



Employment restrictions and political violence in the Israeli–Palestinian conflict[☆]



Sami Miaari^a, Asaf Zussman^{b,*}, Noam Zussman^c

^a Tel Aviv University, Israel

^b The Hebrew University of Jerusalem, Israel

^c Bank of Israel, Israel

ARTICLE INFO

Article history:

Received 18 July 2013

Received in revised form 30 January 2014

Accepted 5 February 2014

Available online 14 February 2014

JEL classification:

F52

H56

J23

J48

Keywords:

Employment restrictions

Political violence

Israeli–Palestinian conflict

ABSTRACT

Following the outbreak of the Second Intifada in 2000, Israel imposed severe restrictions on the employment of Palestinians within its borders. We study the effect of this policy change on the involvement of West Bank Palestinians in fatal confrontations with Israelis during the first phase of the Intifada. Identification relies on the fact that variation in the pre-Intifada employment rate in Israel across Palestinian localities was not only considerable but also unrelated to prior levels of involvement in the conflict. We find robust evidence that localities that suffered from a sharper drop in employment opportunities were more heavily involved in the conflict.

© 2014 Elsevier B.V. All rights reserved.

1. Introduction

Do economic conditions affect political violence? The answer to this question has important implications for understanding the root causes of violence and may guide policies aimed at countering violence. Conventional wisdom seems to hold that improving economic conditions have the potential to reduce violence, mainly by raising the opportunity cost of involvement in violent activities. The United States government, for example, adopted this view and has taken measures to improve the economic conditions of local populations in conflict areas such as Afghanistan and Iraq. Nevertheless, research has not reached a consensus yet as to whether there is a causal link between economic conditions and involvement in political violence.

[☆] We thank the editor, William Neilson, an associate editor, two anonymous reviewers, Yael Berda, Haggay Etkes, Daniele Paserman and participants of several seminars for many valuable comments. We also thank Aharon Barazani for his help with the data and Hadar Divish for research assistance. The views expressed in this paper are those of the authors and do not necessarily reflect the position of the Bank of Israel. Sami Miaari thanks the European Union Seventh Framework Programme under grant agreement no. 218105 (EUSECON) for funding his stay in DIW-Berlin while he was working on this project.

* Corresponding author at: Department of Economics, The Hebrew University of Jerusalem, Mount Scopus, Jerusalem 91905, Israel. Tel.: +972 25883124. E-mail address: azussman@mscc.huji.ac.il (A. Zussman).

This paper contributes to the debate by providing new evidence from the Israeli–Palestinian conflict. Immediately following the outbreak of the Second Intifada in the fall of 2000, Israel imposed severe restrictions on the employment of Palestinians within its borders. In this paper we analyze the effect of this policy change on Palestinian involvement in the conflict with Israel.

The employment of Palestinians in Israel started shortly after the Israeli occupation of the Territories (the West Bank and the Gaza Strip) in the 1967 war. The architect of economic integration between the Territories and Israel was the then Defense Minister, Moshe Dayan. At the time, supporters of the policy argued that Israel must take responsibility for the welfare of the Palestinians living in the Territories and therefore that it should allow them to work within its borders. Those opposed to the policy were concerned, among other things, that by allowing easier access to Israel, security would be compromised. Supporters of the integration policy raised a counter-argument: that higher incomes and lower unemployment in the Territories would reduce Palestinian resistance to the Israeli occupation. Dependence on employment in Israel, it was argued, would deter Palestinians from getting involved in the conflict. Thus, from the perspective of Israel's policy makers, Palestinian employment in Israel served simultaneously as both a carrot and a stick (Gazit, 1995). The pros and cons of Palestinian employment in Israel have been debated at the highest levels of Israeli government ever since. Yet until now there has been no empirical research on the causal relationship between this employment policy and Palestinian involvement in the conflict with Israel.

Our ability to credibly estimate the impact of employment restrictions on conflict intensity rests on several key facts. First, employment in Israel was very important for the welfare of the Palestinian population: on the eve of the Second Intifada, income from this source accounted for one sixth of Palestinian national income (Palestinian Central Bureau of Statistics, 2003). Second, at that time, the share of those employed in Israel out of total population (henceforth “employment rate”) exhibited considerable variation across Palestinian localities. Third, as our analysis shows, before the outbreak of the Intifada there was no cross-locality association between the employment rate and involvement in the conflict with Israel. Fourth, following the outbreak of the Intifada, and with the aim of preventing attacks against Israelis and applying pressure on the Palestinian Authority, the Israeli government decided to drastically restrict (effectively almost completely banning) Palestinian employment in Israel. Thus the abrupt and drastic Israeli policy change had a differential effect on the employment opportunities of Palestinians residing in different localities.

Relying on this quasi-natural experiment and using a rich new dataset – which includes, among other things, detailed information on Palestinian fatalities and Israeli administrative data on each and every Palestinian employed in Israel with a permit – this paper examines the causal relationship between employment restrictions and political violence. The analysis, which is carried out at the locality level, focuses on 20–49 year old male employees – the vast majority of permit holders – from the West Bank and on Palestinian fatalities in the first phase of the Intifada.

Our main result is that the Israeli employment restrictions affected Palestinian involvement in the conflict: localities that saw sharper declines in employment rates had greater numbers of fatalities. All else being equal, at the locality level, a 1% point decline in the employment rate was associated with a 0.11 increase in the total number of Palestinian fatalities from the outbreak of the Second Intifada (September 28, 2000) until the start of the large-scale Israeli military operation “Defensive Shield” (March 29, 2002). Overall, employment restrictions explain 16% of the total number of fatalities during this period.

The rest of the paper is organized as follows. Section 2 reviews the relevant literature. Section 3 explains how we constructed the dataset used in the analysis. The first part of Section 4 describes patterns of Palestinian employment in Israel and estimates, at the locality level, the determinants of the level of employment in Israel during the pre-Intifada period. The second part of Section 4 examines political and economic developments in the West Bank following the outbreak of the Intifada. Section 5 focuses on estimating the effect of employment restrictions on conflict intensity. At the end of this section, we discuss potential mechanisms that might link employment restrictions to political violence. Section 6 summarizes the results and provides concluding remarks.

2. Existing literature

This paper is related to two strands of the literature on conflict. The first investigates the relationship between economic conditions and conflict.¹ The second examines the effectiveness of policies aimed at countering political violence.

Research on the relationship between economic conditions and political violence largely focuses on testing the following hypothesis: that poor economic conditions (e.g. low levels of income or high levels of unemployment) lower the opportunity cost of involvement in political violence and breed frustration, despair and instability, all of which make it easier to garner support for – and motivate active participation in – political violence; for a simple model and discussion of the opportunity cost mechanism, see Freytag et al. (2011). Despite the simplicity and intuitiveness of this hypothesis, empirical research

¹ We focus here on research dealing with low intensity conflict (insurgency, guerrilla warfare, terrorism, etc.) and abstract from the large separate literature which examines the relationship between economic conditions and civil wars. The latter literature is surveyed by Blattman and Miguel (2010); recent contributions include Bazzi and Blattman (2014), Vanden Eynde (2011) and Dube and Vargas (2013).

Download English Version:

<https://daneshyari.com/en/article/7243529>

Download Persian Version:

<https://daneshyari.com/article/7243529>

[Daneshyari.com](https://daneshyari.com)