As recalled from the preceding chapter, this period is also one of major transformations in world history in general and, correspondingly, in the history of the Jewish people and of Palestine in particular. The disintegration of East-European feudalism, the transition of capitalism from its competitive stage to the stage of imperialism, the beginning of monopoly formation and the rise of finance capital. <u>Development along these lines inflicted displacement and even threatened liquidation of the petty bourgeoisie as a social class</u>. As predominantly petty bourgeoisie, the Jewish masses were severely injured by these processes. It is not surprising, therefore, that the pioneering ideals of Hovevi Zion and, later on, Labor-Zionism, appealed to the Jewish masses and mobilized them for the construction of utopian forms of colonialism.

During this period, Palestine was the battleground for struggle among various historical forces: decadent Ottoman imperialism; modern British colonialism; a recently emerging feudalism; an established merchant class; and an embryonic industrial bourgeoisie on the verge of emerging in the struggle among all these forces.

In the midst of this complexity it is difficult to establish accurately the relationship between Jewish colonial settlement in Palestine and the proletarianization of the native population. It may be helpful, therefore, to specify four interrelated subissues:

A. Characterization of the Palestine social formation: the nature of its class structure, the state of development of the productive forces at the disposal of the native Palestinian population, as they have special bearing on the proletarianization process with and without Zionist colonialization.