

2. THE PREMANDATE PERIOD:

1850S TO 1914

The mid-nineteenth century marks the beginning of the economic and social transformation of Palestine. The use of the word *beginning* should not imply the absence of change before that time. Rather, it refers to the start of a process that entailed emerging new relationships internally and with the outside world that helped shape the subsequent social and economic transformation of Palestine during the first half of the twentieth century. There were two important changes. First, it was during this time period that Palestine was integrated into the world capitalist market. Second, and perhaps more importantly, this period witnessed legal changes in land tenure that later on, with the commoditization of land, undermined the customary rights to land and its use. Critically, the legal changes included the right of foreigners to own land.

This chapter presents a brief descriptive and analytical outline of the main trends in this process. It provides a basis for contrast with the Mandate period and thus provides a better perspective of the latter. This allows for highlighting change and continuity and the intertwined impact of British rule, European settlement, and the indigenous Palestinian Arab society in shaping the new economy. Emphasis is on changes in land tenure, demography, and the economic structure. Finally, the nature and impact of European settlement are examined. These changes are