CHAPTER 25

MANUFACTURES IN THE NEXT DECADE

The appraisal of the potentialities of Palestine's manufactures in the first postwar decade becomes even more crucial in light of the preceding analysis of Jewish Palestine's agricultural prospects, indicating that in the event of large-scale immigration the percentage of the population earning their livelihood from agricultural pursuits probably would not attain the prewar proportion. Thus one must look principally to manufactures if large-scale immigration is to be sustained. Our query accordingly is centered on the absorptive capacity of manufactures at the end of the postwar decade; i.e., how many persons can be employed in Palestinian manufactures in 1954. The process of absorption is regarded as a secondary matter.

PROBLEMS AND PROSPECTS OF THE TRANSITION

The transition from war to peace, however, must be in the forefront of the discussion, since the condition in which industry emerges from the transition will have an important bearing on the state of industry at the end of the decade.

The discussion of the wartime developments in Part III set forth the major difficulties that confront manufacturing industries and must be surmounted if the Palestinian economy is to be an expanding one. These difficulties may be summarized under three categories: high cost structure, low productivity, and uneconomic lines of production fostered by military orders and the virtual embargo on foreign competition.

The high cost structure that characterizes all sections of the Palestinian economy is perhaps foremost among the problems of the transition period. The causes of the inflation have been analyzed elsewhere. Here it is sufficient to indicate the seriousness of the problem by comparison with trends in Great Britain and the United States, for it is the manufacturers of these countries