



REVIEW ARTICLE

Section(s): *History***Economic Life in Jerusalem under Israeli Occupation (1948-1990)**

Alaa Kamel Saadeh

Department of History, Faculty of Arts and Humanities, Al al-Bayt University, Jordan

Email: Saadeh1981@gmail.com

ABSTRACT

This study aims to shed light on the economic conditions in Jerusalem, focusing on the circumstances of Palestinian residents and the pressures they face from Israel. These pressures include the confiscation of lands and the creation of laws by the Israeli government to justify and legitimize these actions. The study also highlights the resilience of Jerusalemites in clinging to their lands and properties despite the Israeli government's tactics and efforts to Judaize the city. The study employs an analytical historical research methodology, gathering relevant sources and references such as Aref al-Aref's *History of Jerusalem*, Samir Jiriss' *Jerusalem: Zionist Plans, Occupation, and Judaization*, and Kate Maguire's *Judaizing Jerusalem: Israeli Steps to Seize Jerusalem*, among others listed in the bibliography at the end of this research. These sources were then analyzed using a historical and scientific approach. This research affirms the legitimate and existential right of Jerusalemites to their properties, whether land or real estate, and their steadfastness in the face of Israeli challenges, including land and property confiscations, increased and diversified taxes, and arbitrary tax collection methods. It also highlights their resistance to the Judaization efforts undertaken by the Israeli government in Jerusalem. Since the Israeli occupation, Jerusalem has suffered from demographic and existential pressures on its Palestinian residents. Despite the relative resilience of Jerusalemites in the face of these pressures, the city has been subjected to continuous land confiscation and Judaization due to the expansion of Israeli settlements, both in the city center and its neighborhoods. Nevertheless, Jerusalem and its inhabitants remain a major center of Palestinian, Arab, and international resistance. The role of Arab and international aid in supporting Jerusalemites to hold onto their land and properties cannot be overlooked.

KEYWORDS: Jerusalem, Judaization plans, Israeli settlements, Jerusalemites' steadfastness

Research Journal in Advanced Humanities

Volume 7, Issue 1, 2026

ISSN: 2708-5945 (Print)

ISSN: 2708-5953 (Online)

ARTICLE HISTORY

Submitted: 04 December 2025

Accepted: 28 January 2026

Published: 17 February 2026

HOW TO CITE

Saadeh, A. K. (2026). Economic Life in Jerusalem under Israeli Occupation (1948 - 1990). *Research Journal in Advanced Humanities*, 7(1). <https://doi.org/10.58256/gpj1xn89>



Published in Nairobi, Kenya by Royallite Global, an imprint of Royallite Publishers Limited

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Introduction

Jerusalem is one of the cities that gained historical prominence, like Jericho and Damascus in ancient times. It also holds a high religious status, being the first of the two Qiblas (directions of prayer) and the third holiest site in Islam. Jerusalem is honored as the city to which the Prophet Muhammad (peace be upon him) was taken on his Night Journey (Isra'), and from which he ascended to the highest heavens. Geographically, Jerusalem enjoys a distinguished strategic location in the heart of the Levant in particular, and the Arab world in general.

All of this has given Jerusalem a unique economic character, stemming from its historical, religious, and geographical significance. Undoubtedly, Israel's arrival in Palestine and its insistence on Jerusalem as its capital are aimed at achieving one of its primary objectives: to act as a wedge in the heart of the Arab world, exerting economic pressure. Israel took preliminary steps to achieve this, relying on its historical and religious claims, which are fundamentally flawed. These claims were then formalized in the articles of the Basel Conference in Switzerland in 1897. Immediately after receiving the Balfour Declaration in 1917, Israel moved swiftly to establish its presence in the region through various administrative and institutional means, such as the Jewish Agency, the Jewish National Fund, and granting privileges to Jewish immigrants, as well as through force and war, as exemplified by the wars of 1948 and 1967.

To ensure its continued presence in the region, particularly in Palestine and Jerusalem, Israel has sought to subjugate the region's economy to its own advantage and impose economic sanctions on neighboring countries. In addition to tightening the economic noose around the Palestinian territories, Israel has employed various methods to suppress internal dissent, including imposing numerous and varied taxes, demolishing homes, uprooting crops, and establishing settlements to ensure its permanence.

Recent studies have examined frequency patterns, media representation, translation strategies, audience influence, and framing mechanisms in shaping political and social narratives across Arabic and English contexts (Al-Khalafat & Haider, 2022; Haider, 2016a, 2016b, 2017; Ahmad S Haider, 2019; Ahmad S Haider, 2019a, 2019b; Haider, Ahmad, Yagi, & Hammo, 2023; Haider & Hussein, 2020; Smadi, Obeidat, & Haider, 2022). This study examines the situation of Jerusalem under Israeli occupation between 1948 and 1990. It highlights Israeli policies and their impact on the Jerusalem economy, specifically settlement policies, land confiscation policies, and closure policies. The study also addresses the various forms of economic Judaization, Israeli taxation, and finally, Arab and international aid to the Palestinian people.

Israeli Settlement Policies and Their Economic Impact on Jerusalem

Israel pursued a well-defined policy that, in its view, guaranteed its citizens' continued presence and stability in the land it had chosen as the permanent home of the Israeli state, even before determining the state, region, or territory that would constitute its supreme state. A primary priority was to solidify their roots in that area through a principle known as settlement, based on establishing cantons or residential areas for its inhabitants, which would ensure a dignified, safe, and stable life.

Once opinions converged on the choice of the state or land, which was Palestine, the plan was ready. Israeli leaders proceeded to establish settlements in Palestine, particularly in Jerusalem, which they clung to. Before delving into the policies Israel pursued in this city, it is essential to review the attitudes of Jews towards the Arab inhabitants of Jerusalem, who have lived there for generations. A field study conducted by the Van Leer Institute in Jerusalem in 1980, concerning Jewish attitudes towards the Arab minority, revealed three distinct Jewish groups with varying stances towards Arabs (Barhoum, 1995, p. 25):

- 1- The first group, comprising 14% of the study participants, consisted of children of immigrants from Arab countries, aged 18-22, and held a negative view of Arabs.
- 2- The second group, comprising 12% of the study participants, mostly of Western origin or born in Palestine, held a positive view.
- 3- The third group, comprising 70% of the study participants, held varied views. Some described Arabs as spies, dirty, disloyal, cruel, and wishing harm upon Jews. A minority, however, held the opposite view, describing Arabs as hardworking and devoted to their families.

This survey reveals the divergence and duality in the opinions of Jews regarding Arabs residing in Jerusalem. It lacks a clear, definitive opinion that reflects the negative or positive views of Jews towards Arabs in the city. This may be due to the fact that those Jews with positive views of Jerusalemite Arabs are closer to them and have interacted with them in their work, influenced by geographical and topographical factors. Some Jews lived in Jerusalem before the occupation, and as a result, they expressed positive opinions about Jerusalemites.

Those Jews with negative views of Jerusalemites, on the other hand, are largely of Western origin and arrived in the city after 1948 and the years that followed. This majority group has experienced a clear sense of hostility from Jerusalemite Arabs, which has negatively impacted their opinions.

The changes that have occurred in Jerusalem reflect its structure and form, and this, in turn, raises an important aspect of the Israeli-Palestinian conflict over land and place identity. Among these changes is the transformation of the traditional (Old) City of Jerusalem, beginning in the mid-19th century, from a walled structure with no surrounding residential areas, to a

city with expansions beyond the walls. These expansions, which came to constitute the “New City,” fell under Zionist control, were then annexed to Israel, and declared its capital, along with the destruction of the Arab neighborhoods that had sprung up around the city, most notably: Sheikh Badr, Musrara, Mamilla, Talbiya, and Katamon (Maguire, 1981, p. 16).

After the Israeli forces completed their comprehensive aggression in 1967 by occupying East Jerusalem, including its Islamic and Christian holy sites, Haim Moshe Shapira, the Israeli Minister of the Interior, announced on May 28, 1967, the forced annexation of the Arab neighborhoods of East Jerusalem under the slogan of a unified Jerusalem, to complete the settlement of the city. With the completion of the Israeli occupation plan and the issuance of laws such as the Jerusalem Unification Law, declaring Jerusalem the eternal capital of Israel, the Israeli administration began implementing settlement projects and legitimizing them through various settlement programs preceded by measures to confiscate the lands of the Arabs of Jerusalem (Abu Jaber et al., 1997, p. 126). All of this led to a decline in the number of housing units in Jerusalem and its surrounding areas, as a result of repeated settlement activities, forced land confiscation, and the displacement of residents from their lands. This table shows the decrease in the number of housing units and built-up areas in the vicinity of Jerusalem from 1968 to 1978 (Jiriss, 1981, p. 131):

Table 1. Housing Units and Built-up Areas in the Vicinity of Jerusalem from 1968 to 1978:

Year	Completed construction			Under construction (in progress)			Costs in Israeli currency (Million)
	Number of dwellings	Area 1000m2	total area	Number of dwellings	Area 1000m2	total area	
1968	1710	138	148	3310	298	310	73.2
1969	2470	233	244	3430	339	351	131.90
1970	3150	305	318	4630	471	494	197.5
1971	4340	439	690	7660	675	1099	360.7
1972	3540	522	684	5720	538	970	490.3
1973	5500	494	672	4110	391	654	537.3
1974	4360	423	440	4850	430	994	837.0
1975	4690	448	467	4310	387	1009	931.0
1976	504	468	642	3000	691	464	1051.0
1977	3940	376	571	2660	608	499	1.122.0
1978	3110	314	470	3140	595	568	1.722.0
Total	41.850	4160	5346	46.820	5523	7412	4612.744

At the end of the British Mandate, Arab properties in the Old City of Jerusalem amounted to 440 dunams, Christian properties (churches and monasteries) to 420 dunams, and Jewish properties to 5 dunams. In West (New) Jerusalem, Arab properties reached 7,330 dunams, Christian properties 2,260 dunams, and Jewish properties 5,008 dunams. Later, Jewish ownership in the Old City expanded to 130 dunams, stretching from the Al-Aqsa Mosque to the Latin Patriarchate. Furthermore, the Israeli authorities annexed 116 dunams from the southern part of Jerusalem to build a Jewish suburb. This was done at the expense of confiscating numerous lands, houses, mosques, and churches to complete the settlement activities initiated by the Israeli authorities. This resulted in the displacement of thousands of Arab residents of Jerusalem (Al-Hout, 2000, pp. 63-65). This topic will be discussed in more detail in the section on land confiscation policy. The Israeli occupation authorities adopted a set of political, strategic, geographical, and administrative parameters for planning and organizing Jerusalem. These included:

- 1- Ensuring the city’s unity through construction and settlement projects that prevented the so-called “formation of a bipolar city with two national groups,” thus blocking any possibility of the city’s re-division (Hushan, 1983, p. 24).
- 2- Establishing Jewish settlement centers in East Jerusalem and rebuilding and re-settling the Old City, as outlined in the Allon Plan (Shufani, 1978, p. 61).
- 3- Considering a unified and expanded Jerusalem a crucial element of Israeli policy, controlling its development as a subsystem of the overall Israeli system, transforming Jerusalem into a major center for Israeli activities (industrial, educational, administrative, etc.), and connecting it to the foothills and the coastal plain through a series of settlements. The latter half of the 1970s witnessed a shift in Jerusalem’s relative status, described as a move from the periphery of the state to its center (Shmelts, 1977, p. 460).
- 4- Widening the Jerusalem Corridor, the narrow road connecting the western part of the city to the coastal area (1948-1967), which posed a security burden on Israel. In line with this policy, the occupation authorities demolished and removed three existing Arab villages in the area: Imwas, Yalu, and Beit Nuba, in 1967 (al-Daqqaq, 1992, p. 194).
- 5- Separating the northern West Bank from its southern part with a dense Jewish settlement bloc, thus disrupting the West

Bank's geographical unity. Engineer Ibrahim al-Daqqaq explained that, to further this objective, the Jerusalem planning was based on the principle of confining the historic city and its neighborhoods to a square whose four corners are occupied by settlements: Neve Ya'akov (northeast), Ramot (northwest), Ramot Hanatziv (southeast), and Gilo (southwest). The two poles of this square intersect at the heart of the original city, while the Jewish neighborhoods and other settlement outposts that emerged after 1967 within this square form a continuous network of connections, facilitated by a transportation system that avoids Palestinian areas as much as possible (Al-Daqqaq, 1992, pp. 195-196).

As a result of the actions taken by the Israeli authorities—including displacement, killings, and land confiscation—to consolidate Jewish settlements, a process initiated from the very beginning, the activities of Jerusalemites in the city have declined. This has negatively impacted the economy of Jerusalem, which has deteriorated due to the repeated house demolitions and the ongoing killings perpetrated by the Israeli authorities against Jerusalemites, as in other Palestinian cities. Undoubtedly, the economic, social, educational, health, and political aspects are interconnected like a spider's web; if one of these aspects is affected, it will immediately impact the others.

A number of Jewish settlements have spread throughout the Palestinian territories, particularly in the city of Jerusalem. This table shows the Jewish settlements within the occupied Palestinian territories since 1967, categorized by region, type of settlement (colony), and establishment date, from 1967 to April 1987 (General Secretariat of the Jordanian-Palestinian Committee, 1988, p. 28):

Table 2. Israeli settlements within the occupied Palestinian territories since 1967 by region, type of settlement, and establishment date, from 1967 to April 1987

City	Kibbutz (agricultural settlement)	Nahal (military settlement)	Cooperative village	Cooperative village	Moshav Shtuhi (shared agricultural settlement)	Moshav (cooperative agricultural settlement)	Industrial center	Residential complex	Unclassified	City	Total
Jerusalem	—	—	1	11	1	—	2	9	4	11	39
Bethlehem	2	—	1	5	2	—	—	—	1	1	12
Ramallah	—	—	2	16	1	5	—	—	4	2	30
Nablus	—	—	5	5	—	3	2	—	2	2	19
Tulkarm	—	—	4	8	—	2	1	—	1	—	16
Jenin	2	2	9	1	1	—	1	—	1	—	17
Hebron	3	8	—	7	7	7	—	—	—	2	34
Jordan Valley	6	6	—	3	1	13	—	—	2	1	32
West Bank Total	13	16	22	56	13	30	6	9	15	19	199
Gaza Strip	3	1	1	4	2	10	1	—	1	—	23
Total	16	17	23	60	15	40	7	9	16	19	222

Regarding the city of Jerusalem and the number of settlements within it, Israeli policy has been characterized by the construction of 39 settlements within the city limits, 14 of which are located within the Jerusalem municipal boundaries. This policy aims to solidify the Jewish presence in Jerusalem and displace its Palestinian residents. The Israeli authorities' policy, particularly the

construction of settlements, seeks to increase the Jewish population in Jerusalem more than in other Palestinian cities, aiming to Judaize the city, expand settlements, and acquire significant portions of its land. The following table shows the number of Jewish settlements within and around the Jerusalem municipal boundaries, categorized by location, number of settlers, area, and establishment date between 1967 and April 1987 (General Secretariat of the Jordanian-Palestinian Committee, 1988, pp. 31-35):

Table 3: Israeli Settlements within and Around the Jerusalem Municipality Boundaries by: Location, Number of Settlers, Area, and Establishment Date between 1967 and April 1987

No.	Name of settlement	Type of settlement,	Location	Number of settlers	Area in dunams	Date of establishment
1	Jewish Quarter	Residential complex	Within the walls of the Old City (comprising four Arab quarters): Sharaf Quarter, Bab al-Silsila Quarter, Mughrabi Quarter, and Daraj al-Tabuni; lands of Lifta village	1800	116	1967-1975
2	Ramat Eshkol	Residential complex	near Sheikh Jarrah neighborhood, north of Jerusalem	7500	3360	1968-1970
3	Nahalat Dafna	Residential complex	lands of Lifta and Sheikh Jarrah neighborhood, north of Jerusalem	4500	270	1973-1975
4	Hebrew University	Residential complex	lands north of the Mount of Olives	—	—	1969-1972
5	Ramat Shapira	Residential complex	Mount Scopus (French Hill), north of Jerusalem	12500	15000	1969-1975
6	East Talpiot	Residential complex	lands of Sur Baher village, south of Jerusalem	7820	2342	1973-1975
7	Southern Neve Ya'akov	—	lands of Beit Hanina, al-Ram, and Hizma between Jerusalem and Ramallah, north of Jerusalem	12000	30000	1967-1973
8	Sanhedria	—	northwest of Jerusalem	3200	—	1973
9	Anatot	—	lands of Anata village, northeast of Jerusalem	2000	3650	1974
10	Givat HaMivtar	Residential complex	lands of Lifta village, Tell al-Dhakhira, north of Jerusalem	1500	3500	1973
11	Atarot	Industrial Center	Lands of the villages of Beit Hanina and Qalandiya near Jerusalem Airport	—	1000	1970-1974
12	Ramot	Residential complex	Lands of the villages of Beit Hanina and Beit Ikhsa northwest of Jerusalem	—	3000	1973-1976
13	Sharafat	—	Lands of the village of Sharafat south of Jerusalem	—	—	—
14	Gilo (3 suburbs)	Residential complex	Lands of the villages of Sharafat and Beit Safafa south of Jerusalem	—	—	1973
15	Giv'on Hadasha	Cooperative village	Lands of the village of Al-Jubayb northwest of Jerusalem	245	830	1978
16	Beit Horon	Cooperative village	Lands of the village of Mikhmas northeast of Jerusalem	219	1600	1977

17	Ma'ale Mikhmas	Cooperative village	Lands of the village of Mikhmas northeast of Jerusalem	166	160	1981
18	Kfar Adumim	Cooperative village	Lands of the village of Anata northeast of Jerusalem	65	—	1981
19	Anatot	Cooperative village	Lands of the villages of Hizma and Anata northeast of Jerusalem	83	—	1982
20	Ne'ot Adumim	Cooperative village	Lands of Al-Ubaidiya between the villages of Abu Dis and Al-Eizariya east of Jerusalem	41	500	1984
21	Neve Ya'akov	Cooperative village	Lands of Beit Hanina village between Yigat Tal settlement and Shuafat escarpment	14	2800	1973
22	Tzvi Yehuda	Cooperative village	Lands of Arab al-Sawahra east of Jerusalem south of Ma'ale Adumim settlement	—	—	1984
23	Adam	Moshav Shtufi	Lands of Jaba' village northeast of Jerusalem	28	—	1984
24	Ma'ale Adumim	Industrial city	Lands of al-Sawahra, Abu Dis, al-Eizariya, Anata, Silwan, al-Issawiya, and al-Tur in Khan al-Ahmar and al-Marsous	11000	3000	1978
25	Har Gilo	Cooperative village	Lands of Beit Jala south of Jerusalem	—	5000	1976
26	Givat Ze'ev	City	Lands of Qalandiya and al-Jib north of Jerusalem	1350	1550	1977
27	Pihat Tal	City	Lands of Beit Hanina and Shuafat north of Jerusalem	—	—	1981
28	Ramat Kedron	City	On the lands of Abu Dis, Al-Eizariya, and Silwan, south-east of Jerusalem	—	—	1984
29	Giv'on	Cooperative village	On the lands of Al-Jib, north of Jerusalem	—	1600	1977
30	Mahana Giv'on	City	On the lands of Al-Jib village, northwest of Jerusalem	—	—	—
31	Lev Tzron	City	South of Jerusalem, west of the municipal boundaries	—	—	—
32	Sharfat Shu'afat	City	North of Jerusalem, adjacent to the Neve Ya'qub settlement	—	—	—
33	Efrata	City	East of Jerusalem, on the Jerusalem-Bethlehem road	—	—	—
34	Lizman	City	North of Jerusalem, near the Sanhedria settlement	—	—	—
35	Meid Halim	City	South of Jerusalem	—	—	—
36	Hadar Beitar	City	The lands of Wadi Fukin, south of Jerusalem	—	—	1982
37	Pitzgat Ze'ev	Residential village	The lands of Hizma village, northeast of Jerusalem	—	—	1985
38	Mishor Adumim	Industrial center	The lands of Arab al-Sawahra, Abu Dis, Al-Eizariya, Silwan, Anata, and the Khan al-Ahmar area, east of Jerusalem	—	—	—
39	Almon	Cooperative village	The lands of Anata, northeast of Jerusalem	—	—	1981

After this detailed presentation of the number of Jewish settlements, their settler populations, their areas, and their establishment dates, it is necessary to divide the Jewish settlements in and around Jerusalem into three main rings, which have been completed one after another since 1967 and the years that followed. These rings are:

1- The First Ring: The Israeli authorities established this ring of settlements around Jerusalem immediately after occupying the eastern part of the city. Its purpose was to besiege the Old City within the walls and the adjacent Arab neighborhoods, paving the way for their fragmentation and the expulsion of their Palestinian inhabitants. This ring includes the Jewish Quarter within the Old City to the south, the national park surrounding the Old City walls to the east and south, and the main commercial center of the Old City, which completes this ring from the north and forms a connection between East and West Jerusalem. Within this ring, the Israeli authorities established four settlements and Jewish centers (Al-Khatib, 1997, p. 42).

2- The second ring: This ring is located within the boundaries of the Arab Jerusalem Municipality and consists of a number of fortress-like residential neighborhoods forming an arc. These neighborhoods encircle Arab Jerusalem from the south, north, and east, isolating the city from the Arab population centers to its north and south and preventing any communication between them. This further tightens the noose around the city and hinders its growth as a first step towards emptying it of its Arab inhabitants. The Israeli authorities established 11 settlements around this ring by mid-1980 (Jiriss, 1981, p. 140).

3- The Third Ring: The Israeli authorities established this ring to implement (Greater Jerusalem Project), the plans for which were drawn up by an Israeli engineering committee in 1968. This project aims to annex new areas of land ranging between 400-500 km², inhabited by approximately 250,000 Arabs from the cities and villages included in this project's scope, namely: the cities of Al-Bireh and Ramallah to the north, and Bethlehem, Beit Jala, Beit Sahour, and even the outskirts of Hebron to the south. This is in addition to 60 Arab villages. Upon completion of this project, the occupation authorities will have divided the West Bank into two parts: a northern part centered on Nablus and a southern part centered on Hebron. Israel established 40 settlements within this ring (Al-Khatib, 1997, p. 50).

The Israeli authorities' special interest in Jerusalem, to the exclusion of other cities, is evident in the Jerusalem Law passed by the Knesset in 1980. This law, which served as a constitution for Jerusalem, was titled "Jerusalem, Capital of Israel." Article 4-A states: "The government is committed to the development, prosperity, and well-being of Jerusalem and its residents by allocating special resources, including a special grant to the municipality (a grant to the capital) approved by the Knesset committee." Article 4-B states: "Jerusalem shall be given special privileges within the activities of state institutions with the aim of developing Jerusalem economically and in other fields" (Abu Jaber et al., 1997, pp. 158-159). Clearly, the Israeli authorities' focus on the economic aspect was significant, given the positive repercussions that Jews in Jerusalem would enjoy compared to the Palestinian residents. This was due to the city's unique status, leading all ministries to allocate funds for its development and expansion.

In conclusion, the Israeli settlement policy in Jerusalem has fundamentally altered the demographic balance within the city. While Jews were a numerical minority in Jerusalem in 1918, and Arab Jerusalemites were the majority, this balance was completely reversed in 1967. This shift was undoubtedly due to various Israeli policies in Jerusalem, including displacement, land confiscation, house demolitions, ongoing killings, Judaization efforts, and economic pressure on the population. The establishment of numerous settlements has resulted in a significant decrease in property ownership in Jerusalem.

Anyone examining real estate ownership in Jerusalem will find a stark difference between its state from 1918 to 1948, and its state after the occupation of Palestine on May 14, 1948. This statistic clearly illustrates this: In 1918, real estate ownership in Jerusalem was distributed as follows (Abu Jaber et al., 1997, p. 181):

- a. 94% Arabs (Muslims and Christians), 4% Jews, 2% foreigners.
- b. At the end of the British Mandate in 1948, due to Zionist colonial collusion, Jewish real estate ownership increased to the following percentages: 84% Arabs (Muslims and Christians), 14% Jews, 2% foreigners.
- c. Following the completion of the occupation after the June 1967 war and its full annexation to the Israeli occupation authority, real estate ownership was completely reversed in favor of Zionist settlers: 14% for Arabs (Muslims and Christians), 84% for Jews, and 2% for foreigners.

The current area of Jerusalem is approximately 110,000 dunams, whereas it did not exceed 40,000 dunams before 1967. (One dunam equals 1,000 square meters). Specifically, in 1948, Arabs owned 11,179 dunams (55.34%), Jews owned 25.55%, and the government owned 560 dunams (Al-Aref, 1951, pp. 190-191).

According to an official report by the Jerusalem Municipality in 1995, the population was 564,300, of whom 413,700 were Jewish (73.3%) and 150,600 were Arab (26.7%) in East Jerusalem. In 1991, the city's population was recorded at approximately 544,000, representing 10.8% of Israel's total population, including 392,200 Jews (72%) and 151,300 Arabs (28%). Muslims constituted 90% of the non-Jewish population, or 136,200 people, while Christians made up 10%, or 15,000 people. Comparing the figures and statistics of 1967, we find that the population of Jerusalem was 66,300, of which Jews constituted approximately 74.2%. From 1967 to 1991, the Jewish population increased by 99%, while the Arab population increased by

only 20% (Al-Zarro, 1991, pp. 14-16).

Second: The Policy of Land Confiscation

The Israeli authorities have consistently confiscated land from its Arab Muslim owners. Israel, seeking to expand its territory, has employed various methods and laws to displace Palestinians and Christians in Jerusalem, employing them in stages to avoid pressure, even though the pressure is real. Undoubtedly, this policy—land confiscation—has been cloaked in numerous laws and regulations designed to seize land in Jerusalem.

Therefore, since 1967, Israel has systematically confiscated Palestinian land, relying on two sets of laws: first, Israeli laws specific to East Jerusalem, which came into effect after its annexation; and second, legislation and orders issued by the military government in the West Bank (Al-Khatib, 1997, p. 35). In addition, Israel confiscated thousands of dunams of land to construct roads and bypasses, serving two purposes simultaneously. First, it aimed to seize more Arab land and consolidate the contiguity between settlements at the expense of communication between Arab cities and regions. Second, it aimed to ensure control over Palestinian areas and solidify the concept of separation that Israel has long advocated (Al-Khatib, 1997, p. 63). The Israeli authorities enacted several laws to confiscate land. These laws include (Al-Hout, 2000, p. 57):

1- The Absentee Property Law: This law allows Israeli authorities to seize lands and properties belonging to Jerusalemite Arabs on the grounds of their absence from their properties.

2- The Law of Lapse of Rights: This law requires Arab landowners to produce a document proving they have been using the land for 50 years. Due to the inaccuracy of Ottoman documents and the fact that most of the land was not topographically classified, this law has resulted in many Palestinians losing their land.

3. The Distribution Law: This law empowers the Israeli government to confiscate land without recourse to the courts, especially if it is unused, simply by declaring it military land, after which it is confiscated.

4. The Uncultivated Land Law: This law mandates that land be cultivated, otherwise it will be confiscated.

5. The Cultivated Land Law: This law aims to divide cultivated land into smaller parcels under the pretext of preventing feudalism.

6. The Intensive Agricultural Land Law: This law empowers the Minister of Agriculture to declare any area as intensively cultivated, thus allowing it to be confiscated.

7. The Amended Property Tax Law: This law imposed exorbitant taxes on land used for residential buildings, rendering many owners unable to pay. As a result, they left for areas surrounding Jerusalem (and ultimately lost their rights as Jerusalemites)!!

8. The Green Zones Law: This law prohibits the construction of any facilities or buildings on areas designated as “green.” The term “green” does not mean that these areas are cultivated, but rather that they are selected areas of Palestinian property marked in green on maps for identification. Some of these areas have indeed been planted with public gardens, but the ultimate goal is to exploit them when needed to build housing for settlers and other Israeli projects.

9. The Forestry Law: This law authorizes Israeli forces to own and seize all forests and to convert them into prohibited zones.

10. The Emergency Land Confiscation Law: This law authorizes Israelis to enter any area to protect Jews, maintain their security, provide housing for immigrants, or carry out any other projects they deem necessary. As a result of this law, the term “security” or the pretext of “security” was used to confiscate land. This was one of the first laws implemented, facilitating the confiscation of land from 35 villages in the Jerusalem district and the displacement of their inhabitants in 1948. Settlements were quickly established in their place; thus, the number of settlements increased from 12 before the 1948 occupation to 64 in 1967.

The methods Israel employed to confiscate land were varied, although it initially avoided targeting the properties of religious institutions to mitigate reactions. It implemented confiscations in stages to accommodate the land and facilitate construction. To lessen the impact and significance of the event, Israel adopted a policy of suppressing news coverage and avoiding mention of it on the front pages of newspapers—a practice known as media marginalization. The most important confiscation methods can be summarized as follows (Al-Khatib, 1997, pp. 36-37):

1- Absentee Lands: Immediately following its occupation of East Jerusalem in 1967, the occupation authorities issued Military Order No. 10, which stipulated that “absentee property shall be placed under guardianship if both the owner and the occupier are absent from the area. The officer responsible for this property is required to maintain it for the benefit of the owner. If the rightful owner returns, they have the right to exercise their authority over their property. The sale of this property is permitted, but there was no evidence to confirm that the rightful owner received an annual return equal to the value of their property.” In the same year, the occupation forces also issued Military Order No. 58, Article 4 of which stipulates:

a. All abandoned property becomes the responsibility of the responsible party from the date it becomes abandoned property. The responsible party has the authority to assume the right to dispose of it and to take any measure deemed necessary.

b. Any right belonging to the owner of the abandoned property or to the person disposing of it is automatically transferred to

the responsible party and is governed by the same rules as the owner of the abandoned property.

2. Confiscation of land for military and security purposes: This method involves closing off numerous areas for training and firing ranges, designating them as security zones for the army, and then exploiting them to establish civilian settlements.

3. Structural plans: This method is considered a civilized approach to developing both cities and villages, especially since it takes into account their development over several years. The positive objective of structural plans is achieved if there is a genuine national authority. However, if the occupying authorities are the ones drawing up such plans, they undoubtedly aim to stifle Arab construction and freeze the population growth of Arab communities.

4. Land Purchase: Land purchases were made through the Jewish National Fund until 1971, after which the Himanuta Foundation, affiliated with the Jewish National Fund, became the primary entity. It was responsible for these purchases, as individuals were not permitted to buy land until that time, and anyone who entered into such a purchase was punishable by a five- year imprisonment or a fine of 1,450 shekels. Since 1979, an Israeli law has allowed Jewish individuals and private companies to purchase land. These Jewish land purchases were carried out through fraudulent and deceptive means, and such Israeli actions were considered contrary to the spirit of the Hague and Geneva Conventions, which prohibit an occupying power from acquiring land ownership except under very narrow circumstances that do not apply in this case.

These laws and methods employed by the Israeli authorities to confiscate land were not implemented all at once, but rather in four phases of confiscating Arab lands and properties in East Jerusalem, which were then placed under Israeli control. These four phases occurred as follows (Jiriss, 1981, pp. 97-98):

1- On January 8, 1968, the Israeli Minister of Finance, Pinchas Sapir, issued an order to confiscate approximately 3,345 dunams in the French Hill area and 485 dunams in the Nabi Samuel neighborhood. The selection of the confiscated land was intended to create a connection between the northern and southern parts of the city. Two days later, the Minister of Finance issued an order, based on Article 22(2) of the Land (Expropriation for Public Interest) Law of 1943 and Articles 14(a) and 2(a) of the Law of Authority and Judiciary Regulations of 1948, authorizing the Jerusalem Municipality to confiscate an area of 3,549 dunams, constituting parcel 81 of Block 30034.

2- On April 14, 1968, the Minister of Finance issued an order to confiscate 765 dunams in the Nabi Ya'qub area, north of Arab Jerusalem, and 116 dunams in the Old City within the walls. The confiscated land in the Old City contained 595 buildings with 1,048 shops and stores, five mosques, and four schools. It also included a historic Arab market called Souq al-Baqoura and a commercial street, Bab al-Silsila Street. Approximately 6,000 Arabs lived on this land in three neighborhoods: the Mughrabi Quarter, which was destroyed immediately after the war; the Chain Quarter; and part of the Syriac Quarter.

3- The expropriation of 12,280 dunams, based on an order issued by the Minister of Finance on August 30, 1975. This land is located in various areas of East Jerusalem, such as Nabi Ya'qub, Nabi Samuel, and the Shama'a neighborhood in West Jerusalem

4- The expropriation of approximately 4,400 dunams on March 10, 1980, in the area north of East Jerusalem, between Nabi Ya'qub and French Hill, on the Jerusalem-Ramallah road. This land belongs to the villages of Hizma, Anata, and Shu'fat. The total amount of land confiscated in East Jerusalem under the pretext of "public interest" between 1968 and 1980 reached 23,940 dunams. This is several thousand dunams more than the area of the city before its division in 1948, and approximately six thousand dunams less than the area of Jerusalem within its expanded boundaries before 1967.

These confiscations culminated on July 30, 1980, when the Knesset passed a law stipulating that "complete and united Jerusalem is the capital of Israel, and the seat of the President, the Knesset, the government, and the Supreme Court will be located there" (Abd al-Karim, 2000, p. 114). Moreover, Zionist ambitions in the city of Jerusalem did not stop at the borders that existed in June 1967, but went beyond that, as they wanted the city, after declaring it the unified capital of Israel, to extend to include approximately 30% of the total area of the West Bank. The first details published on this subject appeared in the Israeli newspaper Maariv on March 25, 1969, under the headline "Greater Jerusalem: Capital of Israel." The article stated that an engineering committee had begun developing the necessary plans for the Greater Jerusalem project in June 1967 and completed them in 1968. In March 1971, Dr. Benvenisti, the Israeli Deputy Mayor of Jerusalem, announced the completion of a similar project, known by his name, which proposed expanding the Jerusalem municipality's boundaries to include areas stretching from Ramallah in the north to Bethlehem in the south (Al-Sawahri, 1982, pp. 52-53).

Table 4: a summary of all land confiscations in Jerusalem and its surrounding areas from 1968 to 1995, indicating the date of confiscation, the name of the area or neighborhood where the confiscation occurred, and the confiscated area in dunams (Al-Khatib, 1997, p. 41).

Date of confiscation	Area/neighborhood	Area in dunams
8/1/1968	French Hill - Mount Scopus - Ramat Eshkol	3.345
	Ma'alot Dafna	485
Total		3.830
14/4/1968	Neve Ya'qub	765
	Old City - Jewish Quarter only	116
Total		881
30/8/1970	Neve Ya'qub	470
	Ramot Alon - Shu'fat Hill	4.840
	East Talpiot	2.240
	Gilo	2.700
	Atarot	1.200
	Wadi al-Rababa	130
	Jaffa Street	100
	Ramat Rachel Area	600
Total		12.280
20/3/1980	Pisgat Ze'ev	4.400
1/7/1982	Atarot	137
16/5/1991	Jabal Abu Ghneim	1.850+280
1/2/1995	Beit Hanina-Beit Safafa	535
Total		24.193

Third: The Policy of Closure

Palestinian institutions in Jerusalem have been a symbol of resistance against the Israeli occupation and its Judaization of the city. These institutions have struggled to prevent Israel from achieving its goals in Jerusalem, whether through land confiscation or settlement construction. This has led the Israelis to implement a harsh, impactful, and oppressive policy against Palestinians in Jerusalem: the policy of closure. This policy effectively besieges and shuts down various Palestinian institutions, preventing them from providing assistance to Jerusalemites. It directly hinders the work of these Palestinian institutions, preventing aid from reaching the residents of Jerusalem and ultimately dismantling these existing Arab institutions in Jerusalem and subordinating them to Israeli entities.

The Israeli authorities began taking practical steps to implement this policy. On May 16, 1973, the occupation authorities closed the Department of Arab Social Affairs and distributed its responsibilities among three offices: the first, an Israeli office based in Jerusalem, was tasked by the occupation authorities with overseeing all existing Arab charitable societies in the city; the second, a branch office headed by an Arab employee based in Ramallah, was tasked with overseeing charitable societies located in Ramallah, al-Bireh, and their surrounding districts; and the third, another branch office based in Bethlehem, was tasked by the occupation authorities with overseeing charitable societies located in the districts of Bethlehem and Jericho. Health centers and their humanitarian services were not spared from the Judaization plans, as the Israeli occupation authorities confiscated some and closed others (al-Khatib, 1997, p. 88).

Another form of closure employed by the Israeli authorities was the closure of branches of Arab banks in the occupied Palestinian territories. The Israeli authorities seized the cash liquidity held in these branches. On June 8, 1967, the Israeli military governor issued an order to close 31 bank branches, in addition to the branch of the Central Bank of Jordan in Jerusalem, branches of specialized lending institutions, and exchange offices. Bank deposits in May 1967 amounted to 45 million Jordanian dinars, while loans totaled approximately 12 million dinars. In response, Israel opened Israeli banks in Jerusalem, such as Bank Leumi Barclays. By the end of 1985, these Israeli banks had approximately 26 branches, in addition to the postal banks operating throughout the Palestinian territories (Al-Shuaibi, 1988, pp. 85-87).

These banks, geographically distributed throughout the Palestinian territories and particularly in Jerusalem, served as monopolies for Israeli bank branches. The Israeli authorities' actions—namely, closing Arab banks in Jerusalem and replacing

them with Israeli banks—were intended to Judaize the Palestinian economy and force Jerusalemites to deal with these Israeli banks, as there were no alternatives. In essence, this policy involved deception and manipulation of Jerusalem's residents, who were compelled to use these banks in the eyes of the Israeli authorities.

Among the Palestinian institutions threatened with liquidation and closure was the Jerusalem District Electricity Company. The ongoing Israeli threats to liquidate the company and annex it to the Israeli Electric Corporation, thus subjecting it to Israeli control, persisted. This company provides electricity services to 11 cities, 140 villages, and refugee camps, serving half a million residents. It also employs 503 technical and administrative staff, all of whom are Arab. The reason for this threat was the company's accumulated debt to Israeli entities. What the Arab residents of Jerusalem feared came to pass when an Israeli court in Jerusalem issued a ruling to seize the assets of the Jerusalem District Electricity Company due to its inability to repay its debt to the Israeli Electric Corporation, amounting to approximately \$12 million, or the equivalent of 4 million Jordanian dinars. The most important assets of the company include the following (Al-Khatib, 1986, pp. 6-10):

1. Its concession for generating and distributing electricity within the cities and villages of the Jerusalem District.
2. A large building housing its administration in the heart of the Bab al-Sahira neighborhood in Jerusalem.
3. A large plot of land, including buildings and a power station housing all the company's large generators, located in the village of Shu'fat, adjacent to Jerusalem to the north.
4. Substations and branch offices in Ramallah, Bethlehem, and Jericho.
5. Distribution networks with transformers to supply electricity to all cities, villages, and refugee camps in the district.
6. Internal power lines in all cities, villages, and refugee camps in the district.
7. A number of vehicles and large quantities of spare parts, poles, wires, and transformers in warehouses.

All of these assets became subject to liquidation and Judaization by court order due to the company's accumulated debts. The policy of closure was clearly evident (in Israeli restrictions on private investment and on Palestinian foreign trade. These restrictions led to Palestinian foreign trade being limited to Israel, resulting in a growing trade deficit in Israel's favor year after year, and increasing the dependence of Palestinian workers on the Israeli labor market. Furthermore, Israeli policy deliberately neglected the development of the Palestinian economy's infrastructure, both physical and social, while simultaneously developing a parallel infrastructure to serve Israeli settlement activities in the Palestinian territories) (www.hrinfo.nit/palestine).

Economic Judaization:

Before delving into the methods, techniques, and forms of economic Judaization in Jerusalem, it is essential to define Judaization itself. In practical terms, Judaization means that Jerusalem becomes a city with a Jewish character in its architecture, streets, names, institutions, and language. Socially and psychologically, it means that visitors from around the world might say, for example, "This is truly a Jewish city! Where are the Arabs? We only see them in some of the old quarters!" (Al-Hout, 2000, p. 58). The occupation and annexation of Jerusalem by the Zionist state led to a severe economic crisis, resulting in the following serious economic consequences (Jiriss, 1981, p. 155):

- 1- The number of unemployed exceeded one-third of the workforce.
- 2- All the city's hotels, a major source of income for its economy, were closed.
- 3- The existing Arab banks—Arab, Cairo, Amman, Real Estate, Jordan, National, and Intra—were closed, and their assets frozen. The two foreign banks, the Ottoman and British, were also closed for a period, and the Jordanian currency was replaced by the Israeli shekel.
- 4- The entry of any agricultural, industrial, or other goods from the Arab villages and towns surrounding Jerusalem into the city's markets was prohibited, while simultaneously allowing the entry of all types of Israeli goods and products.

The increase in unemployment was due to the ongoing confiscations carried out by the Israeli authorities. Israel Judaized a number of Palestinian factories and institutions, leading to the expulsion of Arab workers from these Judaized establishments, thus increasing the number of unemployed. As for the closure of hotels, it continued for an extended period due to the ongoing curfew and the reluctance of tourists, particularly Jewish tourists, to stay in them. There was a sharp decline in the number of guests in Arab hotels; even during the Christmas and New Year holidays in 1968, the number of guests did not exceed one-third of the available beds. This was due to the Israeli Ministry of Tourism imposing a 50% price increase to avoid competition from Arab hotels, which were of a higher standard and lower prices. Furthermore, due to the obstacles imposed by the occupation forces on travel to the East and West Banks or to Israel, most taxis and dozens of buses and trucks were rendered unusable (Al-Khatib, 1997, p. 90).

The closure of Arab banks was a result of the occupying authorities encouraging Arab citizens to deal with these Israeli banks. They implemented various measures to this end, such as transferring the salaries of Arab employees and wages of workers in different sectors of the Israeli economy. However, despite closing a number of Arab banks and transferring banking operations to branches of Israeli banks, the Israeli authorities were unsuccessful for several reasons (Al-Shuaibi, 1988, pp. 87-88):

- 1- The use of the shekel as the official currency by branches of Israeli banks.
- 2- The continuous decline in the exchange rate of the shekel against the Jordanian dinar and other foreign currencies.
- 3- The absence of interest on deposits and the high interest rates on loans at branches of Israeli banks, where loan interest rates rose to approximately 20% per month in late 1985.
- 4- The harsh conditions imposed on dealing with these branches of Israeli banks.

Table 5: Names of Banks and Locations of Their Branches in the Occupied Palestinian Territories (Study prepared by UNCTAD & ESCWA, 1988, p. 100)

Bank Name	Branch Locations
<u>a) West Bank:</u>	
1. Arab Bank	Nablus, Jerusalem, Hebron, Ramallah, Jenin, Tulkarm.
2. Cairo Amman Bank	Nablus, Jerusalem, Hebron, Ramallah, Jenin.
3. Ottoman Bank	Nablus, Jerusalem, Ramallah, Bethlehem.
4. National Bank of Jordan	Nablus, Jerusalem, Hebron.
5. Bank of Jordan	Nablus, Jenin, Jericho.
6. Arab Real Estate Bank	Nablus, Jerusalem.
7. British Bank of the Middle East	Jerusalem.
8. Intra Bank.	Nablus, Jerusalem.
<u>b) Gaza Strip:</u>	
1- Bank of Alexandria.	Gaza.
2- Arab Bank.	Gaza.
3- Bank of Palestine.	Gaza. Khan Younis.

The occupying authorities tightened their grip on the Arab economy through the 1968 Administrative and Legal Regulations Law, which was enacted to close previous loopholes and to legitimize all of Israel's attempts to Judaize Jerusalem demographically and economically. This law imposed the following on the Arabs of Jerusalem (Al-Khatib, 1997, pp. 93-95):

1- Every Arab, whether a business owner or professional, who was practicing their profession under a Jordanian license, was required to obtain a new Israeli license within six months, a deadline that expired on February 22, 1969. This category included approximately 5,000 business owners, professionals, and tradespeople.

2. Every Arab company based in Jerusalem and registered under Jordanian law, whether private, public, or limited liability, was required to re-register with the Israeli courts in accordance with applicable Israeli law and as required by Israeli interests. This was to be completed by February 22, 1969, and subsequently extended to May 22, 1969. This process encompassed approximately 180 companies with a total paid-up capital of about five million dinars, approximately four thousand shareholders, and approximately four thousand employees and workers.

3. Every Arab cooperative society based in Jerusalem and registered under Jordanian law was required to re-register with the Israeli authorities in accordance with Israeli laws and regulations by February 22, 1969. This law covered 23 societies with a total of 1,518 members.

4. Every Arab doctor, engineer, or auditor still practicing their profession in Jerusalem under Jordanian law was required to apply to the Israeli authorities for a license allowing them to continue practicing under Israeli regulations by February 22, 1969. The number of Arab Jerusalemites under these categories was approximately 80.

5. Every lawyer practicing law in Jerusalem under Jordanian law was required to register with the Israeli Bar Association by order of the Israeli Minister of Justice by February 22, 1969. The number of lawyers in Jerusalem at that time was approximately 30.

6. Every owner of a franchise, trademark, or invention registered with the Jordanian government who was still exploiting their franchise, invention, or trademark within the city of Jerusalem was required to re-register their franchise, trademark, or invention with the occupying authorities under Israeli laws and regulations by February 22, 1969.

7. Any aforementioned category that has not obtained a new license under Israeli laws and regulations is considered in violation of Israeli laws and regulations. Those in such categories are subject to penalties and fines, or to being prevented from

conducting their business, thus freezing their interests and means of livelihood. This forces them to leave the city or to register with the Israeli authorities under Israeli law.

This law, without a doubt, seeks through its provisions to subjugate and impose a Jewish character on Jerusalem economically and administratively, aiming to Judaize the entire city. This has led to the complete rejection of this law by Jerusalem's Arab residents.

On the other hand, this law includes a number of exceptions in certain areas, providing temporary solutions to the problems of ordinary citizens, especially legal ones, in an attempt to integrate them into the Israeli reality, or at least ensure their silence. The goal is to encourage them to adapt to the annexation procedures and live under its umbrella until they are deported or forced to emigrate through other means (Jiriss, 1981, pp. 161-162).

The Israeli authorities sought to completely Judaize the city of Jerusalem. This was stated by Ben-Gurion at the headquarters of the Rafi party (Israel Workers List): "The best way to achieve Zionist ideals and goals is to demolish Jerusalem in its current form without hesitation, without the need to add new buildings or structures. Therefore, the proposal is to expedite the demolition of the Old City walls, because we want one Jerusalem, not two... This city was built by one of the Ottoman sultans in the 16th century." The key elements and components of these plans are (Abu Jaber et al., 1997, p. 146):

1. Demolition of the walls of the Old City of Jerusalem, along with the destruction of the historical Arab buildings located within these walls.
2. Construction of the alleged Temple on the ruins of these demolished landmarks, including the Al-Aqsa Mosque compound with its structures, endowments, and courtyards.
3. Construction of an electric train network in the heart of the city.
4. Construction of a 250-meter-high observation tower.
5. Construction of the large market (Kanyon) on land belonging to the Arab village of Malha, confiscated in 1948, located west of Jerusalem.
6. The implementation of the East Jerusalem commercial center development project, aimed at fragmenting the Arab neighborhoods outside the walls to the north and west and replacing them with Jewish neighborhoods.

All of this constituted a siege of Jerusalem. While Arab and international sieges are imposed on entire populations, they remain confined to their land. However, the siege of the Palestinians, and Jerusalem in particular, was designed to empty the land of its inhabitants. It is an economic and political siege (a process of displacement and settlement). The siege of Jerusalem began in 1948, continued after its occupation in 1967, and intensified with its annexation by a decision of the Israeli Knesset in 1980 (Shu'ban, 2000, p. 130).

Despite ongoing Israeli attempts to completely Judaize the city and separate it from the rest of the occupied West Bank and Gaza Strip, it remains closely linked to these areas economically. As noted in a World Bank report (Sha'th, 1988, pp. 140-149), the following points illustrate this connection:

1. Most transportation routes between the northern and southern West Bank pass through Jerusalem.
2. Tourism in the West Bank relies heavily on tourist sites in Jerusalem.
3. Most health centers and hospitals serving the West Bank are located in East Jerusalem.
4. Arab Jerusalem contains most of the financial offices, marketing facilities, and cultural and social infrastructure needed by Palestinians.
5. Qalandia Airport, which connects the West Bank to regional airports, is located in Jerusalem.
6. The power grid includes some areas of East Jerusalem, specifically serving the areas from Ramallah to Bethlehem.

In light of this introduction, two fundamental problems clearly emerge in research on the economy of Jerusalem. First, it is difficult to separate Jerusalem's economy from the Israeli economy, given that Israel considers Jerusalem an Israeli city, integrated into its general economic policies. The Israeli occupation has inflicted considerable damage on the economy of Arab Jerusalem, particularly after its annexation. For example, Israeli authorities prevented the entry of agricultural and industrial products into Jerusalem, clearing its markets for Israeli goods and thus boosting their popularity. Furthermore, the adoption of the Israeli shekel as the primary currency led to the closure of Arab banks, including Cairo Bank, Arab Bank, the National Bank of Jordan, and the Real Estate Bank. Arab hotels also closed as tourism fell under the control of the occupation, resulting in increased demand for Israeli hotels. The occupying authorities also halted remittances from workers abroad and imposed exorbitant taxes on Arab goods needed in Jerusalem.

The situation worsened further with the enactment of Administrative and Legal Regulations Law No. 5728 of 1968, which mandated the re-registration of Arab entities and companies based in Jerusalem as Israeli institutions within six months, while branches could regularize their status and become independent within the aforementioned timeframe. This decision led to a reduction in the number of operating Arab businesses, from 600 shops and 110 associations and companies to only 20. We will examine the effects of the Israeli occupation in more detail in another section of this study (www.sis.gov.ps/arabic).

On the economic front, it can be said that Israeli policy has deviated—to some extent—from the prevailing norm of a certain degree of integration between the occupying power and the occupied territories, i.e., integration between a large

economy and a smaller one. This is perhaps because Israeli policy toward Jerusalem primarily aims to Judaize the city entirely, thereby working to erase its Arab identity, both economically and politically, unlike the rest of the occupied territories, where the economy was allowed to proceed naturally (Al-Qadi, 1994, pp. 79-80).

As for the industrial sector, statistics show a decrease in the number of industrial establishments by approximately 21%, due to the influx of Israeli industries into Jerusalem, which have begun to replace local industries, given that Jerusalem falls within the industrial development zone. It is no secret that the primary objective of designating Jerusalem as a development zone is to bolster Israeli settlement policies there by offering financial incentives and exemptions to Israeli industrialists who relocate their industries to the city (Abd al-Haqq, 1991, p. 102).

Fifth: Taxes Imposed by Israel on Jerusalemite Arabs:

After controlling and absorbing the Arab economy and attempting to assimilate it into the Israeli economy, the Israeli authorities began working to gradually eliminate it by imposing exorbitant taxes and severe restrictions on imports and exports, in addition to exerting economic and financial pressure on Jerusalem's residents to force them to leave and vacate the city for Israeli settlement and expansion projects. To this end, the authorities imposed various types of taxes on Arab Jerusalemites, sometimes exceeding those levied on Israelis themselves, despite the dire state of the Arab economy and the low per capita income compared to that of Jews. These taxes, imposed on Arab citizens, are as follows (Jiriss, 1981, pp. 162-165):

1. **Income Tax:** The authorities imposed arbitrary sums on them, payable in ten monthly installments, as a deduction from the income tax that would be calculated years later. This was done to impose a high final tax after the occupation of the city was established, and to demand payment of the outstanding amounts owed over those years, which would cripple them, leading to their bankruptcy and displacement.

2. **Defense Tax:** This was levied on the income tax due, the value of water bills, telephone bills, and vehicle registration fees of all types.

3. **Entertainment Tax:** This was levied on restaurant owners, vehicle registration fees, and the price of tickets to entertainment venues.

4. **Area Tax:** This was levied on the area of shops and hotel rooms.

5. **Housing Tax:** This tax is levied on the area and number of rooms in rented accommodations and is paid by the tenant.

6. **Airport Tax:** This tax, amounting to 75 dinars, is paid by the traveler and applies to Jerusalem residents traveling from Lod Airport or other airports.

7. **Purchase Tax:** This tax is levied on the weight of gold or silver.

8. A new tax of 5% of the property value is paid by the property owner.

9. A 20% tax is imposed on the value of imports and is paid as a one-year interest-free loan to the government by the importer.

10. A mandatory loan of 20% is imposed on all salaries and incomes, repayable over 10 years at a 2% interest rate, unaffected by price fluctuations.

11. A tax equivalent to 800 dinars is imposed on anyone purchasing a new car from the dealership.

A real-world example of the impact of taxes on tourism is what Hiba al-Tahhan wrote, quoting Abdullah, a Jerusalemite affected by accumulated debt. (Abdullah began his conversation with this complaint when we asked him about his current economic situation as a Jerusalemite citizen. He said: "The tourism sector in Jerusalem is nearing collapse due to the Palestinian Authority's lack of support, compounded by complex Israeli procedures, taxes, and other obstacles that prevent the sector's development or even its continuation as in the past." Abdullah, who preferred not to have his full name published, blamed the Palestinian Authority for "marginalizing Jerusalem's issues" and failing to include them in its priorities. He prioritized the tourism sector, considering it one of the most vital sectors in the city, employing large numbers of Jerusalemites, from bakers and oriental souvenir shops to hotels, tourist buses, and bazaars. In the same context, Abdullah warned of the disruption and unsustainability of commercial activity in East Jerusalem due to the political situation and the high rate of forced migration out of the city. He pointed out that this is what Israel seeks, to reduce the number of Jerusalemites and thus Judaize the city completely. What Abdullah says seems to reflect the sentiments of hundreds of people working in trade in East Jerusalem, who suffer "silently" from arbitrary Israeli measures within the city, in addition to closures, sieges, checkpoints, barriers, and the separation wall, which prevent the revitalization of commercial activity by preventing citizens of Bethlehem, Hebron, Ramallah, Nablus, Tulkarm, and Jenin from reaching Jerusalem, which exacerbates the deteriorating economic situation within the holy city) (www.hrinfo.nit/palestine).

Sahar Mahmoud, owner of a clothing store on Salah al-Din Street, speaks of her suffering, saying: (I support seven people, all of whom are my responsibility, and the situation is getting worse day by day. If the rent were high, I would have closed the store a long time ago. She points out that most customers recently can only buy out of necessity, due to the poor

economic conditions. She emphasizes that her store “barely covers its costs, and many customers from Hebron, Bethlehem, Ramallah, and Nablus are unable to come at all.” Sahar notes that most clothing stores in Jerusalem have been transformed into bazaars selling at very low prices, without regard for quality or brand. These bazaars are enjoying widespread popularity, which is lacking in stores that prioritize the quality and origin of the clothing. According to the Jerusalem Center for Social and Economic Rights, more than 25% of shops are completely closed due to the siege and the high taxes imposed by the Israeli authorities on Palestinians) (www.hrinfo.net/palestine).

Sixth: Arab and International Aid:

Arab efforts, in particular, and international efforts, in general, have been combined to alleviate the economic siege suffered by Palestinians in the occupied territories. An article prepared by the Arab Scientific Institute for Research and Transfer of Technology and published in *Samid Economic Journal* outlined Arab and foreign aid as follows (ASIR: Arab Scientific Institute for Research and Transfer of Technology, 1988, pp. 146-149):

a- Arab Financial Aid: The sources and centers of Arab aid provided to the Palestinian people have varied, including:

1. Arab governments have provided aid to support the Palestinian people in the occupied territories through the Jordanian-Palestinian Joint Committee. However, prior to the establishment of the Jordanian-Palestinian Joint Committee in 1978, there was a type of direct support to the occupied territories in the form of donations from cities in Arab countries to cities in the West Bank. This type of support was called city twinning or sister-city agreements. These aid packages amounted to approximately \$22.3 million in 1978. This aid largely ceased after 1978 and became part of the broader Arab aid to the occupied territories channeled through the Jordanian-Palestinian Joint Committee.

2. Aid provided by the Jerusalem Fund, established in 1978 with funding from the Organization of the Islamic Conference in Jeddah. Its purpose was to provide financial assistance for the restoration and maintenance of holy sites in Jerusalem. By the end of 1985, the Fund had provided \$34.7 million for various purposes.

3. Financial transfers from Arab funds: Several Arab funds finance various projects across Arab countries. These include: the Abu Dhabi Fund for Arab Economic Development, the OPEC Fund for International Development, the Saudi Fund for Development, the Iraq Fund for External Development, the Kuwait Fund for Arab Economic Development, the Arab Bank for Economic Development in Africa, the Islamic Development Bank, and the Arab Fund for Economic and Social Development.

4. Palestinian Associations Providing Development Aid to the Occupied Territories: The Abdul Hameed Shoman Foundation: Based in Amman, it was established as a charitable endeavor to commemorate the late economist Abdul Hameed Shoman. Headed by Abdul Majeed Shoman, Chairman of the Board of Directors of the Arab Bank, the foundation has donated laboratory equipment to Birzeit University, a photocopier to the ASIR, and numerous scientific awards. The Welfare Association: Based in Geneva, Switzerland, this association was founded by wealthy Palestinians interested in promoting development in the occupied territories through funding various projects.

b- Foreign Financial Aid: This can be divided into three types:

1. Aid provided by United Nations agencies, which can be summarized as follows: the United Nations Relief and Works Agency for Palestine Refugees (UNRWA), the United Nations Development Programme (UNDP), and the International Committee of the Red Cross (ICRC).

2. Aid provided by American institutions: These institutions directly oversee centers for people with disabilities, health centers, and orphanages in the occupied territories. This aid doubled in 1984 and 1985. The aid is provided by the following organizations: Save the Children, formerly known in the occupied territories as the Social Development Foundation; the American Near East Refugee Aid (ANERA); Catholic Relief Services; and the Mennonite Central Committee, which, unlike the other three, is not officially recognized and therefore does not receive aid from the U.S. government's international development program.

3. Aid provided by the European Economic Community: Since the late 1970s, the European Economic Community has provided limited assistance to residents of the occupied territories to support rural infrastructure projects.

There are also other foreign organizations—Canadian, British, Swedish, German, Australian, Finnish, Norwegian, French, and Belgian—provide irregular assistance with some social and health projects, and their overall contribution is negligible. In short, despite the numerous funding sources mentioned above, the most significant source is funding from the Jordanian-Palestinian Joint Committee, which spends over \$60 million annually in the occupied territories.

Regarding the private sector and its role in advancing the Palestinian economy, several programs have been developed, which served as proposed legislation (www.hrinfo.net/palestine):

1. Involving the Palestinian private sector, represented by its main institutions, in the final status negotiations, particularly on the economic aspects.

2. Basing economic arrangements with Israel on a free trade system and rejecting the continuation of the customs union

system, which subjects the Palestinian economy to Israeli trade policy. Given the damage inflicted on its economy by the occupation, Palestine has the right to demand that the value-added threshold for exported goods of Palestinian origin be as low as possible, taking into account the cumulative effect of the initial years.

3. The Palestinian negotiator insisted on Palestine's right to issue its own currency, undertaking all necessary studies and preparations for issuing Palestinian currency, and ensuring the private sector's participation in these preparations. Implementation of this process would be postponed until the technical and economic conditions were met.

4. Developing independent Palestinian customs and standards policies, taking into account achieving mutual recognition of standards with other countries, and ensuring the protection of emerging industries.

5. Guaranteeing the free movement of people, goods, and trucks between the Palestinian and Israeli sides without any security obstacles.

6. Emphasizing the unity of the Palestinian market in the West Bank and Gaza and the necessity of a free and secure passage between them, guaranteeing the free flow of internal trade without any additional costs.

The private sector offered several opinions on developing Palestine's external economic relations. These opinions were as follows (www.hrinfo.nit/palestine):

1. Developing plans and programs to enhance external economic relations with the active participation of the private sector, focusing efforts on countries that constitute, or could constitute, major markets for Palestinian exports.

2. Palestine should play a leading role in adopting initiatives that would develop Arab economic cooperation, enhance intra-Arab trade, and provide additional incentives for Arab investments.

3. The Palestinian private sector should be included in all official delegations to other countries when discussing economic cooperation, in order to enrich its experience with the markets and opportunities available in those countries.

Conclusion

The city of Jerusalem has been, and continues to be, the subject of much conflict and debate regarding its political status, which remains shrouded in ambiguity. Although there are several proposals concerning its status as a city independent of the Palestinian state, such as placing it under international supervision, establishing a confederation with Israel, or other options, the Arab position on this point remains firm and clear: Jerusalem is Arab, and it must remain so. Nevertheless, it is extremely difficult for any researcher of Jerusalem affairs to separate the issue of its Judaization, which the Israelis continue to insist upon and attempt to achieve, from its fundamentally Arab and Islamic identity. This means that even discussing Jerusalem's economic situation, both present and future, requires first addressing the historical political conflict surrounding it. It is difficult, if not impossible, to find economic data upon which to base a specific policy or economic program. Even if such data were available, under whose sovereignty would this program be implemented? Furthermore, no economy, whether local or national, can prosper or stabilize amidst political instability and ongoing warfare. Therefore, the entanglement surrounding Jerusalem and its sovereignty must be resolved to facilitate its integration within the Palestinian state and to bolster its diverse economic potential.

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