

of the Jewish State, had radically transformed the demographic map of Palestine. Absolute Jewish demographic superiority was established.

This period, of course, represents the peak of Jewish settlement in Palestine. By 1970, there were already 702 Jewish rural settlements, as compared with 303 in September, 1947. We must not forget that after Statehood there was a shift to urban settlement, specifically the New Development Towns and suburbanization schemes. From now on, Jewish settlement ceased to be colonization through class struggle; it was transformed into national development policy carried out no longer by pioneer settlers but rather by state and public agencies on behalf of available and potential newcomers.

In accordance with the general order of this chapter, we try to concentrate on the dual process of the creation of Palestinian labor surplus, and the impediments of selling its labor power. The following section focuses, therefore, on land and labor policies peculiar to the second phase of Israel's development. Slogans are now replaced by policy.

#### A. Land Policy

Large-scale acquisition of land in the aftermath of the 1947-48 War resulting from the expulsion of Palestinian peasants and the flight of landlords (absentees, in particular) is the material basis for the new land policy.

As demonstrated earlier in the Yishuv phase, land acquisition and transfer of economic ownership from Arab to Jewish hands took place simply through purchase, that is, market exchange.

In the nation-building phase, market exchange was not the predominant method. The major portion of land acquisition within the jurisdiction of