Empire, including the notable classes. Recent historians argue that in this endeavour, the Ottomans were successful.¹⁰⁰ However, during the mandate, the British had a very different interpretation of the government that had preceded their own. According to the British administrators- who completely ignored World War I as an explanation for the disorder that characterized Palestine upon the arrival of the British- the Ottoman system had left land rights in chaos: “practically all applications for registration in the name of present holders are contested.”¹⁰¹ Consequently, they maintained, a new system of registration of land under the mandate was justifiable.¹⁰² Upon the acquisition of Palestine by the British, agriculture was

⁹⁸ Donald Quataert, “The Age of Reforms, 1812-1914” in *An Economic and Social History of the Ottoman Empire* Ed. Halil Inalcik and Donald Quataert. (Cambridge: Cambridge University Press, 1994), 857.

⁹⁹ Extract from Report on Palestine Administration- July 1920 to December 1921. CO 733/184/10.

¹⁰⁰ Quataert, “Age of Reforms”, 856.

¹⁰¹ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Extract from Report on Palestine Administration- July 1920 to December 1921.

¹⁰² Great Britain, Colonial Office Records. Mflm 13356. CO 733/184/10. Extract from Report on Palestine Administration- July 1920 to December 1921.

viewed as being in a “primitive” state due to the difficulties faced by cultivators “undertaking agricultural improvements involving capital expenditure.”¹⁰³

Despite its supposed inefficiencies, the Ottoman government had recognized the need for an agricultural bank, and in 1888 it provided one using funds from the *Caisses d’Utilité Publique* and an increase to the tithes. The bank had provided cultivators with loans and had helped to finance development. The agricultural bank of 1888 was not a novel invention; it had connections to 1840s loan programs and to Midhat Pasha’s 1863 formation of agricultural co-operatives in the Danubian province.¹⁰⁴ The idea that connected all these Ottoman initiatives was that the government needed to establish strong connections with smallholders so as to prevent the smallholders from falling under the influence and domination of local leaders.¹⁰⁵

After 1923, apart from emergency loans provided for compensation of damage by drought and locust invasion, nothing was done by the mandatory government to provide credit facilities. The weakness of the British criticisms of the Ottoman government was exposed because, although the British criticized the Ottomans completely for their supposed ineffectiveness and irrationality in the provision of credit, the Ottomans had in fact proved more successful than the British. For this reason, Chancellor argued that “It is to the interest of the country that credit facilities which were accorded by the Turkish

¹⁰³ Great Britain, Colonial Office Records. Mflm.13356. CO 733/184/10. Memorandum by J.R. Chancellor. January 11, 1930.

¹⁰⁴ Quataert, “Age of Reforms”, 860.

¹⁰⁵ Quataert, “Age of Reforms”, 860.

Government should be continued by this Government in order to promote the welfare of the people and the development of the agricultural resources of the country.”¹⁰⁶

The final decision against proceeding with the agricultural bank but in favour of co-operative societies was based on the potential financial losses that could have arisen had such a bank been created. Based on the difficulty of raising money on easy terms for the Jerusalem drainage scheme, an agricultural bank was considered to be too problematic. Those who were against the bank argued that in the event of an agricultural crisis, the government would be pressured to be lenient about security and repayment and that consequently, it might be impossible to recover either principle or interest.¹⁰⁷

“Foreclosure on mortgages would lead to a further fall in values, and the colony would then be left to meet debt charges with general revenue. Further in the case of Palestine the government would always be exposed to charges of showing favour to the Arabs, or to the Jews, in the conduct of the bank’s operations,”¹⁰⁸ stated Passfield. This argument seems slightly out of place in the context of 1930. The 1929 revolt was still fresh in the mind of officials. The revolt had demonstrated the policy of limited government involvement in the economy, specifically the land market, was problematic. Furthermore, the revolt had demonstrated that government assistance was needed by Arab cultivators in particular. Also, a differentiation was already being made between Arabs and Jews in the economy. This British official was clearly very concerned that government assistance was urgently needed to slow the differentiation between Arab and Jew.

¹⁰⁶ Great Britain, Colonial Office Records. CO 733/184/10. Mflm. 13356. Memorandum by J.R. Chancellor. January 11, 1930.

¹⁰⁷ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Lord Passfield to J.R. Chancellor. March 18, 1930.

¹⁰⁸ Great Britain, Colonial Office Records, CO 733/184/10. Mflm. 13356. Lord Passfield to J.R. Chancellor. March 18, 1930.

It is necessary to take note of the nuances of the agricultural bank discussions in order to understand how politically divisive decisions about the agricultural economy were. The division between supporters and opponents of free-market principles was not a division that could be transcended in mandate Palestine, although officials did attempt to find justifications that could convince the other side to change its position. The Ottoman Empire was for the most part blamed for the chaotic land situation; however, some officials did note that under the Ottoman administration money had been taken from the *Caisses d'Utilité Publique* and from the tithe in order to provide capital for an agricultural bank. In contrast, stated Chancellor, under the British “Since 1923, apart from loans which have been granted in consequence of the distress occasioned by drought and locust invasion, no agricultural credits have been made available by Government.”¹⁰⁹ Up to the point in 1929 when an agricultural bank and co-operatives were brought up in discussions between colonial officials, the British role in the agricultural economy had been to deal with unforeseeable natural disasters. The difficulty in obtaining funds in 1929 was uncontested, given that the Palestine loan of that year was being used for purposes unrelated to land or the agricultural economy. However, Barclay’s Bank talked with officials long enough to decide that there would be competition between the government and the bank on short term loans but no competition on long term loans, so it seems clear from that perspective that obtaining money to set up the agricultural bank was an economically viable option.¹¹⁰

¹⁰⁹Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. Despatch from Chancellor. January 11, 1930.

¹¹⁰Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. Despatch from Chancellor. January 11, 1930.

The cause of Palestine's economic difficulties proved to be a contentious issue amongst the highest ranking officials in the administration. In 1930 the secretary of state for the colonies, Lord Passfield, articulated the British imperative to govern according to free market principles in Palestine most succinctly when he stated:

[p]rogress as regards larger loans to individuals (and even as regards small loans for a long term to petty owners, grouped in societies) cannot be effected until the question of titles is satisfactorily cleared up. If the Govt. can concentrate on that, they will probably find that much of the financing will be taken off their hands by the Banks. Further, uncertainty as to titles obviously goes to the root of agricultural prosperity.¹¹¹

From this perspective, only once security of title was established would agricultural progress follow. What is interesting is that Passfield was one of the few who were adamant about the specific order of this sequence of events. Despite agreeing with the prevailing ideas of free-market principles in the administration of mandate Palestine, Passfield went against the majority of colonial officials in his conviction on the need for settling the land ownership question before any other problems were addressed. It was universally acknowledged within the mandate administration that there was difficulty with the settlement of title. However, while officials such as Passfield extrapolated from this that land settlement was the problem that needed to be given priority, certain other officials argued that co-operatives societies should be introduced simultaneously with ongoing land title settlement.¹¹² According to this latter form of reasoning, the need for the fellaheen to increase their agricultural productivity was as important as justifying and substantiating every individual fellah's claim to the land he cultivated. The logic of this view was that there were multiple problems in Palestine beyond the need to settle land rights.

¹¹¹ Great Britain, Colonial Office Records. CO 733/184 10, Mflm. 13356. February 25, 1930.

¹¹² Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. March 4, 1930.

The disagreement about when, precisely, land-title settlement should take place in relation to the creation of co-operative societies came from differences in the way officials viewed the fellaheen. Certain officials reasoned that the existing system of land rights was the root of fellaheen indebtedness in Palestine; others thought that the fellaheen themselves were to blame for failing to instigate measures to improve agricultural productivity. Passfield was one of the most ardent supporters of the idea that it was land rights that were the cause of the economic difficulties. He was opposed to any schemes designed to increase agricultural productivity being undertaken prior to settlement. His argument was that once settlement was completed, agricultural development would happen on its own because fellaheen would be able to use their title to land to qualify to borrow capital to put towards increasing their agricultural productivity. According to this line of reasoning, measures taken to promote agricultural development before land settlement was established made no sense because it was not clear that these measures would be needed after land settlement was completed. Land settlement would provide for a more stable and productive use of land. Legal title and legal security of tenure were the problems that needed to be solved by the government immediately.¹¹³ Taking measures to promote development before security of title and security of tenure were established would only prolong the already drawn-out process of title settlement and heighten the trend of insecurity of title which was alienating the fellaheen from the land.

Issues of economic development were closely connected with the problem of title to land. In official discussions following the 1929 riots, “development” was discussed in

¹¹³ Great Britain, Colonial Office Records. CO 733/184/10, Mflm. 13356. Passfield to Chancellor. March 18, 1930.

the context of the creation of a “Development Department”. The establishment of the Development Department in 1931 was intended to provide a means of establishing and protecting tenancy and occupancy rights. Accordingly, until a development commission or department was actually set up, Chancellor argued that it would be favourable for the high commissioner to control land dispositions.¹¹⁴ Both individuals appointed to the Development Department in Palestine and settlement officials responsible for confirming legal title to land in Palestine recognized that conditions for the establishment of a development authority would not be present for some time. Development officials and settlement officers recognized that official uncertainty about fellaheen’s access and title to land was causing the delay in the establishment of the Development Department. How long the land question was to remain an unresolved problem was unclear to all who had an interest in its resolution. Some officials thought that temporary legislation might be able to clarify the issues at stake within the land question. The 1931 Law of Execution (Amendment) Ordinance was intended to protect lease and tenancy rights in cases where land was sold in execution of a judgment debt or foreclosure of a mortgage. Execution of a judgment debt, was not to

determine any lease or any tenancy agreement, express or implied, and the land sold pursuant to such order shall be subject to and with the benefit of, and lease, or any tenancy agreement, express or implied, or any servitude or other right affecting the said land.¹¹⁵

It is clear that “development” in this context of ongoing land legislation was intended to be a means of bringing benefits to the agricultural economy without a final and complete settlement of the question of insecure title. The Colonial Development Fund was the organization in Britain to whom colonial officials could turn for assistance

¹¹⁴ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. J.R. Chancellor. April 24, 1931.

¹¹⁵ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. November 14, 1931.

in funding projects designed to strengthen the productive capacity of a colonial economy. The fund's statutory objective was that of "aiding and developing agriculture by... experiments in the science, methods and practice of agriculture... the organization of co-operation etc. etc."¹¹⁶ According to the terms of the Development Fund, it was against development practice to make short-term advances to cultivators because the fund's function was to "promote development, not to arrest decay."¹¹⁷ Clearly, colonial officials in Britain wanted to differentiate between a colonial government's emergency measures that were necessary simply to ensure the continuation of the status quo, and their endeavours to "promote development" even if development measures took a variety of forms, and the distinction was thus sometimes difficult to enforce.

The British aim of fostering development in mandate Palestine was to diminish indebtedness by making agriculture more productive. This was to be done under the guidance of the Development Department. Those colonial officials of the Palestine section who were concerned with development intended that the authority's services would allow for an increase in the scientific and productive farming practices amongst Arab farmers. If all went according to plan, these improved practices would then increase the economic prosperity of tenants and cultivators and obviate the need for legislation to govern land transfers. This line of reasoning continued as follows: once the problem of indebtedness was solved, Arab farmers would sell land only of their own volition; no one would be compelled to sell land in order to pay debts and no one would be forced off their land as a result of foreclosure on mortgages unless it was due to a mistake made by

¹¹⁶ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. J. Campbell to Mr. Beckett. July 25, 1930.

¹¹⁷ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. J. Campbell to Mr. Beckett. July 25, 1930.

the cultivator himself, not because of the endemic problem of generalized fellaheen indebtedness. Thus, land transfers would not need to be regulated by the government because no one would be losing land against their will.

There were problems with this development plan from its beginning. As Becaed said of a proposed bill on the development scheme in 1931:

It has been produced in a very unnatural manner. Colonial legislation is usually drafted locally, where conditions are known, and “vetted” here from a legal point of view. This bill has been drafted here- though with the assistance of the Attorney General who is supposed to know conditions and has been subjected to a process of whittling down by those interested in making it ineffective. In these circumstances we could only hope that the Bill would do a little good. In the opinion of the HC and the Atty AG, however, it is not merely useless but dangerous. It is impossible to reopen negotiations and to get as a result another draft which would be useful.¹¹⁸

Although he was speaking of one bill in particular, Bentwich’s sentiment seems to have been representative of colonial officials’ general attitude towards legislation dealing with Palestinian land and its occupants during the late 1920s and early 1930s. Such legislation had been caught up in a process whereby the original objectives of the legislation were subject to so many modifications that, in the end, the legislation was both “ineffective” and “dangerous”. This did not stop British officials from trying to create legal mechanisms for land ownership and land transfers; however, the period from the late 1920s to the early 1930s was characterized by great cautiousness on the part of the British authorities towards introducing new laws.

It was this disillusionment with making legislation a positive force for change that provides the context in which the discussion around co-operatives began to take shape. Co-operatives were primarily envisioned as a possible solution for indebtedness and thus as a counter to the threat of landlessness. Co-operative legislation avoided the implementation of restrictions on any economic activity; in this way, they avoided the

¹¹⁸ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. March 27, 193.

ongoing conflict between those who favoured and those who opposed government intervention.

Despite the specific characteristics of co-operatives that distinguished them from previous legislation dealing with land rights, it is evident that, in the minds of officials, the value of co-operatives lay especially in their capacity to reverse the current adverse land situation. Sir John Hope Simpson's 1930 *Report on Immigration, Land Settlement and Development* was the first official report to argue that co-operatives should be instituted amongst the Arab population. As the title and content of this report indicate, co-operatives amongst the Arab population were not viewed in isolation but were considered to be part of the larger question of access to and usage of land in Palestine. Reading his report, certain officials extrapolated that it was the "ignorance" and "suspicion" of the fellaheen that made it necessary to establish institutions to educate the fellaheen in the meaning of co-operation.¹¹⁹ Despite the fact that Hope Simpson's report and subsequent discussions on co-operatives were focused on increasing productivity and transforming the agricultural economy, this report and these discussions were filled with negative depictions of the character of the fellaheen. It was the agriculturalists' social psychology that was considered to be an inhibiting factor in the economic progress of mandate Palestine. As Amos Nadan has argued, the British administration's primary objective in the rural economy was one of "rationalizing" the fellaheen and their institutions through land and credit reforms.¹²⁰ The economy and the fellaheen's mentality were to be changed together. By the 1930s, the precedent had been firmly established that the Palestinian economy and the people would be treated as a single entity in official policy.

¹¹⁹ Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. June 4, 1930.

¹²⁰ Nadan, *Colonial Bungling*, 165.

Co-operatives, by their very nature, were regulative of the individual characters of their members. An agricultural bank and a village co-operative credit society both had the potential to prevent the dispossession of the indigenous agricultural population.¹²¹ However, from the point of view of those who advocated co-operatives, “[s]mall and simple men must have cooperative credit and organization and need constant supervision by sympathetic and trained men.”¹²² Supervision was not a component in an agriculture bank whereas co-operative societies by their very make-up were amenable to the supervision of individuals by those who governed the societies.

From the point of view of their promoters, co-operative societies could have a transformative impact on the Arab peasantry and could prevent landlessness while avoiding the need for legislation that dealt with either the Arab peasantry or the question of land transfers specifically. Given officials’ entrenched disillusionment with the legislative process, the appeal of an institution that could impact cultivators and tenants without the burdensome process of creating new laws is understandable. However, it is important to recognize that British officials continued to attempt to solve the problem of insecurity of title through legislation. For that reason, before addressing more thoroughly the establishment of co-operative institutions, it is useful to consider further the concurrent attempts to overcome the difficulties in legislating new statutes that were particular to the British mandate of Palestine.

There was a problem with treating all of those who lived in Palestine as equal under the law: the theoretical application of a law to all of those living within the borders

¹²¹ Great Britain, Colonial Office Records, CO 733/184/10, Mflm., 13356. Letter from Passfield. May 17, 1930.

¹²² Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. C.F. Strickland to Sir John Shuckburgh.

of mandate Palestine did not mean that all groups would be similarly affected by the law. The difficulties inherent in ensuring that legislation did not discriminate against any one group in its effects on the ground were recognized in 1930 by L.J. Mayle, an official from the Palestine section of the Colonial Office, when the question of government control of land transactions was raised again at the time legislation concerning the Development Department was under consideration. He approached the subject of government control of land transfers cautiously and with a large amount of explanation, as follows:

It might, however, be argued that the Government must also take power to prevent transfer of agricultural lands in cases where there is a possibility of the occupiers becoming landless, in order to avoid creating new obligations which the Development Department would have to fulfil in the future. In view of the difficulty of defining such transactions, in terms, in any measure of law that might be introduced, it might further be held that this involves control of disposition of all agricultural lands.¹²³

In equally careful terms Mayle noted that the high commissioner considered that a register of persons occupying cultivable land should be undertaken in order to ascertain “(a) whether occupancy rights should be created, and (b) if so, what such rights should embrace.” He continued “One of the six Bills now under consideration empowers the High Commissioner to set up the administrative machinery necessary for the compilation of such a register.”¹²⁴ The threat of landlessness to those who worked the land but did not own it was a universally recognized problem, yet there was no agreement as to whether a right of occupancy, which would give an occupant a legal right to remain on the land on which he lived, should be created.

British officials were unwilling to make any decisions that could not be justified both legally and by the facts on the ground. A problem with this approach to decision making was that it was potentially impossible for legal justifications and facts on the

¹²³Great Britain, Colonial Office Records, Mflm. 13356. Minute by L.J. Mayle. April 13, 1931.

¹²⁴Great Britain, Colonial Office Records, CO 733/199. Mflm. 13356. Minute by L.J. Mayle. April 13, 1931.

ground to be congruous. Because the facts on the ground were constantly changing, using them as a means of establishing law was not a realizable objective on the ground in Palestine. This was recognized by colonial officials who often admitted their ignorance and the tediousness of the process of legally establishing title to land. Passfield expressly acknowledged the futility of trying to address the problem of credit in this way.

I presume that the majority of agriculturalists are not at present in possession of such title deeds or leases as would be acceptable to a Bank as security for a loan, and that, since it has been estimated that the land settlement scheme which was started in 1928 will take some 12 years to complete, there is no prospect of an appreciable change in their position in the immediate future.¹²⁵

Despite the fact that existing legislation was proving to have difficulties in actually settling rights to land, Passfield continued to sedulously argue the need for the administration to give its attention to land settlement before any other problem was examined. He argued that before co-operative credit facilities were to be created it would be necessary to provide a “machinery under which legal titles can be secured by small-holders and legal security of tenure can be obtained by tenants.”¹²⁶ Although Passfield stands out as one of the officials most strongly in favour of prioritizing land-title settlement and security of tenure above all else, he was not the only one. As has been noted, Chancellor and Mayle each articulated the need for the British to establish complete control over land transactions and each held that this control would require the British to keep records of and continuously monitor ownership and tenancy rights. Given the substantial number of high-ranking officials who recognized the importance of settling land rights, it is not clear why the resolution of uncertainty of title and security of tenure was in fact not given priority in 1930.

¹²⁵Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. March 18, 1930.

¹²⁶Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. March 18, 1930.

In discussions on the subject of title to land, the issues of landlessness, indebtedness and development were usually discussed together. Conversely, however, legislation only addressed these problems singularly. Legislation that was designed to prevent landlessness ignored the issue of development while, throughout the setting up of the development authority, officials never discussed landlessness and indebtedness in their minute sheets. It is only through reading discussions about legislation that it becomes apparent that the issues of landlessness and indebtedness were connected to co-operatives. In other words, colonial officials were unwilling to formulate legislation that encompassed more than one problem, yet it was nonetheless expected that legislation would effect transformations beyond the immediate issue being addressed in the legislation. The British understood that there was a need to protect those agriculturalists who were not landowners. However, passing permanent legislation that would establish an occupant's right to use of land was considered objectionable. Tenants needed protection, but their legal status was ambiguous and the British were unwilling to make any laws that would codify their legal rights because of the difficulties in justifying such a change. The 1930 Registration of Agriculturalists Ordinance reflected the tenants' ambiguous position. It was a piece of temporary legislation that was meant to register cultivators. One key passage read:

A cultivator whose name has been entered in the register as being the owner of a holding or (as the case may be) the tenant thereof on certain conditions stated in the register, shall not, by reason only of such entry, be deemed, in law, to be the owner of the holding or, (as the case may be) the tenant thereof or if he is, in law, the tenant thereof, he shall not by reason only of such entry, be deemed, in law, to be a tenant upon the conditions stated in the register.¹²⁷

¹²⁷ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. The Law of Execution (Amendment) Ordinance, 1930. 1931.

This 1930 ordinance is notable because it was the first piece of legislation to mention occupancy rights; however, the wording of the ordinance is so restrained that it is unclear whether the position of tenants was actually changed by the legislation. Despite this lack of clarity, certain officials understood the tenuousness of the positions of cultivators and it was perhaps for this reason that the bill was first passed as a piece of temporary legislation. It was a year later in 1931 that O.G.R. Williams, the head of the Palestine section of the Colonial Office, finally admitted the disturbance of “tenants” was a “more or less urgent matter” and that there was possibly a need to contemplate the “whole question of the ‘permanent’ legislation.”¹²⁸

The Law of Execution (Amendment) Ordinance was passed in the same time bracket as the Transfer of Agricultural Land Ordinance, the Protection of Cultivators Amendment Ordinance and the Registration of Agriculturalists Ordinance. O.G.R. Williams considered it necessary to point out that none of this legislation had any relation to the setting up of a development authority despite the fact that all of it was concerned with securing tenants against “ejectment or the imposition of excessive rental.”¹²⁹ Dispossession was not envisioned as an issue that would conceivably be dealt with by the development authority. Although Lord Passfield’s 1930 White Paper had argued for the creation of the development authority, it also acknowledged that an individual disposing of his rights to land could happen as a result of the “imposition of excessive rental”.¹³⁰ This was

¹²⁸Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. June 3, 1931.

¹²⁹Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. May 14, 1931.

¹³⁰Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. May 14, 1931.

significant because the primary focus of the 1930 White Paper was the question of whether or not Palestine's economic conditions could support a continued influx of immigrants similar to that which the territory had accommodated since the beginning of the mandate; it was not primarily concerned with the question of title to land. Williams considered it equally necessary to draw attention to the fact that all of this legislation was temporary legislation and that there was no reason why any of it could not be made into permanent legislation. Permanent legislation would match the temporary legislation in form with various possible amendments. However, the transformation of legislation from temporary to permanent could not happen, according to the official view, until an occupancy right was conferred upon tenants.¹³¹

The distance between legislation passed by the mandate administration and its actual impact on the ground in Palestine seems to indicate a lack of power on the part of the British authorities. Even an official as powerful as the high commissioner had his authority challenged. The decisions of the high commissioner possessed executive authority in principle. However, this kind of authority was open to objection by those in London who thought that executive power resting with one individual would be indefensible if it was ever questioned by the League of Nations. In practice the high commissioner's power was actually quite limited. As one official noted, all of the legislation mentioned above theoretically enabled the high commissioner to make executive decisions about mortgages and land transfers while subjecting the activities of

¹³¹ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. May 14, 1931.

the registrars to the laws in force.¹³² This point became highly contentious as government officials in Britain thought that this much power vested in the high commissioner was insupportable. Certain officials' protest against the high commissioner's power was so great that his authority was tempered in the area of land title settlement decisions.

High Commissioner Chancellor himself described his authority as beneath that of the courts. In his view, he had no authority to act outside of legislation, even if its intent did not match the law's actual consequences. This became apparent in discussions surrounding the Draft Ordinance to Provide for Better Protection of the Tenants and Occupants of the Land.

I have no power, either under existing law or under proposed Bill to prevent execution of eviction order of a court. The only action open to me would be to issue an illegal order to the police which would result in possibility of proceedings for contempt vide page 119 Shaw Commission Report. Unless Kiech can prevent evictions (and I do not expect that he will be able to do so) evictions will take place with grave political consequences. The Bill will have no effect in preventing evictions in view of provision for monetary compensation.¹³³

The point of going into such detail is to illustrate the degree to which all the levels of the administration were in fact aware of the problem confronting Arab agriculturalists regarding their lack of secure title to land. The persistence of the problem of contested rights to land despite extensive legislation was thus not a result of British incompetence or ignorance but rather a result of the ambiguous nature of the British position in Palestine. The problem of certain members of the Arab population losing their land as a result of indebtedness was forced upon the British. From the perspective of British officials at least, the administration's ability to control the problem was uncertain at best. At worst, the problem was simply too big to be dealt with by the administration. The

¹³² Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. November 14, 1930.

¹³³ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. April 18, 1931.

only land rights that the authorities recognized as secure were those established under the mandate administration, yet the process of establishing such rights was causing a major discrepancy between the two ethno-national groups regarding access and use of land.

It would appear that the persons holding titles to agricultural land which would be acceptable by a Bank or other reputable credit institution as security for a loan are restricted to- (a) Persons registered as owners of land in the new registers opened in connection with the land settlement scheme. (b) Persons to whom land has been assigned by the Beisan Lands Commission (c) Persons registered as owners of land in the existing registers in accordance with the provisions of the Land Transfer Ordinance...It would seem at the moment the majority of Arab owners of agricultural land are not in possession of titles to their property which would be acceptable by a bank or other credit institution as security for a loan.¹³⁴

Clearly the issues of title to land and credit were connected. The problem was that there was a very definite order in which, according to British officials, the problems needed to be addressed. When it became apparent that land settlement was not going to cease to be a problem, even with extensive legislation, the issue of credit as well came to occupy officials who had previously been concerned with land settlement. Some officials thought co-operatives that provided credit should be introduced alongside land settlement. Having land settlement dealt with by the courts instead of by the government presented problems. In theory, claimants and defendants in settlement disputes should have recourse to the courts which did have the authority to decide the outcome of contested rights to land. The problem was that not every segment of Palestinian society actually had recourse to the courts and those who did not tended to be cultivators and tenant-cultivators. The case of landlessness resulting from indebtedness was a systemic problem that proved to be unsolvable via the judicial system because those the problem affected were not able to use the courts.

¹³⁴ Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. Land Titles in Palestine. Extract from Report on Palestine Administration- July 1920 to December 1921.

Co-operatives were in theory supposed to provide access to credit for the tenant-cultivator who otherwise had insufficient title to immovable property to qualify for a bank loan. The only way such a tenant-cultivator could qualify for a loan was to join his small assets to a mass of those owned by others in the same situation.¹³⁵ There were obstructions to the land settlement process that suggested that waiting for settlement of title could have been a potentially unending wait. Despite Passfield's insistence on the importance of land settlement, not everyone in the colonial administration was in agreement with him. Regardless of whether or not settlement of titles was the "root of agricultural prosperity", O.G.R. Williams suggested that co-operative societies should be introduced simultaneously with the process of settling title to land.¹³⁶

Those in the administration who saw the settlement of title and access to land for the fellaheen as the solution to problems of indebtedness and political disaffection made up a significant sub-group within the colonial administration. The idea that land settlement was the problem that needed to be addressed before any others remained influential in the legislation despite the influence of those who wanted to avoid the whole question of land settlement. 1934 is notable in this respect because it was the year the Palestine government passed both the Co-operative Societies Amendment Ordinance and the Protection of Cultivators (Amendment) Ordinance. The two pieces of legislation and their timing are significant. The second protection of cultivators ordinance came in response to the need for an amendment to the earlier ordinances. The objective of the first two protection of cultivators ordinances (1929 and 1932) and the two transfer of land ordinances (1920 and 1921) had been to ensure that dispositions of immovable property

¹³⁵Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. February 12, 1930.

¹³⁶Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. March 4, 1930.

did not result in the dispossession of tenants who occupied agricultural land while ensuring that the legislation caused as “little interference as possible with the economic life of the country.”¹³⁷ The need for yet another ordinance with the same objective arose because all of the preceding ordinances had failed to “secure to those dispossessed ‘a sufficient area for the maintenance of their families.’ It also did nothing to provide for the sub-tenant.”¹³⁸

The official discussion of the 1934 Protection of Cultivators Amendment Ordinance was predominantly concerned with the proper legal procedure for the decision making process entailed in the ordinance. Palestine’s chief justice was highly critical of the authority given to the high commissioner by this ordinance. His particular complaint concerned the commission proposed for arbitrating disputes. The chief justice opposed the proposed appointment of a British judicial officer as chairman of the commission on the “ground that it is undesirable that such an officer should be placed in the position of being overruled by the other members upon any question whether of law or fact or of being overruled in his decision upon a point of law or fact by the High Commissioner in Council.”¹³⁹ It was finally decided to change the proposed ordinance based on the chief justice’s criticisms because not to do so would risk having the courts decide that it was “ultra vires for the High Commissioner by Ordinance to constitute a Commission, which

¹³⁷ Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. Enclosure in No. V/125/33. April 27, 1934.

¹³⁸ Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. April 27, 1934. “Memorandum by the Development Officer on the subject of the measures taken by the Palestine Government for the protection of cultivators”. Enclosure in No. V/125/33.

¹³⁹ Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. January 12, 1934..

is not a court, to decide on questions of title to land, and further to constitute a High Commissioner-in-Council the final authority for the decision of such questions.”¹⁴⁰

The concern with the proper legal procedure in the 1934 Protection of Cultivators Ordinance is understandable, given that the British were having difficulty in creating legislation that had enough power behind it to change the situation on the ground as intended. The 1934 Protection of Cultivators (Amendment) Ordinance amended the Protection of Cultivators Ordinance as follows:

- (a) by providing that a subsistence area shall be fixed with the approval of the High Commissioner, and
- (b) by changing the constitution of the special commission by removing therefrom a British Judicial Officer, and
- (c) by providing that appeals from the special commission on a point of law shall go to the Land Court.¹⁴¹

Diminishing the authority of the high commissioner in determining cultivators' right to land and augmenting the authority of land courts meant that the power available to the British government in the enforcement of the ordinance was divided between various officials. As has been shown with land legislation, dividing legislative power between officials often meant that executive authority was diminished. There could be such wide ranging differences between officials on a specific issue that the government's position often became obscured and, as a result, the legislation was weakly enforced. Institutionalizing the power of land courts in legislation meant establishing an authoritative body that was to determine title to land. It also meant leaving unchallenged the unregulated market

¹⁴⁰Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356.. Memorandum by acting Attorney-General.

¹⁴¹ Great Britain, Colonial Office Records. CO 733/252, Mflm. 13356. Protection of Cultivators (Amendment) Ordinance 1934. February 5, 1934.

in land transactions that had been operating in practice from the beginning of the mandate.

Co-operatives, as they were envisaged in 1929 and subsequently, were simultaneously a last resort, a solution to the problem of indebtedness, and a preventative measure to reduce the risk of a landless Arab population. To understand why co-operatives were such a matter of concern for the British in 1929 and for the next five years, it is necessary to understand the legal context in which Palestine found itself in this time period. Despite being very aware of the seriousness of the problem of indebtedness, the colonial officials governing Palestine were wary about using legislation to deal with this problem. Evidence from the legislation passed during this period suggests that these officials had reason to be concerned with legislation's effectiveness. The genesis of laws dealing with land and the agricultural economy in the 1920s and early 1930s usually followed the same course: the intentions of the law were very clear but in the process of writing and implementing the law, the intentions were obscured. The most useful instance in which one can observe the process is the 1931 draft ordinance to provide for control over dispositions of agricultural land. The reasoning behind the ordinance was that the unregulated market in land was leading to a chaotic situation in which certain individuals were losing access to land. Despite the clear reasoning behind the legislation, its wording failed to provide the government with the authority it needed to stop the problems occurring as a result of the unregulated market in land. This proposed legislation

was to be regulative but not prohibitive.¹⁴² The high commissioner was empowered to oversee the implementation of the law but was not to do anything to interfere with the free transfer of land.¹⁴³ In actual fact, the high commissioner was given the authority to determine land transfers and his authority was to supersede the authority of the registrar of lands, the land courts and the settlement officers.¹⁴⁴ However, the considerable opposition he faced from other members of the Colonial Office and from the Jewish Agency meant that his authority was circumvented on the issue of land transfers. The genesis of legislation from drafting to promulgation became a convoluted process in which the intent of this law became lost. The actual legislation was written in a way that was objectionable to certain legal authorities who were opposed to the high commissioner having executive authority in Palestine, and so the law was avoided by those who were empowered to control dispositions by the law.

Co-operative legislation followed a different course. Co-operatives for the Arab population were first discussed in 1929 but were not provided with a specific legal framework until five years later. In the intervening period, steps were taken by the government to find and train a registrar of co-operatives. In this case, legislation followed practice, although, as will be seen, there was a significant discrepancy between law and practice in the case of co-operative societies. Co-operatives were intended to promote self-help and allow for the

¹⁴² Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. J.R. Chancellor. June 27, 1931. CO 733/199.

¹⁴³ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. J. R. Chancellor. June 27, 1931. CO 733/199.

¹⁴⁴ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. November 14, 1930.

growth of a free-market economy in Palestine. At the same time, it was hoped that these institutions had the potential to transform the Arab agricultural class within Palestine. The transformative power of co-operatives was intended to be stronger than that of any other initiatives introduced via land legislation passed up to 1934. The translation of the idea of co-operatives in Palestine to actual co-operative institutions, however, was repeatedly complicated by the state of the land question which was imbued with so much ideological and material power. The ability of the British to implement co-operatives, on the one hand, and the associated inevitable demands for the British to exercise executive authority, on the other, were inextricably bound up with the power of the government to stop the land question from remaining a matter of permanent uncertainty within the mandate.

As will be seen in the next chapter, for several officials, specifically Hope Simpson, French, and Strickland, co-operatives were inextricably bound up with the larger trends in rural Palestine, particularly the on-going isolation of the fellaheen from the government and the attendant lack of opportunities for fellaheen to invest in their land and in agricultural production. The connections between co-operatives, indebtedness, and the position of the fellaheen created a paradox. Co-operatives relied on many conditions for their success; this made their implementation difficult because so many other issues, including those related to the fellaheen, needed to be addressed simultaneously. At the same time, if co-operatives could be successfully implemented, they could radically transform the lives of the fellaheen and, by extension, the status of the rural economy of Palestine. Trying to balance the focus between co-operatives,

indebtedness, and traditional fellaheen economic practices was difficult but officials did manage to do it, albeit in very different ways. The next chapter will turn to an examination of how Hope Simpson, Strickland, and French negotiated the balance between these three issues.

Chapter 2

Idealism “must not blind us to the very grave risks that hover round this policy”:
Official Divergences in Credit Provision and Co-operatives for the Arabs, 1930-1932

Chapter one outlined the difficulties the British confronted in trying to establish a new legal regime in Palestine and in trying to exercise the necessary government authority required for a new legal regime to have any effect. It is tempting to attribute the difficulties to the economic problems faced by the British metropolis in the interwar period, given that such problems were so apparent. However, economic problems alone do not explain the difficulty the British had in giving legal force to the decisions of their officials in Palestine.

In the 1920s and 1930s, the British metropolis was governed according to economically conservative principles. Within the financial sector, the primary trend after the First World War was the continuation of the dominance of the principal segments of capital that had been dominant before the war. This occurred despite changes in the relationship between industry and capital.¹⁴⁵ This economic conservatism in Britain was supported because it was seen as the most effective way of ensuring political stability.¹⁴⁶ Even those who had acquired economic and political influence relatively recently were inclined to support the conservative political system in which cultural authority rested with the gentry. This was because the financial interests in the City of London counted on

¹⁴⁵ P.J. Cain and A.G. Hopkins, *British Imperialism 1688-2000* (Harlow and London: Pearson Education Limited, 2003), 420.

¹⁴⁶ Cain and Hopkins, *British Imperialism*, 424.

the Conservative Party to provide political stability for the world's financial capital.¹⁴⁷ However, the realization of political stability remained problematic.

David Fieldhouse has noted that, particularly in the late 1920s and early 1930s, the British administration in Palestine undertook quite extensive social engineering, though with very limited funds and no British subsidies.¹⁴⁸ British officials there were aware of the limited funding available to their administration, but this recognition did not trump the desire to make political and economic changes in Palestine. Even in the 1930s, the British in Palestine consistently supported the idea that their role was to effect changes that were larger in scope than mere emergency measures to temporarily address economic and political disaffection.

Parliament's decisions in the 1920s and 1930s to withhold loans to the Palestinian government for development purposes often meant that the already fragile situation on the ground deteriorated even more. Officials of the Palestine section of the Colonial Office considered the Treasury more likely than Parliament to be open to the idea of giving them funds in a pinch. In 1931, according to O.G.R. Williams, the proposed Development Scheme could not be implemented because Parliament would not have been willing to grant the necessary money.¹⁴⁹ Williams speculated that the next year a guarantee bill might possibly be passed which would make the funds available as part of a larger grant given to the government in Palestine, but he considered it unlikely that

¹⁴⁷ Cain and Hopkins, *British Imperialism*, 426.

¹⁴⁸ Fieldhouse, *Western Imperialism*, 200.

¹⁴⁹ Great Britain, Colonial Office Records. CO 733/199, Mflm. 13356. Minute by O.G.R. Williams. September 22, 1931.

conditions would be different.¹⁵⁰ The problem was that while money was available from the London Treasury for emergency measures in Palestine, funds for more substantive government initiatives were extremely difficult to secure. Meanwhile, growing landlessness continued to threaten the status quo by making the possibility of further outbreaks of violence more real. Despite his pragmatism in regard to the unwillingness of the Treasury to give money, Williams argued that the need for funding and suitable legislation could not be ignored any longer. Both were needed immediately and the Treasury needed to be consulted to facilitate a means of resettling displaced Arabs.¹⁵¹ Discussions about funds for development purposes could and did shift imperceptibly into discussions about how to get funds to stop a descent into chaos. Colonial officials were generally averse to the merging of the two issues and consistently differentiated between development and emergency measures. Williams clearly could appreciate the need for financial conservatism but when financial conservatism began to threaten the status quo, specifically by creating a group of displaced Arabs, he argued in favour of the Treasury changing its position.¹⁵²

The British administration had only vague notions of what co-operation meant, and of what co-operative organizations could be developed, as officials frankly recognized. In 1930 they agreed on the necessity of instituting co-operatives without knowing or claiming to know the particularity of the ways in which co-operatives would solve the problems of the current land crisis. Consequently, discussions about new laws

¹⁵⁰ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. Minute by O.G.R. Williams. September 22, 1931.

¹⁵¹ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. Minute by O.G.R. Williams. September 22, 1931.

¹⁵² Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. Minute by O.G.R. Williams. September 22, 1931.

on co-operation begin with discussions of how to obtain the knowledge of an expert on co-operative organization in the colonial context. C.F. Strickland, a retired official from the Indian Civil Service who had worked as registrar of co-operatives in the Punjab, was found to be the best qualified official in this capacity. His recommendations were given more weight than those of other officials. Since co-operation was not something that was necessarily understood by all British officials, the high commissioner stated, Strickland was needed to explain to both the officers of the district administration and the Arab fellaheen, the “objects and methods of working co-operative credit societies.”¹⁵³

The plan of Colonial Office officials for co-operatives envisioned the organizations as one piece of the larger British objective to govern land rights. The recommendations in Strickland’s 1930 report, entitled ‘*Report by Mr. C.F. Strickland of the Indian Civil Service on the Possibility of Introducing a System of Agricultural Co-Operation in Palestine*’, were advanced in a context of official reports commissioned by the government of Palestine to create a course of action for dealing with the problem of indebtedness leading to landlessness. It is necessary to consider Strickland’s recommendations as a response to the perceived need for far reaching and permanent changes in the agricultural population. This idea of effecting such changes had first been put forth in Sir John Hope Simpson’s *Report on Agricultural Development and Land Settlement in Palestine*, published in 1930. Certain experts understood that indebtedness had causes more complex and more powerful than the practices of the agriculturalists. These difficulties were later spelled out in Lewis French’s *First Report on Agricultural Development and Land Settlement in Palestine* and his *Supplementary Report on*

¹⁵³ Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. June 4, 1930.

Agricultural Development and Land Settlement in Palestine, published in 1931 and 1932 respectively by the Government of Palestine.

For British officials to gain a comprehensive understanding of land rights in Palestine was a complex process. This complexity was acknowledged many times, as is evidenced in the writings of experts and of the officials who governed Palestine. The need for specific and structural changes was evident and was made explicit in the reports. Although it was unclear how these vast changes were to be undertaken, the assumption was that implementing them would result in a fully functioning economy and polity. Under this ideal system, tenants and cultivators would only lose control over land in conditions where the land was not being used for productive purposes. The discussions about the development of agriculture and co-operatives are instructive instances of the way in which the government of Palestine negotiated between dealing with immediate crises that needed attention and acting on its overarching commitment to effecting lasting change and agricultural development. In the 1920s and 1930s, this commitment to development became centred on co-operatives.

Discourses of development held a very prominent role in the British mandate, particularly in 1930. Co-operatives were separate from the Development Department but had a similar objective insofar as both were not emergency measures but rather were institutions intended to provide the basis of “improvement”. As noted in the previous chapter, the creation of co-operatives was justifiable within the terms of the mandate, officials felt, because credit facilities had been provided by the Turkish government prior to the British. However, the impact of British led co-operatives was intended to surpass the level of economic development reached under Ottoman rule.

In his 1930 report, Hope Simpson drew attention to the contradictions between problems that could be fixed immediately and those that required changes to the deeper structure of land ownership in Palestine. Like French later on, Hope Simpson understood the problems in Palestine to be the result partly of certain deficiencies in the inherited Ottoman system and partly of a lack of comprehension on the part of the British as to the actual difficulties standing in the way of making Palestine economically productive.

Both Hope Simpson's and French's criticism of the Ottoman system was centred on a critique of a particular form of landholding known as *mesha'a*. *Mesha'a* was a system existing in various locations within the Levant area during the Ottoman period and into the mandate period. During the mandate the British tended to see *mesha'a* as a system of communal ownership and as such as an arbitrary system under which the capacity to realize the full benefits of a market system was impossible.¹⁵⁴ According to Ya'akov Firestone, this characterization of *mesha'a* represented a serious misunderstanding of it. The essential features of *mesha'a* were that it was a system under which title to a village's arable land was held in common, not in the sense that the land was communally owned but in that a particular piece of land would be divided into shares and each owner would have title to a share in the land.¹⁵⁵ The amount of land within each share was divided according to soil type, terrain, access from village and other advantages. The idea behind this logic was that each share would be equal to all the others; each share was entitled to an equal portion of the common cultivated land as a

¹⁵⁴ Ya'akov Firestone "The Land-Equalizing *musha'* village: a reassessment" *Ottoman Palestine 1800-1914: Studies in Economic and Social History* Ed. Gad G. Gilbar (Leiden: E.J. Brill, 1990), 109.

¹⁵⁵ Firestone, "Land-Equalizing *musha'*", 92.

whole.¹⁵⁶ All of the common arable land was periodically redistributed in proportion to the number of shares held by each titleholder.¹⁵⁷ The important aspect to recognize about mesha'a is that "exogenous pressures constituted the main causative mechanism of equalization."¹⁵⁸ That is, mesha'a can be seen as a rational response to the demands being put on the fellaheen by the Ottoman state in the form of taxes and the limitations they faced due to their low social status. The extent to which mesha'a was responsive to macro-economic shifts is illustrated, according to Firestone, by the shift from "open-ended" mesha'a to "quantified share" mesha'a as the modern market economy imposed new responsibilities on the fellaheen.¹⁵⁹ Under "open-ended" mesha'a, title was reassigned at each redistribution among all units qualified to receive shares. Conversely, under "quantified share" mesha'a, the number of shares or units of title was fixed. The shift from the former to the latter indicates that mesha'a did not stand in opposition to the international market economy but rather was governed according to very similar considerations. The shift to "quantified share" mesha'a indicates that those who held shares were aware of the need to have a limit on the number of shares into which a particular piece of land could be divided so that the shares did not become so small as to become unproductive.

By contrast, from the perspective of British observers such as Hope Simpson and French, mesha'a was an indication of the Palestinian cultivators' lack of knowledge and interest in economic affairs. There were some problems specifically regarding the question of title to land that Hope Simpson blamed on the indigenous inhabitants of

¹⁵⁶ Firestone, "Land-Equalizing musha'", 92.

¹⁵⁷ Firestone, "Land-Equalizing musha'", 92.

¹⁵⁸ Firestone, "Land -Equalizing musha'", 99.

¹⁵⁹ Firestone, "Land Equalizing musha'", 99.

Palestine: to him, Arabs, like the inhabitants of “all Oriental countries”, were mindlessly attached to the system of common property. What is interesting is the specific way officials talked about it in comparison to co-operatives. Hope Simpson articulated the problem with mesha’a using the supposedly expert opinion of an earlier commission of inquiry. The 1930 Committee on the Economic Condition of Agriculturalists, he said, had found that mesha’a “misses alike the advantages of individualism and co-operation, while it remains they say, it is useless to expect that the land will be weeded or fertilized, that trees will be planted, or, in a word, that any development will take place.”¹⁶⁰ Mesha’a, according to Hope Simpson, needed to be abolished in order for there to be any chance for development. In his plan, by contrast, the land “shall be partitioned and that partition shall be effected on reasonable principles.”¹⁶¹

In Hope Simpson’s argument, co-operatives thus stood in opposition to mesha’a. Co-operatives were the preconditions for development and progress and were founded upon private ownership of property. There were similarities between mesha’a and co-operatives: both systems allowed for individual ownership of shares that, together, with other individual shares, made up a whole. However, from the perspective of the British officials, the perceived difference between the two systems was more significant than the similarities. The British considered individual ownership of property under the system of mesha’a to be ambiguous. Mesha’a was intended to preserve individual title to land in the face of economic hardships by sharing risk amongst those who were of low economic status. It is important to note that, like co-operatives, mesha’a was most beneficial to those who demonstrated a political capacity to mobilize the other factors of production:

¹⁶⁰ Sir John Hope Simpson, *Report on Immigration, Land Settlement and Development*. (Palestine, 1930). 33.

¹⁶¹ Hope Simpson, *Report on Immigration, Land Settlement and Development*, 33.

human labour, animal power and seed were all required to cultivate a full share of land. Thus, mesha'a was a means of organizing production and distributing tax liability to strengthen the private property regime; mesha'a was not a means of altering the hierarchy within the regime of private property.¹⁶²

Whatever the similarities between the Ottoman system and the mandate system, the British decided to define property rights anew. By

...marking the borders of each plot 'in steel' on the ground, and in ink on maps, they brought to an end the village estate of administration which had survived under late Ottoman rule less as an entitlement than as a moment of ambiguous mediation.¹⁶³

From Ottoman historians Martha Mundy and Richard Saumarez Smith's perspective, the ability of the British to make distinctions between mesha'a and co-operatives according to each institution's economic usefulness was not based simply on the actual utility of each institution in a modern market economy. British officials, particularly Hope Simpson, were inclined to see the continued existence of Ottoman institutions such as mesha'a as a result of "entitlement" given to these institutions by Ottoman rulers. According to this view, the institution was imposed on the fellaheen by the Ottoman political elite. There was almost no acknowledgement by British officials that mesha'a may have been an instance of "ambiguous mediation", or in other words, an innovative solution created by Arab fellaheen in response to a dire economic situation and to a government whose attention was focused on other concerns.¹⁶⁴

The officials' concern with discounting mesha'a had more to do with making a distinction between the Ottoman Empire and the British mandate than the actual utility of

¹⁶² Martha Mundy and Richard Saumarez Smith, *Governing Property, Making the Modern state: Law, Administration and Production in Ottoman Syria* (London, I.B. Tauris, 2007), 92.

¹⁶³ Mundy and Saumarez Smith, *Governing Property*, 103.

¹⁶⁴ Mundy and Saumarez Smith, *Governing Property*, 103.

mesha'a. By enacting changes at the village level, namely the rooting out of mesha'a and the implementation of co-operatives, British officials sought to prove that British authority in Palestine was at least equal to that of the Ottoman government, if not more powerful. Taking this logic one step further, officials could justify the British mandate by arguing that the change from one government to the next had definitely been carried out in the spirit of "improvement".

Although the continued existence of mesha'a was evidently a real problem for Hope Simpson, he placed equal blame for the deficiencies of Palestine's economic situation on the British government. His criticism centred on the measures taken by the British in the government's earlier effort to secure title to land. He deemed the 1929 Protection of Cultivator's Ordinance in particular ineffectual because it did not provide for any security of tenancy but did provide for monetary compensation to be given to tenants who were willing to vacate their land.¹⁶⁵ This measure attempted to secure money for tenants but did nothing to secure access to the land on which they worked; tenants could still be evicted and would then have no access to land. The argument that runs through Hope Simpson's report is that fundamental changes needed to be made to the agricultural economy. In particular provision for education was seriously lacking amongst the Arab population. The fact that only 13.2% of Arab children attended elementary school had direct consequences for the economy in his view because no "agricultural development is possible among the Arabs until steps are taken to remedy the present state of affairs."¹⁶⁶ The obstacle that needed to be overcome, argued Hope

¹⁶⁵ Hope Simpson, *Report on Immigration, Land Settlement and Development*, 36.

¹⁶⁶ Hope Simpson, *Report on Immigration, Land Settlement and Development*, 87.

Simpson, was the administration's unwillingness to spend more than £140, 000 annually on the Arab population.¹⁶⁷

The decision to implement co-operatives was motivated by both necessity and idealism. Both "politically and economically", O.G.R. Williams argued in 1930, it would be "beneficial to provide credit facilities at this time vis à vis the Arabs."¹⁶⁸ From Williams' point of view, the violent political outbreaks of 1929 had been directly connected to the conservative orientation of the Treasury. If the government were to establish co-operatives, it would first have to make a significantly larger financial and political commitment than it had up to 1930. The co-operative movement could not be started, he thought, until smallholders were able to obtain money for agricultural purposes.¹⁶⁹ The complicated linkage between the explicit demand for immediate change and the idea of a need for evolutionary transformation under British guidance had arisen repeatedly in the discussions on the land question and it arose more specifically in the discussions on co-operatives. The *raison d'être* of co-operatives was the provision of credit without recourse to moneylenders and with the guaranteed repayment of loans. The repayment of accumulated debts was not an objective of co-operative societies although it was a problem that needed addressing at the time co-operatives were being discussed.

The British administration in mandate Palestine had had some earlier experience with the provision of credit, although not in the context of co-operatives. Barclays Bank had started providing short term loans to cultivators in the north in 1930 and to the whole

¹⁶⁷ Hope Simpson, *Report on Immigration, Land Settlement and Development*, 87.

¹⁶⁸ Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. Minute by O.G.R. Williams. February 12, 1930.

¹⁶⁹ Great Britain, Colonial Office Records, CO 733/184/10, Mflm, 13356. Minute by O.G.R. Williams. February 12, 1930.

of Palestine after 1932. The Palestine government enacted legislation in 1932 that made it easier for the bank to foreclose on the crops of borrowers and had instituted more stringent observation of borrowers by bank officials thus making the provision of credit to cultivators a viable option for the bank.¹⁷⁰ These enforcement measures made Barclays more willing to loan to cultivators because of the increased security of the returns.

The provision of similar short-term loans was to be a major function of co-operative societies. However, in addition to the provision of short-term credit, co-operatives were to have other functions that banks did not. Co-operatives were meant to change the 'character' of the fellaheen so that "ignorance and suspiciousness" were no longer their distinguishing characteristics. This, it was thought, would eventually solve the problem of the "widespread and heavy indebtedness of the fellaheen."¹⁷¹ Thus, though co-operatives were originally a solution to the particular problem of Arabs who had become landless as a result of indebtedness, it was expected that, if they were created and run in accordance with expert judgment, their impact would go beyond solving the specific problem of chronic indebtedness.

As in the case when the government had tried to improve the land situation with the promulgation of other legislation, discussions of plans for co-operatives took place alongside demands for immediate solutions to the problem of indebtedness. The 1930 Committee on the Condition of Agriculturalists had recommended that the government issue £100,000 in short term loans. Additionally in 1930, Sir John Chancellor and Lord Passfield argued that it was necessary for short term loans to be provided, although

¹⁷⁰ Buntun, *Colonial Land* ,116.

¹⁷¹ Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. June 4, 1930.

Passfield argued for the initial number of £35 000.¹⁷² Two points were illustrated by this sequence of events. Firstly, the administration was preoccupied with justifying every decision by the necessities on the ground. Funds would only be allocated if there was shown to be a critical need for which they were the only remedy and, moreover, if it could be proven they would have an actual transformative impact. Agricultural loans had already been given extensive consideration by the Palestine government; it had come to the realization that such loans needed particularly careful monitoring to ensure they were used only for productive measures. Their success would be determined by whether or not they ultimately prevented large scale foreclosures on the property of cultivators.¹⁷³ Secondly, the fact that Chancellor and Passfield insisted on discussing the matter of short term loans in 1930 with no reference to co-operatives suggests that officials at the highest levels of government were insistent that dealing with the immediate situation on the ground was of huge importance and were aware that the available funds were limited. As a result, co-operatives were set aside for the time being since their success was dependent on transforming the basis of the agricultural economy, namely the way in which the individual fellaheen practiced agriculture. In recognition of this, supplementary measures were necessary.

In addition to the previously mentioned measures for the provision of credit in 1930 and 1932, British officials thought it important to invest in development, one of the most important objectives of the government under the mandate. This was the feature that distinguished mandate plans from those of the Ottoman administration. Development was

¹⁷² Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. Economic Condition of Fellaheen. O.G.R. Williams. November 12, 1930.

¹⁷³ Bunton, *Colonial Land*, 111.

the objective that, if and when it was fulfilled, would prove that the mandatory government had been able to transform Palestine into something better and had not merely overseen the continuance of the status quo. One step for achieving this objective was the creation in 1930 of the post of the director of development. Lewis French was the person appointed to be in control the Development Department. How this body responsible for development would actually work was not immediately apparent. All that was clear was that its activities would relate to the issue of landlessness: the discussions about the creation of the Development Department show that the issue of development could not be severed from the issue of landlessness. At the same time, officials felt the strong need to separate development, as a principle, from the demands of solving the land situation. The Development Department was to have control over dispositions (the sale and purchase of landed property).¹⁷⁴ While it was clear to officials that development needed to take place, there was disagreement between them about the transformative potential of development. Even the most optimistic officials in Palestine perceived the situation as chaotic and saw the barriers to development and improvement to be pervasive. Solving the problem of landlessness was to be the preliminary work of the director of development and his staff; the solution would provide the basis on which development could then be executed. Land settlement was the central principle of the Development Department, both in terms of settling landless Arabs and controlling all settlement of land ownership in Palestine so as to ensure the land would be improved.

The aims of the Development Department were basically twofold. The department was to “ascertain inter alia what state and other lands are or properly can be

¹⁷⁴ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. J.R. Chancellor. April 24, 1931.

made, available for close settlement by Jews under reference to the obligation imposed upon the Mandatory by Article 6 of the Mandate.” Simultaneously the department was to occupy itself finding “measures to be devised for the improvement and intensive development of the land and bringing into cultivation areas which hitherto may have remained uncultivated to secure for the fellahin a better standard of living without, save in exceptional cases, having recourse to transfer.”¹⁷⁵ Although this plan sounds suspiciously like a reiteration of the overarching terms of the mandate --and thereby makes the connection to economic development seem somewhat spurious-- the objectives here were more than the mandate’s vague promises to aid both the Jews and Arabs. The Development Department was expected to implement necessary improvements so that Parliament would authorize His Majesty’s Government to guarantee a loan for Palestine.¹⁷⁶

For French, a cadastral survey and land settlement together formed the essential preconditions for development in Palestine. In his view, the continued existence of *mesha’a*, in conjunction with the lack of a cadastral survey, was the “greatest stumbling block” to agricultural development because it meant that every individual’s share to land was constantly changing and so investment in the land was impossible.¹⁷⁷ Development, in the way the British thought of it, was impossible without first settling what constituted the right of individual ownership in all of mandate Palestine.

The realities of land ownership in Palestine did not lend themselves well to a vision of a Palestinian future in which every individual had a clear title to land and where

¹⁷⁵French, *First Report*, 5.

¹⁷⁶ French, *First Report*, 25.

¹⁷⁷ French, *First Report*, 32.

individual efforts could therefore be utilized entirely for productive purposes. While certain British officials were actively trying to secure these ideals for the near future, others were arguing over the details of the conditions necessary for Palestine to be productive. This argument became focused on the 1930 Commission of Enquiry's findings that 160 dunams was the minimum required for Arab agricultural families. Sir John Shuckburgh was quick to use the findings of the commission in his correspondence and to draw attention to the extremely important fact that the area of land over and above that already purchased by Jews was not enough to give 160 dunams apiece to the existing number of Arab families practicing agriculture.¹⁷⁸ The Commission of Enquiry was not the only one to have made an estimate for the minimum. Corporal Sawyer, the director of agriculture, had published a review entitled "The Agricultural Situation in Palestine" in 1922 in which he had made an estimate, and Vladimir Jabotinsky of the Jewish Agency had made his own estimate in 1930. The high commissioner's use of the commission's findings was challenged specifically, however, by L.J. Mayle of the Colonial Office on the basis that there were other estimates, and that no agreement existed on the numbers.¹⁷⁹

The 1930 Commission of Enquiry was not the only form of expert opinion to have its findings challenged by officials who thought that it was the fellaheen's misuse of the land, and not the size of the fellaheen's holding, that was presenting a problem to the agricultural economy. Sir John Hope Simpson's reasoning that a right of occupancy for tenants should be established was censured by other officials within the administration.

¹⁷⁸ Great Britain, Colonial Office Records, CO 733/185/1, Mflm. 13356. Letter to Mr. Williams from Sir J. Shuckburgh. January 20, 1930.

¹⁷⁹ Great Britain, Colonial Office Records, CO 733/185/1, Mflm. 13356. Minute by J. Shuckburgh. July 6, 1930.

According to Beckett of the Colonial Office, the problem with creating a new right of occupancy for tenants was that it would create a new legal definition which could potentially be used against landowners and create a new problem for officials.¹⁸⁰ The biggest obstacle to securing cultivators' rights to land was not the apparent arbitrary nature of the Ottoman system of land rights.¹⁸¹ Rather, it was the disagreement between officials as to what these rights should entail. Far from being a pedantic argument, the disagreement amongst officials came from the discrepancies over how much potential individual officials saw in developing Palestine's economy. Clearly, Beckett saw very little potential, whereas French, Chancellor, and Colonial Office officials such as O.G.R. Williams thought that Palestine had a lot of potential that could be actualized if the government could implement the right conditions.

The official plan for co-operatives was that, once set up, they would operate independently and so would not be hindered by the limitations of the mandate government such as the need to come to an agreement on the minimum size of an agricultural holding necessary for a family's subsistence. This plan was quite ambitious, despite the fact that co-operatives as conceptualized by Strickland, who was seen as an authority on the topic, were outlined in pragmatic terms. Even when the Treasury and obstinate officials were unwilling to dispense with funds or to create new legal definitions, co-operatives could hypothetically still be created. The problem was that the co-operatives about which Strickland and Hope Simpson wrote were part of a larger remedy for the problems causing stagnation in the Palestinian economy. These co-

¹⁸⁰ Great Britain, Colonial Office Records, CO 733/185/1, Mflm. 13356. Minute by F.H. Beckett. November 4, 1930.

¹⁸¹ See Chapter 1.

operatives could not solve all of the problems of indebtedness and lack of title to land. They would ostensibly focus on the individual fellaheen and on developing his character and his ability to be part of a co-operative organization. As unworthy as this plan assumes the character of the fellaheen to have been, it did offer a means of elevation that did not depend on land ownership, the government, or the courts. In this way, it was hoped that co-operatives could avoid the problems associated with land legislation of the late 1920s and early 1930s.

Co-operatives were a solution to the problem of lack of provision of credit to the fellaheen. They were connected to the larger issues of indebtedness and to what the British saw as ambiguity in Arab land rights but, unlike other measures taken to address these problems, this approach to co-operatives focused on the psychological characteristics of the fellah. Colonial Office officials, Hope Simpson, and French had focused on co-operatives as a means of ensuring that fellaheen did not fall into unpayable debt. Conversely, Strickland was more concerned with co-operatives' ability to change the fellah's psychological state and how this affected the way in which he interacted with Palestine's economy. Co-operatives, as they were conceptualized by the different levels of officials in Palestine, embodied two separate ideals: a market orientation, plus supervision and direction of the economic and cultural practices of the fellaheen. Those arguing for the creation of co-operative societies amongst the Arab population presented co-operatives as being part of the process of development amongst the fellaheen. There were exigent measures to which the government had to attend if co-operatives were to function because co-operatives required a degree of political and economic security before they could be created.

French's recommendations were intended specifically for the problems of landlessness and insecurity of title to land; however, neither indebtedness nor the provision of credit fell within his purview. French had been asked to study the feasibility and advisability of providing credit for Arab cultivators and Jewish settlers, and to identify the best method of achieving this purpose.¹⁸² In his report he addressed the appointment of a registrar of cooperative banks and, particularly, the need for the individual in question to be someone who knew the conditions and had training in cooperative principles.¹⁸³ Obviously, co-operatives were not the only means by which to initiate a transformation of the system of land rights and the practices of the cultivators. French, like those arguing in favour of co-operatives, saw a need for the transformation of the status quo; in fact he saw the exact same deficiencies in the status quo as others, but he did not think co-operatives were the only or the best way to effect change. He claimed to not know enough about co-operatives to judge their viability: "I am not myself qualified, from such experience as I have had in the past in India to act as an expert advisor on this highly technical subject."¹⁸⁴ His conclusions on the topic were that he was uncertain as to the feasibility and advisability of credit institutions but that he thought co-operatives would work if they were "effectively organized."¹⁸⁵

A year later in a supplementary report, French reiterated his arguments about the volatility of the land situation, specifically drawing attention to the fact that "in reality there are at present time no cultivable lands at all which are surplus, in the sense that

¹⁸² French, *First Report*, 92.

¹⁸³ French, *First Report*, 92.

¹⁸⁴ French, *First Report*, 92.

¹⁸⁵ French, *First Report*, 92.

they are not already subject to cultivation or occupancy by owners or tenants.”¹⁸⁶ It almost certainly was not a coincidence that in this second report French devoted more discussion to the provision of credit to cultivators and that his criticism of the existing practice of money-lending became more vitriolic. According to French, there was numerical evidence that money-lenders had a stronger presence amongst the fellaheen than government tax collectors in three sub-districts.¹⁸⁷ The money-lenders were able to occupy positions of authority because the cultivators were willing to give most of the money they could access, from whatever source, to the money-lenders. Thus, until cooperative credit institutions could be set up along the lines advocated by Strickland, French argued that credit for cultivators should be withheld by the government. “The Arab, like other peasants, is notoriously improvident: and the more he has to pledge, the greater his opportunities for borrowing money for non-productive and non-essential purposes.”¹⁸⁸ By 1932, then, French’s perspective on the potential of the Palestinian economy had definitely shifted. As there was increasing evidence to suggest that the government was not capable of stopping landlessness, French began to argue that government intervention to help the cultivators should be withheld until the government was in a position to take total control of the situation. Partial endeavours intended to stop the deterioration of Arab land tenure would only make the already problematic situation more volatile. Although his condemnation is based on his perceptions of the deficiencies of the cultivators themselves, he placed the responsibility for changing the situation on the government. French’s view of the cultivator was extremely condemnatory. In his

¹⁸⁶ Lewis French. *Supplementary Report on Agricultural Development and Land Settlement in Palestine*. April 20, 1932, 5.

¹⁸⁷ French, *Supplementary Report*, 48.

¹⁸⁸ French, *Supplementary Report*, 48.

view, the only possibility for the cultivator's improvement was through supervision by those who knew about the economical use of money. The economical use of money, in this case, translated into a question of morals based on how one derived one's income and the purposes to which this income was used.

One of the most significant responses to Lewis French's recommendations came as an analysis of the probability of their success in completely eradicating Arab landlessness. This was written by the financial advisor to the director of development. As one might expect, he had concerns related to the amount of funds required for the fulfilment of the recommendations, but it was the expense in relation to the likelihood of success that was the problem for the financial advisor, not the expense in and of itself. He is worth quoting, for his critique encompasses questions both about the government's ability to fulfil its aims and about feasible levels of expenditure. The division between the two ideas is readily apparent. However, the two were clearly connected, and to be justifiable, the government's plan had to be both capable of effecting change and fiscally viable. The advisor wrote:

There would be no justification for incurring uneconomic expenditure to retrieve the mistake which permitted the Arabs in question to be displaced from their holdings unless at the same time effective steps are taken to prevent similar displacements in the future. And it would be manifestly absurd to allow displacements to go on, if it is really the intention of His Majesty's Government that the obligation to undertake re-settlement will not be limited to those Arabs who have been displaced in the past: as the Director indicates this would mean that for every 1000 dunams (250 acres) purchased by the Jews in the future, involving the displacement of 10 Arab cultivators, Government would have to expend an additional £P. 8000.¹⁸⁹

The "disturbance" of tenants when the land they occupied was sold in execution of a judgment debt or on foreclosure on a mortgage was a "more or less urgent matter",

¹⁸⁹ *Report By the Financial Adviser to the Director of Development on the Financial Aspects of the Proposals in the Director's First and Supplementary Reports on Agricultural Development and Settlement in Palestine.* April 20, 1932. 22.

argued O.G.R. Williams, and it needed to be dealt with before the Development Department was created.¹⁹⁰ Development in Palestine had to deal with the transfer of land insofar as the transfers affected the plans of the future economic development. However, he maintained, legal restrictions on the transfer of land and the protection of cultivators and agriculturalists were to have no direct relation to the setting up of the Development Department.¹⁹¹ The institutionalization of development and the need to control transactions in land were mutually determined insofar as the negative consequences of free land transfers could threaten a development scheme and the successful implementation of a development scheme would eventually obviate recourse to the prohibition of land transfers.¹⁹²

Officials as high up as the Officer Administering the Government of Palestine supported French's arguments on the necessity of development in Palestine. In a telegram, this officer drew attention specifically to the need for well-sinking experiments, the importance of these experiments being as a necessary part of development which would allow for the resettlement of landless Arabs.¹⁹³ In the same vein as settlement officers but articulated even more strongly, the Officer Administering the Government of Palestine reiterated French's argument that a free market would inevitably produce landless Arabs and that land transactions needed to be halted by government order.¹⁹⁴ It is thus apparent that there was consensus amongst officials on the ground that development

¹⁹⁰ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. Minute by O.G.R. Williams. June 3, 1931.

¹⁹¹ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356.. Minute by O.G.R. Williams. May 14, 1931.

¹⁹² Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. J.R. Chancellor. June 27, 1931.

¹⁹³ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. September 16, 1931.

¹⁹⁴ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. September 16, 1931.

and a free market in land were not objectives that could be pursued together. Instead, there was a definite prioritizing of development, while attitudes towards a free market in land remained ambivalent. Despite this ambivalence, land transfers remained relatively free. The explanation for this discrepancy in the early 1930s is not obvious. One possible explanation offered by Mark Levine is that “development and planning were to be guided largely by ideological and political considerations and not the goal of maintaining fellahin on their land.”¹⁹⁵ However, it must be noted that the decision not to prioritize maintaining fellahin on their land would have been in itself a political decision. What becomes increasingly apparent in official discussions, is that political and ideological considerations created divisions amongst officials who were otherwise unified in agreement on the need to address the problems of indebtedness and landlessness.

The concern with indebtedness articulated by Hope Simpson had manifested itself in correspondence between officials particularly as a concern with the practice of money-lending which was considered by Hope Simpson and others to be specific to former Ottoman territories. Their major concern relating to a potential agricultural bank or co-operative society was the tendency of the fellaheen to obtain credit from moneylenders. In their arguments for the agricultural bank, members of the Treasury stated that the “suppression of usury cannot be achieved by direct action, but will be accelerated by the grant of the proposed credit facilities and by debtors seeking redress in the courts.”¹⁹⁶ Hope Simpson found that the average debt per fellah family was £P 27 on which the rate

¹⁹⁵ Mark Levine, “Land Law and the Planning of Empire: Jaffa and Tel Aviv During the Late Ottoman and Mandate Periods”, *Constituting Modernity: Private Property in the East and West* ed. Huri Islamoglu, (London: I.B. Tauris 2004),116.

¹⁹⁶Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. November 22, 1929.

of interest was 30%.¹⁹⁷ This was more than the legal rate of interest but, in this case, circumvention of the law was inevitable because no “fellaheen would dare to defend himself by means of this law, as he would unquestionably close to himself the door of the moneylender forever. Without the moneylender he cannot live.”¹⁹⁸ All of those involved in the decision making regarding land legislation and indebtedness operated on variations of Hope Simpson’s linkages between the moneylender and indebtedness. The difference was that, while Hope Simpson thought that the fellaheen borrowed money from the moneylender because there was no alternative, other like minded officials tended to think that if the fellaheen changed his farming practices and used the courts to decide land disputes, then he would no longer need the moneylender. These officials, specifically Strickland, thought that the fellaheen’s continued recourse to the moneylender for credit - instead of changing farming practices or using the courts - was the only explanation for chronic indebtedness.

Certain colonial officials perceived that the moneylender enabled the Palestinian economy to continue existing in a depressed state because he enabled cultivators to subsist while remaining in debt for an indefinite period of time. Moneylenders operated outside of the reach of the state and, in this respect at least, were in accordance with free-market principles. Co-operatives were also in accordance with a free market, but while co-operatives were supported by the government, moneylenders were considered anathema to Palestine’s economic success. The condemnation of fellaheen borrowing from money-lenders and the genesis of co-operative societies were connected in the sense that each process reinforced the other. S.S. Davis, A. Abramson, and E.R. Sawyer argued

¹⁹⁷ Hope Simpson, *Report on Immigration, Land Settlement and Development*, 68.

¹⁹⁸ Hope Simpson, *Report on Immigration, Land Settlement and Development*, 68.

that the “suppression of usury cannot be achieved by direct action, but will be accelerated by the grant of the proposed credit facilities and by debtors seeking redress in the courts.”¹⁹⁹ According to this logic, the loss of power and influence of the money-lender would indicate a more significant shift in the structure of Palestinian society after which the individual fellah would no longer be afraid of those more powerful than him, nor would he be ignorant of his rights. At this point he would be able to use credit for productive purposes.

Hope Simpson had already stated in 1930 that the need for co-operative societies was “desperately urgent” as the debt of the fellaheen was keeping him in a “constant state of struggle.”²⁰⁰ Co-operatives would make available credit to the fellaheen, would cut off the connection between the fellaheen and the moneylender and would make possible the development of agriculture which was “so essential for progress.”²⁰¹ He had argued that officials, particularly those on the Committee on the Economic Condition of Agriculturalists, had inaccurate information regarding the extreme economic depression confronting the fellaheen in 1929-1930.²⁰² For Hope Simpson, the need for co-operatives was critical despite the ignorance of some British officials about the seriousness of the fellaheen’s indebted state. This, in conjunction with his criticism of the administration’s intransigence on educational spending for the Arabs, makes it clear that Hope Simpson differentiated between urgent problems, whose solutions required the immediate application of a large sum of money, and long-term problems, which required changes in what he considered to be the approach to the market economy of all Arab cultivators. Co-

¹⁹⁹Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. November 22, 1929.

²⁰⁰ Hope Simpson, *Report on Immigration, Land Settlement and Development*, 89.

²⁰¹ Hope Simpson, *Report on Immigration, Land Settlement and Development*, 89.

²⁰² Hope Simpson, *Report on Immigration, Land Settlement and Development*, 68.

operatives, if they were to be materialized in the way Hope Simpson recommended, were to have the particular function of providing credit to the fellaheen.

In the view of most colonial officials, the character of the fellaheen was a barrier to making the economy market oriented. The depressed state of the Palestinian economy needed to be changed, but simply injecting money into the economy would not solve the problem. One “cannot safely grant loans to small agriculturalists except on the basis of co-operative credit”, maintained J. Campbell of the Palestine section of the Colonial Office.²⁰³ In order to make co-operatives viable, the fellaheen needed to be trained to understand co-operatives principles. Although the majority of colonial officials thought co-operatives were desirable, the problem with providing loans on joint and several responsibility was that this principle was not “readily understood” and when the time came for payment, “A cannot be made to see why he should pay for Z, a defaulter whom he did not think it was his duty to supervise from the beginning”.²⁰⁴ Thus instruction and supervision would be necessary, he thought, for the Arab co-operative societies.

C.F. Strickland wrote his report *On the Possibility of Introducing a System of Agricultural Co-operation in Palestine* in the same year as Hope Simpson wrote his own. Strickland took up Hope Simpson’s recommendation for co-operatives and provided an explanation for why co-operative credit was more desirable than any other form of credit for the particular conditions of Palestine. In the first pages of his report, Strickland claimed that all of his recommendations were entirely dependent on the fulfillment of Sir

²⁰³Great Britain, Colonial Office Records, CO 733/199/5A, Mflm. 13356. Minute by J. Campbell, July 25, 1930.

²⁰⁴Great Britain, Colonial Office Records, CO 733/199/5A, Mflm. 13356. Minute by J. Campbell, July 25, 1930.

John Hope Simpson's proposals.²⁰⁵ Furthermore, he made it abundantly clear that his purpose in writing the report was to address the problem of debt amongst the fellaheen which is what he had been commissioned to investigate by the Government of Palestine. For this reason he did not address other factors which either affected or were affected by the fellaheen's debt, specifically the scale of taxation.²⁰⁶ The problem Strickland addressed was that the Arab cultivator was in a state of extreme indebtedness and was unable to get out of this state because of the confluence of two trends. The first was the "natural unpunctuality" of the cultivator in repaying loans and his tendency towards "extravagance" with the credit he received. The second was the tendency of merchants and moneylenders to circumvent Turkish law and to charge rates of interest ranging from a nominal 30% to a nominal 200% per annum, the "actual rate being, on account of deductions and frequent compounding, somewhat higher than the figures here shown."²⁰⁷ Consequently the cultivator was left in state of permanent indebtedness. The fellah's condition had led him to believe that his situation was unchangeable and therefore to act as such. Furthermore his attitude towards his fellow villagers was "one of suspicion."²⁰⁸ The effect of these attitudes of the cultivator made any expectation on the part of government that he would enter into a marketing contract futile.²⁰⁹ Co-operatives presented a solution for each of these problems, both the economic and the psychological.

The first essential therefore for the organization of the Arab fellah is to provide him with current resources through a cooperative credit society (leaving the clearance of major debt to a later time), to form his character slowly in such a society during a term of years,

²⁰⁵ *Report by Mr. C.F. Strickland of the Indian Civil Service on the Possibility of Introducing a System of Agricultural Co-operation in Palestine* (Jerusalem, 1930), 1.

²⁰⁶ Strickland, *Agricultural Co-operation*, 2.

²⁰⁷ Strickland, *Agricultural Co-operation*, 2.

²⁰⁸ Strickland, *Agricultural Co-operation*, 4.

²⁰⁹ Strickland, *Agricultural Co-operation*, 4.

and to train him to watch his expenditure and submit it to the criticism of his fellow members, to be punctual in payment, and to be loyal to his society rather than to those creditors who are the cause of his afflictions.²¹⁰

Although debt was a problem that posed an immediate threat to Palestine's functioning economy, Strickland's solution to debt was one whose major emphasis was on evolutionary change. He saw co-operatives were a solution to chronic indebtedness and *not* to the indebtedness that was leading to landlessness. Strickland's mission was to make recommendations on how to make a long-term transformation in how the fellaheen managed their credit, not to come up with an emergency measure. The closest form to the ideal co-operative society for Strickland was a Raiffeisen society characterized by a small area of operations, modest contributions towards the share capital, equality of voting power among the members, unlimited liability towards the creditors of the society and close internal control over the borrowings and repayments of every member.²¹¹ Unlike officials such as O.G.R. Williams, Lewis French and John Hope Simpson, Strickland did not consider the fellaheen to be capable of supporting a market oriented economy. The practical effect of Strickland's beliefs was that his recommendations were all made with the expectation that their implementation would help to stop decay but would not change the essential nature of Palestine which, according to Strickland, was lacking in several important respects. He was particularly critical of Palestine's lack of natural resources that made it unable to sustain a citrus based export economy. With special attention, he thought, it would eventually be possible to create an export based economy but at the time he was writing, he felt that the Arabs were not producing enough. This was a problem because, in his view, a marketing organization needed to be in full operation

²¹⁰ Strickland, *Agricultural Co-operation*, 4.

²¹¹ Strickland, *Agricultural Co-operation*, 6.

before a viable export economy could be developed. Although the “association of the two communities in the same society will not ordinarily be convenient” Arabs did not currently produce enough and so, to be successful, would have to combine with Jews who already had started marketing organizations prior to 1930.²¹²

Co-operatives, as envisioned by Strickland, would be in need of government support initially in the form of short term loans, but once co-operatives were fully developed they were not to be dependent on the government for funding , nor were they to be subject to government authority . Co-operative societies were to be exempt from registration under the Banking Ordinance if the co-operative institution did not receive deposits at call or short-term deposits from non-members and if it did not open accounts for non-members.²¹³ Although co-operatives were to be outside of the government’s jurisdiction, they would also exist separately from commercial banks. Co-operatives were to borrow money from banks only as long as was needed for co-operatives to develop a central fund. In order to make the co-operative societies independent, they would need to charge a higher rate of interest for lending than they paid for borrowing the money from the financing institution. 12% was the desired rate.²¹⁴

As has been shown earlier, on the subject of co-operatives, the objectives of colonial officials were focused on the same end. The problem was that, because of their very different reasons for favouring co-operatives, colonial officials each emphasized different aspects of co-operative development and these differing orientations resulted in internal contradictions in the co-operative program. Ultimately, these contradictions

²¹² Strickland, *Agricultural Co-operation*, 30-31.

²¹³ Strickland, *Agricultural Co-operation*, 10.

²¹⁴ Strickland, *Agricultural Co-operation*, 10.

proved to be barriers to the effective provision of credit which they intended to be the central function of Arab co-operatives in mandate Palestine. The difficulty was that the agricultural economy was in a depressed state and consequently there was no capital with which to create credit facilities. In recognition of this state of affairs, noted Chancellor, the administration had made reductions in the rate of tithe and implemented controls on the import of wheat and flour. The Committee on the Condition of Agriculturalists had already been delegated to inquire into the economic conditions of the fellaheen in 1929. Despite these extensive measures, the individual fellah was in need of “immediate assistance in the matter of credit.”²¹⁵ Due to the enactment of the Imprisonment for Debt Ordinance that year, there had been restrictions put on the facilities provided by money-lenders. This was a problem because the fellah was in need of loans, not to pay debts to money-lenders, nor for development, but simply to cultivate his land in the upcoming season.²¹⁶ O.G.R. Williams’ initial report that there was a need for loans for agriculturalists and J.R. Chancellor’s assessment four months later, after nothing had been done, that the situation of the fellaheen was desperate and in need of immediate attention, give a rather negative impression of the British attempts to address the problems of the Palestinian economy. However, it is obvious that the persistence of the mandate’s economic problems was not due simply to ignorance on the part of the British. British officials did not artificially diminish the seriousness of the situation. The consistency of the arguments of officials from the Palestine section of the Colonial Office, in conjunction with the appointment of three experts to try to make some coherent observations on the problems of the land situation and the indebtedness of cultivators,

²¹⁵ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. JR Chancellor. June 28, 1930.

²¹⁶ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. JR Chancellor. June 28, 1930.

make it clear that some British officials, at least, were not lacking in knowledge about the problems facing Palestine.

Strickland had very detailed ideas about the provision of credit and the economic organization of Arab cultivators; development was not a priority of his. However, development did form an integral part of the British plan for Palestine. Officials responsible for decision making and the experts looking into conditions on the ground both saw development measures as requisite to fulfill the British longer term objectives of the mandate. French succinctly defined development as an objective and distinguished it from measures taken by the government to prevent chaos in rural agriculture.

The declared policy of Government aims at closer settlement of the existing and future population of Palestine. Close settlement means higher farming; that is, the abandonment of food crops of low monetary value in favour of the more remunerative cultivation of fruits such as citrus and bananas; dairy farming; stock-raising and poultry and egg production. A priori, the aims are admirable but idealism must not blind us to the very grave risks that hover round this policy.²¹⁷

French also questioned some of the government's development objectives, however, by drawing attention to the fact that citrus fruits could not be successfully cultivated in all areas of Palestine. Furthermore, in his view the tenuousness of the Palestinian economy meant that it was unrealistic to expect high or intensive monocropping by the entire cultivating class.²¹⁸ French was aware of the resistance faced from the metropolis on all financial matters that concerned the colonies.

The Palestine mandate was subject to the decisions of the British Parliament and the British Treasury. Funding, or rather restrictions on funds, were problems that had to be addressed continuously by mandate administrators. Co-operatives and all decisions made with regard to them, specifically the appointment of the registrar, were vetted

²¹⁷ French, *First Report*, 15.

²¹⁸ French, *First Report*, 15.

before they even reached the Treasury, to ensure that the proposals for development would not require more funds than those already allocated. The way Strickland had described the co-operatives that were to be created put particular emphasis on their self-regulative nature. Emphasizing the need for co-operatives to function independently of the government was thus completely in line with their theoretical conception. O.G.R. Williams argued that the registrar's activities needed to be kept within £20,000. This way the only funds used would be those made available by the Ottoman Agricultural Bank assets and there would be no calls on public funds.²¹⁹

The Treasury was concerned with making a system for the provision of credit that would exclude those cultivators who were not able to repay loans. S.S. Davis, the treasurer, along with A. Abramson, the commissioner of lands, and E.R. Sawyer, the director of agriculture devoted much time to making recommendations on the provision of credit. They argued that providing credit would prove to be in the Treasury's own interest, since the "loss sustained by the Government will have been more than compensated directly from the increased tithes obtained from the cultivators by reason of the facilities afforded."²²⁰ The Treasury definitely put forth a particular strain of British thought that was different both from those of the officials working in Palestine and from the experts charged with studying specific problems. What is made abundantly clear by the Treasury's arguments made in conjunction with colonial officials is that the provision of credit was acknowledged to be an issue that affected Palestine as a whole, and it was therefore a concern to the highest authority of the territory.

²¹⁹ Great Britain, Colonial Office Records, CO 733/199/5A, Mflm. 13356. Minute by O.G.R. Williams. June 3, 1931.

²²⁰ Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. S.S. Davis, A. Abramson, and E.R. Sawyer. November 22, 1929.

Despite the unwillingness of the government to spend money on Palestine, in 1930 a £2, 500, 000 loan was granted to Palestine for irrigation and drainage and “other schemes designed to increase the general productivity of the country.”²²¹ However, Passfield asserted, it was not “possible to indicate, at the moment, to what extent the 2,500,000 loan referred to above will cover the purpose of the 1,000,000 recommended by Mr. Strickland.”²²² Officials considered Strickland’s recommendations to be important but it was not clear to what extent co-operatives would contribute to the “general productivity of the country.” Passfield considered it important that the parts of Strickland’s recommendations that were not affected by how much money was being provided by the government should have been attended to immediately, particularly a proposal for the settlement of debts.²²³ Strickland had not actually said that any particular course of action should be taken for the settlement of existing debts, he had only said that they should not be dealt with by the future co-operatives. However, according to Sir John Hope Simpson’s recommendations, debts must be cleared if agricultural productivity was to be improved.

An individual who had absolutely no money or property could not be part of a co-operative. Thus, precisely how co-operatives would be capable of dealing with the landless population is questionable. There was a clearly defined need on the part of the smaller land-owners and the tenant-cultivators who made up the majority of cultivators and who did not have the same access to credit as the larger land owners. One difficulty for British officials was determining how to enable only those cultivators who were

²²¹ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. December 11, 1930.

²²² Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. December 11, 1930.

²²³ Great Britain, Colonial Office Records, CO 733/199, Mflm. 13356. December 11, 1930.

capable of improving productivity to have access to credit. “It is of paramount importance”, wrote the Treasury committee consisting of S.S. Davis, A. Abramson, and E.R. Sawyer, “that loans should only be issued to agriculturalists within their capacity to repay at due dates and thus obviate recourse to usurers for the purpose of meeting obligations to preserve loan capital and continue lending.”²²⁴

The high level of concern with the practice of money-lending can be explained with reference to the concern with the indebtedness of the Palestinian agricultural economy. Colonial officials gave varying weight to the importance of each problem. There was no immediate consensus on how the practice of money-lending was to be dealt with by legislation but the importance of suppressing the practice was reiterated so often that it was simply taken for granted by officials. Repeated references to money-lenders suggested that the institutionalization of the practice represented a deep flaw in the character of the Palestinian cultivator, one whose suppression would free both the individual and the economy from chronic indebtedness. Certain officials were not overly condemnatory towards the fellaheen’s character and specifically limited their censure to the practices of those in debt. J.R. Chancellor recommended a reconsideration of the Imprisonment for Debt Ordinance and changes to be made to the Law of Bankruptcy. For the Imprisonment for Debt Ordinance, there was to be a reduction in the period of imprisonment. He advised that the Law of Bankruptcy’s application be extended from merchants alone to all adult persons, including farmers and fellaheen.²²⁵ Other officials were much more condemnatory than Chancellor. Strickland argued against the reduction in the period of imprisonment for the Imprisonment for Debt Ordinance. Instead, he

²²⁴Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. November 22, 1929.

²²⁵Great Britain, Colonial Office Records, CO 733/199/5A, Mflm. 13356. January 10, 1931.

thought, the government needed to distinguish between the “dishonest” and the “honest” debtor. The stubborn debtor was to be punished. Because the burden of proof lay with the creditor, the honest debtor would have nothing to fear.²²⁶ Although Strickland was against court intervention in the activities of cooperative credit societies, he did think the law had a necessary function in the provision of credit. In the case of default, the Execution Office was to immediately take the execution; there was not to be any recourse to the civil court.²²⁷ Although the creation of credit co-operatives required government intervention in the economy, Strickland was against government intervention in economic affairs if such action rendered assistance to those who were undeserving and would thus make unproductive use of the assistance. He did not think that the government would ever render informal sources of credit completely obsolete, although he did think it necessary to make options available to the cultivators. Strickland’s opinions of the mandate and the Arab fellaheen were that both were in need of transformation. This need was something the government had to face but the results of intervention would necessarily be limited due to the specific characteristics of Palestine which were manifested in the psychological character of the fellaheen.

Strickland argued against the possibility of an appeal of a decision by the registrar in front of the courts because co-operatives were entirely voluntary organizations. While appeals for the winding up of a society were to be allowed in the courts because of the financial interests involved, they were to be limited. Appeals against the registrar’s refusal to register a society were only to be made to the registrar’s superior. “No man need enter a society unless he wishes, and if he desires to maintain a right to a technical

²²⁶ Strickland, *Agricultural Co-operation*, 42.

²²⁷ Strickland, *Agricultural Co-operation*, 22.

and exactly prescribed procedure, he and his friends should register under the Companies Ordinance.”²²⁸ In opposition to officials who saw co-operatives as a means of dealing with the widespread problem of fellaheen indebtedness, Strickland saw co-operatives as institutions that were to be made available only to those fellaheen willing to submit themselves to a co-operative organization, not all fellaheen who were faced with unpayable debts.

Unlike Hope Simpson and French who connected indebtedness with landlessness, Strickland explicitly separated participation in credit co-operatives from ownership of property: “a co-operative society of credit will be based not on the property of the joint borrowers but on their honesty of character and punctuality of dealings.”²²⁹ This was useful insofar as it allowed co-operatives to be created without prior settlement of the thorny issues of rights of tenants and cultivators. In practice, however, members of a co-operative needed some form of security in order to qualify for a loan. Theoretically this did not have to be land; however land ownership and land rights were arguably the most important economic concerns. Few tenant cultivators were wealthy enough to have any sort of property whether immovable or moveable, that would allow them to contribute to a credit co-operative. Individually a tenant-cultivator lacked the means, but by joining his small credit to a mass of others in the same situation, he could potentially qualify for a loan.²³⁰

Co-operatives were inherently particular in their organization although they were all-encompassing as an idea. They could be organized for various purposes which made

²²⁸ Strickland, *Agricultural Co-operation*, 21.

²²⁹ Strickland, *Agricultural Co-operation*, 6.

²³⁰ Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. O.G.R. Williams. February 12, 1930.

them amenable to officials trying to deal with the particularities of the Arab cultivators' situation. However, these particularities meant that at the official level, discussing how co-operatives were to help the indebted fellaheen posed numerous problems. The difficulty in agreeing, or even in recognizing the need to agree, on a conceptualization of credit co-operatives for the Arab population meant that co-operative credit remained a contentious idea even when actual work began on instituting co-operatives after the appointment of F.G. Lowick as registrar. Officials, particularly Hope Simpson, Strickland and French, were able to agree that co-operatives had a place in addressing the problem of indebtedness, but, as has been shown in this chapter, there was a great amount of variation in what each man thought co-operatives would do specifically to improve the situation of the fellaheen. All the officials held the idea that the 'improvement' of the fellaheen was needed. According to officials improvement-oriented land reform was especially urgent in order to get rid of particular practices, specifically mesha'a, a "mutation of ancient tribal practice", or that, at the very least was "a response to conditions which now no longer obtained."²³¹ The continued existence of mesh'a, for the authors of these reports, represented evidence of the need to change the psychological character of the fellaheen. There was no doubt in their minds that this transformation would bring the fellaheen out of his compromised situation in which indebtedness and loss of land posed a constant threat. Although Strickland himself is the one author who does not mention mesha'a specifically, he is also the strongest proponent of the idea that the character of the fellaheen posed potentially dire threats to the rational economic development of Palestine which was at the heart of the criticism of mesh'a.

²³¹ Owen, "Defining Traditional", 123.

The most important aspect of the reports by Hope Simpson, Strickland, and French was that economics was intimately connected with the political realm. Amongst the experts on land, development and co-operatives respectively, there was consensus that economic deterioration led to political unrest and could do so again. Despite the heavily racialized view of the Arab fellaheen, it was acknowledged that their loss of land and credit was due to occurrences outside of their control. Because of the extent of Palestinian indebtedness and loss of land, the British knew that aid would have to come from sources other than the fellaheen themselves. It was also recognized that shifts in the existing economic structure of Palestine could have far reaching political consequences that could challenge the British mandate. The problem was that there was no consensus on the precise nature of the relationship between economics and politics so the connection failed to give a focused approach to governing of Palestine. As Stein notes, each official investigating the land situation advocated a consistent argument with the others,²³² but none was able to bring about real change in practice. After the unrest of 1929, the laissez-faire approach to the land market came under an unprecedented amount of scrutiny. Yet each official remained caught between the “hammer of what he perceived the situation to be and the anvil of Colonial Office restraint.”²³³

Fiscal stringency alone does not explain the compromises that characterized British governance of the land situation in this period. As has been shown, certain officials directly involved in financial offices understood the importance of government action in Palestine. Stein’s criticism of the failure of the British to solve the problems of the land situation attributes the chaos to a lack of trained personnel amongst the British.

²³² Stein, *Land Question* ,164.

²³³ Stein, *Land Question* ,167.

In reading the official discussions amongst officials, it becomes apparent that a number of officials working in the Colonial Office did have knowledge of the land situation that was both specific and accurate. The problem rather was one of commitment to unify political and financial resources to the same end. As will be further illustrated in the following chapter, awareness of the political and economic situation on the ground in Palestine did not translate into the creation of legislation that was able to address the political and economic problems which the legislation had been created to solve.

Chapter 3

British Officials' Competing Conceptualizations of Co-operatives in Palestine Between 1932 and 1934.

There was never any official agreement on what co-operatives should look like in Palestine. Many officials had expected the appointment of Strickland in 1929 to bring about, or impose, a consensus. Although Strickland was considered by officials in Palestine to have the most detailed knowledge of co-operatives, Strickland's authority on co-operatives in Palestine was implicitly challenged by the registrar F.G. Lowick following his appointment in 1932. Huge variations then emerged between Strickland's beliefs and those of Lowick. But what is particularly significant is the fact that, whatever the nature of the differences of opinion expressed in the reports published by Strickland and Lowick, the eventual ordinance to emerge from all this – the 1934 Cooperatives Societies Amendment Ordinance - incorporated still another set of priorities. In fact, it looked an awful lot like the original 1920 Cooperatives Ordinance.

As outlined earlier, one of the determining factors in the decision of the British to rely on co-operatives for the provision of credit to Arab cultivators was the pedagogic function expected from the co-operatives. The instructional element of co-operatives was the key factor that differentiated them from an agricultural bank or the direct granting of government loans to cultivators. To ensure that co-operatives adhered to the ideal type of co-operative organization described by Strickland, their activities came under the direction and supervision of the registrar of co-operatives. Despite the significance assigned to the role of the registrar in the 1934 Co-operative Societies Amendment Ordinance, neither the pedagogic function of the registrar nor that of co-operative societies actually form any part of the legislation. The discrepancy between the intentions

of officials and the actual legislation raises the question of whether, by 1934, British colonial officials' ability to create useful legislation had improved from that of 1929. As has been shown, the genesis of legislation dealing with cultivators' and small owner occupiers' dispossession had proved to the British administrators the difficulty of legislating on problems that were both political and economic in nature. By the 1930s, the legal system "soon lost much of whatever claim it might have made to extra-political, or even customary authority" due mostly to Jewish and Arab criticism of the ability and the legitimacy of the colonial government to rule over all of the inhabitants of Palestine.²³⁴ From 1930 on, the British had made several concerted efforts to address this problem by trying to circumvent challenges to their authority. The creation of co-operative societies was a major part of the British attempt to solidify control in Palestine in a way that could not be opposed by anyone concerned about excessive government intervention.

In the discussions on co-operative societies in Palestine, there was growing reference to those elements of co-operation that differentiated co-operatives from commercial banks and other financial organizations. Indeed, reading the minute sheets on co-operatives following the final abandonment of the project for an agricultural bank, one finds co-operatives definitely portrayed as having more advantageous effects than a bank. Co-operatives in particular promised more of a transformative impact on their members. However, in 1929, when these discussions began, the effort to create co-operatives amongst the Arab population was not prioritized over other projects, such as Arab land settlement or an Arab agricultural bank. Indeed, more attention was still being given to Jewish co-operatives: as Mr. Goldson minuted, co-operative credit and other forms of co-

²³⁴ Owen, "Defining Traditional", 121.

operation had “already taken firm root among the Jewish section of the population, and it is of the greatest importance that nothing should occur which would shake public confidence in co-operation.”²³⁵ What was needed at this time, he thought, was an auditor trained by the government who could bring existing co-operative societies under closer government supervision; “experience in all Countries has shown that Co-operative Societies require inspection and audit by persons in sympathy with and trained in Co-operative practice, who will examine whether the Society is conducted in accordance with the Law and with the Rules of the Society, and whether the various administrative officers, etc, are functioning properly, etc.”²³⁶ The two necessary aspects of co-operation in Palestine were: first, to have government regulation and control of the societies to ensure that the societies did not do anything in contravention of the laws in Palestine and, second, to ensure that “co-operative principles” were adhered to completely. The registrar, noted Goldson, “should have some training and experience in Co-operative matters, and be in sympathy with the Movement. This would help to secure that it continues on sound lines, and might also make it possible to introduce it among the Arab section of the population to their very great benefit.”²³⁷

In all the ensuing debates between 1929 and 1932, exactly what “co-operative principles” were was never defined. No colonial official within the Palestine administration shared his knowledge of these principles, yet for all officials “co-operative principles”, however vaguely defined, remained of the greatest importance. Once the decision to appoint a registrar was finalized, the challenge was to fill the position with

²³⁵ Great Britain, Colonial Office Records, CO 733/164/4, Mflm. 13356. June 17, 1929.

²³⁶ Great Britain, Colonial Office Records, CO 733/164/4, Mflm 13356. Minute by Mr. Goldson. June 17, 1929.

²³⁷ Great Britain, Colonial Office Records. CO 733/164/4, Mflm. 13356. June 17, 1929.

someone who did know about such principles. In January 1932 F.G. Lowick was appointed the registrar of co-operative societies. Lowick came from an interesting background: prior to his appointment, he had been a land settlement officer, an experience that heavily influenced his observations and decisions as registrar. The choice to appoint someone who, despite having limited experience with co-operatives, had extensive knowledge of the particularities of the land situation in Palestine can be readily explained. The appointment process was drawn out over an entire year and was the subject of a certain amount of controversy which only ended when the high commissioner intervened and pushed for the new registrar to be selected from the Palestine administration. According to Mayle of the Colonial Office, the high commissioner's decision went against the decision of the London Treasury,²³⁸ but the Treasury, in the end, endorsed the high commissioner's action. Mayle attributed this shift to pressure from the secretary of state in favour of the appointment of an official who had experience in Palestine. Such an appointment, wrote Mayle, was "justified in the present financial circumstances in view of the importance of the early development of the co-operative movement in Palestine, both on political and economic grounds..."²³⁹ The fact that the Treasury was willing to change its position due to political reasons questions the static conception of the Treasury as a bastion of economic conservatism. The Treasury was cautious about spending money, but it seemed quite willing to allocate funds to specific endeavours that would appreciably improve Palestine's economic development.

Once Lowick's appointment was made, the attention given to the position of the registrar did not abate. It did however focus more on the training required to ensure the

²³⁸ Great Britain, Colonial Office Records. CO 733/216, Mflm. 13356. February 3, 1932.

²³⁹ Great Britain, Colonial Office Records, CO 733/216, Mflm. 13356. February 3, 1932.

registrar was educated in co-operative principles. As outlined by O.G.R. Williams, Mr. Lowick was to take a tour of Switzerland, Poland, Belgium and the Netherlands and afterwards stay a month in England to spend time in

study at various institutions and in discussions with Mr. C.F. Strickland. Mr. Lowick will not be required to undertake a tour in the East at present. It is proposed, if Their Lordships agree, to ask Mr. Strickland to visit Palestine in January next, and to remain not longer than the end of March, in an advisory capacity to the Registrar.²⁴⁰

Colonial officials in the Palestine section did not claim to know much about co-operation, but all accepted that Strickland possessed sufficient knowledge. According to High Commissioner Arthur Wauchope, the duties of the registrar were outlined in exact accordance with Strickland's report.²⁴¹ The general conviction was that, once Lowick had been taught by Strickland and had had the opportunity to observe first-hand certain European co-operatives, he would possess the necessary knowledge to oversee all co-operatives in Palestine.

In 1933, discussions of the Ottoman agricultural bank arose again when High Commissioner Wauchope described a proposal for using £20,000 which had been left in its accounts. His proposal was very specific and is worth describing in detail because it raises two crucially important points for understanding co-operatives in Palestine. Annual credits were to be made available by Palestine's treasurer to the registrar of co-operative societies for "specific purposes on the understanding that such credit can only be used where the Registrar is able to convince the Treasurer that Co-operative Societies cannot otherwise be financed by Commercial banks."²⁴² Loans so granted to co-operative societies were to bear interest at the rate of 1% above the bank rate to a maximum of 7%.

²⁴⁰Great Britain Colonial Office Records, CO 733/216, Mflm. 13356. September 8, 1932.

²⁴¹Great Britain, Colonial Office Records, CO 733/216, Mflm. 13356. May 14, 1932.

²⁴²Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. July 29, 1933.

²⁴³ The maximum term of the loans was to be 3 years. The maximum amount of any loan was not to exceed £500. Loans were to be repaid within 3 years and were to be covered by adequate security. Loans were to be granted on the unlimited joint and several liability of members. The treasurer was to have the right to require a society to use members' crops or property as security as he considered necessary and the government was to hold the charge on the crops or property until the loan was repaid. ²⁴⁴

The Report on Mr. F.G. Lowick's Study Tour in Europe 11th September to 10th December 1932 is a minutely detailed exposé on co-operatives in Belgium, Holland, Poland, Switzerland and England. According to Lowick, he found in each country a wide range of types of society based on co-operation. As a result, Lowick maintained, classifying the attributes of co-operation based on the combined analysis of agricultural co-operative organizations, and consumer and industrial producers' co-operatives, was difficult. Moreover, the use of such a classification would have only limited value. ²⁴⁵

Despite his prior lack of experience with co-operatives, by the end of his tour Lowick had a clear idea of what co-operatives in Palestine might do. Although his report contains much detail about many different countries, he made some very interesting arguments on the nuances of co-operation. For example, Lowick argued that, despite the fact that co-operative organizations in Belgium were monitored by two different ministries, such a "division of authority" would not be useful in a more "backward country, such as

²⁴³ Great Britain, Colonial Office Records, CO 733/233 Mflm. 13356. July 29, 1933.

²⁴⁴ Great Britain, Colonial Office Records. CO 733/233, Mflm 13356. July 29, 1933.

²⁴⁵ Great Britain, Colonial Office Records. CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

Palestine, where it is preferable that one authority should be concerned with all forms of co-operation.”²⁴⁶

Despite differences in the administration of co-operatives in Europe and in Palestine, the underlying justifications were the same. According to Lowick, European co-operatives were regarded more than “merely as instruments for the improvement of the economic conditions of the people.”²⁴⁷ Rather, their objectives were defined as the “general improvement of both the social and economic conditions of the people.”²⁴⁸ Also, the deposits held by the central organizations (known as the central banks and the primary societies) that maintained the funds of all the co-operatives in each individual country were far greater than the amount of loans distributed, a “striking testimony to the thrift of the members and the soundness of the organizations.”²⁴⁹ The social and economic transformation of the people was a fundamental principle of co-operatives that Lowick wanted carried over to Palestine. As for the ability of the co-operatives to raise money above the amount needed by their members, Lowick cautioned that this attribute would not be attainable “for many years” because the potential members of Palestinian co-operatives required the help of commercial banks, non-cooperative financial organizations, and the government.²⁵⁰ Lowick observed with particular care the question of rates of interest charged by European co-operative societies. Obviously, the rate of interest varied according to each country’s financial condition, but Lowick concluded that 10% was not an excessive rate primary societies in Palestine. Although it was high, it was

²⁴⁶ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

²⁴⁷ Great Britain, Colonial Office Records. CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

²⁴⁸ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

²⁴⁹ Great Britain, Colonial Office Records. CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

²⁵⁰ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

still a rate “very much lower than those applied by money lenders.”²⁵¹ The rate of interest charged by co-operative societies was a sensitive question. Rates had to be high enough for co-operatives to become economically independent of the government and commercial banks; yet, at the same time, rates had to be low enough to ensure cultivators’ use of the societies and to enable them to fulfill the function which justified their creation.

Lowick’s tour of Belgium, the Netherlands, Poland, Switzerland and England was criticized by some within the colonial administration who questioned the transferability of the tenets of co-operation to the Palestinian context. On one minute sheet, Wallace’s criticism focused on the idea that European populations were “either thrifty and/or have realized the necessity for self help and not reliance upon extraneous assistance.”²⁵² According to his opinion, it was necessary to instill these attributes into the ‘character’ of the Arabs before establishing co-operatives. Otherwise, there was no basis on which co-operative societies could be created.²⁵³

Lowick devoted great energy to attributing Palestine’s economic difficulties to its succession laws, that is, its laws determining how land was passed on through inheritances. These had been created under the Ottoman system and still applied under the mandate. Lowick referred to the case of Switzerland to demonstrate how succession laws could be changed to avoid the excessive partitioning of land. In Lowick’s proposed new system, instead of land being partitioned to all heirs, land passed - upon the death of the owner - entirely into the possession of one of his heirs who then compensated the

²⁵¹ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

²⁵² Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Minute by Wallace. June 26, 1933.

²⁵³ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Minute by Wallace. June 26, 1933.

remaining heirs for their shares in the valuation of the property.²⁵⁴ Lowick felt that unless the Palestine government followed the “example of the Swiss Government by enacting legislation,” it too would be faced with the “excessive and uneconomic ‘fragmentation’ of land.”²⁵⁵ For Lowick, the co-operative movement could cause vast and far-reaching changes in Palestine that would greatly improve the political and economic position of the fellaheen. However, it was first necessary that the government of Palestine be involved in making the changes – e.g. consolidation of holdings - advocated by the British administrators concerned with the fellaheen’s loss of land rights. For Lowick, government was directly responsible for monitoring the way in which land rights were held.

The co-operative organization of villages has been found both in Switzerland and India to be the best means of consolidating holdings, accompanied by technical and financial help from the Government. It is noteworthy that the Swiss Government makes financial grants of 50% of the cost of consolidation, the remainder being borne by the villagers.²⁵⁶

Arguably, it was more than “noteworthy” that the Swiss had successfully rationalized or “consolidated” their land-holding system by dividing responsibility equally between the government and the villagers. The Swiss example was clearly heralded by Lowick as an overwhelming success in the “improvement” and “development” of the economy. It was clear that the changes made under this system were based on significant government financial resources being allocated to co-operatives. Swiss co-operatives depended equally on government aid and individual resourcefulness for their success.

This division of responsibility ran through Lowick’s critique of the current situation in Palestine. Lowick dismissed the Ottoman laws of inheritance as deficient but

²⁵⁴ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

²⁵⁵ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

²⁵⁶ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

he also condemned the Palestine government for failing to change them. Co-operatives, according to Lowick, would force both the government and cultivators to commit to rationalizing the land holding system.

In theory, the creation of co-operatives could be all-encompassing, but in Palestine there was not much official desire for extending co-operative organizations beyond the agricultural economy. The pamphlet Lowick wrote for the Palestine government, entitled *The Co-operative Organization of the Arab Population in Palestine*, described co-operatives for varied purposes: rural credit societies (Raiffeisan), societies for the sale of agricultural products, societies for the purchase of agricultural requirements of the farmer, agricultural societies for special purposes, societies for social and moral purposes, urban societies and central societies for specific purposes.²⁵⁷ Despite this broad range of options, Lowick believed that the most important function served by co-operatives was agricultural. For this reason Lowick criticized the co-operative movement in England for its lack of organized agricultural co-operatives.²⁵⁸ Despite his very specific descriptions of all forms of European co-operative associations and his description of all co-operative organizations that could potentially be established in Palestine, his obvious concern was with how co-operatives related to land rights and agriculture. This focus demonstrates how closely connected the move to create co-operatives in Palestine was with the territory's rural problems in the late 1920s and early 1930s. Lowick did not hide his impatience with co-operatives that were not concerned with land or agriculture.

²⁵⁷ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. April 1933.

²⁵⁸ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

Despite his impatience with the English co-operative movement, Lowick found his trip to England useful as a means of building support among ambivalent members of the Colonial Office. It certainly frustrated Lowick that the English were so useless at setting up agricultural co-operatives in England while officials in the Palestine section expressed such interest. At the Colonial Office, Lowick met with

Mr. Parkinson and Mr. Downie of the Middle East Department and Mr. Williams of the Palestine Section. I also had an interview with Mr. Stockdale and discussed with him the agricultural co-operative movement in the various colonies. He was of opinion that the co-operative marketing of produce might prove to be the best means of introducing co-operative methods in Palestine.²⁵⁹

During the same visit, Sir John Caulcutt of the Bank of England “promised to give sympathetic consideration to any proposal submitted to him in respect of advances to organizations of the agricultural population” and emphasized the “necessity for caution in respect of the acceptance of deposits by credit societies, largely on account of the difficulty of securing a sufficiently liquid position.”²⁶⁰ Perhaps distance made a difference in the governance of Palestine: whereas officials who worked in Palestine, and had seen for themselves evidence of the deeply unsettling land problems seem to have advocated the immediate creation of co-operatives to address economic difficulties, officials who worked far away in the Colonial Office advocated a much more evolutionary approach to co-operatives and economic change in Palestine. Whether this difference is solely attributable to distance is uncertain. Of course, the difference between those who advocated immediate government intervention and those who were adamant that a gradual approach be followed also reflected larger ideological differences. The discussions with the director of agriculture for the colonial office F.A. Stockdale and

²⁵⁹ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

²⁶⁰ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Enclosure in April 14, 1933.

Caulcutt of the Palestine section in particular are near perfect manifestations of such divergences. While Stockdale seemed to think of co-operatives as a useful means of increasing Palestine's export economy in the near future, Caulcutt seemed to believe that the improvement in Palestine promised by co-operatives would be very gradual, too gradual to warrant making predictions about Palestine's export economy. This disagreement about co-operatives reflected the larger division between those who thought that the British could establish a productive export oriented economy and those who thought that the British would meet with limited success, at best, in their attempts to restructure the Palestinian economy.

Overall, the predominant opinion in London was that co-operatives needed to be formed on a gradual basis which would allow each stage of the creation of the co-operative movement to be deliberate and controlled, thus allowing for careful supervision by persons in positions of authority. While there was agreement about the conceptual aspects of co-operatives, their actual manifestation was less clear. Officials in both Britain and Palestine agreed that the first co-operatives must be set up in such a way that would allow complete government control and supervision, but no one was clear on what kind of co-operative would be established first. There was consensus that co-operatives were to be created for agricultural purposes, although even in Lowick's pamphlet "The Co-operative Organization of the Arab Population of Palestine" it was unclear whether agricultural credit co-operatives or agricultural marketing co-operatives would be given priority.²⁶¹ This tension reflected the inherent contradiction of co-operatives in Palestine. Co-operatives were supposed to be able to address the problem of indebtedness amongst

²⁶¹ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. April 1933.

the fellaheen, a problem that called for immediate change. Conversely, co-operatives were by their very nature to come into existence gradually, subject to the condition that the fellah agree to change his economic practices as advised by the registrar and his staff.

By 1934, the year of a new co-operatives ordinance - two years after the appointment of the registrar of co-operative societies and five years after Arab co-operative societies first became a topic of consideration for the government of Palestine - co-operatives amongst the Arab population were finally realized. A limited number of the institutions immediately came into existence. Some Arab co-operatives were already in the process of being formed, under Lowick's guidance, when the amendment ordinance was promulgated. From the start co-operatives lent themselves well to the cautious approach to legislation characteristic of the mandate. And, as usual officials were cautious in the establishment of co-operatives: the number of institutions never surpassed the ability of the registrar and his staff to supervise them. As J. Hawthorn Hall observed,

In 1933 the Registrar was successful in organizing fourteen Credit and Thrift societies in Arab villages and it is expected that the number of their members will be approximately doubled during the present autumn ploughing season. If he is furnished with the necessary assistance, the Registrar anticipates that it will be possible for him to complete the organization during the next two months of seventeen additional societies of that kind, apart from work in connection with the formation of a variety of other Arab co-operative societies with which his Department is at the moment actively interested, such as irrigation, mechanical ploughing, building and fishing societies.²⁶²

This statement on the status of the co-operative movement in Palestine was considered a declaration of success by the officials involved in its implementation. From the very first mention of the possibility of Arab co-operatives, the need for moderation in their creation had been one of the foundational precepts. Thus, the existence of only fourteen credit and thrift societies, while it does not seem like a very high number, is an indication that co-operatives were being created in accordance with ideals upheld by those officials

²⁶² Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. October 8, 1934.

directing the movement. The mention of the other societies in which the department was “actively interested” is ambiguous, but this ambiguity is consistent with earlier official discussions which emphasized simultaneously co-operatives’ ability to be self-sufficient and their need for official supervision. The importance of instruction was sufficient to require an increase in the number of officials working for the registrar. By October 1934, J. Hawthorn Hall minuted the need to permanently increase the registrar’s establishment “by one or more peripatetic officers for the purpose of instruction, supervision and inspiration of newly founded Arab societies.”²⁶³

The genesis of the Co-operative Societies Amendment Ordinance is instructive in the sense that it demonstrates the extent to which legislation was a process of negotiation rather than the articulation of pure ideals. The amendment ordinance was initially drafted in November 1933 and subsequently was criticized by various parties: the Economic Board of Palestine, C.F. Strickland, and all Jewish organizations which had co-operatives subsumed beneath them. The ordinance was promulgated on October 5, 1934. It is not clear why there was a year long delay between the initial draft of the ordinance and its final passage. Strickland had been insistent about the importance of recognizing that co-operatives were substantially more than economic organizations and none of the other colonial officials in the administration of Palestine had contradicted him on this point. Strickland had made it clear that he thought that experts on banks and commercial organizations lacked the qualifications necessary to govern co-operative organizations. Despite this, the amendment ordinance brought co-operative societies under the

²⁶³ Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. October 8, 1934.

regulations of the Companies Ordinances, 1929-1932; therefore, co-operatives were subject to certain of the same governing principles as commercial organizations.²⁶⁴

The Co-operative Societies Amendment Ordinance 1934 was written in accordance with several of Strickland's recommendations. By comparison, there were significantly fewer similarities between the amending ordinance and the *Report by Mr. C.F. Strickland of the Indian Civil Service on the Possibility of Introducing a System of Agricultural Co-operation in Palestine*. The main concern of the amending ordinance was to ensure that all activities of co-operative societies were in conformity with the legitimate acquisition and use of funds. Towards this end, the amending ordinance explained in exact detail the regulations on the liability of the societies themselves, and on the legitimate uses of the funds and the surpluses of the individual societies.

There was agreement between Strickland and the government on the need for co-operative societies to be subject to official observation so as to ensure that their economic transactions were both legal and in conformity with co-operative ideals. In the genesis of the amending ordinance, and in its final form, there is evidence of a concerted effort on the part of the government to make provisions for both ideals. The amending ordinance made it the law for the books of every society to be audited once a year.²⁶⁵ The enacted ordinance included the provision that if auditors were members of an audit union, it was not necessary for them to be licensed because "employing officers who are competent accountants and at the same time experts in co-operatives principles and organization is

²⁶⁴Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Co-operatives Societies (Amendment) Ordinance, No. 45 of 1933. October 5, 1933.

²⁶⁵Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Co-operative Societies (Amendment) Ordinance, No. 45. Of 1933. October, 5, 1933.

most necessary for the welfare of the co-operative movement in Palestine.”²⁶⁶ In this particular case economic transparency and co-operative principles were successfully combined. It is remarkable how successfully the amending ordinance combines economic and co-operative principles. There are multiple possible reasons for this success. First, co-operatives were based on the maximization of economic benefit to a particular group of individuals who had entered into an organized society for that express purpose. It therefore made sense that co-operative societies would be inclined to function as economically rational entities. In Palestine, a co-operative was legally defined as a society which had as its object the promotion of “thrift, self help and mutual aid among persons with common economic needs so as to bring about better living, better business and better methods of production, or a society established for the purpose of facilitating such societies.”²⁶⁷

Strickland’s concern with establishing the legal basis of co-operative societies did not mean that he thought co-operatives were undeserving of special legal status. He was particularly attached to the idea of keeping disputes that occurred between members of a co-operative society out of the law courts in Palestine. However, there was no consensus on this point. On October 30, 1933 F. A. Stockdale argued that there was insufficient justification for keeping debt disputes out of the courts.²⁶⁸ However, the very same day,

²⁶⁶ Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. Co-operative Societies (Amendment) Ordinance, 1934. January 22, 1934.

²⁶⁷ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Draft of Ordinance to Amend the Co-operative Societies Ordinance with Explanatory Memorandum by Acting Attorney General. October 5, 1933.

²⁶⁸ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. October 30, 1933.

H. Downie countered Stockdale by arguing that the present conditions “justif[ied] avoidance of the procedure of the courts.”²⁶⁹

As with his perception of the role of law in the operation of co-operatives, Strickland thought that there should be a very carefully defined relationship between commercial banks and co-operatives. It has already been shown that co-operatives had a distinct function from that of commercial banks. The most obvious distinction was that Barclays Bank lent at an 8% interest rate while co-operative societies lent at a higher rate. Strickland recommended that Barclay’s add 2% to their interest rate, with the new revenue being given to co-operative societies for their development. The justification Strickland offered for this proposal was that it would work for the promotion of co-operation and the “real welfare of the country.”²⁷⁰ There is no evidence to suggest that Barclay’s agreed to increase its interest rate for the purpose of funding co-operative societies.

Despite Strickland’s lack of influence with Barclays, legislators in Palestine did heed his recommendations about co-operatives and the law courts. One of the provisions of the amendment ordinance thus stipulated that disputes within a co-operative or between a co-operative and an outside individual or organization were to be determined by the registrar, either by himself or via the appointment of an arbitrator or arbitrators. The decision was to have the force of a district court and was not to be subject to appeal.²⁷¹

²⁶⁹ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. October 30, 1933.

²⁷⁰ Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. May 26, 1934.

²⁷¹ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Draft of Ordinance to Amend the Co-operative Societies Ordinance With Explanatory Memorandum by Acting Attorney General. October 5, 1933.

The discussion thus far has been largely concerned with giving evidence of the linkage between co-operatives and their potential to deal with the problems with land rights in Palestine, specifically indebtedness and landlessness. Given this original connection between co-operatives and land rights, it is striking that the 1934 Co-operative Societies Amendment Ordinance actually made no specific reference to land rights. The amending ordinance's provisions focused entirely on the relationship between individual members of co-operatives and the co-operative society itself: the obligations of the individual members to the society were consolidated and the precise way in which the funds, the surplus and the dividends on shares were to be allocated to each member are made explicit. Ostensibly, the Co-operative Societies Amendment Ordinance was about property rights, but with regards to money and credit as opposed to land. "No member of a registered society shall exercise the rights of a member unless or until he has made such payment to the society in respect of membership or acquired such interest in the society as may be prescribed by the rules."²⁷² It was thus made apparent that only individuals who were able to pay membership fees are able to be members of a co-operative society.

The amendment ordinance did deal with the issue of providing credit to members. "It shall be lawful for any registered society to make advances by way of loan in accordance with its registered rules to a member of such society."²⁷³ Furthermore, it was stated that:

A registered society may when making a loan to a member or when a member is indebted to such society require the member to create a charge in favour of the society in such form as may be prescribed on all crops or other agricultural produce, felled timber,

²⁷² Great Britain, Colonial Office Records, CO 733/233, Mflm, 13356. Draft of Ordinance to Amend the Co-operative Societies Ordinance With Explanatory Memorandum by Acting Attorney General. October 5, 1933.

²⁷³ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Co-operative Societies (Amendment) Ordinance No. 45 of 1933. October 5, 1933.

animals, fodder, agricultural or industrial implements, machinery, raw materials and stock-in-trade whether at the date when such charge is created the property comprised in the charge is or is not in existence or is or is not acquired by the person giving the charge.²⁷⁴

This provision of the amendment ordinance is quoted in full to illustrate the particular way property rights were referenced. This provision, like the others in the ordinance, did not explicitly state that a member of a credit co-operative must have owned some form of property, whether in land or in another form. Yet, even if the charge in favour of the loan was on future crops, the individual getting the loan must have either owned land or had a right to use land that was recognized legally and in 1934 there were still outstanding issues for British officials in giving legal recognition to fellah's access or title to land. Furthermore, the amendment ordinance did not address the problem of how quickly fellah's indebtedness turned to landlessness in the 1920s and 1930s in mandate Palestine. If a registrar was convinced that a person was attempting to defeat or delay foreclosure on his property, the registrar could legitimately direct the provisional attachment of the said property.²⁷⁵ Even in a co-operative society, a fellah could lose his land if he was unable to pay his debts. Co-operative societies did not address the existing problem of chronic indebtedness; thus, it was possible that fellaheen could have debts larger than the amount they required to repay their loans, and thus lose their land even if their indebtedness was due to extenuating circumstances and not because of any character flaw.

Co-operatives as conceptualized in the amending ordinance were a combination of the principle of equality and the bureaucratic regulation of the economy. A credit

²⁷⁴ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Co-operative Societies (Amendment) Ordinance, No. 45 of 1933. October 5, 1933.

²⁷⁵ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Co-operative Societies (Amendment) Ordinance No. 45 of 1933. October 5, 1933.

society or a producers' society was to contribute one-fourth of the surplus to the society's reserve fund while all other types of co-operative societies were to contribute one-tenth of the surplus to their reserve funds.

(4)The surplus in each year shall be calculated before the payment of any dividend bonus or rebate to members or non-members. (5)When a dividend is paid on shares, all shares shall rank equally for dividend, and no class of shares shall have a preference over other shares.²⁷⁶

While all members of credit societies were to be equal, and none were to possess rights to the funds of the co-operative that were not possessed by the other members, the registrar was in a position of authority over all the members of co-operatives. The high commissioner was given the authority to make executive decisions on the maximum number of shares or portion of capital held by each member, on the rules and procedure of societies, on the conditions of admission, on the appointment and removal of committee members and officers, on what information was to be provided by a society during an audit, on how much surplus was to be distributed to members, and on the maximum rate of dividends and share capital.²⁷⁷ As was the case with legislation dealing with cultivators' rights to land, the high commissioner was given the power to decide when exceptions could be made. He was charged with making sure that no one was unduly excluded from a co-operative society and he was to decide when provision was to be made for the writing off of bad debts.²⁷⁸

Co-operatives in mandate Palestine have been characterized by Ylana Miller as representative of plans for all British endeavours towards the progress of villages because

²⁷⁶ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Co-operative Societies (Amendment) Ordinance, No. 45 of 1933. October 5, 1933.

²⁷⁷ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Co-operative Societies (Amendment) Ordinance No. 45 of 1933. October 5, 1933.

²⁷⁸ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Co-operative Societies (Amendment) Ordinance No 45 of 1933. October 5, 1933.

of the particular way in which co-operatives combined economic and educational functions: clearly, “there was a great deal of ambivalence about outright aid, and a tendency to mix value-laden lessons with relief.”²⁷⁹ For Miller, there was an inherent connection between the economic and the social functions of development in mandate Palestine. However, argues Miller, neither the government of Palestine nor the villagers recognized the specific way each affected the other, so economic enterprises often caused major unforeseen shifts in societal structures while attempts to reconfigure social hierarchies were often unsuccessful because they were not accompanied by economic changes.²⁸⁰

Nonetheless there is evidence of the connection between economic and social functions in the Co-operative Societies Amendment Ordinance, although the manifestations of this connection differ from those foreseen in the original conceptions of co-operatives. If one were to consider the 1934 Co-operative Societies Amendment Ordinance as the culmination of the efforts of colonial officials from the preceding five years, and to compare it to the objectives stated in the discussions between officials during these years, the overall success of the officials in achieving their goals seems negligible. Only one aspect of those preceding discussions coalesces with the final amending ordinance: the criticism of the economic attitudes of the fellaheen, specifically the particular proclivity attributed to the fellaheen by the British to over-borrow and to rely on money-lenders.

Assumptions about the desirability of and the potential for the transformation of the Arab character were central to the ideas championing the creation of co-operatives in

²⁷⁹ Miller, *Government and Society*, 84.

²⁸⁰ Miller, *Government and Society*, 75 & 108.

Palestine. Officials disagreed on what specifically about the “Arab character” caused economic stagnation. However, the idea that the Arab cultivator needed to cease his dependence on money-lenders was prevalent amongst the British administration of Palestine. Existing simultaneously with this idea of improving the “Arab character” was the argument that the government needed to exercise its authority and intervene in the agricultural economy. But there was no agreement on what sort of change could be affected by the government. Nor was it evident to all officials that the government intervention envisaged was possible in the context of the mandate. It is in this context that Lowick was appointed registrar and charged with implementing co-operatives in Palestine, co-operatives that were somehow supposed to restructure the agricultural economy in a significant way while avoiding having the government take too strong of a position. Lowick’s report leads one to believe that he had more than a superficial understanding of the political and economic stalemate being faced by the government and fellaheen alike.

The fact that one individual could be indebted several times over to a money-lender or multiple money-lenders was, as has been shown, morally reprehensible to the government and was considered a predominant cause of the economic stagnation. The connection between implementing co-operatives and ostracizing money-lending remained strong in the amendment ordinance. The most significant of the regulations made by the high commissioner on this matter was that a member should not be eligible for election to the committee if “being a member of a credit society he engages in the

business of money lending.²⁸¹ The high commissioner felt it necessary to go further in articulating the need to keep money-lending entirely separate from co-operatives societies when he stated that a committee member would cease to hold office if he later engaged in the business of money lending.²⁸²

In the 1934 Co-operative Societies Amendment Ordinance, the role of the registrar was assigned in a very similar way to that set out in the preceding official discussions. The registrar had the authority to make regulations. He established model rules, as well as the forms of accounts and balance sheets. He was to decide the format and content required in the returns and reports to be made to him annually or otherwise by societies.²⁸³ Furthermore, the power given to the registrar in section 64 of the amending ordinance appears to be confined to the collection of information about individual co-operative societies.²⁸⁴ Unlike the high commissioner, the registrar's role allowed him to control the formation and genesis of individual societies. The provisions allowing the registrar to make regulations and establish model rules did entail a substantial amount of authority. The registrar was in close proximity to the societies and could observe the societies over extended periods of time which the high commissioner could not do.

²⁸¹ Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. Co-operative Societies Ordinance, No. 50 of 1933 Extract from Supplement No. 2 Palestine Gazette 418 of 1/2/34 Regulations Made by the High Commissioner Under Section 65.

²⁸² Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. October 5, 1934. Co-operative Societies Ordinance, No. 50 of 1933 Extract from Supplement No. 2 Palestine Gazette 418 of 1/2/34 Regulations Made by the High Commissioner Under Section 65.

²⁸³ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Co-operative Societies (Amendment) Ordinance, No. 45 of 1933. October 5, 1933.

²⁸⁴ Great Britain, Colonial Office Records, CO 733/233. Co-operative Societies (Amendment) Ordinance, No. 45 of 1933. October 5, 1933.

A tension between the practices of particular economic rationality and co-operation became apparent in the recommendations made by the Economic Board of Palestine on the draft amendment ordinance. Members of the Economic Board of Palestine made recommendations to the Secretary of State for changes to be made to the draft ordinance because the draft ordinance contained provisions that “will permit and indeed license, the continuance of certain unsound practices by Co-operative Societies and constitute a danger to the whole co-operative movement in Palestine.”²⁸⁵ However, one of the first recommendations dealt with the provision that allowed co-operative societies to deposit their funds in banks registered under the Banking Ordinance or in central financing societies. This was not a criticism about the rights being given to the registrar or to the co-operative societies themselves; it was a criticism of banks. The Economic Board was opposed to this provision because a “very large number of small Banks, some of them with trifling paid-up capital, carry on banking in Palestine.” The Board therefore held that only banks with paid-up capital of £100,000 or more in addition to central financing societies should be entitled to hold the deposits of co-operative societies.²⁸⁶ It is interesting that even though Strickland had been careful to argue that co-operatives should remain distinct from banks, the amendment ordinance foresaw regular transactions between the two types of institutions. Co-operatives were not to be alternatives to established financial institutions but rather were intended to ensure that as many individuals as possible were able to participate in the type of economy the British were trying to establish in Palestine. This was a system that consisted of banks, private

²⁸⁵ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Memo from W.S. Cohen of the Economic Board of Palestine.. October 6, 1933.

²⁸⁶ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. Memo from W.S. Cohen of the Economic Board of Palestine. October 6, 1933.

corporations and companies who all operated on free-market principles with limited government intervention.

The Economic Board of Palestine was fundamentally opposed to the provision that allowed for duplicate membership. The criticism was based on specific ideas of co-operation, and the Economic Board seemed to possess an inordinate amount of knowledge about co-operative principles despite the fact that co-operatives were not its primary concern.

Duplication of membership is contrary to the basic tenet of credit co-operation. Membership in two, three or more societies at the same time, a common practice in Palestine, results in over-borrowing and reduces the value of the members' joint and several liability, the foundation of co-operative credit.²⁸⁷

The description of duplication of membership in credit co-operatives as being a “common practice” in Palestine is presumably a reference to Jewish co-operatives since the Economic Board was writing in 1933, the year the first Arab co-operatives were created and so evidently too early for there to be any “common practices” of Arab co-operatives. This is important because in 1929 one of the reasons for co-operatives becoming a topic of concern had been the need for existing Jewish co-operatives to be brought under closer government supervision and for auditors to be trained by government so as to ensure co-operatives conformity with the law.²⁸⁸ This passage was nonetheless applicable to Arab co-operatives, particularly because it is discussing credit co-operatives which were accorded the most significance out of all the possible forms of co-operative societies when officials were discussing the future of Arab co-operatives. The practice of engaging

²⁸⁷ Great Britain, Colonial Office Records. CO 733/233, Mflm. 13356. Memo from W.S. Cohen of the Economic Board of Palestine. October 6. 1933.

²⁸⁸ Great Britain, Colonial Office Records, CO 733/164/4, Mflm. 13356. Minute by Mr. Goldson. June 17, 1929.

in over-borrowing was the basis on which officials condemned money-lending and strove to replace it with the establishment of credit co-operatives.

Joint and several liability would appear to be the “foundation of co-operative credit,” according not only to the Economic Board but also to colonial officials, specifically O.G.R. Williams and C.F. Strickland. The suppression of money-lending, and the encouragement of individuals who did not possess sufficient money to qualify for loans from banks but could join their credit to a mass of others on the principle of joint and several liability, were together the most important reasons for promoting co-operatives amongst the Arab population. That the Economic Board of Palestine shared the assessment of the importance of these views about joint and several liability reminds us that key aspects of the co-operative movement were already in place in Palestine in 1929. What is less obvious is the connection between previous co-operatives’ success and the post-1929 government objective to prevent landlessness among Arabs.

It is remarkable that in the 1934 Co-operative Societies Amendment Ordinance, there is no particular mention of Arabs. Since the ordinance was to apply to the entire population of Palestine, the government avoided making any mention of a specific part of the population. But the government had fallen into the same old traps presented by land legislation in the 1920s. The problem then had been that, in the passage of multiple pieces of legislation governing access to land and land dispositions, the final legislation was incapable of achieving its original intentions. The 1934 Co-operative Societies Ordinance followed this same trajectory. From earlier legislative experience the government had learned that eventually, in Palestine, either the legislation failed to come into being or that the changes that occurred as a result of the legislation that did come

into being were not the changes sought after. The government did want to stop the chronic indebtedness and landlessness within the Arab population, and co-operative societies were originally seen as a vehicle to achieve these objectives. The provision of credit was considered a more effective resolution for indebtedness than settlement of individual title to land because in the economic climate of the 1930s the British did not trust Arab cultivators to resist selling their land rights to others and this would have contributed to Arab landlessness.²⁸⁹ However, this did not preclude the previous objective of settling individual rights to land.²⁹⁰ Despite the well documented concern of the British with seeing that the Arab cultivator did not fall into landlessness or compound his debt, no mention or provision in the 1934 ordinance allowed the British to achieve this purpose.

One possible explanation for this omission can be extrapolated from scholarship that attributes the failures of the British administration regarding the land situation to the conflicting ideologies between colonial officials. According to this argument, there was no overarching British position on land tenure but rather several different ones. As a result the decisions taken at a given time or place depended on the particular official responsible in given circumstances. In the case of landless Arabs and fellaheen indebtedness, each decision provoked a different tendency in each official involved which meant that in the end a “bureaucratic rather than a financial solution to a socioeconomic problem was chosen.”²⁹¹

²⁸⁹ Bunton, *Colonial Land*, 98.

²⁹⁰ Bunton, *Colonial Land*, 100.

²⁹¹ Stein, *Land Question*, 146.

Despite the power invested in the high commissioner, which theoretically gave him the power to override legislation and control British policy in Palestine, the differences in successive high commissioners meant that government decisions switched between opposed objectives. In the five years between the first discussions about co-operatives and the amendment ordinance the change in high commissioners between J.R. Chancellor and Arthur Wauchope marked a major shift in the stated objectives of the British in Palestine. Chancellor has been characterized as a “paternal defender of Arab rights”, a role that manifested itself in the form of attempts to instigate full government control of land transfers during his term.²⁹² Conversely, Wauchope, had an apparent “ignorance of land matters, save for information provided him by Palestine administration officials.”²⁹³ According to Stein, his time as high commissioner “did not in the least hurt Jewish settlement efforts”²⁹⁴ in the sense that he did not enforce any laws restricting the transfer of land. The contrast in each commissioner’s inclinations meant that there was a significant shift in government efforts when Wauchope took office. Settlement of displaced Arabs went from being a major problem that was continuously brought up in official discussions to one concern among several equally strong competing ones with those brought up by the Jewish Agency now being dealt with by the high commissioner.²⁹⁵ The change in high commissioners and the effects this had on how the administration dealt with land and credit issues amongst the Arab population can thus be offered as an explanation of why the 1934 ordinance bore so few resemblances to the preceding British discussions on co-operatives.

²⁹² Stein, *Land Question*, 81-128.

²⁹³ Stein, *Land Question*, 141.

²⁹⁴ Stein, *Land Question*, 141.

²⁹⁵ Stein, *Land Question*, 172.

There is one weak point in Stein's argument, however, and that is it assumes the British to be more ignorant of the necessities of ruling Palestine than may have actually been the case. Stein characterizes Wauchope as weak to the point of being ineffective because he let public criticism and the perceived pressures of the Jewish Agency determine policy throughout his time as high commissioner.²⁹⁶ Conversely, Stein characterizes Chancellor as a leader inclined to support the Arabs. However, Stein asserts that Chancellor's motivations were solely the result of "antipathy" towards the Zionists and not any desire to facilitate an improvement in the situation of Arabs in Palestine.²⁹⁷ Yet, even if Wauchope and Chancellor tended to support different groups in Palestine, reading correspondence written by each man in fact suggests that both had a complex understanding of land and credit issues in mandate Palestine.

Regardless of their differences, both Chancellor and Wauchope seemed to be in favour of a strong government presence in Palestine. Wauchope himself argued for an increase in expenditure for the Department of Development so it could increase the number of those employed in the registrar's office to include two officers and two inspectors.²⁹⁸ His recommendation was based on his understanding of the importance of having officials working in close proximity to the situations that the British were responsible for governing.²⁹⁹

Despite the charge that Wauchope was ignorant of the factors affecting the land and political situations in Palestine, he did demonstrate a significant degree of concern with Arab landlessness and was aware that legislation was not necessarily effective in

²⁹⁶ Stein, *Land Question*, 166.

²⁹⁷ Stein, *Land Question*, 83.

²⁹⁸ Great Britain, Colonial Office Records, CO 733/233, Mflm. 13356. March 24, 1933.

²⁹⁹ Great Britain, Colonial Office Records, CO 733/233. Mflm. 13356. March 24, 1933.

preventing this problem. After the passage of the 1933 Protection of Cultivators Ordinance, a bill was proposed that would have made the mortgaging of the minimum subsistence area illegal (it was never promulgated, however, because of the outbreak of violence in 1936). Wauchope argued that it was unlikely that many Arabs in possession of the minimum subsistence area would lose it through foreclosure on a mortgage; however, he went on to say that in cases in which foreclosures of this nature did occur, the government should consider making sure the village retained rights for the use of the land.³⁰⁰ Whether Wauchope's decisions as high commissioner were indicative of weakness or strength as the highest authority in Palestine, he clearly understood some of the particularities of the territory he was charged with governing and was aware of the possibility, in fact the likelihood that legislation would be ineffective because officials' knowledge of these particularities was not reflected in the legislation. While the change in high commissioners may be indicative of a change in approaches to the problems confronting the government of Palestine, neither Chancellor nor Wauchope was ignorant of the existence of the problem of uncertainty of land rights under the mandate. Furthermore, statements made by both high commissioners indicate that they were each aware of the need for government action to solve this problem and to address the problem of the emergence of a class of landless Arabs.

The degree to which the personal and political proclivities of successive high commissioners influenced the implementation of colonial decisions is not something that many scholars discuss, although there does seem to be a significant amount of agreement that between the 1920s and the 1930s, the objectives of the mandatory government

³⁰⁰ Bunton, *Colonial Land*, 129.

underwent a major shift. In the 1920s, from the very beginning of the mandate itself, colonial decisions on the subject of the land question were based on the premise that the establishment of secure and individual rights to land was the necessary precondition for economic development.³⁰¹ This approach lasted only until 1929 at which point attitudes towards the settlement of individual rights to land became more ambiguous. This was most evident in the case of cultivators. Determining whether or not a cultivator held a title to land became a nuanced process because the rights included in the title depended on whether the cultivator had obtained the title according to the 1919 system created by Judge Williamson, or under the provisions of the 1920 land transfer ordinance (which were changed in 1928), or under the Beisan lands commission of 1921, or under Dowson's 1928 land settlement scheme.³⁰² As has been noted, the multiple approaches to cultivator's rights to land actually hindered the creation of a universal system of rights that would have proved useful to the government, particularly in the provision of credit through credit institutions.³⁰³

When they are analyzed in comparison to one another, F.G. Lowick's report and the Co-operative Societies Amendment Ordinance show that the provision of credit as an ideal became obscured in subsequent legislation. In the 1934 ordinance, all particularities of co-operation were made subordinate to property rights. Such property rights were not exclusively individual; however, the legislation precluded the possibility of an individual in a co-operative taking hold of property that was the legitimate property of all of the members of the co-operative. However, only individuals who had title or use of private

³⁰¹ Bunton, *Colonial Land*, 79.

³⁰² Bunton, *Colonial Land*, 87.

³⁰³ Bunton, *Colonial Land*, 87.

property were able to become part of a co-operative so the sanctity of private property was not in any way shifted or expanded but rather it was reaffirmed in the ordinance. In its preliminary form, the amending ordinance was pre-eminently concerned with the property rights of the individual members in relation to the co-operative society. In its final form, a new subsection was added to prevent each member of a society from pledging the shares of a society as security for a loan.³⁰⁴ Another new subsection was also added to provide that the reserve fund of a society was indivisible; no member was to be entitled to a specific share in it as long as the society was in operation.³⁰⁵

In its final form, the amending ordinance did include a sub-section allowing the high commissioner to issue regulations to terminate duplication of membership in credit co-operative societies.³⁰⁶ However, the practice was not to be terminated immediately; co-operative representatives were to have the opportunity to instigate the change before any pecuniary action was taken.³⁰⁷ The process that was made more efficient immediately upon the enactment of the amending ordinance was the removal of defunct or stillborn societies from the register “by applying the similar provisions in the Companies

³⁰⁴ Great Britain, Colonial Office Records, CO 733/252. Draft of Ordinance to Amend the Co-operatives Societies Ordinance With Explanatory Memorandum by Acting Attorney General. October 5, 1934.

³⁰⁵ Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. Draft of Ordinance to Amend the Co-operative Societies Ordinance with Explanatory Memorandum by Acting Attorney General. October 5, 1934.

³⁰⁶ Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. Draft of Ordinance to Amend the Co-operative Societies Ordinance with Explanatory Memorandum by Acting Attorney General. October 5, 1934.

³⁰⁷ Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. Draft of Ordinance to Amend the Co-operative Societies Ordinance with Explanatory Memorandum by Acting Attorney General, October 5, 1934.

Ordinance, 1929.”³⁰⁸ The 1934 legislation on co-operatives was written in such as way as to prevent co-operatives from becoming disassociated from the government.

³⁰⁸ Great Britain, Colonial Office Records, CO 733/252, Mflm. 13356. Draft of Ordinance to Amend the Co-operative Societies Ordinance with Explanatory Memorandum by Acting Attorney General. October 5, 1934.

Conclusion

The British commitment to individual property rights was continuous throughout the mandate. The concern for small owner/occupiers' rights to land and the limitations of legislation in protecting this right was what initiated discussions about co-operatives in 1929. As proved by the promulgation of the 1934 Co-operative Societies Amendment Ordinance, however, the British government failed to pass legislation that would specifically address indebtedness and loss of title to land. The British government's overarching concern with secure property rights under the mandate failed to prevent the increasing loss of title and access to land (at least amongst the Arab population). When co-operatives were first mentioned in 1929, the discussions took place in the context of the newly initiated process of settling title. Official discussions of co-operatives at this point were directed exclusively at the Arab population. There was some ambiguity as to whether a new land regime should be established before co-operatives. It was initially thought that establishing all legal titles to land was the most important goal and the one which the administration required as a prerequisite for dealing with all of the other political and economic problems, including the provision of credit to cultivators. The ambiguity in the government approach was the result of the realization that, despite its pre-eminence, land settlement was not expected to be completed until 1940.³⁰⁹

It was only at this point that the mandate administration accepted that co-operative credit must be introduced before land settlement was completed. The decision to provide credit before title to land was established was not the result of a change in any member of the administration's opinion but rather it was a concession forced by the

³⁰⁹ Great Britain, Colonial Office Records, CO 733/184/10, Mflm. 13356. Passfield to Chancellor. March 18, 1930.

relative weakness of the position of the government in relation to land transfers. Whether this weakness was actual or perceived is unclear. What is clear is that, under the mandate, property rights occupied a place that was significant for two different reasons. First, the settlement of title to land provided a viable way for the administration to extract revenue.³¹⁰ Second, rather than simply being a means of sustaining the British presence in Palestine, property rights were crucial in defining the ‘essential’ nature of Palestine. This view fit with the idea found in British colonial theory that a country’s social and economic relations could be defined in terms of agrarian property; the creation of a country’s wealth began with the settling and cultivating of empty land.³¹¹ Obviously, Palestine was not “empty land”, but the British did consider the existing system of land rights to be “primitive”. For colonial officials, the imposition of specifically British-style individual property rights would be an improvement that would affect Palestine’s development as an autonomous economic and by extension political entity. Despite the fact that the British did not want to allow Palestine to become fully independent, the desirability of developing the state’s capacity to be autonomous and to operate with minimum government was apparent in official correspondence.

The British were aware of the limitations of law as an instrument of change and were ready to address these limitations. Whether the implementation of co-operative societies among the Arab population actually transcended the problems with legislation or was simply a recognition of a “divided legal system consisting of one part for regulating the modern sectors of economic and social life (which thus needed constant

³¹⁰ Smith, *Roots of Separatism*, 38.

³¹¹ Timothy Mitchell, *Rule of Experts: Egypt, Techno-Politics, Modernity* (Berkeley: University of California Press, 2002), 85.

amendment) and one which corresponded more closely to customary (and largely rural) practice” is unclear.³¹² The failure of the British to transcend this bifurcated system would explain the divergence between the intent and the implementation of the cooperative societies ordinance. As F.G.Lowick’s 1932 report and official correspondence show, the British correctly perceived the extent and the immediacy of fellaheen indebtedness. This counters any criticism that may be made which attributes the incoherence of British rule to ignorance on the part of colonial officials about the realities of Palestine. Yet, British officials did not successfully translate their knowledge of the reality of indebtedness into action in a form that could successfully address the problem or its effects. British rule in Palestine can be said to have been incoherent due to a failure to transform law as an instrument of regulation into an instrument of legitimation.³¹³ The British administration saw itself as the legitimate defender of the right of property but it did not see its position as amounting to any sovereign right. That is, the British right to rule over the people was never fully established.³¹⁴ The British recognized the confluence of economics and politics in their rule of Palestine but were unable to transcend the division of the two arenas successfully. The idea that the economy consists exclusively of the attitudes and transactions of commercial exchange and that it was separate from politics was becoming increasingly apparent in reality in the 1930s.³¹⁵ This phenomenon must not obscure the conflation of politics and economy prior to this period. While the definitive reasons for the British failure to establish control of the economy and politics have yet to be established, it has been the intention here to argue the importance of

³¹² Owen, “Defining Traditional”,127.

³¹³ Owen, “Defining Traditional”,127.

³¹⁴ Mitchell, *Rule of Experts*, 76.

³¹⁵ Mitchell, *Rule of Experts* , 81.

looking at politics and economy together when explaining the genesis of government decisions in mandate Palestine.

Bibliography

ARCHIVAL SOURCES

Great Britain, Colonial Office, Record Group 733. Mflm. 13356.

French, Lewis. *First Report on Agricultural Development and Land Settlement in Palestine*. December 23, 1931.

French, Lewis. *Supplementary Report on Agricultural Development and Land Settlement in Palestine*. April 20, 1932.

Hope Simpson, John. *Report on Immigration, Land Settlement and Development*. Palestine: 1930.

Report by the Financial Advisor to the Director of Development on the Financial Aspects of the Proposals in the Director's First and Supplementary Reports on Agricultural Development and Settlement in Palestine. April 20, 1932.

Strickland, C.F. *Report on the Possibility of Introducing a System of Agriculture Cooperation in Palestine*. Jerusalem, 1990.

PUBLISHED SOURCES

Bentwich, Norman, ed. *Legislation of Palestine 1918-1925 Including the Orders in Council, Ordinances, Public Notices, Proclamations, Regulations Etc.* (Alexandria: Whitehead Morris Limited, 1926.

Bunton, Martin. *Colonial Land Policies in Palestine, 1917-1936*. Oxford: Oxford University Press, 2007.

Cain, P.J. & A.G. Hopkins. *British Imperialism 1688-2000*. Harrow and London: Pearson Education Limited, 2003.

Fieldhouse, D.K. *Western Imperialism in the Middle East*. Oxford: Oxford University Press, 2006.

Firestone, Ya'akov. "The Land-Equalizing Musha' Village: A Reassessment." in *Ottoman Palestine 1800-1914 Studies in Economic and Social History*. ed. by Gad. G. Gilbar. Leiden: E.J. Brill, 1990.

Graham-Brown, Sarah. "The Political Economy of the Jabal Nablus, 1920-1948." in *Studies in the Economic and Social History of Palestine in the Nineteenth and Twentieth*

Centuries. ed. by Roger Owen. London: The MacMillan Press, Ltd for St. Antony's College, Oxford, 1982.

Islamoglu, Huri. "Introduction" in *Constituting Modernity: Private Property in the East and West*. ed. by Huri Islamoglu. London: I.B. Tauris, 2004.

LeVine, Mark. "Land, Law and the Planning of Empire: Jaffa and Tel Aviv During the Late Ottoman and Mandate Periods" in *Constituting Modernity: Private Property in the East and West*. ed. by Huri Islamoglu. London: I.B. Tauris, 2004.

Khalidi, Rashid. *Palestinian Identity: The Construction of Modern National Consciousness*. New York: Cambridge University Press, 1997.

McLaren, John, A.R. Buck & Nancy Write. "Property Rights in the Colonial Imagination and Experience" in *Despotic Dominion: Property Rights in British Settler Societies*. ed. by John McLaren, A.R. Buck & Nancy E. Wright. Vancouver, U.B.C. Press, 2005.

Metzer, Jacob. *The Divided Economy of Mandatory Palestine*. Cambridge: Cambridge University Press, 1998.

Miller, Ylana M. *Government and Society in Rural Palestine 1920-1948*. Austin: University of Texas Press, 1985.

Mitchell, Timothy. *Rule of Experts: Egypt, Techno-Politics, Modernity*. Berkeley: University of California Press, 2002.

Mundy, Martha & Richard Saumerez Smith. *Governing Property, Making the Modern State: Law, Administration and Production in Ottoman Syria*. London: I.B. Tauris, 2007.

Nadan, Amos. *The Palestinian Peasant Economy Under the Mandate: A Story of Colonial Bungling*. Cambridge: Distributed for the Center for Middle Eastern Studies of Harvard University by Harvard University Press, 2006.

Owen, Roger. "Introduction" in *Studies in the Economic and Social History of Palestine in the Nineteenth and Twentieth Centuries*. ed. by Roger Owen. London: Macmillan Press Ltd. for St. Antony's College, Oxford, 1982.

-----"Defining Traditional: Some Implications of the Use of Ottoman Law in Mandatory Palestine", *Harvard Middle Eastern and Islamic Review* 1 (2): 115-131.

Donald Quataert. "The Age of Reforms, 1812-1914" in *An Economic and Social History of the Ottoman Empire*. ed. by Halil Inalcik & Donald Quataert. Cambridge: Cambridge University Press, 1994.

Said, Edward. *Orientalism*. New York: Random House, 1978.

Scholch, Alexander. "European Penetration and the Economic Development of Palestine, 1856-82" in *Studies in the Economic and Social History of Palestine in the Nineteenth*

and Twentieth Centuries. ed. by Roger Owen. London: Macmillan Press Ltd. for St. Antony's College, Oxford, 1982.

Smith, Barbara J. *The Roots of Separatism in Palestine: British Economic Policy, 1920-1929*. Syracuse University Press, 1993.

Stein, Kenneth W. *The Land Question in Palestine, 1917-1939*. Chapel Hill: University of North Carolina Press, 1984.

A Survey of Palestine: Prepared in December 1945 and January 1946 for the Information of the Anglo-American Committee of Inquiry. Vol. I. Washington: Institute for Palestine Studies, 1990.