

### 1.3.1 Dual-economy Approach

In describing the dual-economy literature, I will argue that this approach suffers from six weaknesses. First, some versions selectively rely upon data from unusual years to characterize the entire Mandate period. Second, and more generally, this approach tends towards tautology arguing that the socioeconomic differences between the Arab and Jewish sectors determine the differences in their market systems while differences in their markets determined (or at least reinforced) the differences in the socioeconomic systems. This tight circular causation has only limited explanatory power. Third, in identifying the existence of surplus labor in Arab agriculture, this approach, when it explains the surplus at all, exclusively roots this surplus in population growth and its consequent pressure on land resources without considering the more important processes that alienated peasants from the land. Fourth, this approach tends to neglect or downplay the role of the colonial mandatory government in facilitating the growth and development of the Jewish European sector and at the same time does not address the differential impact the government's policy had on the two sectors and communities. Fifth, in considering interactions between the Arab and Jewish "economies," the dualistic approach tends to look at the macroeconomic "benefits" the "Arab sector" received from demand generated by the "Jewish sector" while ignoring the negative microeconomic effects associated with a changed distribution of income and wealth in the Arab sector because of its connection to the "Jewish economy." Perhaps most importantly, the dualist approach fails to examine how the spread of