The Military Administration, on its side, tried during the early years of occupation to promote its own agricultural credit program. Loans for purposes set by the Department of Agriculture were advanced to "eligible" borrowers at concessional terms, but then only after the approval of the regional military governor. It then became clear that government lending was intended to give the Military Administration extra leverage in negotiating with local leaders. This was enough to convince an inherently suspicious rural community to keep away from Israeli loans, and even attach to such signals of "benovalence" a strong stigma.

The money market tightened considerably in the seventies and moved deeper into recession and rapid inflation. This motivated dealers of farm supplies and other private lenders to cut down drastically on their credit operation, for fear of substantial losses generated by the rapid devaluation of Israeli currency. With that source of credit shut off, West Bank farmers were deprived for many years of almost all institutional and private forms of credit. They even displayed a marked reticence to invest their own savings beyond imperative needs, mainly because of low Profitability and insecurity.[1] By the late seventies it was clear that the constriction of agricultural finance had become one of the most important reasons for the retarded growth of West Bank agriculture.

The deadlock in agricultural finance started to loosen gradually after 1977. This came in response to the emergence of foreign voluntary agencies and the formation of the Palestinian-Jordanian Joint Committee as a credit institution specialized in channelling

1. According to Michael Mazur, low profitability of agricultural projects was more important in impeding investments in Jordan's agriculture than the common claim of insufficiency of credit supply - see Mazur, op cit, p 189.

aid to residents of the occupied territories. Both of these developments were evaluated separately.