

the same sector (government). This part of his argument downplays the role of the government in facilitating the European settler project. In fact, in 1928, and after pressure by the Zionist Organization and the *Histadrut*, the government's Wages Commission adopted "four wage levels for unskilled labor: Arab rural, 120-150 mils a day; Arab urban, 140-170; Jewish nonunion, 150-300; and Jewish union, 280-300."⁶¹ This was in spite of what this meant in increased costs for the government, which was contrary to normal colonial practice.

The other part of the explanation in wage differentials between Arabs and Jews, according to Metzger, lies in "structural and institutional factors," some of which are general to economic dualism and some specific to Palestine. The general factors are the following:

- (a) "hidden" productivity differences between laborers of peasant origin and the more experienced, even if unskilled, urban workforce;
- (b) "pull" effects of comparatively high-wage urban jobs coupled with demographic pressure on rural resources and additional factors (such as capital-market dualism) "pushing" peasants out of traditional agriculture; [and] (c) institutional constraints such as union power.⁶²

To substantiate the pull effects of urban wages, Metzger calculates and compares the "Arab agricultural product per worker in the 1930s (£P 20 in 1931, £P 33 in 1935, and £P 25 in 1939)" with the "nonfarm wages earned by Arabs, namely unskilled construction workers (£P 31, £P 35, £P 27 on the basis of 250

⁶¹Barbara J. Smith, *The Roots of Separatism in Palestine: British Economic Policy, 1920-1929* (Syracuse: Syracuse University Press, 1993), 156.

⁶²Metzger, *Divided Economy*, 127.