

# Israel's Plan to Reduce Socioeconomic Gaps in East Jerusalem

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The socioeconomic conditions of East Jerusalem's Palestinian population reflect large gaps compared to the city's Jewish population, and this situation represents both a heavy economic burden on the state and a danger to its security. The primary reason for the stark disparity is that despite Israel's claims to full and eternal sovereignty over the united city, the Israeli governments of the past fifty years never considered East Jerusalem's Palestinians as citizens; this in turn led to the ongoing total neglect of these neighborhoods. This policy was coupled with another strategy: to maintain a Jewish majority in Jerusalem and curtail the Arab presence by limiting the sector's residential construction, rescinding the residence status of inhabitants absent from the city for extended periods of time, and cutting off eight Arab neighborhoods from the city by leaving them on the other side of the security barrier constructed in recent years.<sup>1</sup>

In June 2014, for the first time, the government approved a plan to increase personal safety and boost socioeconomic development in East Jerusalem—Government Decision No. 1775.<sup>2</sup> As part of this plan, designated for 2014–2018, 200 million NIS were allocated to socioeconomic development, and another 90 million NIS to enhance policing and law enforcement. In the first half of 2018, the State Comptroller examined the plan's implementation, only to find severe lapses both in the plan and in its execution. Consequently, the director general of the Finance Ministry and the budget director, as well as the director general of the Jerusalem Affairs Ministry, were asked

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to submit a multi-year plan to the government to reduce socioeconomic gaps in East Jerusalem. They were required to include development of transportation infrastructures and commercial and employment centers, and programs to support increased employment and a rise in the quality of education, as well as to work to implement the new plan as required.<sup>3</sup>

On May 28, 2017, the government adopted Decision No. 2684, complementing Government Decision No. 1775, to undertake inter-ministerial staff work and formulate a five-year plan to reduce gaps and develop East Jerusalem socioeconomically.<sup>4</sup> The decision stated that the goal is “to improve the quality of life and the environment of the residents of Jerusalem’s Arab neighborhoods and to enhance their ability to integrate into Israeli society and the economy, thereby strengthening the economic and social standing of the capital as a whole.” The decision further stated that the plan would be implemented between 2018 and 2023. Government Decision No. 3790 of May 13, 2018 approved the five-year plan, which this time included land registration and zoning.<sup>5</sup> While the plan is primarily designed to improve the lot of Jerusalem’s Palestinian population, it also has decided political and policy implications, as it involves further entrenching Israel’s sovereignty and advancing the “Israelization” of the city.

### **Economic, Social, and Political Background**

Jerusalem’s Palestinians currently number 320,000 (37 percent of the city’s total population). Of this population, 98 percent live in neighborhoods in the city’s eastern part. According to National Insurance Institute (NII) data, the poverty incidence (the percentage of the population whose income is below the poverty line) in the Jerusalem region in general and in the city in particular is the highest in the country. In 2016, the poverty incidence among Jerusalem’s Palestinian residents was 72.9 percent, compared to 29.8 percent among the city’s Jewish population. In 2016, the depth of the poverty rate (i.e., the gap between a household’s income and the poverty line) of Jerusalem’s Palestinian population was 38.3 percent, and the rate of poor children in this sector was 78.2 percent.<sup>6</sup> The poverty rate of Palestinian families in Jerusalem is two and a half times higher than that of Jewish families, and the level of participation in the workforce of the Palestinian population is low: according to the Central Bureau of Statistics, it was only 41.6 percent in 2016. Most are employed in jobs that require no higher education (in garages, workshops, and construction); their income is

generally low and not reported to the tax authorities or NII. Consequently, East Jerusalem's dependence on NII benefits is high.

Researchers and field workers agree that East Jerusalem's Palestinians are gradually realizing that it is time to pose questions concerning their future wellbeing, and are tending toward integration into Israeli society.<sup>7</sup> This assessment is based in part on the fact that increasing numbers of Jerusalem Palestinians apply for Israeli citizenship, acknowledge the improved services provided by the municipality, demand Hebrew language instruction, and prefer the Israeli matriculation certificate over the Palestinian one.<sup>8</sup> Two surveys taken in early 2018 among East Jerusalem residents indicate a rising interest in participating in the municipal elections (October 2018) for the sake of wielding influence over city council decisions, and attaining equal infrastructure and services and improved living conditions.<sup>9</sup>

Israel's decision makers appear to interpret these trends among East Jerusalem Palestinians as a growing recognition of current reality and perhaps even inclination to remain under Israeli sovereignty. According to this reading, if the residents' socioeconomic situation improves, Israel's ability to govern the eastern part of the city will also improve, and the population's connection to the city – and perhaps the state – will grow tighter. The assumption is that all this can be attained by strengthening certain parties in the local community who support the path of integration into Israeli society, such as school principals, parent committees, community organizers, and commerce councils.

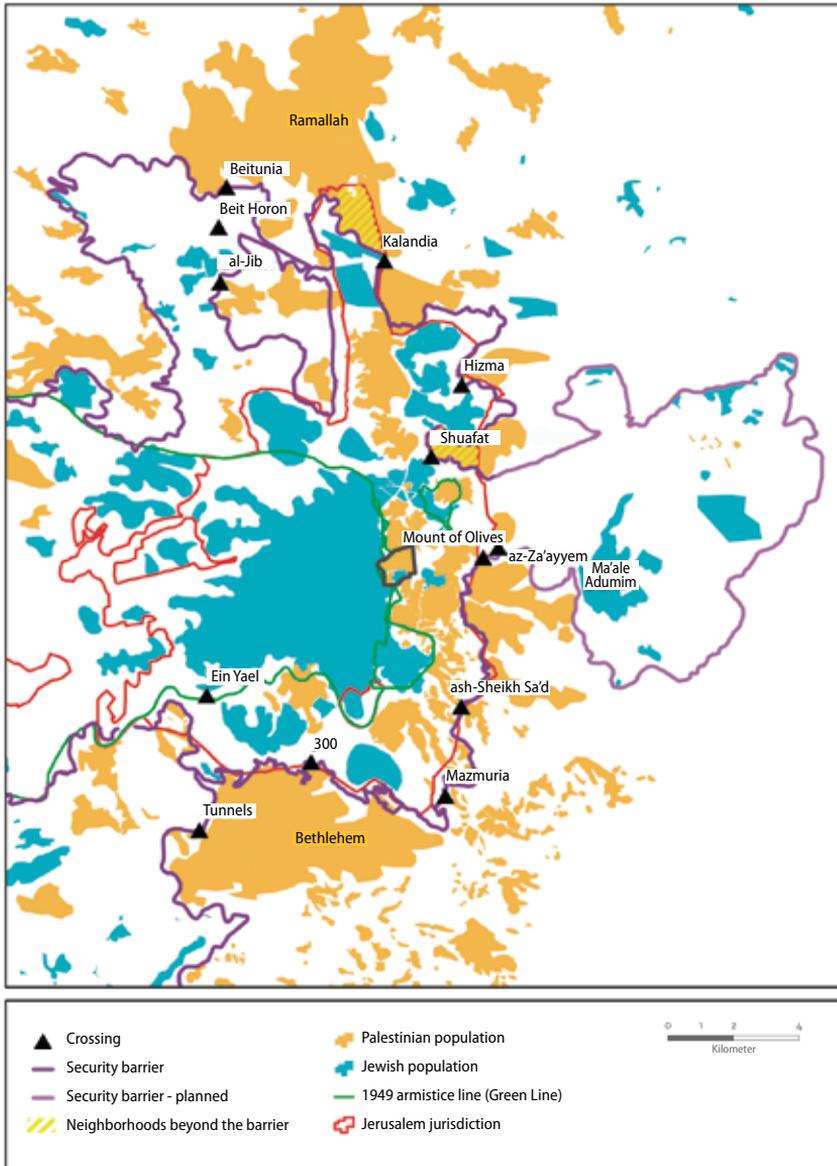
Perhaps the US recognition of Jerusalem as Israel's capital and transfer of the embassy to the city encouraged the government to approve the plan now. It may also be that the decision to launch the plan is based on the notion that the pragmatic bloc of Sunni states (Egypt, Saudi Arabia, Jordan, and the UAE) ostensibly supports preservation of the status quo in Jerusalem, under Israeli sovereignty, to prevent Hamas, the Muslim Brotherhood in Israel, and other rivals, such as Turkey and Qatar, from strengthening their status in the city and on the Temple Mount and undermining Israel's position.<sup>10</sup> Hence the proponents of the plan may have concluded that Israel's control of Jerusalem as a united city and its control of the Temple Mount ostensibly ensure regional stability, and that given the ongoing political deadlock in negotiations with the PA, this situation could become the binding norm in the long run. These assessments were perhaps regarded by Israel's decision makers as a golden opportunity that must be seized to establish

facts on the ground and actualize the official declarative position that a united Jerusalem in its entirety is in fact Israel's eternal capital.

The cost of the program is some 2 billion NIS over five years (2018-2023). Half of the budget is allotted to develop public infrastructures, and half to finance educational, welfare, and employment programs, improve social services and quality of life, healthcare, land registration, and zoning. The long term goal of the decision, which includes a detailed appendix noting the budget sources, is to integrate East Jerusalem residents into the regulated workforce, especially by encouraging higher education in fields that will boost economic growth. The expectation is that this will increase state revenue from taxes, decrease the scope of poverty, and reduce state expenditures in the form of NII benefits.

Unlike Government Decision No. 922 (the five-year plan for economic development for the Arab population in Israel),<sup>11</sup> which is mostly social in its goal, the plan discussed here is meant primarily to advance Israel's political status in the city. The allocation of resources was based on Section 4(b) of Basic Law: Jerusalem, Capital of Israel, which states that "Jerusalem shall be given special priority...so as to further its development in economic and other matters." Jerusalem Affairs Minister Ze'ev Elkin is responsible for all government plans and programs involving East Jerusalem. An official involved in the program has said that Elkin believes that the smaller the gaps between East and West Jerusalem residents, the greater is the cost of security disruptions to the East Jerusalem population. Elkin also believes the plan will result in reduced risk of hostile activities.<sup>12</sup>

The plan does not relate to eight neighborhoods in the Kafr Aqab area or the Shuafat refugee camp in Jerusalem's northern area, currently populated by some 140,000 people (about 40 percent of all the city's Palestinian residents). These neighborhoods were left outside the security barrier constructed in 2004 on Jerusalem municipal land, even though they officially remain part of the city and their inhabitants carry Jerusalem residence cards (figure 1). The physical barrier has cut these households off from regular municipal services and has worsened the existing serious neglect, high crime rate, abject poverty, and lack of governance. This plight has been aggravated by extraordinary population growth, facilitated by the cheap supply of housing, most constructed without permits, and Palestinians moving in from nearby West Bank locations.<sup>13</sup> The continued neglect of these neighborhoods and their exclusion from the plan will maintain and perhaps even exacerbate the already difficult demographic, social, and



**Figure 1.** The Security Barrier around Jerusalem

**Source:** Meir Kraus, ed. *Introduction to Negotiations over Jerusalem's Future* (Jerusalem: Jerusalem Institute for Policy Research, 2018), p. 60.

security situation, necessarily affecting what happens in East Jerusalem and, indirectly, throughout the city.<sup>14</sup>

### The Plan's Main Components

The core of the plan is to promote education among East Jerusalem's Palestinian residents by improving the school system. This is the main springboard intended in the long term to enable the population's integration into the regulated workforce. According to the Jerusalem Education Administration's annual report, in the 2016-2017 school year, 90,412 children from the age of 3 to high school attended municipal (official and non-official accredited) schools in the Jerusalem municipal school system. That number represents 34.5 percent of the city's children attending these categories of schools.<sup>15</sup> In addition, there were some 20,000 other children attending private schools not recognized by the Education Ministry. Having learned from errors in the previous plan, the new plan consists of clear educational goals, including the number of new classrooms to be built per year – classrooms where Israeli curricula will be taught. It calls for building 660 classrooms and preschools over the next five years, compared to an annual average increase of 75 classrooms for each of the past seven years. The plan aims to increase the number of students eligible for the Israeli matriculation certificates to 26 percent, and to reduce dropout rates.<sup>16</sup> The total budget allocated to education (excluding higher education) is 443 million NIS, ten times higher than that of the 2014 decision.

After fifty years of profound neglect, the plan can be seen as fulfilling an elementary legal and humane obligation toward East Jerusalem's Palestinian population.

Until a few years ago, East Jerusalem schools suffered from continued neglect, and no meaningful steps were taken to remedy the situation. The Ministry of Education was barely involved, and the schools were the responsibility of the Arab Department in the Education Administration of the Jerusalem municipality. Today, however, the Ministry of Education is leading the way, formulating new programs, emphasizing the study of Hebrew, promoting technological learning, expanding informal education, and providing incentives to schools adopting the curricula used in Israeli schools.

To date, most East Jerusalem schools use Palestinian curricula, making it difficult for high school graduates to succeed in Israeli institutions of higher education and the work force, particularly jobs requiring an academic degree. Therefore, one of the components of the new program is to replace

the Palestinian curricula with the Israeli curricula used in Arab schools in Israel.<sup>17</sup> Minister Elkin and the Ministry of Education view this as the primary goal, and the long term objective is for all East Jerusalem schools to teach Israeli curricula. So far, this has been achieved in a few of the high schools, and efforts are underway to persuade the local population of the merits of the proposed transformation, e.g., the potential for their children being accepted to Israeli universities and gaining entry into the Israeli workforce.

According to the plan, the state, working with the Planning and Budget Committee of the Council for Higher Education, will take steps to increase – ultimately to double – the number of Jerusalem Palestinian students studying for a B.A. To achieve this, the Finance Ministry is to transfer an added budget of 90 million NIS, joining an additional 170 million NIS from the higher education budget. The government also decided to promote a plan to encourage outstanding East Jerusalem students to attend Israeli universities.

Another focus of the plan is to integrate East Jerusalem's Palestinians in the workforce and raise their household income. Special effort will be made to reduce gaps in the level of Arab women's employment by expanding their participation in employment guidance centers, creating new positions for social workers, increasing the number of daycare centers for employee children, and helping employers take on new employees. In general, the government will provide incentives to develop and promote small and medium-sized businesses adapted specially to the population. The total budget for increasing employment is 270 million NIS. Some of the expenditure will be covered by the expected increase in state and city revenues, including an expected 20 percent increase in business property tax revenues.

In other areas, such as transportation (budget allocation in excess of 500 million NIS), improved services, quality of life, and healthcare, the goals are less clear. For the most part, the government is only now jumpstarting planning processes that will require detailed approvals. The situation is similarly complex when it comes to the very sensitive subject of land registration and zoning in the city's eastern neighborhoods, a domain that has been neglected for years and has created great real estate and infrastructure chaos.

## Significance and Implications

After fifty years of profound neglect, the plan can be seen as fulfilling an elementary legal and humane obligation toward East Jerusalem's Palestinian population. The plan's preamble establishes the government's commitment to formulate a comprehensive systemic solution to East Jerusalem's socioeconomic challenges. The decision itself specifies the budget sources for 2018-2023 and presents the framework for a mechanism for the management, measurement, and oversight of the project, including a standing committee headed by the director general of the Jerusalem Affairs Ministry and subcommittees for every specific area of implementation.

Execution of the plan will be an important step toward improving the quality of life in East Jerusalem in general, and in the critical fields of education and employment in particular. In a certain sense, the plan may be seen as part of a broader government approach that views the economy as a lever to promote social (and political) goals to serve both the interests of the state and those of the weaker segments of Israel's population. A prominent example of this approach is the 2015 five-year plan for Israel's Arab sector, currently in advanced stages of implementation. That plan, as well as the one discussed here, focuses in particular on those fields to improve the population's economic conditions – through integration into the Israeli economy, which will also contribute to the promotion of the state's needs.

Given the conditions on the ground and the enormity of the needs, this plan represents at best a positive start of a long, exhausting process. It is doubtful if by itself it can bring a comprehensive systemic solution to East Jerusalem's fundamental problems.

However, beyond the significant differences between the two five-year plans given the issue of (non)citizenship, two other important differences stand out. One concerns the fact that the plan for Israel's Arab citizens was formulated and is largely implemented with the broad participation of the Arab public, both nationally (with the heads of the Joint List) and locally (with the heads of Arab municipalities). This partnership reflects a mutual recognition of the common interest in promoting the plan despite the many typical obstacles in this context. The second difference is that the plan for the Arab minority in Israel has a responsible "address" with powerful political and organizational backing, in the

form of the National Authority for Economic Development in the Ministry for Social Equality.<sup>18</sup> Until recently this authority was under the professional

leadership of Aiman Saif of the ministry, which worked in full cooperation with the Finance Ministry through the Budget Division. This means that the new plan will also require strong centralized governmental management to ensure the critical connection among government ministries and between them and the Jerusalem Municipality, to ensure smooth implementation.

Moreover, given the fact that the previous five-year plan failed to meet its goals, one should consider the prospects for the new plan – its chances of success and ability to overcome formidable obstacles. It seems that the extensive resources and the staff work constitute a better starting point than the previous plan, specifically regarding education and employment. Nonetheless, even if the plan is implemented in full, the current gaps are overwhelming, especially in the areas beyond the security barrier not included in the new plan. Moreover, from the outset, the plan as it presently stands will at best narrow the existing disparities in education and employment. Many years will pass before they are reduced to a reasonable level, and in other areas, the road to genuine progress is still very long. In addition, the issues raised by the State Comptroller in the criticism of the previous plan apply here. All of this leads to one conclusion: even if the direction is correct, given the conditions on the ground and the enormity of the needs, this plan represents at best a positive start of a long, exhausting process. It is doubtful if by itself it can bring a comprehensive systemic solution to East Jerusalem's fundamental problems.

The implementation of the new plan, which depends to a large extent on deepening the "Israelization" of the eastern part of the city, is expected to be met with Palestinian resistance. It is at best a tenuous assumption that it will be possible to neutralize the expected local opposition with "economic peace" and the strengthening of East Jerusalem sectors, such as school principals (especially the local ones, unlike those who are Arab citizens of Israel from northern localities), parent committees, community organizers, and commerce councils. While these ostensibly support some type of Palestinian integration into the city's fabric, they represent – at best – a weak civil society that scarcely exists in East Jerusalem. They may currently have greater willingness than in the past to partner with the Israeli government, but it will be limited to improvement of the population's dire living conditions. It is in no way an indication of willingness to concede Palestinian identity

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or commitment to PA nationalism and institutions, despite the criticism of the current Palestinian leadership.

When the new plan is implemented, intra-communal struggles in East Jerusalem will likely grow: Palestinian nationalists and conservative Islamic groups – rivals for power – and the residents of the neighborhoods outside the security barrier will actively oppose those inclined to favor realizing their rights as residents by taking steps to integrate into the Israeli economy. The opposition may resort to coercion and violence against manifestations of normalization with Israel. In particular, opponents would resist steps that call for adapting Israeli curricula in the schools, accepting Israeli citizenship, and enforcing planning and zoning laws in Palestinian neighborhoods. The PA will continue to try to protect the city from attempts at “Judaization” and “Israelization.” While its actual capability is limited, it can transfer budgets to local groups, such as Palestinian hospitals and emergency response organizations, and provide incentives to encourage Palestinian students not to study in Israeli institutions of higher education.

## Conclusion

Israel’s sense of responsibility for improving the living conditions of East Jerusalem residents by means of the new plan is both warranted and commendable, given that Israel serves as the sovereign in Jerusalem. Nevertheless, the integration of East Jerusalem’s Palestinians in Israeli society and the country’s economy and the possibility that their civil status may change (from permanent residency to citizenship) involve long term demographic and political ramifications that require in-depth examination. The present plan also seems to avoid the question of the city’s future if and when a political settlement is promoted, but its practical implementation may well affect such a settlement.

In the Oslo Accords, Israel agreed that Jerusalem would be an issue for negotiation as part of a permanent status agreement on the Israeli-Palestinian conflict. Any reasonable resolution requires the two parties to attend to this central subject, taking into consideration the international community’s stance as well. There is much opposition to Israel’s position on Jerusalem legislated in “Basic Law: Jerusalem, Capital of Israel” passed by the Knesset in July 1980, based on the argument that East Jerusalem is considered occupied territory rather than part of the State of Israel. This point of view is also shared by the Arab states (including Egypt, Jordan, Saudi Arabia, and Morocco), which see themselves as guardians of the

holy sites in the city. This seems to refute the assessment that the moderate Sunni camp supports Israel maintaining its sovereignty in Jerusalem as a united city, and particularly on the Temple Mount, which could lead to this becoming the *de facto* long term reality. Similarly, the US position does not endorse Israeli policy – even after the recognition of Jerusalem as Israel's capital and the transfer of the embassy to the western part of the city.

Given that the plan is, on the one hand, of legal and ethical importance, and on the other hand, entails significant political implications, several systemic recommendations are in order:

- a. It is imperative to think about the plan in the broader political context of Jerusalem as a central issue of future peace negotiations. In this context, it is important to consider that the international community and Arab states might view the plan as yet another means to expand the annexation of East Jerusalem.
- b. The government must reconsider the plan's exclusion of the northern neighborhoods located outside the security barrier, as this will diminish the prospects of its success in the long run. The existing tensions between those included and those excluded will only grow and deter the former from cooperating with the authorities in their attempts at implementation – if in fact it advances toward genuine implementation.
- c. Thorough preparation for the political and legal questions pertaining to land registration is necessary, as many landowners have lived in Jordan since the Six Day War. Their concern is that Israel will confiscate their assets and construct public buildings on their land.
- d. It is critical to understand that past attempts around the world to force a change in minority groups' learning curricula have not only failed but also deepened political rifts. A detailed program to "market" this core component is necessary, and will have to include significant incentives.
- e. Special efforts will be needed to solicit the support of local Palestinians to endorse the plan actively and practically and to incorporate them as local leaders of the plan's main components. Without their cooperation, it will be much more challenging to advance the plan toward successful outcomes.
- f. To enhance the plan's prospects for success, it will be necessary – both in how it is implemented and how it is marketed to the public – to focus on its social and economic aspects much more than on politics, so that it does not become a point of contention among the Palestinian residents and generate a Palestinian-Arab-international front opposition. The

plan should be marketed sensibly, sensitively, and persuasively among the different audiences.

## Notes

- 1 For more on Israel's policy on East Jerusalem and its implications over the years, see: Yael Ronen, "Hollow Governability: The Educational System in East Jerusalem," *Law and Government* 19, nos. 1-2 (2018): 7-42; Menachem Klein, *Doves in the Skies of Jerusalem* (Jerusalem: Jerusalem Institute for Israel Studies 1999); see especially the sub-section "In Theory United, in Practice Divided," pp. 43-58.
- 2 Government Decision No. 1775 of June 29, 2014, <https://bit.ly/1Nx2dvM>.
- 3 State Comptroller, Special State Comptroller Report, "Developing Jerusalem and Enhancing Its Status," May 13, 2018.
- 4 Government Decision No. 2684, May 28, 2017, [https://www.gov.il/he/departments/policies/2017\\_des2684](https://www.gov.il/he/departments/policies/2017_des2684).
- 5 Government Decision No. 3790, May 13, 2018: [https://www.gov.il/he/departments/policies/dec3790\\_2018#](https://www.gov.il/he/departments/policies/dec3790_2018#).
- 6 National Insurance Institute, *Poverty Rates and Social Gaps 2016* (December 2017), p. 22.
- 7 Meir Kraus, ed. *Introduction to Negotiations over Jerusalem's Future* (Jerusalem: Jerusalem Institute for Policy Research, 2018), pp. 88-101.
- 8 David Koren, "Eastern Jerusalem: End of an Intermediate Era," Jerusalem Institute for Strategic Studies, October 31, 2017, <https://jiss.org.il/en/eastern-jerusalem/>.
- 9 See findings of survey taken by the Palestinian Center for Policy and Survey Research (Ramallah), Public Opinion Poll No. 67 Press Release, March 20, 2018, at <http://pcpsr.org/en/node/723>; and findings of survey taken by the Palestinian Center for Public Opinion in Bethlehem in Nir Hasson, "60% of East Jerusalem Residents Support Palestinian Participation in Municipal Election," *Haaretz*, February 14, 2018, and Nadav Shragai, "Palestinian Participation in Jerusalem Municipal Election: A Tale of Interests," Jerusalem Center for Public Affairs, February 19, 2018, at <https://bit.ly/2sxp36>.
- 10 For more on this assessment, see essay by Eran Lerman, formerly Deputy Director of Foreign and International Affairs on the National Security Council: "Israeli Sovereignty in Jerusalem as a Key to Regional Stability," Jerusalem Institute for Strategic Studies, October 31, 2017, <https://jiss.org.il/en/israeli-sovereignty-in-jerusalem/>.
- 11 Government Decision No. 922: Government Activity for Economic Development of Minority Populations 2016-2020, December 18, 2016, [https://www.gov.il/he/departments/policies/government\\_decision\\_922](https://www.gov.il/he/departments/policies/government_decision_922).
- 12 In a meeting of essay's authors in early June 2018 with an official involved with the gap-reduction plan.

- 13 Nadav Shragai, *The Problem of Jerusalem's Northern Arab Neighborhoods: An Outline for Action*, Jerusalem: Jerusalem Center for Public Affairs, 2018. On this point, also see: Jonathan Lis, "The Law to Sever East Jerusalem Neighborhoods from the City Up for Knesset Approval Today," *Haaretz*, January 1, 2018, <https://www.haaretz.co.il/news/politi/.premium-1.5563078>. The law was meant to reduce Jerusalem's municipal territory and establish a local council for residence of East Jerusalem Palestinians with resident status only.
- 14 Israel Kimhi, ed., *The Security Barrier in Jerusalem: Implications for the City and Its Inhabitants* (Jerusalem: Jerusalem Institute for Israel Studies, 2006); Kraus, ed., *Introduction to Negotiations over Jerusalem's Future*, pp. 59-61.
- 15 Jerusalem Education Administration Annual Report for 2016-2017. See also report by the Knesset's Center for Research and Information of April 12, 2019, "Schools in Arab Education in East Jerusalem Teaching Palestinian Curricula," at <https://www.knesset.gov.il/mmm/data/pdf/m04211.pdf>.
- 16 Based on a response from the Jerusalem Education Administration to a freedom of information request submitted by the Association of Civil Rights in Israel.
- 17 The Israeli curriculum is essentially identical to the one used in Arab-language schools in Israel, with some slight changes and adaptations.
- 18 Ministry for Social Equality, [https://www.gov.il/he/Departments/Units/minorities\\_shivyon](https://www.gov.il/he/Departments/Units/minorities_shivyon).