

Part of the Jewish “advantage” in the importation of durable and capital goods in the mid-1930s was due to the *ha’avarah* arrangements, facilitating the extraction of Jewish capital from Nazi Germany in the form of German products, of which capital and durable goods constituted a substantial component (the *ha’avarah* transfers may have accounted for no less than 50 percent of the value of durables and capital goods imported by Jews in 1936). In part, however, this “advantage” reflected structural differences between the two sectors . . . in relative capital intensity in production, and in consumers’ wealth and demand for durable goods.<sup>81</sup>

In the case of exports, the Jewish economy had a higher share of its exports composed of manufactured goods than did the Arab economy. However, more important for this study is what Metzger calls “bilateral trade.” As expected in any “developmentally disparate dual economy,” Arabs sold agricultural produce and “labor services” to Jews. In turn, Jews sold “manufactured goods and various services.”<sup>82</sup> In addition, and specific to Palestine, Arabs sold land and manufactured goods, most of which were “quarry products and other building materials,” and rented dwellings to Jews.

The figures that Metzger provides on “bilateral trade” are as follows: 37 percent (30 percent net of land) of Arab total trade was with the Jewish economy, and 21 percent (16 percent net of land) of Jewish total trade was with the Arab economy.<sup>83</sup> A breakdown of total trade into its import and export components between the two economies gives the following figures: for imports, 18 percent of

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<sup>81</sup>Ibid., 169. These transfers “accounted for about a quarter of all imports in 1934-35.” Ibid, 163.

<sup>82</sup>Ibid., 170.

<sup>83</sup>Ibid.