

demand may be characterized as “short-run economic opportunities and constraints,” it nonetheless provided, given the substantial increase in settler manufacturing and the introduction of new industries, the long-run basis for the consolidation of the settlers’ economy, which further undermined any possible competition from the Arab economy.

In their article, Metzger and Kaplan offer a strange variation on the role or nonrole of the Mandate government. To the Arab and Jewish sectors, they add the government as a third sector; thus, “The first two are treated as national economies whose products measure economic activity. Intersectoral transactions and transfers between any two of the three sectors are treated as international trade.”⁴⁰ Now, even if one allows, for analytical purposes given their postulate of dual economy, the treatment of transactions between the Arab and Jewish economies as international trade, the same absolutely cannot be said of the so-called government sector. For example, the expenditures of the Mandate government came from revenues generated locally. The treatment of the government sector as an exogenous factor conceals the differential impact government revenues and expenditures had, but more importantly government policies, on the different branches of the economy (i.e., agriculture, industry, and services), and between and within the Palestinian Arabs and the Jewish community. Any government’s fiscal or other policies, regardless of intent, are never neutral in their effects. The role of the Mandate government and the impact and its policies are dealt with in

⁴⁰Ibid.