

# COMMONWEALTH

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# Shared Prosperity in Israel

Palestinian Poverty  
Research Brief  
May 2020

### *Extent of poverty*

Poverty is a major social problem in Israel, especially for Arabs. According to the Israel Central Bureau of Statistics, 21% of Israelis—1.78 million people—lived below the poverty line in 2017.<sup>i</sup> That rate was the highest of any country in the Organization for Economic Cooperation and Development (OECD), a group of 36 countries committed to democracy and market-based economic policies.<sup>ii</sup> However, among Arab Israeli families, the poverty rate was 47%.<sup>iii</sup> The Palestinian Central Bureau of Statistics adds more detail to the grim picture of poverty: in 2017, 16.8% of Palestinians in Gaza Strip, East Jerusalem, and Judea and Samaria lived in deep poverty and could not afford food, clothing, and housing.<sup>iv</sup>

### *Economic indicators of poverty*

There are many economic signals which indicate the dire extent of poverty for many Palestinians. A total measure of economic activity, the per capita gross national income of Palestine (the West Bank and Gaza Strip, as defined by the World Bank) was \$6000 USD in 2018 and in the 28<sup>th</sup> percentile of countries.<sup>v</sup> By contrast, neighboring Israel, Lebanon, and Jordan were in the 84<sup>th</sup>, 48<sup>th</sup>, and 39<sup>th</sup> percentiles, respectively.<sup>vi</sup> Unemployment also affects many Palestinians, especially the young: in the combined Gaza Strip and Judea and Samaria area, Palestinian unemployment reached 27% overall and 41% for those aged 15 to 29 (2018).<sup>vii</sup> By comparison, the highest unemployment rate in the United States during the Great Depression was 24.9%.<sup>viii</sup> Finally, World Bank data also indicate Palestine receives among the most foreign aid per capita in the world—\$490 USD and the 92<sup>nd</sup> percentile of countries.<sup>ix</sup> This extent of foreign aid also suggests an acute economic situation.

### *Palestinian economic problems cost lives*

The consequences of poverty and the broken economy in Judea and Samaria sadly extend to many aspects of Palestinian life and well-being. For example, about 20% of Palestinians in Judea and Samaria (and 50% in Gaza Strip) are food insecure.<sup>x</sup> Davod Ahmadi and Hugo Melgar-Quíñonez establish the link between food security, the Palestinian economy, and health in their analysis of Gallup World Poll data in *The Lancet*:

In fact, macroeconomic conditions contribute to people's food security status through influence on job opportunities. Consistent with this, job status and employment opportunities affect income directly, and are found to be significantly related to food security in Palestinians. Food security status reflects individuals' health and wellbeing. In this study, a strong association was observed between Palestinians' poor health and their food security status.<sup>xi</sup>

Also, a 2018 study by the Institute for Health Metrics and Education found that by 2040 Palestine is expected to gain only .3 years in life expectancy and as a result drop from 114<sup>th</sup> to 152<sup>nd</sup> in global lifespan rankings, the biggest rankings drop of any nation.<sup>xii,xiii</sup> Furthermore, the United Nations Office for the Coordination of Humanitarian Affairs estimated in 2014 that 1.9 million Palestinians were in need of humanitarian assistance and many lacked access to basic health care, education, and sanitation services.<sup>xiv</sup>

### *Arab-Israeli conflict stymies economic progress*

Since the creation of the modern state of Israel, the fraught relationship between Jews and Arabs has created barriers to a functioning economy and society in Judea and Samaria. When Israel was founded, a refugee crisis ensued that affected over 711,000 Arabs in Israel and 850,000 Jews

in neighboring Arab countries and uprooted not just lives but livelihoods and businesses.<sup>xv</sup> In 1999, concerns about the Oslo peace process began mounting, and journalist David Aikman reported, “The problem is this: the Oslo peace formula deferred the really hard issues to the very end of the process, ensuring that the final combination of them would prove lethal for peace.”<sup>xvi</sup> Today, in the wake of the ineffective Oslo Accords and ensuing tragic violence between Arabs and Jews, Israeli checkpoints and Palestinian policies opposing economic normalization have sprung up.<sup>xvii</sup> These physical and political divisions have disintegrated the economy in Judea and Samaria at a terrible financial and social cost.

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*“Before Oslo it was never like this...I used to be able to leave work in Jerusalem, pick your older brother up from daycare in Ramallah and go to the beach for a picnic. There wasn’t a wall. There weren’t checkpoints. We could breathe.”*  
—Palestinian mother<sup>xviii</sup>

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It is estimated that the Israeli and Palestinian economies lose more than \$6 billion annually because of detrimental economic policies, security problems, lack of cooperation, and the opportunity cost of lost decades of GDP growth.<sup>xix</sup>

## Endnotes

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- <sup>i</sup> <https://www.jpost.com/Israel-News/212-percent-of-Israeli-population-lives-below-the-poverty-line-new-report-575883>
- <sup>ii</sup> <https://www.jpost.com/Israel-News/212-percent-of-Israeli-population-lives-below-the-poverty-line-new-report-575883>
- <sup>iii</sup> <https://www.jpost.com/Israel-News/212-percent-of-Israeli-population-lives-below-the-poverty-line-new-report-575883>
- <sup>iv</sup> [http://www.pcbs.gov.ps/Document/pdf/txt\\_e\\_poverty2017.pdf?date=16\\_4\\_2018\\_2](http://www.pcbs.gov.ps/Document/pdf/txt_e_poverty2017.pdf?date=16_4_2018_2)
- <sup>v</sup> [https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD?year\\_high\\_desc=true](https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD?year_high_desc=true)
- <sup>vi</sup> [https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD?year\\_high\\_desc=true](https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD?year_high_desc=true)
- <sup>vii</sup> <https://www.worldbank.org/en/country/westbankandgaza/publication/economic-outlook-april-2018>
- <sup>viii</sup> <https://www.thebalance.com/unemployment-rate-by-year-3305506>
- <sup>ix</sup> <https://data.worldbank.org/indicator/dt.oda.odat.pc.zs>
- <sup>x</sup> [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(19\)30590-2/fulltext#%20](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(19)30590-2/fulltext#%20)
- <sup>xi</sup> [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(19\)30590-2/fulltext#%20](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(19)30590-2/fulltext#%20)
- <sup>xii</sup> <https://www.jpost.com/israel-news/report-by-2040-israelis-lifespan-will-soar-palestinians-to-drop-most-569733>
- <sup>xiii</sup> <http://www.healthdata.org/news-release/how-healthy-will-we-be-2040>
- <sup>xiv</sup> Office for the Coordination of Humanitarian Affairs (OCHA). 2014 Strategic response plan, occupied Palestinian territory. Jerusalem: Prepared by OCHA on behalf of the Humanitarian Country Team; 2014 ([https://docs.unocha.org/sites/dms/CAP/SRP\\_2014\\_oPt.pdf](https://docs.unocha.org/sites/dms/CAP/SRP_2014_oPt.pdf), accessed 30 April 2015).
- <sup>xv</sup> <https://www.nytimes.com/2007/11/04/world/americas/04iht-nations.4.8182206.html>
- <sup>xvi</sup> Aikman, David. *Vanishing Peace: The Aftermath of Oslo*. American Trademark Pictures. 1999. <https://www.youtube.com/watch?v=GdR9wT7E80k&feature=youtu.be>
- <sup>xvii</sup> <https://www.jpost.com/opinion/integrated-business-model-win-win-for-palestinians-and-israelis-610343>
- <sup>xviii</sup> <https://time.com/5393714/oslo-25-human-rights-failure/>
- <sup>xix</sup> <https://institute.global/advisory/israeli-palestinian-trade-depth-analysis>