

The Applied Research Institute – Jerusalem (ARIJ)

Report On:

Internal Closure and the West Bank Labor Market

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Contents

- 1. Introduction**
- 2. Internal Closure**
- 3. Impact of the Internal Closure Regime**
 - i. Direct Impact**
 - ii. Indirect Impact**
 - iii. Employment Status**
 - iv. Wages**
 - v. Labor Supply**
- 4. Results**
- 5. Responding to Israeli Claims**
- 6. Conclusion**



Abstract

Mobility restrictions imposed by Israel have become the prevailing reality in the West Bank, serving as an omnipresent reminder of the comprehensive web of control that the Government of Israel (GoI) maintains over the occupied Palestinian territories (oPt). Not only do restrictions on the mobility of goods and people disrupt the everyday lives of Palestinians, they also have a profound and adverse impact on the entire Palestinian economy. To understand how these infractions directly affect the welfare of the Palestinian labor force it is important to gain an appreciation of the role that checkpoints and other physical obstacles play in determining economic outcomes for Palestinians in the West Bank. This report seeks to demonstrate the impact that the internal closure regime has upon labor market outcomes – employment status, hourly wage, and labor supply – in the West Bank.ⁱ

A conservative calculation of the impact of physical barriers in 2007 suggests that they were responsible for a decrease in the probability of being employed by 0.72 per cent, for a reduction in the hourly wage by 6.1%, and for a decrease in working days by 2.2%. These effects translate into a staggering cost of approximately USD223 million in 2007, equivalent to approximately 6% of the Palestinian GDP for that year.¹ Upon critical reflection, it is difficult to reconcile Israeli justifications of internal closure as a security mechanism with the situation on the ground in the oPt. The flaws of this argument become further apparent when the internal closure regime is analyzed through the lens of human rights and international law. An understanding of the negative effects of closure on Palestinian labor market outcomes and livelihoods, as well as the questionable role this regime plays in ensuring security, serves to highlight the critical importance of bringing an end to internal closure, in order to allow Palestine a genuine opportunity to realize its current and future economic performance and potential.

ⁱ The measurement of these labor-market outcomes is drawn from the valuable work of Massimiliano Cali and Sami H. Miaari in their article *The labour market impact of mobility restrictions: Evidence from the West Bank*

ⁱⁱ OCHA oPt reports that from mid-August 2012, all Palestinian vehicles have allowed access at Hammra and Tayasir, although search procedures remain in place. At the time of writing it was unknown whether this change was permanent or not. The lack of certainty often results in



1. Introduction

Conflict is understood to have a profound effect on the economic prosperity of the countries and regions that it affects, and the negative impact of military occupation and conflict on the Palestinian economy is no exception.² One critical way in which conflict can harm economic performance is through constraints on the mobility of goods and workers – eventuating as both an indirect offshoot of conflict, and due to deliberate policies by conflict parties. Palestine, under Israeli occupation, is subject to one of the world’s most notorious and stringent systems of mobility restriction. Although certain restrictions on movement have existed since the beginning of Israeli occupation, at the outbreak of the first Intifada Israel initiated a closure regime against the oPt, citing security concerns as justification for restricting the movement of goods and people both into Israel and within the oPt. Closure expanded dramatically and in an unprecedented manner during the second Intifada, and to this day the oPt suffers sweeping restrictions on the freedom of movement.

That Israel stringently controls the movement of Palestinians from the West Bank into Israel and annexed East Jerusalem is both well known and roundly decried.³ The segregation wall, which Israel began to construct in 2002, has become synonymous with this system of control. In the past decade it has become emblematic of the external closure regime that Israel imposes on Palestinians – despite the fact that this construction significantly deviates from the Green Line, often encroaching far into Palestinian land.

Less widely recognized and understood, however, is the extent to which Israel imposes internal mobility restrictions *inside* the West Bank, preventing the free movement of Palestinians within the oPt. This is not simply a security-centered border policy designed to restrict Palestinian access into Israeli territory. Rather, it is a comprehensive and multifaceted regime of closure, reaching deep into the Palestinian territory of the West Bank and suffocating the social, cultural and economic life of Palestinians. Known as “internal closure,” these mobility restrictions assume many forms, ranging from earth-mounds, trenches, and restricted access roads, to fixed and partial checkpoints, flying checkpoints, and agricultural gates. According to the UN Office for the Coordination of Humanitarian Affairs (OCHA) oPt, there were 542 physical obstacles obstructing the free-flow of goods and people within the West Bank by the end of June 2012.⁴ The internal closure regime is particularly problematic, due not only to the obstacles it imposes on everyday Palestinian social and economic life, but also due to the questionable rationale that Israel offers for the continued existence of internal closure. This report, therefore, tackles the subject of internal closure, applying an economic lens to consider the manner in which checkpoints and other mobility restrictions affect three labor market outcomes – employment status, hourly wage, and labor supply. In light of the effect of these restrictions on the economy, it is important to consider their usage within the framework of security considerations, which Israel argues is their sole justification. To do so casts serious doubt on such claims, and



highlights the way in which internal closure is wielded as a tool by Israel to strengthen its geostrategic position within the oPt.

2. Internal Closure

Physical barriers to regulate and restrict the transportation of people and goods between towns and villages inside the West Bank are a component of the broader “closure regime” which Israel has imposed upon the oPt. The closure regime was radically intensified following the outbreak of the second Intifada and justified by Israel as a temporary measure employed in the interests of security. However, although the security situation within the oPt has significantly improved in terms of violence perpetrated by Palestinians,⁵ there has not been a reciprocal easing in the restrictive measures Israel has employed to control movement within the oPt.

Mobility restrictions are enforced through a web of manned and unmanned physical barriers placed by the Israeli army on roads as well as at the entrance of villages, towns, and cities in the West Bank. Physical barriers assume a variety of forms. Checkpoints, which have become a symbol of the occupation, are defined by OCHA oPt as “composed of two elements - an infrastructure which impedes vehicular and pedestrian traffic and permanent presence of Israeli security personnel (e.g. the IDF, the Border Police, the civil Police, [or] a private security company). Security personnel usually check the documentation of persons crossing the checkpoint and conduct searches on their vehicles and their belongings”⁶ These, supplemented by partial checkpoints (those only manned during certain hours), usually control the access to main roads, whilst roadblocks, earth mounds, flying checkpoints, road gates, barrier gates and agricultural gates each complement checkpoints to create a far-reaching web of physical obstructions designed to control the flow of people and goods.

Data from OCHA oPt released in September 2012 reveals 542 physical obstructions such as roadblocks and checkpoints hindering Palestinian movement in the West Bank.⁷ This figure includes 61 permanently staffed checkpoints (excluding those on the Green Line), 25 partial checkpoints, and 436 unstaffed physical obstructions. Furthermore, this figure is somewhat misleading, as it does not include:

- Approximately 350 kilometers of the Segregation Wall constructed within the West Bank territory, blocking dozens of roads and paths to Palestinian land and communities
- 73 agricultural gates serving as access points to land isolated by the Segregation Wall
- 112 of the 123 physical obstacles deployed throughout the Israeli-controlled area of Hebron city (H2)
- Approximately 410 “flying checkpoints” deployed on average each month⁸

By the end of June 2012, sixty Palestinian communities – home to approximately 190 000 people – were forced to use detours of between two and five times longer than the direct route from their locale to the nearest city.⁹ Four out of six roads into the Jordan



Valley are not accessible to most Palestinian vehicles, and almost 94% of the Jordan Valley and Dead Sea areas are unavailable for Palestinian use, designated instead as closed military zones, nature reserves or settlement land.¹⁰ As these figures illustrate, the defining social and economic reality for Palestinians within the West Bank is one of closure and restriction. Not only are Israeli mobility policies separating Palestine from Israel; they are in fact separating Palestine from Palestine.

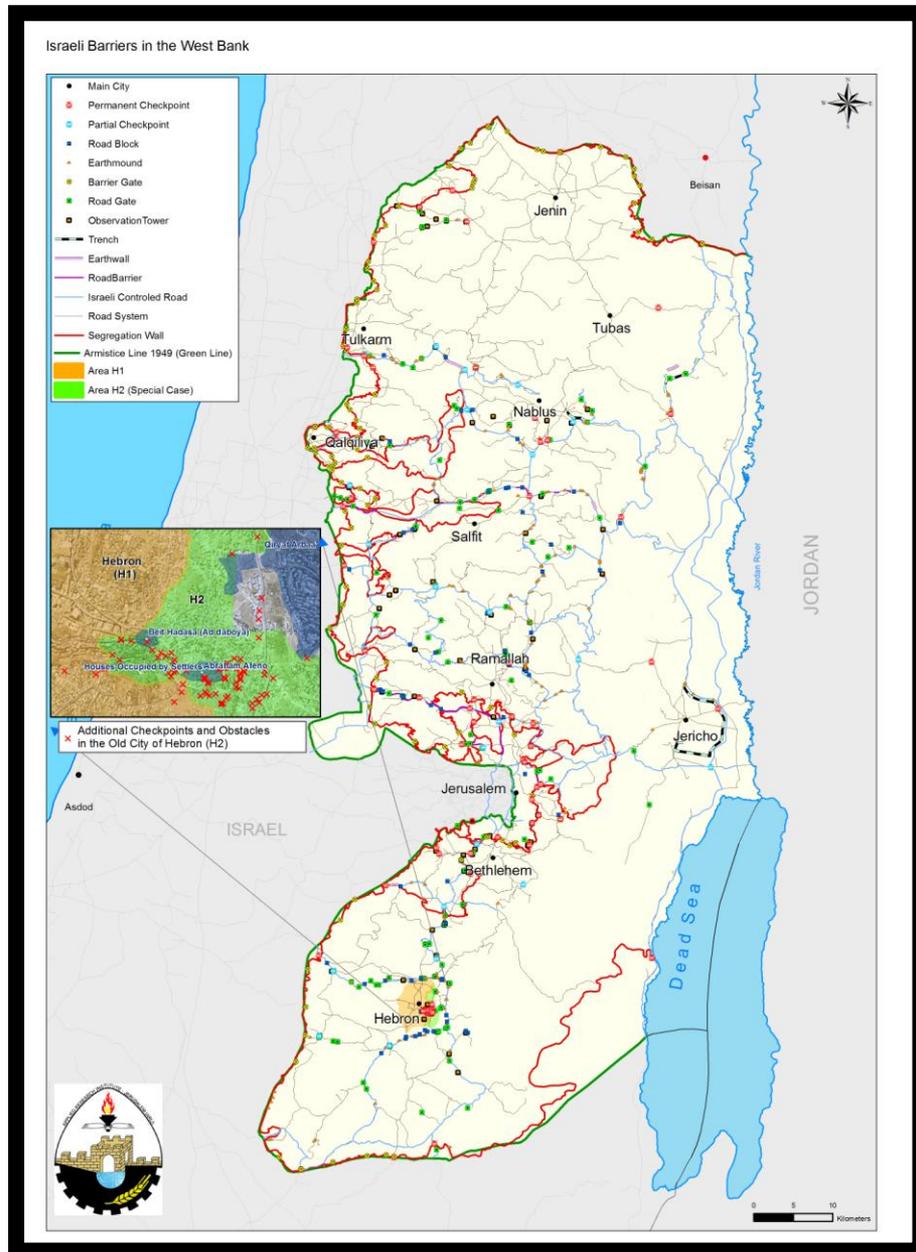


Figure 1: A map depicting the Israeli mobility restrictions in the West Bank

In many respects, the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip enabled the entrenchment of a closure regime that has gripped oPt to varying degrees since 1967. This interim agreement concluded that the newly demarcated occupied territory should – until final status was achieved – be divided into Areas “A,”



“B,” and “C,” with each area distinguished by a varying level of control held by the Israeli and Palestinian authorities respectively. Under Oslo, “areas of the West Bank outside Areas A and B, which, except for the issues that will be negotiated in the permanent Status negotiations, will be gradually transferred to Palestinian jurisdiction in accordance with this Agreement.”¹¹ Accordingly, Israel withdrew from lands classified as Area A, and the Palestinian National Authority (PNA) assumed control. Area A comprises the main urban populations of Palestine, including Nablus, Ramallah, Bethlehem and Jericho. In Area B, the PNA is accorded civil control but Israel continues to have overriding responsibility for security. Area C remains under the full control of Israel. Nearly two decades on, Oslo II is interim in name only. To this day, Israel retains Area C control over approximately 61 percent of the entire West Bank, a situation which has prompted the World Bank to attest that “the continued fragmentation of Area C (envisaged under the Oslo Accords as a temporary arrangement), poses a binding constraint to real economic growth, essential to support the future Palestinian state.”¹²

For analytical purposes, this report focuses on the physical obstructions that Israel has established within the West Bank. However, to all extents and purposes this is somewhat of an artificial distinction, as in reality internal physical closure can only be fully understood as one of many, interrelating, layers of control implemented by the occupation to create temporal dislocation and restricted mobility. Internal closure combines with external closures and bureaucratic regimes in order to fully entrench a sophisticated mechanism of movement control, which breeds uncertainty and heavily disrupts both economic activity and the social fabric of life.¹³

3. Impact of the Internal Closure Regime

Unsurprisingly, the movement restrictions that riddle the West Bank exert a heavy toll on Palestinian life, and the personal hardships these restrictions generate cannot be understated. From a purely economic perspective, the consequences of mobility restrictions are chilling – raising transportation costs and associated expenses, increasing inefficiency, and infusing economic activity with an overwhelming sense of unpredictability. As the World Bank states, “an economy cannot run effectively if there is significant uncertainty about the ability of workers to reach their jobs, of goods reaching their markets, and of entrepreneurs being present to manage their place of business.”¹⁴

The pernicious economic effect of internal closure on the Palestinian labor market can be empirically measured through a spatial analysis that compares the proximity of the barriers to individual workers, with resulting labor market outcomes.¹⁵ In a forthcoming article, Cali and Miaari measure the changes in an individual’s labor market outcomes (employment status, hourly wages, and labor supply) and compare these from one year to the next based on the changing intensity of the physical barriers they are exposed to within their locality. In order to measure the intensity of the closure regime for each individual, the authors identify time-varying measures of the proximity of physical barriers from the individual locality of residence, with these measures serving as proxies for this intensity of mobility restrictions imposed by the barriers. Not only does such analysis allow a quantifiable measure of the impact of physical closures on labor outcomes, but it also facilitates a more comprehensive understanding of the manner in which these closures govern economic performance.



The following section employs valuable research undertaken by Cali and Miaari in order to take a closer look at both the direct and indirect consequences of internal closure on the economic lives of Palestinians. Then, the effect of these direct and indirect consequences on three labor market outcomes – employment status, wages, and labor supply – are considered. By explicitly unpacking the specific channels through which mobility restrictions hinder a healthy labor market, the pressing need for these restrictions to be lifted becomes even more evident.

3.1 Direct impact

Internal closure transmits negative effects upon labor market outcomes through both direct and indirect channels. Directly, physical barriers impede the movement of labor within the West Bank – consequently retarding the ability of the workforce to supply labor, lowering hourly wages, and detrimentally influencing employment status.

Barriers dramatically increase travelling times between cities, villages, and rural areas, frequently forcing vehicles to take detours over fields or unpaved roads. Even if the most direct route is still accessible, there may be significant delays. On certain days, workers may be prevented from reaching their workplace altogether – should their passage be completely blocked or should they be delayed to such an extent that their employment for that day is forfeited to another employee. Where detours are available, not only are the distances often significantly greater, but also the poor quality of the roads to which Palestinians are confined obstructs traffic flow, damages vehicles, and causes costly delays. For example, the traveling time for Palestinians commuting between Bethlehem and Ramallah has more than doubled, following an Israeli decision to forbid Palestinian vehicles from taking the most direct route between these locations via East Jerusalem.¹⁶

As Figure two, below, reveals, the most direct route between Bethlehem and Ramallah is through East Jerusalem, passing through Qalandia, but this route is not permitted to West Bank residents. The alternative – and significantly longer – route is through Wadi Elnar, beginning at the Efrata Junction and ending at Jaba checkpoint.

In recent years, these “alternative” routes – often narrow, unsafe and unsealed – have undergone redevelopment by the PNA, funded in large part by international donors. Although this has improved the quality of life for the Palestinians forced by mobility restrictions to endure this commute, there is some concern that these refurbishment and rehabilitation projects have the unintended consequence of reinforcing internal closure, normalizing and further entrenching the system that precludes Palestinian access to the primary road network.¹⁷



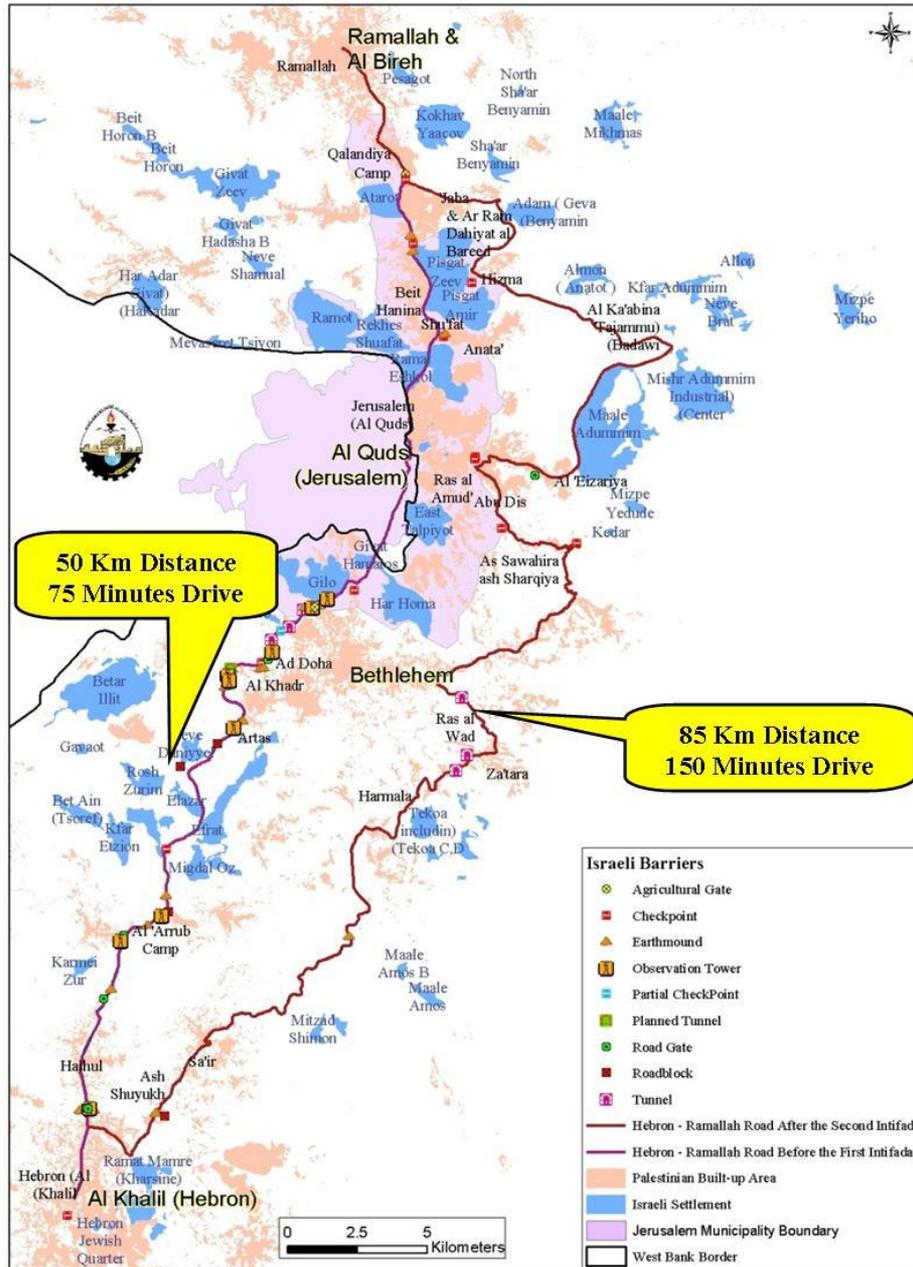


Figure 2: A map depicting the increased travel time for Palestinians from Bethlehem to Ramallah

Barriers and physical obstructions on other major routes create equivalent results on traffic flow. To travel to Jericho from various northern West Bank cities (such as Nablus, Jenin, or Tubas) the most direct route is via the Hammra and Tayasir checkpoints. However, internal closure dictates that only those Palestinians registered as Jordan Valley residents are entitled to use these aforementioned checkpoints with a private vehicle, and then only if their vehicle is registered in the Jordan Valley under the driver's name.¹⁸ Non-residents must pass as pedestrians or via public transport, unless they have obtained "prior coordination" permission, which is issued under exceptional

circumstances.ⁱⁱ Due to the difficulty in securing these permits, the majority of Palestinians who wish to reach Jericho are forced to travel via Ramallah, significantly increasing their commuting time and costs.

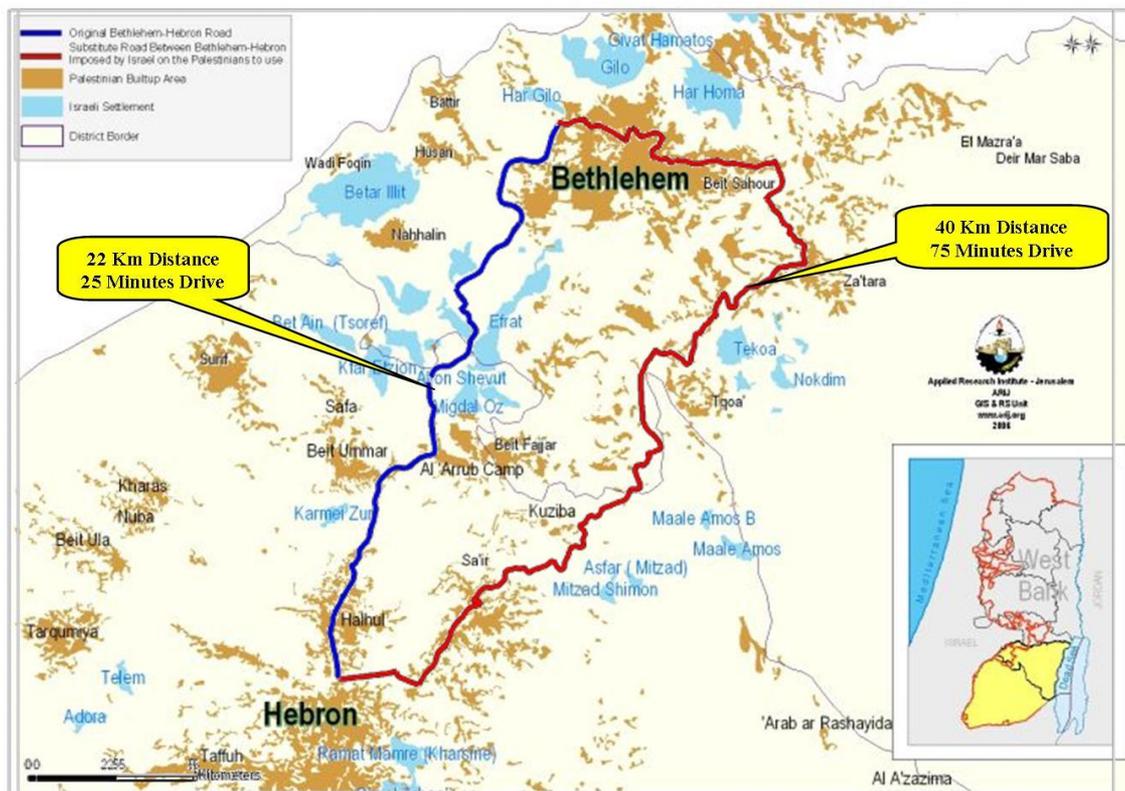


Figure 3: A map depicting the projected path of the wall, and the impact this will have on travel between Bethlehem and Hebron, major cities in southern oPt

The closure regime is ongoing, and continues to be strengthened and enhanced. As an example, the projected route of the Segregation Wall will have significant ramifications on travel times between the southern West Bank cities of Bethlehem and Hebron. If anticipated construction goes ahead, the route between these two cities will be pushed further eastwards, and what is currently a twenty-two kilometer journey of approximately twenty minutes will be significantly increased to an envisaged forty-five kilometers and approximately forty minutes. The continual strengthening of internal closure underlines its permanence, and belies Israeli claims that such measures are temporary security measures.

ⁱⁱ OCHA oPt reports that from mid-August 2012, all Palestinian vehicles have allowed access at Hammra and Tayasir, although search procedures remain in place. At the time of writing it was unknown whether this change was permanent or not. The lack of certainty often results in Palestinians “self-censoring” their travel routes, choosing to avoid routes where they are not sure they will be afforded passage.

3.2 Indirect impact

The indirect effect of physical barriers on employment, wages, and labor supply also places an unbearable cost on the Palestinian economy. Such an effect is at the same time less immediately palpable, and more severe: the deleterious impact that restrictions on the movement of labor and goods have upon economic activity results in a gradual and significant decline in firms' profitability – and their subsequent demand for labor.

One way in which business performance is affected is due to the obstacle that internal closure poses to the movement of goods and labor from one location to another. Mobility restrictions have an immediate effect on both business inputs and outputs. For example, a recent World Bank study tracks a substantial reduction in the proportion of sales that West Bank firms make beyond their own location, from 58 percent to 41 percent between 2000 and 2005.¹⁹ The decline over this time period directly correlates with increased mobility restrictions imposed by Israel over the entire West Bank area. At the same time, the inputs required to ensure business productivity and performance suffer from the same internal closure regime, leading to greater inefficiency. This is particularly the case as, aside from labor supply, West Bank inputs are overwhelmingly sourced from external locations, often from outside of the West Bank altogether.²⁰ The extended routes outlined above highlight the manner in which internal closure negatively affects economic performance: these routes impede the movement not only of people, but also goods.

The culmination of these input and output trajectories translate to a highly undesirable situation for Palestinian firms, and suggest a less than efficient scale of production. The uncertainty and fluctuating nature of internal closure prevents reliable business guarantees – and without a guarantee of delivery of goods and services on time, firms are less likely to be able to either secure or accept contracts and investments. These indirect effects on economic performance have been widely acknowledged by the international community. In 2007, the World Bank asserted that “in economic terms, the restrictions arising from closure have not only increased transaction costs, but have also led to a level of uncertainty and inefficiency which has made the conduct of business difficult and therefore has stymied the growth and investment which is necessary to fuel economic revival.”²¹

3.3 Employment Status

By increasing the commuting time, distance, and costs involved in reaching the workplace, the prospect of gainful employment beyond a certain geographical area becomes increasingly remote. Focus groups conducted by the World Bank, Care International and Birzeit University suggest that workers are changing their job-seeking practices, concentrating their search for work closer to home in order to avoid the high uncertainty, harassment, and delays encountered at checkpoints.²² Not only do mobility restrictions such as checkpoints severely limit the employment search terrain and inhibit employment beyond a certain geographical area, the presence of a checkpoint within a specific geographical location actually decreases the probability of those who live within that location from having employment. Indeed, empirical observations by Calì and Miaari reveal that by adding a checkpoint one minute away from a particular



locality, the possibility of employment for a worker in said locality decreases by half a percent. This is significant amount – translating to a 0.72 per cent reduction in the level of employment across the West Bank in 2007.²³

This statistic reveals the significance of the indirect economic consequences on internal closure. In a neutral environment, locations that prior to internal closure enjoyed a positive net emigration rate (i.e., locations that were net exporters of labor) should unambiguously experience a growth of labor supply following closures. This is because residents who previously had commuted outside of their location of residence would begin to restrict job searches to within this location due to the exorbitant cost of commuting beyond a certain point. Thus, the pool of job seekers would expand, and with it increasing competition for employment. Other things being equal, this expansion should reduce the probability of being employed in such locations, however the opposite would be true for locations where net emigration was negative before the introduction of physical barriers. In these locations, there should be a shortage of labor supply, and therefore a higher employment level.

Instead, due to the indirect effect of internal closures upon the profitability of firms and their subsequent lowered demand for labor – as outlined in the section above – the prospects of finding employment across *all* locations is negatively affected. However, it is true that checkpoints have a slightly less detrimental effect on the probability of being employed for workers residing in net labor importing localities.²⁴ A fall in levels of production leads to lower profits and a resulting downscaling of employment. Thus, it is possible to ascertain that through a combination of direct and indirect affects, the imposition of physical barriers reduces the employment level significantly – by 0.72 per cent in 2007.²⁵ The bulk of this effect appears to be driven by the negative impact of the checkpoints on the firms' profits; they were considered responsible for approximately 6,900 more unemployed workers in the West Bank in 2007. Considering the average daily wage and average days worked per month, this translates to a monetary loss of 150 million NIS, or approximately USD 38 million.

The irony of the Segregation Wall

One of the cruel ironies of the construction of the Segregation Wall is that, in the short term, it has actually had a slight but discernible positive effect on employment levels within Palestine – albeit with significant caveats. Faced with severely limited employment prospects, many Palestinians have sought positions as laborers constructing the Segregation Wall, which is currently 62.1% complete.²⁶ Although the Segregation Wall constitutes an employment opportunity, the economic benefits it presents are limited. In the short-term, labor opportunities associated with construction work will be present, however these have a short time-frame, as once construction is complete, the source of employment will cease, and at the same time, the wall and corresponding effects of internal closure will preclude the development of alternative employment opportunities. Therefore, these benefits are not sustainable. Furthermore, the nature of the work provided by the wall suggests that it is driving down wages – as the labor is largely unskilled or low-skilled work, it has a negative impact on the average hourly wage. It is devastating that the infrastructure that most symbolizes the occupation is being constructed using the manpower of the very population it is designed to control.



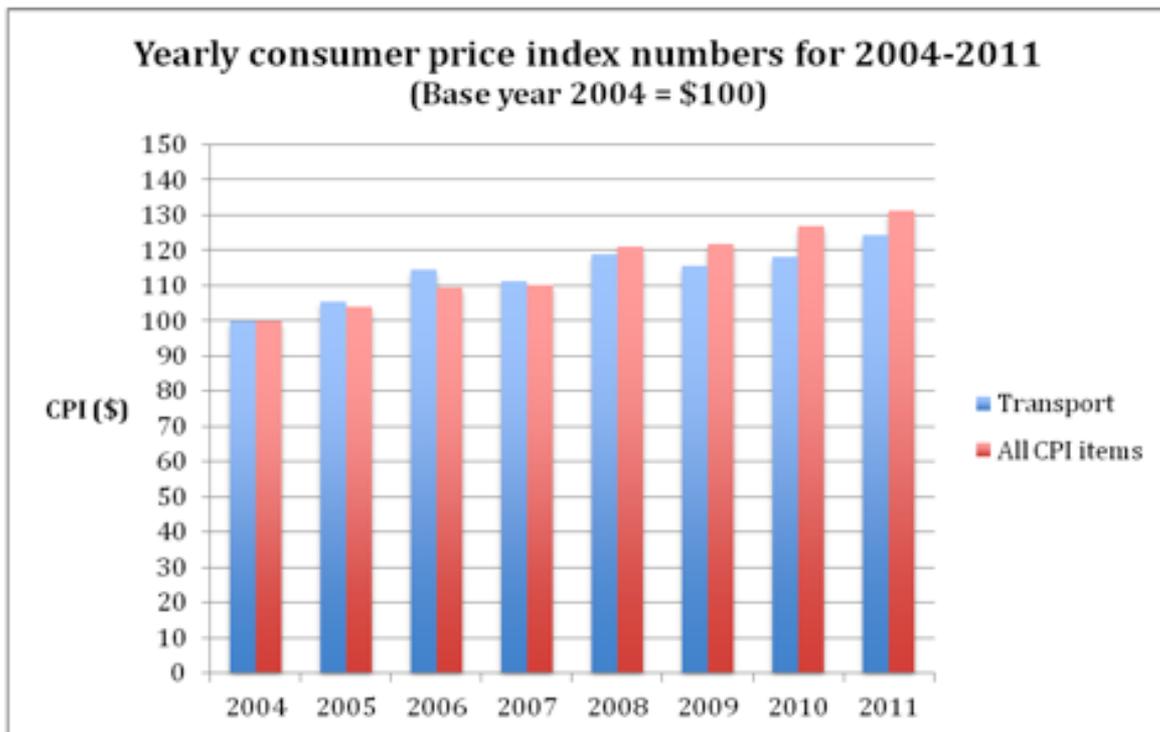
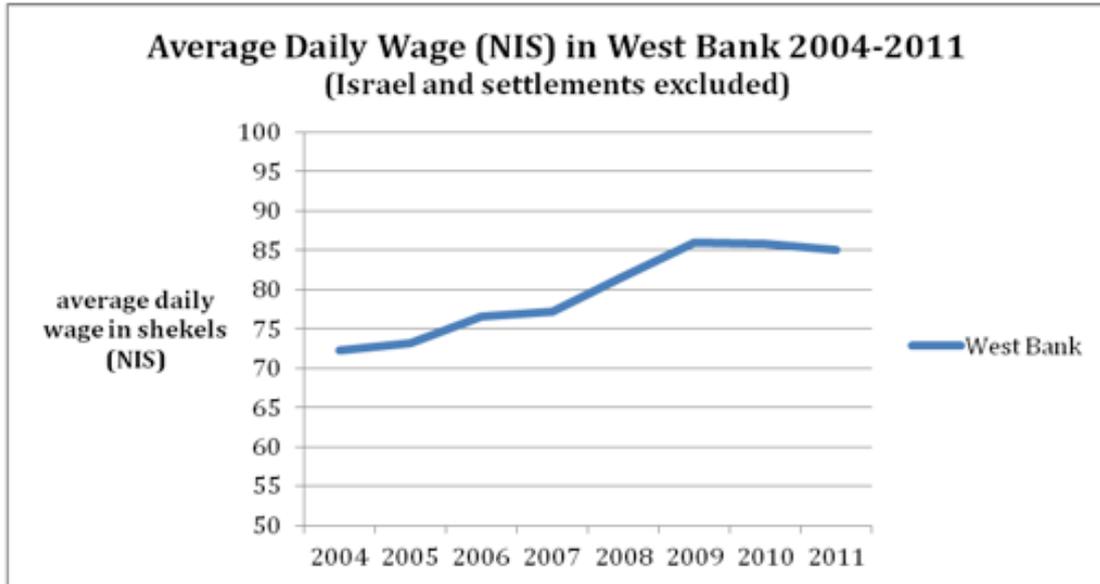
3.4 Wages

In addition to reducing employment levels, internal closure in the West Bank has also had profoundly negative ramifications on the hourly wage. Higher costs of commuting – either by taking circuitous routes, being forced to frequently transfer taxis, buses or mini-vans at each barrier, or by being delayed at checkpoints – drives an ever-expanding wedge between the “gross wage” paid by employers and the “net wage” taken home by the employee. The greater the proportion of take-home pay which a worker must dedicate to transportation costs to get to work results in an associated decline in money available for food, utilities, and education. There is some evidence in economic literature that employers are prone to mitigate the costs incurred to employees when they face rising prices from commute, and Cali and Miaari posit that this has been the case with many Palestinian employers.²⁷

At the same time however, the ability to mitigate the significant monetary burden of internal closure through a commensurate wage rise by employers is proving increasingly difficult to sustain, due to the negative indirect effect of closure on firms’ economic performance and profitability. As profit levels rapidly decline, businesses within the West Bank are increasingly prevented from achieving an efficient scale of production, thus creating a corresponding reduction in the productivity of labor. Furthermore, firms are unable to compensate employees for the burden they carry due to the direct effects of internal closure – more expensive and longer commutes. The inability to provide compensation is driven by the increasing costs of many inputs required, including goods and services.

With a growing proportion of capital appropriated by these costs, the workers are at risk of losing this monetary remuneration. Thus, indirect impacts of falling profit levels compound existing direct effects, greatly increasing the negative costs borne by Palestinian employers and employees alike. Increasing costs and falling profit levels reduce the level of remuneration available to laborers for higher costs incurred due to Israeli-imposed mobility and access restrictions. Quantifying the monetary costs of the checkpoints suggests that, by using the average daily wage and average number of days worked per month, and accounting for the lower number of employed people, the reduction in wages due to checkpoints was NIS 873 million, or approximately USD 221 million in 2007.²⁸





3.5 Labor Supply

The potential effect of checkpoints and other physical obstacles to movement is predominantly relevant to those workers who are employed outside of their location of residence – here, their ability to supply labor suffers from mobility restrictions, which can make it implausible for them to reach their place of work, or greatly increase the cost and/or time needed to arrive punctually. In order to consider the effects of



checkpoints on labor supply, it is possible to ascertain both how many days are worked during a designated period, and how many hours are worked on these days. Whereas recent research by Guitierrez-i Puigarnau and van Ommeren suggest that an increase in the daily commute induces workers to reduce the number of days worked whilst proportionally increasing their hours, within the Palestinian context of internal closure a slightly different motivation is suggested by Cali and Miaari's analysis.²⁹ Businesses, responding to the fall in profit by either downscaling employment or by reducing the wage-per-worker inputs, seem to be concentrating production by increasing the length of the day but reducing the number of operation days each week. Thus, analyses exhibited a reduction in working days by 2.2 percent, with a corresponding increase in hours worked per week by 4.2 percent.³⁰

The Gendered Effect of Internal Closure

As the evidence above demonstrates, the sophisticated system of internal closure affects the lives of all Palestinians. However, it is critically important to remain aware of the specific gendered ways in which travel and mobility restrictions directly affect women in the oPt. The humanitarian impact of checkpoints on women has been widely documented.³¹ Understanding the economic effects upon women due to closure is no less significant. A joint study by the World Bank, Care International and Birzeit University chronicles how mobility restrictions have affected women's lives and labor practices. The study noted that, although men encounter more stringent monitoring and control at physical barriers, for women, "checkpoints represent spaces of humiliation and present both physical and moral danger with gendered consequences. The invasive search procedures... and long waits in tight spaces with large numbers of men, all present a potential risk to a women's honor."³²

The study recounts the case of Um Alaa to illustrate the gendered impact of checkpoints on the daily economic lives of women. Um Alaa operates a neighborhood kiosk in the village of Barta'a, located in Area C. She must travel weekly to Ya'abad to purchase supplies, a journey that requires a checkpoint crossing equipped with a full body scan. As Um Alaa explains, "Women don't like being exposed to this machine. We don't know who is looking at us. Women from this area who worked and have relatives in the West Bank [on the other side of the Wall] have given up crossing the checkpoint altogether or reduce the number of journeys they have to make. Before there was no barrier and a trip to the market took just 20 minutes. Now you don't know how long it is going to take. You have to set aside a full day. Sometimes you can queue for hours. Sometimes you find the checkpoint shut early and you have to spend the night with relatives."³³

A significant decrease in the number of Palestinian men being employed in Israel saw an influx of Palestinians seeking work within the West Bank – increasing competition faced by women in a tight labor market. In the words of one respondent to the World Bank supported study:

"If you are an employer and you have a choice between employing a male or female graduate—you'll take the male. If both have to travel through a checkpoint to get to your office—you are better off taking the man. His family won't mind him staying after hours to finish work, but for the woman—staying



***late, returning home through the checkpoint, her family won't accept it. They'll create problems. She'll have to leave on time, if not before time.*"³⁴**

A concerted effort by the GoI to reduce reliance on Palestinian labor has resulted in significant unemployment within Palestine, and has dramatically altered the structure of family economies. Increasingly, women are leaving their traditional domestic sphere to search for work, in response to the loss of employment by the traditionally male breadwinner.³⁵ The significant changes in women's lives initiated by internal closure cannot be understated, and it is therefore critical to remain aware of the way in which internal closure shapes and influences the experiences and outcomes of women's lives within the oPt. A gender-sensitive approach ensures that the voices of both women and men are taken into account when considering possible avenues through which to counteract the internal closure regime.

4. Results

Calì and Miaari's empirical analysis reveals the extent to which internal closure is crippling the Palestinian economy, further highlighting the disastrous effect that military occupation has on Palestine. Their research reveals that checkpoints are the single most harmful element of the physical closure regime, with the detrimental effect of checkpoints on labor market outcomes largely driving the economic cost of closure in comparison to other physical obstructions. Of particular concern is the negative impact that internal closure has on the profitability of firms. The indirect consequences of internal closure on economic performance accounted for the majority of the negative economic consequences of the physical barriers. At the same time, the direct impact of the internal closure regime on worker mobility profoundly affects the everyday lives of Palestinians, creating a constant struggle to earn a living. A conservative calculation of the impact of physical barriers in 2007 suggests that they were responsible for a decrease in the probability of being employed by 0.72, for a reduction in the hourly wage by 6.1%, and for a decrease in working days by 2.2%. These effects translate into a cost of approximately USD223 million in 2007, equivalent to approximately 6% of the Palestinian GDP for that year.³⁶

The injurious economic consequences of internal closure for Palestine raise pressing questions over its continued existence. Applying an international legal perspective and human security logic to Israeli-imposed internal closure clearly illustrates its lack of justification, and proves that such a measure is unwarranted, counterproductive, and illegal. The following section attempts to illustrate the manner in which internal closure is groundless, and should be immediately lifted.

5. Responding to Israeli Claims

Israel maintains that the mobility restrictions it has imposed through the West Bank are a necessary security measure to safeguard the lives of the area's inhabitants. At this point, it is important to reassert that the protection of human life is a valid consideration, and should be of paramount concern. Nevertheless, the claims made by Israel do not always appear to be consistent with the facts on the ground – indeed, the



current situation challenges the oft-stated contention that these restrictions are dictated purely by security considerations. As a military occupier, Israel does hold an entitlement under international law to restrict the freedom of movement of occupied populations under its jurisdiction as a method of addressing legitimate security needs. However, this method can only be employed “to the extent *strictly required by the exigencies of the situation*.”³⁷ In the current context of occupation, it is evident that the level of exigency required is not presently reached, and the internal closures regime is therefore unjustified. Furthermore, the measures involved in internal closure are counterintuitive, and fail to contribute to the realization of a sustainable peace. A number of features inherent within the internal closure regime expose the shortcomings of any explanations based on “security” – raising questions of both the true intent of these policies and their effectiveness.

Firstly, internal closures were dramatically intensified by Israel during the height of the second Intifada in September 2000, at a time when there was a significant level of violence both in the oPt and in Israel. One decade on, such security justifications are no longer applicable, and what was presented as a temporary solution to an emergency situation has become a permanent and institutionalized mechanism of control. Furthermore, although the security situation for Israelis residing in illegal West Bank settlements has improved to a level that no longer justifies mobility restrictions, Palestinians do not enjoy the same degree of security.³⁸ In fact, the level of violence faced by Palestinians from illegal settlers has been steadily increasing, with the frequency of violent attacks against Palestinians doubling in 2011.³⁹ In one recent incident in August 2012, a Palestinian family from Nahalin village outside of Bethlehem suffered severe burns when Israeli settlers from Bat Ayin settlement threw a Molotov cocktail at their passing vehicle.⁴⁰ Thus, while internal mobility restrictions on Palestinians within the West Bank are not an exigent necessity to ensure the safety of Israeli citizens, Palestinians themselves suffer not only from a restriction of their freedoms and basic human rights, but also from a wave of settler violence and terror, with few avenues for protection or redress.

Additionally, even should the Israeli perspective on the validity of internal closure as a security measure be given credence, it is discriminatory to apply them in such a way that violates the human rights of Palestinians. Under the current internal closure regime, the restrictions are both sweeping and indefinite, a punitive measure that is driven by the assumption all Palestinians are a security threat. This response amounts to collective punishment, an offense that violates a wide corpus of international law. As Article 33 of the Fourth Geneva Convention maintains “[n]o protected person may be punished for an offence he or she has not personally committed. Collective penalties and likewise all measures of intimidation or of terrorism are prohibited.”⁴¹

Thirdly, and critically, the mobility restrictions described in this report are *internal* in nature. Although the final borders that will separate the eventual states of Israel and Palestine are not yet defined, the current mobility restrictions not only prevent the free movement of goods and people from Palestine into Israel and Palestine into Jerusalem, but also from one region of Palestine to another. As this report illustrates, the destructive effect of these internal restrictions on the Palestinian economy is both discriminatory and unwarranted, and does not satisfy the security logic necessary to justify their imposition as an exigent safety measure.



The internal nature of the closure regime leads to the further point of concern that must be raised over the validity of these mobility restrictions. Israel asserts that the “state of Israel’s broader security needs... form the foundation of the restrictions on movement, as it has been imposed in Judea and Samaria.”⁴² This statement reflects that Israel bases its need to ensure the security of Israeli citizens not only within Israel, but also those who are residing in settlements within the oPt – settlements considered illegal by the international community and under international law.⁴³ Thus, Israeli is applying a flawed logic by claiming the extenuating circumstances of security in applying internal closure as a means of protecting the illegal presence of settlements within the oPt. Rather than instituting policies that severely cripple Palestinian life in order to ensure the safety of an illegal Israeli citizen presence within the West Bank, a more effective security measure would be the dismantling of settlements. Doing so would ensure the certainty of security for *both* Palestinians and Israelis, without contravening international law. As B’Tselem points out, “in light of the illegality of the settlements, the restrictions pile one illegal action on top of another: sweeping, disproportionate impairment of freedom of movement of an entire population to realize and perpetuate a policy that is illegal from the start.”⁴⁴

In recent months, the Israeli government has relaxed a number of internal movement restrictions in the West Bank.⁴⁵ These measures have had a positive effect on the daily lives of many Palestinians – although countless others remain severely restricted by continuing closure. There must be several caveats attached to these relaxation measures. Firstly, although conducted under the aegis of security, these restrictions have more to do with geo-strategic maneuvering. As such, any easing of restrictions should not be applauded as a gesture of good faith – to be used as leverage by Israel in future negotiations – but rather an overdue and partial fulfillment of previously agreed upon obligations. Secondly, there must be caution in accepting these measures as permanent. Such caution is warranted because although the relaxations have improved access, the infrastructure of closure remains extant – consequently, restrictions can be rapidly reinstated with little prior notice. As much of the economic impact of internal closure is related to the uncertainty it creates, the continued presence of this infrastructure will result in the continued specter of uncertainty plaguing economic transactions. As long as the means to strangle the flow of goods and labor remains in place, so too does much of the negative economic effect.

In today’s world, it is important to refrain from accepting at face value the restriction of human rights and civil liberties implemented in the name of security. This security logic must be deconstructed, in order to more fully understand the motivations behind such measures. Doing so in the context of internal closure under Israeli military occupation reveals a number of highly problematic realities that call into question Israel’s oft-repeated arguments based on security. The internal nature of the mobility restrictions, their impact that disproportionately and collectively punishes all Palestinians, their geographical placement at certain points of the territory but not others, and the lack of exigent security circumstances all call into question the truthfulness behind claims that they serve a purely security function.

Upon review, it would appear that internal closure serves two related purposes for Israel. Firstly, it is designed to facilitate the expansion of the settlement enterprise:



protecting illegal settlements and outposts, securing tracts of land for their future expansion, and enabling easy connectivity between these settlements and Israel itself. The second component of internal closure is its merit as an economic strategy wielded to strangle Palestinian livelihoods – particularly of those whom reside in Area C – in order to foster a situation where the continued existence in targeted areas becomes untenable, forcing relocation and enabling tighter geographical and demographic control within the areas that Israel deems of geostrategic interest. The patchwork of internal closure mechanisms that blanket the West Bank are just one damaging facet of the entire occupation regime. It further realizes the GoI's intention to "fill the gaps" throughout the oPT, in order to create a contiguous corridor of illegal settlements reaching from Jerusalem and across the West Bank to the Jordan Valley. This objective cannot be achieved, however, without strangulation of the Palestinian economy. As the situation currently stands, sustainable economic development will remain elusive, while movement restrictions continue to be the norm for the vast majority of Palestinians.

6. Conclusion

Internal closure is just one of the many GoI restrictions imposed on Palestine – restrictions that "remain the major impediment to sustainable economic growth."⁴⁶ The economic costs of internal closure are significant - a conservative calculation of the impact of physical barriers in 2007 suggests that they were responsible for a decrease in the probability of being employed by 0.72 per cent, for a reduction in the hourly wage by 6.1%, and for a decrease in working days by 2.2%. These effects translate into a cost of approximately USD223 million in 2007, equivalent to approximately 6% of the Palestinian GDP for that year.⁴⁷ As startling as these figures are, they do not adequately reflect the human costs of the mobility restrictions: any account of the economic toll must keep in mind the way in which closure affects the relationships and opportunities among individuals, families and communities. Although there are many pressing internal reforms that should be undertaken by the PNA, and that would undoubtedly ease many of the economic crises currently facing the oPt, these actions would only be treating the symptoms of the fiscal crisis. Meanwhile the cause – occupation – continues to strangle the Palestinian economy and preclude any meaningful long-term growth.

Security is a right that both Israelis and Palestinians are entitled to; however the current trajectory of internal closure fails to enhance the security of either. By adopting a rhetoric of security, Israel has to date been successful in forestalling criticisms of the measures it takes to restrict internal mobility. However, it is becoming increasingly apparent that there is little basis for internal closure within the context of security. Instead, it is wielded as a tool designed to reinforce the settlement enterprise and to entrench Israeli control of strategically important areas within the West Bank. Removing internal closure would make enormous inroads in improving the current economic vulnerabilities faced by Palestinians. By fulfilling this obligation, progress would be made not only in improving the human security of Palestinians, but also in reaching a solution to the conflict – something that would enhance both the traditional and human security concerns of the entire region.



- ¹ Massimiliano Cali and Sami H. Miaari, "The Labor market impact of mobility restrictions: evidence from the West Bank," *Households in Conflict Network*, (November 2012), available online: <http://www.hicn.org/wordpress/wp-content/uploads/2012/06/HiCN-WP-1301.pdf>.
- ² World Bank, "Movement and access restrictions in the West Bank: uncertainty and inefficiency in the Palestinian economy," (May 2007).
- ³ International Court of Justice, "Advisory opinion – Legal consequences of the construction of a wall in the Occupied Palestinian Territory," (9 July 2004).
- ⁴ UN OCHA, "West Bank Movement and Access Update: Special Report," (September 2012).
- ⁵ UN OCHA, "West Bank Movement and Access Update: Special Report," (September 2012), 4.
- ⁶ UN OCHA, "West Bank Movement and Access Update: Special Report," (September 2012), 38.
- ⁷ UN OCHA, "West Bank Movement and Access Update: Special Report," (September 2012), 4.
- ⁸ For the methodology used by OCHA, see UN OCHA, "West Bank Movement and Access Update: Special Report," (September 2012, 38).
- ⁹ UN OCHA, "West Bank Movement and Access Update: Special Report," (September 2012), 1.
- ¹⁰ UN OCHA, "Humanitarian factsheet on the Jordan Valley and Dead Sea area," (February 2012), www.ochaopt.org/documents/ocha_opt_jordan_valley_factSheet_february_2012_english.pdf
- ¹¹ The Israeli-Palestinian Interim Agreement on the West Bank and Gaza Strip, chapter 2, article XI, 3c; available on the Israeli Ministry of Foreign Affairs website: <http://www.mfa.gov.il/MFA/Peace+Process/Guide+to+the+Peace+Process/THE+ISRAELI+PALESTINIAN+INTERIM+AGREEMENT+-+Annex+VI.htm>
- ¹² World Bank, "Fiscal crisis, economic prospects: the imperative for economic cohesion in the Palestinian Territories," (September 2012), 4.
- ¹³ B'Tselem, "Ground to a Halt: Denial of Palestinian's freedom of movement in the West Bank," (August 2007).
- ¹⁴ World Bank, "Movement and access restrictions in the West Bank: Uncertainty and Inefficiency in the Palestinian Economy," (May 2007), 4.
- ¹⁵ For a full description of the research and methods, refer to Cali and Miaari, 2012.
- ¹⁶ Palestinian Ministry of National Economy and ARIJ, "The economic costs of the Israeli occupation for the occupied Palestinian territory," (September 2011), 25.
- ¹⁷ Richard Falk, "Report of the Special Rapporteur on the situation of human rights in the Palestinian territories occupied since 1967," (January 2011), unispal.un.org/UNISPAL.NSF/0/A72012A31C1116EC8525782C00547DD4.
- ¹⁸ UN OCHA, "West Bank Movement and Access Update: Special Report," (September 2012), 23.
- ¹⁹ World Bank, "West Bank and Gaza investment climate assessment: Unlocking the potential of the Private Sector," (March 2007), 15.
- ²⁰ World Bank, "West Bank and Gaza investment climate assessment: Unlocking the potential of the Private Sector," (March 2007), 16.
- ²¹ World Bank, "Movement and access restrictions in the West Bank: uncertainty and inefficiency in the Palestinian economy," (May 2007), 12.
- ²² World Bank, "Checkpoints and barriers: Searching for livelihoods in the West Bank and Gaza – Gender and economic collapse," (February 2010), 33.
- ²³ Cali and Miaari, "The Labor market impact of mobility restrictions," November 2012, 21.
- ²⁴ Cali and Miaari, "The Labor market impact of mobility restrictions," November 2012, 27.
- ²⁵ Cali and Miaari, "The Labor market impact of mobility restrictions," November 2012.
- ²⁶ UN OCHA, "Humanitarian impact of the barrier," (July 2012), Occupied Palestinian territories: OCHA.
- ²⁷ The data indicates this is not the case for Palestinians who commute to Israel. See Cali and Miaari, 24.
- ²⁸ Cali and Miaari, "The Labor market impact of mobility restrictions," November 2012.
- ²⁹ Eva Gutierrez-i Puigarnau and Jos N. van Ommeren, "Labour supply and commuting," *Journal of Urban Economics*, 68(1): 82–89 (2010).
- ³⁰ Cali and Miaari, "The Labor market impact of mobility restrictions," November 2012, 29.

- ³¹ See, for example: Rita Giacaman, Niveen M.E. Abu-Rmeileh and Laura Wick, "The limitations on choice: Palestinian women's childbirth location, dissatisfaction with place of birth and determinants," *European Journal of Public Health* 17(1):86-91 (2007); UN OCHA, 2007b. "Special Focus: The Barrier Gate and Permit Regime Four Years On: Humanitarian Impact in the Northern West Bank." (November 2007) Occupied Palestinian Territories: OCHA.
- ³² World Bank, "Checkpoints and barriers: Searching for livelihoods in the West Bank and Gaza – Gender and economic collapse," (February 2010), 49.
- ³³ World Bank, "Checkpoints and barriers: Searching for livelihoods in the West Bank and Gaza – Gender and economic collapse," (February 2010), 50.
- ³⁴ World Bank, "Checkpoints and barriers: Searching for livelihoods in the West Bank and Gaza – Gender and economic collapse," (February 2010), 30.
- ³⁵ World Bank, "Checkpoints and barriers: Searching for livelihoods in the West Bank and Gaza – Gender and economic collapse," (February 2010), 60.
- ³⁶ Cali and Miaari, "The Labor market impact of mobility restrictions," November 2012.
- ³⁷ International Covenant on Civil and Political Rights, Article 4(1), available: <http://www2.ohchr.org/english/law/ccpr.htm>
- ³⁸ UN OCHA, "West Bank Movement and Access Update: Special Report," (September 2012), 31.
- ³⁹ Daniel Byman and Natan Sachs, "The rise of settler terrorism: The West Bank's other violent extremists," *Foreign Affairs* 91(5): 73-98.
- ⁴⁰ UN OCHA, "Protection of civilians," (15-28 August), weekly report.
- ⁴¹ Convention (IV) relative to the Protection of Civilian Persons in Time of War. Geneva, 12 August 1949. <http://www.icrc.org/ihl.nsf/full/380>
- ⁴² See Gol response to B'Tselem, "Ground to a Halt: Denial of Palestinian's freedom of movement in the West Bank." 106.
- ⁴³ It is in contravention, for example, of Article 49(6) of the Fourth Geneva Convention, which states "[t]he Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies."
- ⁴⁴ B'Tselem, "Restriction of Movement," (January 2011), http://www.btselem.org/freedom_of_movement/checkpoints_and_forbidden_roads
- ⁴⁵ For a description of some internal closure relaxation measures, see UN OCHA, "West Bank Movement and Access Update: Special Report," September 2012.
- ⁴⁶ World Bank, "Fiscal crisis, economic prospects: the imperative for economic cohesion in the Palestinian Territories," (September 2012), 4.
- ⁴⁷ Cali and Miaari, "The Labor market impact of mobility restrictions," November 2012.

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