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No 39.

U. S. Consulate at
Jerusalem Nov. 29.

Hon. John. Davis,
Assistant Secretary of State
Washington, D. C.

Sir:-

I have the honor to make the enclosed report on the system of credit as existing in Palestine and its effects upon the general prosperity of the country, as requested in circular from the Department of State dated, Washington, May 15, 1883.

I remain, Sir,
your obedient servant,

Consul

One enclosure
Report on system of credit in Palestine.

Report on the System of Credit as existing in Palestine and its Effect upon the General prosperity of the country.

On receipt of the circular from the state Department dated May 15, 1883, I at once set about collecting facts pertaining to the money, trade, and general business interest of the country; but upon compiling them and comparing them with the requirements of the "Interrogatories" as opressed in said circular I find that while many of these facts are of special interest they do not legitimately belong in an answer to the questions proposed.

The business of the province is large when copared with the unfortunate way in which it is governed and the wretched maner in which do resources are developed.

In the present state of affairs the province is realy poor, and jerusalem is a city of poor people, there being among its 40,000 inhabitants at least 20,000 who are mainly supported by charity. Consequently the amount of business of the city and province makes but a small item in the commercial balances of the world.

The first question proposed in the circular "does credit stimulate trade?" could be more fully and satisfactorily answered were this a report Town like Smyrna for instance. Applied to Jerusalem the answer must be that credit does not stimulate trade.

As to contracting debts, the people of all classes throughout the province are only to glad to do so.

There are no sumptuary laws or regulations concerning credits.

Importers give little or no credit and hence losses are smal.

Credit is readily extended to mechanics and laborers, by tradesmen. Still the advantage to cash buyers in smallest as well as in the largest transaction, is always very great.

Interest is not demanded on time accounts, but if it is taken, it is added to the amount.

The evils of credit are most conspicuous and disastrous among the farmer. Indeed under the ruinous exactions of the government and the terrorism exercised over them by the money lenders the wonder is that anything like farming in this country is possible.

All kinds of produce and manufactured articles demand Cash returns

Credits of record, mortgages &c, are very prevalent, and among all classes.

When a person has failed in business he can resume at any moment that he is able to do so, and there are no obstacles to such resumptions.

Bankruptcy is frequent, particularly among few trades.

As to the relief acts in bankruptcy, nothing of the kind is known.

Fortunes are seldom made in this country and the general effects of credit, so far as that term applies to the city and province are prejudicial to real prosperity.

U. S. Consulate
Jerusalem Nov 29 - 1883

Respectfully
Consul.