THE FLOERSHEIMER INSTITUTE FOR POLICY STUDIES

Urban Trauma in Jerusalem

Impacts and Possibilities for Recovery

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About the Research

This essay details the urban consequences of the Al Aqsa Intifadah and the separation barrier project on Jerusalem. In West Jerusalem, the onset of terror, and specifically a wave of suicide bombings, hastened the city's decentralization. Rapid decline of the economy and the disappearance of tourism further battered the city's vitality. Israel's increased barriering of the city, culminating in the separation barrier project, was a major blow for the city's Arab inhabitants, and the urban fabric of East Jerusalem. Neighborhoods inside and outside the barrier were divided, with massive effects on daily life, work opportunities, property values, and relocation patterns. The paper argues that without a strategic package of urban recovery measures, Jerusalem is in danger of becoming locked in a spiral of decline.

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Introduction

Analysts of urban life tend to study the processes of gradual changes in city form and function during normal times. The importance of normal change notwithstanding, they have been less systematic in examining abrupt, even catastrophic changes that punctuate longer periods of more gradual urban evolution. The case of Jerusalem highlights the importance of these latter and sudden changes. In less than four decades the city has been walled, unwalled, and rewalled—a literal redrawing of the urban map within a matter of a few years, or even days.

Since the outbreak of the Al Aqsa violence in 2000, Jerusalem has been hit by twin urban traumas. Predominantly Jewish areas of the city have been struck by waves of suicide attacks. The most severe effects have occurred in West Jerusalem where hundreds of people, most of them civilians, have lost their lives and many more have been injured. Urban terror has emptied public places, gutted the tourist industry, and triggered substantial spatial and economic changes. Within a short time, Israel began to plan and then build a major security/separation barrier between parts of metropolitan Jerusalem and adjacent Arab neighborhoods. This has had a major effect on daily life, mobility, property values and development in Arab neighborhoods of East Jerusalem.

This paper explores the urban consequences of these twin traumas and addresses a number of key questions. How have these shocks changed urban form and function? Can an urban analysis help us understand what has happened to Jerusalem, what actually is changing and what might be the city's configuration in the years ahead? Further we ask where things

might go from here, and what can be done to make the best of a nasty and tragic situation?

Our study was conducted in both Israeli and Arab neighborhoods of Jerusalem and based on collected data, archival accounts, and over 60 structured and semi-structured interviews. We note that data for Israeli areas are available through the year 2002 and we have used that information. By contrast, the sparser availability of data in Arab and Palestinian areas has led us to rely on less formal survey information collected through semi-structured interviews. Interviews in predominantly Israeli areas were carried out by one of the authors (Savitch), who primarily authored the section on West Jerusalem and the Old City, while interviews in predominantly Arab areas were carried out by the primary author of the sections on East Jerusalem (Garb) and a research assistant.[1]

1 Acquiring Perspective on Urban Terror and Jerusalem's Security Barrier

Jerusalem is at an historic crossroads that can better be appreciated by looking backward for a moment. Over the last four years two seminal events have begun to shape the city—the onslaught of Al Aqsa terror in late September 2000 and the gradual imposition of restrictions on Palestinian movement and access to Jerusalem, capped by the construction of the security barrier in 2004. The first of these events can be viewed as a behavioral phenomenon that has been manifested by more than 70 terror attacks within Jerusalem alone, with more than 2,200 injured and over 300 fatalities. While substantial in their own right, these numbers are all the more startling when understood within the context of Jerusalem's relatively modest population of 700,000 and its area of 126 square kilometers. By comparison with other cities like New York or London, Jerusalem's casualties would be equivalent to roughly 3,000 fatalities and over 20,000 injured in those mega cities. Moreover, Jerusalem is approximately one-fifth the size of New York and one-tenth the size of London. An attack within the more limited spatial configuration of Jerusalem reverberates and has a more profound impact on daily life than either of its global sister cities. Indeed, in numerical terms alone Al Aqsa's violence was every bit as traumatic for Jerusalem as September 11 was for New York and considerably more traumatic than IRA terror was for London.

The impact of terror on Israel and on Jerusalem cannot be overstated and affects every section of society and every neighborhood. Since the inception of the state, its occurrence has continually shaped the content of urban life and infiltrated into the mindset of every Israeli. By at least one

journalistic account three-quarters of all Israelis are acquainted with someone who has suffered from terror.[2] A scientific survey, phrasing the question differently, found that nearly 22 percent of Israeli Jews had family or friends who died in a terror attack or a war. That same survey found that 15 percent of Israeli Jews were in some way a witness to a terror attack. Not surprisingly these experiences have increased apprehension among the citizenry about being attacked and have curtailed free movement. Thus, more than 90 percent of Israeli adults indicate they have grown more fearful of terror and similar proportions of children in elementary and high schools express the same apprehension.[3] The results are palpable with school entrances fenced off, buses escorted by armed guards and elaborate precautions taken for school excursions.

As a consequence of this trauma and possibly for other reasons as well, Israel has resorted to a host of protective measures and to what some might call the increasing "barriering" of the city. These measures have been taken in the context of geo-strategic factors to secure the city against future attacks. As a consequence, extensive surveillance, policing and physical barriers have grown incrementally throughout the city over the last few years. On this account Jerusalem is not alone. Other cities like Washington D.C., London, Paris and Istanbul have also installed a canopy of surveillance across their landscapes and barriered key locations. While these measures have become all too common and have a stifling effect on city life, Jerusalem has gone furthest in this direction. The most unique and imposing of these measures is the security or separation barrier whose 64 kilometers will ultimately encompass most of the city and may extend around adjacent settlements. While the greater part of the security barrier consists of fencing and trenches, those sections of it that cover densely packed areas of Jerusalem are made of concrete walls. This makes its impact upon the city all the more dramatic and its capacity to change the city's development all the more powerful. Indeed, parts of the barrier already cut through tightly packed neighborhoods in East Jerusalem, dividing families, and separating streets, shops and

institutions from their demographic base. This has affected the life of everyone in East Jerusalem, often dramatically.

Whatever one's viewpoint about the larger causes of terror, we are increasingly faced with facts that call for prompt urban response. Arab terrorists are targeting densely packed, continuously built-up central areas within the city. This has severely hampered mobility, the liveliness of street life, economic well being and those qualities that make a city free and open. To protect its citizenry Israel has erected barriers and safeguards of all sorts that hamper the internal movement of Israelis as well as block the entry of Palestinians from adjacent neighborhoods. Within the city itself, critical areas have been cordoned off by more obtrusive partitions, gates, fences, troop patrols and entry screening. Some downtown streets are blocked off while others have limited pedestrian and vehicular access. Less obtrusive measures like closed circuit television cameras and human surveillance retain a watchful eye on local activities.

Taken as a whole, these measures may provide greater security for west Jerusalemites, but they also have a psychological and tangible cost. At an attitudinal level they tend to smother human interaction upon which all cities depend for vitality. At a physical level the barriering of the city—both internal and external—cuts off neighborhoods and streets from one another. More to the point, both the terror and the security barrier have profound spatial consequences. The effects are already present and taking a toll (on population, land values, and commerce, for example), and must be addressed by those who plan and manage the city's daily life. There is, of course, also a crucial national, religious or ethnic dimension to these two phenomena. Jerusalem's experience with urban terror most decidedly has impacted the city's Jewish areas while the security barrier has changed the lives of Arab residents. We empirically assess the immediate effects of these events, determine their most salient aspects and extrapolate trends. We end with some reflections on the dilemmas and tasks this situation presents to decision-makers.

2 West Jerusalem: A Declining Center and Continuing Fragmentation

Aside from the tragic human cost to both sides of Al Aqsa's violence, its social and economic consequences are manifest. This is best understood by turning back to obtain a picture of Jerusalem just before and just after the onset of terror in the year 2000. Through the 1990s Jerusalem's economy accelerated at a fast pace. Companies had begun to set up shop in Jerusalem's modern industrial parks, boosting employment, real estate values and consumer sales. Tourism was at the leading edge of this boom and it was particularly buoyant during years of relative calm. The Pope's visit to Jerusalem encouraged a wave of religious tourism and the city was alight with celebrations. Medical, business and cultural conferences also filled the hotels, convention centers, cafes and retail shops. During this time hotels were running at 70 percent of capacity and investors were pouring funds into building new ones. Ready to accommodate projections of a tourist flood, three new hotels sprang up outside the Old City, while others were built at the entrance to the city, astride its new convention center.

By late September 2000 the peace and prosperity bubble had burst. Tourism had ceased and one of the main arteries in the city's economic lifeblood had been blocked. Convention and hotel reservations were cancelled overnight. Restaurants experienced declines in patronage of 75 percent compared to previous months. Hotel occupancies plummeted to less than half and some fell to near zero (Jerusalem Institute, 2003; Personal Interview, May 2003). Since the beginning of Al Aqsa violence and up through 2004, Israel has lost approximately five percent of its gross domestic product or approximately $5.9 billion. In proportion to

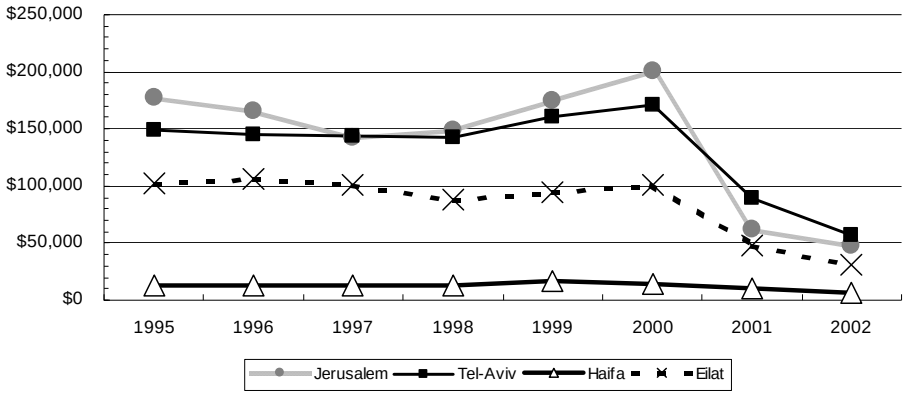
Jerusalem's size, the cost to its economy over the most severe three year period can be estimated at $714 million.[4] While these are gross figures, the economic distress has been absorbed by families and businesses of all sizes. Al Aqsa's impact on smaller shops has been particularly severe. As one veteran retailer confessed, "I do not remember such a catastrophe during all my years here. I am now living off my savings." Housing prices have also been affected, as has been documented in a Geographic Information Systems analysis showing a strong relationship between the frequency or severity of attack and housing prices.[5]

Figures 1 and **2** show this decline in two vital sectors—tourism and retail trade. Figure 1 traces hotel revenues in Jerusalem and other tourist cities, Tel Aviv, Eilat and Haifa. The figure shows the precipitous fall in hotel revenues and allows us to see the disproportionate drop in Jerusalem. **Figure 2**, based on statistics provided in 2003 by the National Trade Federation, shows declining revenue in each of a number or business that are prevalent in the central city. According to these statistics, since the outbreak of violence, the city has lost approximately 14 percent of its retail businesses annually. The most severely affected establishments include clothing, tourist shops and restaurants (National Federation of Trade, 2004). Restaurants were particularly vulnerable with revenues falling in exclusive dining establishments by 65 percent and café revenues dropping by 25 percent.

In order to enhance the understanding of this complex picture, it is important to recognize that there are additional factors contributing to these trends in Jerusalem, particularly in its center. Central city populations remain stagnant and this affects tax revenues. Commensurate with this decline, construction starts have fallen by more than half since the 1990s. There was a time when Jerusalem accounted for 8 percent of construction starts in the country and during the pre Al Aqsa period this reached approximately 2,000 initiatives per year. But that activity has now fallen to a fraction of previous highs and the last two years have seen less than a total of 700 new projects. Developers now choose to

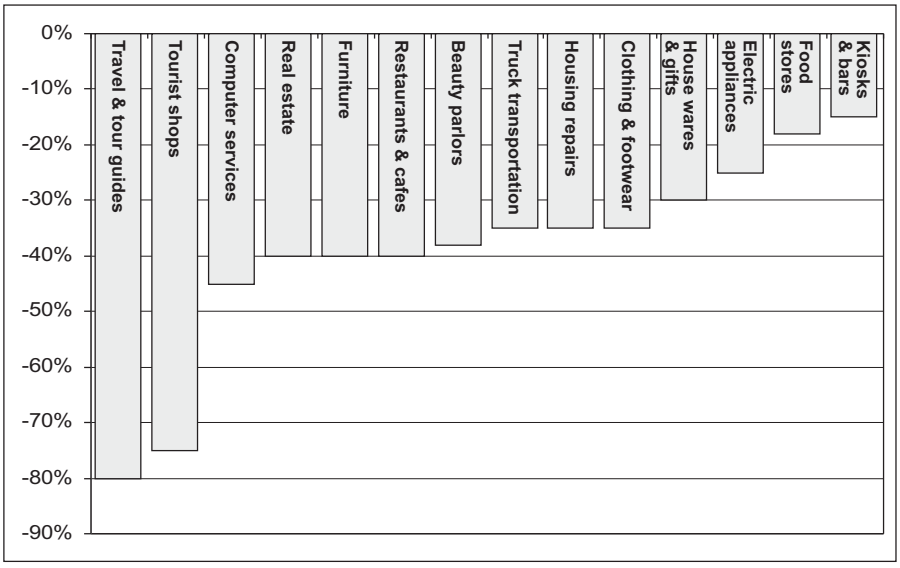
build along the coastal plain rather than in Jerusalem. While some of this can be attributed to bureaucratic impediments, it is safe to conjecture that terror and the fear stemming from it have contributed to the construction depression.

Figure 1
Hotel Revenues in Jerusalem, Tel Aviv, Haifa and Eilat, 1995-2002



Source: Jerusalem Institute for Israel Studies. *The Jerusalem Yearbook 2003*. www.jiis.org.il/shnaton

Figure 2
Declining Revenues in Selected Retail Sectors in Jerusalem: 2000-2003



Source: National Federation of Trade in Israel, Jerusalem, Israel, 2003.

Table 1 complements the figures shown above. It compares key sectors within the central city for the years 1998 and 2002. The table displays these industries in terms of units conducting the activity, space used and employees hired. While the numbers show a decline in most sectors, particularly in banking, light industry and industry, some gains have been registered in commerce, education and office use. It is interesting to note that declines in these sectors are nowhere near as severe as they have been in more terror-prone, elastic sectors such as tourism and restaurants. Thus, the description of uniform decline in the central city should be qualified. Clearly, some sectors are hurt more than others, while a handful of industries show some resiliency.

We also note the stagnation of residence within the central city. The declines have contagious, vicious-circle effects. Youth and secular Jews seeking opportunities and a livelier environment move to other cities such as Tel Aviv or nearby communities in Modi'in and Ma'aleh Adumim. These groups are likely to be amongst the most productive citizens and their flight only weakens the city's capacity to recover, re-generate and reverse downward trends.

This said, we cannot attribute these declines alone to the rise of Al Aqsa terror. Rather, urban terror catalyzed trends toward fragmentation that already existed as well as the decentralized growth of various commercial sub-centers within the city. Much of the retail trade moved to the recently constructed Malha Mall, and restaurants have decentralized into neighborhoods such as the German Colony. Cultural and educational institutions had already been scattered in more peripheral neighborhoods of the city and this only reinforced centrifugal pulls once they had set in, further weakening the center. In short, Jerusalem's peripheries are growing while its center withers. Urban terror reinforced and sped up centrifugal tendencies that were already in motion. These tendencies are now overpowering the city and the spiral is far from being reversed.

Table 1
Units, Land Use and Employment in the Central City: 1998-2002

Landuse	1998 Units Square Meters Employees	2002 Units Square Meters Employees	Growth /Fall	Percentage Growth/Fall
Residential	5,491 362,951 12,804	5,653 358,729 12,673	162 -4,222 -131	2.95 -1.10 -1.02
Commerce	1,562 93,323 6,070	2,120 137,950 8,666	558 44,627 2,595	35.00 47.80 42.70
Office	3,167 202,705 11,840	3,346 237,198 13,991	179 44,015 2,151	5.60 21.70 18.10
Banking	73 30,408 2,777	59 27,218 2,643	-14 -3190 -134	-19.10 -10.40 -4.80
Light Industry	682 40,602 1,763	607 34,652 1,503	-75 -5,950 -266	-10.90 -14.60 -15.00
Industry	81 16,107 458	88 12,537 392	7 3,570 -66	8.60 22.10 -14.00
Education	126 37,374 1,201	136 62,962 1,851	10 25,588 650	7.9 68.4 54.1
Institute	322 92,049 2742	310 150,419 2,800	-12 58,370 58	-3.70 63.40 2.10
Prayer	139 53,122 278	146 41,286 292	7 -11,836 14	5.00 -22.20 5.00

Source: Department of Planning Policy and Research, Office of the City Engineer, Jerusalem, 2004.

3 The Old City: A Sharper Disconnect within a Fragmented Environment

Most original core cities, “walled cities” or as we currently call them “old cities” are integrated into their surrounding environments. Moscow’s Kremlin, Krakow’s “walled city” and Quebec’s “old city” furnish ready examples of how these original cores retained their essential features, yet also became part of the growing urban fabric around them. In fact, as the spokes of urban growth gradually expanded into the surrounding environs, these “old cities” became hubs for this outward expansion. To some extent this was true of Jerusalem’s Old City, especially in the heady aftermath of the Six Day War and during years of relative tranquility. Foreign tourists and Israelis would stroll into the Old City from any of the nearby hotels or easily travel within a triangle of adjoining neighborhoods consisting of West Jerusalem’s downtown, the Old City and the Arab commercial area at Salah ed-Din Street. When most of West Jerusalem was closed on the Sabbath, tourists and secular Jews visited the Old City, thereby strengthening well-trodden paths toward synergistic diversity.

Al Aqsa, however, radically altered the earlier momentum of integration. Soon after the outbreak of terror, Israelis ceased to visit the Old City or go to its adjacent Arab shops and tourism dried up. Today we can find a trickle of visitors to the Old City and scattered groups of tourists, but the Old City remains disconnected from its environs in West Jerusalem. Terror has taken a drastic toll. With the partial exception of the small Jewish Quarter, what was a scene of vibrancy in the Old City is now a closely-watched labyrinth of vacant shops and near empty streets. Route 1, running alongside the Old City for a stretch, which was once proposed

as an integrative seam-line, remains a strong cognitive and behavioral barrier between Arab and Jewish Jerusalem.

Adding to growth impediments, the Old City's pattern of dense settlement and scarcity of land make it difficult to undertake any construction. A good deal of the area's uses is dedicated to religious activity and 10 percent of its ratable property is reserved for prayer. Existing retail trade and office use have declined, and the population is largely impoverished.

Table 2 compares selected economic sectors within the Old City during 1998 and 2002. The table displays these sectors in terms of units conducting the activity, space used, and employees hired. Understandably, the absolute numbers are small so relatively minor changes will cause large percentages to climb or drop. Nevertheless, one can see that while the Old City thrived in 1998, by the year 2002 it was in substantial decline. Some sectors like banking and industry were hit harder than others, but the fall is fairly consistent across this tiny economy.

The Old City's decline since Al Aqsa is hardly surprising and in many ways it magnifies problems within the rest of Jerusalem. But there is one substantial difference. Most of Jerusalem's Jewish neighborhoods are still connected with one another. By comparison, the Old City is disconnected and isolated, and the fear of terror has distanced it from other neighborhoods. As we shall see this is also true of East Jerusalem, though its changes are compounded by the construction of the separation barrier.

Table 2

Units, Land Use and Employment in the Old City: 1998-2002

Landuse	1998 Units Square Meters Employees	2002 Units Square Meters Employees	Growth/ Fall	Percentage Growth/Fall
Residential	5,671 255,824 32,488	5,714 257,752 33,542	43 1,928 1,054	0.70 0.75 3.20
Commerce	984 22,249 1,484	778 19,653 1279	-206 -864 -205	-20.90 -11.60 -13.80
Office	732 18,260 913	648 17,396 882	-48 -894 -31	-6.55 -4.89 -3.39
Banking	2 256 24	1 171 17	-1 -85 -7	-50.00 -33.00 -29.00
Light Industry	195 8,521 427	144 7,707 390	-51 -814 -37	-26.00 -9.50 -8.60
Industry	5 1,321 66	3 99 5	-2 -1,222 -61	-40.00 -92.00 -92.00
Education	49 29,099 856	48 25,961 769	-1 -3,138 -87	-2.00 -10.70 -10.10
Institute	84 33,839 1692	74 32,739 1642	-10 -1,100 -50	-11.90 -3.25 -2.95
Prayer	74 32,498 146	42 22,256 84	-32 -10,242 -62	-43.00 -31.00 -42.00

Source: Department of Planning Policy and Research, Office of the City Engineer, Jerusalem, 2004.

4 East Jerusalem: A Changing Topography

Introduction

Israelis regard the security barrier as a costly but beneficial and necessary mega-project. On the benefit side, they point to the sharp reduction in attacks as the barrier is erected, saving lives and avoiding many more serious injuries. The reduction in terror is, indeed, striking. From the peak year of 2002, the incidence of attacks and the rate of casualties in Jerusalem have steadily fallen. Toward the end of 2004 the number of assaults continued to drop and casualties were down by 83 percent. While we cannot be sure how long this reduction will last, and while we cannot factor out the effect of any single measure (much of the drop may be due to military actions and intelligence successes), the total effect is impressive.

The costs—both monetary and human—are also large. The barrier has deeply affected property values and daily life in Arab neighborhoods of East Jerusalem. Increasing constraints on the mobility of Arab residents in the Jerusalem area have changed the relative attractiveness and accessibility of Arab neighborhoods within and adjacent to the municipal boundaries neighborhoods, to the point where, today, as the barrier is being completed, we can speak of a radically new human topography.

Increasing restrictions on Arab movement and residency have gradually changed the accessibility and desirability of various areas. These changes, together with the construction of new road infrastructure to Jewish neighborhoods, have radically reconfigured the use of space—opening up Jerusalem's space for some Israelis and closing it off for some Arabs. We can therefore speak of a reconfigured human topology

where city centers have become peripheries, thoroughfares have been closed off, adjacent neighborhoods have become more distant from one another, while some neighborhoods have been brought closer to Jerusalem, at least psychologically.

Change on the Municipal Edge

Arab neighborhoods just outside the municipal area of Jerusalem experienced considerable growth in the 1980s and early 1990s, and small agricultural villages were expanded and transformed to functional neighborhoods of Jerusalem. Many Arabs who were Jerusalem residents chose to migrate to these same circumferential neighborhoods, outside of Jerusalem's municipal boundaries. This was, in part, due to the *push* of increased crowding and land prices in the municipal area, with its growing populations and restrictive planning, which limited the amount of development that could take place in Arab neighborhoods. Additionally, there was the *pull* of cheaper land, of faster and cheaper—sometimes non-existent—planning approval procedures, and lower municipal taxes outside the municipal area. Thus, the initial fees for building permits, and water and electricity hookups might be over 150,000 NIS within a Jerusalem neighborhood, and only a few thousand NIS in an adjacent neighborhood, immediately outside the municipal boundaries. With levels of infrastructure and services in Arab neighborhoods within the city quite low, almost on par with the extra-municipal counterparts, the choice was clear. Arab Jerusalemites could greatly increase the quality of their residence through buying or renting property outside the municipal boundaries, while still working in Jerusalem, and enjoying its health and educational services. This arrangement was not unlike the suburbanization of Jewish Jerusalemites to satellite neighborhoods around the city.

Arab "suburbanization," however, was predicated on easy mobility across the municipal and territorial boundaries. Beginning with the Gulf War

and the onset of suicide bombings, Israeli closures and checkpoints began to hamper movement of Arab Jerusalemites. Between late 2000 and 2002, the barrier moved from speculation to construction. This signaled more clearly than anything preceding it, those areas Israel was committed to hold onto or give up, and how avenues of mobility might be lost or created.

Changing Neighborhoods on the Outside of the Barrier

With people already leaving areas immediately outside the barrier, there have been sharp drops in sale prices and rentals in places where the barrier has already been built, or is anticipated.[6] Most of the estimates suggest that the average drop is in the 45 percent to 50 percent range—much of it due to the recent separation barrier, and some due to earlier mobility restrictions and to the general economic slump. For example, in Al Eizariya, a 120 square meter house on a main street was estimated to have dropped in value from $56,000 to $28,000 (40,000 Dinar to 20,000 Dinar), and another from $77,000 to $35,000 (55,000 to 25,000 Dinar). In Al Ram, which at the time of the interviews was regarded by all as "waiting for the wall," a shop that would have sold for $100,000 may now be offered for $50-60,000 and is unlikely to find a buyer; an apartment that sold for $60-70,000 would now be between $30-40,000; and a the value of a one-dunam plot on a main street has dropped from $140,000 to $70,000 (100,000 to 50,000 JD). Rentals in good areas in Al Eizariya (typically the more accessible areas in the neighborhood) have dropped from $560 a month to $280 (400 JD to 200 JD), and in less accessible areas, where rents were $210 a month in good times, they have dropped to $140 or even $100 a month. Similar phenomena are common in other areas outside the barrier. [7]

Several things should be noted in the areas left outside the barrier. One is that despite the low prices, few people are buying, except for some speculation from wealthier Jerusalem and West Bank purchasers, who are taking advantage of what they see to be an exceptional opportunity to buy extremely discounted properties. Secondly, some rents are dropping so low that they do not justify the maintenance costs of a house with tenants, so that many homeowners are choosing to let their houses stand empty. "At first I rented my place to eight girls who were studying in college," said one owner who had moved back into the municipal boundaries, "but for less than 100 JD [$140] a month a single burst pipe could wipe out

half a year's rent. So now I let my house stand closed up." Another person, for example, told of having built a ten-story apartment building only two years ago, on his parents' land in northern Al Ram, with one floor intended for each family within the extended family. However, since all the family members have Jerusalem residency permits, they have remained within or relocated to the municipal boundaries. Only the parents reside on the bottom floor, with the remaining nine floors of the new building remaining empty. Third, there have been a series of incidents in which apartments have been repossessed because their buyers have not been able to keep up their payments.

Fourth, there is still some influx into the large and formerly thriving neighborhood of Al Ram which is outside the barrier, and possibly in other extra-municipal villages that offer work. People who come to work from the surrounding villages (Bidu, Ketana, Kubeibe) have had their 15-minute commute lengthened to between two and three hours, on the one hand, while on the other they have much reduced rentals available to them in Al Ram itself. As a result, they have rented apartments in Al Ram, and left their own houses in their villages locked and empty.

Fifth, as motivated as they are to return to the Israeli side of the barrier, many, indeed, perhaps most of the Jerusalem residency permits holders who relocated outside municipal boundaries will now be unable to return to within the barrier. Relocating back "in" will be difficult. Those who moved out tended to not own land within the barrier and their earnings were low enough so that the cheaper extra-municipal areas appealed to them, despite the disadvantages. Renters will not be able to afford the higher rents, and property owners, who have all their savings tied up in a massively devalued property outside the barrier, will be unable to start paying rent when they can neither rent out their own property, nor sell it for anything close to the price of even an inferior property within the barrier.

Finally, the constrained movement of Arabs within the Palestinian areas has led to a localization of activity in all spheres—"each village has become a state," in the words of one interviewee in Al Ram. Thus companies that had one or two large shops in the main commercial areas are planning to open smaller shops in several smaller neighborhoods, as a way of surviving the period of reduced movement. Some functions, such as clinics, schools, and graveyards, depend on economies of scale, and cannot be decentralized. In Al Ram, for example, the dead used to be buried in the Old City, which now lies across a very congested checkpoint, so the bodies are kept in the freezer at the local hospital, until such time as transport can be arranged.

Economic activity in areas outside the barrier is very depressed. For example, in an elegant shop for electrical appliances in one formerly thriving area, now outside the barrier, only half of the fluorescent lights were on, and only a few of the bank of televisions usually on display were operating, in order to save electricity. Staff are encouraged to take unpaid holidays, and all overtime has been eliminated. Profit margins have been reduced, and people are now buying for price, not quality.

In the smaller, more distant, and more obstructed neighborhoods outside the barrier, such as Sheikh Sa'ad, for example, the condition is more extreme. Most of the estimated 60 percent of people in this neighborhood who hold a Jerusalem residency permit have relocated back inside the barrier, while the West Bank residents who used to live in this neighborhood in order to work in nearby Jerusalem have also returned to their original villages. The population now consists, almost entirely, of the original residents, and their unemployment rates are quite high. Of the over 40 shops that used to operate in the neighborhood, only eight remain open, and one person estimated that about half of the houses now stand unoccupied.

Kfar Akab is an exceptional case of a neighborhood that has been excluded from Jerusalem by two checkpoints although it officially lies

within the Jerusalem's municipal area at its northernmost limit. This used to be a prime location—accessible to both Jerusalem and Ramallah, with large attractive houses—but in interviews it was mentioned consistently as an extremely undesirable place to live, and property values have plummeted. "Going into Jerusalem now is like an overseas expedition," said one interviewee. "It should take 10 minutes but it is easily two hours now, sometimes over circuitous back ways [to bypass checkpoints], and your travel is completely unreliable. Your children have to leave home at 6 in the morning, like construction workers, to reach their school a mile or two away at 8 a.m."

The processes discussed entail both substantial relocation and loss for Palestinian individuals and the economy as a whole. A rough estimate was attempted of the overall value lost up to this point in the neighborhoods outside the barrier. The result, discussed in the concluding section of this report, exceeded $400 million over the last year or two.

Changing Neighborhoods Inside the Barrier

On the inside of the barrier, the escalation in property values has been significant, but not quite as sharp as the price drops outside the barrier. In Beit Hanina, for example, the increase has been estimated as between 15 percent and 35 percent and there are some reports of larger increases in apartment sale prices, of up to 45 percent in Ras Al Amoud.

Because Beit Hanina is already an expensive neighborhood, the effects of the increase in rental and sale prices are quite marked.[8] Tenants, faced at their lease renewal with a typical rise from 500 to 650 dollars a month, are being priced out of Beit Hanina and relocating to other, cheaper, Arab neighborhoods within Jerusalem (movement c in diagram 3C). Most commercial land uses (garages and workshops, for example) are unsupportable at these rental levels, and have relocated into Jewish neighborhoods, such as the Talpiot industrial area. There has even been

some rare residential relocation into adjacent Jewish neighborhoods such as Pisgat Ze'ev. The latter, of course, is marked by considerable uneasiness: “where you choose to live is not like renting a shop: you want to say hello to your neighbor, to feel comfortable on your street, to have your children play there,” in the words of one interviewee.

The prices in Beit Hanina began to rise with the imposition of the Qalandiya checkpoints, as those who could do so started to relocate the kilometer or two inwards. A year ago, when talk of the barrier was quite serious, the prices “went crazy,” according to local residents. The scarcity of land and its high price, combined with the prevalence of absentee owners, have prompted several disturbing phenomena in the neighborhood. In some prominent cases, the local underworld has become involved in real estate development, and apartment blocks have been constructed and sold on land that is not owned by the seller, but has been taken over from an absentee landlord through stealth, force or through forged title deeds. “Someone will come back from America and find an apartment block with twenty tenant families on his land,” said one observer. “Try telling twenty families that the person who sold them their apartments, and who has now disappeared, was not the real owner!” And, because construction permits are scarcely granted by the Jerusalem Municipality in East Jerusalem, legal construction is also quite limited, with much of the new construction being illegal and unplanned. Land densities are rising in built-up areas, though this is sometimes in a chaotic manner, with impacts on the quality of life in these areas. Infrastructure is not equipped to handle the new loads. At the same time, the remaining open space adjacent to the neighborhood, for example, in the Ashkaria area to the West of Beit Hanina, is rapidly being developed, and price rises there are large.

Prices rises in Beit Hanina, however, are beginning to level off as a new supply of housing reaches the market, and also because of the inhibiting effect on sales of the uncertainty associated with illegal construction and improper ownership claims. In fact, in July of 2004, the Jerusalem

municipality began placing notices in the Arab daily press warning potential buyers that certain buildings (whose location and photo were published along with the notice) were illegal and about to be destroyed.

5 Reconfiguration and Investment in the Aftermath of the Barrier

The re-topology of Arab neighborhoods in East Jerusalem took hold as the construction of the barrier became a reality. This consists of radical changes in the access, valuations, and functioning of the urban landscape. Arab residents have also seen alterations in traffic, relocation of residents both within and outside the barrier and often chaotic development pressures. Several features of the post-barrier metropolitan landscape can be noted.

There are estimated to be well over 100,000 Arabs who hold Jerusalem residency permits, yet reside in neighborhoods outside Jerusalem's municipal areas—areas that will remain outside the separation barrier. While tens of thousands have already moved inside the barrier, many others are still waiting to see the status of its construction and arrangements for passage. Potentially, therefore, a further influx could accompany an additional tightening of the barrier. This could constitute a major source of pressure on a community already experiencing high housing prices, too few prospects for new housing and poverty.

Even if many people are able to relocate inwards, there will be a large group of Jerusalem residency permit holders who will inevitably relinquish their link with Jerusalem. For example, two knowledgeable officials in the Al Ram and Beit Hanina areas estimated that up to 70 percent of the residents of Al Ram, now outside the barrier, hold a Jerusalem residency permit, as do 40 percent of the inhabitants of Dir Nabala. Only an estimated 20 to 30 percent of these people—the

wealthiest—will be able to relocate inside the barrier before it is completed.

The barrier has also brought a change in people's investment map of the city. Expectations about monetary gains and losses are sharply divided. In our interviews we asked shop-owners to rank the investment potential of several neighborhoods as (1) extremely desirable, (2) desirable, (3) undesirable, and (4) extremely undesirable. The responses of those holding Jerusalem residency permits and those who did not radically diverged. Thus, the investment value of areas in the Palestinian towns that "outsiders" ranked as quite high (Ramallah or Beit Jallah) was ranked very low—indeed sometimes elicited loud laughs—from "insiders." At the same time, "outsiders" ranked as low the value of areas they could not reach, and to which municipal taxes apply, even though the prices in these areas are high and rising. These "outsiders" are already seeing their opportunities as lying within the Palestinian Authority, and are scarcely relating to Jerusalem as the magnet and center it once constituted for them. In other words, space has been split into two, in terms not only of daily life and access, but in terms of the horizons of expectations and affiliation of the two groups.

In summarizing the effects of the barrier, it is fair to say that for its Arab residents, in reality much of Jerusalem no longer functions as a metropolitan area. The question becomes whether all of Jerusalem's residents will be able to reintegrate themselves into new and satisfying forms of metropolitan life, or whether they will remain in neighborhoods that have become, essentially, de-urbanized, fragmented, and impoverished.

Ethnic tensions and fear of terror over the last few years have lessened even the tenuous forms of integration between Arab and Jew in Jerusalem that were possible since 1967. A sense of alienation has affected both populations. Jewish residents, for example, no longer frequent the Arab neighborhood of Wadi Joz to repair their cars in anything like the same

volumes as before, and they remain apprehensive about planted bombs or suicide attacks in malls, buses, university cafeterias and other public spaces. By the same token, Arabs feel less comfortable in malls, downtown shops, on public transport, and even on the college campus. If these circumstances continue, a larger multi-ethnic metropolitan area will be far less tenable. If, as a result of the barrier, ethnic tensions subside and the feeling of safety increases, Jerusalem might have another chance at becoming a multi-ethnic and tolerant city.

Benefits and Costs

Given Israeli fears, the barrier has a kind of inevitability to it. It is hard to discuss its benefits and costs, since the decision to construct it was more impulsive than a systematic weighing of the impacts and implications—especially in urban terms. It is also difficult to weigh costs and benefits of a unilateral action. It may well be that the same action, carried out bilaterally, would carry a significantly different valence for Palestinians than a project imposed upon them. Despite these qualifications, however, we can point, in this section, to some of the potential pros and cons, and in our conclusions point to some of the salient challenges that need to be met by a national policy for reconstructing Jerusalem**.**

For Israeli Jerusalemites a clear and overriding benefit would seem to be the reduction of terror attacks. The statistics clearly point to a reduction in terror over the period in which the fence began to take shape: American sources such as the RAND Corporation's extensive files located in Santa Monica, California as well as Israeli sources collected by the Institute for Counter Terrorism in Herzliya and careful work on the subject done at the National Security Studies Center at the University of Haifa all point to reductions in the annual casualties. During the peak of Al Aqsa violence in 2002, 88 people were killed compared to 21 during this current year, amounting to a reduction of 76 percent. During these

same periods the number of those injured fell from 750 to 125, amounting to a reduction of 83 percent. All told the casualties were dramatically reduced. Whether due to the barrier itself or other measures that have been used in conjunction with it, it is noteworthy that attacks incurred since the (partial) construction of the barrier are fewer and farther between, thereby suggesting that the horrific pattern of suicide attacks has been broken. The barrier's immediate deterrent effect is palpable, and officials can point to multiple cases where it has either thwarted attacks or substantially reduced their severity.

These results must be qualified, however. First, many stratagems have been employed to prevent terror, ranging from carefully monitoring buses, to barriering large parts of the city, to direct military action in the territories, to a vastly enhanced intelligence operation including a network of Palestinian informants, and widespread surveillance in public places. Given the diversity and extensiveness of protections, it is difficult to factor out exactly what measure or combination of efforts account for the decline in terror. It is not unreasonable, however, to assume that the barrier has raised the threshold of effort required for terrorist infiltration into Jerusalem. Second, while the existence of barrier, coupled with other measures, has shown a strong immediate deterrence, it will take some time to ascertain the long term effects of these protections. There is little doubt that terrorists will try to find ways to go underneath, over or around Jerusalem's barriers, though how effective these countermeasures will be remains to be seen.

Another potential advantage of the barrier may be its capacity to clarify the murky situation of Jerusalem. It could define the city's limits and inhabitants, on the one hand, and the outer reaches of Israel's rule and incursions on the other. In this way, it could help stabilize the confusion and precariousness of urban life and governance in Jerusalem. And the cut from dependence on Jerusalem could revitalize urban foci within other Palestinians areas. Cities like Jenin and Ramallah have now become targets of re-construction and beneficiaries of commercial investment.

Parts of Jenin that were razed during Operation Defensive Shield have been rebuilt and marketplaces once again are functioning. Ramallah's profile as a political and media center has taken on an air of permanency. Its political metamorphosis has been accompanied by a return of commercial activity. Ramallah now serves the district's 220,000 residents. While not a desirable outcome overall, the growth of these alternative urban centers may defuse political tensions somewhat and provide an economic boost for these new centers.

Assessing the real costs of the barrier is more complex. The actual costs of construction are estimated at $4.7 million per kilometer (21.3 million NIS) and the estimated cost for 64 kilometers of the Jerusalem portion will be $300 million (13.6 billion NIS). Given our earlier observation that terror has cost the Jerusalem economy more than $700 million during a three year period one can assume that in less than two years the barrier will have paid for itself from the Israeli point of view. Nevertheless, the social costs to the Israeli public are quite immediate. In a country where more than 17 percent of the population is below the poverty line and a city where more than 40 percent of Jews and Arabs fall below the poverty line, these actual expenditures could do a great deal of good elsewhere.

On the Palestinian side, the processes discussed constitute both a massive relocation of value away from and a loss of value for Palestinian individuals and the Palestinian economy. For example, a very crude estimate was attempted of the overall value lost up to this point in the neighborhoods outside the barrier.[9] The result was just over 400 million dollars of depreciation outside the separation barrier in the last year or two.[10] Beyond these monetary losses, there are, of course, great human costs, such as those due to separated families and the denial of access to a traditional religious and cultural center.

Further, both functionally and esthetically barriers are bad for cities. Functionally, barriers diminish a city's competitive advantage for unifying labor markets, clustering complementary industries and

incubating innovations. While it is difficult to place an absolute value on these impediments to interaction, they undoubtedly affect the capacity of the city to thrive and serve as a grand marketplace. Esthetics also must count in any calculation of costs and represents a portion of the social balance sheet. And here there is no doubting that the barrier defaces the Jerusalem landscape. In some parts large slabs of concrete cut through an intricate and finely woven urban fabric. In other sections fencing interrupts the vista of the Judean Hills, marring its exquisite features.

Less tangibly but no less important, barriers are warnings and they often warn both sides—causing obstacles for terrorists but instilling apprehension in ordinary citizens. It is then a paradox that the more people secure themselves against attack the less secure they may actually feel in other ways and at other times. Human apprehension may not be immediately apparent but it manifests itself in behavior (suspicion, immobility, mistaken cues) and this engenders long-term psychological costs. Fear is the enemy of urban life because it stops crowds from gathering, prevents people from mixing, and stifles people from freely moving about. Moreover, the barriering of Jerusalem—both internally and at its periphery—accentuates the sheer juxtaposition of two hostile populations. While this may be a reflection of reality and while it entails some short-term amelioration, the long term effects are far more negative. In the next section we recapitulate some of these effects and call for measures designed to deal with them.

Conclusions: Recovery from Urban Trauma

In examining the progression of events over the last decade or so we find ourselves at a decisive point in the city's history. Wittingly or not, Jerusalem has begun to redefine itself. The twin traumas of terror and barriering have radically altered the city's topology. The shifting of Israeli private investment to the coastal plain, the de-centering of the city, and the separation of Arab neighborhoods within the city from their broader metropolitan context are distinct signs of a city in need of immediate attention. All this is compounded by a rim of de-urbanized Arab villages lying at the city's periphery that are virtually isolated and forced to function under a great deal of social stress. With the removal of the outlet of peripheral Arab neighborhoods for residence, land and housing prices will continue to rise, out of reach of many. This could lead to housing shortages and a class-specific migration from Jerusalem to the Palestinian areas and places within Israel. More importantly, the long-range prognosis tells us that this condition is not self adjusting—it will not find a reasonable equilibrium—and it will require a pro-active strategic outlook to cope with a worsening state of affairs. In the absence of a resurgence of investment coupled with a mutually tolerant pluralism, we could find Jerusalem lapsing into a nether-land that gradually becomes more intractable. The choice between doing something or doing nothing is clear. Jerusalem can either allow its changing topology to govern its evolution or it can proactively govern its evolution by properly adjusting to its new topology.

Like it or not, a complexity of events continues to shift the center of the region's social, economic and political gravity. The region's institutions

and its citizenry are confronted with a number of “givens” that should be understood and addressed in a strategic context. As urbanists we are committed to Jerusalem as a city, and in many respects we see it as any other great city in the world. We also know there are traits that work toward making cities viable and traits that work against that viability. Our distinct preferences are for the normalization of Jerusalem and for a functionally coherent space.

While it is beyond the scope of this paper to offer specific recommendations, we do see a need to point up the nature of the problem and adumbrate possible strategic directions.

In spatial terms Jerusalem’s trauma hinges on two vital factors. The first, already discussed at length, concerns the lack of linkage between different sections of the city. The issue of forging some kind of connectivity between different communities is readily reflected in the sheer fragmentation and inchoate topography of the city. The second lies in the physical absence of a common space which all communities find acceptable and through which they find common citizenship. This lack of a common space for all of Jerusalem’s publics touches the very heart of the city and harkens back to the ancient idea of an agora or public center.

It is this absence of a common center (found in so many of today’s downtowns, “walled cities” or pedestrian malls) that so completely distinguishes Jerusalem from its counterparts in other parts of the world. While it is not uncommon for other similarly sized, great cities to be lacking in neighborhood connectivity—and like Jerusalem they too may be ridden by deep socio-economic rifts—most cities do in fact possess common spaces that nurture a common identity. Great cities are by nature cosmopolitan, diverse and characterized by ethnic or national cleavages. Very different social classes may reside in mutually inaccessible neighborhoods at opposite ends of the city, they may be marked by radically disparate incomes, they may find themselves ensconced within entirely dissimilar social networks and they may speak altogether

different languages, but the cities which they inhabit possess a single saving grace, namely the manifold presence of common terrain through which diverse elements freely interact. Jerusalem holds no such equivalent capable of transcending differences, of providing a space where differences can be respected and ultimately fostering a nub of a common urban identity.

Again, while Jerusalem's inchoate body politic may have come into existence decades ago, the traumas of terror and barriering have further opened its wounds. In a real sense the events stemming from Al Aqsa's violence have brought these issues to the fore, and it is time that steps be taken for some resolution. Our call then is for the creation of a national urban rehabilitation program focused on Jerusalem. A program of this kind should deal with the consequences of Jerusalem's changed topology that include step by step efforts to de-barrier the city, invest in neighborhoods struck by terror and create common spaces through which commercial and other ties between Arabs and Jews can be fostered. A national program also should find ways to enlarge the autonomy of Arab neighborhoods located within a newly reconfigured Jerusalem while also enabling Arab neighborhoods outside of Jerusalem to connect to natural markets, social networks and political institutions in Palestinian areas.

While this situation is fraught with complexities, a single principle stands in sharp relief and should serve as a guide for any program. Formal incorporation into a newly constituted Jerusalem requires real inclusion of all its residents. The spatial, psychological and political barriers of a traumatized Jerusalem are in urgent need of being addressed—perhaps not in a single swoop but surely as a long-term, deliberate and serious strategy.

Endnotes

1 The authors are grateful to Dima Halawani, who assisted Yaakov Garb in conducting many of the interviews, and to the Brown and Williamson Endowment Fund at the University of Louisville for enabling us to secure research assistance.

2 See N. Shragai, “Who by Fire, Who by Sword, Who by Beast”, *Haaretz*, September 17, 2002.

3 Center for the Study of National Security, University of Haifa, *The National Resilience Project*, 2004.

4 For a general analysis of the economic consequences of terror see Jose Tavares, “The Open Society Assesses its Enemies: Shocks, Disasters and Terrorist Attacks,” Unpublished paper presented at the Carnegie-Rochester Conference on Public Policy, November 21-22, 2003. For a more specific analysis of the Israeli case see, Zvi Eckstein and Daniel Tsiddon, “Macroeconomic Consequences of Terror: Theory and the Case of Israel." Unpublished paper presented at the Carnegie-Rochester Conference on Public Policy, November 21-22, 2003.

5 See Daniel Felsenstein and Shlomo Hazam, “The Effects of Terror on House Prices in Jerusalem”. Institute for Urban and Regional Studies, The Hebrew University of Jerusalem, Unpublished Manuscript.

6 The descriptions that follow of changes in property values and rental prices are based on a series of interviews conducted in East Jerusalem, inside and outside the barrier. Almost all interviewees could report on some price changes, and many were able to complete a table comparing price changes for rental and purchase of both shops and houses. Because of the difficult interviewing

conditions and the sensitivity of the topic, this study should be regarded as an initial, yet fairly robust, reconnaissance, which could be extended and firmed up by more systematic studies in the future. Central repositories of real estate transaction do not exist, of course, and real estate agents, who might have a much more comprehensive and solid overview of the market, are relied on far less than in Western Jerusalem.

It was not always clear whether sale prices given in interviews were based on actual sales or on asking prices – most often the latter since a paucity of sales; inside the separation barrier, especially in areas close to the Old City (Mount of Olives, for example), people report being unwilling to sell at any price; and in the areas detrimentally affected because they are outside the barrier, it is hard to find a buyer, even at drastically reduced prices.

Rental prices tended to be based on actual transactions to a greater extent. It is important to note, however, that there is a time lag in the rise of rental prices, as these are only raised at the time of a lease renewal, and even then owners are reluctant to ask continuing tenants for an increase to the full extent of the difference between past prices and the strongly increased market values.

7 Note that Palestinians and Israelis transpose “inside” and “outside,” which can cause some confusion in interviewing. We use “inside” the barrier to mean the Israeli side and “outside” to mean the Palestinian Authority side.

8 Prices are buoyed up by the longstanding link with former residents now living in the U.S., and many expatriates and other international agency officials.

9 This drew on an average of the minimum and maximum estimated percentage loss in sale value of three kinds (shops, apartments, and undeveloped land): 43%. The absolute loss was similarly derived from the average of minimum and maximum estimated prior absolute value for each type of property. The number of properties in each of the three categories was derived from by assuming a sharply declining size distribution for each type of property, ranging from the largest neighborhoods (Al Ram) to the smallest (Sheikh

Sa'ad). The total value was derived from multiplying the average absolute loss by the total number of properties for each property type, and then summing these three types.

10 Of course, there is a great deal of refinement that can be made to this number, but it would seem to be a fairly robust order-of-magnitude first estimate. There are convincing reasons for adjusting this figure upward or downward. It could be argued that prices will rebound, as markets adjust to this initial blow, and that at least some of this value was not lost but simply relocated to Arab areas on the Israeli side of the barrier, where prices have risen by some 15-35%. At the same time, prices may drop yet further. And, for the Palestinian economy, as well as for the families that own or sell devalued properties, the value has truly disappeared.