

Economy

Economy as a Tool of Displacement

Like other aspects of Palestinian lives in Jerusalem, the economic reality created by the occupation authorities in the city is designed to weaken Palestinian communities through impoverishment and underdevelopment, making them more vulnerable to displacement.

Since 1967, the occupation municipality has systematically withheld services such as urban development infrastructure and education from Palestinians in Jerusalem -- impairing the area's economic development. Combined with the cutting of the city's historic economic ties with other Palestinian cities in the West Bank, this has rendered Jerusalem the poorest city in Palestine, with 72% of its residents (and 81% of its children) below the poverty line.¹ Unemployment rates are also high, and are estimated at 43% for men and 93% for women in the Jerusalem district², (The numbers for the areas within the Jerusalem municipal borders are 40% and 87%, respectively)³.



¹The Association of Civil Rights in Israel. "East Jerusalem: Facts and Figures 2019." May, 2019. <https://bit.ly/2qEsrHq>

² Jerusalem Yearly Statistical Book - 2018, the Palestinian Central Bureau of Statistics, 2018. Accessed online at: <https://bit.ly/2Ro6cVr>

³ Palestinian Women in East Jerusalem Struggling for Job Integration, JPost, 16 July 2017. Accessed online at: <https://bit.ly/2BTVLiv>

Neglect of Municipal Services

In Jerusalem, the evident neglect and lack in municipal services in the eastern part of the city is not a result of municipal malfunction, but rather an intentional policy of neglect by the occupation authorities.

While Palestinians pay close to 40% of the municipal taxes in Jerusalem, they receive only 8% of the city's municipal budget in services. Consequently, there is a severe lack of educational opportunities, infrastructure including roads, water and sewage systems, as well as welfare offices for Palestinian residents of Jerusalem. These circumstances, together with the lack of approved building permits, are instruments used to prevent Palestinian development and thus steadfastness in Jerusalem.

The Oslo Accords:

Structural Dependency on the Israeli Economy

The Oslo Accords (1993 and 1995) curtailed Palestinian economic capacities by maintaining Israel's unilateral control of land, water and borders. The move further entrenched the Palestinian economy's dependence on that of the occupation. The agreement also kept in place Israel's power to determine what goods and people can enter and exit the area.⁴

The economic annex of the Oslo Accords, the Paris Protocol (1994,) set the parameters for the economic relationship between "Israel" and the Palestinian Authority for an interim period of five years. Despite the expiration of this period in 1999, the protocol still constitutes the basis of economic relations between the two sides, and is the main framework for the PA's economic, monetary and fiscal conduct.⁵

When it comes to Jerusalem, the Oslo Accords largely overlooked the Palestinian economy in the eastern part of the city, placing it neither under the PA nor the Israeli occupation government. As a result, the economy of Palestinian areas of Jerusalem is structurally dependent on the West Bank to sustain production and trade. At the same time, it is forcibly dependent on the Israeli market to whose regulations it must conform and which serves as a source of employment, trade and a channel for tourism.⁶ The United Nations Conference on Trade and Development asserts, "These paradoxical relations have served to effectively leave

⁴ The Palestinian Economy and the Oslo "Peace Processes", Leila Farsakh. Trans Arab Research Institute. Accessed online at: <https://bit.ly/2GMZBic>

⁵ Long Overdue: Alternatives to the Paris Protocol. Nur Arafah, Al-Shabaka. 27 February 2018. Accessed online at: [Long Overdue: Alternatives to the Paris Protocol](https://bit.ly/2GLeF0d)

⁶⁴ UNCTAD.The Palestinian Economy in Jerusalem: Enduring Annexation, Isolation and Disintegration. May, 2013. Accessed online at: <https://bit.ly/2GLeF0d>

the economy of the eastern part of Jerusalem to fend for itself in a developmental limbo, severed from Palestinian Authority jurisdiction and subordinated to the Jewish population imperatives and settlement strategies of Israeli municipal and state authorities."⁷ This framework has contributed to the contraction of Jerusalem's contribution to the Palestinian economy from 15% prior to the Oslo Accords to 7% in 2012.⁸

Palestinian commercial enterprises are further complicated by import and export restrictions implemented as a result of the Paris Protocol. While Israel allows Palestinians to have 20% of the import quota from foreign countries, Palestinians are allowed none of the export quota.⁹ The Israeli occupation authorities impose restrictions on bringing Palestinian goods into Jerusalem in direct contradiction to the Paris Protocol, which stipulates the free flow of goods between Israel and Palestine. On the other hand, Israeli goods flow freely into the West Bank. The Paris Protocol has weakened the productive base of the Palestinian economy by rapidly exposing it to competition from more advanced Israeli industries.

The Wall: Severing Economic Ties

Since The Wall's construction began the Palestinian economy in Jerusalem has declined drastically. The barrier has severed the flow of the area's organic workforce as well as goods to and from the natural periphery of the city.

Some 150,000 Palestinians holding blue Jerusalem IDs are cut off from the city by The Wall.¹⁰ These Jerusalemites are forced to cross through Israeli checkpoints to reach Jerusalem for education, medical treatment, work and access to many other services. In order to avoid isolation and maintain their residency status, many Palestinians moved to the heart of the city when the construction of The Wall began. This sparked a sharp rise in the cost of living and rent prices in the city. Additionally, a large number of NGOs and their international professionals now reside in Jerusalem, which has contributed to the high cost of living in the city because these individuals often receive significantly higher salaries than locals.

These dynamics have produced a seemingly contradictory reality -- Palestinians are moving to the centre of the city, but, due to the increased cost of living, many families have also been forced to move to areas beyond The Wall. This economic displacement demonstrates one way the occupation is contributing to the ethnic cleansing of Palestinians in Jerusalem.

⁷ ibid

⁸ ibid

⁹ The Customs Union & Israel's No State Solution. al-Shabaka. 26 November, 2014. Accessed online at: [The Customs Union & Israel's No-State Solution](#)

¹⁰ East Jerusalem: Facts and Figures. The Association for Civil Rights in Israel, May 2017.

Still another consequence of The Wall is the fact that the Old City and its surroundings, the economic heart of Jerusalem, have seen a steady decline in activity since 2002 as a result of the closure of over 5,000 businesses throughout the eastern part of the city.¹¹ Communities that are cut off from Jerusalem by The Wall have also suffered because of this decline. Traders who used to bring agricultural products into Jerusalem are now required to have trade permits identical to those needed to import goods internationally into Israel. Obtaining one of these permits is a complex and expensive process. Further, all imported goods must meet criteria specified by the Israeli authorities. One of these criteria specifies that holders of a Jerusalem ID must use an Israeli-licensed truck to transport goods into “Israel” through a commercial checkpoint. Consequently, many Palestinian farmers are unable to sell their products in Jerusalem markets. Companies in the nearby commercial zones of Al-Eizariyah and Abu Dis now face huge challenges in both attracting customers and transporting their merchandise to the center of Jerusalem.

Taken together, The Wall, the priorities of the municipality and the absence of urban planning in eastern Jerusalem are meant to create unlivable conditions and to force Palestinians families to leave. These tactics are just a few of the occupations’ displacement policies targeting Palestinian residents of Jerusalem.

Economy and Tourism

Jerusalem’s main industry today is tourism. In recent years, the number of visitors to the city has consistently broken records. But while Jaffa Street and the “Corridor” called Mamilla, a section of fancy shops connecting the Old City with the shopping street, have been well developed for tourists and shoppers alike, the Old City’s historical main entrance -- Damascus Gate -- lies neglected. Today, Damascus Gate looks more like an imposing military outpost with its three watchposts. Far from the inviting walkways of Mamilla and Jaffa Street, the military presence at Damascus Gate is daunting and likely pushes tourists away. This, in turn, impacts the Palestinian economy and the local markets in the Muslim Quarter behind Damascus Gate, which have seen a sharp decline in visitors in recent years.

¹¹ 15 Years of separation: the Palestinians cut off from Jerusalem by the Wall, Haaretz, 10 March 2018. Accessed online at: <https://bit.ly/2ReZz3R>