

AFTER GAZA

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AFTER GAZA

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Hamas's takeover of Gaza and President Abbas's dismissal of the national unity government and appointment of one led by Salam Fayyad amount to a watershed in the Palestinian national movement's history. Some paint a positive picture, seeing the new government as one with which Israel can make peace. They hope that, with progress in the West Bank, stagnation in Gaza and growing pressure from ordinary Palestinians, a discredited Hamas will be forced out or forced to surrender. They are mistaken. The Ramallah-based government is adopting overdue decisions to reorganise security forces and control armed militants; Israel has reciprocated in some ways; and Hamas is struggling with its victory. But as long as the Palestinian schism endures, progress is on shaky ground. Security and a credible peace process depend on minimal intra-Palestinian consensus. Isolating Hamas strengthens its more radical wing and more radical Palestinian forces. The appointment of Tony Blair as new Quartet Special Envoy, the scheduled international meeting and reported Israeli-Palestinian talks on political issues are reasons for limited optimism. But a new Fatah-Hamas power-sharing arrangement is a prerequisite for a sustainable peace. If and when it happens the rest of the world must do what it should have before: accept it.

The events in Gaza have given rise to wholly conflicting accounts. For Fatah and those close to Abbas, they were a murderous, illegitimate coup that exposed the Islamists' true face. The plan, they say, was premeditated and carried out with Iranian backing. They claim to have video proof of a Hamas-led plot to assassinate Abbas. Hamas, too, denounces an attempted coup, though one planned by Fatah elements determined to rob the Islamists of their electoral victory and overturn the Mecca Agreement between the two rival organisations. They say those elements were fostering lawlessness in the Gaza Strip and that the U.S., Israel and several Arab countries conspired to isolate Hamas as well as arm and train forces loyal to Fatah strongman Muhammad Dahlan in anticipation of a showdown. Hamas's actions, they insist, were preemptive.

There is truth to both accounts. Evidence and eyewitness stories collected by Crisis Group suggest Hamas's armed forces – the Executive Security Force and the Qassam Brigades – were strengthening their arsenal and taking steps in preparation for a fight. Their brutality and disregard for human life at the height of the confrontation also is beyond doubt. But Fatah cannot escape blame. From the moment the Mecca Agreement was signed, several of its officials and presidential advisers undercut it. They urged European governments to neither end their boycott of Hamas nor too closely embrace the unity government. Security plans in Gaza understandably could be read by the Islamists as attempts to bolster a force intended to confront them.

The Mecca Agreement's collapse reflected conflicting domestic agendas: Fatah's inability to come to terms with the loss of hegemony over the political system coupled with Hamas's inability to come to terms with the limitations of its own power. But it would be disingenuous in the extreme to minimise the role of outside players, the U.S. and the European Union in particular.

By refusing to deal with the national unity government and only selectively engaging some of its non-Hamas members, by maintaining economic sanctions and providing security assistance to one of the parties in order to outmanoeuvre the other, they contributed mightily to the outcome they now publicly lament. Through their words and deeds, they helped persuade important Fatah elements that the unity government was a transient phenomenon and that their former control of the Palestinian Authority (PA) could be restored. And they helped convince important Hamas elements that the unity government was a trap, that time was not on their side and they should act before their adversaries became too strong. The crisis was not produced by the Mecca Agreement but rather by deliberate and systematic attempts to undermine it.

Recent events present a mixed picture. In Gaza, Hamas has made undeniable strides in restoring order. Alan Johnston, the kidnapped British journalist, was

released, and Gazans testify to feeling more secure than in a long time. But the Islamists' takeover of virtually all PA institutions, the curtailment of basic freedoms and harassment of Fatah members bode ill. Nor has Hamas found a way to cope with the closing of vital crossing points, the sharp drop in trade and the accelerating humanitarian crisis. In the West Bank, too, there are signs of progress, including steps to reorganise the security sector, the infusion of international funds, renewed Israeli-Palestinian cooperation and talk of political negotiations. There is also a darker side, however, including the suspension of basic laws, separation between Gaza and the West Bank and revival of obsolete Palestinian Liberation Organisation (PLO) institutions at the expense of elected PA bodies such as the parliament.

The basic question, to which neither Palestinians nor the international community has responded, is whether it is possible to ensure security and move toward a two-state settlement with a politically and geographically divided Palestinian polity. Paradoxically, the more successful the strategy of strengthening Abbas, the greater Hamas's motivation to sabotage it. Progress thus would create its own threats. If past is prologue, putting Hamas under pressure without giving it a reasonable alternative would lead it to escalate violence against Israel in the expectation that renewed confrontation would embarrass Abbas, torpedo diplomatic progress and alter intra-Palestinian dynamics. How can Abbas deliver a ceasefire without the Islamists and their allies? How can he legitimise a political agreement with Israel – which must entail difficult and unpopular concessions – if Hamas's significant constituency feels excluded? How can he move toward building a state if Gaza is left out?

A more promising course would be for Fatah and Hamas to immediately cease hostile action against each other and begin to reverse steps that are entrenching separation between Gaza and the West Bank and undermining democratic institutions. In the longer run, they should seek a new power-sharing arrangement, including:

- ❑ a clearer political platform, explicitly endorsing the Arab Peace Initiative;
- ❑ a commitment to a reciprocal and comprehensive Israeli-Palestinian ceasefire;
- ❑ reform of the security services, to include defactionalisation and integration of Hamas's Executive Security Force;
- ❑ reform of the PLO, expanding it to include Hamas and Islamic Jihad;

- ❑ formation of a new unified government approved by the parliament; and
- ❑ consideration of early presidential and legislative elections, although not before one year before the establishment of new government.

To facilitate this, Arab states and other third parties should offer their mediation and monitoring of any agreement. If an agreement is reached, the Quartet should be prepared to engage with a new government politically and economically.

Under current circumstances and given outside interference from various parties, reconciliation is hard to contemplate. Fatah must accept a truly pluralistic system. Hamas owes the Palestinian people answers as to its ultimate political goals and how it wants the national movement to achieve them. Israel must internalise the need to bring the occupation to an end. The international community must accept the right of Palestinians to select their own leaders. Ultimately, a stable Palestinian consensus and the Islamists' inclusion in the political system are vital to any peace process. That was Abbas's original intuition. It led to the January 2006 elections and then to Mecca. The parties' understandable current anger notwithstanding, it remains the right one.

RECOMMENDATIONS

To the Islamic Resistance Movement (Hamas), the Palestinian National Liberation Movement (Fatah) and the PA Presidency:

1. Cease all mutual incitement and hostile actions and take appropriate disciplinary actions.
2. Refrain from measures in the Gaza Strip or the West Bank that affect the normal functioning, character and personnel of public institutions except where absolutely necessary to ensure law and order, and emphasise the temporary nature of any such measures.
3. Seek the reopening of Gaza crossings under a mechanism that could involve the Presidential Guard, a third party or the Palestinian private sector.
4. Seek return to status quo ante by:
 - (a) in the case of Hamas, agreeing to relinquish control over all PA and Fatah installations seized since 1 June 2007, immediately restituting private property to lawful owners; and

- (b) in the case of Fatah and the PA presidency, agreeing to revoke the 19 June 2007 PLO Central Council resolution mandating early PA presidential and legislative elections as well as other presidential decrees and PLO Central Council resolutions issued since 14 June 2007.
5. Negotiate a new power-sharing agreement, including:
- (a) formation of a new, unified government subject to Palestinian Legislative Council (PLC) approval;
 - (b) a mandate for the PLO Chairman to negotiate with Israel on a political settlement of the conflict;
 - (c) commitment to present such a negotiated political agreement to a referendum or to national institutions for ratification and a pledge to respect the outcome of such a ratification process;
 - (d) commitment to a comprehensive and reciprocal Israeli-Palestinian ceasefire, including halt to all military operations, action against armed groups and effective measures to end weapons smuggling;
 - (e) endorsement of the Arab Peace Initiative;
 - (f) integration of Hamas and Islamic Jihad into a reformed PLO;
 - (g) reform of the security services, including de-factionalising the PA security forces, integrating the Executive Security Force (ESF) into these forces and transforming them into a unified, coherent and disciplined force; and
 - (h) agreement to consider early presidential and parliamentary elections which, if held, would be no sooner than one year after establishment of the new unity government.

To Arab States, the League of Arab States and Third Parties in Contact with Both Sides (e.g., Turkey, Norway, South Africa, Switzerland):

6. Mediate between Fatah and Hamas, including by engaging with Hamas leaders.
7. Upon reaching an agreement, create a reporting, monitoring and dispute resolution mechanism to support implementation.

To the Quartet (U.S., EU, Russian Federation, UN):

8. Allow and encourage both Tony Blair and the future UN Middle East Envoy to engage in contacts with all relevant parties to the conflict, including the Hamas leadership and de facto authorities in Gaza.
9. Agree to engage politically and economically with any future Palestinian unity government formed on the basis of the Mecca Agreement.

To the Government of Israel:

10. Allow supplies and merchandise to move freely into and out of Gaza, including via the Karni crossing, under one of the arrangements mentioned above.
11. Facilitate the movement of goods and people within the West Bank and remove barriers that do not have a clear security function.
12. Pursue a comprehensive and reciprocal Israeli-Palestinian ceasefire and a speedy prisoner exchange.
13. Agree to begin negotiations with the PLO Chairman toward a two-state solution.

To the European Union and its Member States:

14. In all statements and contacts with the PA government in Ramallah, encourage reconciliation between Fatah and Hamas.
15. Provide assistance to both people and institutions in Gaza, as well as to those in the West Bank, and design assistance programs so as to avoid exacerbating the split between the West Bank and Gaza.

Amman/Jerusalem/Gaza/Brussels, 2 August 2007

AFTER GAZA

I. INTRODUCTION

During the first half of June 2007, renewed clashes in the occupied Palestinian territories between the Islamic Resistance Movement (Hamas) and the Palestinian National Liberation Movement (Fatah) became a struggle for control of the Gaza Strip. Within less than a week, well-organised, well-armed, highly motivated Islamist forces overran Palestinian Authority (PA) security installations and key Fatah centres, culminating on 14 June with assaults on PA security headquarters and occupation of the Gaza City presidential compound.¹ That evening, President Mahmoud Abbas dismissed the national unity government which took office in March, declared a state of emergency and appointed an “emergency government”, led by outgoing Finance Minister Salam Fayyad. These developments sealed the fate of the February 2007 Mecca power-sharing agreement, crafted to prevent precisely such an outcome.

The toll of some 140 dead and 1,000 wounded reflected the ferocity of fratricidal conflict, including summary executions. Several activists were thrown from rooftops; at least one was shot while on the operating table.² The disregard for civilians and property exhibited by both parties reflected the brutalisation of Palestinian society and growing disintegration of norms and values since the current Israeli-Palestinian confrontation erupted in late 2000.

The nature of the events are hotly contested among Palestinians and other interested parties, particularly as Hamas solidifies its control over the Gaza Strip and Abbas on 13 July unilaterally extended rule by a presidentially appointed government. Abbas and his supporters as well as other Palestinians have denounced Hamas’s actions as a “coup”,³ pointing to the fact that its militia seized control of government institutions by

force, and it has rejected any other authority in the Gaza Strip. They accuse regional powers, particularly Iran, of having spurred Hamas on.⁴

The Islamists insist they prevented a coup, which was being implemented in phases by an axis of Washington, Israel, several Arab and European parties, but also powerful Fatah elements. They say they acted in response to efforts to undermine their electoral mandate and obstruct their ability to govern and to pre-empt plans within Fatah to confront them militarily with U.S., Israeli and Arab aid. They argue they had no choice, given the need to reverse a deteriorating security situation that was part of the effort to bring them down.⁵ More broadly, many Palestinians concur with the contention that Abbas’s installation of a new government without parliamentary ratification, and presidential decrees appropriating legislative powers or transferring them to the PLO, violate Palestinian law.⁶

Yet, the political, not the constitutional, ramifications of these events dominate the agendas of Palestinian, regional and other international decision-makers. The PA is riven by rival governments, each with a territorial base, raising the spectre that Israel and the international community will institutionalise separation of Gaza and the West Bank with Palestinian help. Both governments have at best limited authority over limited areas. Where it is not exercised by Israel, real power has in effect devolved to the increasingly fragmented movements that – at least formally – sustain them, as well as autonomous groups pursuing separate agendas. Meanwhile, the root cause of the Palestinian condition – occupation and the

¹ A number of these battles and their aftermath were witnessed by Crisis Group staff.

² “Gaza: Palestinian Groups Commit Grave Crimes”, Human Rights Watch, 13 June 2007.

³ Crisis Group interviews, Fatah activists and independents, West Bank and Gaza Strip, June 2007.

⁴ Crisis Group interview, PA presidential adviser, Ramallah, June 2007.

⁵ Crisis Group interviews, Hamas leaders, Gaza City, June-July 2007.

⁶ Crisis Group interviews, Palestinian activists, Ramallah, June 2007.

absence of a political settlement with Israel – is displaced by internal conflict.⁷

Domestically, the question today is whether, despite deep and enduring wounds, Fatah and Hamas can resurrect the Mecca Agreement or reach a new and more sustainable accord and, just as importantly, whether such an accord this time can be translated into sustained reality. Given the scale of violence, level of accusations and depth of distrust, this is an open question. So much so that some question whether meaningful dialogue between Fatah and Hamas is possible at all under current circumstances.⁸

While germane to the current crisis, the internal Palestinian equation is only one part of a considerably larger puzzle. Israeli policy towards the Palestinians and that of the international community towards the PA are no less central to understanding the current deadlock and the search for a sustainable resolution of the present crisis.⁹

II. THE MECCA AGREEMENT: FROM COALITION TO COLLAPSE

A. A NEW START...

On 8 February 2007, Palestinian leaders assembled in Mecca to sign a Saudi-brokered agreement to end almost a year of increasingly bitter internecine fighting and international sanctions that were driving their society to collapse. Hamas and Fatah would form and participate in a new PA coalition government and were to conclude negotiations on broader power-sharing arrangements involving reform of the security apparatus and of the PLO.¹⁰

An early signal that at least some in each movement preferred to bury the hatchet in each other's backs could be gleaned from the five weeks negotiators needed to agree on the new government's composition, even though each party's ministerial quota and many related details had been set by the end of 2006.¹¹ Not until 17 March was a deal concluded and the new government presented to the Palestinian Legislative Council (PLC), which ratified it 83-3.¹²

Like the outgoing Islamist cabinet, the coalition government was led by Prime Minister Ismail Haniya of Hamas. In contrast, however, all but nine of 24 ministers were from other political movements, most prominently Fatah, and independents. Key portfolios, such as finance and foreign affairs, were allotted to independents deemed acceptable to the Quartet¹³ and the broader international community as well as Fatah and Hamas.¹⁴ Others, such as interior, were allotted to

⁷ Ironically, the latest intra-Palestinian crisis coincided with the 40th anniversary of the 1967 June War that led to the Israeli occupation of the West Bank and Gaza Strip.

⁸ Crisis Group interviews, independent Palestinians, June 2007.

⁹ For a withering critique of Quartet policies since 2005 and their contributions to the current crisis, see the "End of Mission Report" authored by former United Nations Special Coordinator for the Middle East Peace Process Alvaro de Soto. Submitted as an internal document in May 2007, it was leaked to the press in June. For a summary and link to the full text, see Rory McCarthy and Ian Williams, "Secret UN Report Condemns U.S. for Middle East Failures", *The Guardian*, 13 June 2007.

¹⁰ For background and analysis see Crisis Group Middle East Report N°62, *After Mecca: Engaging Hamas*, 28 February 2007.

¹¹ Ibid, pp. 16-18; Crisis Group interviews, Hamas and Fatah officials, Gaza City and Ramallah, November-December 2006.

¹² Only the Popular Front for the Liberation of Palestine (PFLP) voted against the new government, on the grounds its program was tantamount to recognition of Israel. The PLC has 132 members. The 46 who did not participate in the 17 March vote of confidence, overwhelmingly affiliated with Hamas, were and remain in Israeli prisons.

¹³ U.S., Russia, European Union (EU) and the UN, who collectively seek to encourage resolution of the Israeli-Palestinian dispute.

¹⁴ Salam Fayyad, prime minister of the current emergency government, received the finance portfolio; he was head of the International Monetary Fund (IMF) mission to the occupied territories and finance minister, 2002-2006. In the 2006 PLC elections, he, with Hanan Ashrawi, was elected as a representative of the Third Way, a new party he helped

relatively obscure Palestinians loyal to but not openly identified with Hamas.¹⁵ The government's program avoided rejectionist rhetoric, in important respects reflecting or not contradicting current PLO policies. Haniya accepted Abbas's "Letter of Commission" to the coalition government, calling on it "to work towards achieving their [Palestinian] national goals as ratified by the resolutions of the Palestine National Council, the [PA] Basic Law, the National Conciliation Document and the resolutions of the Arab summits. Accordingly, I call on you to respect legitimate Arab and international resolutions and agreements signed by the PLO".¹⁶

On that basis it was hoped – and, particularly by more pragmatic elements within Hamas, expected – that the new government would produce significant improvements in intra-Palestinian relations as well as international ties.¹⁷ Hamas leaders said they expected to sustain the Mecca momentum and gradually overcome U.S. and some Arab state opposition, as well as lingering reticence within Fatah. In regular talks with senior Saudi officials and Abbas, and thus indirectly with those refusing contact with them, they felt their isolation gradually was being overcome.¹⁸ Observed at surface level, such hopes did not appear entirely misplaced. Clashes between Fatah and Hamas halted virtually overnight, and the calm survived even the topsy-turvy negotiations on a new government.¹⁹

By late March, the Western diplomatic boycott of the PA government had turned into a policy of contact with senior cabinet officials unaffiliated with Hamas. Exceeding expectations, Finance Minister Salam Fayyad persuaded the U.S. to loosen sanctions, allowing the transfer of

establish. Foreign affairs went to Ziad Abu-Amr, an independent and academic whose positions broadly concur with Fatah's but who has close ties with Hamas, which supported his 2006 PLC candidacy. He was a key mediator in the Mecca Agreement negotiation.

¹⁵ Under Mecca, the interior minister would be an independent appointed by Hamas and endorsed by Abbas. Hani Qawasmī, was considered sufficiently reliable by the Islamists, sufficiently obscure by Fatah. A Palestinian activist said, "there is no such thing as an independent Islamist considered reliable enough by Hamas to become Interior Minister. There is only an agreement among all concerned that this fiction has been realised. He's as Hamas as Haniya". Crisis Group interview, Ramallah, May 2007.

¹⁶ Text of 8 February 2007 Mecca Agreement, informal English translation, at www.miftah.org. The National Conciliation Document is a June 2006 agreement signed by Fatah, Hamas, and other Palestinian organisations.

¹⁷ Crisis Group interviews, senior Hamas leaders, Gaza City and Ramallah, March 2007.

¹⁸ Crisis Group interview, senior Hamas officials, March 2007.

¹⁹ Crisis Group interviews, Gaza Strip residents, February-March 2007.

foreign funds into a PLO account he in effect managed. Norway became the first Western country to resume direct financial aid to the finance ministry with a \$10 million contribution,²⁰ and, between March and June, Saudi Arabia, Qatar and the United Arab Emirates replenished PA coffers with more than \$150 million.²¹ The Netherlands – unlike Norway an EU member and one that had embraced U.S. policy towards Hamas – was in June preparing an \$8 million grant to the Temporary International Mechanism (TIM) devised to funnel assistance to Palestinian institutions and PA personnel consistent with the Quartet boycott, but that for the first time would be earmarked for the police.²² According to a European diplomat, "this would not be happening without Washington's knowledge and approval".²³

A thaw in relations with Israel also appeared in the offing. In early March, a senior Hamas official claimed Egyptian-brokered negotiations on a prisoner exchange had produced agreement on numbers of Palestinians to be exchanged for a captured Israeli soldier, categories from which they would be drawn and the implementation schedule. Reportedly the primary sticking point related to Israel's insistence "it would select which Palestinians meeting the relevant criteria would be released, while we insist that agreement be reached on names before any deal is implemented. We are neither obstructing a deal nor disinterested in reaching one. To the contrary".²⁴

During this time, Hamas continued to reject the Quartet conditions (recognition of Israel, renunciation of violence and acceptance of past agreements). It remained ambiguous, for example, on whether it could accept a two-state solution and recognise Israel by endorsing the Arab Peace Initiative. Some leaders rejected outright any possibility of eventual recognition, reiterating their proposal for a long-term truce (*hudna*) once Israel withdrew to the 1967 borders,²⁵ leaving for future generations the

²⁰ "An official visit by Haniya to Norway is also under consideration, but this will take some time and preparation. I don't think the sight of him with 50 bearded bodyguards walking the streets of Oslo will be good publicity. Neither for us nor for them". Crisis Group interview, senior Norwegian foreign ministry official, Jerusalem, March 2007.

²¹ Some of these amounts were provided in the context of regular instalments; Libya pledged an additional \$50 million. Crisis Group interview, June 2007.

²² "The security forces have been specifically excluded from the Mechanism, and the police were chosen on account of their orientation towards regulating civilian life". Crisis Group interview, European diplomat, June 2007.

²³ Crisis Group interview, European diplomat, Jerusalem, June 2007.

²⁴ Crisis Group interview, Hamas leader, March 2007.

²⁵ While Hamas leaders rejected an indefinite, open-ended or permanent truce as contrary to the definition of the term in

definition of an eventual political settlement.²⁶ Still, even here there were hints of movement. In conversations with Crisis Group, senior leaders stated their commitment to a reciprocal, comprehensive ceasefire; acceptance of a state within the 1967 borders as the common (albeit not necessarily final) Palestinian objective; acceptance of President Abbas as the sole, empowered negotiator with Israel; and a pledge to abide by any agreement democratically ratified by proper Palestinian institutions (a referendum including the diaspora or endorsement by a reformed PLO).²⁷

Asked if Hamas could accept a permanent status agreement negotiated by Abbas which, inevitably, would violate some of its proclaimed taboos, a senior leader replied: “You are making a mistake in thinking Hamas is the problem. The problem will be the Palestinian people. If they are persuaded, we will not be an obstacle” – a response that can be read as a warning that the people would never accept it, or a promise Hamas would abide by the choice.²⁸ According to this same leader:

We have clearly committed ourselves....The negotiations file is in the hands of Abbas, representing all of us. This is something we did not give even to Arafat. And the movement has committed itself to accepting the implementation of a political agreement that is properly ratified by Palestinian national institutions or a popular referendum, even where such an agreement does not reflect Hamas’s own political vision.²⁹

Speaking shortly before the March 2007 Arab League Riyadh summit, a Hamas leader observed that for the first time there was a strategic consensus among Palestinian organisations, “including ourselves”, in favour of a political settlement on the basis of the 1967 boundaries, and that this was complemented by a virtually identical regional, Arab consensus. “The world has an unprecedented, historic opportunity and

Islamic law, they said an arrangement could be agreed for ten years and perhaps longer, and be renewed, repeatedly if necessary. Crisis Group interviews, Hamas leaders, Gaza Strip, November-December 2006.

²⁶ Crisis Group interviews, Hamas leaders, March 2007. As one put it, “Israelis and Palestinians are not in a position today to agree on a final outcome. Let’s agree on what we can agree on: Israel’s withdrawal from the lands it occupied in 1967 and a long-term truce. That will give both sides time to come to a solution”. Crisis Group interview, April 2007.

²⁷ Crisis Group interviews, senior Hamas leaders, March 2007.

²⁸ Crisis Group interview, senior Hamas leader, March 2007.

²⁹ Ibid.

should not miss it. This is the first time in our history that all Palestinian organisations have a common objective of a state within the 1967 borders”.³⁰

According to a Hamas leader, that summit was an important opportunity for peace, but only if Israel and the international community embraced the “realistic” collective offer of the Palestinians and Arab world.³¹ While the movement stopped short of endorsing the 2002 Arab League Initiative reconfirmed in Riyadh, its leaders did not reject it. A senior Saudi official recently asserted that, taken together, Hamas’s position on the summit and the Mecca Agreement (which proclaimed “respect” for past Arab League resolutions) amounted to virtual acceptance of the initiative.³² “What it took the PLO ten years to achieve, Hamas has done in a matter of months”.³³

If senior Fatah leaders were less sanguine about rapid international normalisation with any government including Hamas, they showed few misgivings about Mecca.³⁴ They presented it as essential to halt the rapid slide toward all-out confrontation, an outcome Abbas and many in Fatah saw as a red line. While there was lingering questioning of decisions adopted by their leaders since the January 2006 elections, the movement mostly seemed to agree the priority was to stop the bloodshed.³⁵ Abbas was described as in higher spirits than any time since the elections; having achieved reconciliation between Fatah and Hamas, he devoted much time between March and June to promoting renewed engagement with Israel, reflecting in part confidence that Mecca gave him a mandate to negotiate without continuous Islamist sniping, and in part his need to realise that mandate to keep his leadership position. It also reflected his assessment, based on meetings with Secretary of State Condoleezza Rice, that the U.S. this time was serious about rejuvenating

³⁰ Crisis Group interview, Hamas leader, March 2007.

³¹ Crisis Group interview, Hamas leader, March 2007.

³² See further Crisis Group Report, *After Mecca*, op. cit., pp. 18-21.

³³ Crisis Group interview, senior Saudi official, Jeddah, July 2007.

³⁴ Given the deep divisions within Fatah and the multiplicity of its rival power centres, such generalisations should be treated with relative caution. For example, a prominent Fatah leader suggested Mecca was mistake, blurring differences between Hamas and Fatah without forcing the Islamists to take clear positions on issues critical to the fate of the national movement – i.e., relations with Israel and the outside world. Crisis Group interview, Ramallah, March 2007. The view doubtless was shared by others.

³⁵ Crisis Group interviews, Fatah leaders, Ramallah, March 2007.

the moribund peace process and prepared to use its leverage to bring along the Olmert government.³⁶

Other Fatah leaders went further, arguing engagement with Hamas ultimately would bring the Islamists to join the consensus embodied by the PLO. “In the coming years Hamas will play a central role in Palestinian political life. We therefore have no choice but to forge a partnership with them on the basis of the political program of the PLO”. Fatah would need to reform faster in order to do well in the next elections.³⁷

In Gaza, Hamas initially continued to observe the November 2006 Israeli-Palestinian ceasefire, despite claiming Israeli military activity in the West Bank violated it. The commitment had its limitations, however. Suspicions Hamas was facilitating, perhaps encouraging, others to fire rockets across the Gaza boundary were widespread and not limited to Israeli and U.S. circles.³⁸ It openly stated it had no intention of interdicting such attacks unless a new, reciprocal and comprehensive ceasefire encompassing the West Bank was achieved. By the same token, Abbas’s denunciations had the impact of a jeering spectator at a football match;³⁹ elements claiming affiliation with Fatah, not the Hamas military wing, were – along with Palestinian Islamic Jihad (PIJ) and several smaller organisations – responsible for much of the firing, and security forces under Abbas’s direct command did not restrain them.

B. ... AND A FAMILIAR FINISH

Although the above developments were not illusory, their significance should not be exaggerated. Relations with the outside world were changing, but glacially; signs of trouble in the Hamas-Fatah relationship quickly appeared.

1. The Mecca Agreement: Doomed from the outset?

Actors and observers have debated whether the agreement collapsed due to fatal flaws or because key provisions of a sound document were not implemented. Egyptian and Jordanian officials, arguably ill-at-ease with Riyadh’s role and sceptical about the substance of the accord, criticised it as a superficial patching up of

unresolved fundamental differences between two movements unwilling to alienate the Saudi monarch.⁴⁰ A Fatah Revolutionary Council member – critical of both Fatah’s initial refusal to accept the legitimacy of Hamas’s government and its subsequent agreement to join a unity government – predicted in March the agreement would be short-lived because it did not address the core divisive issues.⁴¹ Sceptical Islamists characterised the agreement as “a [temporary] Palestinian *hudna*”, convinced Fatah would sabotage it while preparing for a showdown – an assessment mirrored by Fatah members suspicious of Hamas.⁴²

Some observers stress the ideological incompatibility of two movements with very different ideas about how to settle the Israeli-Palestinian conflict. In numerous talks Crisis Group held with Fatah and Hamas leaders during this period, however, program divergence virtually never came up. The battle was essentially over military and political power, more specifically who would control the security sector and whether Hamas would be allowed to join the PLO. Mecca was an agreement to form a national unity government without resolving the two sources of discord – the absence of genuine political or security power-sharing – that had made it necessary in the first place.

Independent Islamist and outgoing Minister of Local Government Muhammad Barghouti said hours before Abbas dismissed the government on 14 June:

The problem with the Mecca Agreement is two-fold. On the one hand the negotiators failed to cross the “t’s” and dot the “i’s” on crucial issues such as security, and should for example have agreed on the identity of key personnel rather than leave this for further, contentious negotiations. At the same time the main political movements had no intention of

³⁶ Crisis Group interview, senior official, PA presidential office, Ramallah, March 2007.

³⁷ Crisis Group interview, West Bank Fatah leader, Ramallah, March 2007.

³⁸ Crisis Group interviews, Palestinian activists and analysts, Gaza City, April 2007.

³⁹ In a May 2007 speech, for example, Abbas referred to “rockets of futility” and strongly condemned them.

⁴⁰ Crisis Group interviews, Amman, Cairo, June 2007.

⁴¹ He insisted on their incompatible political programs, arguing that Hamas should not have been spared the need to come up with a coherent position on Israel and Palestinian relations with the international community. “We should have either let Hamas govern, and I am certain they would have failed, or reached a deal which addresses the real issues dividing the Palestinians”. He was also critical of agreement to a comprehensive ceasefire in the context of continued occupation without a peace process, arguing that Palestinians should unilaterally and definitively renounce attacks on civilian targets while retaining the right to resist military occupation with armed force. Crisis Group interview, Fatah Revolutionary Council member, Ramallah, March 2007.

⁴² Crisis Group interview, senior Hamas activists, Gaza City, April 2007.

seeing it succeed and worked around the clock to undermine its implementation.⁴³

Asked when he anticipated negotiations to be concluded on Hamas's integration into the PLO, as mandated by the Mecca Agreement, a PLO Executive Committee member replied, "never. We won't permit it to happen".⁴⁴ The Islamists held other issues hostage to movement on this. Early on, they hedged their consent that Abbas could freely negotiate an Israeli peace treaty and it could be ratified either by representative Palestinian national institutions or referendum. Speaking shortly after the accord was signed, a Hamas leader said the government would have to be closely involved in and consulted on negotiations (though not present).⁴⁵ Hamas also raised objections on a referendum; several leaders insisted that in some places – notably Jordan where they are citizens – it would expose Palestinians to charges of dual loyalty. Ratification, they argued, could in practice only result from endorsement by the Palestine National Council (PNC) after Hamas's integration into the PLO.⁴⁶

Almost immediately after the new government was formed, senior Fatah officials and presidential advisers predicted it would not last long. Western officials and visitors were told "early elections will take place, within six months to a year".⁴⁷ Some even advised Western governments to maintain their boycott of Hamas and not to move too quickly on normalising financial relations, again seemingly to boost Fatah's position and justify an early return to the polls – a charge made by Hamas⁴⁸ and later confirmed by an independent minister.⁴⁹ Others expressed alarm at what they called Islamist attempts to change the fabric of Palestinian society by

⁴³ Barghouthi is referring to powerful factions within Fatah and Hamas opposed to the Mecca Agreement, rather than the organisational leaderships of the movements as such. Crisis Group telephone interview, Muhammad Barghouthi, June 2007.

⁴⁴ Crisis Group interview, PLO Executive Committee member, Ramallah, March 2007.

⁴⁵ Crisis Group interview, Hamas leader, Gaza City, March 2007.

⁴⁶ Crisis Group interview, Hamas leaders, Gaza City, March 2007. Hamas leaders appeared divided. Some seemed to use the argument for pressuring Fatah to accelerate the movement's integration into the PLO, conceding that were genuine efforts made, they could accept a referendum. Crisis Group interview, Hamas leaders, March 2007. Others were far more dismissive of a referendum, insisting only a reformed PNC could endorse an accord. Crisis Group interview, Hamas leader, Gaza, March 2007.

⁴⁷ Crisis Group interview, PA presidential adviser, Ramallah, March 2007.

⁴⁸ Crisis Group interview, Hamas leader, March 2007.

⁴⁹ Crisis Group interview, independent minister in PA government, July 2007.

encouraging activists to enforce orthodox Islamic norms of public and private morality and concluded that differences in social attitudes coupled with irreconcilable differences on the conflict with Israel meant the unity government would end prematurely.⁵⁰

Little if any of this escaped the Hamas officials,⁵¹ who made clear to Crisis Group they would not accept political marginalisation,⁵² efforts to boost Fatah's military capabilities or exclusive dealings with Fatah and select ministers. "For now, we can live with this but if this dual, unequal treatment of the government continues, the Mecca Agreement will not survive".⁵³ They were particularly harsh about Fatah members and presidential advisers (though not Abbas) who they said were plotting against them.⁵⁴ They did not mince words about consequences. If Israel and the Quartet responded to the new government and Riyadh Summit as if nothing had changed, Palestinian patience would not endure. A new confrontation would be bloodier than ever and destroy the PA.⁵⁵

In effect, each party implemented its obligations on the presumption the other was acting in bad faith, so sought to sacrifice as little of its power and leverage as necessary to keep the agreement afloat. This in turn confirmed the worst suspicions each had, namely that the other's objective remained to establish – by hook or by crook – hegemony over the political system. Fatah activists insisted their rivals, "who not only reject but are incapable of internalising the concept of power-sharing", were only biding time. One said: "They are patient, and waiting. Once Abbas and the new government deliver the goods, ... an end to sanctions and international respectability for a cabinet led by Haniya, they will move in for the kill".⁵⁶ Many Hamas activists were convinced certain Fatah elements were conniving with outsiders to undermine the agreement and ensure the government's rapid collapse.

An added complication was Fatah fragmentation. Accelerating toward incipient disintegration, it meant rival power centres were free to carry out policies towards Hamas while Abbas – the key advocate of attempts to

⁵⁰ Crisis Group interview, Fatah activists and presidential advisers, Ramallah, March 2007.

⁵¹ A senior Hamas leader, for example, denounced "vicious" and "cruel" policies of some Fatah leaders, who were advising foreigners to keep sanctions to undermine government support and drive Hamas from office. Crisis Group interview, May 2007.

⁵² Crisis Group interview, senior Hamas official, Gaza City, March 2007.

⁵³ Crisis Group interview, Hamas official, March 2007.

⁵⁴ Crisis Group interview, Hamas official, June 2007.

⁵⁵ Crisis Group interview, Hamas leader, March 2007.

⁵⁶ Crisis Group interview, Fatah activist, Ramallah, June 2007.

forestall new confrontation – had increasingly precarious control. Lesser but still rare divisions were also beginning to appear within Hamas. Although the movement appeared to be ruled by consensus, it was easier than before to elicit contradictory perspectives from leaders. Some appeared to suggest statements of Hamas ministers represented government positions, not necessarily the movement's. Hamas members of the security forces at times noted they took instructions from the movement, not the government.⁵⁷

Leaders would not concede divisions existed but did not hide that disappointment with the decision to contest elections was growing. In May a leader acknowledged the movement was paying a price for some decisions, had lost some popularity due to the economic and security situation, and some members were questioning strategy:

We are a cohesive movement, and we rule by consensus. Even now, the movement as a whole supports our decision to compete in elections and participate in the government. But there is no doubt...debate...has intensified. More voices are asking what the point was...if some within Fatah and the West are trying to undermine our victory and prevent us from governing.... [O]ur line remains the same but the discussions continue and our view could change in favour of the position the PA should be dissolved and we should return to...a national movement resisting the occupation without running institutions....I can tell you for sure we will not allow Fatah to come back to power by overturning the results of the elections.⁵⁸

Clearly, continued deterioration in the economy and security, coupled with Quartet and Israeli refusal to amend policies, strengthened the more hard-line within Hamas. Sceptical of the decision first to stand for elections and next to share much power in a national unity government, they could point to the continued boycott, international financial and material support to Fatah, Hamas's inability to govern and its loss of popular support and ask: why are we doing this? In Rafah, a newspaper run by members of the military wing, the Martyr Izz-al-Din al-Qassam Brigades, published an article denouncing Haniya as a renegade for involvement in politics and defending a government set up under occupation. It was accompanied by statements by the late Hamas leader Abd-al-Aziz Rantisi attacking formation of any government under occupation.⁵⁹

⁵⁷ Crisis Group interviews, ESF members, Gaza City, May 2007.

⁵⁸ Crisis Group interview, Hamas leader, May 2007.

⁵⁹ The publishers of *al-Janat* newspaper describe themselves as Qassam members. Other Hamas members stated they had

Although leaders adamantly denied they were losing control of Gaza militants, the force of their denial suggested genuine concern.⁶⁰

2. The fuse: Security

The conflicts over the security sector that precipitated the June showdown did not emerge in a vacuum. Fatah's determination to retain hegemony over the security establishment, Hamas's insistence on achieving authority over security forces formally answerable to the government rather than presidency and on acquiring formal recognition for the Executive Support Force (ESF) established by the previous Haniya cabinet in April 2006,⁶¹ as well as U.S. and Arab efforts to selectively bolster elements expected to play a leading role in any armed confrontation with Hamas, had during the second half of 2006 and early 2007 repeatedly precipitated clashes between the movements.

After Mecca, these disputes centred on command responsibility over the various security forces and the ESF's future and against the backdrop of a sharp deterioration in the security environment, notably in the Gaza Strip. This gained particular significance because the continuation of sanctions meant security was virtually the only issue of widespread popular concern on which Hamas could demonstrate its governance credentials.

Efforts to implement Mecca and "de-factionalise" the security sector quickly hit a wall. Fatah members accused Hamas of continuing to build the ESF, calling it a parallel, unlawful militia; denunciations of Hamas's "blood-soaked wing" (*al-tayyar al-damawi*) became increasingly commonplace. Fatah officials asserted the military wing was significantly augmenting itself with outside (mainly Iranian) help, putting it in a position to control Gaza. As a result, as some presidential advisers and Fatah security officials put it, they, too, were forced to strengthen their forces, in particular the Presidential Guard,⁶² as a means of deterrence.⁶³ The view was echoed by U.S. officials:

been thrown out of the movement before publication of the article. Crisis Group interviews, Gaza Strip, June 2007.

⁶⁰ Crisis Group interviews, Hamas leaders, May-June 2007.

⁶¹ For background see Crisis Group Reports, *After Mecca*, op. cit.; N°57, *Israel/Palestine/Lebanon: Climbing Out of the Abyss*, 25 July 2007; and N°54, *Palestinians, Israel, and the Quartet: Pulling Back From the Brink*, 13 June 2006.

⁶² The Presidential Guard operates under the presidency's direct command, independent of the government. U.S. attempts to strengthen Abbas's military capabilities have singled it out.

⁶³ Crisis Group interview, PA presidential adviser, Ramallah, June 2007.

Hamas is stronger than Fatah in Gaza and, with Iranian aid and far greater organisational skills, is deepening the gap between the two at impressive speed. We need to help Fatah security forces if only to maintain the existing balance of power and prevent Hamas from overpowering it. If we do nothing, Hamas will win militarily. It's not a question of helping Fatah defeat Hamas; it's a question of preventing Hamas from defeating Fatah.⁶⁴

In a change of tone from 2006, Fatah officials and presidential advisers no longer singled out Hamas politburo Chairman Khalid Mashal for criticism. Rather, he (and more generally the exile leadership) was characterised as ineffective, acknowledged for a belated shift towards pragmatism but dismissed as a politician unable to lead on account of "his need to appeal to a broader range of actors in his movement, which required retaining credibility with the radical wing so he not lose control".⁶⁵ Instead, accusations were directed primarily at Mahmoud Zahhar and Said Siam, senior leaders in Gaza who were ministers in the previous government, and the leaders of the Hamas military wing, the Martyr Izz-al-Din al-Qassam Brigades, together said to be stoking factional conflict to further their radical agenda while undermining Haniya and the government to ensure the continued supremacy of the movement and strengthen their positions within it.⁶⁶

Hamas tells a different story, that certain Fatah forces (it is careful not to incriminate the entire movement) in Gaza refused to share security responsibility or abide by the interior minister's decisions, seeking to retain security sector hegemony. It also maintained its adversaries were promoting chaos and obstructing efforts to curb lawlessness so as to undermine the government and trigger early elections or removal of Hamas from office by other means.⁶⁷ Aware of deep divisions within Fatah, Hamas generally avoided holding Abbas directly

responsible, at least until June, tending to characterise him as the hapless victim of insubordinate rejectionists. A leader said, "Abbas doesn't have control"; others suggested he was in a gilded cage, guarded by opportunistic aides compromised by relations with Israel and Washington, who consistently give him the worst possible advice.⁶⁸

Hamas's *bête-noire* – continuing the starring role in Islamist demonology he assumed in the 1990s during successive crackdowns on Hamas and Palestinian Islamic Jihad as head of the Preventive Security Force (PSF) in the Gaza Strip – was Muhammad Dahlan. Intelligent, ambitious and ruthless in equal measure, he adroitly used his powers and position over the years to develop an extensive, loyal patronage network,⁶⁹ outmanoeuvre and/or co-opt Fatah and PA rivals and solidify his role as the most important Fatah power in the Gaza Strip.⁷⁰ To Hamas, he personified everything it detested: "collaboration, corruption, and chaos".⁷¹ Islamists denounced him as the "head of the snake", the local strategist and point man in a campaign led by the U.S. to reverse the 2006 elections.⁷²

Hamas saw Dahlan's 18 March appointment by Abbas as national security adviser with expanded powers – a presidential prerogative exercised the day after the national unity government was formed – as a clear signal that Fatah power centres opposed to reconciliation retained the upper hand. Some concluded that their rivals' commitment to the Mecca Agreement stemmed from their conviction that the engineered failure of a national unity government would justify early elections. Commenting on such a scenario, a Hamas leader in late May warned:

Dahlan and his allies are seeking to torpedo the national unity government. We will not let this happen. We will not allow elements within Fatah

⁶⁴ Crisis Group interview, U.S. official, Washington DC, May 2007.

⁶⁵ Crisis Group interview, PA presidential adviser, Ramallah, June 2007.

⁶⁶ Crisis Group interviews, Fatah officials, Gaza Strip, May 2007. Personal motives were also cited, including resentment at exclusion from the coalition government and losing the perks of office. "Never underestimate the power of ego in politics". Crisis Group interview, PA presidential adviser, Ramallah, June 2007.

⁶⁷ Crisis Group interviews, senior Hamas officials, Gaza City, November-December 2006. Following the June clashes, Haniya and other Hamas leaders claimed they gave Abbas evidence, asking him to discipline particular commanders. Crisis Group interviews, Hamas leaders, June-July 2007.

⁶⁸ Crisis Group interview, Hamas leader, May 2007; Crisis Group interviews, Hamas leaders and officials, March-June 2007.

⁶⁹ "In terms of using guns and money to amass and deploy power within the Palestinian system, Dahlan was easily Arafat's most astute student". Crisis Group interview, specialist on Palestinian affairs, Jerusalem, March 2006.

⁷⁰ After the 2006 elections, Dahlan began to extend his reach to the West Bank, forming alliances of convenience with some and co-opting others to his patronage network. Crisis Group interview, Palestinian analyst, Ramallah, May 2007.

⁷¹ Crisis Group interview, Khalid Abu Hilal, Interior Ministry spokesman, Gaza City, June 2007.

⁷² Dahlan's closest associates were Rashid Abu-Shbak, formerly his deputy in the PSF and appointed commander of the security forces in the Gaza Strip in 2006, and Samir Mashharawi, a senior Fatah official. As relations between Fatah and Hamas continued to deteriorate in May-June 2007, this triumvirate was often denounced by the Islamists. Crisis Group interview, Hamas leader, May 2007.

to restore its hegemony and will not participate in early elections or recognise their legitimacy.⁷³

Amid factional clashes in the Gaza Strip, it became clear Fatah and Hamas were heading for a showdown which they tried only half-heartedly to avert. On 14 April they had endorsed a security plan, presented by Interior Minister Hani Qawasmi, to stem spiralling lawlessness, enforce discipline within the security forces and ensure unified command through joint deployments and operations rooms. Nothing materialised. Although approved by Abbas, key Fatah lieutenants honoured it primarily in the breach, particularly when Rashid Abu Shbak, Dahlan's closest associate, on 11 May deployed the National Security Force (NSF) on the main roads of northern Gaza without consulting Qawasmi. In response, the latter on 14 May tendered his (second) resignation, saying he lacked the authority to fulfil his mandate and could no longer take responsibility for a situation over which his authority was being emasculated by insubordinate and uncooperative commanders.⁷⁴

Matters were further complicated by publication, in some cases unauthorised, of security plans to strengthen Fatah elements, including by training and arming the Presidential Guard. This followed U.S. Congressional approval in January 2007 of a \$86.3 million aid and assistance package focused on security forces under the PA president's authority, in particular the National Security Forces and Presidential Guard.⁷⁵ Unlike the Qawasmi plan, these emphasised bolstering PA security forces considered most hostile to Hamas and Palestinian measures to terminate violent activities of militants. Abbas reportedly endorsed them with more enthusiasm than he had shown for Qawasmi's proposals.⁷⁶

Hamas resorted to unilateral deployments of its own and renewed assassinations of Fatah leaders (including a 16 May assault on Abu Shbak's home in which some bodyguards died). In what appeared an attempt to draw Israel into the conflict and shift the contest to an arena in which it was more comfortable, it resumed rocket attacks under its own name. Although it claimed this was due to raids against Palestinians in the West Bank and denied any link to the fratricidal violence in Gaza, a leader conceded the two fronts were not independent. "We

consider the forces fighting us in Gaza to be extensions of Israel. So why not go after the source of the problem?"⁷⁷

By the time the internal clashes subsided on 18 May, more than 30 Palestinians had been killed and many more wounded. Attitudes had hardened; usually optimistic officials on both sides doubted the chances of an enduring calm. An Abbas adviser who had tried to maintain the unity government lamented that the "dynamics may have gone too far in the wrong direction". He acknowledged that some in Fatah sought to undermine Mecca, said Hamas government members had acted with relative moderation, but blamed the Islamists' more militant wing for seeking to bring the government down. "They don't want it to work and are doing everything in their power to guarantee this. They are militarising the situation in Gaza and waiting for the opportunity to take control".⁷⁸

Hamas leaders also sounded highly pessimistic, telling Crisis Group they doubted the situation could be salvaged. Again singling out Dahlan and some of the president's key aides, one explained:

The ink from Mecca was not yet dry when Dahlan and his people were preparing, with U.S., Israeli and Arab help, to confront us and when Abbas's aides were touring Europe and arguing against any dealings with Hamas. They deliberately sabotaged the agreement their president had negotiated, hoping to oust us from power. We cannot sit idly by as this is happening... What is required is for Fatah to accept to reform the security sector and end its factional control of the presidential guard and preventive security and to rejuvenate the PLO in a manner that will guarantee the integration of Hamas and PIJ. We also need a lifting of the international siege and a comprehensive ceasefire with Israel.⁷⁹

He clearly signalled he had no hope any of this would materialise. One of his colleagues put it more bluntly: "I think a confrontation is now inevitable".⁸⁰

⁷³ Crisis Group interview, Hamas leader, May 2007.

⁷⁴ "I reached the conclusion that the whole security situation is not being dealt with seriously. The combined force that was agreed upon are opposing forces that are fighting as we speak". Crisis Group interview, Hani Qawasmi, former PA Interior Minister, Gaza City, May 2007.

⁷⁵ U.S. Department of State, "Congressional Notification Transmittal Sheet", 30 June 2007.

⁷⁶ Crisis Group interview, agency correspondent, June 2007.

⁷⁷ Crisis Group interview, Hamas leader, May 2007. According to a Hamas member, speaking with uncharacteristic candor, "it was a stupid decision by the Qassam Brigades to renounce the truce but their main motivation was not to be driven into internal clashes in a context where Hamas has lost popular support. Now they are eager for the truce to resume". Crisis Group interview, Hamas activist, Gaza City, May 2007.

⁷⁸ Crisis Group interview, Abbas adviser, May 2007.

⁷⁹ Crisis Group interview, Hamas leader, May 2007.

⁸⁰ Crisis Group interview, Hamas leader, June 2007.

III. HIGH NOON IN GAZA

A. PRELUDE TO SHOWDOWN

Tested to the limits by the internecine fighting, international sanctions and Israeli assaults, most Palestinians embraced the Mecca Agreement as the potential solution. Scepticism was deemed quasi-unpatriotic.⁸¹ That the clashes in May 2007, unlike those of 2006, came while the ink on a formal agreement between Fatah and Hamas had yet to dry, drove many to despair. “These people can never agree, because the chair they are fighting over seats only one”, one concluded.⁸² Another said: “Until this matter is sorted out, normal life is out of the question. I can’t think of anything worse than civil war, except what we have now. If it has to happen let’s be done with it. I don’t care who wins as long as one loses. This slow death Fatah and Hamas are imposing on us is intolerable”.⁸³

Many Palestinians, including several who would not count themselves among the Islamists’ natural constituents, were bitterly critical of Abbas for failures of leadership. According to one:

Abbas’s most important achievement is that he has made virtually every Palestinian nostalgic for Arafat, including those who remember how difficult conditions were during Arafat’s final years and virtually celebrated Abbas’s succession. In fairness to Abbas, his main challenge has been grappling with Arafat’s legacy but he is simply not up to the task.⁸⁴

Others were more pointed in their criticisms of Fatah, “which has learned absolutely nothing from its electoral defeat. They seem to be on a campaign to convince people they are unreformable and can only get worse”.⁸⁵ Hamas accusations that Fatah power centres were immobilising the PA, monopolising resources, sponsoring lawless gangs, fomenting chaos and corruption and acting in concert with Israel and foreign powers often found a ready audience.

Fatah’s charges also resonated widely, particularly concerning the calculated methods, such as summary executions and especially the organised assaults on homes to kill a single occupant, with which the Islamists disposed of their rivals. In July, an independent member of the national unity government who maintained good relations with Hamas described its methods as those of “street gangs”.⁸⁶ Fatah convinced many Palestinians that – whatever the merits of their case – Hamas’s insistence on both maintaining its uncompromising political positions and remaining in office was a major contributor to their predicament. Referring to an earlier vow by Haniya that his people would eat bread dipped in olive oil and thyme rather than surrender to the Quartet’s demands, a Palestinian observed: “Sure I’ll remain steadfast in the face of international sanctions, but I want my children to eat like those of Mashal and Haniya”.⁸⁷

If popular opinion was increasingly shifting against both movements, Hamas appeared relatively the bigger loser. While many had been attracted by its Islamist credentials, many more responded to its more fundamental message that it was cut from different cloth than Fatah. Yet with each passing day, it seemed to show it was less different than it claimed, or at least less capable of making a difference.⁸⁸ A Palestinian woman commented: “Our servants of Allah are as obsessed with power as our selfless nationalists”.⁸⁹ Another used a popular saying to emphasise they had become indistinguishable: “Fatah and Hamas? Two behinds in one pair of drawers! (*tizain fi libas*)”.⁹⁰

As the Mecca Agreement’s shine began to wear in April and May, and internecine clashes resumed, the abiding reality of growing insecurity, accelerated socio-economic collapse, increased foreign aid to certain pro-Fatah forces together with popular disillusion produced a change in Hamas attitudes. Time, traditionally hailed as a trusted ally in a patient campaign for certain victory, seemed to be increasingly helping its adversaries. Rather than giving Hamas opportunities to consolidate and expand gains, the status quo was helping the U.S., Israel and their regional allies prepare Fatah for a showdown, while Hamas was losing support due to its conduct. Bound by its pursuit of a comprehensive ceasefire and by a paralysed PA, it was neither operating as a resistance movement nor ruling as an effective government. A senior Hamas leader told Crisis Group the movement

⁸¹ Crisis Group interviews, Palestinian residents, West Bank and Gaza Strip, February-March 2007.

⁸² Crisis Group interview, Palestinian resident, Ramallah, June 2007.

⁸³ Crisis Group interview, Palestinian resident, Gaza Strip, May 2007.

⁸⁴ Crisis Group interview, Palestinian resident, Ramallah, June 2007.

⁸⁵ Crisis Group interview, Palestinian resident, Ramallah, July 2007.

⁸⁶ Crisis Group interview, July 2007.

⁸⁷ Crisis Group interview, June 2007.

⁸⁸ Crisis Group interview, Palestinian analyst, Jerusalem, June 2007.

⁸⁹ Crisis Group interview, Palestinian resident, Gaza City, June 2007.

⁹⁰ Crisis Group interview, Palestinian resident, Ramallah, June 2007.

could not stand idly by as its adversaries were getting “armed and financed by the West”.⁹¹ Although the charge had been levelled against PA forces in the past, this was the most explicit warning that Hamas would take action.⁹²

Facing a growing security vacuum, Hamas officials also expressed increasing concern about the emergence of rival, radical *jihadi* groups that might outflank them, as Hamas had done with Fatah. Several weeks before the June confrontation, a leader said: “The Zawahiris are gaining. The one party that is winning is al-Qaeda”.⁹³ Such sentiments were echoed by Fatah, though to accuse Hamas of creating a climate conducive to the radicals’ growth. In response, Hamas accused Dahlan of sponsoring the Army of Islam, a clan-based militia whose leadership had previously cooperated with Hamas but with which it had been in bitter conflict since mid-2006.⁹⁴

No less important, realities on the ground strengthened those in both camps opposed to the national unity government. Within Fatah, this translated into greater resistance to any further Hamas encroachment on the PA, particularly the security establishment; it also meant using time to prepare for a confrontation increasingly seen as inevitable. Within Hamas, it translated into using superior force to send a clear message, sooner rather than later, that such plans were illusory. Foreign intervention may have provided the final spark, with reports of Israeli acquiescence to a U.S. request to facilitate transit of a large weapons consignment from Egypt to certain PA security forces in Gaza. With Fatah already seeking to bolster control over Gaza through unilateral

⁹¹ Crisis Group interview, senior Hamas leader, June 2007.

⁹² When the issue had come up in the past, Hamas leaders generally had reacted nonchalantly, arguing that whatever weapons Fatah received would end up in the Islamists’ hands, and they had little to fear.

⁹³ Crisis Group interview, Hamas leader, May 2007. While such arguments are self-serving, the concerns seemed considerably more serious than previously and may have been affected by the conflict between the Lebanese Army and Fatah al-Islam in the Nahr al-Bared Refugee Camp in northern Lebanon.

⁹⁴ Originally based on the Dughmush clan, whose most active branch has widespread commercial and less savoury interests in the Gaza Strip, the Army of Islam was initially a component of the Popular Resistance Committees (PRC) but was expelled after the 2005 assassination of former military intelligence chief Musa Arafat. It then drew increasingly close to Hamas, first using the name Army of Islam in the June 2006 raid on an Israeli military outpost on Gaza Strip border that led to the capture of Cpl. Gilad Shalit. An incident in 2006 in which several Dughmush members were killed by Hamas gunmen in unclear circumstances led to a definitive break and was followed by the assassination of Hamas activists by Dughmush/Army of Islam operatives.

deployments of PA security forces and appearing to increase its resources, a showdown seemed unavoidable.⁹⁵ Interior Ministry spokesperson Khalid Abu Hilal said: “I was very optimistic after the Mecca Agreement, but some in Fatah are out to sabotage the unity government to demonstrate that early elections are the only option. We used to ask ourselves if there will be a new round of internal fighting. Now it’s when”.⁹⁶

According to Hamas deputy leader Musa Abu Marzuq, Haniya had presented Abbas with a stream of complaints and supporting evidence that Fatah, and particularly Dahlan, were arming at an increasingly rapid pace and actively sabotaging attempts to restore law and order.⁹⁷ When no response was forthcoming, he argues, the stage was set for a test of wills. Islam Shahwan, the ESF spokesman, said: “Gaza was living in crisis. We presented a security plan to the president to bring order with the ESF’s help. But he refused. We knew we had to act”.⁹⁸

B. SHOWDOWN

1. War

By 10 June swords were drawn.⁹⁹ On that day, a militant from Fatah and one from Hamas were thrown to their deaths from high-rise buildings in Gaza City. Fatah assassinated Muhammad al-Rifati, a prominent Islamist imam at one of Gaza’s largest mosques. According to a Palestinian journalist, “Rifati’s assassination was the best possible gift to Hamas radicals; they easily transformed the killing of a cleric into a call to arms by many who were otherwise not eager for a fight”.¹⁰⁰ During the next four days, fierce clashes erupted in northern Gaza and quickly spread through the Strip. A housewife in the central region said:

We’ve been very lucky; our neighbourhood has been quiet since the beginning of the uprising. Until now the only incident had been an Israeli air attack on a building behind us about two

⁹⁵ According to one source, Hamas rank-and-file militants complained bitterly to superiors about their rivals’ superior weapons, flak jackets and vehicles, asking, “what is the point of this unity government if Fatah is using it to get stronger while we get nothing?” Crisis Group interview, June 2007.

⁹⁶ Crisis Group, Abu Hilal, Gaza City, June 2007.

⁹⁷ Crisis Group interview, June 2007.

⁹⁸ Crisis Group interview, Islam Shahwan, Gaza City, 1 July 2007.

⁹⁹ For a timeline of these events see Miftah, “Infighting Between Fatah and Hamas in the Gaza Strip: Timeline”, 7 July 2007 at www.miftah.org/display.cfm?DocId=14207&CategoryId=4.

¹⁰⁰ Crisis Group interview, Gaza City, June 2007.

years ago. But this week the bullets were flying everywhere and seemed to be coming from all directions.¹⁰¹

Residents of Gaza City described how armed groups forced their way into buildings:

A group of masked men – we couldn't tell if they were Fatah or Hamas – entered our building to get to the roof. That means our homes became a target. We demanded that they leave, appealing to them not to put our wives and children in life-threatening danger. They left, but from the determination in their eyes it's lucky we weren't killed for obstructing their way.¹⁰²

Others were not so lucky, and there appeared to be method to the madness. Hamas chose its targets carefully and systematically overwhelmed them. When Dahlan associates sought refuge in the home of Egyptian diplomats, Qassam militants dragged them out. PA security installations – the main focus of the Islamists' efforts – were overrun, and by the evening of 13 June only the Gaza City headquarters remained. Symbolic targets, like Fatah-affiliated media and the homes of prominent Dahlan associates, were treated as military targets even without defenders. Symbols, such as Dahlan's home, were looted and set on fire.¹⁰³ According to a journalist at the scene:

First the Qassam men went in, and took what they wanted... Then the mob followed, taking everything including tiles. I was particularly upset when they did this at government facilities. Now I am wondering if I will be sitting in a senior Fatah official's chair next time I interview a Qassam activist at home.¹⁰⁴

Both sides also engaged in assassinations and summary executions of adversaries who had surrendered. Crisis Group saw bodies of both Qassam brigade and Preventive Security members at Gaza's Shifa hospital, riddled with bullets in their necks and heads, apparently murdered in cold blood. Those in Fatah who engaged in such acts did so with equal viciousness – Hamas militants were gunned down at checkpoints set up by Fatah activists

that spread in the weeks before the clashes¹⁰⁵ – their numbers and opportunity were significantly less.¹⁰⁶

Hamas members participated far more broadly, motivated by revenge,¹⁰⁷ ideological or religious conviction or simply the prospect of victory. A journalist related receiving a call from an eyewitness to the summary execution of three Fatah activists, as it was in progress.¹⁰⁸ Samir Madhoun, commander of the Aqsa Brigades in the northern Gaza Strip, was shot numerous times while dragged through the streets of the Nusairat Refugee Camp in central Gaza, the event recorded on video by his executioners.¹⁰⁹ Several days later Islamists avenged a fallen comrade when a Fatah activist was abducted from the Gaza-Egyptian border, taken to the home of a Qassam Brigade militant whom he had killed in an earlier clash, and killed in front of relatives.¹¹⁰

Virtually without exception, senior Hamas leaders in the occupied territories and abroad have admitted to "mistakes" by their activists and – uncharacteristically – apologised. Given the manner in which Palestinian society recoiled in horror at such actions, this may have been motivated by a desire to deflect criticism. It may also reflect concern such acts were primarily taken at local initiative, calling to question the leadership's control of rank-and-file intent on settling scores. To a large extent, the actions seem to have been neither aberrations nor official policy – in other words, they occurred without specific orders but were also tolerated without punishment.

By the night of 14 June – less than a day after Abbas instructed his forces to resist the "coup" – it was all over. All Gaza – including Abbas's home, despite the fact that Hamas insisted it recognised his continued legitimacy¹¹¹ – was in Islamist hands. Triumphant spokesmen proclaimed the "Second Liberation", the first having been Israel's 2005 unilateral withdrawal.

¹⁰¹ Crisis Group interview, June 2007.

¹⁰² Crisis Group interview, June 2007.

¹⁰³ Similarly, the Voice of Palestine radio station in Gaza City was bombed.

¹⁰⁴ There seemed to be no serious effort to prevent the looting or to ensure that valuable equipment was collected and stored, leading the journalist to conclude it was primarily for personal gain. Crisis Group interview, Gaza City, June 2007.

¹⁰⁵ Crisis Group interview, Palestinian journalist, Gaza City, June 2007.

¹⁰⁶ Lower-level and younger Fatah members of the security forces on the whole did not participate in the violence. In the words of one, "what are we going to fight for? What are we going to die for? For Dahlan?" Crisis Group interview, Gaza, June 2007.

¹⁰⁷ The head of the Executive Force, for example, Abu Obaida al-Jarrah, was detained and tortured by the Preventive Security several times.

¹⁰⁸ Further investigation left the journalist convinced the incident was as related. Crisis Group interview, Gaza City, June 2007.

¹⁰⁹ The video clip was seen by Crisis Group staff.

¹¹⁰ Crisis Group interviews, Fatah activist and Palestinian journalist, July 2007.

¹¹¹ Hamas officials subsequently claimed the house had been used to torture their militants (without Abbas's knowledge). Crisis Group interview, July 2007.

The ESF's Islam Shahwan said, "the era of justice and Islamic rule has arrived".¹¹²

It appeared not so much a victory for Hamas – which was suddenly confronted with new and unprecedented responsibilities and challenges – as for the Qassam Brigades, not only because they and their commanders rather than the politicians in Gaza or Damascus seemed to be calling the shots, but because Fatah's defeat and their control of Gaza's streets gave them the opportunity to appear publicly for the first time in over a decade. According to an observer, "many have been operating clandestinely since the PA crackdowns of the mid-1990's, and in hiding since the uprising began in 2000. It is the first time they can roam the streets freely. Their satisfaction is obvious, and years of hiding are reflected in their behaviour: disciplined but out of touch with public life".¹¹³ Qassam Brigades activists could be seen parading around PA compounds and their former prisons. An eyewitness said:

For the first time, Qassam Brigade activists and their families can walk freely around, driving in cars that used to belong to Abbas, his security forces, and senior Fatah officials, many provided by the U.S. At the Preventive Security Force headquarters dozens were present, smiling, praying, welcoming friends and family to see the place they used to hate, to show what they did to the place and how they won the battle. One member showed a friend where he was tortured by the PA. He said: "I was blindfolded but I know the cell number. It was number 13". His friend found it for him and asked, "how do you feel inside your cell now?" "I feel", he answered, "that I can breathe now".¹¹⁴

Tensions remain apparent within Hamas weeks after the takeover. In mid-July, an ESF official made clear that Fatah personnel could rejoin the security forces but not in senior positions, adding: "Even if there is agreement between Abbas and Meshal, the final word rests with us. We cannot give power back to the corrupt people".¹¹⁵

2. Premeditated coup?

In the aftermath of Hamas's seizure of power in Gaza, Abbas and Fatah leaders characterised it as a premeditated

"coup". That would legitimise their subsequent measures at home and abroad but most also seemed convinced. Undoubtedly, the methodical, comprehensive nature of Hamas's offensive showed a high level of preparedness. The Islamists' brutal methods and ability to concentrate their fire on strategic targets, which had a maximum impact on their adversaries' willingness to continue the fight, appeared to confirm existence of a plan to establish hegemony over the Gaza Strip. Observers also noted their arsenal appeared well stocked.¹¹⁶

Still, there is reason to question whether the events unfolded as the Hamas's political leadership intended or desired. That leaders in Damascus and elsewhere had concluded a showdown was necessary to strengthen their bargaining position and neutralise forces they suspected of seeking to defeat the movement is born out by statements they made in the run-up. But dealing a blow to their adversaries is one thing; conquering Gaza – and paying the domestic and international political price – is another.

More likely is that once the battle intensified, the political leadership no longer could exercise operational command. More militant local elements, acting out of revenge for past indignities and a desire to gain control in Gaza, appear to have pushed the confrontation further. A senior Saudi official offers this explanation:

One of the problems is that Israel destroyed the second echelon of leadership in Hamas. That was a tragic mistake. It meant that there is nothing between the group on top and the street gangs on the bottom. So when leaders sent orders to the rank and file in Gaza, there was no intermediary level to ensure they were obeyed and nobody listened, and that explains what happened in Gaza.¹¹⁷

Ahmad Yusif, an adviser to Prime Minister Haniya, described the sequence of events as follows:

There was no decision to take over Gaza. Things occurred without any expectation they would escalate. No one expected it. We were in Cairo for reconciliation talks between Hamas and Fatah when it happened. We launched a pre-emptive strike to disrupt the PSF and intelligence agencies, because we had information they were planning to do something after the *tawjihi* examinations [secondary matriculation],

¹¹² *Daily Telegraph*, 17 June 2007.

¹¹³ Crisis Group interview, Gaza City, June 2007.

¹¹⁴ Crisis Group interview, Palestinian journalist, Gaza City, June 2007.

¹¹⁵ Crisis Group interview, ESF official, Gaza City, July 2007.

¹¹⁶ Crisis Group interview, Palestinian journalist, June 2007.

¹¹⁷ Crisis Group interview, senior Saudi official, Jeddah, July 2007.

and we knew they were training and smuggling weapons. We have seen the confessions and tapes. There is enough information to prove to the whole world those people were planning a civil war in which 10,000 would be killed. All the time we felt something was coming but we had no plan to take over Gaza. The presidential compound and national security headquarters were not taken as part of a campaign, but to prevent them from falling prey to looters.¹¹⁸

A foreign observer noted: "Once the confrontation had crossed red lines, fighters on the ground knew there was no possible outcome other than victory....At that point, the leadership's desires became moot".¹¹⁹ As importantly, Hamas militants soon found themselves pushing against a house of cards. Once they were in a position to overwhelm their adversaries, it became impossible to stop them. A well-informed observer said: "The militants took control. They told their political leaders 'turn off your cell phones, we're going to do what we have to do'".¹²⁰

In the immediate aftermath of the June confrontation, both militants and Hamas officials repeatedly expressed surprise at the speed with which Fatah resistance had collapsed.¹²¹ A Qassam Brigades member characterised the assault on the PSF headquarters on 13-14 June as the final turning point: "We never imagined we could overrun it in just two days; we thought it would take at least a week and maybe not fall at all".¹²² According to a senior Hamas official, speaking shortly afterwards: "We definitely did not have a plan to take control of Gaza. Our sole objective was to eradicate Dahlan's gang".¹²³ A well-informed Arab diplomat tended towards the view that Hamas had "overplayed its hand rather than planned to take over Gaza".¹²⁴

Several factors explain the swift outcome. The absence of Fatah leadership appears to have been decisive. Even prior to the battles on 9-10 June, Dahlan, Abu Shbak, and Mashharawi had left Gaza; many other commanders had either relocated to Ramallah or fled Gaza as soon when it became clear they were in physical danger. The vast majority of the PA security rank-and-file, whose

affiliation with Fatah tends to be nominal, simply went home.¹²⁵ One said, "if my role in life was to be a sacrificial lamb, God would have created me a sheep. I have no intention of killing other Palestinians regardless of who they are, even less interest in being killed by them".¹²⁶

Many who were in principle prepared to fight to prevent a Hamas victory felt bitterly betrayed by their leaders, those who were not there and those who fled. An eighteen-year-old Fatah member recounted how, after he and his colleagues helped one leader escape, "we asked him 'what about us?' He simply replied that 'injustice will never prevail' and left us behind".¹²⁷ A UN witness said, "during the fighting, Fatah's forces had no command and control, the leadership did not answer their phones, there was no hierarchy, so many armed men simply gave up".¹²⁸

Hamas also exploited existing divisions within Fatah. Asserting that its conflict was not with the movement but rather with Dahlan and his associates and that their aim was to root out corruption, chaos and collaboration,¹²⁹ the Islamists neutralised powerful people who were Dahlan's bitter rivals, such as Ahmad Hillis, Fatah's Secretary-General in the Gaza Strip, and co-opted others. According to a Fatah activist, "by mid-June Dahlan was largely on his own, and he was not even present. Even Fatah was refusing to support him because they wanted him cut down to size or doubted his strength".¹³⁰ There is also some evidence that Hamas had infiltrated the security apparatus, including Preventive Security. The final element was that the public would have nothing to do with the conflict. Neither side was able to appeal to any but core members (if that), and unlike civil wars in Iraq or Lebanon to mobilise street support.

In short, there is every reason to believe Hamas sought to improve its bargaining position in anticipation of new negotiations with Abbas and wanted to take preemptive action against a reinforcing Fatah. But by overplaying its hand and ending up controlling Gaza, it found itself with a far more burdensome prize. Said an Arab diplomat, "this is just like the elections. They wanted to do well but not win, and they proved incapable of managing the consequences. Now, they wanted to punish Fatah but not rout it, and they seem equally unprepared".¹³¹

¹¹⁸ Crisis Group interview, Ahmad Yusif, July 2007. Mahmoud Zahar, the former Foreign Minister considered the senior Hamas leader in the Gaza Strip echoed this view, claiming "there was no plan to take control". Crisis Group interview, Gaza, 1 July 2007.

¹¹⁹ Crisis Group interview, foreign observer, July 2007.

¹²⁰ Crisis Group interview, Western observer, July 2007.

¹²¹ Crisis Group interviews, Gaza Strip, June 2007.

¹²² Crisis Group interview, Qassam Brigade member, Gaza City, June 2007.

¹²³ Crisis Group interview, June 2007.

¹²⁴ Crisis Group interview, June 2007.

¹²⁵ Crisis Group interview, PA security personnel, Gaza Strip, June 2007.

¹²⁶ Crisis Group interview, Gaza Strip, June 2007.

¹²⁷ Crisis Group interview, Gaza Strip, June 2007.

¹²⁸ Crisis Group interview, UN employee, Washington DC, June 2007.

¹²⁹ Crisis Group interview, Mahmoud Zahar, Gaza City, July 2007.

¹³⁰ Crisis Group interview, Ramallah, July 2007.

¹³¹ Crisis Group interview, Arab diplomat, June 2007.

Reviewing the history of the national unity government, one of its independent ministers concluded:

We were betrayed by the international community, when it first promised engagement and then renege and retained the siege. Those that did provide funds gave much less than was needed, and in the meantime Abbas's advisers were telling the Europeans and others not to support the government and continue isolating Hamas. Hamas took action in Gaza in order to both strengthen its bargaining position and engineer a pre-emptive strike.¹³²

IV. AFTERMATHS

Hamas's seizure of power in Gaza arguably created as many problems for it as it resolved. The Islamists were rid of the Fatah power centre they identified as their chief nemesis but their actions precipitated an open conflict with Abbas, who has constitutional legitimacy and international support. Similarly, control of the Gaza Strip needs to be measured against relative loss of power in the West Bank and the possibilities created for institutionalised separation of the territories and measures to isolate and undermine Hamas that previously were impractical.

Fatah was thrown into disarray by its losses at least as much as it was united by the unprecedented domestic challenge to its authority. Recognising the severity of the situation, many power centres buried their differences with Abbas and each other to try to snatch political victory from the jaws of military defeat. But others saw the events as the logical consequence of policies since Abbas took office in 2004 and/or those of some of his advisers since the 2006 elections and redoubled efforts to force a course change and resolve a debilitating leadership crisis.

A. FATAH: DEFEAT IN GAZA, VICTORY IN THE WEST BANK?

It is hard to overstate Fatah's loss in Gaza, reflected in near-absence of any of its flags or symbols in the city centres it formerly controlled. Its prime leverage – technically of Fayyad's government – is in the salaries it pays to most civil servants; its orders to the security forces, judiciary as well as non-essential civilian personnel not to show up at work or risk non-payment of salaries have been broadly observed.¹³³ Its resistance to Hamas's takeover also was reflected in a tug-of-war over the workweek: the previous Haniyya cabinet ordered it be Saturday-Wednesday, while Fayyad's

¹³³ A civil police commander in Gaza City said that out of 200 men under his command all but two were on strike. Crisis Group interview, Gaza City, July 2007. Out of a total police force of 13,500, Hamas claimed that 400 were back at work after a fortnight. Crisis Group interview, Gaza City, July 2007. In defending this decision, officials in Ramallah argue PA security and law enforcement personnel cannot and should not work under the orders of people who are committing crimes and violating human rights. A Fatah member added that judiciary activity could form an important source of revenue. Crisis Group interview, Fatah member, July 2007. Human rights activists criticised the decision: "whose interest is it for us not to take care of the jails and law enforcement?" Crisis Group interview, Raji Sourani, Gaza City, July 2007.

¹³² Crisis Group interview, July 2007.

government has reinstated the former Sunday to Thursday schedule.

With Gaza almost literally out of reach, Fatah sought to bolster its position in the West Bank. Militants immediately engaged in reprisals, arresting Hamas activists, shutting down Hamas-affiliated institutions and threatening Hamas municipal councillors to keep them from working. In Nablus, Hamas-run institutions were ransacked, including offices, bookstores and charity organisations. Similar incidents were reported across the northern and central West Bank; including in Bethlehem, Ramallah and Tulkarem. PLC headquarters in Ramallah were taken over by security forces loyal to Fatah, and Fatah forces took action against what was described as the ESF's presence in Tulkarem and Bethlehem. For the most part, the actions appeared to end relatively soon and Fayyad's government in general sought to curb excesses.¹³⁴

Fatah's principal response was political. Abbas's reaction was swift and uncharacteristically decisive. Although he did not completely reject dialogue, he was uncompromising against Hamas, which he felt had betrayed him; apparently swayed by video tape evidence, he is said to be convinced the Islamists plotted to kill him.¹³⁵ Fatah officials accused Hamas of, *inter alia*, "destroying national institutions, carrying out massacres, committing civil crimes and carrying out illegal death sentences", and described Gaza as "taken over by a hostile regime".¹³⁶ Addressing the PLO Central Council on 18 July, Abbas said, "even the devil cannot match [Hamas's] lies....Nothing can justify the crime of the coup they committed. Hamas is committing capital crimes, bloody crimes against our people every day, every minute, every hour. There will be no dialogue until they return Gaza to what it was before".¹³⁷

¹³⁴ Crisis Group interview, Wafa Abdel-Rahman, July 2007. Fatah officials say they ordered an end to revenge actions; Hamas members claim they warned they would retaliate in the West Bank if they continued. Crisis Group interviews, July 2007. According to Hamas officials, within the first 40 days after the events in Gaza, Fatah activists had detained 430 Hamas activists and torched 736 of the movement's institutions. Crisis Group interview, Gaza, July 2007.

¹³⁵ Several people who recently saw Abbas underscore this. "This has become absolutely personal for him. He has no doubt in his mind that Hamas tried to kill him, and it is very hard to reason with that". Crisis Group interview, Arab diplomat, July 2007.

¹³⁶ Crisis Group interview, PA minister, Ramallah, July 2007.

¹³⁷ *Haaretz*, 18 July 2007.

Officials accused Hamas, without offering evidence, of "sheltering al-Qaeda in the Strip".¹³⁸

Setting conditions for any resumption of negotiations, Abbas demanded that Hamas apologise for its "crimes against the Palestinian people"; vacate all installations occupied during and since the June clashes; recognise the PLO in its existing form; recognise the interim government; and accept early elections.¹³⁹ Even Fatah leaders who once had been strong advocates of national unity believe Hamas must pay a price – such as relinquishing positions conquered in Gaza, disbanding its parallel forces, accepting Abbas's authority and apologizing – before any talks. In the meantime, Fayyad has taken the lead in devising a strategy to restore security, revive the economy and rebuild institutions in order to boost the secular-nationalist camp's fortunes. Essentially, it revolves around the following:

- Garnering strong international support and legitimacy. Abbas, Fayyad and their advisers have told the international community Hamas should be isolated, for now at least. According to a minister in Fayyad's interim government, "in what it does, the international community must be very careful not to undermine the PA's legitimacy, and must avoid at all costs any step that could confer any legitimacy on the Hamas regime in Gaza".¹⁴⁰ Potential Arab mediators, notably Saudi Arabia, got the message: "Hamas is appealing to us to restart discussions with Fatah but Abbas will not budge. Today, it would be pointless to even try".¹⁴¹
- Restoring security in the West Bank and rebuilding the security services. This arguably has become Fayyad's top priority, a pre-condition for returning a sense of normalcy for West Bankers, getting Israel to take reciprocal steps and setting the West Bank up as a counter-model to Gaza. The emphasis is on reorganising the security services, establishing a strong security presence on the streets, giving clear orders to security chiefs and both pressing and encouraging al-Aqsa Brigade members to relinquish weapons or join the security services in the hope of eventually disbanding the militia. The agreement reached with Israel for over 180 militants on Israel's wanted list to forswear violence and

¹³⁸ See statement by Nabil Amr, adviser to President Abbas, Ma'an news agency, 21 July 2007.

¹³⁹ Abbas communicated these conditions to members of the Arab Parliamentary Union in Amman shortly after clashes, who communicated them to Mashal. Crisis Group interview, Fatah official, July 2007.

¹⁴⁰ Crisis Group interview, PA minister, Ramallah, July 2007

¹⁴¹ Crisis Group interview, senior Saudi official, Jeddah, July 2007.

be “amnestied” was an important step. Sustainability of this process will depend in part on the degree to which control can be established over the unruly militias, especially given Fatah’s deep divisions, and the degree to which Israel limits its military activity in the West Bank – the one obviously in part a function of the other.

- Quickly improving West Bank economic conditions. The collapse of the unity government has meant the lifting of financial and economic sanctions. Injecting resources, reviving economic projects and providing jobs (especially through local investment in labour-intensive areas) are critical for showing success and establishing a contrast to Gaza. A September meeting of the Ad Hoc Liaison Committee (a donor body chaired by Norway) and a major pledging conference to be held at the end of 2007 are seen as milestones when the PA can put forward a multi-year development proposal.¹⁴² Tony Blair is likely to play a central role in galvanising donors and shepherding economic development and institution-building projects.
- Ameliorating living conditions. This entails persuading Israel to relax security measures, lift checkpoints and most importantly perhaps provide greater freedom of movement within the West Bank..
- Rebuilding PA institutions and bypassing those Hamas dominates. Abbas is seeking systematically to undo the remnants of the unity government and wholly neutralise the PLC (paralysed by the Fatah-Hamas confrontation).¹⁴³ Powers have been transferred to institutions under Abbas’s and Fatah’s control, such as the Fayyad government; on 14 July, the day the 30-day state of emergency expired, Abbas renewed Fayyad’s appointment, with an expanded “interim” rather than “emergency” cabinet, and the PLO Central Council. In mid-July, the latter adopted a resolution calling for preparations for early presidential and legislative elections, a move of questionable legality. Nathan Brown, a leading scholar on the issue, explained:

It would be absolutely and positively unconstitutional [for Abbas] to call for new

elections. The Basic Law was amended in 2005 to fix the term of the PLC at four years. Abbas can issue a decree with the force of law but he cannot amend the constitution. Only two thirds of the PLC can do that. It is possible that Abbas will turn to the PLO to give some cover to his move. This is a sticky point, since for Palestinians the PLO is the authorizing body for the PA and in some sense stands above it. I would view this as more of a political than a legal move; Yasser Arafat used to use this technique (though he never went so far as to contemplate a move this drastic), and nobody found it convincing then.¹⁴⁴

The preferred outcome for Fatah would be to hold and win elections in a manner viewed as legitimate by Palestinians but that is hard to imagine.¹⁴⁵ Hamas can prevent them in Gaza. Moreover, it is unclear whether it would be allowed to participate in elections and, if so, whether it would want to. A fallback might be for the PLO to call for elections which, due to Hamas’s resistance, cannot be held. Since most polls show majority support for an early vote, depicting Hamas as the obstacle could further erode its popularity.

- Reviving a credible peace process. In Abbas’s view, little is sustainable without a process that can make a two-state solution credible. Discussions with Prime Minister Olmert have begun, with a first result the 20 July release of 255 security prisoners.¹⁴⁶ What will follow is unclear; Abbas prefers talks on permanent status issues; Olmert has resisted and proposed talks for a “declaration of principles” on establishment of a Palestinian state. It could cover the characteristics of that state, its institutions, economy and relations with neighbours. Only afterwards would the sides address core issues of Jerusalem, refugees and final borders. Within this menu is also the possibility of a withdrawal from a significant part of the West Bank.

¹⁴² Crisis Group interview, PA minister, Ramallah, July 2007.

¹⁴³ The PLC has been unable to meet since Fatah and Hamas have taken turns boycotting sessions called by the other. In principle, Hamas has a majority; Israel is detaining 41 of its 78 parliamentarians, so it can neither outvote Fatah nor muster a quorum. Crisis Group interview, Nathan Brown, Washington DC, July 2007.

¹⁴⁴ Ibid.

¹⁴⁵ As a step in that direction, the PLO has decided to shift the electoral law toward proportional representation, a system supposed to benefit Fatah.

¹⁴⁶ Almost all were Fatah members (one was excluded when it emerged he had switched to Hamas). But the group included members of both the Popular Front for the Liberation of Palestine and the Democratic Front for the Liberation of Palestine.

Although recent events have not ended power struggles within Fatah, most appear ready to give Fayyad a chance, both because they have no other option and, importantly, because as a non-Fatah member without a real political constituency, he is not a threat.

B. HAMAS: ANOTHER POISONED VICTORY?

Hamas's reaction to events in Gaza was twofold. Militants moved quickly to solidify their control and re-establish order, the priority being "internal reform, internal security, improving the economic situation".¹⁴⁷ The political leadership, as if caught off-guard by the swift victory – as they had been by the electoral victory – sought to contain domestic and regional fallout and preserve a way back to the Mecca Agreement.

1. Solidifying control

The primary victor, Hamas's military wing, now occupies all former Fatah and PA real estate, including its military centres, and has impounded heavy weaponry and military vehicles. Security is enforced by the two military branches, the ESF and Qassam Brigades.¹⁴⁸ Hamas flags fly from the Siraya, the main PA government compound in Gaza City. Graffiti at the entrance reads: "This was the place of the apostates, and today it is purified in the hands of the Qassam Brigades and the [Popular Resistance Committees] Nasr Salah-Din Brigades". Former inmates of Fatah-run jails sit in their ex-jailers' chairs, playing with the air-conditioner controls. Workmen change the office locks. Sitting atop police checkpoints staring at Israeli tanks, militants exude confidence. In the words of Mahmoud Zahar, "we've lived the worst period. Now we are living the best period since the end of Gaza's occupation".¹⁴⁹

Almost immediately after their takeover, Hamas forces began systematically visiting, questioning, disarming and with some regularity detaining PA security personnel, using the finance ministry payroll to identify targets.¹⁵⁰ Discussing the fate of the PA security forces, Ahmad Yusif claimed that "whoever is willing to work can go back", though he added a "restructuring of security forces in Gaza" was necessary.

There's no need for the Presidential Guard. Why do you need 4,000 men to protect one man? Some will have to take early retirement; some may choose to retire at the end of the year. The rest must switch to the economic arena. But the question is how to restructure the security forces and the intelligence sector when we have documents that reveal some were serving foreign entities.¹⁵¹

Days after the clashes, a Hamas statement instructed security officers not to contact commanders who had fled to the West Bank, warning it was monitoring telephone communications.¹⁵² It disbanded Gaza's Preventive Security Force and created a new one. A Gaza-based Hamas leader said, "we are creating a new reality, new police, new security apparatus, a new, legitimate judiciary".¹⁵³

During the following weeks, human rights groups documented arbitrary arrests, torture and even deaths in custody, which may have been motivated by efforts to learn of weapons caches.¹⁵⁴ Fatah members told Crisis Group attacks on them and their premises were continuing. Recognising the highly negative impact such reports were having on Hamas's reputation, senior officials publicly acknowledged excesses and promised to end them; they held a meeting in late July to impress this on the rank-and-file but the effect is unclear.

To assert control and restore law and order, Hamas alternated coercion and negotiations to rein in other potentially hostile elements such as the Army of Islam, clan-based militias and criminal gangs. It obtained the release of Alan Johnston, the BBC Gaza correspondent abducted in March 2007, whose captivity symbolised lawlessness. Soon after, a Hamas leader explained: "Freeing him sends a message that Gaza is a secure area, more secure than ever. For the past ten years, many have been kidnapped. This is a very clear message: now we live in a secure area".¹⁵⁵

According to Yusif Zahhar, an ESF founder, "We started collecting weapons. Many clans were startled. We gave them an ultimatum to settle their disputes without guns. If anyone resorts to weapons, we'll take them to jail.

¹⁴⁷ Crisis Group interview, Sami Abu Zuhri Hamas spokesperson, Gaza City, 22 July 2007.

¹⁴⁸ Nidal Quloub, an ESF official, said of the force, "before we were a Specials Forces unit. Now we are the central force for the Gaza Strip". Crisis Group interview, Khan Younis, 9 July 2007.

¹⁴⁹ Crisis Group interview, Mahmoud Zahar, Gaza City, 1 July 2007.

¹⁵⁰ Crisis Group interview, Gaza City, June 2007.

¹⁵¹ Crisis Group interview, Ahmad Yusif, Gaza City, July 2007.

¹⁵² Crisis Group interview, Palestinian journalist, Gaza City, June 2007.

¹⁵³ Crisis Group interview, Mahmoud Zahar, Gaza City, 22 July 2007.

¹⁵⁴ A human rights advocate said they had been initially refused access to a principal detention centre and that, due to fear, many of those who had been detained by Hamas were not willing to speak. Crisis Group interview, Issam Younis, Gaza, 10 July 2007.

¹⁵⁵ Crisis Group interview, Hamas leader, 7 July 2007.

Everyone is hiding his gun, and the government is collecting intelligence on who has what".¹⁵⁶ But what order exists derives from power and intimidation, not rule of law. Courts do not function, as prosecutors follow Abbas's orders; Hamas is working at establishing a substitute justice system.¹⁵⁷ Issam Younis, director of a human rights centre, spoke of "security in the absence of legal authority".¹⁵⁸ A resident explained: "Hamas has been attacking drug dealers, but not comprehensively. It's selective. It wants to flex its muscles, rather than create a calm based on the rule of law. Hamas is arresting people without arrest warrants. People fear if they demonstrate, they'll be shot in the legs".¹⁵⁹

Popular feelings are mixed. There was enormous relief the clashes had ended, a sentiment reinforced by security improvements. In the most visible sign of progress, beaches suddenly were overflowing, eliciting this comment from an ESF member: "When I go to the beach, I feel a mix of happiness and sadness. Happiness because the people are free and relaxed, and sadness because the girls go sleeveless and without veils and are letting their morals slip on the beach".¹⁶⁰ According to a resident in mid-July, "lawlessness has almost entirely been eliminated. There are no more robberies or kidnappings or those other things that used to make you think twice about leaving home and stay up every night until all your children are

home. Hamas has deployed on every street; even the traffic is organised".¹⁶¹ Raji Sourani, a well-known human rights lawyer, said that "since 15 June, there are almost no armed men on the streets, no checkpoints and cleaner streets".¹⁶²

There is a darker side. Many Gaza residents continue to live in fear, anxious about Hamas's hegemony and its implications. One said, "the biggest question everyone is asking, and that is keeping people from feeling genuinely secure, is 'what's next'? What is Hamas going to do next, how is Israel going to react, what are the others going to do? Will there be food in Gaza next week or are we going to get completely cut off from the outside world?"¹⁶³ For some women there was concern about whether the new rulers would seek to impose stricter Islamic rules.¹⁶⁴ Journalists complain of harassment and creeping self-censorship by editors fearful of Hamas's reaction. Human rights advocates complain of the closure of many NGOs, particularly though not exclusively those associated with Fatah.¹⁶⁵ All Fatah radio and TV stations have been closed, and their correspondents are home. Hamas imposes a level of control never experienced before by most residents.¹⁶⁶ A society whose members have generally criticised, condemned and ridiculed their own leaders with little inhibition is speaking with greater caution.

Overall, satisfaction with security improvements thus is encumbered by fright, uncertainty over the unknown and economic anxiety – many businesses have been forced to close due to lack of trade, tens of thousands have lost jobs, and unemployment is rising.¹⁶⁷ Some Hamas members appear to believe they can shift towards a subsistence

¹⁵⁶ Crisis Group interview, Gaza City, July 2007. The ESF spokesman added: "The ESF is providing internal security, performing the role of traffic police, cracking down on drugs and family disputes. We won't let anyone act against the law, not even our allies". Crisis Group interview, Islam Shehwan, Gaza City, 1 July 2007.

¹⁵⁷ In mid-July, Ahmad Yusif claimed Hamas was recruiting to fill the vacuum and steps were being taken to build a new justice system in Gaza. "Prosecutors and judges are not working. They've adopted Ramallah's position and so we're filling the vacuum and building a system that will not be corrupt". Crisis Group interview, Gaza, 10 July 2007. Saying it was temporarily replacing the courts with a legal committee, Hamas added it would not use it to impose Islamic law. *Haaretz*, 21 July 2007.

¹⁵⁸ Crisis Group interview, Issam Younis, Director of Mezan Centre for Human Rights, Gaza, 10 July 2007.

¹⁵⁹ Crisis Group interview, Gaza City, July 2007. Another Palestinian analyst disputed the success of Hamas's clean-up: "The success of the weapons collection program? They besieged a whole area, and all they found were two Kalashnikovs. The ESF went to arrest a security officer in Zahra City and the women and children took to the streets and forced them to leave. Where are the weapons that Hamas confiscated?...Their successes to date? They have released Johnston and the lions" (On 8 July, Hamas militants broke into a house belonging to the Abu Hassanein clan and rescued a lioness minus claws, teeth and tail which had been stolen from Gaza zoo two years earlier). Crisis Group interview, Gaza City, July 2007

¹⁶⁰ Crisis Group interview, Gaza City, July 2007.

¹⁶¹ Crisis Group interview, Gaza Strip, July 2007.

¹⁶² Crisis Group interview, Raji Sourani, Gaza City, 2 July 2007. He also faulted Abbas for asking the police not to work. "It means ultimately the law enforcement agencies and the courts will be paralysed, the population will be radicalised and they will introduce Islamic courts". According to Saeed al-Maqadma from the Palestinian Centre for Democracy and Conflict Resolution, "Hamas is doing a good job fighting lawlessness. The kidnappings, traffic jams, drugs and inter-family conflicts have disappeared". Crisis Group interview, Gaza, 10 July 2007.

¹⁶³ Crisis Group interview, Gaza Strip, July 2007.

¹⁶⁴ Crisis Group interview, Gaza Strip, July 2007.

¹⁶⁵ According to Issam Younis, 42 NGOs had been attacked in Gaza and some closed. Crisis Group interview, Gaza, 10 July 2007.

¹⁶⁶ Crisis Group interviews, Palestinian residents, Gaza Strip, June-July 2007.

¹⁶⁷ Crisis Group interviews, Palestinian residents, Gaza Strip, July 2007. In some of the harshest criticism, a businessman and member of the Popular Front for the Liberation of Palestine said, "this is a Hamas dictatorship. If my finger voted Hamas, I'd cut it off". Crisis Group interview, Khan Younis, Gaza Strip, 9 July 2007.

economy, relying on local production or selling PA cars and plots of land to generate revenue.¹⁶⁸

2. Seeking a way back to Mecca

Hamas's political leaders have sought to play down the extent of change. Shortly after guns fell silent, they emphasised the fight had been with an element within Fatah, not with Abbas, whose legitimacy they reaffirmed, or the movement as a whole.¹⁶⁹ The takeover of institutions, they said, was a "security", not a "political" step, meaning it was designed to deal with the immediate challenge of anarchy, not alter the political balance or create a "Hamis government".¹⁷⁰ They said that "when the security apparatus collapses, people do bad things. We know our people made many mistakes. We apologised for this and will make up for them. We will rebuild what was destroyed". They also welcomed an Arab League proposal to investigate "what happened, why it happened and what should be done".¹⁷¹ They quickly called for talks to re-establish a unity government, trying to present themselves as the party more interested in reconciliation. An official said, "for us, the Mecca and Cairo Agreements and the Palestinian National Conciliation Document agreed in June 2006 are still the basis; we remain committed to all three".¹⁷²

At the same time, they tried to discredit their opponents and score points on legitimacy. They attacked Abbas's moves as unconstitutional (in particular the appointment of a government without PLC approval), undemocratic (undoing the results of the 2006 elections and relying on an unreformed, unrepresentative PLO)¹⁷³ and inspired from abroad (the U.S. and Israel). They accused Abbas and Fatah of pressing Israel and Egypt to keep the Rafah checkpoint closed.¹⁷⁴ They sent a private message to Arab leaders (Crisis Group has a copy) offering their version of events and how to resolve the crisis. According to the

document, "the very painful" events, "which we never wanted", are the responsibility of elements tied to the U.S.-Israeli agenda and which were determined to bring down the unity government by "conducting a coup against the results of the legislative elections".¹⁷⁵

In the words of a leader, "politically, we have said what our position is: we apply the law and seek dialogue. There is no other solution. All Abbas's decisions are breaking the law. We are ready to apply the constitution".¹⁷⁶ Another stated:

We accept that Abbas is the legitimate president and that the Haniya government has been dismissed and is, therefore, a caretaker administration. We also accept that Abbas has the right to proclaim a state of emergency but we cannot accept violations of the constitutions such as the installation of a new government that is not endorsed by the PLC or the attempt by the PLO Central Council to assume the powers of the PLC. Dialogue is the only method of resolving our differences with Abbas.¹⁷⁷

Hamas is not overtly challenging Fatah in the West Bank, though it may be laying the groundwork. Using its reservoir of support – which polls suggest has dropped since the Gaza events – it so far has organised demonstrations and used leaflets and sermons to denounce Fatah corruption.¹⁷⁸

Hamas's hope is that, over time, as a result of domestic and regional pressure, because he cannot forego Gaza and because the U.S. and Israeli embrace inevitably will harm him even if they deliver on their promises,¹⁷⁹ Abbas will be compelled to renew negotiations. The last point is, in the Islamists' minds, central. They point out that Abbas and others are willing to meet with Israelis but not with Hamas – "with the occupier but not the fellow occupied";¹⁸⁰ that Fatah accepted a prisoner release that overwhelmingly favoured its own; that it is receiving

¹⁶⁸ Crisis Group interviews, Hamas officials and UN official, July 2007.

¹⁶⁹ A former Hamas minister, Atif Adwan, said, "what took place cannot be called a victory because Fatah did not fight. Those who fought were only a part of Fatah". Crisis Group interview, Gaza City, 1 July 2007.

¹⁷⁰ The words of Alan Al-Aradj, former economy minister, who added: "We need to do something quickly. We don't want a Hamas government for a Hamas population. There will not be a Palestinian state in Gaza". *Le Monde*, 23 June 2007.

¹⁷¹ Crisis Group interview, senior Hamas official, 7 July 2007.

¹⁷² Crisis Group interview, June 2007.

¹⁷³ A Hamas leader in Gaza called the PLO "a rotten dead body that is now being used as a source of legitimacy". Crisis Group interview, Gaza City, July 2007.

¹⁷⁴ Crisis Group interview, Hamas leader, July 2007.

¹⁷⁵ Hamas, "Our Perspective on the Problem and its Resolution", 23 June 2007. Informal English translation by Crisis Group.

¹⁷⁶ Crisis Group interview, Hamas leader, July 2007.

¹⁷⁷ Crisis Group interview, June 2007.

¹⁷⁸ In late July, Hamas staged a series of demonstrations in the West Bank, including at universities, most notably at al-Najah in Nablus on 24 July, which were strongly suppressed by Fatah-led forces.

¹⁷⁹ According to Mustafa Sawaf, chief editor of *Palestine*, Hamas's daily, "Abbas is weak. Israel will not give him an acceptable offer, and just as Arafat woke up at Camp David, so will Abbas wake up one day and discover he has only two options: withdraw from politics or return to dialogue with Hamas". Crisis Group interview, Gaza City, 23 July 2007.

¹⁸⁰ Crisis Group interview, Hamas official, July 2007.

Israeli help to go after Hamas “resistance fighters”;¹⁸¹ that it is complicit in the siege of 1.4 million Palestinians in Gaza; and that, more generally, it has agreed to subcontract its fate to U.S. and Israeli goodwill.¹⁸² In the meantime, the Islamists will seek to improve their image by imposing law and order and avoiding an economic meltdown in Gaza, hoping that the public will forget June’s brutal pictures. Summing up, Zahar told Crisis Group: “We called for discussion and dialogue. They refused. Ok. Let’s wait and see if Abbas has an alternative”.¹⁸³

In the document sent to Arab leaders, Hamas proposed a several-step plan, including “recognition of the legitimacy of (Abbas) as president of the PA”; “recognising all legitimacies rather than its hegemony by the presidency” (i.e., also that of the PLC); “rejecting substitution of PLO institutions in their present form for those of the PLC”; “indivisibility of the Nation: what happened in Gaza was solely a security measure...and not a political measure to separate Gaza or establish a separate authority in it”; and “complete preparation to cooperate seriously with any fact finding mission established by Arab foreign ministers”. To resolve the crisis, Hamas urged a return to dialogue, full implementation of Mecca, this time with Arab monitoring and supervision,¹⁸⁴ formation of a new national unity government and more fundamental steps to tackle the security file. Khaled Meshal, head of Hamas’s politburo, also stated Hamas would be willing to return all Gaza institutions to the PA, with the critical exception of security institutions, which would have to await reform of the security sector. Officials interviewed by Crisis Group made clear they could not accept elections under current circumstances: “given U.S. intervention, who could guarantee they would be democratic and fair? And what guarantee that they

would respect the results rather than repeat the same strategy if Hamas won?”¹⁸⁵ Ahmad Yusif said:

We are against early elections unless they start with presidential ones. We won the elections for four years and we are going to keep it. We have our legitimacy, Abbas has his. Let him sacrifice it first.¹⁸⁶

¹⁸¹ Israel reportedly authorised the transfer of some 1,000 weapons from Jordan to PA security forces in the West Bank, *Haaretz*, 26 July 2007.

¹⁸² “What kind of president is Abbas, asking that Rafah be kept closed and willing to open Kerem Shalom instead? What kind of president asks Israel to arrest Hamas militants?”. Crisis Group interview, Mahmoud Zahar, Gaza City, 22 July 2007.

¹⁸³ Crisis Group interview, Gaza City, 1 July 2007.

¹⁸⁴ Atif Adwan, the former Hamas minister, said, “Arab monitors would be acceptable. They should be strong and impartial and name those responsible for disorder. They should be neutral. The Egyptians were here before but they did not act in that way. They closed their eyes many times”. Crisis Group interview, Gaza City, 1 July 2007.

¹⁸⁵ *Ibid.* Mahmoud Zahar made essentially the same points. Crisis Group interview, Gaza City, 22 July 2007.

¹⁸⁶ Crisis Group interview, Ahmad Yusif, Gaza City, 1 July 2007.

V. ISRAEL'S RESPONSE

A. A BIFURCATED APPROACH TO A DIVIDED PA

Although Israel withdrew its military and settlers from the Gaza Strip in September 2005, it never really left nor did Gaza leave Israel. The rain of rockets¹⁸⁷ into Israel's southern cities during much of May 2007 was a vivid reminder. Over two weeks in May 2007, amid intensifying Palestinian feuds and prior to Hamas's takeover, 280 landed in Israel, killing two Israelis and injuring over a dozen, triggering flight from the western Negev, nationwide consternation and considerable negative political fallout for the country's leaders.¹⁸⁸ On a visit to Sderot at the height of the rocket-fire, Crisis Group found shutters locked on homes and shops. In the words of the mayor, "schools are closed, commerce has collapsed, and half the 24,000 population has left. This is no longer a real city".¹⁸⁹ A resident whose wife was wounded and home destroyed by a salvo said:

My government wants to turn me into a refugee in my own country. For seven years we've been facing rocket attacks, and my government has done nothing to protect me. I gave my two sons to fight in the army, and I fought in south Lebanon but now I'll stop my two youngest sons joining the military.¹⁹⁰

As Hamas fighters seemed intent on dragging Israel into their confrontation with Fatah, Israeli strategists acknowledged that without a resolution to Gaza's chaos, rockets would continue to fall.

Officials considered three possible options to deal with the Gaza situation: seek to reassert Fatah's supremacy by boosting its military capacity, as advocated by the U.S. security coordinator, General Keith Dayton; take Gaza over militarily; or seek dispatch of multinational forces or establishment of a sort of "international protectorate".¹⁹¹ All three were overtaken by events: Fatah forces swiftly collapsed; Israel's military shield

away from the heavy risks and responsibilities entailed in a reoccupation; and chaos discouraged international from involvement.

A fourth scenario arose, albeit hardly by design: Hamas's takeover. While Western capitals responded with dismay, Israel reacted with a feeling of quasi-inevitability. As early as April 2007, a defence ministry adviser had predicted: "In two or three months there could be a total eruption in the West Bank and Gaza: Fatah will control the West Bank, Hamas will control Gaza. Both sides are preparing for it and believe it will happen".¹⁹² The next month, a security official added: "In less than six months we could see Hamas dominating the Gaza Strip, while the status quo remains in the West Bank".¹⁹³ During an earlier eruption of Fatah/Hamas hostilities in May 2007, General Dayton had lauded the performance of forces loyal to the president and argued that a successful training program should be accelerated.¹⁹⁴ Israel was not impressed, arguing that Fatah was in no position to resist an Islamist assault.

Israel rejected charges it had precipitated Fatah's collapse by turning down U.S. requests to rush arms and aid to it in Gaza. A former deputy national security adviser, echoing most officials in the weeks before the final showdown, said: "The reality in the Gaza Strip is that there is no way to overcome Hamas by supporting Fatah. Whatever assistance Fatah gets from the U.S. and Dayton or Israel will not change the balance of forces because Fatah lacks motivation, is disorganised, fragmented and corrupt".¹⁹⁵

Once Hamas had won, many underscored the dangers of a pro-Iranian base on Israel's doorstep and a dangerous

¹⁸⁷ Each faction uses a different colour for its rockets. Crisis Group inspection of a warehouse at Sderot police station, May 2007.

¹⁸⁸ A prominent commentator said, "anyone who protects Sderot the way Olmert does is incapable of protecting Israel from the nuclear threat", Avi Shavit, *Haaretz*, 17 May.

¹⁸⁹ Crisis Group interview, Sderot Mayor Eli Moyal, Sderot, May 2007.

¹⁹⁰ Crisis Group interview, Yossi Ismit, Sderot, May 2007.

¹⁹¹ Crisis Group interview, senior security official, Jerusalem, May 2007.

¹⁹² Crisis Group interview, Mati Steinberg, former defence ministry adviser, April 2007.

¹⁹³ Crisis Group interview, Israeli security official, Jerusalem, May 2007.

¹⁹⁴ Testimony of Keith Dayton to the House Foreign Affairs Committee, 23 May 2007, at foreignaffairs.house.gov/110/day_052307.htm.

¹⁹⁵ Crisis Group interview, Brigadier General (ret.) Shlomo Brom, former deputy national security adviser and researcher, Tel Aviv University, Tel Aviv, May 2007. Unlike their Western counterparts, Israeli politicians had long predicted a Hamas victory in Gaza. "[Events] were not entirely unexpected. We have seen the developments of this confrontation between Fatah and Hamas for a long time". Prime Minister Olmert at a breakfast attended by Crisis Group, Jerusalem, 25 June 2007. "More than three years ago we warned Fatah of a Hamas takeover. They didn't want to listen. We knew it was going to happen". Crisis Group interview, senior intelligence officer, Mevasseret, June 2007. In an address to diplomats on 18 May 2007, Foreign Minister Tzipi Livni warned that the "army of Hamas" had gained control of all Gaza. Crisis Group interview, diplomat, Jerusalem, May 2007.

arms build-up with south Lebanon echoes but others enumerated potential benefits. The takeover was seen as entrenching separation of the West Bank and Gaza, thus further weakening the Palestinian national movement, intensifying Hamas's isolation, contributing to establishment of a single force in Gaza better able to control the chaos and restoring a Palestinian government in the West Bank with which Israel could deal.¹⁹⁶

Faced with the new situation, Prime Minister Olmert treated Gaza and the West Bank as distinct territories, each demanding its own political, financial and security response.¹⁹⁷ In the West Bank, Israel bolstered Abbas and his new government to draw a sharp contrast with Gaza. This was not done without reluctance or debate; many questioned their ability to control the territory and feared any concession ultimately could jeopardise Israel's security.¹⁹⁸ Fatah's collapse in Gaza was blamed on its internal disarray and Abbas's weakness and indecisiveness. Officials, arguing that what restrained Hamas in the West Bank was Israel's presence far more than Fatah's strength, questioned whether Hamas ultimately might replicate its victory there: "Anything we give to Abu Mazen (Abbas) could soon end up in Hamas's arms".¹⁹⁹

Nonetheless, Israel seems genuinely encouraged by the new government – "arguably the best we have had since the Oslo agreements were signed"²⁰⁰ – and, prodded by Washington, restored financial and security ties suspended following the January 2006 elections. Security coordination

was renewed;²⁰¹ political talks resumed; Israel began to transfer Palestinian customs revenues withheld for a year and resume timely transfer of future revenue; provided amnesty to 178 "wanted" militants, mainly members of the Fatah-affiliated al-Aqsa Brigades, in exchange for their renunciation of violence; agreed to release 255 mainly Fatah prisoners from jail as well as announced preparations to remove an undisclosed number of the roughly 500 roadblocks clogging movement in the West Bank.²⁰²

Several of these steps had been pledged before. That Olmert could take them reflected several developments: Hamas's victory in Gaza and the new government, but also the somewhat unexpected consolidation of his own domestic position. Since the publication of the Winograd Commission's interim report on the Lebanon war, when he registered near-zero approval ratings and appeared a lame duck,²⁰³ he has – part by luck and external support,²⁰⁴ part by deft management – survived. A cabinet reshuffle prompted by a change in Labour Party leadership brought in a strong, experienced defence minister, the former chief-of-staff and prime minister Ehud Barak. Haim Ramon, his closest ally and political strategist, returned as vice

¹⁹⁶ Crisis Group interviews, Israeli security officials and experts, Jerusalem, June 2007.

¹⁹⁷ "The new reality will make it easier for Olmert to overcome U.S. objections to a division of the West Bank and Gaza. It's been a tenet of government policy since [former Prime Minister Ariel] Sharon called for separation and no geographic linkage". Crisis Group interview, Israeli official, Jerusalem, June 2007. "We have to declare very clearly to Gaza that you have one year to create a new country without Israeli support – without Israeli water, electricity, and markets, and go live with the Arab countries, and smuggle. That's all. Gaza is out of the Palestinian game. And we will only talk to Abbas about the West Bank". Crisis Group interview, Israel Hason, former deputy head of Shin Bet and Israel Beitenu parliamentarian, Jerusalem, 25 May 2007.

¹⁹⁸ "Although Israel and the U.S. want to strengthen Abu Mazen in the West Bank, his weakness as well as several other obstacles stand in the way of turning him and Fatah into an effective 'address'". "In which direction is the Palestinian System going", Reut Institute website, 5 July 2007.

¹⁹⁹ Crisis Group interview, Israeli official, Jerusalem, June 2007.

²⁰⁰ Crisis Group interview, Israeli official, Washington DC, July 2007.

²⁰¹ A host of meetings took place; on 26 July, Israel and the PA formally marked the resumption of contacts between the PA and the Israeli Civil Administration in the West Bank. *Haaretz*, 26 July 2007.

²⁰² Expressing some caution about moves to hand security over to PA forces in the West Bank, an Israeli official said, "we'll have to wait before a complete handover of the West Bank to Fatah, first because there's a chance that Hamas will repeat what it did in Gaza in the West Bank and secondly because over time Hamas and Abbas might find some middle-ground. Abbas does not want to give up any part of the PA and Hamas doesn't want to be limited to Gaza". Crisis Group interview, Jerusalem, June 2007.

²⁰³ In March 2007 Olmert was described as "battle-shocked" and "castrated", unable to mount an effective foreign policy for fear of a rebellion by many of the 29 parliamentarians of his own party. "If Olmert ever says 'yes' to the Saudi Initiative, he will have to step down within a week. Kadima as a party will go to Netanyahu". Crisis Group interview, Kadima member of Knesset Shlomo Breznitz, March 2007. "If Olmert abandons an outpost now, I'll be the first to jump to Likud". Crisis Group interview, member of Knesset Otniel Schneller, March 2007.

²⁰⁴ A former U.S. ambassador to Israel likened Olmert's potential to Egyptian leader Anwar Sadat's, who though derided in his first year as weak and fending off internal challenges transformed Egypt's strategic, economic and regional orientation and was hailed as a peacemaker. Lecture by Ambassador Dan Kurtzer, attended by Crisis Group, Tel Aviv University, 25 March 2007. Washington's support helped dampen Israeli calls for Olmert's resignation. "The U.S. coaxing has always been a key component of coalition building. Israeli politicians understand the need to stand by the U.S.". Crisis Group interview, Israeli political observer, Jerusalem, March 2007.

premier. An Israeli analyst remarked: “The translation of rhetoric into action, however limited, could not have been done without the presence of Barak and Ramon. They are the first signs Olmert can do what he could not do so long as Amir Peretz was his defence minister”.²⁰⁵

Simultaneously, Israel maintained its siege and no-contact policy with the Hamas administration in Gaza. Movement in and out of Gaza was severely curtailed, bar a few hundred Fatah loyalists fleeing the fight. Medical treatment for Gazans in Israel also was affected and the visitors program for Gazans jailed in Israel suspended. Infrastructure projects, including a proposed electricity line from Ashkelon to Gaza and a lucrative deal with British Gas to exploit coastal gas reserves were suspended. Officials insisted they would stave off catastrophe by allowing humanitarian aid and commercial traffic of foodstuffs through two crossings under their control and without a formal Palestinian interface.²⁰⁶ Fuel supplies at the Nahal Oz crossing were resumed after a day, as was after a longer period the supply of grain and fodder through Karni/Mintar.²⁰⁷ Electricity, water, electronic banking and communication links were mostly maintained,²⁰⁸ though the ban on non-humanitarian imports remained largely intact. Israel committed with aid agencies to the crossing of 100 trucks daily, sufficient to satisfy the monthly requirement of 21,000 tons of imported foodstuffs.²⁰⁹ In sum, Gaza is being kept on a drip of

welfare support, further eroding its fledgling, market-driven and Palestinian-run economy.²¹⁰

B. LONGER TERM CONSIDERATIONS

For now, this dual pattern – resumed cooperation with Abbas and limited progress in the West Bank, coupled with pressure on Gaza and Hamas – is the path of least resistance and could continue for some time, particularly insofar as it is promoted by the U.S. The strategic question is whether and to what extent Olmert will try to elaborate an agenda on which to base the remainder of his term. So far, for want of direction, political commentators have dubbed that tenure “the Wilderness Years”.²¹¹ Yet, his fortunes have revived slightly,²¹² and some confidants suggest he is considering how he might be remembered for things other than a bungled war and corruption scandals.²¹³ He knows, they say, that he has to act. Ultimately, this might take him in the direction of Syria rather than the Palestinians but if it is the latter, he has several options.²¹⁴

Under one scenario, he might accelerate the process of boosting Abbas and weakening Hamas and seek to trigger broader Israeli engagement with the Arab world. Steps to move the political process forward include more significant prisoner releases, removing settlement outposts and beginning compensation of West Bank settlers for voluntary relocation. Assuming Palestinian progress in reorganising and retraining PA security forces, integrating or disarming al-Aqsa Brigade fighters and preventing attacks on Israel, he could allow greater freedom of movement and turn over security responsibility. A more far-reaching variant, reportedly advocated by

²⁰⁵ Crisis Group interview, Israeli analyst, Tel Aviv, July 2007.

²⁰⁶ The Kerem Shalom crossing on the Gaza-Egypt-Israeli border is entirely inside Israel; Sufa abuts an open field where containers were off-loaded for Palestinian collection. Olmert reportedly blocked attempts by senior ministers to shut these two crossings. “We will take into consideration all humanitarian needs in Gaza. We will not intervene, we will not move forces, but we will not stand by and say the lives of innocent civilians are not our concern”, quoted in *Haaretz*, 17 June 2007. But “Israel will not let Hamas control Rafah nor will Egypt. There has to be an interface. It could be Fatah forces, or international forces of the UN agency for refugees”. Crisis Group interview, Israeli intelligence officer, Mevasseret, June 2007. As thousands of Palestinians waited at or near the Egyptian border to cross into Gaza, Israel organised the transportation of pre-approved passengers to the crossing at Erez in the northern Gaza Strip. Arguing that Israel was screening returnees in a violation of Palestinian sovereignty, Hamas denounced the arrangement. See *Haaretz*, 29 July 2007.

²⁰⁷ Crisis Group interview, UN officials and Israeli observer, Jerusalem, July 2007.

²⁰⁸ “Contacts will continue at a professional and technical level for water and electricity”. Crisis Group interview, Israeli official, Jerusalem, June 2007.

²⁰⁹ Crisis Group interview, international aid official, Jerusalem, June 2007.

²¹⁰ An Israeli border officer was heard defining his mission thus: “no development, no prosperity, only humanitarian dependency”. Crisis Group interview, aid official, Jerusalem, June 2007.

²¹¹ Crisis Group interview, Jerusalem, April 2007.

²¹² In March 2007 Olmert had a 2 per cent approval rating. A poll published by *Haaretz* on 6 July 2007 estimated it was then 9 per cent, against 34 per cent for Labour party leader Ehud Barak and 42 per cent for Likud party leader Binyamin Netanyahu. Overall support for his cabinet was 57 per cent. *Haaretz*, 8 July 2007.

²¹³ The four most prominent investigations are by the state comptroller into his dealings with the Small Business Authority; the Investment Center; the sale and subsequent rent of his Jerusalem house on Cremieux Street; and the sale of a state share of Bank Leumi. See Nehemia Shtrassler, “The last days of Pompeii”, *Haaretz*, 21 March 2007.

²¹⁴ Ariel Sharon’s experience is oft-cited. After he launched his Gaza disengagement initiative, the Israeli media protected him from allegations of corruption, as one commentator noted like “an Etrog – a citrus fruit used in Jewish ceremonies – wrapped in cotton wool”. Crisis Group interview, Tel Aviv, June 2007.

Ramon, would have Israel gradually do a coordinated withdrawal from roughly 70 per cent of the West Bank.²¹⁵ As noted, Olmert, though wary of talks on core political issues, which he believes would be premature and for which he might not have sufficient backing, is proposing negotiations on statehood principles.²¹⁶

Yet none of these scenarios deals effectively with Palestinian realities and Hamas in particular. Abbas's prospects for stabilising the West Bank will be much reduced if Hamas is determined to prevent it by escalating violence, from either Gaza or the West Bank. Fatah's lingering divisions, the weakness of PA security forces and the risk Abbas and Fayyad will be seen as doing Israel's bidding all must be taken into account. Moreover, Abbas is in no position to deliver on some of Israel's most pressing demands, a comprehensive ceasefire including Gaza and release of Corporal Shalit – both of which remain cards in Hamas's hands.

A possible answer to the dilemma would be for Israel to act more decisively against Hamas. Some senior commanders and politicians warn of a second "small Iran" in the south which, coupled with Hizbollah up north, could confront it with simultaneous deadly threats,²¹⁷ especially if Hamas consolidates its military capabilities. Military sources claim it recently has made a "generational leap" in capacity, acquiring anti-tank missiles, wire-guided missiles, more sophisticated Qassam rockets and the makings of a 10,000-plus "guerrilla force".²¹⁸

In response, some Israelis have looked to the outside for lessening the threat. Building on the experience of a strengthened UN force in southern Lebanon, several leaders have raised the possibility of foreign forces in or around Gaza, with a mandate ranging from limited oversight and management of the Philadelphi corridor dividing Egypt and Gaza to more robust intervention.²¹⁹ As diplomats and officials debating the merits of such a force, however, international presence on the ground was receding. An EU-backed border mission, overseeing

the Rafah crossing from Gaza into Egypt and a U.S.-led mission to secure the goods crossing into Israel at Karni/Mintar, were withdrawn due to the new situation.²²⁰ Most internationals had already fled Gaza, chased out by kidnappings and many, though not all, diplomats avoid entering the territory. Perhaps most decisively, Hamas signalled its opposition to an international presence, arguing it would serve Israel's needs not those of Palestinians.²²¹

As a result, the belief is prevalent that Israel itself will eventually have to "push Hamas out of the equation".²²² Advocates of military confrontation run the gamut from those wishing to neutralise its arsenal to those who want a ground operation or elimination of its leadership. Reflecting frustration, a retired brigadier general said:

The army feels that the government is not giving them the rope to prove that they can give a feeling of security to its people. As soldiers you can't look citizens in their eyes if you can't make them feel secure. I'm in uniform and can't do anything. The army wants to show the Lebanon failure was a one-off.²²³

In his first weeks as defence minister, Barak targeted supposed Qassam launch platforms and crews,²²⁴ a relatively low-risk strategy but one that signalled to Hamas in Gaza that it remained a legitimate target, especially if rocket firings did not stop. At a time when world opinion appeared solidly opposed to Hamas, it also was unlikely to provoke criticism. But others had more far-reaching proposals, including attacks on Hamas's decision-making core:

²¹⁵ See *New York Times*, 28 July 2007.

²¹⁶ *Ibid* and *Haaretz*, 24 July 2007.

²¹⁷ "What happened in Gaza is a crisis with the danger to destabilise the Middle East. We will not accept to have a small Iran near our cities". Crisis Group interview, Yoel Hasson, member of Knesset and acting chairman of Kadima, Jerusalem, June 2007.

²¹⁸ See *Haaretz*, 20 July 2007.

²¹⁹ In a meeting with the Dutch Foreign Minister, Olmert argued that "serious consideration must be given to the introduction of a multi-national force, similar to UNIFIL, to the Philadelphi corridor area". Prime Minister's Office Communiqué, 12 June 2007. Others advocated a larger-scale deployment, possibly led by Egyptian forces. *Reuters*, 28 May 2007.

²²⁰ Both operations had been largely dysfunctional due to Israeli restrictions. In June 2006-2007, the Rafah crossing had been closed some 75 per cent of the time. Crisis Group interview, EUBAM official, Jerusalem, June 2007.

²²¹ Abbas's call for the deployment of international forces on 29 June 2007 provoked a sharp rebuke from Hamas. A statement from the al-Qassam Brigades said it would welcome foreign soldiers "as an occupying force and will receive them with missiles and rockets". *Deutsche Presse-Agentur*, 30 June 2007. Several European leaders have also raised the idea.

²²² Crisis Group interview, Israeli official, Jerusalem, June 2007.

²²³ Crisis Group interview, Brig-Gen Tzvika Foghel, reserve brigadier general in IDF Southern Command, Sderot, May 2007.

²²⁴ Crisis Group interview, Israeli political leader, Jerusalem, July 2007. Soon after his appointment, the military claimed to have seized seven launch platforms in raids which killed eleven Hamas operatives. However, fire continued. *Haaretz.com*, 7 July 2007.

Lebanon is a good example. If we don't move soon, Hamas will acquire increased weaponry in both quantity and quality, and the missile threat will increase dramatically. By using helicopters and planes alone, Israel cannot stop the Qassams. We have to go inside. The problem is that they are not afraid of us – the only way to make them afraid is to get inside and destroy half their infrastructure. Israel must attack all that supports Hamas. It must kill as many Hamas members as possible.²²⁵

Israeli security experts say the military has been preparing for a major offensive against Gaza for months and will eventually have to move.²²⁶ Some diplomats predict an August raid and report Israel has warned them to withdraw nationals from Gaza.²²⁷ If a rocket caused significant casualties in Israel, the pressure to respond dramatically would be too strong to resist.

Still, any military strategy presents considerable risks for uncertain gains. It could enmesh Israeli forces in Gaza for a long time, with heavy casualties, massive Hamas targeting of Sderot and adjoining communities and international opprobrium, and would undo any gains from the Gaza disengagement. Israel might have to resume responsibility for the welfare of 1.5 million residents.²²⁸ Having burnt his fingers in one military adventure at his generals' behest, Olmert will be wary of another.²²⁹ Moreover, were Hamas toppled, Israel would lose the central address it so recently acquired for maintaining control.²³⁰ Nor is there any obvious conventional solution

to Gaza's home-grown weaponisation or smuggling.²³¹ All in all, there seems scant appetite for a major military operation.

An alternative view – more controversial and not widely articulated – is for Israel and the Islamists to find an accommodation. Overlapping interests may exist. Hamas is focused for now on maintaining control and stability in Gaza, not provoking a major confrontation with Israel; it needs Israeli cooperation to open crossings and allow trade; and it seeks an end to military incursions. Already, officials in Gaza have signalled their readiness to engage Israeli counterparts on practical issues and have proposed various means of indirect cooperation at crossing points;²³² they also have suggested a ceasefire could be achieved if Israel would agree to end targeted killings, release prisoners, allow movement across the border and lift the economic siege.²³³ In the words of one of Haniya's advisers, "everyone understands that for the sake of the Palestinians, we need a ceasefire. We need quiet".²³⁴

Israel, too, can gain, most notably a cessation of rocket attacks and – assuming agreement is reached on securing the Philadelphi corridor – reduction in arms smuggling as well as Shalit's release. A long-term armistice of sorts, under which neither side would have to surrender its principles, thus could be in the offing, especially since the alternative (continued Israeli stranglehold and incursions; Hamas rocket attacks from Gaza but also, perhaps, the West Bank; and the growth of jihadi groups as rivals to Hamas)²³⁵ is so unappealing.

²²⁵ Crisis Group interview, Peri Golan, former head, Shin Bet counter-terrorism department, Tel Aviv, May 2007.

²²⁶ Under new, energetic chief of staff, Gabi Ashkenazi, training reportedly finished in March 2007, with plans given to Olmert. Crisis Group interviews, Israeli security experts, Tel Aviv, April 2007. "At some point we will have to remove the missile threat, and the sooner the better"; Crisis Group interview, IDF reserve officer, Tel Aviv, March 2007.

²²⁷ Crisis Group interview, EU diplomats, Jerusalem, 26 July 2007.

²²⁸ "Are we really willing to pay the price for a reoccupation? The overwhelming answer is 'no'. Since 1994 we have not had to care for the population in full. We don't want to start now". Crisis Group interview, senior security official, Jerusalem, May 2007.

²²⁹ In response to the Qassams, Olmert appeared to take note of Winograd's reprimand of Israel's "impulsive" recourse to war in Lebanon, maintaining tighter rein on military recommendations. Crisis Group interview, security official, Jerusalem, June 2007. With a new defence minister, Olmert is well-placed to check the more bellicose commanders.

²³⁰ Crisis Group interview, security official, Jerusalem, June 2007.

²³¹ "If we strangle them, it will be a horror we can't afford. Gaza will become a soil for terrorism and revenge". Crisis Group interview, Meretz party leader Yossi Beilin, Jerusalem, June 2007.

²³² Crisis Group interview, Hamas PLC member, Gaza City, July 2007. Hamas officials have indicated they could accept a private security company, a UN agency, an Egyptian representative or even the return of the Palestinian presidential guard under President Abbas's authority. Crisis Group interview, Hamas leader, Gaza City, July 2007.

²³³ "The situation is like two wrestlers in a ring. Both are tired and need room to breathe. They need a timeout which might even allow something good to emerge". Crisis Group interview, Atif Adwan, Gaza City, 1 July 2007. For Ahmad Yusif, "a cease fire should include an agreement about the prisoners, about operations at the borders and movement for workers into Israel. If we have a cease fire, we will have an opportunity to find a peaceful solution". Crisis Group interview, Ahmad Yusif, Gaza City, 1 July 2007.

²³⁴ Ibid.

²³⁵ "Barred from governing, Hamas would be likely to repeat its strategy that served it so well in Gaza – attacking settlers in the West Bank in order to destabilise Abu Mazen's rule". Crisis Group interview, Olmert business confidante, Tel Aviv, June 2007. Officials particularly worry about future

Are Israeli officials in a position to seek an implicit working relationship with Gaza's new authority? Obstacles abound, not least fear that even indirect contact would encourage third parties to do the same. Israelis – from the Left perhaps more than the Right – recoil at any step that might legitimise the Islamists.²³⁶ The government also seems prepared to give the strategy of bolstering Abbas a chance, which means isolating Hamas. Even on an issue such as Shalit's release, there are strong indications Israel would rather wait than improve the Islamists' standing.²³⁷ For now, only a relatively few dissenting voices are heard, mainly from the security/intelligence sectors:

In the long run, Israel will talk to Hamas and should talk to Hamas, because they are part of the Palestinian people. Hamas will be more reliable than Dahlan in Gaza. If they enforce a ceasefire, Israel will not care who's in control.²³⁸

A former defence ministry adviser echoed this, underscoring the longer-term risks of chaos and jihadi groups emerging:

I prefer a government of Hamas to chaos. I prefer a negative government to total chaos. The U.S. created a void in Iraq, and now we are doing the same in Gaza. Al-Qaeda and Global Jihad have a systematic doctrine of taking advantage of chaos.²³⁹

A government minister from the religious Shas movement has appealed for direct contact on specific issues, including Shalit.²⁴⁰ In the same vein, security

targeting of flights over the West Bank approaching Ben Gurion airport. *Haaretz*, 28 June 2007.

²³⁶ "The left-wing are the most reluctant to engage with Hamas because they see it as betraying Fatah and their hopes for a final settlement. Hamas is a religious movement which represents what they hate". Crisis Group interview, Labour party member, Tel Aviv, May 2007.

²³⁷ Although Israel has maintained readiness to exchange 450 Palestinians for Shalit, disagreement centres on their identity. Egyptian mediators sense little Israeli urgency. They say Olmert has yet to respond to their latest prisoner swap proposal and speculate that he is in no rush to provide Hamas with an accomplishment. Crisis Group interviews, June-July 2007.

²³⁸ Crisis Group interview, intelligence officer, Mevasseret, June 2007.

²³⁹ Crisis Group interview, Mati Steinberg, former defence ministry adviser, Jerusalem, May 2007. "If the Hamas leadership will deal with Israel, I don't care who is in charge on the Palestinian side". Crisis Group interview, Reserve Brig-Gen Tzvika Foghel, Sderot, May 2007.

²⁴⁰ "The unstable situation in the Palestinian Authority leaves us no choice but to thoroughly examine the option of direct

officials speaking anonymously focus less on ideology, including the Quartet's three principles, and more on practical benchmarks by which Hamas would be judged:²⁴¹ its ability to establish a central authority; its willingness and ability to curtail rocket fire into Israel; the halting of weapons smuggling; and Shalit's release.²⁴² For some, the jury is still out. Rocket attacks continue, albeit at a reduced rate.²⁴³ Steps to restore law and order and Hamas's confiscation of unlicensed weapons have been greeted with interest and described by an Israeli commentator as initial implementation of the Roadmap's first requirement.²⁴⁴

negotiations", Trade Minister Eli Yishai was quoted as saying. *Haaretz*, 25 June 2007.

²⁴¹ Crisis Group interview, official in the prime minister's office, Jerusalem, June 2007.

²⁴² Political associates of the Israeli prime minister stressed that rocket fire was his overriding priority. "Shalit has been held for one year, he can be held for another". Crisis Group interview, confidante of Prime Minister Ehud Olmert, Jerusalem, July 2007.

²⁴³ The numbers of home-made rockets fired from Gaza into Israel declined from 323 in May to 140 in June and 95 in July. Compiled from OCHA Protection of Civilians weekly reports and other UN figures. However, the number of mortar attacks on crossing points has increased.

²⁴⁴ Crisis Group interview, Arnon Regular, Israeli political analyst, Jerusalem, June 2007.

VI. INTERNATIONAL REACTIONS

After initial shock, most relevant international actors converged around a similar line: condemnation of Hamas's illegal "coup"; support for Abbas and his dismissal of Haniya's government and appointment of an emergency one; swift political and material assistance to the Ramallah-based government; jump-starting an Israeli-Palestinian process; and isolation of the Islamists by curbing contacts with Gaza while seeking to avoid a humanitarian disaster. The appointment of former UK Prime Minister Tony Blair as Quartet Special Envoy also signalled a desire to focus on Palestinian reform, institution-building and economic recovery centred in the West Bank.²⁴⁵

Overall, there were several objectives. The most obvious was to boost Fatah's and Abbas's credibility by demonstrating they could achieve what Hamas could not: material improvement and a credible negotiating process leading to further advances in the West Bank or even progress on central political issues. By squeezing Gaza, they also hoped to dent Hamas's popularity seriously. What precisely should follow remains unclear – new elections, Hamas's agreement to relinquish its gains in Gaza or popular upheaval against the Islamists – though ultimately Fatah would be expected to reassert its dominance. Yet, beneath surface consensus are important nuances.²⁴⁶

A. THE UNITED STATES

For the U.S. the events, however disquieting, were an opportunity. By blurring lines between Fatah and Hamas,

²⁴⁵ Much debate has focused on Blair's mandate. On paper, it is similar to that of his predecessor, James Wolfensohn, who openly complained that – because he could not deal with political issues – he was denied the tools to succeed. "I was never given the mandate to negotiate the peace," Wolfensohn said in an interview with *Haaretz*. "If halfway through the negotiations your office is closed and someone takes over the negotiations, you have to say you failed". *Haaretz*, 19 July 2007. But Blair's political weight and ties to Bush and Rice suggest he will have more leeway.

²⁴⁶ As a Quartet member, the UN espoused its overall line but was in a slightly different and more delicate position: with roughly 10,000 employees in Gaza, it could not afford to alienate Hamas or watch a humanitarian crisis unfold. Thus, while condemning the Islamists' actions, it maintained on-the-ground contacts with authorities in Gaza and sought to temper the tone and volume of Quartet endorsements of Abbas and his new government. According to one official, "we will not take positions that may in any way threaten the safety of our employees and affiliates". Crisis Group interview, New York, June 2007.

Mecca and the national unity government had muddied matters and prevented progress between Israelis and Palestinians. Dismissal of Haniya's government and appointment of Salam Fayyad was a "moment of clarity. The collapse of Mecca proved that Hamas's and Fatah's visions could not coexist. Our response must be to support Abbas and his government, which adheres to the three Quartet principles and with which Israel can do business".²⁴⁷

In his 16 July 2007 speech, President Bush presented a stark choice:

There is the vision of Hamas, which the world saw in Gaza....By following this path, the Palestinian people would guarantee chaos, and suffering and the endless perpetuation of grievance....They would crush the possibility of a Palestinian state....There's another option...it is the vision of President Abbas and Prime Minister Fayyad...it's the vision of a peaceful state called Palestine as a homeland for the Palestinian people....By supporting the reforms of President Abbas and Prime Minister Fayyad, we can help them show the world what a Palestinian state would look like – and act like.²⁴⁸

Almost immediately after Fayyad formed his government, the U.S. lifted financial restrictions and the diplomatic embargo on the PA, boosted economic and humanitarian aid and redirected assistance to the PA's security services. Bush also spoke of greater U.S. political involvement, of efforts to "sketch out a political horizon for the Palestinian state"²⁴⁹ – a concept that, in deference to Olmert, falls short of negotiations over a final status settlement but entails discussions over "what a Palestinian state might look like, what will be its relations with Israel and other neighbours. It is a way to give flesh to the notion of statehood so that Palestinians know it is something real that gives them hope".²⁵⁰ In the words of a U.S. official, "we need to promote a political track between Israel and

²⁴⁷ Crisis Group interview, senior U.S. official, Washington DC, June 2007.

²⁴⁸ Transcript of address by President Bush, "President Bush Discusses the Middle East", 16 July 2007, at www.state.gov/p/nea/rls/rm/2007/88506.htm.

²⁴⁹ Ibid.

²⁵⁰ Crisis Group interview, senior U.S. official, Washington DC, June 2007. Secretary Rice explained: "There's been a lot of talk...about the borders of a state. What is going to be inside both borders in terms of governance and democracy and fairness and the rule of law and ability to deliver security and ability to deliver economic benefits is at least as important as what its borders are going to be". "On the record briefing en route to Lisbon", at www.state.gov/secretary/rm/2007/88682.htm.

the Palestinians because ultimately Hamas will not be defeated militarily but politically”.²⁵¹

In a further nod to Palestinians, Bush said Israel’s future did not lie “in continuing occupation of the West Bank” and called for an “international meeting this fall” to include Israel, the Palestinians and at least some regional countries.²⁵² In consultations with Israeli officials, the U.S. reportedly is pressing for movement on issues that could bolster Abbas’s and Fayyad’s standing, including removing settlement outposts and redeploying troops.²⁵³

Officials acknowledge a high degree of uncertainty where this will lead. Buoyed by Fayyad’s initial steps – they describe achievements especially vis-à-vis armed militants and PA security officials, as “breathhtaking”²⁵⁴ – they are hopeful he can trigger a virtuous cycle of Palestinian security measures reciprocated by Israel. The goal, one said, is to “lock Abbas in” an uncompromising strategy vis-à-vis Hamas – making clear benefits are contingent on adhering to the current platform – so he will not be tempted to return to a Mecca-type deal:

Of course, no Palestinian leader can oppose reconciliation. But Abbas needs to operate from a position of strength rather than dive back into a national unity government because that is where problems originated from in the first place. If there is reconciliation, it must be around President Abbas’s platform. If it is Mecca all over again, it will destroy everything.²⁵⁵

Officials believe Hamas’s support will drop precipitously as Gaza struggles for jobs, food and access to the outside world. They say, “Abbas still potentially has the strongest hand. He has international and Arab support and a good government. His best bet is not to run to Hamas but to play the split and get what he can. If he plays it well, he will end up in a stronger position”.²⁵⁶ But they are not confident security can be restored in the West Bank given the proliferation of weapons and armed groups

and enduring Hamas influence.²⁵⁷ They worry that Abbas continues to rely on the old PLO bureaucracy and shuns efforts to reform Fatah. They are not sure others (European and the Arabs in particular) will long isolate Gaza if it involves major humanitarian cost, and they know that several of these countries privately question the policy of shunning Hamas. Israeli politics, too, are an uncertainty.

The doubts are reflected in policy. The international meeting announced by Bush quickly grabbed headlines as a “peace conference”. That hardly had been the intent. The announcement was to bolster Abbas, respond to repeated calls for a conference and fill the political void. The administration has still made no decision on attendance, terms of reference or objectives, a reflection of both internal tensions and fluctuating regional realities.²⁵⁸

On one end of the spectrum is a gathering focused on Palestinian institution-building and economic aid – worthy goals, but unlikely to galvanise Palestinian support or shore-up Abbas.²⁵⁹ On the other end is a meeting to address political issues and jump-start negotiations on statehood, a prospect that Olmert rejects. Bush suggested both in his speech, indicating he has not

²⁵⁷ On the day of the President’s speech, a report in *The Washington Post* suggested U.S. intelligence agencies doubted Abbas’s ability to succeed.

²⁵⁸ Speaking soon after the president’s speech, Rice admitted: “We’ve not yet done much in the way of planning. It’s just been announced”. “On the record briefing”, op. cit. Adding to the confusion, the White House spokesman sought to lower expectations by saying, “it was being spun up as a major peace conference where people are going to be talking about final status issues, and that is not the case....You can call it what you want. Call it a confab. You guys have thesauruses and you also have extensive vocabularies. But the fact is that it will be a gathering where people really do try to get down to nuts and bolts issues of helping build that institutional capability so that the Palestinian government will be in a position to move on to the next phases”. White House press briefing, Tony Snow, at www.whitehouse.gov/news/releases/2007/07/20070117-9.html.

²⁵⁹ Even these goals will be very difficult to attain. According to a West Bank report, economic recovery will not occur until movement restrictions imposed by Israel are lifted. See *Stagnation or Revival? Israeli Disengagement and Palestinian Economic Prospects*, World Bank, December 2004. In May 2007, the Bank stated: “While the government of Israel has shown a willingness to consider a relaxation of specific restrictions...incremental steps are not likely to lead to any sustainable improvement...Only through a fundamental reassessment of closure, and a restoration of the presumption of movement...will the Palestinian private sector be able to recover and fuel sustainable growth”. *Movement and Access Restrictions in the West Bank: Uncertainty and Inefficiency in the Palestinian Economy*, World Bank, May 2007.

²⁵¹ Crisis Group interview, senior U.S. official, Washington DC, June 2007.

²⁵² Invitees would include “representatives from nations that support a two-state solution, reject violence, recognise Israel’s right to exist and commit to all previous agreements between the parties”. “President Bush Discusses the Middle East”, op. cit.

²⁵³ Crisis Group interview, U.S. official, Washington DC, July 2007.

²⁵⁴ Crisis Group interview, U.S. official, Washington DC, July 2007.

²⁵⁵ Crisis Group interview, senior U.S. official, Washington DC, July 2007.

²⁵⁶ Ibid.

yet chosen.²⁶⁰ The outcome will be shaped, in part, by what transpires in the coming period – what progress occurs between Israelis and Palestinians and how Arab countries react. A U.S. official said:

There are debates within the administration between those who believe the best way to help Abbas is to address political issues and those who think it is premature. We announced the meeting, put the idea out there, but frankly what it will be will depend on what various parties do in response to the announcement.²⁶¹

B. THE EUROPEAN UNION

The EU's reaction to the Gaza events and establishment of a new government was direct and swift. On 18 June, foreign ministers condemned Hamas "in the strongest possible terms" for a "violent coup", expressed "full support for President Abbas and his decisions taken within his mandate to declare a state of emergency and to install an emergency government" and announced a decision to "resume normal relations with the Palestinian Authority immediately".²⁶² Since then, EU member states have taken up political contacts with the government in Ramallah.²⁶³

At the same time, EU officials have been clear their policy is to continue providing assistance to Gaza, at least as far as possible under the circumstances.²⁶⁴ On

the grounds that "nothing must be done to exacerbate differences between Gaza and the West Bank",²⁶⁵ administrators of the Temporary International Mechanism²⁶⁶ will continue to pay allowances to civil servants and social affairs ministry-registered hardship cases in both until September, and probably until year's end. According to Mario Mariani, head of the TIM management unit, "the EU's position is that we have one PA and will therefore work as much as possible in the West Bank and Gaza".²⁶⁷

The European Commission (EC) also is continuing fuel supplies to Gaza.²⁶⁸ Small developmental projects it was running before the crisis continue to be implemented.²⁶⁹ One of the more complex issues concerns the border crossing at Rafah between Gaza and Egypt's Sinai, which the EU Border Assistance Mission (EUBAM) had been monitoring.²⁷⁰ EUBAM will be down-sized from 1 August, and some Europeans are looking for alternative mechanisms at the crossing.²⁷¹ So far, those efforts have not been fruitful. According to an official, EUBAM "will test the extent to which EU member states will be willing to stomach any form of engagement with the Hamas administration in Gaza".²⁷² Institution building, part of Tony Blair's mandate, poses a further dilemma. Can the EU help build PA institutions – many in Gaza – without dealing with Hamas? Aid officials acknowledge that support to PA institutions faces serious obstacles:

²⁶⁰ Crisis Group interview, U.S. official, Washington DC, July 2007.

²⁶¹ Crisis Group interview, U.S. official, Washington DC, July 2007.

²⁶² General Affairs and External Relations Council (GAERC) conclusions, 18 June 2007. In fact, Javier Solana announced the EU's intention to resume aid before the ministers met: "There will be a direct relationship, economically also with the Government", he told the press. "There will be a part of the money that will be direct...part of it will go through the account that, when [Fayad] was minister of finance, he had established, and he will have kept as prime minister, so it will be a direct relationship with the government". "EU resumes aid to Palestinian Government", *The Times*, 18 June 2007.

²⁶³ They also resumed support to the civil police via the European Union Co-ordinating Office for Palestinian Police Support (EU COPPS). It was designed to assist the civil police but was suspended after the formation of the Hamas-led government.

²⁶⁴ Crisis Group interviews, EC official, Jerusalem, 17 July 2007; Brussels, 11 July 2007. EC officials recognise the need to keep what remains of Gaza's economy afloat: "If the economy sinks even further, Europeans will end up paying" for humanitarian supplies to a population already heavily dependent on aid. Crisis Group interview, EC official,

Brussels, 11 July 2007. The GAERC pledged to do the "utmost to ensure the provision of emergency and humanitarian assistance to the population of Gaza, whom it will not abandon". Conclusions, 18 June 2007; Commissioner Ferrero-Waldner repeated this to the European Parliament.

²⁶⁵ Crisis Group interview, senior EC official, Jerusalem, June 2007.

²⁶⁶ TIM was created to funnel money to the economy without dealing with the Hamas-led government.

²⁶⁷ Crisis Group interview, Jerusalem, 7 June 2007.

²⁶⁸ Crisis Group interviews, EC officials in Jerusalem and Brussels, 3 and 12 July 2007.

²⁶⁹ Crisis Group interview, EC official, Jerusalem, 17 July 2007.

²⁷⁰ The *Jerusalem Post*, reporting on the fate of the EUBAM, cited Patrick Delval, its deputy head, explaining in a press briefing that monitors would not return while Hamas was in control. The terms under which the mission was to operate, he is reported to have said, stipulated the presidential guard must be in control. *Jerusalem Post*, 28 June 2007.

²⁷¹ "The Council calls on all parties to work towards an opening in and out of Gaza for both humanitarian and commercial flows....This is necessary to ensure the viability of the Palestinian economy and to improve living conditions of the Palestinian people". General Affairs and External Relations Council Conclusions, 23 July 2007.

²⁷² Crisis Group interview, Council Secretariat official, Brussels, 16 July 2007.

the finance ministry budget department, for example, is in Gaza, as are the accounting data.²⁷³

Politically, too, and beneath the surface Quartet consensus, questions are being raised. During the unusually protracted negotiations of the Working Group and Political and Security Committee that preceded the June 2007 foreign ministers meeting, representatives from some member states questioned the policy direction, asking whether opportunities had been missed during the past year and whether the international community was partly to blame for the unity government's collapse. The discussions, were "not exactly soul-searching, but a recognition that we had messed up". Others argued with equal vigour that the Hamas isolation policy should be maintained.²⁷⁴

Discord emerged publicly. On 9 July, foreign ministers from ten Mediterranean EU countries (including France, Spain, Italy and Portugal) issued an open letter to Tony Blair. One of its most striking passages read:

Do not push Hamas to escalation. This means reopening the frontier between Gaza and Egypt and the facilitation of passage between Gaza and Israel, and encouraging Saudi Arabia and Egypt, just as President Mubarak had proposed, to re-establish dialogue between Hamas and Fatah.²⁷⁵

The letter was not without controversy. Reportedly spearheaded by the French and Spanish foreign ministers, it allegedly was not carefully reviewed by signatories nor fully coordinated with capitals.²⁷⁶ Other member states, notably Germany, were irritated by its content.²⁷⁷ But Italian Foreign Minister Massimo D'Alema went further, arguing that while "Hamas has carried out terror attacks, it is also a popular movement....Not recognizing

²⁷³ Crisis Group interviews, IMF and EC officials, Jerusalem, 17-18 July 2007.

²⁷⁴ Crisis Group interviews, EC officials and EU diplomats, Jerusalem and Brussels, 6-11 July 2007. The negotiations on the Middle East Council Conclusions in the Working Group and Political and Security Committee lasted 25 hours in the run-up to the 18 June foreign ministers (GAERC in EU parlance) session.

²⁷⁵ The letter, signed by the ten foreign ministers (France, Spain, Portugal, Italy, Malta, Slovenia, Greece, Cyprus, Bulgaria and Romania), was published in *Le Monde*, 10 July 2007.

²⁷⁶ According to some reports, the French president and Italian prime minister were surprised and not pleased. French officials have backtracked on any hint of support now for a new reconciliation attempt. Crisis Group interview, French official, July 2007.

²⁷⁷ Crisis Group interviews, EU diplomats, Paris and Brussels, 13 and 16 July 2007.

the democratically elected government is not exactly a lesson in democracy, and pushing such a group into the hands of al-Qaeda is not in the international community's interest".²⁷⁸

Whatever differences may exist among EU members, they so far are being articulated in general terms. No new policy options have been put on the table.²⁷⁹ The default position, particularly given Abbas's current strong opposition toward any rapprochement with the Islamists and as long as there are indications of progress between Israelis and Palestinians, is most likely to be the status quo.

C. THE ARAB WORLD

Facing strong Western opposition, Hamas is betting on the Arab world, chiefly Egypt and Saudi Arabia. The Arab public's aversion to a humanitarian crisis in Gaza, opposition to Palestinian infighting and scepticism toward U.S. and Israeli efforts to bolster Abbas, together with the Saudi monarch's personal investment in the Mecca Agreement and the Egyptian regime's fear of chaos spilling over from its border lead it to believe efforts will soon resume to revive national unity and break the Gaza siege. According to a Hamas leader in Gaza:

Egypt's principal concern is with its national security. Therefore, they cannot let Gaza starve and turn into chaos, paving the way for al-Qaeda. The more you pressure Gaza, the more you promote al-Qaeda. Egypt knows this, and Egypt already has to deal with al-Qaeda types in the Sinai.²⁸⁰

Purportedly using documents seized from Gaza security headquarters, Hamas also has been seeking to persuade Arab leaders that its rivals had been conspiring to topple the unity government.²⁸¹

²⁷⁸ *Corriere della Sera*, 17 July 2007. French Foreign Minister Bernard Kouchner, asked about d'Alema's comments, told a press conference: "I think Hamas did not wait for this extreme situation, the current terrible situation in Gaza, to have contacts with Al-Qaeda. And it would perhaps be too simple to think that we, the international community, are responsible". *Haaretz*, 19 July 2007.

²⁷⁹ Crisis Group interview, EU diplomats and Council officials, Brussels, 16 July 2007.

²⁸⁰ Crisis Group interview, Hamas leader, Gaza City, 22 July 2007. Another official said, "Egypt will have to open the Rafah crossing. It cannot continue the closure because sooner or later it will hurt Egypt's own interests". Crisis Group interview, Hamas official, Gaza City, 22 July 2007.

²⁸¹ Crisis Group interviews, Hamas leaders, June-July 2007. According to unsubstantiated reports, Hamas also had

While Hamas's calculation may prove accurate, the wait could be long. The Mecca Agreement's collapse created difficulties for key Arab leaders. Egypt anxiously eyed Hamas's control of Gaza, fearing regional and domestic repercussions of an Islamist-led entity on its border. The routing of Fatah forces was a particular setback. Egypt's security delegation had worked with them and was mediating between the sides. Cairo took the lead in organising an emergency Arab foreign ministers meeting on 15 June where its minister denounced Hamas's "coup", called on "Palestinians of all factions to rally around the legitimate leadership" of Abbas and his new government and claimed "Iran's policies encouraged Hamas to do what it has done in Gaza, and this represents a threat for Egypt's national security because Gaza is a stone's throw from Egypt".²⁸² The next week, Cairo transferred its diplomatic representation to the PA from Gaza City to Ramallah.

Egyptian officials later moderated their tone, claiming they merely had wished to send Hamas a stern message.²⁸³ President Mubarak said renewed talks between Hamas and Fatah were necessary and would have to result in agreement to form a single security apparatus; as soon as "things calm down", he added, Egypt would return its security delegation to Gaza.²⁸⁴ A new power-sharing agreement "is inevitable and needs to be supported".²⁸⁵ Those, particularly in the U.S., who espouse a "West Bank first" strategy "are dreaming. The West Bank is a bigger problem than Gaza. And Abbas's main problem in the West Bank is, first, with Israel, then with Fatah, and only third with Hamas! Notwithstanding the U.S., Israel and even Abbas, we know that Palestinian unity is a must, and Egypt will support it".²⁸⁶

Egypt's shift from tough talk to softening concealed a relatively consistent approach. A decisive break with Hamas would be too risky, given the close connections between Gaza and Sinai and the potential spillover effects of instability in one on the other. But Egypt has no interest in reviving Hamas's fortunes, given the ideological threat it represents domestically and regionally. Cairo always was highly sceptical of the Mecca Agreement, not only because Saudi Arabia sponsored it, but also because it believed Hamas had not paid a sufficient price. It wants to use this opportunity to isolate and weaken Hamas, focus on the West Bank and possible

Israeli-Palestinian talks, while leaving open, more than Abbas likes, the possibility of renewed contacts and mediation efforts down the line. Speaking candidly, a senior Egyptian official explained:

We want Hamas to feel completely isolated. We need them to pay a price and realise that they did not achieve anything as a result of their coup. Gaza will be boiling: Israel will hit it periodically; Hamas will be torn by internal power struggles, Fatah and other groups will maintain pressure; and the people will be angry. After a month or two of hardship and pressure, Hamas will realise Gaza needs food, electricity, jobs, access to the outside world. They will feel the need for an exit and for compromise. We will wait until they are ripe and then, but only then, we will talk to them. Until such time, they have to be cut off and during that time, we will focus on the West Bank. Blair will manage the economic plan; the U.S. must move on the political, and we will implement a thorough security plan to vet existing forces, reorganise them, end militias and restore law and order within a year.²⁸⁷

He was similarly tough on the kind of compromise Hamas ultimately would have to accept. "Hamas has to choose to be a political party or a militia. It cannot be both. We will insist on the dismantling of its militia, return to the pre-14 June situation and recognition of the PA as the legitimate authority".²⁸⁸ Another official added that, for a new unity government – albeit, this time a technocratic one without high-profile leaders from either party – Hamas would need to clarify its position on the two-state solution so "we do not find ourselves in the same situation as before, with an international boycott. They could accept a two-state solution, or accept the Arab Peace Initiative. But they must make their position clear".²⁸⁹

Saudi Arabia's calculations differ, although for now the result is much the same. Immediately after the Gaza confrontation, and to Abbas's displeasure, it called for a return to unity talks. Foreign Minister Saud stated: "The day draws nigh when the Palestinians themselves will hammer the final nail into the coffin of the Palestinian

documents implicating Arab states, which it was using as leverage to induce cooperation. Crisis Group interviews, Arab analysts, July 2007.

²⁸² Al-Masri al-Yom, 20 June 2007.

²⁸³ Crisis Group interview, Egyptian official, June 2007.

²⁸⁴ *Yediot Aharonot*, 26 June 2007.

²⁸⁵ Crisis Group interview, Egyptian official, June 2007.

²⁸⁶ *Ibid.*

²⁸⁷ Crisis Group interview, Egyptian official, July 2007.

²⁸⁸ *Ibid.*

²⁸⁹ Crisis Group interview, Egyptian official, June 2007. A Fatah official who favours reconciliation agreed: "Hamas won't recognise Israel but wants international recognition. It wants freedom of movement from Gaza but won't stop smuggling. It wants Israel to stop its attacks but won't halt Islamic Jihad's attacks. It doesn't reject the Arab Peace Initiative but won't endorse a two-state solution. It can't continue like this. It will have to take a position". Crisis Group interview, July 2007.

cause. They would be better served by returning to the terms of the Mecca Agreement”.²⁹⁰ A senior official added:

Peace cannot be made with one man (Abbas) alone. Abbas is obviously determined to make peace; there is no doubt about his leadership and commitment. He is the right man at the right time. There is a need for a Palestinian national consensus. It will not do to simply choose a peacemaker and ask him to make peace.²⁹¹

King Abdullah also reportedly felt that both sides had let him down despite his personal involvement in the Mecca Agreement. In what was viewed as a stinging diplomatic rebuke, he cancelled a meeting with Abbas when both were in Amman and left the Palestinian waiting. Riyadh evinced far more understanding for Hamas than did Cairo:

We knew the Mecca agreement was not tenable unless the U.S. and EU accepted and supported the national unity government. They did not listen, and so Hamas felt that it was left out. It was made obvious that any progress toward peace depended on destroying Hamas, and as a result Hamas became increasingly suspicious. Had the international attitude been different and had conditions in Gaza and the West Bank improved, the government would have lasted, and we are convinced it would have gotten into peace negotiations with Israel because in Mecca Hamas basically had agreed to the Arab peace initiative. It took the PLO ten years to reach the point that Hamas reached today.²⁹²

That said, Saudi Arabia appears in no hurry to resume its mediating efforts. The King, angered by both sides' behaviour, is said to want to “wash his hands” of the issue.²⁹³ Moreover, officials believe the time is not right: “We still think that peace requires Palestinian national unity, and we are working with the Arab League... Hamas

is appealing to us to restart discussions with Fatah. Fatah is more reticent and Abbas not interested”.²⁹⁴

Saudi officials believe, reconciliation talks and a new unity government are eventually necessary but, based on experience, they insist two things be different. First, “we would have to place greater emphasis on security reform. Palestinians need one non-factional security institution and no militias, otherwise nothing can work”. Secondly:

We hope the world will recognise the national unity government and improve conditions on the ground. We hope that the U.S. will soften its position because their logic doesn't work. They want to strengthen Fatah so it can defeat Hamas and win elections. But how long will that take? Fatah is in complete disarray. The U.S. strategy will not work in the near future and we can't afford to wait for Fatah to recover.²⁹⁵

²⁹⁰ Reuters, 16 June 2007.

²⁹¹ Crisis Group interview, senior Saudi official, Jeddah, July 2007.

²⁹² Ibid. Palestinian officials close to Abbas complained that Saudi Arabia was overly receptive to Hamas's version and have been trying to arrange a presidential visit there to “correct the record”. Crisis Group interview, Palestinian official, July 2007.

²⁹³ U.S. and Egyptian officials used the same expression to describe Riyadh's attitude. Crisis Group interviews, July 2007.

²⁹⁴ Crisis Group interview, senior Saudi official, Jeddah, July 2007.

²⁹⁵ Ibid.

VII. CONCLUSION

The events that have bloodied Gaza were predictable and, indeed, predicted by many. On their own, the challenges of turning a single-party into a multi-party system and of co-opting an Islamist movement were monumental. The addition of an international boycott and efforts to prevent Hamas from governing made them insurmountable.

Today, many view the situation as clearer and, therefore, more manageable. The new government is taking steps to reform the security situation, international support soon will flow into the West Bank and, with a new spirit of cooperation, Israel is expected to ease the situation and, perhaps, agree to political talks – all of which could put Hamas in a bind. It needs help to keep Gaza afloat and if there are palpable improvements in the West Bank coupled with a credible political process, it will not be easy to condemn Abbas as a collaborator. Instead, Hamas might be accused of holding Gazans hostage while other Palestinians moved toward greater prosperity and freedom.

But, like others before it, this elegant scenario is flawed. It ignores Hamas's political weight and assumes it will either surrender or retreat. Nothing in its history or worldview suggests this is even remotely possible. Hamas is confident the strategy cannot work, and banks on Israeli obstructionism, U.S. bias and EU fecklessness, together with Fatah internal rivalries, corruption and fragmentation.²⁹⁶ West Bankers are desperate for improvements in their lives but some argue that, in a familiar pattern, whatever support Abbas receives will be enough to tag him as a collaborator, not enough to gain him popular support. There is also the usual clumsiness associated with such strategies: loud Israeli proclamations that the goal is to help Palestinian "moderates" – a certain way to discredit Abbas – coupled with pro-Fatah favouritism in prisoner releases, a guarantee to provoke charges of selling out other Palestinians.

Even success would have drawbacks. The more successful the strategy of choking off Gaza and rewarding the West Bank, the greater will be Hamas's motivation to sabotage it. With no Palestinian consensus, progress will create its own threats. For Hamas to succeed in this task, it would not need to win elections or form a

government. It would need only those resources that are its strength: a clandestine network of militants (likely to be its most radical) that can throw a monkey wrench in whatever gears appear to be operating smoothly. If it escalates confrontation with Israel, Israel will react and, sooner or later, the civilian toll will torpedo any progress in the West Bank.

As Hamas warned before, and Crisis Group documented from the moment it won the elections, so it warns today:

If Abbas is still boycotting Hamas, I don't think our people will give him *carte blanche* on a West Bank-centred peace process. If he won't talk to Hamas and organise a new national unity government, why should Hamas give him a *carte blanche*?²⁹⁷

There are other pitfalls. Isolating Hamas, it is said, will compel it to lower its demands. The opposite may well be true. Hamas is still a relatively coherent organisation but far from a monolithic one. Hamas advocates of political integration were given a huge boost by their election victory, lost their dominance after sanctions were imposed, seemed to regain it with Mecca and lost out again after the Islamists' June "victory".²⁹⁸ Lack of engagement and the absence of any hope for a reasonable deal will continue to strengthen the more radical, militant wing; if politics are not on the horizon, those who wield guns are likely to gain the upper hand. Moreover, Gaza's separation from the West Bank will become ever more entrenched, and no one has yet come up with a reasonable plan to end it.

None of this means reconciliation will be easy. Even its most ardent supporters recognise the time is not ripe given all that has happened and the present views of Abbas and his colleagues. But within Hamas at least, the political leadership – which appears to have neither planned nor managed the Gaza events – seems aware of its present predicament and may be willing to be more flexible if offered a credible and dignified way toward it. The equation would have to be what it has been: Hamas gets to govern while Abbas gets to negotiate with Israel. As before, that entails achieving a comprehensive ceasefire, lifting the siege and negotiating a political settlement.

Any renewed effort at unity must include a more detailed agreement and genuine Arab monitoring. Hamas must be

²⁹⁶ These again came to the fore in late July with Dahlan's resignation as National Security Advisor and the completion of an internal Fatah inquiry into its defeat in Gaza. Amid mutual recrimination, centring on the report's authors' qualifications, there was doubt as to whether it would spur a genuine process of reform as opposed to further division within the movement.

²⁹⁷ Crisis Group interview, Ahmad Yusif, Gaza City, 1 July 2007.

²⁹⁸ An independent member of the unity government said, "there is a group within Hamas that has no contact with the outside world and seems to think controlling Gaza is a good thing. This group has no interest in renewing a national unity government, because they would lose their newly-acquired positions". Crisis Group interview, July 2007.

prepared to relinquish its control over Gaza, integrate the ESF into a reformed security force, genuinely endorse the Arab Peace Initiative and consider early elections. Fatah must be prepared to truly de-factionalise the security sector, broaden the PLO and abide by existing constitutional provisions, in particular by rescinding recent decrees and agreeing that if early elections are held it will not be earlier than a year after the installation of a new government. Both should cease incitement or measures in Gaza or the West Bank that institutionalise the separation and work toward a new government that would serve their population not their respective factions.

Amman/Jerusalem/Gaza/Brussels, 2 August 2007

APPENDIX A

MAP OF GAZA AND THE WEST BANK

MAP OF THE GAZA STRIP

MAP OF THE WEST BANK



<http://www.cia.gov/cia/publications/factbook/geos/gz.html>



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APPENDIX B

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Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and printed copy to officials in foreign ministries and international organisations and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is co-chaired by the former European Commissioner for External Relations Christopher Patten and former U.S. Ambassador Thomas Pickering. Its President and Chief Executive since January 2000 has been former Australian Foreign Minister Gareth Evans.

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