

This trend was further reinforced by a more stable pattern of employment. Thus 75 percent of the Palestinian labour force was reported as being employed for more than two years in Israel, and one-third for more than four years (Bregman:ibid.). Altogether, however, this period is too short for a reliable projection of future trends.

So far the functional integration of the two ethnic national societies suggests a picture that is not dissimilar to the relationship between a metropolitan economy and its colonial satellite. We have emphasised changes in the Palestinian economy (labour organisation and the commodity market) which are oriented towards dependency on and supplement to the needs of Israeli capital. Our observations of structural transformations internal to Palestinian society are restricted by the amount of empirical data available.³ They are even more restricted due to the rapidly changing pattern of association with Israel, where political factors play a significant, if not decisive, role. However, it is possible to point out three factors which define and delimit the extent of potential structural change within the occupied territories. These are: (1) the limited capacity of the agrarian system to absorb labour; (2) the presence of a substantial unproductive (refugee) population in the urban centres; and (3) the absence of an infrastructure within the occupied territories which prevents the accommodation of the surplus labour generated by the traditional agricultural system and the refugee population. These elements combined explain the massive response by Palestinian workers to Israeli demand, coupled with the sudden restrictions on their movement to the Arab states.

The limited absorptive capacity of the land is related to the seasonal character of agriculture (especially the prevalence of olive crops), and to the fragmentation of land, to the point of inefficient plot size, as a result of the inheritance system. It is also related to eco-