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A tale of two cities: Jerusalem and Tel Aviv in an age of globalization ☆

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The current paper examines the impact of globalization on two large cities in Israel—Jerusalem and Tel Aviv—to understand how these cities integrate into the global flows. It explores fundamental differences between the cities. The state is deeply involved in Jerusalem’s municipal issues, while its impact on Tel Aviv has weakened considerably. Several indicators of opposing municipal-state relations are introduced, along with differences in citizen–authority interactions and citizenship formations. We attribute these findings to Jerusalem being a national city and Tel Aviv becoming a global city: in Jerusalem, the state curtails global interactions and influences conceptions of citizenship, while Tel Aviv has developed policies independent of the state and is influenced by global attitudes of citizenship.

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Introduction

Only 60 km, or a 50-min drive, separate the mountain city Jerusalem and the coastal city Tel Aviv. In spite of the relatively short distance between them, the cultural, political and economic differences between the two cities continue to grow. This paper argues that the expression and practice of differences between ‘local’ Jerusalem and ‘global’ Tel Aviv are linked to the state’s involvement in Jerusalem’s municipal affairs, as opposed to Tel Aviv’s municipal independence, a trend that affects the different formations of citizenship constructed in the two cities. In order to substantiate this argument, the paper focuses on the images and symbols of Jerusalem and Tel Aviv, following a comparison of the cities’ population size, composition and socio-economic status. It then explores how financial services function in the cities, highlighting globalization indicators in both cities’ economic activities. Finally, the paper examines dif-

ferences in citizen–authority relations from the perspective of labor migrants and members of the gay community, and how these different relations affect the various constructions of ‘global citizenship’.

The tale of the two cities: the capital and the metropolis

A short historical background of the two cities

Jerusalem, located in the Judea Mountain, is sacred to the three main monotheistic religions and is the capital city of Israel.¹ Throughout its history, it has been in almost constant geopolitical conflict, currently manifested between the Jews and the Palestinians over

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¹The city was declared the capital of Israel in 1948 when the state of Israel was established. Nevertheless, this declaration is not fully recognized internationally. Most countries do formally adhere to decisions of the United Nations from the 1940s that Jerusalem should have an international status. According to this stand, Israel’s control over Jerusalem, according to the cease-fire lines of 1948 and 1967, remains controversial. Thus, most countries’ embassies (including The USA, Britain, France) do not reside in Jerusalem but in Tel Aviv (Sharkansky, 1996).

the dominion of Jerusalem, which can be seen as another link in a long chain of battles, resulting from the city's holiness to Jews, Christians and Muslims, who each claim Jerusalem as their own. The Jews' attachment to Jerusalem dates back to the eleventh century BC, when King David conquered the city; for Christians, the city's holiness derives from Jesus' life and his crucifixion there, while for Muslims, its primary religious significance springs from Muhammad's miraculous voyage from Mecca to Jerusalem, and from there to heaven. Its holiness to these three main monotheistic religions has been a driving force throughout the city's history. However, from the twentieth century onwards, this religious aspect has been gradually overshadowed by the struggle emerging between two national groups, Jews and Palestinian Arabs. With the conflicting aspirations of Zionism and Arab nationalism, the struggle for Jerusalem intertwines with religious beliefs and symbols to make the city a major focus of contestation (Romann and Weingrod, 1991; Sharkansky, 2004). Today, despite huge efforts by world leaders, the political tensions in the city can hardly be resolved.²

Tel Aviv, founded in 1909 on the coastal areas as a small suburb near Jaffa, has always been a secular city. Although the local culture has crowned it as "the first Hebrew city", Tel Aviv is an Israeli city rather than a Jewish or a Hebrew one. It was its modern, free atmosphere which attracted European Jewish immigrants at the dawn of the 20th century (Shavit and Bigger, 2001). Since its early days, its leaders maintained an inclusive self-governing attitude, attempting to run the city's municipal and financial affairs independent of the central government, starting with the British Mandate, and, from 1948, the national Israeli government. The city's leadership actively encouraged overseas Jewish investments in land and property, which resulted in much of Tel Aviv's rapid urban growth. Today, it has a core of 2.5 million inhabitants in its metropolitan area, and in spite of its relatively short history, is the cultural focal point and trendsetter for the rest of the country (Sharkansky, 1997).

Cultural differences between Jerusalem and Tel Aviv

Much is said about the cultural differences between Tel Aviv and Jerusalem; about the national spirit linked to Jerusalem and the free, rootless, and innovative atmosphere attached to Tel Aviv. The opposing mindsets of the two cities are part of Israeli folklore. In Modern Hebrew literature, the stone that supplies Jerusalem's buildings is a metaphor of the city's holiness and a symbol of its static, eternal

²Jerusalem was not included in the Oslo Peace Agreement signed by President Clinton, Prime Minister Rabin and Chairman Arafat on 1993, which indicates its overloaded position. While, bringing it up on the Camp David Committee led to the burst of 'Al Aktza Intifada', the Palestinian revolt, on October 2000 and to the fall of the Israeli government.

state, while in contrast, the sand on the Tel Aviv beaches represents the city's secularity and stands for its dynamic, open mood (Govrin, 1989). Using Tuan's notions, Kellerman (1989) identifies Jerusalem as a Vertical Cosmos "charged with meaning" that "coincides often with a cyclical conception of time" (Tuan, 1974, 129) whereas Tel Aviv's simple, flat, broadening landscape affirms its Horizontal Cosmos and its linear, modernist conception of time. Hadar (1992) reviews the different political tendencies of the cities; the peace hunting tendency of Tel Aviv versus the resistant attitude of Jerusalem.³

In terms of international awareness, Jerusalem sparks more interest than Tel Aviv. Indicators confirming the international importance of Jerusalem span various fields, including the academic. Since 1990, 635 academic articles were published with Jerusalem in the title, compared to only 27 articles about Tel Aviv;⁴ similarly, Amazon lists 1703 books with Jerusalem in the title compared with only 103 books with Tel Aviv in the titles.⁵ Tourism is another indicator pointing to the centrality of Jerusalem. There are over 9000 hotel rooms in more than 70 hotels in Jerusalem, while there are less than 6000 rooms in some 45 hotels in Tel Aviv, and this ratio is also manifested in the number of tourists who visit them; during 1999, before the Intifada uprising, more than 3 millions nights were spent in Jerusalem's hotels, compared to less than 2 million nights in Tel Aviv.⁶

In spite of these indicators, which show significant international interest in Jerusalem, current globalization processes seem to be more influential in Tel Aviv. The following analysis will show that while Tel Aviv continues to undergo economic globalization as Israel's financial and international gate, Jerusalem's economy maintains its local orientation and this in turn affects the different construction of citizenship in the cities. Moreover, globalization processes impact Tel Aviv's inner atmosphere as well as its relations with the state, whereas their influence on Jerusalem's municipal affairs and its citizenship formations remains marginal.

Globalization and the city

According to Borja and Castells (1997), urban societies worldwide undergo an historic, structural

³Indeed, on the national elections of 1996, Peres, head of Israeli left faction, got only 30% of Jerusalem voters, while Netanyahu, head of the Israeli political right faction, got 70% of Jerusalem's voters.

⁴The search was done on 8.6.2003 via ProQuest. It revealed 623 articles that were published since 1990 mentioning Jerusalem in the abstract; only 103 articles mentioned Tel Aviv in their abstract.

⁵The site address is www.amazon.com. The search has also indicated 800 books that included Jerusalem in their subjects, and only 23 books that included Tel Aviv in their subjects.

⁶Based on information from Israel Central Bureau of statistics, *Statistical Abstract of Israel* no. 50 and 52 (1999, 2001). In the course of the Intifada, on 2001, the amount of hotel nights in Jerusalem dropped to 1.4 million, and less than that in Tel Aviv.

transformation driven by three interrelated macro-processes: globalization, informationalization and general urban spread. The globalizing economy and communication—that is, globalization—is coupled with mature information technologies that aim at concealing distance. These processes accelerate urban spread, as remote populations become connected to population hubs, while stressing the dominance of the related urban centers.

After perusing the literature on the effects of globalization processes on cities' development, it seems that as a result of powerful cross-border economic flows, we witness the emergence of new, inter-state networks, connecting cities on a global network (Sassen, 2002). Collaboration between cities, which function on a global level, produces territorial concentration dynamics, mainly of financial activities, along with enormous geographical dispersal of management and servicing activities. This generates the re-scaling of territories on both a national and an international scale. While financial centers secure their regional centrality and develop into central command centers of the related area, cities that are not linked to worldwide networks cannot benefit from powerful economic flows. Moreover, locally-oriented places tend to lose their significance: "Being local in a globalized world is a sign of social deprivation and degradation" writes Bauman (1998, 2). Hence, the dialectic relations of local-nationalism and globalization have roots in the global forces that tend to change the common attitude towards nation states.

As globalization proceeds, citizens and communities express less trust in the state and in politicians⁷ (Habermas, 1975; Forester, 1980; Giddens, 1998). The state's deteriorating legitimacy is a result of its economic incompetence, a by-product of the global involvement in formally-local production and marketing processes. This leads to growing social gaps that the state cannot—and, according to current neo-liberal views—is not expected to reduce (Castells, 1997). At the same time, as the state grows weaker, local identities grow stronger, in an attempt to escape the anonymous global culture that threatens to embrace mankind. Various local responses share the trait of seeing nationalism and locality as contra to globalism and liberalism (Bauman, 1998; Giddens, 1999; Borja and Castells, 1997).

The state's deteriorating legitimacy, and the dialectics of nationalism and globalization, also affect the ways that different formations of citizenship are constructed. Popular definitions of citizenship mention equality, communality and homogeneity as part of what citizenship means, almost in contrast to notions of difference and cultural diversity. Citi-

zenship is interpreted by Marshall (1950, 1975, 1981) as 'full membership in a community', encompassing civil, political and social rights. The discussion on citizenship in the age of globalization is viewed by many as the result of political and social crises, wherein the exercise of power is challenged and thus the widely-used definition of citizenship has shifted to a more complex, sophisticated, less optimistic interpretation of exclusions (Kofman, 1995). Usually the different definitions of citizenship express legitimized forms of exclusion, identity-related in that they dictate which identities are included within the hegemonic community and which are excluded. These definitions could have negative effects on women, children, immigrants, people of ethnic and racial minorities, gays and lesbians and sometimes the elderly, too. Thus, various definitions of citizenship can be viewed as one of the legitimate ways to exclude 'strangers' by way of clarifying the boundaries between 'us' and 'them'. Yuval Davis (2003) suggests the notion of "multi-layered citizenship" which means that one's citizenship in collectivities can be identified in different layers—local, ethnic, national, state, cross and supra-state. One's citizenship is affected and often constructed by the relationships and positioning of each layer to the others in specific historical contexts.

The tendency to tolerate different identities and to accept various definitions of citizenships is also linked to the labor market and especially to the existence of "high human capital individuals" (Florida, 2002a, 67) as well as high-technology industries. Moreover, diversity and openness, that Florida (2002b, 743) refers to as "low barriers to entry for human capital" are also related to the "geography of talent", including the emergence of media industries and other creative occupations, and in due course to higher per-capita income levels (Florida, 2002c; Hutton, 2004). His interest focuses on the attitude towards gays and lesbians in urban communities, since such communities are becoming more visible in global cities as part of their multicultural and diversified nature (see also Duncan, 1996; Sandercock, 1998a,b; Knopp and Brown, 2003). Homosexuality as an urban phenomenon creates different, sometimes contrasting reactions; fear, anger, detestation and exclusion but also acceptance and support from people outside gay communities. In addition, research indicates the significance of urban leadership in determining attitudes towards the gay community and its inclusion into city life (Sharp, 1996, 2002; Rosenthal, 1996; Knopp and Brown, 2003). However, it is also becoming evident that the tolerant attitude towards non-hegemonic identities, such as gays and lesbians, has wider effects on the city and region, other than the relationships between the individual's identity and the community.

Moving on in the discussion, we suggest here another way of interpreting the notion of 'global

⁷Giddens (1998) quotes research on lack of trust between citizens and the state: in the US, 76% in 1964 expressed their trust in the government while in 1994 the figure is only 25%. In Europe the sense of trust has been constantly decreasing from 1981 to 1990.

citizenship'; that of linking formations of inclusion and exclusion within the context of city–state relations. We claim that as Tel Aviv is more independent and inclusive, it can provide wider definitions of citizenship than Jerusalem, which is city that is more reliant upon the state.

The Israeli context

The rising tension between nationalism and globalism has much influence on Israeli society. Ram claims that early Zionism and Israeli nationalism were linked to secularity and democracy, while religious manners and the traditional way of life were at the opposite end of the spectrum (Ram, 1995, 1999). However, trends that began in the 1970s have changed the scale so that in Israel today, nationalism and patriotism are associated with religious, non-democratic communities and are counter to notions of citizenship and globalism. In this respect, traditional-religious Jerusalem and secular-international Tel Aviv are at polar ends of this scale.

As we show later, current events led to the creation of different constructions of citizenship and citizen–authority relations in Jerusalem and Tel Aviv. Resulting from the loaded symbolism and the continued focus on the city's demography and sectoral relations, Jerusalem has developed into a city dependent on the national government (Sharkansky, 1993). The Israeli administration is highly involved in its internal affairs, taking on leading issues usually given to municipal administration. A comparable dependency pattern is then reproduced in citizen–authority relations, where the national and sectoral identity is a major concern. Conversely, the city of Tel Aviv does not allow the national government to impinge on its daily routine and rejects distinctions between types of citizenship. Citizens of Tel Aviv, whether or not they identify with the national government's policies, are entitled to fair-minded relations with municipal bodies. Before we turn to analyzing city–state relations and its implication for citizen–authority affairs, we begin with a short description of the social and economic background of the cities.

Jerusalem and Tel Aviv: background analysis

Jerusalem is a nationally oriented city. As the city's inhabitants are clearly divided into three sectors—Jews, secular Jews and Arabs—the meets the sectoral struggles of Israeli society on a daily basis. Its inhabitants seem deeply engaged in conflicts between Jews and Arabs, between ultra-Orthodox Jews and the secular, between Sephardim (Jews of oriental origin) and Ashkenazim (Jews of western origin) and the Israeli political right and left (Miron, 1985). Hence, questions of nationalism and tradition play central roles in the city's routine, while concerns for democracy in daily life are a minor interest. Meanwhile, Tel Aviv has developed into a World

City; where the weakening of the state in both symbolic and practical spheres is witnessed. Tel Aviv appears busy with the daily conflicts of work, maintenance, property, and status. Inhabitants are concerned with democracy as part of their tendency to modernity, convenience and individualism. In Tel Aviv, national and municipal administrations function primarily as service suppliers, rather than as a source of identification.

Jerusalem has 300,000 inhabitants more than Tel Aviv and has twice the area (*Table 1* presents central figures about populations in Jerusalem and Tel Aviv). In addition, it is a mixed city; the Arab-Palestinians formed about one third of its population and *Haredim*, Hebrew for ultra-Orthodox Jewish people, constituted another third.⁸ Both Arab and ultra-Orthodox populations are socially and spatially segregated in the city and maintain traditional lifestyles. They tend to have large families. As noted before, struggles between Jews and Arabs, as well between religious and secular populations, play a dominant role in the city's routine (Hasson, 1996, 2001).

In contrast, neither national or religious identities are considered important in Tel Aviv's social life. Most of the inhabitants are secular people with relatively small households, especially in the city center, where singles aged 30–45 are the majority,⁹ and about 19% of the families in the city are single-parent households. While the largest age group in Jerusalem is that of children aged 5–14, the main age groups in Tel Aviv are those of working age adults aged 25–29 and 45–54. Jerusalem's population is also poorer than Tel Aviv's.¹⁰ The considerably lower average wage of Jerusalem's employees converges with the larger families to drive more families below the poverty line.¹¹

Thus, the human landscape of Jerusalem and Tel Aviv is at opposite ends of the scale. While the former has a traditional segregated population, the center of Tel Aviv includes a variety of groups, young as well as aged people, secular as well as religious, in relatively small households and in a general open atmosphere. This starting point links Tel Aviv with other multi-cultural, global cities. As noted above, we argue that Jerusalem's locality, in contrast

⁸In Tel Aviv Arab-Palestinians numbered 14,000 people, about 4% of city population, in 2001. Most of the Arabs live in Jaffa, and are citizens of Israel since 1948; they are active in Israeli politics and in the municipal administration. Those of Jerusalem are, for the most part, Arabs absorbed because of the 1967 war. Most have not chosen Israeli citizenship, and, although they have a right to vote in municipal elections, most have honored the proclaimed Arab boycott of those elections.

⁹According to the 1995 census, only 30–40% of city center adults, aged 20+, are married couples, compared to around 66–80% of married adults in the city's northern and southern peripheries.

¹⁰Especially, Jerusalem's Haredi population is the poorest amongst ultra-Orthodox groups in Israel (Dahan, 1998).

¹¹42.5% of the children in Jerusalem live below the poverty line compared to 19.8% in Tel Aviv.

Table 1 Jerusalem and Tel Aviv: basic figures

Issue	Jerusalem	Tel Aviv
Municipal area (thousand dunams)	126.4	51.7
Population (thousands)	670.0	358.8
Average persons per household	3.8	2.3
Rate of 1–2 persons households	39.3	67.6
Rate of 6+ persons households	23.2	4.3
Divorce rate (per 1000 males, in 1999)	5.2	8.2
Average monthly wage of employees (in NIS, in 1999)	10,002.0	14,865.0
Average monthly income of self-employed worker	6192.0	9779.0
Under-poverty rate of families (in 1999)	26.3	10.3

All figures relate to year 2001, unless indicated otherwise.

Source. Israel Central Bureau of Statistics (2001), Tel Aviv-Jaffa (1999, 2001, 2002) and Municipality of Jerusalem (1999, 2001).

Table 2 Jerusalem and Tel Aviv: inhabitants' occupations, 2000–2001 (percentage)

Occupation	Jerusalem	Tel Aviv
Academic professionals	18.1	15.7
Associate professionals and technicians	16.0	16.4
Managers	6.8	10.0
Clerical workers	17.8	17.7
Agents, sales workers and services workers	18.2	21.0
Skilled agricultural workers	0.4	0.5
Manufacturing, construction, and other skilled workers	13.4	12.3
Unskilled workers	9.2	6.4

Source. Municipality of Jerusalem (2001).

with Tel Aviv's imminent globalization, has roots in the citizen–authority relations of both cities. In the following sections we intend to show that in Tel Aviv, such relations are associated with democratic citizenship, cultural pluralism and the western global-economic concern, whereas in Jerusalem, the conditions are ripe for nationalistic discourses.¹²

The urban economic sphere under globalization

The economy of Jerusalem and Tel Aviv differ in both volume and attributes. The former is bound to a certain niche, constrained by a set of choices, far from the typical city center economic activity of Tel Aviv. In 2001, the latter led with 336,900 employees (15% of the Israeli labor force) compared to 220,000 workers in Jerusalem (10% of Israeli workforce: Municipality of Tel Aviv-Jaffa, 2001). The difference between Jerusalem and Tel Aviv cannot be found in the inhabitants' professions (Table 2). The number in management is a little larger in Tel Aviv, and the number of academics somewhat smaller. The gap lies in the job market of the two cities and in its regional impact, the fact that Tel Aviv has a metropolitan core economy while Jerusalem's economy is rather local and isolated. Tel Aviv inhabitants occupy 35% of the jobs in the

city while commuters fill the remaining 65%; 30% of Tel Aviv inhabitants are employed in the metropolis or beyond, while no more than 7% of Jerusalem inhabitants are employed outside their city (Municipality of Tel Aviv-Jaffa, 2001).

Beaverstock et al. (1999) find that the maturity of financial systems, in particular the existence of certain international firms in financial services, is indicative of the extent of the cities' exposure to the global economy and the degree of belonging to the World Cities network. According to their estimations, as well as to the findings in Table 3, Tel Aviv's financial system is business-oriented and answers some of the criteria for globalization. In their words, it is included in the group of cities where "relatively strong evidence" exists for World City formation. Business and financial services are the dominant sectors of employment in Tel Aviv, and in addition to trade, banking and finance comprise more than half of its employment. Tel Aviv's spatial dominance in these fields is reflected in the commuting data in Table 4, as the majority of employees in financial services and banking in the city do not reside there. In Jerusalem, financial services and banking are significantly lower, both in absolute numbers of workers and in the relative rate within the total employment reserve. Jerusalemites are generally employed locally; a significant part in public administration, including national institutions located in the city such as governmental ministries, higher court, and the National Bank of Israel.

¹²Peres and Yaar-Yuchtman (1998) indicate that middle-upper socio economic status and secular lifestyle have their effects on the tendency to support democratic and liberal attitudes in Israel.

Table 3 Jerusalem and Tel Aviv: employed persons, by industry (Percentage)

Industry	Jerusalem	Tel Aviv
Manufacturing	8.8	10.4
Electricity and water supply	0.6	1.0
Construction	4.2	4.2
Wholesale and retail trade	11.0	13.7
Accommodation services and restaurants	5.5	5.1
Transport, storage and communications	6.0	7.5
Banking, insurance and finance	3.2	9.0
Business activities	11.4	20.4
Public administration	12.7	6.1
Education	16.8	7.2
Health, welfare and social work services	10.9	6.7
Community, social and personal services	7.6	6.6
Services for household by domestic personnel	1.2	1.8

Source. Municipality of Jerusalem (2001).

Table 4 Commuters to Tel Aviv, 2002, by service branch

Services branch	Commuters rate (%)
Finance services	72
Business services	53
Public services	42

Source. Municipality of Tel Aviv-Jaffa (2002).

Business and financial services are highly sensitive to locational issues. Their tendency towards city centers derives from the essential role that immediate, personal contact with colleagues and customers plays in business, and from the importance of personal acquaintance and communication for the ripening of financial transactions (Sassen, 1995, 1999). Although the majority of employees in business and financial services do not live in Tel Aviv, the urban arena remains the place where business and financial services transpire. Moreover, according to Charny (1997), the financial center of Tel Aviv is well defined in space, as it takes place in ‘the City’, the historic core of Tel Aviv. Hence, it serves as a commuting center recognized by employees from the wide metropolitan area.

Some of the sub-sectors of business and financial services are especially interesting as Beaverstock et al. (1999), and Taylor (2000), use them to point out the degree of World city formation. The sub-sectors are accountancy, advertising, banking/finance and law; all of them are essential for international transactions and transnational financial flow. These services tend to develop simultaneously, as they have interrelated connections. The very existence of an initial core accelerates the concentration of business and financial services while emphasizing the importance of the urban center. Tel Aviv has long established its position as the national center of banking and finance (Table 5), while its ‘City’ remains the heart of this activity (Table 6). With

Table 5 Jerusalem and Tel Aviv: employees in finance and business services

	1970 (%)	2000 (%)
Jerusalem	6.9	16
Tel Aviv	13.5	29

Source. Municipality of Tel Aviv-Jaffa (2002), after Dan and Bradstreet business guide.

Table 6 Finance and business services in Tel Aviv

Finance and business services branch	Offices and institutions in Tel Aviv (%)
Management of trust funds	100
Management of large banking institutions	100
Management of small banking institutions	90
Management of non-banker finance institutions	53
Security brokers	59
No-banker credit brokers	38
Lawyers	39
Insurance agents and insurance consultants	29

Source. Municipality of Tel Aviv-Jaffa (2002), after Dan and Bradstreet business guide.

respect to another criterion, that of advertising services, Beaverstock et al. (1999) used headquarters and affiliations of 50 leading advertising firms as an indicator to the degree of world city formation and find some of them in Tel Aviv. As advertising has expanded enormously since the launching of commercial television in Israel in the 1990s, the metropolitan area of Tel Aviv, and the city of Tel Aviv in particular, form its unquestionable center (Mossek, 2002). Table 7 shows their national dominance in advertising, which is repeated in the accountancy services sector. Mossek (2002), exploring the changes in that sector, points out that during the 1990s a merger-mania of such firms occurred, resulting from the Israel economy adapting itself to the requirements of global networks. This rapid process emphasized Tel Aviv’s position as Israel’s accounting center. Today, 28 of the 45 leading accountancy firms operating in Israel are located in Tel Aviv and only 2 in Jerusalem (Dan and Bradstreet Business Guide, 2002).¹³ Among them are the six leading accountancy firms in Israel; all are merged into international networks. Finally, looking at law services, 56 of the 92 leading law firms in Israel are located in Tel Aviv, employing 1,452 lawyers, while only 4 of the leading firms, providing work to 96 lawyers, operate in Jerusalem (Dan and Bradstreet Business Guide, 2002).

To sum up this section, global flows have immense influence on the urban spaces in which there is financial activity. In addition, reorganization of labor

¹³Another five accountancy firms function in Ramat Gan, a municipality bordering Tel Aviv. The rest work in other cities.

Table 7 Jerusalem and Tel Aviv: advertising firms, 2002

	Jerusalem	Tel Aviv
Number of advertising offices in municipal area	31	81
Percentage	27	73
Employees in advertising offices	586	1592
Advertising offices with international affiliation	5	24
Employees in advertising offices with international affiliation	237	1124

Source. Municipality of Tel Aviv-Jaffa (2002), after Dan and Bradstreet business guide.

markets occurs as city center economics differentiates peripheral work markets, and metropolitan areas are filled with a variety of regional professions. Oddly enough, the perception of a local area affects employment there. It appears that such processes takes place in Jerusalem and Tel Aviv too, and although in employment and World City formation indicators, Jerusalem and Tel Aviv play a distinct role in the national economy, they are affected differently by global economic flows. Jerusalem has a locally oriented employment system, while Tel Aviv seems to integrate into the global economy network. In the national arena, Tel Aviv is an essential junction for international trade and marketing transactions, a task that Jerusalem—in spite of its being the center of the decision-making administration—cannot fulfill. Having this in mind, the following two sections examine other globalization signs and effects on Jerusalem and Tel Aviv. A particular interest lies in city–state relations. Much has been written on the sensitivity of these relations to globalization processes and the effect they have on citizen–authority relations (Castells, 2000; Sassen, 1991). However, before reaching these issues, we begin by looking at the formal economic basis of city–state relations, which is the municipal budget, its sources and destinations.

City–state relations: municipal budgets

Much of the difference in the relations of Jerusalem and Tel Aviv with the nation-state lies in the city budgets. In Israel, state interventions block global integration (in the case of Jerusalem) while its absence encourages cross-border openness and global economic incorporation (in Tel Aviv). A key point for understanding the contrasting financial aspect of the cities is the relative economic weakness of Jerusalem’s inhabitants versus the general wealth of Tel Aviv’s. *Table 8* presents a concise introduction to the 1999 municipal budgets of the cities.¹⁴ Although Jerusalem’s population is twice Tel Aviv’s, and it is the national capital, home of the Knesset

(the parliament) and governmental administration, Jerusalem settles for a reduced budget in comparison to Tel Aviv. In 1999, Jerusalem’s resources equaled 77.9% of Tel Aviv’s. While weighing the impact of population size, Tel Aviv spent 2.4 times on each resident as compared to Jerusalem on the regular budget, as municipal expenses equaled 3084 and 7326 New Israeli Shekels (NIS) per capita in Jerusalem and Tel Aviv, respectively. Jerusalem spends less than Tel Aviv on municipal services such as sanitation, security, planning, and business supervision,¹⁵ and less even on governmental services—education, culture, health, religion—that should have been delivered to citizens equally according to national laws. This last point results from the differences in state involvement in the cities.

Complementary to the spending is the source of the municipal budget. In 1999, Jerusalem’s total self-income was 56% of Tel Aviv’s (its income from taxes alone were 57% of Tel Aviv’s). This gap results from the latter being the center of the metropolis, home to businesses yielding profits to the city, whereas business activity in Jerusalem does not affect the basic economics of the municipality. Housing property taxes form a substantial funding source (61% of tax revenues) for Jerusalem, while they formed 24% of Tel Aviv’s tax incomes. Total incomes of Tel Aviv municipality reached 6000 NIS per capita, whereas Jerusalem municipality incomes were 2500 NIS. Such gaps bring about disparities in municipal services, while modest incomes force Jerusalem to ask for governmental financial support. In 1999, it received a grant of 258 million NIS, while Tel Aviv used none. In addition, various administration divisions engage in national services activities, mainly in the fields of education and welfare. The national administration’s direct support of services is crucial in Jerusalem, while in Tel Aviv it is less important.¹⁶ This enables Tel Aviv to channel governmental services according to municipal programs

¹⁴We have turned to the 1999 budget in order to counteract the effect of the economic crisis Israel faces since the outburst of the Intifada on October 2000. Nevertheless, we have further integrated into the examination recent information.

¹⁵Dahan (1998) claims that ultra-Orthodox population, which is about 30% of Jerusalem’s population, burdens municipal budgets while delivering a negligible economic contribution. For example, 1995 ultra-Orthodox property tax payments summed to 10% of Jerusalem municipality income from property.

¹⁶In 1997, the government allocated resources to only 12% of the Tel Aviv Municipality while the average government participation in local council budgets was 22% (according to Tel Aviv-Jaffa, 1999).

Table 8 Jerusalem and Tel Aviv: 1999 municipal budget

	Jerusalem	Tel Aviv
Expenditure in municipal regular budget (NIS Thousands)	1,992,972	2,558,088
Expenditure per person from regular budget (NIS)	3084	7326
Expenditure per person in development budget (NIS)	822	1403
Expenditure for local services ^a (NIS Thousands)	517,028	882,989
Expenditure for state services ^b (NIS Thousands)	1,078,764	1,123,277
Municipal income in regular budget (NIS Thousands)	1,219,129	2,168,833
Revenues from taxes in regular municipal budget (NIS Thousands)	941,626	1,653,992
From that: revenues from property taxes (NIS Thousands)	573,908	399,460
Ratio between revenues from property taxes and total revenues in regular municipal budget	61%	24%
Ratio between self-revenues and total regular budget	61.2%	84.8%
Revenues per person in regular budget, in 1997 (NIS)	2581	6078
Expenditure per person in regular budget, in 1997 (NIS)	2733	7160
Governmental grant, 1999 (NIS Thousand)	257,765	0

Source: Tel Aviv-Jaffa (1999) and Municipality of Jerusalem (1999, 2001).

^aLocal services: sanitation, planning, development control, etc.

^bState services: education, sports, health, welfare, religion, quality of the environment, etc.

and to establish independent municipal policy for issues that traditionally were taken care of by the national government. To indicate this, the following section explores Tel Aviv's independence regarding policy towards migrant laborers living in the city and towards the urban gay community.

Before proceeding, it is necessary to clarify that the financial crisis that affected local governments in Israel did not bypass Tel Aviv; the city has incurred a huge debt, caused by the gap between city budgets and the cost of actual services supplied by the municipality. Nevertheless, Tel Aviv mayors allow themselves the luxury of waving the deficit like a flag, as did Shlomo Lahat, whose mayoralty lasted from 1973 to 1993.¹⁷ Tel Aviv municipality under the following mayor, Ronny Milo, reached an agreement with the Ministry of the Treasury to spread the city's one billion NIS debt over a period of fifteen years. Nevertheless, five years later, in 2000, the city's deficit reached 764 million NIS (Municipality of Tel Aviv-Jaffa, 2001). Despite the deficit, it remains the most independent municipality in Israel; it is a robust political body, which will not easily bend in the face of governmental organization. Jerusalem's financial deficit is much larger; at the end of 2002, it was estimated to be 2.4 billion NIS. Stemming from Jerusalem's fiscal weakness and its national centrality, governmental agencies are regularly engaged in various fields and activities, some of which are clearly municipal, as the next section will show.

Jerusalem and the state: governmental management of a national city

The combination of sectoral struggles, a national atmosphere, and a weak economy promotes what Hasson (2001) terms "devaluation of urban democ-

racy in Jerusalem". He claims municipal management is deeply influenced by the different ethnic and political sectors, which make belonging to a certain group beneficial or detrimental in terms of municipal rights. The background to most of the clashes in Jerusalem is fighting over the city's image and character, Jewish or multi-cultural and pluralistic. Clashes between ultra-Orthodox and secular population occurred during Teddy Kolek's mayoralty in 1965–1993. However, in 1993, with the election of Ehud Ulmert, the Orthodox population won a larger council representation and, together with Orthodox Knesset members and Governmental administrators, initiated diverse allocations of municipal resources. This included unequal distribution of land to religion services along with matching governmental funds for the building of institutions, and handing property tax discounts to the ultra-Orthodox groups (Hasson, 2001, 9–33). However, governmental and administrative involvement is not confined to promoting particular causes. As the field of housing construction will show, national politics and interests motivate governmental involvement in Jerusalem and hence reformulate city-state relations.

Housing construction

In its early days, Israel leaned on massive governmental construction for housing, although in time, this gave rise to an active private market of builders and buyers, and since the 1980s, about 70–75% of the new dwellings are built by the private sector (Israel Central Bureau of Statistics, 2001). Now, governmental construction occurs mainly in peripheral regions, while building housing in central cities is in the hands of the private sector. However, while all of new housing construction in Tel Aviv is done privately, governmental housing construction in Jerusalem—using government land, funds and planning – is an ordinary event. Public building was responsible for thirty one percent of the new dwell-

¹⁷Shlomo Lahat was cited saying: "I am proud of municipal deficit. Money comes and goes, but I have raised the level of education in Tel Aviv. This is a durable, worthy asset!" (Derry, 1997, 68).

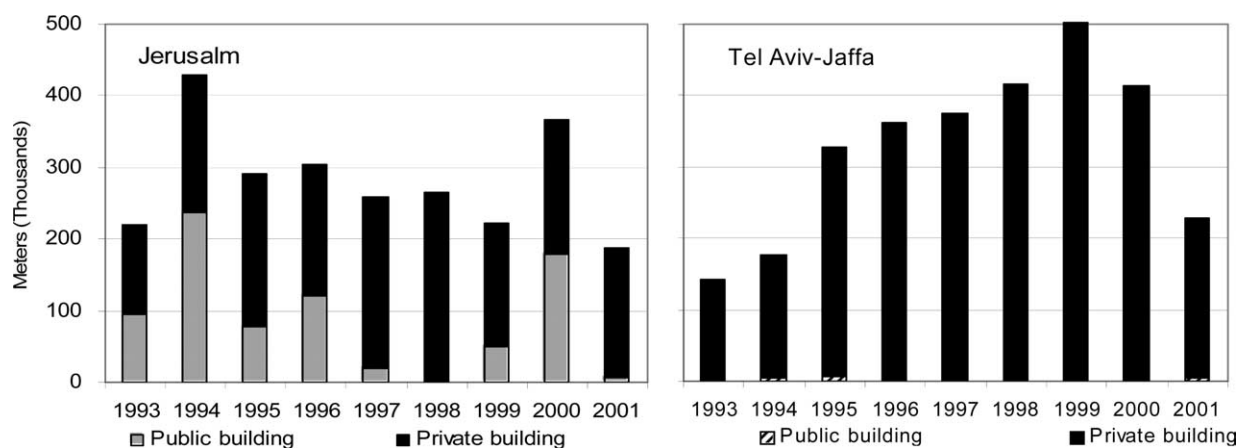


Figure 1 Dwelling construction in Jerusalem and Tel Aviv, 1993–2001, by initiator.

ings in Jerusalem during 1993–2001 (*Figure 1*), and zero percent took place in Tel Aviv.

Public construction of housing in Jerusalem is lead by national policy, and the majority of public housing is built in the eastern, Arabic, part of the city, and is dedicated exclusively for the Jewish population – indicating that eastern Jerusalem should also be seen as part of the Israeli state.¹⁸ In the early 1990s, governmental housing building was concentrated in Ramot-Alon, Neve-Yackob and Pisgat Ze’ev, and it was later expanded to Gilo and Har Homa—all neighborhoods located in occupied Palestinian areas. Although some private construction companies engage in building housing there, most construction is financed by the government, while all of the new housing depends on public planning and incentive. Jerusalem’s dependency on national funds enables local governmental involvement in housing. Such a clear political motivation for any building activity, especially for housing, is practically impossible in Tel Aviv, which is free from national symbolism in general and from direct governmental involvement in particular.

Education

As already noted, governmentally allocated funds for social services – such as health, welfare and education—also appear to be less in comparison to Tel Aviv, although deeper examination shows that in Jerusalem, significant parts of governmental social services are provided via alternative bypass routes with disregard for the municipal channels. Education is a good example of this. The Ministry of Education is responsible for setting national policy,

including curriculum and matriculation programs, as well as financing the education system, while municipal administrations are responsible for operating it. Education funds are usually delivered to municipalities according to the number of pupils. Municipal administrations are entitled to control local parameters of education system, such as the distribution of schools and kindergartens, registration zones, and institutions’ staff. However, some educational organizations, mostly ultra-Orthodox, prefer to circumvent both curriculum programs and municipal administrations and operate schools that are managed independently. This is authorized by the Ministry of Education and Culture, and more are active in Jerusalem than in Tel Aviv: 1893 education associations are registered in Jerusalem, only 432 are registered in Tel Aviv-Jaffa.¹⁹ In 2003, these operated 136 primary schools with about 40,368 pupils in Jerusalem, and only 18 schools with about 2000 pupils in Tel Aviv-Jaffa (*Jerusalem Municipality, 2003; Municipality of Tel Aviv-Jaffa, 2003a,b*). Moreover, the municipal administration in Tel Aviv is deeply involved in the operation of independent educational institutions, while in Jerusalem, the municipality is generally remote from them. As *Table 9* shows, as most of the education associations in Jerusalem operate in the domain of ultra-Orthodox education, the Ministry of Education and Culture is directly financing a considerable part of the education services in the city, to which the municipality has no access. In 2001, they received 1.5 billion NIS from the Ministry of Education and Culture, of which about 1 billion NIS went directly to religious education associations. The municipality of Jerusalem has no access to this considerable sum, which equals the total municipal budget for governmental services supplied. At the same time, in Tel Aviv, independent

¹⁸Jerusalem is also home of national institutions, including two major government office districts. Location of these districts carries political connotations as well: the main offices district is located at the National Ward, next to the Knesset, Supreme Court and National Bank, whereas the second large district is located on the eastern end of the city, serving as a declaration of the city’s unity.

¹⁹In Jerusalem, 1119 education association were active in 2001, 77% of which were ultra-Orthodox, and in Tel Aviv-Jaffa 241 education associations were active, 29% were religious.

Table 9 Jerusalem and Tel Aviv: active education associations, 2001, by branch

	Jerusalem	Tel Aviv
Primary education	58	30
Higher education	23	20
Haredi education	792 (71%)	66 (27%)
Other education activities	60	93
Research	65	153

education associations received a quarter of a billion NIS, which left Tel Aviv municipality in charge of the main part of local education services.

Tel Aviv and the state: independent municipal policies of a world city

In contrast to Jerusalem, the municipality of Tel Aviv formulates independent local policy on issues that were until recently reserved by the state, concerning the rights of ‘the other’ to be included within the municipal agenda of citizenship. Both labor migrants and gay people are formally excluded from citizen–authority relations, although the Tel Aviv municipality actually includes them within such relations. It is our claim that this self-governing line is indicative of a city’s detachment from the state and for the state’s weakening influence in municipal matters. From the inhabitants’ point of view, a city’s willingness to replace governmental authority with a municipal system suggests that citizen–authority relations are heading towards a more open, tolerant and democratic era. At least, this is what we can learn from the comparison between Jerusalem and Tel Aviv.

Tel Aviv municipality is known for its willingness to deal with controversial issues, which it has championed in various municipal fields. For example, it included the first Reform-women in the religious council,²⁰ established the first welfare administration for the homeless,²¹ and operated independently in the fields of education and health, and in areas that did not require state regulation. Furthermore, the city of Tel Aviv has sometimes operated in areas where no previous policies and standardizations

²⁰The Jewish Orthodox division, which controls the Israeli religious administration, is hostile towards other divisions in Judaism. In 1994, resulting from the appeal of the Reform and Conservative divisions, the Supreme Court judged against under-representation of these divisions in formal bodies. Tel Aviv municipality picked up the baton, and on February 1995 assigned the first woman, a Reform representative, to the religious council.

²¹Ze’ev Friedman, head of Social Service Administration in Tel Aviv Municipality claims the municipality’s activity in the field of homeless people is not supported by governmental budgets or standards, as Ministry of Welfare insists that the issue of homelessness is under Ministry of Housing responsibility, and vice-versa. Dorit Biran from the Welfare Administration in Jerusalem admits this is the case and tells that as a result, the municipality of Jerusalem seldom acts on this field.

were set and has even acted in explicit contradiction to governmental policy or against governmental declarations and activities. This self-governing attitude is reflected in policy toward labor migrants who settle in the city and in the municipal attitude toward Tel Aviv’s gay and lesbian community.

Labor immigrants

Labor immigration to Israel is a relatively new urban phenomenon which resulted from the first *Intifada* (the armed riots of Palestinian-Arabs in early 1990s), that moved Palestinian workers out of the Israeli workforce and resulted in the Israeli government deciding to bring labor migrants to replace Palestinian labor. In time, many more ‘unregistered’ labor migrants filtered into the country, creating multi-cultural urban spaces. Like in many other European cities, the central areas of Tel Aviv attracted labor migrants, including those in Israel without working permits (Kemp and Reichman, 2000; Schnell, 1999; Schnell and Binyamini, 2000; Schnell and Alexander, 2002). Because most of them are not registered, their overall number is not known, but several estimates indicate 100,000–150,000 labor migrants in the Tel Aviv-Jaffa area,²² and, according to the Municipality, between 30,000 and 40,000 labor migrants in Jerusalem.²³ The fact that labor migrants choose to live in Tel Aviv and not in Jerusalem indicates, among other things, that the former is a more inclusive city, in spite of the fact that some of them came to Israel for religious reasons (Central Bus Station Strategic Plan, 2003), and there are more holy sites in Jerusalem than Tel Aviv.²⁴

While the state policies towards labor migrants vacillated between total ignorance to aggressive deportation, the Tel Aviv municipality adopted a practical attitude to its foreign residents, especially those with children, which would support their day-to-day life in the city. Thus, the Tel Aviv municipality has formulated an independent policy towards labor migrants which treats them as residents. There is no intention to determine their legality but only to deal with their daily problems in the city. Such policies reflect Tel Aviv’s independent position vis-à-vis the state in this matter, especially related to welfare, health and education, a position enhanced during the current mayor’s term. A special unit was established in 1999 in order to assist labor migrants with their daily problems and difficulties, in the central bus station area where the majority of labor migrants reside. In addition,

²²These figures are based on the estimation of the Israeli Police.

²³Based on the figures of the welfare department, Jerusalem Municipality (2003).

²⁴Despite the centrality of Tel Aviv, East (Palestinian) Jerusalem has become a center of health treatments for labor migrants because of the relatively lower expenses there as compared to Jewish health centers.

in 1999, the municipality has established the 'forum for foreign workers' which functions as an advisory committee to the mayor in issues concerning the labor migrants (Kemp and Reichman, 2000). The Jerusalem Municipality, in contrast, approaches the labor migrants from a formal perspective in keeping with the state's attitude, which is basically to ignore their existence in the city. The director of the Welfare Department in the Municipality admitted that it is difficult for them to provide welfare services to 'illegal' people (11.8.03). These differences between the two municipalities emphasize the differences between 'urban or global citizenship' and 'national citizenship' that Kemp and Reichman (2000) indicated. Labor migrants in Tel Aviv are included in the framework of city citizenship and are considered urban residents entitled to receive municipal services with no reference to their legal status, while in Jerusalem, they are excluded from such frameworks and are considered 'illegal' because of their nationality.

This independent policy of the Tel Aviv municipality towards the labor migrants is expressed in another field of urban management, that of urban planning. The municipality initiated the Master Plan for the Central Bus Station area where labor migrants live, precisely because of the demographic, social and cultural changes that have occurred in the area in the last decade or so: it has become a central area not only for the labor migrants living in Tel Aviv but also for the labor migrants in the country at large, who come to the city for their weekend outings. One of the declared goals of the plan has been to identify the needs of the migrants, regarding them as permanent inhabitants in spite of the fact that they are considered 'illegal' by the state. Indeed, labor migrants were involved in the planning process, together with the Jewish residents in the area (in-focus groups, in-depth interviews, statistical surveys and spatial surveys). Moreover, the resulting planning alternatives were all related to one theme: labor migrants, and each alternative indicated a different vision regarding their role in the area. One alternative vision viewed the area as 'ethno-town' that is, as a focal point for multiple cultures and ethnicities, and another viewed it as 'an area in transition' for labor migrants together with Jewish inhabitants. Two planning alternatives envisioned labor migrants being dispersed to other areas of the city. The alternative chosen was the one that envisions the area as one in transition and assumes that both labor migrants and Jewish residents will reside side-by-side (Fenster and Yacobi, 2005). The fact that the Tel Aviv Municipality acknowledged labor migrants as part of planning agenda is another indication of their inclusion into the 'city-residents' relations, similar to the way cities such as London, Barcelona, Paris, Brussels, Frankfurt, Amsterdam approach the development of a planning agenda towards such communities.

Gay and Lesbian communities in the city

Another indication of Tel Aviv's independence and open atmosphere is its declaration as the capital of the gay community in Israel because of the massive support of its mayors in the community's activities.²⁵ In practice, the Tel Aviv municipality is the only official body in Israel that acknowledges the gay community as a community with special needs and makes sure that such needs are met. For example, the municipality opened up a shelter for gay and lesbian youth, which provides housing, food and health for those in need. The municipality also initiated, together with non-governmental organizations, special training for secondary school teachers in issues of homophobia and ways to deal with it. In addition, the municipality allocated financial resources to other activities, which support the community, such as a survey carried out in 2002 among the community members, which indicated their needs. Also, the municipality recognizes the rights of gay couples for special tax reductions at the same level as mixed couples. Like any other married couple, gay couples are entitled to get reduced entrances fees to municipal places such as libraries, museums, theaters and swimming pools.

Such an egalitarian and inclusive position is also manifested in the fact that two of the elected members of the Tel Aviv council are representatives of the gay community. The first representative was elected in 1998, and the second in 2003. Both former and present mayors, who previously expressed a negative attitude towards the gay community, have changed their attitudes and support the various activities of the community in Tel Aviv. Such changes in the mayors' outlook emphasize the commitment of the municipality to its citizens without concern for their sexuality. In contrast, in Jerusalem, the 'open house'—a community center for gay people—had to appeal to the Supreme Court to demand the promised financial municipal support for the 2002 gay parade in the city. Although, initially the Jerusalem municipality expressed its support of this parade and promised a donation, the mayor changed his mind. The gay community representatives claimed that such money allocation is exclusive and not egalitarian and the Supreme Court accepted this claim and ordered the municipality to pay the 'open house' some of the amount it promised. Eventually, the gay parade did take place in Jerusalem, but with less financial support than promised at the beginning.

The independence of the Tel Aviv municipality in introducing global multi-layered types of citizenship is quite explicit in the two examples above, and it contrasts strongly with the high level of governmental involvement in municipal matters resulting in an

²⁵This is according to the Internet site of the council of the gay, lesbian, bisexual, and trans-gendered people in Israel.

exclusive format of citizenship in Jerusalem. Such contrasts clarify the differences between the 'urban citizenship' that the citizens of Tel Aviv enjoy as opposed to the 'national citizenship' that some of the citizens in Jerusalem suffer from. The former is an expression of independent policies that are determined in the municipality regarding the various aspects of the life in the city. The latter signifies a growing dependency on governmental decisions regarding the different groups living in the city. Such differences help to better understand the meaning of the concept 'citizenship in the global city' (Fenster, 2004) which acknowledges the right of all citizens to receive equal treatment from the authorities while respecting their right to difference based on nationality, ethnicity, gender or sexual orientation. Tel Aviv internalizes such values of citizenship as a global city, while in Jerusalem, such relationships are still influenced by traditional norms of governance based on the homogeneous Jewish nationality.

Conclusions: Jerusalem and Tel Aviv—between national and global citizenship

This paper has shown how different levels of city-state relations have their affects on the formulation of different types of citizenships in the city. Jerusalem, the capital and home of the Knesset, governmental ministries, Supreme Court and the National Bank of Israel, and Tel Aviv, the heart of the metropolitan area in Israel that has more than 2.5 million people, home to the stock exchange market and the national trade center. Two cities that function between two major dynamics, nationalism and an urban economy.

Our main conclusion is that the dichotomies and symbolisms of the two cities have deep roots and foundations in the governmental styles in the two cities, especially in state-city relationships. The two major cities in Israel indeed function at opposing ends of the spectrum. Jerusalem acts as the capital of Israel, a city with religious, historical and national significance in which the state, via its different governmental ministries, interferes in local matters, while Tel Aviv is a city with a clear civil orientation and a growing economic and social openness to new adventures and initiatives, with no serious governmental intervention. One significant piece evidence is the deep involvement of the government in housing projects in Jerusalem, which has the political rationale of maintaining the demographic balance between Jewish and Palestinians in the city and also the way in which the municipal education system functions so that the different religious sectors enjoy the support of the Ministry of Education more than of the Jerusalem Municipality. Tel Aviv, by contrast, is a city with its own independent budget, which is based on its own resources as the largest metropolitan center in Israel. This affects

the ways each of the cities treat its residents in inclusive/exclusive types of citizenships.

Thus, while the weakening of the state is analyzed in the literature as one of the impacts of economic global networks, this research shows that such weakening is not absolute and that it has different expressions. The state is very much interested in remaining deeply involved in municipal matters in Jerusalem because of its symbolic and national significance. The Jerusalem Municipality cooperates with the state, mostly from lack of choice; as already mentioned, it is a poor city with no independent resources and with diversified population. Tel Aviv has been established from its foundation as a 'secular' city and has built its image separately from the national and the religious apparatus and thus the state itself is less interested in the city, which helps the latter to develop its independent municipal governance. This situation is more familiar in the literature of the weakening of the nation state. The way Tel Aviv treats the labor migrants and the gay communities is a clear expression of such independence. These findings have significant implications for the ability of each city to take part in global economic activities. The national city is less open and inviting to global networks. Global cities are first and foremost open cities, diversified, welcoming economically and politically. Tel Aviv is closer to such a description than Jerusalem.

Finally, let us return to the definitions of 'urban citizenship' and 'national citizenship' (Kemp and Reichman, 2000) and that of 'citizenship in a global city' (Fenster, 2004). Our conclusion is that the Jerusalem's municipality offers a national, homogenous and hegemonic type of citizenship with a high level of exclusion to those who do not belong to this hegemony. Tel Aviv on the other hand, embodies another type of citizenship, which relates to equality and difference with a broader global orientation.

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