The relationship between inclusive institutions, proximate causes of growth and economic growth: A case study of four Mandate territories, Lebanon, Palestine, Syria and Trans-Jordan, 1918-1946/48

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Abstract:

This paper presents a comparative historical study of the economic growth in four Mandate territories, Lebanon, Palestine, Syria and Trans-Jordan. In all four areas, the ruling Western powers, Britain and France, attempted to introduce inclusive economic institutions with a strong emphasis on private property. In all four areas, the inclusive institutions advanced economic growth, but there were differences in the growth rates. For example, Palestine had the best growth even though the British were more successful in instituting inclusive institutions in Trans-Jordan than they were in Palestine since in Palestine there was also a huge increase in the proximate causes of growth which did not occur in Trans-Jordan. The paper suggests a refined formulation of the relationship between inclusive institutions, proximate causes of growth and economic growth. Inclusive institutions will cause economic growth but at a slow pace. If a country is able to enhance its proximate causes of growth through investment, then the joint effect of the proximate causes of growth with inclusive institutions will lead to much quicker growth.

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Daron Acemoglu (2009) distinguishes between the proximate causes of economic growth, technology, physical capital and human capital, from the Solow growth model and the fundamental cause of economic growth, which Acemoglu argues is “private rights institutions.” Private rights institutions are institutions that support private property and constraint government and elite expropriation of a person's property. In his book, *Why Nations Fail* (2012) with James Robinson, they label these institutions as inclusive institutions. The idea is that even if a country has the proximate causes of economic growth, without inclusive institutions the country will not prosper. What about the opposite case? If a country has inclusive institutions, but is lacking in physical capital, human capital and technology, will the country grow?

This paper will examine the relationship between institutions, proximate causes of growth and economic growth through a study of four neighboring territories, Lebanon, Palestine, Syria, and Trans-Jordan (henceforth LPST), when they were under British and French control from 1918-1946/48. These four areas had many similarities. Prior to the mandate period, all four territories shared a common heritage of being under Ottoman rule for 400 years, and the western rule began and ended at almost the same time. The majority of the population in all four areas were Arab Muslims, though in Lebanon, there was a sizeable Maronite Christian community (around 30% of the population) which strongly supported and was supported by the French, and in Palestine, there was a Jewish minority, which comprised approximately 8% of the population in 1918 and would grow to 31% in 1946.[[1]](#endnote-1)

Prior to WWI, the economics in all four areas were heavily based on agriculture with very limited industry.[[2]](#endnote-2) There were no vast differences in the standard of living amongst the people in the four areas, though using urbanization as a proxy for a measure of economic development, Trans-Jordan was the least developed in the beginning of the Mandate period. In 1922, Trans-Jordan only had one city with a population of more than 10,000 people (Salt, 20,000) and its capital, Amman, had a population of just 2,400, while in Syria, there were several large cities, (in 1914: Damascus, 220,000, Aleppo, 200,000, Homs, 80,000), Lebanon had one large city (in 1914, Beirut, 150,000) and Palestine also had one large city (in 1914, Jerusalem, 80,000).[[3]](#endnote-3)

Syria was the largest of the four areas (171,104 square kilometers, sq km, excluding the *sanjaq* of Alexandretta, which consisted of 4,805 sq km), but due to deserts, only around 31% (53,136 sq km) of the land was estimated to be cultivable. Afterwards, Trans-Jordan consisted of 90,000 sq km, but due to its large desert areas, only approximately 10% (8,700 sq km) of its territory was estimated to be cultivable. Next, Palestine, consisted of 27,009 sq km, but because it had less desert areas, its amount of cultivable land was estimated to be 32% of its territory, which in terms of area (8,760 sq km) was similar to Trans-Jordan. The smallest area was Lebanon, which consisted of 10,170 sq km, but because it had no deserts, a far larger percentage, 55% (5,604 sq km) of its land, was estimated to be cultivable.[[4]](#endnote-4)

During the Mandate period, Britain and France attempted to institute inclusive institutions in all four territories. This allows one to examine the effects of the inclusive institutions in general, and to compare possible differences between the British territories and the French territories. In addition, each power “subdivided” its mandate into two neighboring territories, Palestine and Trans-Jordan for Britain and Lebanon and Syria for France. This division allows us to examine differences within each European power, though here the analysis is more difficult since the two sub-areas were not independent of each other and some data, as for example trade data for Syria and Lebanon, is combined in the two sub-areas.

We start with a brief discussion of the relationship between property and economic growth and then present a short historical and political review of the four territories. Afterwards, we will describe the institutional settings in the countries in the Mandate period, present various indicators of economic growth in the four areas, and compare the economic growth with regard to the institutional settings. We argue that the institutions in these four areas were generally similar, but the growth in the countries was not. This result enables us to reformulate the relationship between inclusive institutions and economic growth. Inclusive institutions will lead to economic growth without foreign infusion of capital and technology but it will be a very slow process. When a country can combine the inclusive institutions with additions of the proximate causes of growth then the economic growth will be much enhanced. The growth process can also be accelerated if there exists large demand in the world for a product that the country exports.

1. Private property, inclusive institutions and economic growth

Honoré (1961) distinguishes between eleven degrees of ownership depending on how much control and legal rights a person has of an item. For example, a person might have the right to use an item and to derive income from the item, while lacking the right to the capital or the right to alienate the item by way of a sale. In this case, the inability to sell the land might stop the person from fully developing the land. This situation corresponds to the official Ottoman law with regard to rural land in LPST during the Ottoman period, 1516-1917/18.

Under the Ottomans, rural land was designated as *miri* land, which meant that the state officially owned the land. However, the peasants who lived on the land had the right to cultivate the land in perpetuity (*usus fructus* rights) on the condition that they worked the land and paid their taxes, but they could not sell the land (Inalcik, 1994).[[5]](#endnote-5) Within some of the land designated as *miri*, there developed in LPST a system of communal ownership called the *musha*` system.[[6]](#endnote-6) With this system, the village as a whole would distribute the land amongst the villagers, and every two or three years, the land would be re-divided.[[7]](#endnote-7) In this case, the peasants had even more limited rights of use and income of the land than under *miri* land that was not part of the *musha`* system, and there was less incentive to invest and develop the land.

In 1858, the Ottomans instituted a land code that gave farmers of *miri* lands more rights to their land, as for example they could officially sell the their user rights to the land, but the state could still revoke these rights and a person could not dedicate the land as a *waqf* (Fischbach, 2000, 25,26). In addition, the land code required the landholder to register their land in the government land register and then the landholder was to receive a title deed to the land.

Gerber (1987, 82) argues that this clause to register the land in the code unintentionally enabled wealthy individuals to purchase large tracts of land. One example was the Sursoq family from Beirut that bought 200 sq km in the Plain of Esdraelon in Northern Palestine. Prior to this purchase, Bedouins occasionally camped and plundered the land, but after the purchase of the land, the Bedouin's presence was limited to the southern edges of the plain. This case illustrates that private property is not synonymous with the term inclusive, as here the Bedouins were unable to roam the Plain of Esdraelon. Instead, inclusive institutions is when the institutions in a country limit the power of the government and elites, in this case Bedouins, to steal or extract money or wealth from the common “man.”

In addition to the pillaging by the Bedouins, another example of extraction by powerful elites in LPST in the Ottoman period was tax farming, which was estimated to have accounted for 95% of the collection of taxes before WWI in the Ottoman Empire (Quataert 1994, 855). The tax farmers would collect much more than the official taxes and the peasants had little incentive to develop their lands (Schein 2012). This would be the problem of extractive institutions that because of the political power of the government and/ or of elites in a country, that gives these people to ability to expropriate the income and capital of an item, the user of the item has little of no incentive to save and invest to improve the item. Some evidence for this proposition is that towards the end of the Ottoman period, the agriculture implements, such as ploughs, threshing instruments, and olive presses, in LPST were practically identical to the Roman period, (Issawi 1988, 271).[[8]](#endnote-8)

1. Historical and political background of LPST in the Mandate period

In 1917/18, in the midst of WWI, Britain conquered the Middle East from the Ottomans. In April 1920, in the San Remo conference, the British were “awarded” a League of Nations Mandate for Palestine, from which in April 1921 the British would carve out Trans-Jordan, and the French were given a League of Nations Mandate for Syria. The French divided their mandate into various states, one of whom was the state of Lebanon (officially Greater Lebanon), and the remaining states, except the *sanjaq* of Alexandretta, which became part of Turkey in 1939, would become Syria.

Both the British and the French established customs and currency union in their respective territories. In 1920, the French introduced a new currency, the Syrian-Lebanese pound (£S), whose value was fixed at a rate of 20 French francs to 1 £S. This linkage to the French pound would prove to be harmful during the Great Depression when France stayed on the gold standard until September 1936, five years after Great Britain left (Eichengreen 1995, 377). In 1927, the British launched the Palestinian pound (£P) for both Palestine and Trans-Jordan, whose value was fixed as one to one to the British pound.

In July 1925 there was a revolt by the Druze that started in southern Syria and spread to several cities including Damascus. The revolt ended in mid-1927, and it is estimated that up to 6,000 rebels died due to the revolt (Khoury 1987, 151-204, 237, Provence 2005). This revolt was the worst violence in the French territories during the mandate period.

In May 1926, a constitution was adopted in Lebanon and in May 1930, a constitution was unilaterally declared by the French in Syria. These constitutions provided for a measure of self-rule, but the French still maintained ultimate control over the territories until 1946 when French troops left the two areas and the countries became independent. David Fieldhouse (2006, 259) notes, the “structure of French administrators and advisors ensured that France ruled Syria as effectively as any colony. No significant decision could be taken at any level without French approval.”

The dominance of Britain in Palestine and Trans-Jordan was similar to that of the French in Syria and Lebanon. In March 1921, the British appointed Abdullah ibn Hussein to be the ruler of Trans-Jordan, and in 1928 there was a treaty between Abdullah and the British, that in return for British financial assistance, Abdullah would be “advised” by the British. Yoav Alon (2009, 61) notes that the result of this treaty was that, “At times, Abdullah and his Arab government were reduced to the role of executers of British policy. From their newly acquired position of dominance the Mandate authorities could impose British ideas of how a modern state should function.” It took a few years for Abdullah to gain support from the local inhabitants of Trans-Jordan, but afterwards the region was relatively peaceful both externally and internally since the British successfully put an end to Bedouin raids from inside and outside the country.[[9]](#endnote-9) Abdullah, with British assistance, would rule Trans-Jordan throughout the Mandate period which ended in 1946.

With regard to Palestine, while the British made some minor attempts at self-rule, they did not succeed. Fieldhouse (2006, 151) notes, “Palestine never had any self-government in any form: it was ruled by the British through the most autocratic of colonial systems – governor, executive council, nominated advisory council and no legislative council.”

The British Mandate of Palestine experienced the most violence of all four areas due to the conflict between the Arabs and Jews. In 1920, 1921, 1929 and 1933, there were short bouts of violence, but then in April 1936, there began an extended period of violence, which has been labeled the Arab revolt, when Arabs began to attack the British and the Jews to protest Jewish immigration to Palestine. The first wave of the revolt lasted to October 1936, and then it began again in September 1937 through the summer of 1939, when the British finally succeeded in suppressing it. It is estimated that 3,000 Arabs, 2,000 Jews and 600 British were killed in this revolt (Cleveland 2004, 260).

In response to the Arab revolt, the British severely curtailed Jewish immigration to Palestine. This led the Jews to support illegal immigration to Palestine, and when this was suppressed, violence began between the Jews and the British. From 1939-1944, there were relatively peaceful conditions in the country, but afterwards, the violence began to spiral (*The Economist* 1944, 539). During the period leading up to the end of the Mandate on May 15, 1948, the country descended into a civil war between the Jews and the Arabs with the British by and large on the sidelines.

1. Institutional and economic changes in LPST in the mandate period

Both the French and British attempted to improve the economies in their respective mandates, partly as a means of justifying their control of these areas. These efforts included investing in the infrastructure in the region. In Haifa, the British built a new modern port in 1933, and in response the French deepened and widened the port in Beirut in 1938.[[10]](#endnote-10) Civilian airports were built in central Palestine (Lod) in 1937/38 and in 1938 the largest and most modern airport at the time in the Middle East was built in Khaldeh near Beirut.[[11]](#endnote-11) Roads and bridges were built and improved in all four areas. In Trans-Jordan, the length of paved roads in the early 1920s was 30 kilometers (km), by 1936 there were 49 km of paved roads, and by 1944 there were 600 km of paved roads. In Palestine, in 1922 there were 450 km of all weather roads, and by 1944 there were 2,640 km. In Syria and Lebanon, in 1920 there were 730 km of paved roads, in 1930, 2,100 km and in 1939, 2,900 km.[[12]](#endnote-12)

The British and the French also attempted to improve the agricultural sector in their respective mandates. Programs were instituted to educate the farmers, to provide research to improve productivity of the land, to import new crops and breeds, and to eradicate pests that damaged crops and livestock.[[13]](#endnote-13) Efforts were also made to increase the amount of irrigated land, but this had limited success. The governments also provided low interest loans to the farmers. However, the sums were small in Palestine and Trans-Jordan, while in Syria and Lebanon, these loans became counter-productive since most of the loans were granted to the wealthy landowners, who then re-lent the money to peasants (*fellahin*) at much higher interest rates.[[14]](#endnote-14)

The primary method of the British and French to help the famers in LPST was through land reform. When the mandate period began, the registration of land by the Ottomans had not been completed and what records existed were deemed unreliable.[[15]](#endnote-15) In addition, both the British and the French viewed the *musha`* system as being detrimental to the development of the land. They attempted to end it with the cadastral surveys since then the land could be permanently divided and each farmer would have an incentive to develop his/ her private land.[[16]](#endnote-16) Already by 1920, the British in Palestine and the French mandatory authorities in Syria and Lebanon authorized a cadastral survey to establish a new and “modern” land registry. In 1930, the French also promulgated a new land code for Syria and Lebanon.[[17]](#endnote-17)

The same land settlement system was used in all four areas and it involved several stages. The first stage was to survey the lands and to divide them into registration blocks. Afterwards there was the land settlement stage, where government officials went to the respective villages, recorded and adjudicated the various claims in reference to the divided blocks of lands. The registry office then listed the owner of each block and parcel of land, which became his/ her private property in the sense that the person not only had the right to use the land but also the right to sell or mortgage the land.[[18]](#endnote-18)

In Palestine, by 1945, 4,800 sq km had been settled, approximately 55% of the cultivable land (Owens and Pamuk 1999, 58). In addition, according to Patai (1949, 441) the percentage of village lands that used the *musha* system declined from 70% in 1917 to 25% in 1940. Furthermore, Bunton (2000, 153) notes that “by the end of the Mandate period, land in the *miri* category came to be accepted more or less as freehold.”

In Trans-Jordan, the land settlement program started in 1927, later then in Palestine, but the surveying of the land went much quicker. Already by 1933, 10,008 sq km was surveyed, which was more than the estimate of the cultivable land, whereas in Palestine, even by the end of the Mandate not all of the cultivable had been surveyed.[[19]](#endnote-19) Afterwards, the land settlement process began starting in the north, the more populated area with the highest rainfall, moving down to the south. By 1938, the settlement of the Ajlun district in the north was practically completed, and by 1945, 53% of the cultivable land (4,679 sq km) had been settled, which included nearly all of the *musha*` land in the country.[[20]](#endnote-20) Michael Fischbach (2000, 210) notes that the result of the British land policy in Trans-Jordan, “was to secure the ownership rights of the country's small-scale cultivators according to a European vision of land management.”[[21]](#endnote-21) He also writes that it changed the mentality of the peasants (2004, 493):

One of the major accomplishments of the land program was the way in which it reformulated this idea of property. What people owned was first transformed from a socially-constructed idea into a concrete reality by the land department, that is, a specific plot of land was demarcated and drawn on a map; prior to the land program land was not only understood as a resource to be controlled but also part of a community or tribal resource which lay at the heart of the cultivators' lives, especially in the case of musha` land. But after the land program, the land had become a thing to be owned by an individual, free from social constraint.

In Syria and Lebanon, by 1943 around 56% of the cultivable land in Syria (excluding the *sanjaq* of Alexandretta), and 71% of the cultivable land in Lebanon had had been settled.[[22]](#endnote-22) Doreen Warriner (1957, 97) notes that this settlement covered "most of the cultivated land in the older settled parts of the country." With regard to the effect of French land policies, Abdallah Hanna writes (2004, 459), “Under the French mandate, land ownership as a commodity took firm root.”

One of the goals of the French when they started the land survey was to increase the well being of the peasants by establishing small privately owned peasant holdings. Philip Khoury (1987, 60) explains that the French “saw in an independent free-holding peasantry the embodiment of the ideals of freedom and independence.” However, not all French officials accepted this approach since some thought that it would be easier to rule if they worked with the large landholders, and Hanna (2004, 463), notes that “as a whole, the evidence is contradictory.”[[23]](#endnote-23)

With regard to industry, both authorities started out by continuing the tariff rates of the Ottomans of an 11 percent *ad valorem* tariff, but due to pressure from the local nascent industries became protectionist in the late 1920s.[[24]](#endnote-24) One exception to the tariffs was that a free trade customs union was established in 1921 between the four areas and existed until 1939 when duties were imposed on some goods from each country. Another exception was that French allowed French products to enter Syria and Lebanon at reduced tariffs (Peter 2004, 436,437).

In terms of concessions, in Palestine, the British conferred the largest concessions, as for example, the electricity and Dead Sea salts concession, to firms (Palestine Electric Company and the Palestine Potash Company), whose founders lived in Palestine. In contrast, the French gave many of the large concession, especially with regard to infrastructure projects to French firms. For example, in Aleppo, three French firms received the concession to finance, build and manage the electricity and tramways concession.[[25]](#endnote-25)

Efforts were also made to improve the bureaucracy and judiciary.[[26]](#endnote-26) One example of the improved judicial system was a case in Aleppo between a landlord family, al-Mudarris, and peasants. Hanna (2004, 466) describes the case:

The peasant's lawyers took the case to the mixed court, which was presided over by French judges. The landowners had little or no influence in these courts, whose judges were noted for their integrity. Unlike other courts, which would sometimes yield to pressures from notables and other leaders these mixed courts gained the confidence of the Syrian public. In 1938, the mixed court decided against the Mudarris' claim.

In Trans-Jordan, Alon (2009, 64) notes the improved judicial system starting in the middle of the 1920s. He writes:

The central administration could now better enforce the law and execute court decisions. Even shaykhs, including those from prominent families, were no longer immune from legal action. A brother as well as several nephews of the paramount shaykh of the Bani Sakhar, Mithqal al-Fayiz, saw some of their property confiscated and offered for sale in an auction after they failed to pay their debts….Another important Bani Sakhar shaykh, Haditha al-Khuraysha, was also summoned to court after he was sued by one of Amman's merchants.

With regard to public finance and collecting taxes, tax farming was eliminated by the British in 1919 and the French in 1925.[[27]](#endnote-27) With regard to the taxes themselves, the British and the French initially accepted the Ottoman tax system and then made some changes over the years. One example is that in conjunction with the land settlement program, a land tax was instituted in all four areas to replace various Ottoman taxes, such as the *werko* and tithe.[[28]](#endnote-28) The *werko* was a tax based on the value of the land, but it was claimed that the estimates of the value of the land were inaccurate. The tithe was a percentage (not always 10%) tax on the produce of the land, but the calculation of the produce was always a tricky question. The idea of the new land tax was to make new accurate assessments of the value of the land and with the settlement process, each famer could be assessed based on his/her land. The benefits of this new tax was to “regularize and increase revenue” (Fischbach 2000, 127) and to make a more equitable tax (Hakim 1936, 356). However since the tax was tied to the progress in the land settlement process, which, as mentioned above, was a lengthy process, in some areas, the new tax was implemented, and in others the old taxes remained. For example, in Palestine, the new land tax was just instituted in 1936, but Bunton (2007, 166) notes that as of 1940, the taxes were still collected based on the “agency of the village” and not on the individual basis as envisaged by the land settlement program.

One other notable new tax was that the British instituted an income tax in Trans-Jordan in 1933 and in Palestine in 1941. The income tax in Trans-Jordan was ineffective since in the end of the 1930s it accounted for only one percent of government revenue and it was modified in 1945.[[29]](#endnote-29)

With regard to all taxes, M. F. Abcarius (1938, 556) writes that in Palestine, “The reforms made under the British Mandate have reduced to large extent the inequity in the distribution of the tax burden that prevailed under the Turkish regime.”[[30]](#endnote-30) In Trans-Jordan, the largest source of tax revenue was the new land tax, and while Fischbach (2000, 99,127) notes that the land tax revenues only rose slightly from 1933 to 1946, Adolf Konikoff (1946, 89) claims that its most significant effect was “in the relative fairness which it promotes in the distribution of the tax.” In his review of taxes in Lebanon and Syria, George Hakim (1936, 353,397) notes that that tax system under the French was inequitable and regressive, as for example with regard to the tithe tax, even though changes were made “the reforms left the distribution of the tax burden as inequitable as it was under the old system.”

The government budgets in Syria and Lebanon were more complex than in Palestine and Trans-Jordan since the different states had their own budget and in addition there was a joint budget of common interests. The most important source of revenue in the budget of common interests was the custom receipts and the biggest expenditure in this budget was for military expenses for special troops of the Levant.[[31]](#endnote-31) This budget almost always had a surplus, and the funds were distributed amongst the different states, though the distribution of its funds was a contentious issue.

In Syria, Lebanon and Palestine, the mandate authorities were determined that the territory should have a balanced budget. In Syria and Lebanon, France subsidized the budget until 1923, and from then onwards, the mandate territories ran budget surpluses.[[32]](#endnote-32) Palestine for the years 1920-1939 had budget surplus for 11 of the 19 years (total £P 2,533,265, 42% of the revenue in the budget year 1938/39), and for half the years during WWII (Statistical Abstract of Palestine 1944-45, 79). Within the revenues of Palestine's budget was grant–in-aid from Britain, but until the 1937/38 budget almost all of the grant money went to paying for the Trans-Jordan frontier force.[[33]](#endnote-33)

In Trans-Jordan, for the budget years 1930/31 through 1938/39, the government had a surplus for six of the years (total £P 41,000, 12% of the revenue in the budget year 1938/39), but the surplus was not based on tax revenue from Trans-Jordan since the British heavily subsidized Trans-Jordan. For example, on average for these years, 31% of Trans-Jordan's revenue was grant-in-aid from Britain. In addition, Trans-Jordan received a disproportionately large share of Palestine's customs receipts and currency profits, the Trans-Jordan section of the Hejaz railway, which had a regular deficit, was administered by Palestine, and Britain paid for the cost of the British officials in Trans-Jordan unlike in Palestine.[[34]](#endnote-34)

With this brief review of the four mandate areas, we can classify the level of the economic institutions in the region. While no place is perfect, all four countries had inclusive economic institutions with a strong emphasis on private property. Both the French and British strove to increase the level of economic development in the various territories and neither country gained monetarily from their mandate territories, though it appears that the French helped French firms more than the British. We turn now to a review of the economic growth in all four areas during the mandate period.

1. Economic growth

Of the four areas, only for Palestine are there estimates of total output for almost the entire mandate period. According to data from Jacob Metzer (1998) from 1922-1947 per capita output in Palestine increased at an amazing annual rate of 4.9%.[[35]](#endnote-35) The only other study of overall growth is from Samir Makdisi (1971) who provides estimates for Syria for the years 1936-1938 and 1946-1948. According to his data, Syria's GNP increased at annual rate of approximately 2.5% from 1936-38 through 1946-48. This was a big improvement in comparison to the years prior to 1936, as Makdisi writes (1971, 161), “according to all available indicators, the economy during the 1930s was practically stagnant if not in actual decline.” We will now examine various indicators, such as population data, urbanization, government revenue, trade data, agricultural output, and changes in industry and infrastructure in order to give more indications of the economic growth in the region during the Mandate period.

According to a French census in 1921-22, the population of Syria not including Bedouins was 1,298,319 and the population of Lebanon was 629,000. In 1932 there was another census of Lebanon, and its population was then 854,693. In 1942, the population of Lebanon was estimated to have grown to 1,022,114 while in Syria, by 1943, its population (excluding Bedouins) had increased to 2,806,411. With these estimates, the annual growth rates of the population in Lebanon from 1922-1942 was 2.46%, and in Syria from 1922-1943 it was 3.83%.[[36]](#endnote-36)

In Palestine, the British also conducted a census in 1922, and according to Justin McCarthy (1990), who corrected the official numbers, the population of Palestine (including Bedouins) in 1922 was 823,684. According to McCarthy, the population increased to 1,942,349 by the end of 1946, an annual growth rate of 3.64%.

No census was ever compiled in Trans-Jordan during the mandate years, but there are various estimates of its population. Alon (2007, 41) writes that in 1921 its population was around 200,000, while Mary Wilson (1987, 55) writes that in 1922 its population (including Bedouins) was around 225,000 excluding the small districts of Maan and Aqaba. In 1938 there was a “close survey by the District administrative authorities” and according to this count the population of Trans-Jordan was 300,214.[[37]](#endnote-37) With these estimates the annual population growth rate from 1922-1938 was around 1.8%. Konikoff (1946, 17) estimates that in 1943, Trans-Jordan's population was 340,000, and then Trans-Jordan's population increased at an annual rate of 2.5% from 1938-1943.

Corresponding to the increases in population, there was an increase in urbanization. In 1943, the population of Aleppo had grown to 319,867, Damascus to 286,310, and approximately a third of Syria's population was living in urban areas with a population of more than 10,000.[[38]](#endnote-38) In Lebanon, in 1942 the population of Beirut had risen to 233,000 and its urbanization rate was also approximately 33%.[[39]](#endnote-39) In Palestine, by 1944, the city with the largest population was Tel Aviv (166,660), which had just been founded in 1909, followed by Jerusalem (157,080) and Haifa (128,800), and the urbanization rate was 42%.[[40]](#endnote-40) In Trans-Jordan, the urbanization rate increased from around 9% in 1922, to 22% in 1943, and there were four cities with a population more than 10,000, Amman (30,000), Salt (20,000), Irbid (15,000) and Kerak (10,000).[[41]](#endnote-41) If urbanization is viewed as a proxy for standard of living, then these numbers suggest that in the early 1940s, Palestine had the highest standard of living, followed by Lebanon and Syria, and Trans-Jordan was at the lowest level.

Table one presents tax revenue data for all four areas. In Syria, there was a small increase up to the Great Depression, but then tax revenue declined.[[42]](#endnote-42) Tax revenue would start to increase in 1937 (£S 10,527,000), but even by 1939, it was still less than in 1927. Lebanon's tax revenue shows a similar pattern, but by 1939 its tax revenue was slightly greater than it had been in 1929. The growth in the revenue of the budget of common interests is a stronger indication of the growth of the economies after France came off the gold standard, as this revenue increased from £S 8,746,000 in 1936 to £S 13,574,000 in 1939. Overall the tax revenue data indicate a growing economy in Syria and Lebanon towards the end of the 1920s, a decline during the Great Depression and a rise after France came off the gold standard.

Trans-Jordan had the lowest level of tax revenue in LPST, but its annual increase from 1931 to 1939 was greater than Lebanon's and Syria's though the increase was less than the increase in Syria and Lebanon's common interest budget. During WWII, its revenue jumped even more (£P 645,633 in 1943/44) though these numbers are influenced by the inflation during the period (Konikoff 1946, 95).

Palestine had the largest growth in tax revenue amongst the four areas. In the budget year 1938/39, its tax revenues were almost double the level of the budget year 1929, and this growth in tax revenue indicates that Palestine's economy had the best economic growth of all four areas. We turn now to trade data, and export data is presented in Table 2.

Due to the customs union between Syria and Lebanon, all trade data for the two regions are combined. In 1925, imports were £S 48,700,000 and exports were £S 23,000,000, and by 1939 imports were £S 75,000,000 and exports were £S 36,000,000.[[43]](#endnote-43) The annual growth rate of exports from 1925-1939 was 3.25%, but this growth was very uneven due to the Great Depression. For the years 1927-1929, exports were a little higher than in 1925, then they nose-dived to just £ 7,600,000 in 1933 and then they began to rise.[[44]](#endnote-44) In 1939, per capita exports for Syria and Lebanon in Syrian pounds were £S 10, and in sterling, £ 1.13.

The fluctuations in trade correspond to the changes in output in Syria of wheat and barley. During the 1920s, there was a large increase in their production, which peaked in 1930, and then output declined in the early 1930s. Afterwards, output recovered in the years 1938-1942 to its level from 1927-1930.[[45]](#endnote-45)

The cotton industry in Syria had a similar pattern. In the early 1920s, the French attempted to develop the cotton industry. They freely distributed cotton seeds, exempted cotton cultivators from some taxes, and brought in modern ginning and pressing machines. Cotton was cultivated on 27,000 hectares in Syria in 1922, on 79,000 hectares in 1926, declined to 30,000 hectares in 1931, and then recovered slightly to 40,000 hectares before WWII.[[46]](#endnote-46)

Initially WWII caused an economic crisis in Syria and Lebanon since they were under Vichy rule, which led Britain to impose a blockade on them (Thompson, 2000, 71). However, after the Free French and the British captured Syria and Lebanon in July 1941, the economy began to recover. Peter Sluglett (2002) noted that:

The Second World War and the period following it had been prosperous years for Aleppo’s entrepreneurs, especially those involved in agriculture. The growth in the cultivated area took place almost entirely in north and north east Syria, notably the development of the Jazira and the expansion of cotton cultivation on the Euphrates.

Norman Lewis (1955, 59,60) estimated that “in 1942 only about 50,000 acres were cultivated out of Jazira's total cultivable area of about two-and-a-half- million acres. By 1946, about 783,000 acres were cultivated.” In addition he noted, “New lands are more likely to be broken by tractor-drawn steel ploughs than by the donkey driven wooden ploughs of the peasants. The contrast between old and new is striking: In 1944 the present writer saw new American combine-harvesters at work in the Jazira.”[[47]](#endnote-47)

In 1925 imports to Palestine were £P 7,526,657 and exports (not including transit and re-exports) from Palestine were £P 1,330,830. In 1939, imports increased to £P 14,632,822 and exports to £P 5,117,769. The annual growth rate of exports 1925-1939, was 10.10%, and per capita exports were £ 1.69 in 1922 and this almost doubled to £ 3.32 in 1939. During WWII, the economy in Palestine boomed supplying the British troops in the Mediterranean area, and there was a further jump in exports in 1944 to £P 14,638,464, though these numbers are nominal and do not take into account the inflation during the war.[[48]](#endnote-48)

In the pre-WWII period, oranges were the main export item in Palestine, as due to its climate and underground aquifers, Palestine was very suitable for growing oranges and other citrus products. For the years 1925-1939, oranges compromised approximately 70% of total exports, and orange exports increased from £P 466,000 in the 1925/26 growing season to £P 3,865,376 in the 1938/39 growing season.[[49]](#endnote-49) In WWII, Palestine was cut-off from its main market, Great Britain, which caused its orange exports to plummet. However, the diamond industry developed in Palestine due to refugees from Europe, and Palestine became a major exporter of fuel due to a refinery in Haifa that had become operational in 1939. In 1944, Palestine's main export items were fuel (kerosene, gasoline, diesel, etc., £P 4,531,073), diamonds (cut and polished, £P 3,235,117) and oranges in cases (£P 1,082,979).[[50]](#endnote-50)

In Trans-Jordan, the majority of its exports were wheat and barley. For the years 1927-1930, average exports were £P 160,000 (see Table 2), of which 62% were to Syria and the remainder were to Palestine.[[51]](#endnote-51) During the early 1930s exports declined, possibly due more to the weather than the Great Depression because there was a dry period in the early 1930s (Fischbach, 2000, 126). In 1936, exports jumped to £P 228,000 and then they surged, as for the years 1937-1939, Trans-Jordan's average exports were £P 500,000. In total for the years 1936-1939, 88% of Trans-Jordan exports were to Palestine and 66% of exports were wheat and barley.[[52]](#endnote-52) For the years 1927-1939 the annual growth rate of exports was 13.68% (10.27% if one calculates the 1927 figure as the average from 1927-1929), and per capita exports in 1939 were £1.72.[[53]](#endnote-53)

During WWII merchants in Amman profited greatly from both the legal and illegal trade of wheat and contraband, and the population of Amman was estimated to have grown to 60,000 by 1945.[[54]](#endnote-54) Trans-Jordan's average official exports for the years 1940-1942 was £P 690,000, of which 98% were to Palestine, and 51% of all exports were wheat and barley. Afterwards, exports increased, as in 1944 Trans-Jordan's exports were £P 1,457,000 (Konikoff 1946, 65), and in 1946, £P 2,044,171 (Shwadran, 1959, 242), though again these numbers are heavily influenced by the inflation in the period.

This growth in exports in Trans-Jordan is collaborated by the increases in output of wheat and barley. In 1927, which according to the annual British report, was a year where “climatic conditions were favorable,” the country produced 35,000 tons of wheat and 12,000 tons of barley.[[55]](#endnote-55) Output increased in 1936 to 40,800 tons of wheat and 16,800 tons of barley, and then in 1939/40, the average output jumped to 169,700 tons of wheat and 78,150 tons of barley. During WWII, the average for the years 1940-1942 was 95,000 tons of wheat and 47,000 tons of barley. This was an increase of 171% and 291% in the output of wheat and barley from 1927.[[56]](#endnote-56)

With regard to industry, in Syria and Lebanon the beginning of the mandate period was very difficult for the old traditional industries, such as textiles and soap. For example, it is estimated that in 1913 there were 40,000 textile workers in Aleppo, while by 1929 the number had fallen to 10,000 due partly to competition from Japanese producers (Sluglett, 2002). Instead, there was a development of new industries such as cement and food processing industries. Stephen Longrigg (1972, 274) writes,

The period witnessed another and more vigorous growth, that of the modern-type industry which has since 1945 developed so rapidly that its foundation and careful fostering in the period 1928-1940 are often forgotten…Nothing could be less true than the common belief that Syro-Lebanese modern industry dates only from the post-Mandate period, or that the French, even though their own nationals took little part in such investment, failed to give its earliest days careful and effective fostering.

Similarly, Owen and Pamuk (1999, 67) note:

What can be said with greater confidence is that the revival of Syrian manufacturing activity in the 1930s represents the beginning of a process of import substitution which by 1938 was able to meet half the local demand for cotton thread, a third for cotton textiles, and about half for cement.

By the end of the mandate period, even the Syrian textile industry recovered. Geoffrey Schad (2002) writes:

During the course of the French mandate, the Syrian textile industry, centered on Aleppo, experienced a significant development. From an artisanal manufacturing sector, based on manual labor in scattered locations, it had evolved by Syrian independence into a highly centralized factory industry that provided the bulk of Syrian industrial production and gave birth to an industrial bourgeoisie that was to gain significant influence over the Syrian state during the early 1950s.

With regard to Lebanon, Hedley Cooke (1952, 125,126) notes, "During the period between the wars Lebanon's industry underwent a complete change-over from cottage crafts to modernized production….Some illustrative figures for 1938 are 1,558,054 liters of beer, 189,000 pairs of hose, 171,000 tons of cement, and 14,980,000 boxes of matches."

Lebanon's financial sector also prospered. Meir Zamir (1997, 240) notes:

By the eve of second World War, despite numerous problems that continued to trouble Lebanon….Its economy had recovered from the recession of the early 1930s and its entrepreneurs had taken full advantage of the economic opportunities available under the mandate, turning Lebanon into a leading commercial and financial centre for the entre Middle East.

Issawi (1964, 284) noted that this growth continued in WWII, “As for the businessmen – merchants, financiers, and a few industrialists- their profits increased several fold.”

One industry that did not prosper in Lebanon in the mandate period was the silk industry. Hakim (1936, 136) notes that in the 1920s, “Due to great efforts made by the French High Commission and the Lebanese government, cocoon-raising was revised after the war and progressed rapidly.” However, in the Great Depression, prices fell so much that many silk factories closed, and instead Lebanon began to grow citrus fruits instead of mulberry trees.[[57]](#endnote-57)

Trans-Jordan had the least development of industry in the area, as the only factories that could be considered modern were two tobacco factories whose output in 1939 were 32,439 kg of cigarettes and 39,556 kg of cut tobacco (Hershlag 1980, 271).

In Palestine there was a large growth in industrialization in both the Jewish and Arab sectors. According to Metzer's (1998, 142) data for Palestine, manufacturing increased from 19.7% of the net domestic product of the Jewish sector in 1922 to 33.1% in 1945, and manufacturing increased from 5.2% of the net domestic product of the Arab sector in 1922 to 10.3% in 1945.

Another indication of economic growth was the rise in motor vehicles, telephone service, aviation and electricity in LPST. In Syria and Lebanon, in 1919 there were 100 vehicles, and by 1939 there were 11,000 vehicles. In Palestine, in 1923, there were 236 registered vehicles, and by 1939, 15,955 vehicles. In Trans-Jordan, in 1926 there were 130 licensed motor vehicles, and in 1945, 615 vehicles.[[58]](#endnote-58) Telephone service began in the region after WWI and by 1937 there were 38,590,000 telephone calls in Palestine, 826,000 in Syria and Lebanon, and 118,457 in Trans-Jordan.[[59]](#endnote-59) Civilian aviation began in the 1930s in Syria, Lebanon and Palestine, but not in Trans-Jordan.[[60]](#endnote-60) With regard to electricity, prior to WWI, the only electricity in the region began in 1907 in Damascus and afterwards in 1908 in Beirut, but even this was quite limited, mostly for tramways in each city (Issawi 1988, 29,30). By 1939, production of electricity had increased to 39 million kilowatt hours in Lebanon, 25 million kilowatt hours in Syria and 91 million kilowatt hours in Palestine. During WWII, there was more growth in the production of electricity. In 1946, Lebanon produced 61 million kilowatt hours, and Syria produced 38 million kilowatt hours, while in Palestine, production jumped to 252 million kilowatt hours. In Trans-Jordan, even towards the end of the Mandate period, there were only two local power plants that provided electricity just to Amman and Zarqa (near Amman).[[61]](#endnote-61)

All this data imply that in all four areas there was economic growth, but not to the same extent. All the different factors mentioned indicate that Palestine had the highest economic growth of the four territories and the growth occurred almost throughout the period with the exception of the years of the Arab revolt from 1936-1939. Trans-Jordan's economy also grew, though it seems that it began only in the mid-1930s. In Syria and Lebanon, there was some growth in the 1920s, even with the Druze revolt, as output of cereals was growing, and modern industry was beginning to stir. The Great Depression, with its reduced demand, set both economies back, but they both started to grow again in 1936.

It is difficult to definitely ascertain which of the three areas, Trans-Jordan, Lebanon or Syria, had better growth. Trans-Jordan, with its larger increase in exports, albeit from a smaller base, might appear to have had greater growth than Syria and Lebanon, but it had less growth in industry as compared to Syria and Lebanon. Furthermore, in Lebanon there was the development of its citrus and financial sectors, and a greater increase in electricity than in Syria and Trans-Jordan. On the other hand, in Syria in the end of the period, there were large increases in agricultural output along with the growth of its textile industry.

1. Institutions, proximate causes and economic growth

The correspondence between economic growth and the inclusive institutions in the four Mandate territories accords with Acemoglu's thesis that inclusive institutions are a fundamental cause of economic growth. This relationship (though not using the term inclusive institutions) has been noted by other scholars for LPST for this period.

For example, Ruppin in a speech in New York in 1922 to encourage Jewish investors to Palestine, noted “that a few years ago it was not possible to say that private enterprises were safe, but since the change of administration a change in the economic conditions of the country had taken place” (The New York Times, November 9, 1922).

Norman Burns (1933, 160,161) notes that wool production in Syria in 1929 was double the level from before WWI, and he writes that this occurred not because of specific government support for the industry but “favored by political security, the nomadic herders have increased their flock.” With regard to Syria and Lebanon, Albert Hourani (1968, 174) writes:

Briefly stated, the achievement of France was to bring into existence in Syria and Lebanon some of the essential conditions which would make it possible the transition from a medieval to a modern society. Law and order were firmly established, even in backward regions where civil government existed scarcely or not at all in Turkish days…The system of public finance was reduced to some sort of order. It was placed on a comparatively reasonable basis, although there are still serious flaws, as for example, the regressive incidence of taxation… The improvement in public order and administration made possible an extension in the area of cultivation. The nomads were no longer allowed to raid the settled land and were gradually induced to become peasants. Some of the areas which they formally dominated were thus opened up for agriculture; this was especially marked in the Syrian Jazirah.

Similarly, Lewis (1955) credited the agricultural growth in Syria both to the French who established security in the area and to Allied policy in WWII to encourage production of food.

With regard to Trans-Jordan, *The Economist* (October 16, 1943, 522) noted, “Efficient control of the Bedouin tribes has practically put an end to raiding and the new security has induced the villagers to improve their methods of harvesting and to increase their own flocks.” Similarly, Konikoff (1946, 37) in a survey of Trans-Jordan noted, “Although customs and habits are slow to change, the effect of land settlement becomes gradually evident. In settled villages the advantage of security of tenure is being exploited: manure is spread, walls are built and trees planted.” In his conclusion to his study on Trans-Jordan, he comes even closer to the idea of inclusive institutions, as Konikoff (99) writes:

Facilitated by exemplary public security and fostered by a rapid process of land settlement and a revised system of taxation, it (Trans-Jordan) has during the years of its existence as a political entity, witnessed a steady though not spectacular development which is reflected by an increase of population as well as production and a general opening up of the country to the outside world.

Accordingly due to these changes when there was an increase in demand for wheat and barley during the end of the 1930s and in WWII, the territory was able to respond with large increases in output to meet the demand.

Following all these scholars, it appears that one can view the growth in LPST during the mandate period as being due to greater security both legally and physically of the inhabitants of the areas and of their possessions, which would be the idea of inclusive institutions. Yet, how does the economic growth in LPST relate to the proximate causes of growth? If inclusive institutions are the be all and end all to economic growth, then why did Palestine have greater growth than Trans-Jordan? In both areas, the British instituted inclusive institutions and Trans-Jordan had more peaceful conditions than Palestine. Why did Trans-Jordan not develop modern industries as occurred in Palestine?

A likely answer is that in addition to the inclusive institutions, Palestine's growth was also due to the huge growth in Jewish immigrants with their human capital, for example the diamond workers who came to Palestine, and the money that the immigrants and Jews from abroad invested in Palestine.[[62]](#endnote-62) The Palestine Royal Commission (1937, 212) noted that, "The most singular feature in the economy of Palestine is the vast amount of capital which has been invested in the country." The increase in immigration and investment are examples of proximate causes of growth. Accordingly, the economic growth in Palestine was greater than in Trans-Jordan since it had both inclusive institutions and a huge growth in the proximate causes of growth, while Trans-Jordan only had the inclusive institutions, even possibly more than in Palestine, but there were no large increases in the physical capital in the country. We can generalize this result.

The relationship between inclusive economic institutions and economic growth is that due to the inclusive institutions it is worthwhile for a person to work hard, save and invest because he/ she will be able to profit from his/ her efforts and investments. With this process, a country could develop economic growth internally, but this is a slow process since it takes a long time for people to accumulate the needed capital to make investments to generate economic growth. The process can be quickened if one can combine growth in the proximate causes with the inclusive institution, which is what occurred in Palestine, but not in Trans-Jordan. Yet, why in Trans-Jordan was there also not also a growth in the proximate factors of growth?

There are several ways for the proximate factors of growth to grow. One way is for there to be large foreign investment, which occurred in Palestine but not in Trans-Jordan. A second way is if there is an effective banking system, which speeds up the domestic savings and investment, but the banking system in Trans-Jordan was underdeveloped. Vartan Amadouny (1994, 158,159) notes that when Trans-Jordan became independent in 1946 its financial institutions were the “the weakest element in the infrastructure of power,” as in the mandate period, there was just a government bank, and one private bank, the Arab bank, which opened branches in Amman in 1934 and in Irbid in 1943.

A third path to increase the amount of proximate factors of growth depends on the demand for the country's good. If there is large demand for the country's product, then the producers of these goods will be able to accumulate capital at a quicker rate than in another country that also has inclusive institutions but for which there is less demand for the products of the country. In Palestine, independent of the foreign investment, because oranges were such a popular product in Britain this was able to generate internal investment, which further contributed to the growth in Palestine. However, in Trans-Jordan, the production of its cereals only began to increase towards the end of the period due to several years of poor weather in the early 1930s. Furthermore, Palestine had an advantage with regard to exports that it is located on the Mediterranean, which made it easier to ship its good abroad, while Trans-Jordan was relatively land-locked.

These reasons might also explain why Lebanon and Syria were more successful at developing industry than Trans-Jordan. Lebanon had more foreign investment (from France and émigrés) than Trans-Jordan, and its banking sector was much more developed (Himadeh 1936, 289). Syria, also had a more developed banking system than Trans-Jordan, and due to its much larger population than Trans-Jordan had a bigger domestic market for its products.

With regard to the French mandates, Lebanon had more foreign investment than Syria due to its closer connection with France than Syria and maybe this can explain why Lebanon seems to have had better growth than Syria. The differences between these areas are then also an example of the joint effect of the growth in proximate causes of growth with inclusive institutions.

Another comparison is between Palestine and Lebanon. In both countries there were inclusive institutions and foreign investment and a relatively developed banking system, but the economic growth was greater in Palestine than in Lebanon. There are several possible explanations for this difference. One possible explanation is that the British were more successful in applying inclusive institutions in Palestine than the French were in Lebanon, as for example by making the tax system more equitable, but the much greater violence in Palestine than in Lebanon could have canceled out any possible benefit from being more inclusive. Two, a variation on the first explanation, is that La Porta, Lopez de Silanes and Shleifer (2008) have argued that the British common law system promotes investment and hence growth better than the French civil law system. This difference between Palestine and Lebanon might then be an example of this difference in the legal systems. A third reason is that while both areas had foreign investment, Palestine had more foreign investment than Lebanon. A fourth reason is that Lebanon did not have a product that was as successful as oranges were for Palestine since their silk industry died out during the Great Depression, and their orange industry was just beginning to develop in the end of the period. A fifth possible reason is the effects of the Great Depression were much larger on Lebanon than in Palestine due to France remaining on the gold standard longer than Britain.

In conclusion, the economic growth in Lebanon, Palestine, Syria and Trans-Jordan are examples of the correlation between inclusive private property institutions and economic growth. In addition the differences in the growth rates between the areas indicate the importance of joining the proximate causes of growth with inclusive institutions. In Lebanon, Syria and Trans-Jordan, the economic growth was delayed due to the slow effect of inclusive institutions, to bad weather (Trans-Jordan) and to the Great Depression (Syria and Lebanon). In Palestine, the great demand in Britain for its oranges, the large Jewish immigration and the considerable investment from abroad, speeded up the effect of inclusive institutions that its economy grew the fastest in the region.

Table 1. Tax revenue (thousands) in the Mandate period

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 1927 | 1929 | 1931 | 1939 | 1942 | Growth rate |
| Lebanon (£S) | 5,997 | 7,273 | 5,994 | 7,490 | 14,072 | 5.85% |
| Syria (£S) | 14,953 | 16,853 | 13,434 | 13,484 | 16,627  (1941) | 0.76% |
| Palestine (£P) | 2,306 (1926/27) | 2,299 | 2,103 | 4,234  (1938/39) | 6,226 (1941/42) | 6.85% |
| Trans-Jordan (£P) |  |  | 250  (1930/31) | 339  (1938/39) | 433  (1941/42) | 5.13% |

Data for Lebanon and Syria do not include the budget of common interest, and data is from Hakim (1936: 428,429) and Statistical Handbook (1944: 111). The data for Syria include the sanjaq of Alexandretta until 1939. Data for Palestine and Trans-Jordan exclude British grant in aid. Data for Palestine from Annual Report (1927: 7), Annual Report (1929: 140,147), Annual Report (1931: 110, 116), Statistical Handbook (1944: 27) and Statistical Abstract of Palestine (1944-45: 79). The fiscal year in Palestine initially began in April, from 1928-1932 it followed the calendar year, and then afterward it went back to beginning in April. Data for Trans-Jordan excludes British aid and is from Statistical Handbook (1944: 124) and Konikoff (1946: 95).

Table 2. Exports (Thousands) in the Mandate period

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 1925 | 1927-29  (average) | 1930-36  (average) | 1937-39  (average) | 1940-42  (average) | Per capita in 1939 (£) | Growth rate 1925-1939 |
| Syria and Lebanon (£S) | 23,000 | 25,700 | 12,157 | 30,333 | 15,000  (1940-41) | 1.13 | 3.25% |
| Palestine (£P) | 1,331 | 1,647 | 2,786 | 5,317 | 5,655 | 3.32 | 10.10% |
| Trans-Jordan (£P) |  | 160 | 77 | 500 | 690 | 1.72 | 13.51% |

Data for Syria, Lebanon and Palestine is from League of Nations Yearbook (1934-35: table 107, 1938: table 117, 1939-40: table 98, 1942-44: table 93). The population estimate used to calculate per capita exports of Syria and Lebanon was 3,600,000, from the League of Nations Statistical Yearbook (1939-40: table 2). The population data used to calculate Palestine's per capita exports is from McCarthy (1990). Export data for Trans-Jordan from Annual Report of Palestine and Trans-Jordan (1931, 1937, 1938), Statistical Handbook (1944: 122,123). The Trans-Jordan population used to calculate its per capita exports was 300,000 based on the Annual Report (1938: 370).

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Notes

1. Cleveland (2004, 225) and McCarthy (1990, 26,35). [↑](#endnote-ref-1)
2. Ruppin (1918, 11,12,46). [↑](#endnote-ref-2)
3. Wilson (1987, 56) and (Issawi 1988, 28). [↑](#endnote-ref-3)
4. The data for Syria, Trans-Jordan and Lebanon is from Statistical Handbook (1944, pp. 97,101,117,119) and the estimates of cultivable land for Syria and Lebanon are from 1934 and for Trans-Jordan from 1938. The estimate for Palestine is from Himadeh (1938, 43,44). These estimates of cultivable land are very subjective. For example, Khuri (1936, 73) writes that the cultivable land in Syria, including the *sanjaq* of Alexandretta and Lebanon was just 40,000 sq km. [↑](#endnote-ref-4)
5. Ze'evi (1996, 130-135) notes that unofficially the peasants sold land, but the contracts were devised in a way to formally claim that no sale had occurred. [↑](#endnote-ref-5)
6. Patai (1949, 41) writes that in 1917 in Palestine "about 70% of the village lands were still cultivated under the *musha`* system." Hope-Simpson (1930, 33) reported that in 1923, 56% of village lands were *musha`* and the remainder 44% were divided (*mafruz*). Fischbach (1994, 83) writes that in the 1920s "two-thirds of Transjordanian villages were *musha*` villages," see also Fischbach 2000, 41,42. Khuri (1936, 57) noted that in the early 1930s in Syria the *musha*` system "prevailed to a large extent in the eastern part of the country where *miri* land is the rule." See Schaebler (2000) for a discussion of the *musha`* system in Syria. In Lebanon, where relatively more agricultural land was private property (*mulk*), the *musha*` system existed, but was less common, Firro (2003, 88) and Khuri (1936, 53). [↑](#endnote-ref-6)
7. An eyewitness in Palestine in 1913 described the *musha* system in the following manner, “The lands were held in *musha* ownership. Every second year the fields were measured by stick and rope and distributed among the cultivators. Division of land always led to strife and bloodshed” (Palestine Royal Commission Report 1937, 233). [↑](#endnote-ref-7)
8. One exception to this lack of development was in Palestine where the Jewish farmers and the even smaller community of German farmers began to use modern implements, Ruppin (1918, 26-33) and Avitsur (1975). Another exception is that starting in the 1890s, mostly in Lebanon, hydraulic olive oil presses began to be used, and they constituted around 16% of the olive oil presses in the region by 1914 (Issawi, 1988, 377). [↑](#endnote-ref-8)
9. There were raids from Bedouins in Saudi Arabia in eastern Trans-Jordan in the late 1920 and early 1930s, which were finally stopped in 1932 by the desert force assembled by John Glubb, see Alon (2009, 84-98). [↑](#endnote-ref-9)
10. Annual Report for Palestine and Trans-Jordan, (1933, 236,237) and Longrigg (1972, 277). [↑](#endnote-ref-10)
11. Annual Report of Palestine and Trans-Jordan (1937, 295, 296) and Zamir (1997, 236). [↑](#endnote-ref-11)
12. Hershlag (1980, 259, 261), Longrigg (1972, 277), and Statistical Abstracts of Palestine (1944-45, 251). [↑](#endnote-ref-12)
13. Amadouny (1994, 134-143), El-Eini (1996, 234-240) and (2006), and Longrigg, (1972, 281,282). [↑](#endnote-ref-13)
14. Amadouny (1994, 141), Bunton (2007, 102-131), Hershlag (1980, 263), Petran (1972, 71), and Stein (1987). [↑](#endnote-ref-14)
15. Fischbach (2000, 70-72,83), Khuri (1936, 61), and Palestine Royal Commission (1937, 227). [↑](#endnote-ref-15)
16. For example, George Walpole, the director of the department of lands and surveys in Trans-Jordan from 1936 until 1954, stated (1948, 56), “The first objective of Land Settlement, therefore, was to break the musha system of communal ownership.” [↑](#endnote-ref-16)
17. Doukhan (1938, 99,100) and Khuri (1936, 51-55, 62). [↑](#endnote-ref-17)
18. Bunton (2000, 138-141), and Khuri (1936, 67-69). [↑](#endnote-ref-18)
19. El-Eini (2006, 301) and Fischbach (2000, 94). Fischbach (116) notes that “the settlement was faster and only one third as costly in Jordan as in Palestine.” [↑](#endnote-ref-19)
20. Fischbach (2000, 114,115), and Konikoff (1946, 36). [↑](#endnote-ref-20)
21. According to a survey in 1937 of the registered lands by that time, the size of an average holding was about 55 dunams, and was valued at £P 80. In addition, it seems that most of the landholders were small landowners, as 81% of the holdings were valued under £P 100 (Shwadran 1959, 194,195). [↑](#endnote-ref-21)
22. The percentage of cultivable land for Syria is a very rough estimate, not even counting the question of how define the amount of cultivable land. The percentage above is derived from the estimate of 35,449 sq km of land that was settled for Syria in 1943, including the *sanjaq* of Alexandretta, and Lebanon, as reported by Hanna (2004, 462), and Warriner, (1957, 97). From that number, Lebanon's 4,000 sq km that were settled based on Firro (2003, 88) was deducted, and another 1,463 sq km were deducted which was the amount of settled land in the *sanjaq* of Alexandretta in the end of 1933 (Khuri 1936, 64). The resulting number, 29,986 sq km was then divided by the estimate of cultivable land for Syria listed in the beginning of the paper, 53,136 sq km. It is unclear how much more land settlement occurred in Alexandretta after 1933 since Khoury (1987, 63) notes that the survey was suspended in 1934 for some time, and then in 1936 the crises of Alexandretta began (Arsuzi-Elamir, 2004). [↑](#endnote-ref-22)
23. The evidence also with regard to the size of the holdings is also somewhat contradictory. Khoury (1987, 62) records that “in the Aleppo province the number of small privately-owned holdings decreased as a percentage of the total number of privately-owned holding in the province from 33 to 16 percent between 1924 and 1944. During the same period, the number of medium sized holdings (10 to 100 hectares) increased from 22 to 39 percent and the number of large holdings (over 100 hectares) increased from 24 to 45 percent… Similarly in the Homs district in the late 1930s, 55% of all privately-owned lands belonged to big landowners; and of the 144 villages in the Hama district in 1933, 92 were completely owned by four families. In both Homs and Hama, the number of owners cultivating their own lands declined under the Mandate.” However, Issawi (1988, 286) writes, “Rough estimates for 1913 show 25 percent of Syria's total area was in small holdings, 15 percent in medium holdings and 60 percent in large holdings; more accurate figures for the Syrian Republic in 1945 are 15, 33 and 29 percent with 23 percent in state holdings.” Firro (2003, 88) claims that the land registration process in Lebanon also benefited the large landholders, who “were able to transfer most of the registered lands into private estates.” [↑](#endnote-ref-23)
24. An intern report of Civil Administration (1921, 10), Hope-Simpson (1930, 109), Palestine Royal Commission (1937, 209), and Peter (2004, 432-440). [↑](#endnote-ref-24)
25. Fieldhouse (2006, 328), Khoury (1987, 90) and Smith (1993, 116-132). [↑](#endnote-ref-25)
26. Longrigg (1972, 261-265), and Sacher (1976, 132,133). Peter Sluglett (2004: 125) writes “Both France and Britain attempted to introduce meritocratic civil service in the mandated states.” [↑](#endnote-ref-26)
27. Abcarius (1938, 509) and Hakim (1936, 345-347). [↑](#endnote-ref-27)
28. For more detailed discussion of the difficulties of the werko and tithe taxes, and the new rural tax, see Abcarius (1938, 516-525), Bunton (2007, 139-162), Fischbach (2000, 95-99) and Hakim 1936, pp.344-358. [↑](#endnote-ref-28)
29. Hershlag (1980, 258), Konikoff (1946, 91) and *The Economist* (1941). [↑](#endnote-ref-29)
30. The Palestine Royal Commission (1937, 168) claimed that in Palestine these changes “meant a reduction of 70 percent on the average in taxation payable by cultivators of cereals.” [↑](#endnote-ref-30)
31. Hakim (1936, 335), and Himadeh (1936, 437). [↑](#endnote-ref-31)
32. Hershlag (1980, 252). From 1930-1941, Syria had a budget surplus every year, except in 1933 and 1936, and in both of those years the deficit was minute, 0.5% and 0.6% of expenditures. Lebanon had a budget surplus every year from 1930-1942. All data from Statistical Handbook (1944, 111). [↑](#endnote-ref-32)
33. The grant money only paid for 75% of the costs of the Trans-Jordan Frontier Force, and the rest was paid for by the Palestine government, Abcarius (1938, 544), Statistical Abstract of Palestine (1944-45, 80), and Statistical Handbook (1944, 27). [↑](#endnote-ref-33)
34. Statistical Handbook (1944, 124) and *The Economist* (October 16, 1943, 523). [↑](#endnote-ref-34)
35. Metzer presents the data for the Jewish and Arab sectors separately, and Schein (2007) provides the combined data. [↑](#endnote-ref-35)
36. Khoury (1987, 12), Statistical Handbook (1944, 99) and Widmer (1936, 5,6). The data for Syria does not include the *sanjaq* of Alexandretta (population 212,000). This very high growth rate makes the numbers suspicious. Widmer (5) notes that there were problems with the 1922 census so “these statistics are far from reliable.” [↑](#endnote-ref-36)
37. Annual Report of Palestine and Trans-Jordan 1938, 369, 370. [↑](#endnote-ref-37)
38. Khoury (1987, 11,12). If one excludes Bedouins, the urbanization rate was 34%, while if one includes 350,000 Bedouins to the overall population figures, the urbanization rate falls to 31%. [↑](#endnote-ref-38)
39. Statistical Handbook (1944, 99). Widmer (1936, 9) notes that there are no reliable figures for the urban population in Syria and Lebanon before 1932. A comparison of figures from Widmer for Syria and Lebanon for 1932 reveal little change from 1932 to 1942/43. [↑](#endnote-ref-39)
40. Data on cities from Statistical Abstract of Palestine (1944-45, 21,22). Urbanization rate was calculated based on McCarthy's (1990, 35) population estimates. According to Ben-Arieh's (1975, 68) estimates of Palestine's urban population in 1922, the urbanization rate in Palestine in 1922 was 22.5%. [↑](#endnote-ref-40)
41. Data for 1922 from Wilson (1987, 55,56) and data for 1943 from Konikoff (1946, 17,18). [↑](#endnote-ref-41)
42. Data from Statistical Handbook (1944, 111). [↑](#endnote-ref-42)
43. League of Nations Yearbook (1933-34, Table 107, and 1942-44, Table 93). Export data includes re-exports and transit trade. Norman Burns and Allen Edwards (1936, 242) write, “In a normal year about 35 per cent of Syrian general export trade is made up of transit.” [↑](#endnote-ref-43)
44. Re-exports fell by around 80% during the Great Depression due to tariffs imposed by other countries, Burns and Edwards (1936, 245). During WWII, exports initially fell, and then they returned to their pre-WWII levels, £S 34,000,000 in 1944 as opposed to £S 36,000,000 in 1939, League of Nations Yearbook (1942-44, Table 93). [↑](#endnote-ref-44)
45. Data from Burns and Edwards (1936, 237), Khuri (1936, 76-78) and Statistical Handbook (1944, 102, 110). [↑](#endnote-ref-45)
46. Khuri (1936, 709) and Warriner (1957, 72). [↑](#endnote-ref-46)
47. Tractors began to be used in Palestine in 1928, and in Syria in 1936, *The Economist* (June 12, 1943) and Warriner (1957, 96). Konikoff (1946, 39) notes that in 1939 there were nine tractors in Trans-Jordan. [↑](#endnote-ref-47)
48. Statistical Abstract of Palestine (1944-45, 63). The population data used for the calculations is from McCarthy (1990, 31,35). [↑](#endnote-ref-48)
49. Statistical Abstract of Palestine (1944-45, 63,72). In terms of output, the number of oranges cases produced increased from 1,385,000 in 1921 to 16,960,900 in 1939, Metzer (1998, 221). For the period from 1921-1939, approximately 85% of the oranges grown were exported. [↑](#endnote-ref-49)
50. Statistical Abstract of Palestine (1944-45, 74). The refinery received oil from Iraq that was sent to Haifa via a pipeline. [↑](#endnote-ref-50)
51. Annual Report of Palestine and Trans-Jordan (1931, 177). This figure does not include transit trade and re-exports. It took longer to begin collecting trade data in Trans-Jordan, and the early trade data is less reliable. [↑](#endnote-ref-51)
52. An anonymous reviewer has suggested that the growth in this period might have been due to the Arab revolt in Palestine since this caused a larger presence of British troops in Palestine, there were disruptions in Palestine's agricultural production due to the revolt and possibly demand from Jews and Arabs in Palestine for Jordanian grains increased as part of their mutual economic boycotts. [↑](#endnote-ref-52)
53. Statistical Handbook (1944, 122,123), and Annual Reports of Palestine and Trans-Jordan of 1931, 1937 and 1938 . The Trans-Jordan population used to calculate its per capita exports was 300,000 based on the Annual Report (1938, 370). [↑](#endnote-ref-53)
54. Amawi (1994) and Mazur (1979, 8,14). [↑](#endnote-ref-54)
55. Annual Report of Palestine and Trans-Jordan for the year 1927, 1928, 80. [↑](#endnote-ref-55)
56. Fischbach (2000, 127), Konikoff (1946, 42) and Statistical Handbook (1944, 120). [↑](#endnote-ref-56)
57. Badre (1971, 162), Hakim (1936, 137), and Saba (1976, 18). Firro (2003, 82) notes that before WWI there were approximately 200 spinning mills in Lebanon, while at the end of the mandate period there were about 16. The average production of citrus fruits from 1930-1933 was 32,000 tons and from 1938-1942, 58,000 tons. Output of grapes in both Syria and Lebanon also increased significantly, from 42,000 tons in 1924 to 201,000 tons in 1938. Data from Statistical Handbook (1944, 102, 110), and Khuri (1936, 86). [↑](#endnote-ref-57)
58. Amadouny (1994, 149), Longrigg (1972, 277), Sawwaf (1938, 332), Statistical Abstract of Palestine, (1944-45, 251), and Statistical Handbook (1944, 124). [↑](#endnote-ref-58)
59. Statistical Handbook (1944: pp. 18,107,123). [↑](#endnote-ref-59)
60. Annual Report of Palestine and Trans-Jordan (1937, 295,296, 1938, 407), and Longrigg (1972, 279). [↑](#endnote-ref-60)
61. Bonne (1955, 307) and Konikoff (1946, 62). [↑](#endnote-ref-61)
62. Annual fixed capital formation in the Jewish sector of Palestine's economy averaged £P 2,354,800 from 1922-1932, and then from 1933-1938, it averaged £P 8,419,000, Szereszewski (1968, 74). Metzer (1998, 104,105) notes that the ratio of investment to output in the Jewish sector was “extremely high” from an international perspective. [↑](#endnote-ref-62)