

More importantly, this growth has to be seen in the context of internal and external factors acting both separately and in conjunction with each other. The internal factors, at least initially (i.e., 1850s-1880), revolved around the intertwined processes of attempted reforms and centralizing measures by the Ottoman state, the latter resulting, among other things, in improved security. The new security primarily, but also combined with the liberalizing aspects of the Land Code such as the extension of inheritance rights, and easing of restrictions on the size of privately owned land, allowed for the expansion of cultivation and the growth of population, both of which had a positive reciprocal impact on each other.

This development coincided with the external factor of the increased European demand for agricultural products, which was reflected, as discussed above, by the great increase in the volume and value of exports. Imports followed and by the turn of the century superseded exports in value.

It was through this trade with Europe that Palestine was incorporated into the world capitalist market. Palestine exported agricultural products and imported “luxury” goods and some manufactured products, most of which was consumed by foreigners, settlers, and the local “upper classes.” The foreign-financed railways and banks were not linked to any mining or industrial projects, but were primarily established to facilitate this trade.

The expansion in the cultivated area and the growth of trade did not lead to much industrial development. The growth in the secondary sector primarily