

whether in terms of loans or taxation. The relatively substantial growth in cash crops, including the increased use of wage labor, implies increased differentiation in the rural areas.

The increased production for the local market and for export meant an increased vulnerability to fluctuations in world prices. This had consequences for all cultivators, regardless of size, as we saw in the case of citrus. However, it was most ruinous for the small peasants whose level of consumption was now determined to an important extent by market prices and after meeting their cash obligations of taxes and debt.

In addition to the role of nature and fluctuations in prices, some of the government's trade and tariff policies made matters worse, especially for the small peasants. Those policies were often not only contradictory but also showed preference to European settlers at the expense of the small Arab peasant. There were the cases where the government provided tariff exemptions to European manufacturers on the import of raw materials available locally. That had the impact of not only lowering the price of, for example, olive oil, a major source of income for many peasants, but also undermined the local traditional soap manufacturing and its exports. More detrimental was the government's free trade agreement with Syria, which primarily exported the same agricultural products available in Palestine, but its impact was most deeply felt in the case of cereals that were produced at lower costs in Syria and where natural conditions were more favorable. That trade agreement nullified most, if not all, of the benefits of the