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Polarized Labor Integration: East Jerusalem Palestinians in the City's Employment Market

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Introduction

In November 2014 twenty-seven Palestinian residents of East Jerusalem who worked as drivers for the Egged bus company resigned in protest, citing frequent acts of violence perpetuated against them by Jewish passengers in West Jerusalem (Hasson, 2014). Around the same time East Jerusalem taxi drivers also launched a protest, asserting that refusal by Jewish passengers to use their services was severely hurting their livelihood (Schmil, 2015). Given that East Jerusalem drivers constitute 40%-50% of all the drivers who serve Jerusalem, their protest disrupted the city's public transportation for several days. These events reflect an ever-present contradiction between the spatial and employment integration of Palestinian residents in West Jerusalem, on the one hand, and the complex, emotionally charged relations that developed between the two population groups in the aftermath of the violence that erupted in the summer of 2014.

Between July 2014 and November 2015 Jerusalem was swept up in waves of ethnically and nationally based violence. Rising tensions surrounding Jewish prayer at the Temple Mount and the kidnap and murder of the Palestinian boy Mohammed Abu-Khdeir from Shu'afat led to a wave of demonstrations and violence on a scale not seen since October 2000. The protests by young Palestinians were driven not only by national, ethnic, or religious motives, but also by cumulative frustration resulting from the neglect and discrimination affecting East Jerusalem neighborhoods since 1967 (Ramon & Lehrs, 2014). In the context of this protest – which in fact came to be known as the 'Jerusalem Intifada' – young Palestinians disrupted the daily order and clashed with Israeli security services. In July 2014 alone there were some 360 violent incidents, during which two Palestinian youths were killed and seven hundred, mostly minors, were arrested. The violence spilled over into the 'Seam Zone' (between East and West Jerusalem) as well as Jewish neighborhoods in West Jerusalem.

By late 2014, the events escalated. East Jerusalem Palestinians had carried out three vehicle-ramming attacks along Jerusalem's main corridor and a lethal assault against a synagogue in the neighborhood of Har Nof, killing ten Jews and injuring dozens. Across the barricades, in West Jerusalem there were daily incidents of verbal or physical violence by young Jews against Palestinian workers or passersby in the city center, in northern neighborhoods, and on the Light Rail.

The organization Lehava (acronym for ‘Prevention of Assimilation in the Holy Land’), which actively opposes assimilation and employment of Palestinians in the city, held nationalistic demonstrations in the city center and distributed leaflets. According to the association Ir Amim (‘City of Peoples’), there were ninety-four incidents of Jewish violence against East Jerusalem residents during the latter half of 2014 (Grufi, 2015). During these months, Jerusalem reverted to a ‘geography of fear’ (Shirlow, 2001). The fear of terrorism or confrontation with security forces, alongside deliberate avoidance, led each sector to retreat to clearly delineated boundaries and segregated territories.

Jerusalem’s urban space and economic structure do not, however, permit long-term segregation between its resident population groups. The inception of Israeli rule over East Jerusalem in 1967, under conditions of growing inequality and inequitable access to resources, has created an economic and employment interdependence between the two parts of the city and led to increasing interaction between the two population groups in West Jerusalem’s centers of employment. In the past decade, this trend has intensified in light of the “relative” calm that prevailed once the second intifada dissipated. Except for isolated incidents, this decade did not see any major terror incidents or attacks based on nationality or religion. West Jerusalem residents enjoyed a quiet period in terms of security, during which cultural, recreational, and commercial infrastructures expanded considerably. At the same time, the erosion and neglect of East Jerusalem’s physical, economic, and community infrastructures deepened.

After the Oslo Accords, most Palestinian political activity shifted to Ramallah, and during the second intifada the Israeli government shut down the city’s remaining Palestinian institutions (the Orient House and the Palestinian Chamber of Commerce). Consequently Palestinian economic power bases, too, shifted to Ramallah at the expense of East Jerusalem (Cohen, 2011; UNCTAD, 2013).¹ Moreover, the separation fence constructed in 2004 with the aim of improving security for West Jerusalem residents further disrupted the lives of Palestinian residents of East Jerusalem. Their freedom of movement, property rights, and economic and employment opportunities were severely undermined

¹ In 2013 the United Nations published a report analyzing East Jerusalem’s economy, drawing mainly on data of the Palestinian Bureau of Statistics (UNCTAD, 2013). The report addressed the extent of poverty and economic collapse in East Jerusalem in the context of the Israeli occupation, with emphasis on the economic status of East Jerusalem as part of the West Bank.

(Kimhi, 2006). The construction of the fence also appears to have resulted in migration into the city by Palestinians who were excluded by the fence or who had temporarily left Jerusalem and returned in order not to lose their residence status. At the same time, because of their increasing physical disconnection from the West Bank as well as lack of employment and economic opportunities in East Jerusalem, East Jerusalem residents became increasingly dependent on sources of employment in the Jewish sector.

This paper is based primarily on Israeli data and on interviews with various employers and with policymakers who focus on employment in West Jerusalem. The paper examines the labor market for East Jerusalem Palestinians in the Israeli arena and in the immediate context of the urban space shared by the two parts of the city. Its aim is to provide a factual, statistical foundation to describe the labor market for East Jerusalem residents in its entirety, with attention to spatial distribution and to the characteristics of employed persons, including characterization of their work in East and West Jerusalem. The data will help us understand the extent of economic and employment interdependence between the two parts of the city, how this reciprocity shapes relations between the population groups, and its repercussions for the ethno-national character of Jerusalem for years to come.

The first chapter provides a historical survey of employment relations between the two population groups in Jerusalem from 1967 to 2015. It shows that polarized and reciprocal relations in the labor market remained almost unchanged during this time, with East Jerusalem Palestinians at the bottom of the local labor market pyramid. The second chapter presents current data on the employment patterns of East Jerusalem Palestinians for 2015, including characteristics relating to the employment sector, occupation, gender, and age. The third chapter presents, for the first time, current data on the spatial distribution of the East Jerusalem labor force within and beyond the city, and profiles Palestinian workers employed in West Jerusalem. According to the findings of this chapter, as of 2010/2011, 38% of the labor force of East Jerusalem residents were employed in West Jerusalem, mainly in manual labor ('blue collar') or the service sector, in effect filling most of the rudimentary work positions. The chapter pays special attention to the employment interdependence that developed between the two population groups yet maintained their unequal power relations, and it describes the 'glass ceiling' hanging over their reciprocal relations.

The Database

There is fundamental difficulty in collecting reliable data on East Jerusalem residents. Living under Israeli occupation for nearly fifty years has led to suspicion and reluctance to cooperate with Israelis conducting surveys or research. Those surveyed refuse to cooperate and the answers they provide are often intended to pacify the pollster. Even information from official sources, such as the National Insurance Institute (social security), is incomplete or nonexistent regarding some aspects of the economy and employment because of this reluctance to cooperate with Israeli entities. In addition, field surveys based on direct encounter between survey conductors and the population group being studied exclude entire neighborhoods beyond the separation fence for reasons of security. Data from surveys conducted among the Palestinian population of Jerusalem should therefore be viewed with caution, as it provides only a partial picture.

To compensate for these limitations, this research cross-references the following three information sources:

National Insurance Institute Data on Employees in Jerusalem, 2002-2015

The National Insurance Institute provided statistics and cross-sectional data on employees and employers from files in its Jerusalem branches – ‘East Jerusalem’ and ‘Jerusalem’ – specifically for this study. These data relate only to workers who, in fact, reported to the tax authorities, but they provide a picture of the sectoral distribution of Palestinian employment in Jerusalem, average salaries, and changes and developments in registration and payment of dues over the past decade.

Central Bureau of Statistics Labor Force Survey, 1999-2014

Israel’s Central Bureau of Statistics (CBS) conducts an annual manpower survey throughout the country. Its sample in East Jerusalem is rather small and limited. Therefore, it is normalized in the *Statistical Yearbook of Jerusalem* as the average of every three sequential years. A sample survey of the Central Bureau of Statistics for 2013 included 1,892 interviewees, only 662 of whom reported that they were employed. This study uses CBS data as processed and presented in the *Statistical Yearbook of Jerusalem*, published by JIPR.

Survey on Travel Habits – Master Plan for Transportation, 2010-2011

In the course of gathering information for the purpose of updating the plans for Jerusalem's public and private transportation, the Jerusalem Transportation Master Plan Team conducted a comprehensive survey on the travel habits of Jerusalem residents. The survey, carried out between January 2010 and June 2011, gathered information about the daily practices of 21,125 Jerusalem residents (about 4% of the total population). It examined travel habits of the residents surveyed using GPS devices provided to them, and by documenting and cataloging information collected by professional survey conductors. Respondents provided information on their activities in different areas over a 24-hour period, differentiating between places of work, study, consumerism, leisure, and home. In East Jerusalem information was collected on 6,582 Palestinian residents of all ages, of whom 1,665 identified as employed and provided information about their work sector, occupation, and location of workplace.² This paper presents the first published analysis of information on East Jerusalem residents in various spatial contexts. The main shortcoming of this survey is that it covers only Palestinian residents living within the separation fence and does not include some 80,000 residents currently living beyond the fence.³ Moreover, most Palestinians working in the West Bank were evidently unwilling to carry GPS devices, and are therefore under-represented in the survey.

Terminology and Semantics

East versus West

Given the territorial spread of Jewish neighborhoods constructed since 1967, which crosses over the Green Line, this study's use of the terms 'East Jerusalem' and 'West Jerusalem' does not follow the customary geographical differentiation but, rather, represents demographically distinct territories. The terms 'East' and 'West' are used in this chapter in the following sense:

East Jerusalem – Palestinian neighborhoods and commercial centers in Jerusalem on both sides of the Green Line. The term encompasses all Palestinian

² Only 1,279 reported a permanent place of employment.

³ This figure is based on estimates.

neighborhoods and villages within the municipal boundaries, the Old City (excluding the Jewish Quarter), and the Palestinian central business district.

West Jerusalem – Municipal territories within the Green Line, including Mount Scopus but excluding the northern portion of the village of Beit Safafa, and Jewish neighborhoods and the Atarot industrial zone constructed since 1967 beyond the Green Line but within municipal boundaries.

Chapter One:

Historical Preview - 50 Years of Polarized Labor Integration (1967-2017)

Since 1967, the two major national groups residing in Jerusalem have been living a bipolar existence: periodic trends of spatial and economic integration within one municipal area, on the one hand, and violence, extremism, and increasing social and cultural segregation, on the other. Jews and Palestinians work alongside one another in West Jerusalem, shop in the same malls and markets, and spend time side by side in parks and public spaces in Jerusalem (mainly in West Jerusalem). But they live in separate neighborhoods for the most part, rarely form social ties, and avoid official cooperation at the institutional or communal level.

This reality characterizes the city nearly fifty years, since East Jerusalem was annexed to Israel. It raises the following questions: What patterns of Jewish and Palestinian economic and employment integration have emerged in the city during various geopolitical phases within this period? Has the position of Palestinians in the city's employment and economic pyramid shifted, and have political and economic power relations changed during this lengthy period?

Phase One: Physical and Economic Unification:1967-1987

The current patterns of economic and employment relations between Jews and Palestinians in Jerusalem are rooted in the encounter between their two economies following the city's unification in 1967. At the time of the initial encounter between the two communities, the Jewish sector had a decisive economic, political, and demographic advantage over the Palestinian sector, and this dynamic determined how the two groups would merge into one another's economies. Between 1949 and 1967 vast government resources were invested in the Israeli side of Jerusalem, thereby providing largescale employment in the public sector for West Jerusalem residents, supplementing the local private economy and education and industrial sectors operating in the city. Public sector employment is diverse and characterized by relatively high salaries. The Jordanian authorities, in contrast, neglected the Jordanian side of Jerusalem in order to reinforce the standing of its capital, Amman, and Jerusalem's economy was based primarily on Arab and

Muslim tourism. Jordanian Jerusalem suffered from high unemployment rates (only 33% participated in the labor force) and largescale negative migration. In 1967 the income gap ratio between the two groups stood at 1:4 in favor of residents on the Israeli side of Jerusalem. After the city's unification the Palestinians of East Jerusalem comprised 26% of Jerusalem's total population but accounted for only 16% of the overall labor force, and their collective income measured only 8% of the total income for all the city's residents (Romann & Weingrod, 1991). Consequently there emerged a polarized employment structure, into which the Israeli-Jewish market absorbed workers from East Jerusalem.

In the years immediately after 1967 the Palestinian labor force in Jerusalem suffered greatly as a result of being disconnected from Jordanian rule and the loss of Muslim tourism. Very soon, however, Palestinian workers were absorbed into West Jerusalem's economy, primarily in the construction sector. This sector had completely collapsed in West Jerusalem during the 1966 recession but was dramatically revived by massive Israeli government investment in the construction of new Jewish neighborhoods beginning in the early 1970s. Under the guidance of the Histadrut (Israel's largest association of labor unions), the primary mediating agent in recruitment and placement of workers during that time, East Jerusalem Palestinians were placed with private and public employers in West Jerusalem, and their numbers grew steadily. In 1969 some 4,000 Palestinian workers were employed in the Jewish sector. By 1970 this figure had risen to 5,400 (about one-third of the labor force), and a decade later, in 1980, to 8,600 (including Palestinian citizens of Israel). During this phase the relative proportion of East Jerusalem residents employed in the Jewish sector stabilized at around 40% of the overall labor force of East Jerusalem Palestinians (Romann & Weingrod, 1991, 101-102).

Alongside Palestinians from East Jerusalem, large numbers of Palestinians from the West Bank were also employed in the Jewish sector. In the early 1980s a total of approximately 20,000 Palestinians, 45% of whom were from East Jerusalem and the rest from the West Bank, were employed in the Jewish sector in Jerusalem. Together they still constituted only about 15% of the city's entire labor force. Work conditions and salaries differed between the two groups. Most workers from East Jerusalem were unionized and enjoyed basic social rights, while most workers from the West Bank were non-unionized day-laborers who were denied social rights (Romann & Weingrod, 1991, 102).

Although increasingly integrated into the Jewish labor market, Palestinian workers were mainly employed in manual labor or comparable positions at the bottom of the employment ladder. In 1980, among East Jerusalem Palestinians, 60% were employed in blue collar work, among them 33% in construction, and 16% in industry. Palestinians filled the positions that Jews did not want: low-income work that does not require professional training or education. The Arab labor force was absorbed into sectors and professions where poor command of Hebrew was not a handicap and professional training was relatively easy. These trends intensified after 1967 and up to the 1980s. Many Jews left blue collar professions, especially construction and industry, while the number of white collar professionals from East Jerusalem working in the Jewish sector remained small and marginal, mainly for lack of professional qualification, lack of Hebrew language skills, and lack of Israeli citizenship (a requirement for employment in West Jerusalem's public sector). Palestinian citizens of Israel (outside of Jerusalem) who had graduated from the Israeli education system were able to compete successfully for the few positions suited to Arabic speakers in the professional and public sectors in West Jerusalem (Romann & Weingrod, 1991, 107).

Phase Two: The First Intifada: 1987-1993

The first intifada broke out in December 1987, heralding a substantive change in relations between Jerusalem's communities. The image of 'coexistence' associated with Mayor Teddy Kollek, which had prevailed since 1967 (Kollek, 1988), disintegrated. The formerly concealed ethnic divide between neighborhoods and various parts of the city became overt. This phase marked the start of a new pattern of Jewish avoidance of Palestinian areas, especially residential neighborhoods but also markets and commercial areas. This was also the phase during which the geography of fear began to dictate Jewish patterns of spatial activity in Jerusalem. Likewise, Palestinians minimized travel to West Jerusalem as much as possible, especially to commercial areas and parks, because of frequent checks by Israeli security forces and random assaults by passersby (particularly after terrorist incidents). Yet the reduction of Palestinian presence was itself circumscribed in scope and duration. Although terrorist acts against Israeli targets during the intifada did dissuade Jews from employing Palestinians, and many Palestinians were dismissed, these were primarily non-professionals working in cleaning,

maintenance, and other service sectors. Palestinians were not let off in the more traditional sectors of the economy – such as construction, industry, and repair – and they kept coming to work every day, even during times of tension. After a while, some of the workers who had been dismissed returned to their jobs in the Jewish sector as well (Romann, 1992).

During this intifada the Palestinians of East Jerusalem, for the first time, operated in a manner distinctly different from that of West Bank Palestinians. For example, as part of the non-violent civil resistance, and in response to calls to sever contact with Israeli institutions, hundreds of Palestinian policemen resigned from their posts in the West Bank Civil Administration. In Jerusalem, however, very few employees of the municipality and police resigned, and those who did resign returned after a while. To a large extent, the intifada signaled West Bank Palestinians' frustration with their growing dependence on employment in Israel and on its economy. In Jerusalem, however, the intifada did not substantively shake this dependence. It actually reinforced employment relations between the two sectors to some degree. Because of the prolonged trade and employment strikes in East Jerusalem, many Palestinians started working on a temporary or permanent basis in West Jerusalem or the Atarot industrial zone. Similarly, consumption patterns changed because of the closure of many commercial businesses in East Jerusalem. Moreover, the intifada reinforced the preference for workers from East Jerusalem over workers from the West Bank, gradually reduced the presence of the latter as day laborers in West Jerusalem and Israel generally, and increased the demand for workers from East Jerusalem (Cohen, 2011).

In sum, during the first intifada relations between the two communities, which had been living alongside one another, were disrupted, as reflected primarily in Jewish avoidance of Palestinian spaces in the city. Yet the intifada did not substantially change economic and employment relations between East and West Jerusalem. To a large extent it actually increased the dependence of East Jerusalem Palestinians on the labor market and economy of the Jewish sector.

Phase Three: The Oslo Accords Period: 1993-2000

The Oslo Accords, signed in August 1993, signaled the end of the first intifada. Despite a temporary euphoria, however, resistance by Hamas and extremist

factions soon surfaced. From 1994 to 1996 there were mass suicide bombings in West Jerusalem and the Seam Zone. This period was characterized by what was termed the 'Palestinization' of political life in East Jerusalem. Official political and civil institutions of the Palestinian Authority were inaugurated in East Jerusalem (Orient House and the Palestinian Chamber of Commerce, among others), and local Palestinian organizations prepared for the designation of East Jerusalem as the future Palestinian capital (Cohen, 2011). The activities of Palestinian Authority in East Jerusalem provided gainful employment for many residents, and economic relations between Jerusalem and the West Bank grew stronger. During this period immigrant labor into Israel from developing countries also increased significantly in the areas of construction, agriculture, and assistance and care services. These workers gradually replaced workers from East Jerusalem, especially after the first intifada and the wave of violence during the years 1995-1996 (Shapira, 2012). As a result, the employment of East Jerusalem Palestinians by Jews in West Jerusalem remained fixed or even declined.

Phase Four: The Second Intifada: 2000-2005

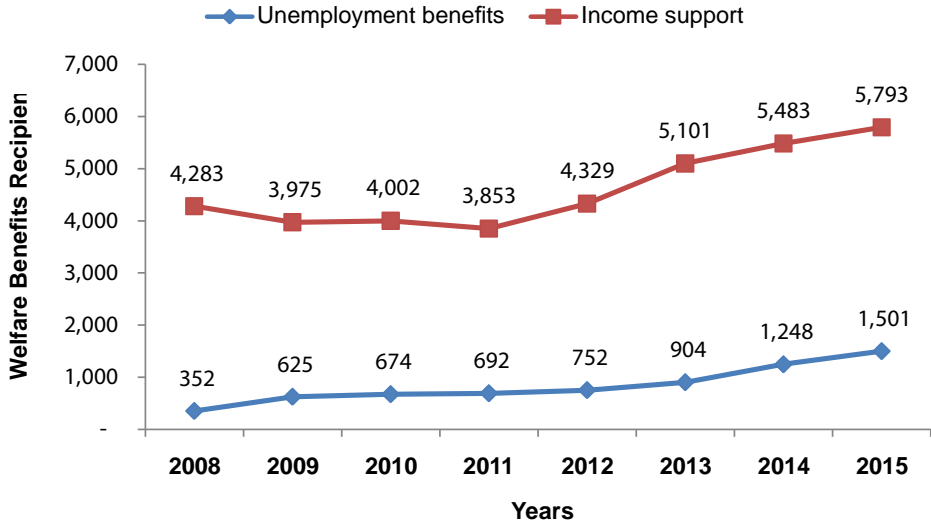
The second intifada (the 'Al-Aqsa Intifada') of October 2005 signaled a new phase, with increased spatial segregation between Jews and Palestinians in Jerusalem. Jews, again, avoided commercial businesses and tourist sites in East Jerusalem, even more so, and Palestinians in West Jerusalem were subject to security inspections. Israel shut down all official institutions of the Palestinian Authority in East Jerusalem and began construction of the separation fence, creating a physical barrier between East Jerusalem residents, on the one side, and Ramallah and other cities in the West Bank, on the other. These measures undermined Jerusalem's status as a center of the Palestinian Authority's political and social activity, shifting the economic and power bases to Ramallah (Cohen, 2011). The violence and terrorism that afflicted the city resulted in a drastic reduction in domestic and foreign tourism to Jerusalem, which dealt a blow to its economy and led to the closure of many hotels and businesses. The economic slowdown in Jerusalem and construction of the separation fence reduced employment opportunities in Jerusalem as well as access to potential employment in the West Bank (Kimhi, 2006; UNCTAD, 2011).

Phase Five: Post-Oslo Jerusalem: 2005-2017

The years immediately following the second intifada were characterized by increased poverty and employment hardship in East Jerusalem for the reasons outlined above. The separation fence, whose construction was completed in 2004-2005, created enclaves in which residents did not receive municipal services or any form of policing that was not security related. Thus new sub-neighborhoods were formed in which poverty and crime were rampant and unchecked. Conditions also worsened in neighborhoods that were not excluded by the security fence. In 2010 more than 79% of East Jerusalem families were living below the poverty line (JIPR, 2016, Table VI/2). Moreover, according to the NII data, since 2008 there has been a significant increase in the number of claims for unemployment benefits and income support among East Jerusalem residents (see Diagram A/1, p. 17). However, simultaneously there has also been a nominal increase in the labor force in East Jerusalem (see Diagram A/2, p.17) and a moderation of the salary gaps between Jews and Palestinians in the city (see Diagram A/3, p. 18)

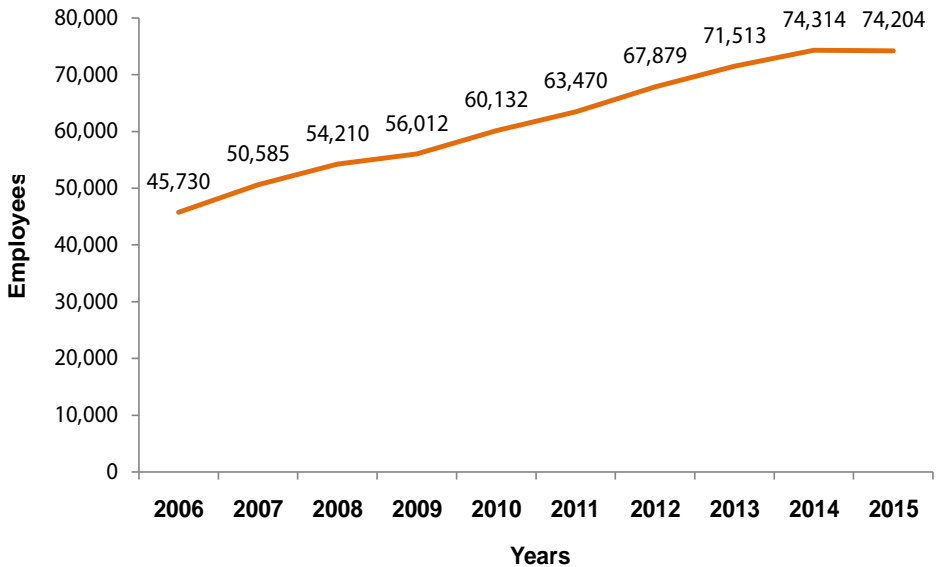
These contradictory trends can be explained by the population growth in East Jerusalem, socio-economic polarization within the Palestinian population or a change in attitude and ability with respect to claiming National Insurance rights. In addition, these trends have taken place against the background of increased involvement on the part of the Israeli government and Jerusalem municipality in Palestinian neighborhoods on the Israeli side of the security fence, as well as greater (more than usual though still less than necessary) allocation of resources for transportation infrastructures, employment services, and education. Recently there have been signs of an ‘Israelization’ process among East Jerusalem residents, as reflected in more petitions for citizenship, a significant increase in the demand for Hebrew-language classes, and an increase in the number of students at higher education institutions in West Jerusalem (Hasson, 2012; 2015). During the same time, there has been a significant increase in the presence of East Jerusalem residents in a range of sites and areas within West Jerusalem, such as malls, parks, and the city center. These developments indicate East Jerusalem residents’ growing dependence on the physical and commercial infrastructures of the city and on sources of income in West Jerusalem.

Diagram A/1: East Jerusalem Arabs Receiving Welfare Benefits, 2008-2015



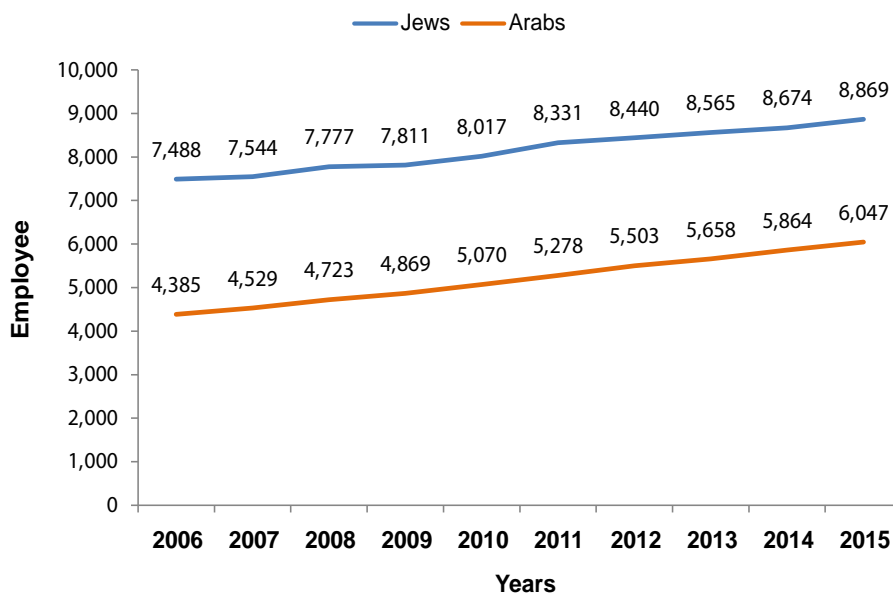
Source: National Insurance Institute

Diagram A/2: East Jerusalem Arab Employees, 2006-2015



Source: National Insurance Institute

Diagram A/3: Jerusalem Employees' Average Monthly Income (NIS), 2006-2015



Source: National Insurance Institute

Chapter Two: Polarized Labor Integration in Post-Oslo Jerusalem

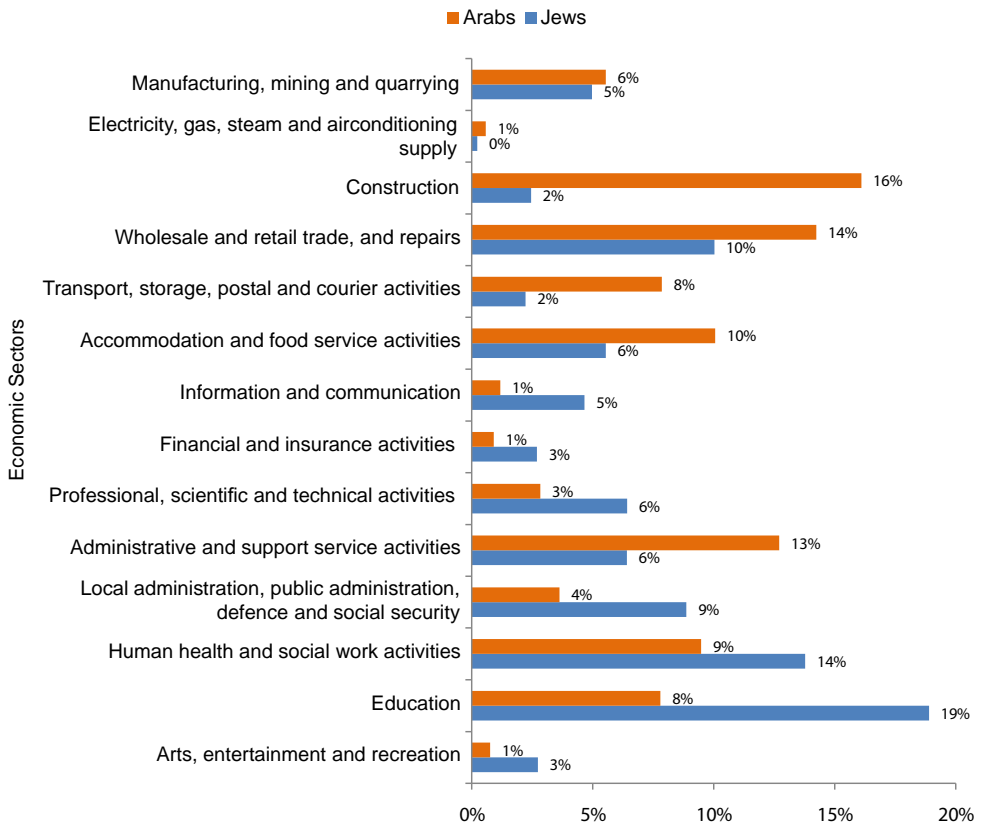
In 2014 the labor force of Jerusalem's Arab residents (ages 15 and above) stood at 77,700,⁴ accounting for 27.7% of Jerusalem's total labor force, which is less than their relative proportion of the population for the same year, at 37.1% (JIPR, 2016, Table VII/1). This figure is surprising given that the labor force participation rate for Arab men in Jerusalem is higher than that of Jewish⁵ men – 68% and 57%, respectively. The discrepancy stems from the very low labor force participation rate among Arab women – 13%, compared with 61% in the Jewish sector (JIPR, 2016) – and the high percentage of children below age 15: 37.7% in the Arab population, compared with 31.6% in the Jewish population.

An examination of the distribution of Jews and Arabs across sectors of the economy and occupations reveals an ethnic component in the city's economic structure. Jerusalem is characterized by a significantly weak banking and finance sector and a distinct occupational dependence on the public sector and higher education institutions. Yet even within the limited range of employment options in the city, there is a clear ranking of population groups. According to the National Insurance Institute, in 2015 the main economic sectors among salaried Arabs in the employment market were construction (16%), trade (14%), administrative and support (maintenance and cleaning) services (13%), and hospitality and food services (10%). In contrast, among salaried Jews the leading sectors were education (19%), health and welfare services (14%), trade (10%), and local and public administration (9%) (see Diagram B/1, p. 20).

⁴ This data is based on the CBS Labor Force Survey and therefore differs slightly from the data on Jerusalem employees presented in Diagram A/2.

⁵ In the JIPR statistical yearbook, the classification 'Jewish' includes 'Jews and others.'

Diagram B/1: Jerusalem Employees by Select Economic Sectors and Nationality, 2015



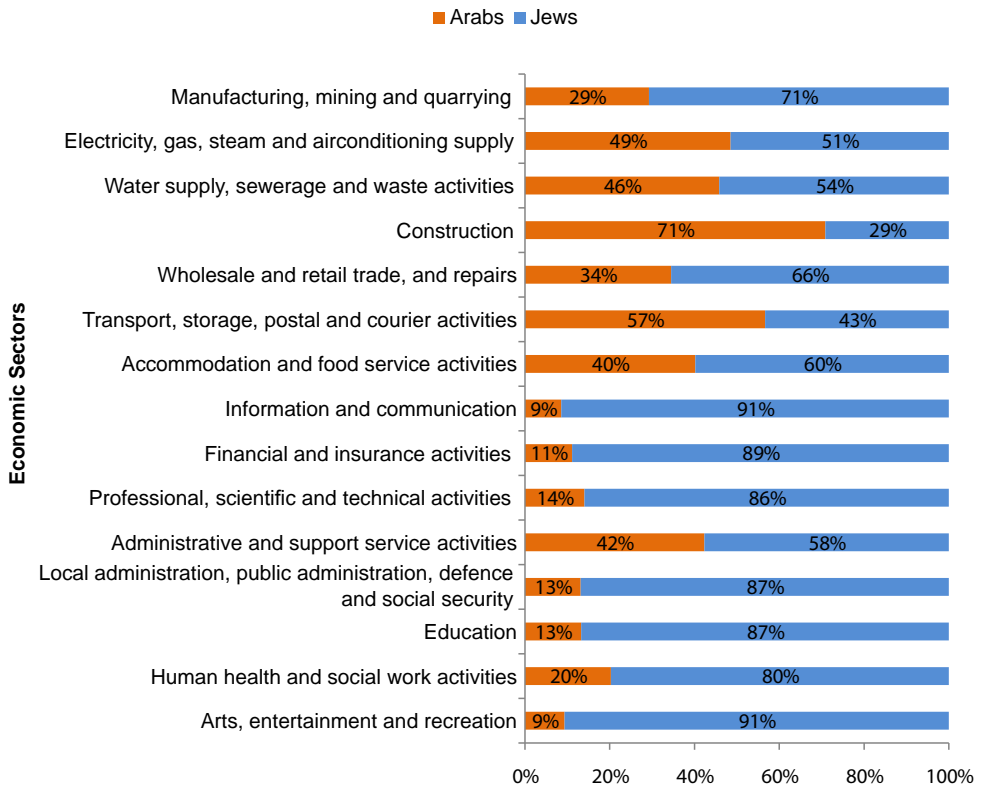
Source: National Insurance Institute

The relative proportion of Jerusalem’s Palestinians in various economic sectors and occupations in the city is also indicative of the primary economic structure of this population in Jerusalem, and of the gaps between it and the Jewish population. According to 2015 data of the National Insurance Institute, East Jerusalem Palestinians were over-represented⁶ in primary work sectors related to

⁶ The representation is relative in comparison with the relative proportion of East Jerusalem residents in the overall Jerusalem labor force, which was 28% in 2015.

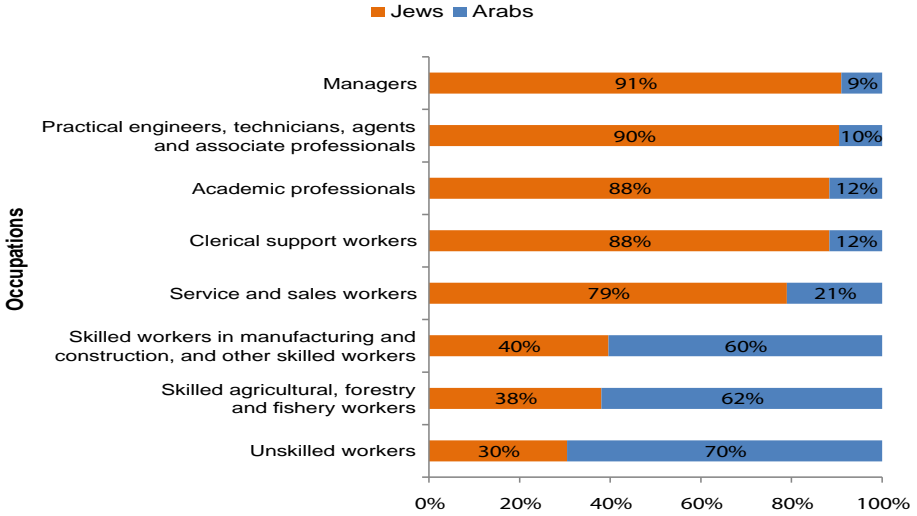
manufacturing, basic services, manual labor, and considerably under-represented in more advanced economic sectors related to technology, development, and the knowledge industries, where the average salary is higher as well (see Diagram B/2). The distribution by occupation also highlights the over-representation of the city's Palestinian population in non-professional occupations and professional occupations that do not require a post-secondary education (see Diagram B/3, p. 22).

Diagram B/2: Employees in Jerusalem by Select Economic Sectors and Nationality, 2015



Source: National Insurance Institute

Diagram B/3: Employees in Jerusalem by Occupation and Nationality, 2014



Source: Jerusalem Institute for Policy Research, Statistical Yearbook of Jerusalem

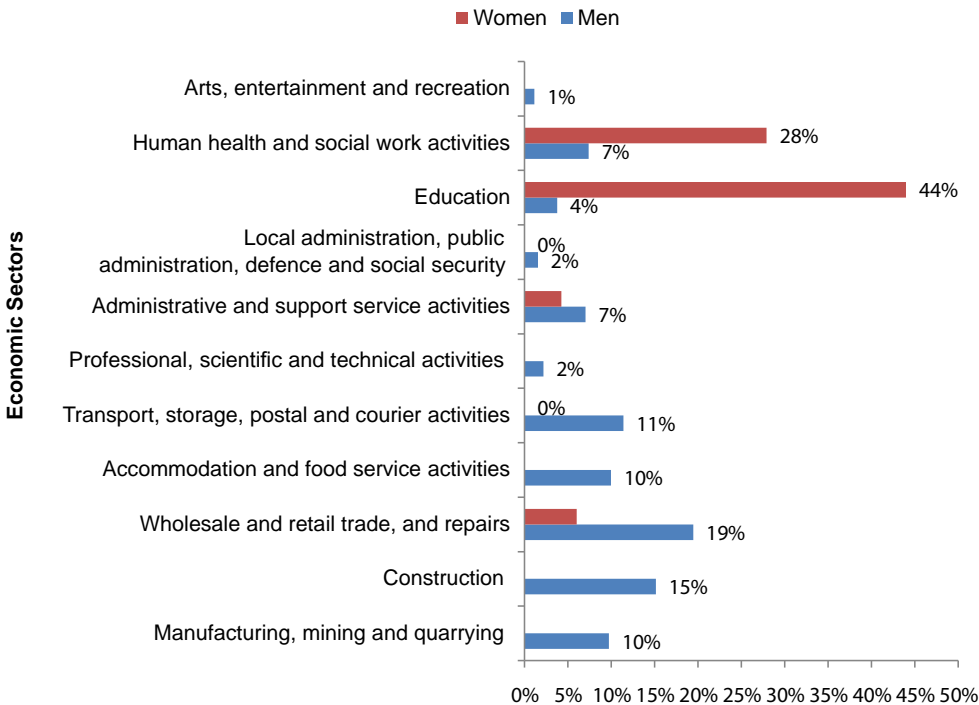
One of the salient characteristics of the employment market of East Jerusalem Palestinians is the gender gap in labor force participation rates and distribution by economic sectors. As noted at the outset of this chapter, in 2014 East Jerusalem Palestinian men had a higher employment rate than the average for Jerusalem: 67%, compared with 45% in the Jewish sector (ages 15 and above), constituting 82% of the entire labor force of East Jerusalem Palestinians. In contrast, only 13% of Palestinian women aged 15 and above were employed. This is even lower than the figure for Israeli Arab women, 28% of whom participated in the Israeli labor force in 2014 (JIPR, 2016, Table VII/1). National Insurance Institute data indicate an increase in the relative proportion of Palestinian women in the labor force of East Jerusalem. In 2006, the East Jerusalem branch recorded 8,285 salaried women. This figure rose annually by 10% on average, reaching 18,612 in 2015. Thus, between 2006 and 2015 the relative proportion of Palestinian women in the entire Palestinian labor force in Jerusalem rose from 19% to 24%.⁷ These

⁷ As noted at the outset of this chapter, data from the Central Bureau of Statistics indicate that employed women constituted 13% of all women living in East Jerusalem. The National Insurance Institute data presented here refer to employed women in East Jerusalem as a proportion of the entire labor force of East Jerusalem (men and women).

data seem to indicate a rising trend in the employment rates of women living in East Jerusalem.

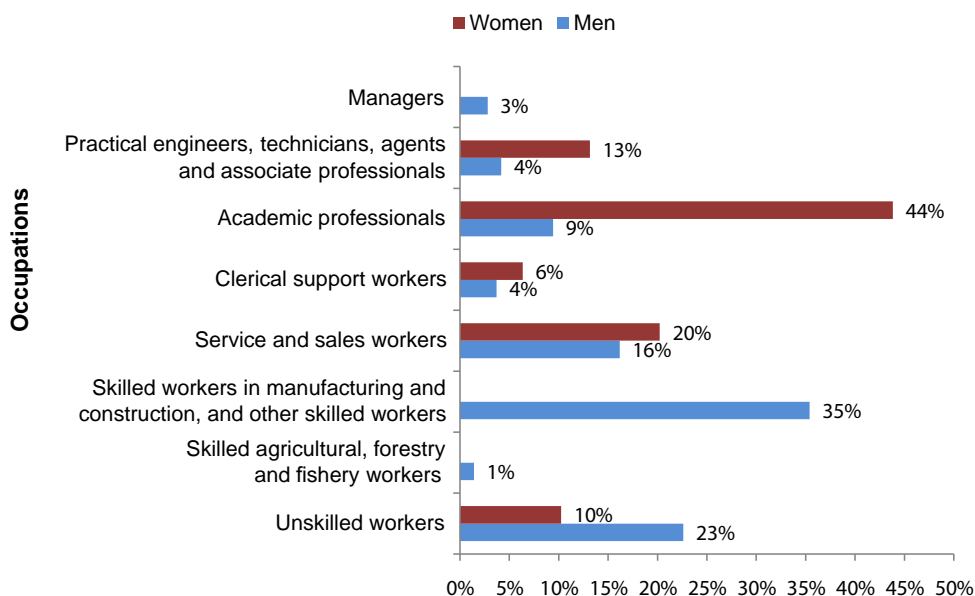
Within the Palestinian labor force of Jerusalem there is a clear gender division across economic sectors. According to 2014 data of the Central Bureau of Statistics, while Palestinian women in Jerusalem were employed primarily in the sectors of education, human health and social work activities, and trade, Palestinian men were employed primarily in trade, construction, hospitality and food services, and transportation. Gender differences in the labor force of East Jerusalem residents are also evident in the saliency of occupations among men versus women. Most employed women worked in occupations that require a post-secondary education, whereas men were employed primarily in work that does not require professional training or education (see Diagram B/4).

Diagram B/4: Arab Employees in Jerusalem by Select Economic Sector and Gender, 2014



Source: Jerusalem Institute for Policy Research, Statistical Yearbook of Jerusalem

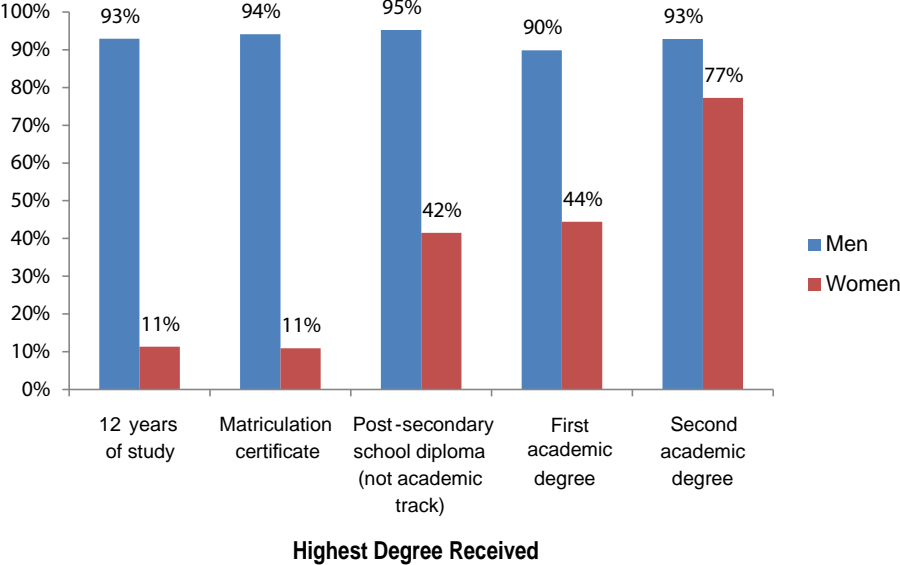
Diagram B/5: Arab Employees in Jerusalem by Occupation and Gender, 2014



Source: Jerusalem Institute for Policy Research, Statistical Yearbook of Jerusalem

One of the explanations for the distinct occupational enclaves among Palestinian women in Jerusalem lies in the close correlation between education and employment within this population group. In 2014, 27% of Palestinian women in Jerusalem had a post-secondary school diploma or academic degree, compared with 20% of Palestinian men in the city. Among Palestinian men, there was no significant difference between educated and uneducated men, but among women the labor force participation rate rose significantly as the level of education increased (JIPR, 2016, VII/10). It follows that most employed women in East Jerusalem have a post-secondary school education, which explains their high rates of participation in the education and health sectors. It should also be noted, of course, that labor force participation is not indicative of a correlation between level of education and occupation in practice (see Diagram B/5).

Diagram B/6: Arab Employees in Jerusalem Aged 25-64 (Prime Working Ages) by Gender, Labor Force Participation Rate, and Highest Degree Received, 2014



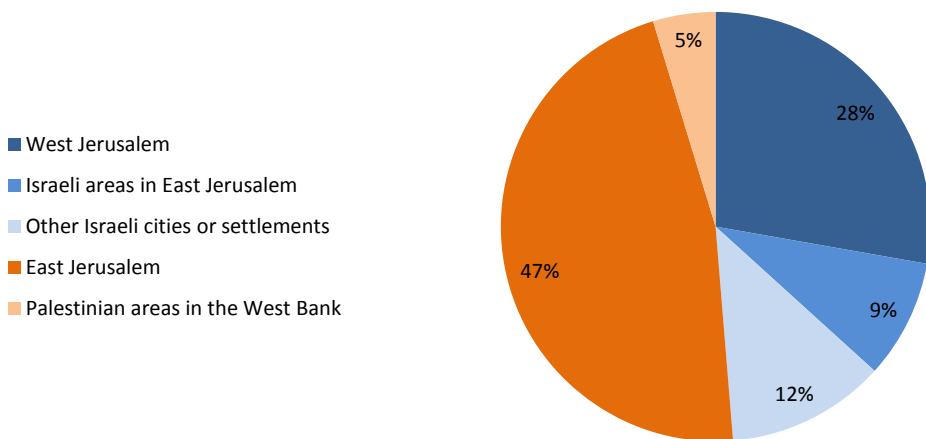
Source: Jerusalem Institute for Policy Research, Statistical Yearbook of Jerusalem

Chapter Three:

Spatial Distribution of Palestinian Labor in Post-Oslo Jerusalem

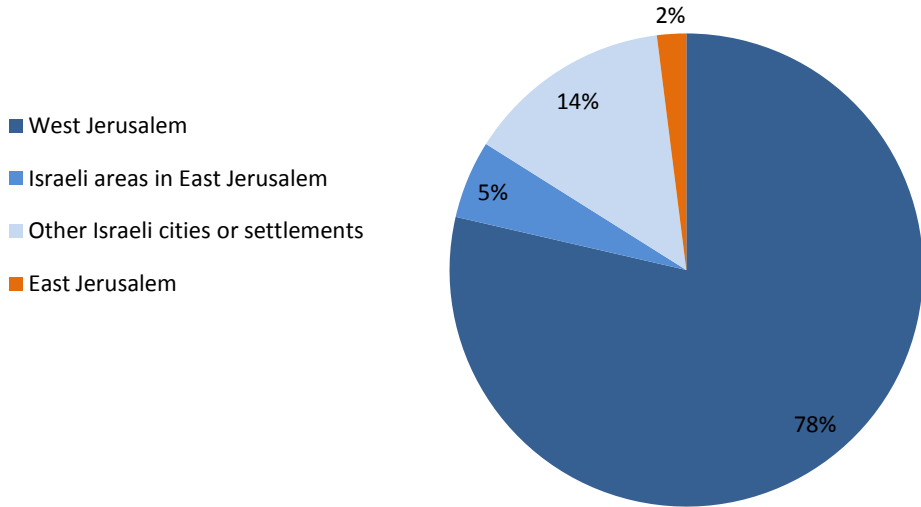
Jerusalem residents – Jews and Palestinians – primarily make their livelihood locally within the city. However, a comparison between the spatial distribution patterns of workplaces for employed Jews and for employed Palestinians in Jerusalem indicates clear differences. A survey conducted in 2010-2011 for the Transportation Master Plan found that most employed Jews make their livelihood in West Jerusalem (86%), the remainder work outside the city, and a small percentage (2%) are employed in East Jerusalem (Sheikh Jarrah and the Jewish Quarter) and in West Bank settlements. In contrast, nearly half the East Jerusalem Palestinian workforce – about 40,000 persons – are employed by the Jewish economic sector in West Jerusalem, in Israel, or in West Bank settlements, while the remaining half are employed in East Jerusalem or territories of the Palestinian Authority. These findings are indicative of East Jerusalem Palestinians’ strong dependence on Israeli employers, and of asymmetry in the city’s spatial-ethnic employment distribution (see Diagram C/2, p. 28).

Diagram C/1: Arab Residents of Jerusalem by Employment Location, 2010-2011



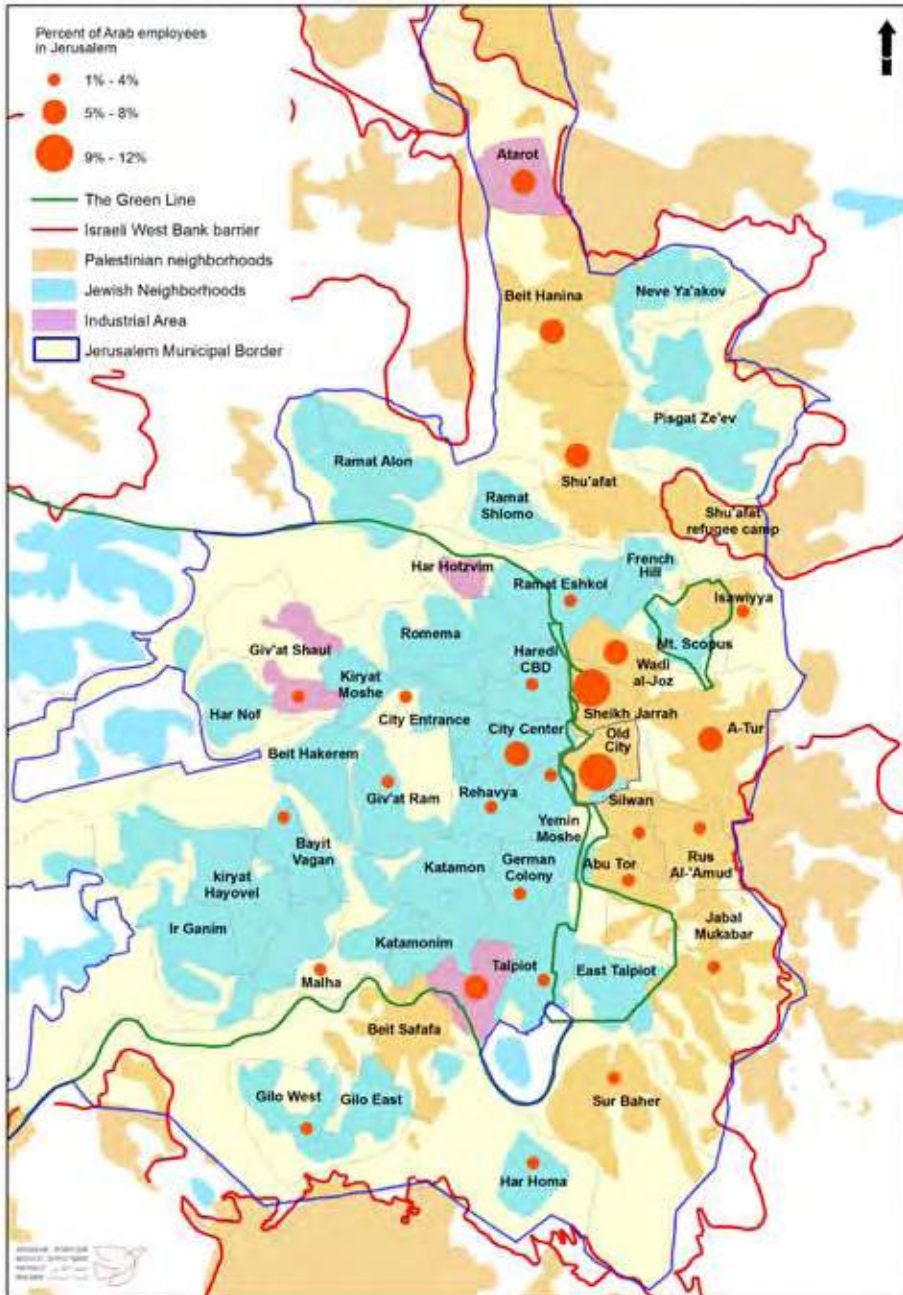
Source: Jerusalem Transportation Master Plan

Diagram C/2: Jewish Residents of Jerusalem by Employment Location, 2010-2011



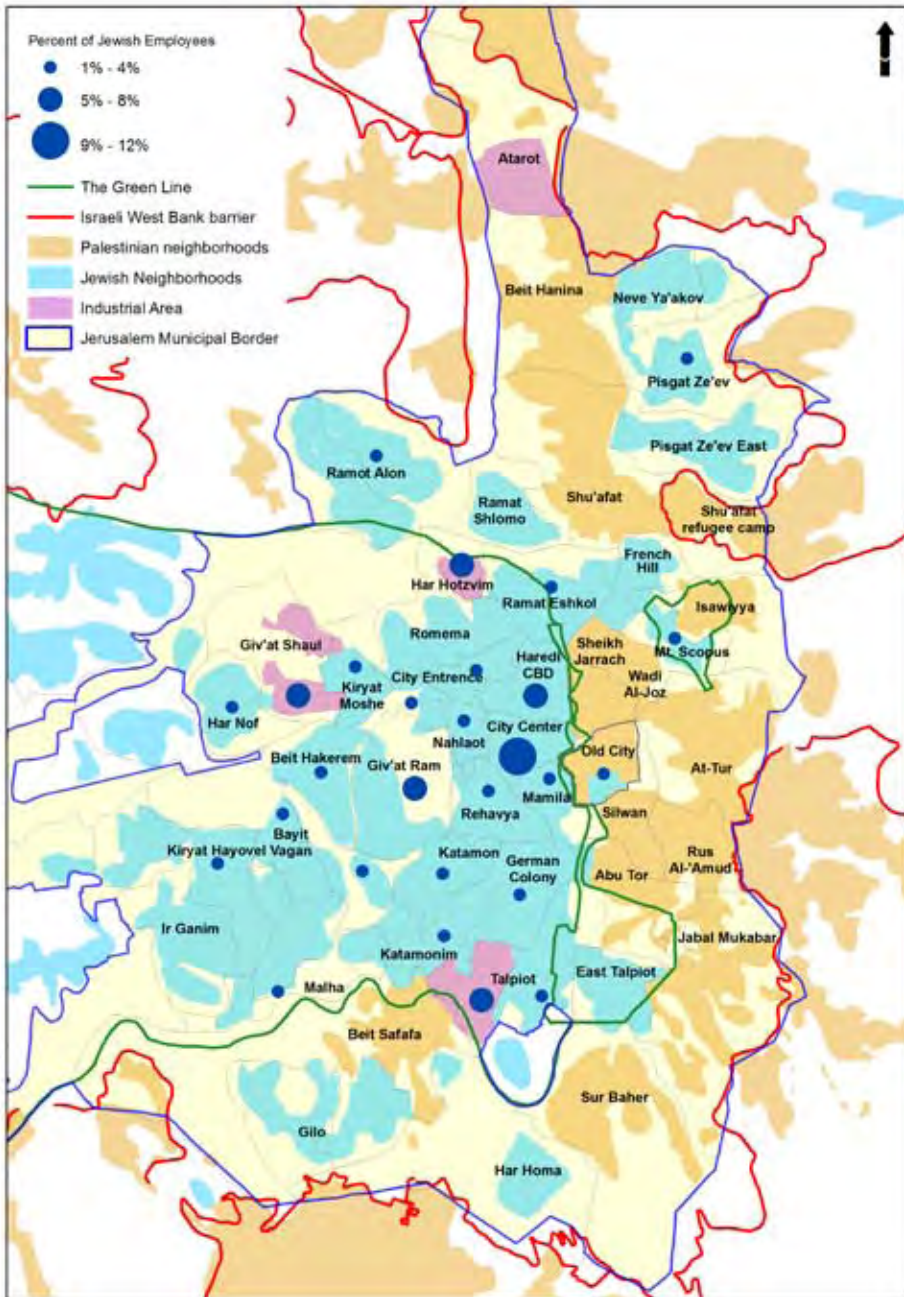
Source: Jerusalem Transportation Master Plan

Map C/1: Arab Residents of Jerusalem Employed in Jerusalem, 2010-2011



Source: Jerusalem Transportation Master Plan

Map C/2: Jewish Residents of Jerusalem Employed in Jerusalem, 2010-2011



Source: Jerusalem Transportation Master Plan

Areas of Mixed Jewish and Palestinian Employment

By cross-referencing employment distribution data of Jews and Palestinians in Jerusalem, we can identify employment areas common to both of the city's population groups⁸ (Map C/3, p. 33).⁹ The combined map suggests a number of conclusions regarding patterns of mixed employment in the city:

1. Most areas of mixed Jewish and Palestinian employment are located in Jewish neighborhoods, commercial centers, or industrial zones on both sides of the Green Line. The prominent ones are West Jerusalem's central business district, Mamilla, the Talpiot, Atarot, and Giv'at Sha'ul industrial zones.
2. Mamilla has the highest proportion of Palestinians employed in the western part of the city (45%). However, among Palestinians employed in this area, the most prevalent occupation classification is 'non-professional' (about 45%), whereas for Jews the most prevalent occupation classification is "academic credentials" (30%).
3. The Atarot industrial zone in East Jerusalem stands out because even though it is located in a 'Jewish' area and run by the Jerusalem Development Authority, the majority of persons employed there are Palestinian (80%) while a minority are Jewish (20%). In practice, most Palestinians working in Atarot are non-professional workers, while most Jews are in positions of management, sales, and clerical work. Nonetheless, there is a sizable number of Palestinian-owned businesses and factories that employ Palestinians from East Jerusalem and the West Bank as well as Jews.
4. The main area within West Jerusalem that employs Palestinians in occupations requiring an education and professional knowledge is the city center (West Jerusalem's central business district). Among survey respondents who worked

⁸ Note: The data presented on the map refer only to Jewish or Palestinian workers residing in Jerusalem.

⁹ The transportation habits survey ascribed a nominal weight to each sampling so as to estimate the actual size of each population group represented by the samplings. To cross-reference the employment data of Palestinian and Jewish residents surveyed, I multiplied by this factor for the employment areas. For example, 50 Palestinian respondents and 16 Jewish respondents stated that they work in the Atarot industrial zone. Their relative weights were 1411 and 496, respectively – that is, 80% Jews and 20% Palestinians. This method definitely might produce skewed results, but it provides a rough estimate of the relative size of the population group in each employment area.

there, about 40% held clerical or managerial positions or positions requiring academic credentials.

5. There are three areas in East Jerusalem where Jews and Palestinians work near one another but in separate workplaces: the Old City, the Palestinian central business district (including government offices on Salah A-Din Street), and Wadi Joz (including government offices and the police headquarters).
6. Prominent in its absence from the map of Palestinian employment in West Jerusalem is Har Hotzvim, a high-tech zone that employs Jews almost exclusively.

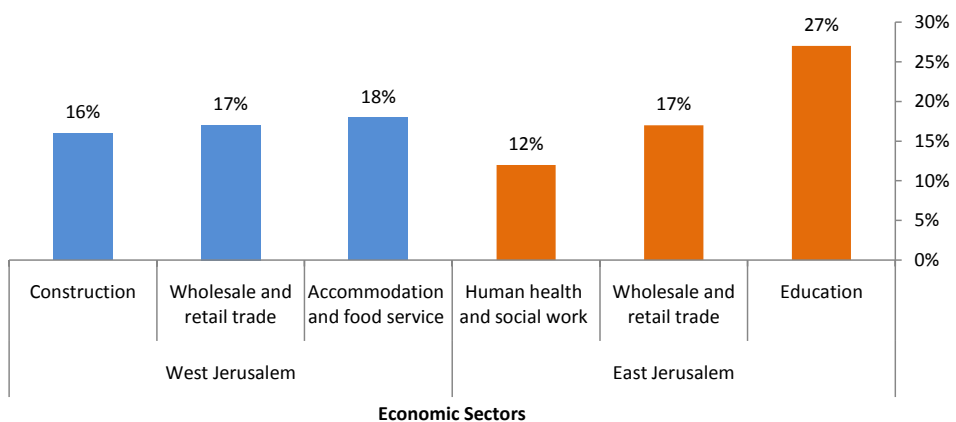
The presence of mixed Jewish-Palestinian areas of employment in West Jerusalem's main employment centers has significance. It seemingly offers opportunities for meaningful daily interaction among the workers and between workers and the customers they serve. But if we cross-reference various areas of employment the picture that emerges is one of unequal power relations. In many workplaces Arabs hold low-ranking positions as non-professionals, while Jews tend to be represented in managerial and clerical positions and in occupations requiring an academic education. This is indicative of a 'glass ceiling' that prevents Palestinian workers in West Jerusalem from advancing and undoubtedly shapes the nature of interaction as well as its behavioral and psychological implications.

A spatial analysis of the employment of East Jerusalem Palestinians provides new observations and insights regarding the profile of Palestinian workers in the city and reciprocal economic relations between the two population groups. The data indicate that most Palestinians employed in West Jerusalem are young men, a majority of whom do not have a post-secondary education. Their employment locations are widely distributed across West Jerusalem and include residential neighborhoods. Most, however, work in the city's main employment and industrial zones – Talpiot, Atarot, the City Center, and Giv'at Sha'ul – primarily as non-professionals in the areas of trade, hospitality and food services, maintenance and cleaning, and as professionals or semi-professionals in construction, industry, and transportation. One exception to the rule is professional workers in the health sector, where a number of positions require a post-secondary or academic education.

The composition of persons employed in East Jerusalem indicates that the employment-related demands in this part of the city are different. East Jerusalem has more employed Palestinian men and women across a wide range of ages, including persons with a post-secondary or academic education. The main geographical areas of employment are the Old City and adjacent central business district, but other centers of employment include the neighborhoods of Shu’afat, Beit Hanina, Wadi Joz, and A-Tur. Employment in East Jerusalem is concentrated mainly in the education and trade sectors, but there are also many professional positions in the health and non-profit sectors.

The profile of Palestinians employed in East Jerusalem differs from that of Palestinians employed in West Jerusalem in terms of distribution across sector, occupation, gender, level of education, and age. According to 2010-2011 data of the Transportation Master Plan survey, among Palestinians employed in Jerusalem, the main employment sectors in East Jerusalem were education, trade, and health and welfare services (56% of Palestinians employed in East Jerusalem), whereas in West Jerusalem the main sectors were hospitality and food services, trade, and construction (51% of Palestinians employed in West Jerusalem).

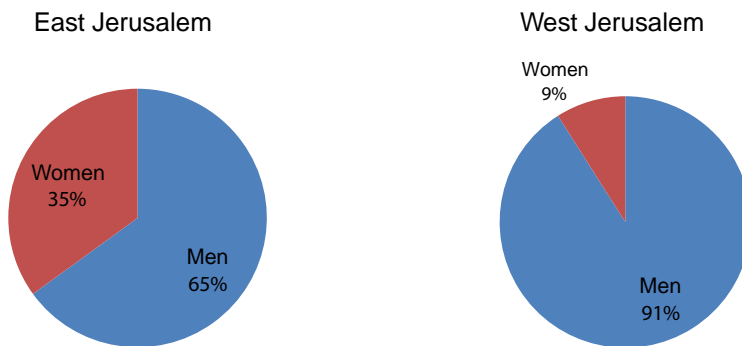
Diagram C/3: Arabs Employed in Jerusalem by Location and Main Sectors, 2010-2011



Source: Jerusalem Transportation Master Plan

The employment rate for Palestinian women in West Jerusalem is significantly lower than the rate in East Jerusalem. Presumably this results from the traditional patriarchal nature of Palestinian society, which discourages women from working in a non-Arab environment, as well as employment barriers that Palestinian women face in Israel: poor command of Hebrew, technological barriers, and discrimination against women who adhere to a Muslim dress code (King, Naon, et al., 2009).

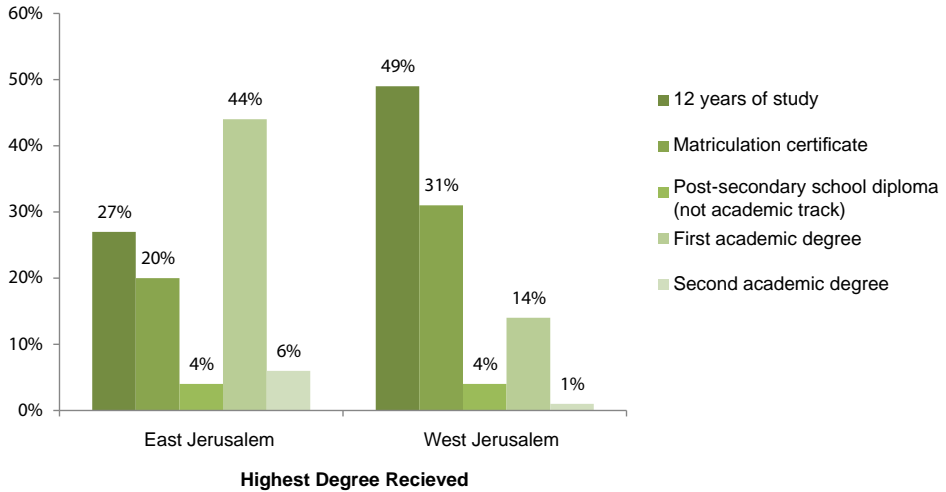
Diagram C/4: Arabs Employed in Jerusalem by Location and Gender, 2010-2011



Source: Jerusalem Transportation Master Plan

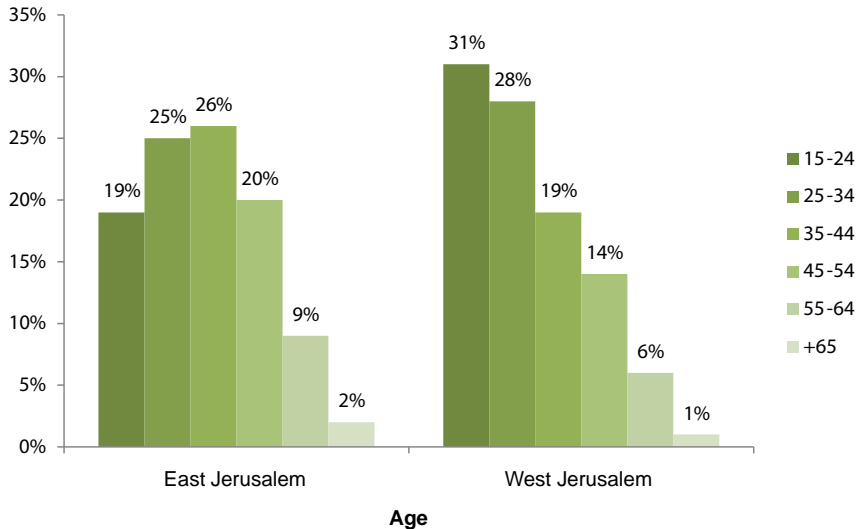
According to the 2010-2011 Transportation Master Plan survey, most Palestinians employed in West Jerusalem (80%) lacked a post-secondary education or professional training. In contrast, most Palestinians employed in East Jerusalem (54%) had a post-secondary education, and in most cases an academic education. West Jerusalem evidently serves as the main source of employment for East Jerusalem’s uneducated labor force. Presumably educated Palestinians seeking employment in West Jerusalem in their fields of education or training face the same barriers and obstacles as educated Arab men in the Israeli labor market generally: non-recognition of their high school diploma or higher education degree, poor command of Hebrew, and discriminatory hiring practices (Jabareen, 2010).

Diagram C/5: Arabs Employed in Jerusalem by Location and Highest Degree Received, 2010-2011



Source: Jerusalem Transportation Master Plan

Diagram C/6: Arabs Employed in Jerusalem by Location and Age



Source: Jerusalem Transportation Master Plan

The age distribution of employed Palestinians across the two sides of the city indicates a younger cross-section of ages in West Jerusalem than in East Jerusalem. Most Palestinians employed in West Jerusalem were in the age range of 15-34 (59%) while in East Jerusalem most were in the range of 25-44 (61%).

In sum, a spatial analysis of the Palestinian labor market in Jerusalem reveals that most Palestinians employed in West Jerusalem are young men, and the vast majority lack a post-secondary school education. They are primarily employed as a non-professional labor force in trade, hospitality and food services, maintenance and cleaning, and as professional or semi-professional labor force in construction, industry, and transportation. The exception is professional employees in the health sector, where various positions require a post-secondary or academic education. The composition of persons employed in East Jerusalem indicates that the employment-related demands in this part of the city are different. In East Jerusalem more Palestinian men and women are employed across a wide range of ages, and these include individuals with a post-secondary or academic education. Employment in East Jerusalem is concentrated mainly in the education and trade sectors, but there are also many professional positions in health and welfare services.

Conclusions

Jerusalem, Israel's capital city, has never had a particularly strong or stable economy. Since the founding of the state it has needed government subsidies and widespread institutional investment in order to sustain its economy and cope with inherent weaknesses. Over the years the local labor market has come to rely primarily on the public and education sectors. The banking and finance, high-tech, and professional sectors are relatively minor compared with Tel Aviv and other cities in central Israel. Data collected over the years by the Central Bureau of Statistics and the National Insurance Institute indicate that since 1967, and especially over the past decade, East Jerusalem Palestinians have become dependent on the economic structure of West Jerusalem. Yet the limited diversity of employment opportunities available to Jewish residents is restricted even further for Palestinian residents, who are denied access to the public sector (because of ethno-national discrimination and lack of Hebrew skills, Israeli education, or Israeli citizenship) and do not fit into Jerusalem's already limited market in the knowledge-intensive industries or in banking and finance.

A spatial analysis of the employment of Palestinian residents of Jerusalem across several phases during the period 1967-2015, with special attention to the past decade (2001-2015), offers significant new insights regarding the profile of Palestinians employed in the city and polarized yet reciprocal economic relations between the city's two population groups – relations that have continuously been forming and falling apart over the years. Examining where each population group is concentrated in the city's labor market reveals that the overall picture has not changed substantially over time. It has remained essentially stable for nearly five decades. While Palestinian residents of East Jerusalem mainly fill positions of 'menial' labor – construction, industry, cleaning, and sanitation, with a growing presence in sales services – most Jewish residents occupy the upper portion of the pyramid, filling more prestigious positions such as management and clerical work, positions requiring academic credentials, professional positions, and the like.

Over the past decade, however, there have been indications of new trends that might, if they continue, foreshadow a shift. During the past five years, there has been an increase in the number of East Jerusalem residents with an academic

education. Although most are employed in East Jerusalem or the West Bank, a minority have found work in West Jerusalem. Likewise, there are increasing signs of Palestinians slowly, but steadily, leaving positions of low status (which are then filled by Palestinians from the West Bank or immigrant laborers) and entering into sales and services, health, and other sectors. Simultaneously there are indications of a shift towards higher-ranking positions in the industry and construction sectors. There is also evidence of an increase in the level of education among young Palestinians, particularly women, in East Jerusalem, and a gradual increase in their labor force participation rate. If this trend spreads and grows stronger it could certainly foster the means for personal empowerment among employed women and enable them and their families to break out of the cycle of poverty. It is also conceivable that professionals such as lawyers and accountants might start to fill positions in Jerusalem that were traditionally filled by Palestinian citizens of Israel – providing a link between the local population and Israeli government institutions.

The national and political tension between the two population groups creates dissonance and hardship during periods of violence and confrontation. On the one hand, there exist employment and economic relations that do not permit separation or segregation, while on the other there are feelings of fear and aversion between the two. These contradictions spill over into areas of mixed Jewish and Palestinian employment in West Jerusalem, where the national and local conflict is manifested in day-to-day life. The data point to a pattern of unequal spatial integration stemming from economic dependence and lack of opportunities in East Jerusalem. The daily presence in West Jerusalem of young Palestinians who earn a living through manual labor without future prospects, and who are exposed to the opportunities available for the Jewish sector as well as the latter's quality of life and superior infrastructures, generates anger, frustration, and friction between the two communities and prevents constructive multi-cultural interaction. It is not surprising, therefore, that the violence that erupted during the summer of 2014 was mainly perpetuated by young people from the two sectors. At the same time, in contrast to the spatial division, unmediated encounters between the two groups also have the potential to foster genuine acquaintance, a multilayered and tolerant outlook, and social relationships.

Positive changes along these lines require employee power relations that are not overtly and immutably biased in one direction, with Arabs filling all the lower-ranking positions and Jews holding managerial and supervisory positions. In terms of reciprocal relations between the two population groups, the key issue is the status of Jewish and Palestinian workers who share a workspace: Do they meet as administrator and cleaner, or as two physicians in a clinic? As noted, our comparison across various periods of time indicates that the former situation is still the more prevalent. Likewise, it is important to break the glass ceilings that prevent the promotion of Palestinians to managerial and higher-paid positions. Furthermore, under current conditions, with almost unbridgeable divides between the two parts of the city, equality of opportunity and better workplace integration in West Jerusalem could, in the short term, provide opportunities to improve the range of employment options and increase incomes for employees from East Jerusalem.

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