GAZA'S UNFINISHED BUSINESS

Middle East Report N°85 – 23 April 2009

International Crisis Group
WORKING TO PREVENT CONFLICT WORLDWIDE

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EXECUTIVE SUMMARY AND RECOMMENDATIONS

The Israel-Hamas war has ended but none of the factors that triggered it have been addressed. Three months after unilateral ceasefires, Gaza's crossings are largely shut; reconstruction and rehabilitation have yet to begin; rockets periodically are fired into Israel; weapons smuggling persists; Corporal Shalit remains captive; and Palestinians are deeply divided. It is not as if the war changed nothing. Many hundreds lost their lives, tens of thousands their livelihood and a new political landscape has emerged. But the war changed nothing for the better. The status quo is unsustainable, and Gaza once again is an explosion waiting to happen. Genuine Palestinian reconciliation and a fully satisfactory arrangement in Gaza may not be on the cards, but lesser steps may be feasible to lessen the risk of escalation, address Gaza's most pressing needs and achieve some inter-Palestinian understanding. That would take far greater flexibility from local actors – and far greater political courage from outside ones.

There is good reason for concern. If the siege is not lifted, Hamas risks launching large-scale attacks. If weapons transfers are not halted and rocket fire persists, Israel could mount a new offensive. Without some form of Palestinian understanding, the international community is unlikely to permit Gaza's recovery for fear it will benefit Hamas. As tensions surrounding Gaza persist, the regional cold war could heat up. Without a stable ceasefire and broadly representative Palestinian leadership, prospects for peace – already made difficult by the nature of the new Israeli government – will prove more elusive still.

In the conflict's immediate aftermath, many in the region and further afield seemed at last to comprehend these stakes. Egypt mediated between Israel and Hamas for a more specific and clear ceasefire. In Sharm al-Sheikh, donors pledged vast amounts of money to help rebuild Gaza. Prodded by the same Western countries that in 2007 had pulled the rug from underneath the last unity government, Palestinians discussed a new Fatah-Hamas understanding. Yet, with time elapsing and no results in sight, urgency has given way to complacency and complacency to neglect. The result is that Gaza once again is an explosion waiting to happen.

The deadlock has many explanations, but a principal one is reluctance by the Ramallah-based Palestinian Authority (PA), the U.S. and Israel to grant Hamas anything resembling a reward for provoking the war. That is understandable but makes sense only if one believes the previous policy of seeking to weaken Hamas by isolating it and to bolster Abbas by focusing on the West Bank worked. It did not, and the correction of misguided policies should not be mistaken for weakness or pointless concessions. The challenge is not humanitarian – though opening Gaza to commerce would do wonders for its people. It is, as it has always been, political, so political choices – about how to deal with Gaza, Hamas and the possibility of a new Palestinian government – will have to be made.

The formula for a ceasefire has always been straightforward. Hamas must stop firing rockets and stop others from doing the same, while Israel must lift the blockade. A prisoner exchange also is overdue, but Israel's insistence that it be part of a ceasefire package complicated both matters and made resolution of neither more likely. Breaking this linkage will be politically costly for Benjamin Netanyahu, Israel's new prime minister, who will be loath to appear softer on Hamas than his predecessor. But it is essential, as the U.S. and Israel's other allies must make plain. Evidence from Gaza suggests anger is rising, as residents realise their conditions are not about to improve. Some might hope they will turn their anger toward Hamas. More likely, Hamas will turn its anger toward Israel.

On reconstruction, if a middle ground cannot be found between Hamas's insistence on being involved and much of the donor community's desire to bypass it, and if Israel is not persuaded to open the crossings, lofty commitments will remain essentially theoretical. Here, too, is need for collective compromise. The Islamists control the situation on the ground for access, security, land use and construction permits. They thus should not fear a mechanism directed by others – whether the PA or some other entity – as long as they are consulted. Likewise, donors and the PA must accept that if reconstruction is contingent on barring all contact with Hamas and denying it all credit for the recovery,

it is better not to think of it at all. And while Israel has legitimate security concerns about Hamas diverting imported material for military use, holding Gaza's population hostage is not a legitimate response. It should be satisfied with end-use verification by an independent body with international membership.

Chances at first appeared most promising on the final issue, Palestinian reconciliation. Among broad segments of the public, the split generated heightened resentment, as its costs – most vividly the inability to act coherently before, during and after the recent conflict – become more apparent. Yet, three rounds of Egyptian-mediated talks have failed, and few hold hope for the fourth. Neither Fatah nor Hamas is willing to relinquish its assets – its position in the West Bank and PLO for the former; its dominance of Gaza for the latter. A full-scale agreement to reunite both territories geographically and politically, unify and de-factionalise security services and broaden the PLO appears out of reach. But that should not rule out a more limited understanding.

The Islamists can boast of their resolve, resilience and growing regional reach; they are convinced the war – their first genuine battle and the first since its birth from which Fatah was essentially absent – strengthened their legitimacy and vindicated their approach. But they also bumped up against painful realities, notably much of the world's unwillingness to deal with Hamas even if that means leaving Gazans to fend for themselves. Without an arrangement with Fatah and the PA, Gaza's crossings will remain closed, Gazans will not receive needed aid, and popular dissatisfaction with Hamas will grow.

Reality dawned on Hamas's rivals, too. Though absent from the war, neither the Ramallah-based PA nor Fatah was immune from its aftershock. As fighting proceeded, a president who had cultivated relations with Israel and the U.S. could not persuade the former to stop nor the latter to help in that task. Abbas's inability to prevent war was thus added to his inability to bring about peace. Chastened by the public's negative reaction, several Fatah leaders realise that some arrangement with Hamas is critical both to redressing its image and eventually returning to Gaza.

This is an opportunity. Efforts should focus on an outcome that meets the parties' immediate needs. Neither wants to give up the territory it controls, so for now let them keep it. That should not prevent forming a government that helps rebuild Gaza, gives Ramallah a foothold in Gaza and Abbas the greater legitimacy he needs to deal effectively with Israel – and with his own people. The rub has been the political program. Hamas refuses one that recognises Israel; Fatah, arguing it is the price for international legitimacy, insists that it must. Several alternatives have been suggested, including an ambiguous program and no program at all, but this is a sterile debate.

Words matter, but actions matter more. The international community should judge the government on what ought to count if the goal is to move toward a peaceful settlement: willingness (or not) to enforce a mutual ceasefire with Israel, acceptance of Abbas's authority to negotiate an agreement with Israel and respect for a referendum on an eventual accord. Hamas's position on whether a Palestinian state would recognise Israel will matter only once that state exists. Prior to that, it is academic.

If nothing is moving, it is in part because all eyes are turned to President Obama. Many in the region and elsewhere like what they see. His administration's early steps suggest an attempt to shape the environment for a meaningful diplomatic initiative – the repeated pledge to work for a two-state solution; the attention to realities on the ground, notably settlements; and the decision to engage with Syria and, soon, with Iran.

That leaves a significant gap: what about the domestic Palestinian scene and the need for credible, representative leadership? The new U.S. administration has provided few precise clues, let alone indicated a real shift. There are political constraints, plus the fear that softening the position on Hamas would deal more pragmatic forces a fatal blow. Yet even refusal to deal with the Islamists unless they adhere to the Quartet's conditions need not dictate what Washington would do should a unity government committed to a ceasefire emerge and empower Abbas to negotiate with Israel – particularly, if unlike in 2007, its Arab and European allies both pleaded for flexibility. The U.S. position might well be a function of what the PA leadership, EU and Arab world decide to do. Which makes it all the more dispiriting that, hiding behind America's presumed inflexibility, they appear for now to have decided to do nothing.

RECOMMENDATIONS

To the Palestinian Liberation Movement (Fatah) and the Islamic Resistance Movement (Hamas):

1. Form a unified government composed of technocrats chosen by the factions that:
   a) commits to enforce a reciprocal Israeli-Palestinian ceasefire; and
   b) agrees the PLO Chairman will be mandated to negotiate with Israel, that any agreement will

be presented to a referendum and that it will respect its outcome.

2. Establish, pending a unified government, a committee in Gaza composed of independents appointed by the political factions and representatives of international organisations, the private sector and civil society to:
   a) coordinate Palestinian Authority (PA) and donor reconstruction efforts, keeping authorities in the West Bank and Gaza fully informed; and
   b) verify that materials imported for reconstruction are being used for their intended purpose.
3. Establish, pending a unified government, a technocratic committee to maintain and improve coordination between respective ministries in Gaza and Ramallah regarding personnel issues, donor-financed projects and other matters of mutual concern.
4. Take steps, pending formation of a unified government, to improve the situation in the West Bank and Gaza by:
   a) ceasing extrajudicial violence and arrest campaigns against Hamas in the West Bank and Fatah in Gaza, bringing detainees rapidly before civilian courts and expeditiously releasing those not charged with criminal offences;
   b) reopening shuttered political and non-governmental organisations and allow them to operate free from harassment; and
   c) helping maintain non-partisan government institutions by permitting them to function free of interference from security services and without political discrimination.

To Hamas:

5. Reaffirm its previous position that the PLO Chairman will be mandated to negotiate with Israel, that any agreement will be presented to a referendum and that it will respect its outcome.
6. Allow reconstruction projects, whether run by the Ramallah-based PA or international groups, to proceed without restriction and forgo the collection of all taxes for these projects.

To the Palestinian Authority in Ramallah:

7. Maintain salary payments to civil servants and other public sector employees in Gaza.
8. Continue payment of utilities and basic services in Gaza.
9. Coordinate reconstruction projects in Gaza with Hamas authorities.

To the Governments of Israel and Egypt, the Palestinian Authority and Hamas:

10. Pursue coordination with Gaza's authorities to allow regular and continued opening of Gaza's crossings with Israel and Egypt, including:
    a) return of PA border authorities to Gaza's crossings on the basis of existing regulations;
    b) return of PA forces inside and to the immediate perimeter of the crossings and, pending Palestinian security reform, redeployment of Hamas forces away from the crossings, with coordination between the two;
    c) resumption of European Union Border Assistance Mission (EUBAM) operations at Rafah without interference; and
    d) rapid transit of people in need of medical care.

To the Government of Israel:

11. Allow, pending the full opening of Gaza's crossings:
    a) immediate access for material needed to locate and destroy unexploded ordnance;
    b) immediate access for cash to facilitate operation of Gaza's banking system, payment of PA salaries and social allowances and donor projects; and
    c) return food, fuel and energy supplies to their pre-June 2007 level.

To the Donor Community:

12. Uphold pledges to help rebuild Gaza and agree to work with the above-mentioned Gaza committee and relevant UN agencies.

To the Government of Israel and Hamas:

13. Negotiate separately a prisoner exchange and a ceasefire agreement without conditioning one on the other.
14. Agree to a written ceasefire that provides for:
    a) a monitoring, reporting and dispute resolution mechanism, with mutually acceptable international oversight; and
    b) a blacklist of certain products that will not be allowed into Gaza, in accordance with reasonable Israeli security concerns, with no limitation on other goods or materials.

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

15. Make clear that it will judge a unified Palestinian government on whether:
    a) it enforces a mutual ceasefire with Israel; and
    b) it agrees that the PLO Chairman will be mandated to negotiate with Israel, any ensuing agreement will be subject to referendum, and it will abide by its outcome.
16. Encourage the Quartet Special Envoy and UN Special Envoy to meet with Hamas members serving in a unified government.
17. Pressure all relevant parties to reach agreement on opening the crossings, a ceasefire, a prisoner exchange and a unified government.

To Members of the Arab League:

18. Make clear to Quartet members that it will support a unified government along the lines described above and encourage others in the international community to engage with it.

Gaza City/Ramallah/Jerusalem/ Washington/Brussels, 23 April 2009

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I. WAR IN GAZA

A. THE WAR'S TOLL[1]

For Hamas, the war had an overriding objective – beyond its survival as movement and government – which was to open the crossings and break the siege on Gaza. According to a Hamas leader, the movement had prepared for a two-week confrontation with limited Israeli incursions along the lines seen during the second intifada;[2] instead it was on the receiving end of a week-long air campaign followed by a two-week air and land assault. When overlapping, unilateral ceasefires came into effect on 18 January 2009, some 1,430 Gazans had been killed, over 5,300 wounded[3] and in excess of 90,000 were homeless.[4] A UN Development Programme (UNDP) official estimated that even should Gaza's crossings be reopened fully and consistently remain that way, it would take five years to repair the damage – that is, to return the entity to the already degraded state in which it found itself after a punishing eighteen-month siege.[5]

While Israel claims it sought to minimize civilian losses, it "treated virtually every known Hamas location or residence as a potential area of operations and part of the Hamas leadership and military infrastructure".[6] Palestinians were aware that any Hamas-related structure could be targeted; even before Israel issued warnings, many Gazans had abandoned areas adjoining government sites, mosques and homes of Hamas leaders.[7] But with wide swathes of Gaza off-limits, many were unable to flee battle zones and secure shelter.[8]

The Israeli army minimised its own casualties, which inevitably increased those among Palestinians. Israeli troops avoided using Gaza's main roads, especially the principal north-south road, Salah al-Din, which it feared Hamas had booby-trapped; instead, in the words of a Bayt Lahia resident, Israel "walked on top of our houses",[9] that is, its tanks and troops moved through agricultural fields and residential areas, bombing and shelling houses considered suspicious in order to force occupants to flee. When residents did not evacuate, Israel used heavier firepower or entered the structure through the back wall to avoid possible traps.[10] Homes subsequently taken over by Israeli troops as command or observation posts sustained secondary damage. "I can understand why they ate my food", said a Bayt Lahia resident. "But defecating in my pots and pans?"[11]

[1] For a detailed account of the early stages of the war and related events, see Crisis Group Middle East Briefing N°26, *Ending the War in Gaza*, 5 January 2009.

[2] Crisis Group interview, Hamas leader, Gaza City, January 2009.

[3] Palestinian Centre for Human Rights press release, 12 March 2009.

[4] In addition, 4,100 homes had been totally destroyed, and another 17,000 structures were damaged – totaling more than 14 per cent of the overall number in Gaza. Eight schools were completely destroyed, and 179 incurred significant damage; 92 mosques were fully or partially destroyed; damage to non-governmental institutions alone is estimated at $10 million. Crisis Group interviews, Gaza education ministry and UNDP officials, Gaza City, 4 February and 16 March 2009; "Direct Losses in Infrastructure", Palestinian Bureau of Statistics.

[5] Crisis Group interview, UNDP official, Gaza City, 4 February 2009.

[6] Anthony Cordesman, "The'Gaza War': A Strategic Analysis", Center for Strategic and International Studies, 2 February 2009, p. 16. Soldier testimony at a military conference detailing lax rules of engagement and wilful vandalism differed significantly from official Israeli statements. *Haaretz*, 19 March 2009.

[7] Crisis Group interviews, Gaza residents, Gaza, December 2008 and January 2009.

[8] Even those seeking shelter sometimes were under fire, as when tens of Palestinians were killed outside a United Nations Relief and Works Agency (UNRWA) school on 6 January. Crisis Group interviews indicated that the Israeli army fired when Abu Khalid Abu Askar, the Qassam Brigades area commander in Jabalya, passed nearby. The assassination attempt failed but killed two of his sons, at least one of whom was a Qassam member. Crisis Group interviews, Jabalya, January 2009.

[9] Crisis Group interview, Bayt Lahia, January 2009.

[10] Crisis Group interviews, Bayt Lahia and Jabalya City residents, January 2009.

[11] Crisis Group interview, Bayt Lahia, January 2009.

Gaza residents claimed that the war's final days were the most perilous, as Israeli shelling grew increasingly random. Previously, they said, it had been a question of avoiding anyone or anything possibly related to Hamas.[12] Toward the end, they contended they no longer could divine the logic behind the attacks.[13] During that period, much of the industrial zone near Gaza's eastern border also was destroyed. Residents of surrounding areas reported that many factories, which had survived most of the war, were destroyed by Israeli troops as they withdrew.[14] Repeated Crisis Group visits to the hardest-hit areas, both during and after the war, indicated that while damage in Gaza's northern areas was widespread, in the east destruction was systematic and close to complete, with the entire expanse from the Israeli border to the rocket-launching area of Jabal al-Rais – a distance of some 1.5 km, including farms, factories, and homes – virtually flattened.[15]

The overwhelming use of force compelled Hamas to pursue a conservative military strategy.[16] Fighters for the most part avoided direct confrontations with Israeli troops.[17] As one said in the midst of combat, "just because we are ready to die in the path of God doesn't mean we want to do it today".[18] Instead of deploying "hundreds" to confront Israel in open areas, the Qassam Brigades sent out far fewer combatants – according to one estimate ten at a time.[19] They were replaced only when killed. Nor did the Qassam Brigades deploy all their units, focusing instead on rocket, explosives, communication and supply units – about a tenth of the total available, according to a leader.[20] Consequently, only a limited number of fighters were killed.[21] Fighters showed relatively high morale throughout the war. In the words of a Qassam member, "just as the Prophet Muhammad died and Islam continued, the blood of our leaders is fuel for continuing on our path and increasing our determination. We are not like those in Fatah, who

[12] "The drones were constantly in the sky. You never knew who was wanted around you, and you never knew when the drones would open fire, so you became suspicious of everyone, of every neighbour, all the time". Gaza residents, while stressing the collective dimension of the Israeli campaign, showed some understanding for why Israel targeted militants: "I will be honest: I don't know what my neighbors were doing at night. I prayed nobody would shoot a rocket from the garden behind my apartment. Israel destroyed entire buildings around us, in which there were many innocent people, because of what isolated individuals did". Crisis Group interviews, Gaza City, January-March 2009.

[13] Crisis Group interview, Gaza City residents, January 2009.

[14] Crisis Group interviews, Bayt Lahia, Jabal al-Kashif, February and March 2009.

[15] Near Gaza's eastern border, a resident said simply, "they razed the border zone". Crisis Group interview, Bayt Lahia, March 2009. An international military expert who visited the site told Crisis Group that homes in the area were destroyed through a combination of D9 bulldozers and anti-tank mines. The expert said that the "deliberate and systematic" destruction in the area "took at least two days of hard labour". Crisis Group email exchange, 19 March 2009.

[16] Hamas also coordinated the other militias who fought, including the Jerusalem Battalions (the military wing of Islamic Jihad) and Ali Abu Mustafa Brigades (the military wing of the Popular Front for the Liberation of Palestine). The mainstream al-Aqsa Martyrs' Brigades mostly had been disarmed by Hamas, though some had joined the Jerusalem Brigades after Hamas took over Gaza in 2007, and fought under their banner; two other al-Aqsa groups, the Ayman Juda and Mujahidin Brigades, fought with Hamas's permission. A military commander said, "our focus was on the good ones in Fatah, those who believe in resistance". Crisis Group interview, Gaza City, January 2009. A Fatah leader claims that 47 members were killed fighting. Crisis Group interview, Ibrahim Abu al-Najjah, Gaza City, January 2009.

[17] Israeli officials privately confirmed this assessment. Crisis Group interviews, Israeli officials, Tel Aviv and Jerusalem, January 2008. A Hamas leader expressed surprise that anyone would think Hamas could directly confront Israel, which "has an enormous number of means. Steadfastness is the only possibility". Crisis Group interview, Hamas leader, Gaza City, 14 March 2009.

[18] Crisis Group interview, Gaza City, January 2009. In early 2008, Hamas adjusted its strategy, limiting its fighters' exposure. The change came after a particularly costly engagement with Israel on 15 January 2008, when Hamas leader Mahmoud al-Zahar's son and twelve other fighters were killed on a single day. Crisis Group interview, senior Hamas leader, December 2008.

[19] Crisis Group interview, Hamas fighter, Gaza City, January 2009.

[20] Crisis Group interview, Gaza City, February 2009. Losses were also reduced by the Qassam Brigades' ability to maintain relatively secure communications; fighters refrained from using mobile phones and, after some were targeted even with batteries removed, they discarded SIM cards as well. Crisis Group interviews, Qassam fighters, Gaza City, January 2009.

[21] At the end of the war, Hamas assessed the number killed at 48, though movement sources told Crisis Group the estimate was subsequently revised to about 150. Crisis Group interview, Hamas leader, Gaza City, February 2009. Israel claims 709 "Hamas terror operatives", most of whom apparently were not members of the Qassam Brigades, were killed. IDF press release, 26 March 2009. At least some of this discrepancy is definitional, since the Israeli figure includes the 250 police officers killed on the first day of its air attack, whom Hamas defines as civilians. Even if Hamas is understating losses, the damage to its military wing – which numbers 7,000-10,000 full time forces and 20,000 if reserves are counted – was relatively light. Israel estimates that the movement suffered moderate damage to personnel, especially to explosives experts. Cordesman, op. cit., p. 58.

fight in the name of Dahlan or Abu Mazen; we do not fight for Haniyeh or Siyam. We fight for God".[22]

Instead of confronting Israeli soldiers, Hamas had two priorities. First, it concentrated on firing rockets, which it continued doing until the end of the war and beyond in an effort "to embarrass Israel" and show it "unable to achieve its aims".[23] Although the number dropped over the course of the fighting, Hamas was still firing ten to twenty rockets daily by the time the ceasefire was announced. [24] Secondly, it tried to draw Israeli troops into densely populated urban areas, especially Hamas strongholds that had been prepared for counter-attack. A fighter described battles as a lethal "game of hide and seek"[25] in which Israel sought to lure fighters into open space, while Hamas attempted to bring Israeli troops onto their preferred terrain. The soldiers refused the bait,[26] Hamas fighters plainly were frustrated by their inability to engage in street battles.[27]

Rocket units fought from within population centres, especially once Israel seized the most advantageous launch sites. Combatants often fired in close proximity to homes and from alleys, hoping that nearby civilians would deter Israel from responding.[28] Still, counter-attacks came swiftly and lethally even in densely populated areas. Residents sometimes exhorted fighters to distance themselves, albeit with little success;[29] after the war, some even urged a government investigation of, and accountability for, fighters who endangered civilians by "misusing their weapons".[30] Fighters justified the tragic consequences of their tactics – "if people are killed, they die as martyrs"[31] – and insisted that the imbalance of power left them no other choice. According to one, "the most important thing is achieving our military goals. We stay away from the houses if we can, but that's often impossible".[32] A Hamas parliamentarian explained his movement's battlefield strategy, which put many civilians at risk: "That's the way it works with all resistance movements. Yes, some people die, but it's to prevent a bigger loss".[33]

Civilian casualties were accompanied by extensive harm to the private sector, complicating prospects for economic recovery should the siege be lifted. Even before the fighting started, eighteen months of blockade had resulted in the closure of 95 per cent of establishments and the laying off of 94 per cent of private sector workers, but the war inflicted a near-fatal blow. Not surprisingly, metal factories and workshops suspected of being behind the rocket supply were especially heavily hit, but virtually all sectors sustained heavy destruction. Gaza's seven main textile factories were damaged and closed; 22 of 29 concrete factories were devastated; and 60 per cent of agricultural land, concentrated near the border with Israel, was harmed, leading to a virtual halt of agribusiness.[34] In the eastern industrial zone, factories producing concrete, tiles, flour, soft drinks and cheese were targeted; after the initial strikes on concrete factories, Israel went individually after remaining cement mixers. In Bayt Hanun, a pharmaceutical factory was directly hit; slaughterhouses also were struck, killing untold livestock. [35]

Despite the campaign's intensity, Hamas's control of Gaza never was in doubt. After the destruction of Gaza's

[22] Crisis Group interview, Qassam fighter, Gaza City, January 2009.
[23] Crisis Group interview, Qassam fighter, Gaza City, January 2009.
[24] Summary of IDF operations, 27 December 2008-18 January 2009.
[25] Crisis Group interview, Qassam fighter, Gaza City, January 2009.
[26] A Gaza City resident commented: "Every day for the past five days I've heard that Israel is moving into Zaytun [neighbourhood on the Gaza City periphery]. They must be moving a metre a day". Crisis Group interview, Gaza City, January 2009.
[27] Crisis Group interviews, Gaza City and Jabalya, January and February 2009.
[28] Crisis Group interview, Hamas fighters, Gaza City, January 2009.
[29] "Last year, we tried to kick the fighters out, but they shot my father in the leg. Afterwards we uprooted trees and planted beans instead so they wouldn't have anywhere to hide. We shouted at them again to leave, but they wouldn't". Crisis Group interview, Bayt Lahia, January 2009.
[30] In response, a government security official with ties to both the police and military wing replied: "The war is not yet finished, and until then, it is too early to talk about accountability". Crisis Group interview, Gaza City, February 2009.
[31] Crisis Group interview, Qassam fighter, Gaza City, January 2009.
[32] Crisis Group interview, Islamic Jihad fighter, Gaza City, January 2009.
[33] Crisis Group interview, West Bank, January 2009. Despite exposing civilians to Israeli fire, fighters deny that they planted explosives in inhabited homes, saying they rigged only partially completed or abandoned houses, in the expectation that Israel would turn them into military posts. Some fighters justified this on grounds at once moral (not exposing civilians to any more danger than necessary), political (to do otherwise would risk a popular backlash) and pragmatic (Israel would see the residents fleeing, which would void the value of the booby trap). Crisis Group interviews, Hamas fighters, Gaza City, January 2009.
[34] "Gaza Private Sector Post-War Status and Needs", *Paltrade*, 23 February 2009.
[35] Crisis Group interviews, Gaza City and Bayt Hanun residents, January and February 2009; Palestinian economist, Gaza City, February 2009; PA officials, Ramallah, February 2009.

62 police stations the first day,[36] Interior Minister Said Siyam met with all security chiefs and refocused their mission on combating threats to internal order and Hamas rule.[37] A senior Hamas security official said that at the meeting commanders discussed killing some alleged collaborators to deter others.[38] Approximately 1,200 Fatah men – including a member of Fatah's Higher Leadership Council in Gaza – were put under house arrest, purportedly to stop them passing information to Israel on the whereabouts of Hamas leaders and fighters;[39] others were imprisoned in apartments, and Hamas executed those considered "most dangerous".[40] Commenting on Hamas's practice, a politically independent Palestinian said that while killing collaborators during wartime was tantamount to "self-defence", some militants seized the opportunity for brutal score-settling.[41]

The Qassam Brigades took the lead in internal policing and, with the cooperation of some civil police, patrolled in civilian clothes. The Children of the Mosque – youth aspiring to a future with Hamas's military wing – were tasked with reporting disturbances. Few Gazans stepped out of line, aware of potential consequences. Little crime or looting was reported.[42]

With Israel and Hamas both rejecting UN Security Council Resolution 1860,[43] the worst of the fighting ended on 18 January with two unilateral ceasefires. But as Egypt-mediated indirect negotiations over a more sustainable ceasefire dragged on in Cairo, the fighting never came to a complete halt. Rather, it reverted to a familiar and perilous tit-for-tat, with one Israeli killed and over 180 rockets and mortars fired into Israel,[44] and eighteen Palestinians killed (of which three were unarmed civilians) and 43 injured since the formal cessation of hostilities.[45]

In the early days after the unilateral ceasefires, smaller factions – especially the Fatah-affiliated al-Aqsa Martyrs' Brigades – continued launching rockets[46] while

[36] Damage to police stations is estimated at $46 million. Crisis Group interview, UNDP official, Gaza City, 6 February 2009. As previously reported by Crisis Group, the coordinated airstrikes killed some 300 people, including Gaza police chief Tawfiq Jabir. While senior Hamas leaders had gone into hiding two days earlier, fearing an Israeli strike, Jabir – against the advice of some senior officers – refused to cancel graduation ceremonies. Crisis Group interview, police commander, Gaza City, February 2009.

[37] Crisis Group interview, Gaza security commander, Gaza City, February 2009.

[38] Crisis Group interview, Gaza City, February 2009.

[39] In December, before the ceasefire expired, Gaza Interior Minister Said Siyam claimed (albeit without substantiation) that Fatah members had posted information about the identities of Hamas fighters and Google maps of where they lived on Fatah-linked websites. A Hamas military commander made the same allegation after fighting ended in January to justify the crackdown on Fatah. Crisis Group interviews, Gaza City, December 2008 and January 2009.

[40] A Hamas security official gave the example of somebody caught "red-handed" on the phone reporting the location of a secret wartime meeting of government ministers. The Qassam Brigades killed the alleged collaborator, then called the family to explain the circumstances. "The family will not do anything in response and wants to keep the affair quiet. It is a social embarrassment for them: they would be shunned, the sons would not be able to find work, and the daughters would not be able to marry". Crisis Group interview, Qassam leader, Gaza City, February 2009. The PA's quasi-official Independent Commission for Human Rights put the number of alleged collaborators executed at 22. List provided to Crisis Group. Most though not all were killed by masked and unidentified assailants. Fatah published a list of 181 names of people it claims were killed (eleven), shot in the arms or legs (58) and had their legs broken (112). *Maan*, 2 February 2009. Amnesty International (10 February 2009) published its own study, which put the number killed at "at least two dozen", with "scores" more purposefully disabled. A Hamas spokesman denied the extrajudicial executions, though he admitted to beatings in the case of Fatah members who dispensed candy at the beginning of the fighting and when Interior Minister Siyam – a leading figure in the 2007 takeover and known for brutally repressing Fatah members – was killed. *Al-Hayat*, 26 January 2009. Hamas leader Mahmoud al-Zahar, however, admitted to the worst of the violations: "We were in a war situation in which the collaborators escaped from the prisons after Israel destroyed them in order to work against Palestinians. When ministries and courts are absent, the execution of a judgment is permitted in the field, and there were situations in which this happened. But we do not engage in these activities in peacetime". *Al-Akhbar*, 21 February 2009.

[41] Crisis Group interview, Gaza City, 15 March 2009.

[42] The quasi-official Independent Commission for Human Rights said that there was "a highly limited number of cases" in which families took advantage of the war to settle vendettas. Crisis Group telephone interview,

[43] The resolution called for an "immediate, durable and fully respected ceasefire" and international efforts "to prevent illicit trafficking in arms and ammunition and to ensure the sustained reopening of crossing points on the basis of the 2005 Agreement on Movement and Access between the Palestinian Authority".

[44] Crisis Group interview, Israel Defence Forces (IDF) spokesman's office, 20 April 2009.

[45] Crisis Group interview, UN official, Jerusalem, 20 April 2009.

[46] A Fatah leader invoked the fact that Hamas insisted on leading the negotiations alone: "In the absence of a national agreement, nobody can be blamed for continuing to fight. A dialogue conducted by one party will not win the commitment of the rest, so to get the agreement of all factions, there must be a comprehensive ceasefire agreement. Egypt and the

Hamas did nothing to stop them. As the Islamist movement saw it, they added pressure to the negotiations.[47] "Why should we stop the rockets?", asked a Hamas leader. "Israel has not agreed to a ceasefire".[48] When longer-range Grad rockets were fired, some in Gaza wondered if Hamas was behind them, but during the reconciliation talks in Cairo, the Gaza government issued an unusually strong denunciation of continued attacks.[49]

The government resumed policing immediately after the fighting, with officers quickly returning even to tasks such as rousting teenage truants from parks and clearing unlicensed sidewalk vendors.[50] Basic government services are functioning, and the leadership is broadly intact.[51] But with drones hovering in the sky, senior figures are still hiding out of fear of assassination, rendering operations more difficult. Despite unquestioned Hamas hegemony, the situation has not yet reverted to the pre-war status. Many police, especially at higher ranks, wear civilian clothes; police cars barely appear on the street, no siren is heard, and many cars have been repainted an unmarked white instead of their distinctive blue. Security personnel have been instructed not to gather in groups of more than two on the street.[52]

Government offices arrange new work venues to replace destroyed facilities, relocating to unaffected government buildings as well as sports clubs and other non-governmental institutions[53] – and, in the case of the interior ministry, to tents set up in front of the bombed-out structure.[54] The tax office was destroyed, and businesses have not yet resumed paying taxes.[55] More food in stores lingers past expiration dates, as random inspections have decreased.[56]

Arabs are talking to Hamas only. We all have our martyrs, and all must be part of the arrangement". Crisis Group interview, Gaza City, February 2009. A Hamas leader agreed on the need for a comprehensive agreement but blamed Israel for the continued fighting: "We have been unable to close the door to all military activity because Israel did the ceasefire as a unilateral step. Small parties want to promote their own interests by escalating". Crisis Group interview, Gaza City, 3 February 2009.

[47] Crisis Group interview, Hamas leader, Gaza City, January 2009.

[48] Crisis Group interview, Gaza City, February 2009.

[49] The Gaza interior ministry said that Hamas has "no relations with the rockets that are being fired from Gaza. They are being fired in the wrong time, and we confirm the security services are following up those who stand behind these rockets". Deutsche Presse Agentur, 12 March 2009.

[50] Crisis Group observations, Gaza City, January 2009.

[51] The two senior Hamas leaders killed were Nizar Rayan – who, as Crisis Group reported, had grown estranged from the Gaza political leadership – and Said Siyam. In addition, the three top commanders in Hamas's elite protection unit (Wahdat al-Amn wa al-Himaya) were killed the first day of the war, as was the Gaza police chief, Tawfiq Jabir. The new police chief and interior minister have not been publicly announced, since in the absence of a stable ceasefire, their lives would be in danger, and they could not operate freely. A Qassam leader said that Siyam, before his assassination, chose Abu Ubayda al-Jarrah, Tawfiq Jabir's deputy, as the new chief. Crisis Group interview, Gaza City, February 2009. Many contend that al-Jarrah (formerly an influential commander within the Executive Forces, a policing unit set up under the Hamas government and later amalgamated with the Gaza civil police) was the real power within the police even before Jabir was killed. Crisis Group interview, international security official, Jerusalem, March 2009. Security officials do not anticipate inordinate obstacles in replacing Siyam as interior minister. His uncommonly good relationship with both the military wing and political echelons helped him to establish Gaza's internal security regime, but, a Hamas leader said, "the system is now up and running. His assassination is a loss, but others can fill the niche he created for himself". Crisis Group interview, Qassam leader, Gaza City, January 2009.

[52] Crisis Group observations and interview, police officer, Gaza City, 15 March 2009. Many in uniform are traffic police, hired by the government as part of a make-work program. Immediately after the war, there were several instances of theft by men claiming to be part of the internal security apparatus; one victim, whose car was stolen in a ruse, was told by a police commander "not to let people claiming to be internal security into your house; it's not safe". Crisis Group interview, Gaza City resident, Gaza City, February 2009. Notices appeared in local newspapers urging Gazans to demand identification papers and request meetings in official venues. Such instances seemed to end a month or so after the war. Crisis Group interview, Gaza bank manager, Gaza City, 16 March 2009.

[53] For instance, the civil affairs division of the interior ministry took over the tailors' union. Crisis Group interview, Gaza business owner, Gaza City, 16 March 2009. Ministries that were only partially damaged are being repaired; at the Gaza education ministry, glass brought in via tunnels was used to fix windows. Crisis Group observation, 16 March 2009.

[54] Crisis Group observation, Gaza City, 17 March 2009.

[55] Gaza merchants importing goods pay customs fees only to the PA in Ramallah but, like all merchants, they pay income tax to the Gaza government. Outside the Kerem Shalom crossing, the Hamas government's checkpoint records goods entering Gaza and also verifies merchants' documents, to ensure they have paid their income tax, calculated on the basis of sales, to Gaza City authorities. With the tax office destroyed, merchants have not paid taxes since the war but are saving receipts in anticipation of back payments. Crisis Group interview, merchant, Gaza City, 16 March 2009.

[56] Crisis Group interviews, Gaza City residents, March 2009.

B. POLITICAL IMPLICATIONS

In a 19 January televised address, Ismail Haniyeh, prime minister of the Gaza government, proclaimed: "God has granted us a great victory, not for one faction, party or area, but for our entire people".[57] Other Hamas leaders echoed the claim: "Gaza was victorious. The enemy failed, and the resistance won and our people and nation with it. The enemy failed in the field as it has in politics. This was the first war our people won on its own land".[58] The line has been a hard sell in Gaza. With large parts of Gaza destroyed, Israel suffering comparatively minor losses and the crossings still shut, Hamas's claims have lost some credibility and its agenda some of its lustre.

That is not to say that the Islamic movement has no basis on which to claim success. For Hamas, victory meant, first and foremost, surviving both as movement and government in the face of a superior enemy. Persuaded that Israel wished to topple their rule,[59] many Hamas leaders believe they did more than stand their ground, thwarting their enemy's goal and deterring it from pushing deeper into cities.[60] A Hamas leader gestured out his window, pointing out the short distance between the relatively open space of Jabal al-Rais, seized by the Israeli army, and the densely packed neighbourhood of Hayy al-Tuffah below: "Israel was not prepared to suffer the losses it would have had it gone further".[61]

As many in Hamas see it, the war also reshaped the domestic, regional and international landscape to their advantage. They argue that their resilience in the face of Israeli assault confirmed that resistance alone can restore Palestinian rights. A Hamas leader in Gaza said, "before Fatah and Hamas, there was Izz al-Din al-Qassam.[62] The only way to deal with occupation is with a rifle. When Fatah takes up the rifle again, it will regain its popularity".[63] Another pointed to people "rallying around it" during the war as proof of broad popular support.[64] Playing up its resistance credentials, Hamas's current rhetoric differs markedly from the days of the 2006 elections when it largely campaigned on an anti-corruption and good governance platform. Today it frames the choice as the "logic of resistance and self-reliance" versus an illusory peace process exclusively dependent on U.S. goodwill.[65]

Even if the fighting caused substantial suffering, movement leaders are persuaded that doubts about their strategy will evaporate once crossings open, as they predict will happen soon.[66] Even should they remain closed, Hamas officials claim not to fear a backlash. A senior leader said, "people do not and will not blame us. They know who is behind the siege. When elections take place, they will know that Hamas was never given a chance. If anything, they will lose faith in an electoral system that did not respect their will and instead punished them for exercising democratic rights".[67]

Meanwhile, the war further sapped Fatah's strength in Gaza. Within the movement, faith in the leadership has been shaken, and its supporters acknowledge that any possible slippage in Hamas's popularity has not

[57] www.albawaba.com, 19 January 2009.
[58] Khalid Meshal, al-Quds TV, 21 January 2009. Likewise, Hamas leader Mushir al-Masri said, "with full trust and full confidence, I say the Palestinian people and the heroic resistance have won this battle". 20 January 2009.
[59] Crisis Group interviews, senior Hamas leaders, Cairo and Beirut, February 2009.
[60] Crisis Group interview, senior Hamas leader, Gaza City, January 2009.
[61] Crisis Group interview, Gaza City, 15 March 2009.
[62] Izz al-Din al-Qassam, for whom Hamas's military wing is named, was a preacher who came from what is today northern Syria. He led several rebellions against British and French rule during the 1920s and 1930s; his death at the hands of British troops in 1935 helped inspire the Great Revolt that broke out in Palestine the following year and made him a symbol of Arab resistance.
[63] Crisis Group interview, Hamas leader, Gaza City, 14 March 2009. A leader compared Hamas to Fatah: "The Palestinian people will compare between how most of the PLO and Fatah leaders' families live outside Palestine, whereas Hamas leaders were killed with their families, as in the case of [Nizar] Rayan". Crisis Group interview, senior Hamas leader in exile, January 2009.
[64] Crisis Group interview, Hamas leader**,** Gaza City, 15 March 2009. A politically independent Palestinian did not dispute this characterisation of wartime support: "During the war, under Israeli attack, there was no way to be against Hamas per se, only against some of their ideas". Crisis Group interview, Gaza City, 14 March 2009.
[65] Hamas spokesman Sami Abu Zuhri, Syrian satellite TV, 2 February 2009. Many other Hamas leaders have echoed this sentiment. "Resistance has had successes, but Fatah's attempts to negotiate a political settlement have achieved nothing at all". Crisis Group interview, senior Hamas leader, Cairo, February 2009.
[66] Crisis Group interview, senior Hamas leader, Cairo, March 2009.
[67] Crisis Group interview, senior Hamas leader, Cairo, March 2009. In Gaza, a leader said, "Any people that wants to be free has to sacrifice. Did Europe submit to Hitler? Did the Vietnamese submit to the U.S.? You might say that I am illogical, that I am a reactionary, that I do not understand reality. But this is not the hardest trial that the Palestinian people have endured since 1948. If we are to die, we will die with dignity". Crisis Group interview, Hamas leader, Gaza City, 15 March 2009.

resulted in commensurate gain for its rival.[68] Echoing many, a Fatah member said, "I'm disappointed with the movement. Abbas abandoned us and the rest of Gaza".[69] Even those who want the Palestinian Authority (PA) to return recognise the war damaged its ability to do so. A Fatah leader said, "Israel has left us with nothing. Our once and possible future power bases have been destroyed. Remember that Gaza's institutions, both security and civil, belonged to Fatah before they were abused by Hamas".[70] Fatah leaders face personal travails – they, too, lost their homes in the fighting[71] – as do PA employees who "feel lost" and now see even less of a possibility of returning to their jobs. "Everything that hasn't already will now shift to the West Bank. How long will they pay us to sit home? What comes next for me? How will I protect my family?"[72]

Hamas also claims to have made important regional and international inroads. Officials point to mass protests, particularly in Jordan and Lebanon as well as further afield in the Islamic world,[73] including Khalid Meshal's invitation to attend the emergency Gaza summit in Doha; repeated high-level trips by foreign dignitaries to Gaza to witness wartime destruction and the increasing number of European parliamentary delegations meeting with Hamas leaders in Damascus. Citing the visits of UN Secretary-General Ban Ki-moon, European envoys and U.S. Congressional delegations to Gaza – in addition to calls to open the crossings – a Hamas spokesman claimed "everyone now is against the siege".[74] There is a sense, too, that Western leaders recognise the failure of past efforts to weaken Hamas by isolating it. Finally, the movement is convinced Israel's image has suffered a considerable blow. Even before Israeli and international reports of possible war crimes surfaced, a senior leader remarked, "Israel spent 60 years building its image as a democratic state and a civilised army. Now they have lost this image all over the world. They will have legal problems everywhere".[75]

Among the silent majority in Gaza, however, the story appears different. Many have trouble understanding how such enormous losses could be construed positively. Expressing a view shared by others, a Fatah leader commented, "another victory or two like this, and we'll be finished";[76] even Hamas members privately recognise that their equation of steadfastness with victory "didn't sell".[77] Tellingly, triumphalist rhetoric has subsided markedly since the war's end. The movement's military wing went so far as to launch an internal investigation. One of its leaders acknowledged: "There were tactical errors; if there hadn't been, our losses would not have been so high".[78] Many compare the Qassam Brigades to Hizbollah and find Hamas's performance lacking.[79]

In Jabal al-Rais a woman whose home had been destroyed said, "I believe in resistance; jihad is in the Quran. But if Hamas cannot protect the people, why didn't they extend the ceasefire? If I believed that Hamas could liberate all Palestine, I would support them wholeheartedly, but they cannot".[80] Many in Gaza suffered mightily; as John Holmes, UN Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator pointed out, nearly one in every 225 Gazans was killed or wounded,[81] an enormous price to pay for gains uncertain at best.

[68] Crisis Group interview, Fatah supporter, Gaza City, 16 March 2009.
[69] Crisis Group interview, Fatah member, Gaza City, January 2009. Polling data is contradictory on whether Hamas or Fatah benefited from the Gaza war: see Jerusalem Media and Communications Centre, poll no. 67, January 2009, www.jmcc.org/publicpoll/results/2009/67_jan_english.pdf, and Palestinian Centre for Public Opinion, poll no. 167, 4 February 2009; Near East Consulting reports that Hamas lost ground in Gaza, but the bump it received in the West Bank more than compensated. Crisis Group interview, Jamil Rabah, Ramallah, February 2009.
[70] Crisis Group interview, Gaza City, January 2009.
[71] Ibid. Among the homes destroyed in Gaza was that of former Fatah security chief Muhammad Dahlan, Hamas's greatest opponent there.
[72] Crisis Group interview, PA employee, Gaza City, February 2009. Most PA employees in Gaza receive salaries even though they stay home, either because their employers in Ramallah request this or because the Gazan authorities have hired replacements.
[73] Crisis Group interview, Hamas leaders, Gaza City, January and February 2009.
[74] Crisis Group interview, Fawzi Barhum, Gaza City, 21 January 2009.
[75] Crisis Group interview, senior Hamas leader in exile, January 2009.
[76] Crisis Group interview, Ibrahim Abu al-Najjah, Gaza City, January 2009.
[77] Crisis Group interview, Hamas member, Gaza City, February 2009.
[78] Crisis Group interview, Hamas official in exile, January 2009. The Qassam Brigades were particularly disappointed with their performance in Tell al-Hawa; a Hamas member close to the military wing described it as a "failure". Israeli tanks came via unexpected directions and roads that had not been prepared with explosives; many fighters were frightened and fled. The Tell al-Hawa Brigade was quickly replaced by a more experienced one. Crisis Group interviews, Gaza City, February 2009.
[79] Crisis Group interview, Gaza residents, Gaza City, Jabalya, Bayt Lahya, Khan Yunis, January and February 2009.
[80] Crisis Group interview, January 2009.
[81] "Statement by John Holmes, Under Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator, to

Gaza is where death and destruction were most palpable, and so it also is where the damage to Hamas's popularity has been greatest. The movement might have scored political successes on the regional and international levels, but it was hard to convince Gazans whose homes were demolished and family and friends killed and injured that this amounted to "victory".[82] With Hamas still unable to achieve its central aim of opening the crossings nearly three months after the cessation of hostilities, many have grown ever more sceptical of the decision to fight the war. The mood seems to have shifted from wait-and-see immediately after the war to impatient, now that reconstruction appears nowhere on the horizon.[83] As one unaffiliated Gazan, anti-Fatah and anti-Hamas in equal measure, said, "Hamas promised reform and change, but it brought ruination and destruction".[84]

UN Relief and Works Agency (UNRWA) employees, in March union elections, handed Fatah and the PLO factions a victory in the manual labourers' and administration workers' sections. While Hamas carried the teachers union, the largest of the three, Fatah and the PLO factions will take the lead in the union, given how its proportional representation system works.[85] The strongest indictment of Hamas rule arguably comes not from what people say about the war, but from what they will not; fearing retribution, many are scared to speak negatively in public about Hamas and its performance and will only talk with trusted interlocutors and in private. Internal security still counts as an impressive achievement,[86] but a political analyst quipped, "Hamas is securing a graveyard".[87]

The Hamas-Fatah dialogue in Cairo provided an alternate focus for people's attention and a possible means of opening the borders. But with talks seemingly stalemated, even this distraction proved short-lived. Gazans appear increasingly disillusioned with both movements.[88] Still, with Hamas firmly in control of Gaza and elections nowhere in sight, popular disenchantment bears limited practical or political consequence.

C. THE POLITICS OF AID

For Hamas, providing aid to its constituents is of utmost importance both because historically this has been its principal vehicle for political advancement and because today much of its credibility rides on effective governance in Gaza. After the war, that challenge was made all the more vital – and difficult – as devastation spread, Israel imposed harsh restrictions on the entry of even basic necessities and other actors entered the race over aid distribution. The task, as Hamas sees it, involves winning the contest without sacrificing ideological principle. In the words of the Gaza minister of social affairs, Ahmad al-Kurd, "some believe that they can use humanitarian assistance as a tool against us, like siege and war. But we won't let it be a lever to force us to compromise. Whatever they did not get from Hamas by siege and war, they won't get now with a sack of flour".[89]

So far, Hamas seems to be in the lead, ironically helped by a siege that denies resources to its competitors and facilitates its control. [90] As of late March, the Gaza

the United Nations Security Council on the situation in the Middle East, including the Palestinian question", 27 January 2009.

[82] "There was no resistance. Hamas ran, it didn't fight". Crisis Group interview, independent political observer, Gaza City, 15 March 2009. The sentiment was echoed by many others without a political affiliation.

[83] Crisis Group interviews, Gaza, April 2009.

[84] Crisis Group interview, Gaza City, March 2009.

[85] A senior UNRWA official said, "we don't like the reports that one or the other party won", since candidates do not run on party slates or officially declare affiliation. Rather, affiliation seems to be a matter of common knowledge. Crisis Group interview, April 2009. Still, the overall feeling was that Hamas had lost ground.

[86] A non-affiliated bank manager said that he would much prefer to have Hamas in charge of internal security, "but not to represent me politically". Before Hamas seized power, he said, "My friends and I used to figure out whose car was most inexpensive and have that person drive when we went out at night, since the car was likely to be stolen. Since Hamas came, that never happens". Crisis Group interview, Gaza City, 16 March 2009.

[87] Crisis Group interview, Gaza City, 16 March 2009.

[88] Pollster Jamil Rabah commented that while the percentage of Palestinians who did not express confidence in any party held steady at 38-39 per cent before the war, it has remained above 50 per cent since. Crisis Group interview, Ramallah, April 2009.

[89] Crisis Group interview, Gaza Social Affairs Minister Ahmad al-Kurd, Gaza City, 15 March 2009.

[90] In a similar vein, Israel has held up equipment for detecting unexploded ordnance and the explosives necessary to destroy it, contributing to at least seven deaths and 23 injuries and allowing Hamas to appropriate leftover explosive materials. Israel rejected the UN's request to bring equipment from Lebanon through Israel into Gaza, insisting that it transit via a third country. The IDF has granted approval for detection equipment to enter Gaza but not for explosives that are needed to destroy the collected ordnance. Moreover, neither Israel nor the Hamas government has approved a demolition site in Gaza. With two rubble-clearing projects underway or soon to be – one by local authorities, the other by UNDP – clearing and neutralising unexploded ordnance is becoming increasingly urgent. Today when the UN locates dangerous material, it informs the Hamas authorities to minimise risks to civilians, leading to the possibility of diversion. While technically not simple, "anything can be reused if you have the

government claimed to have distributed $65 million to three groups: people whose homes were destroyed or severely damaged; people who were wounded, as well as family members of those who were killed; and some 80,000 Gazans who lost their jobs because the factory or farm where they worked was affected.[91] It also has distributed some $5 million to municipalities for utility subsidies and in-kind assistance (such as mattresses, blankets, food, tents and water) to people in need.[92]

Schools that were turned into shelters during the war were swiftly emptied as the government found the internally displaced apartments to rent, sometimes requisitioning empty ones – including those owned by Fatah members who fled in June 2007 and thereafter.[93] Others have found shelter with their families,[94] and Hamas currently is awaiting the import of 1,000 prefabricated housing units, which Egypt is blocking.[95] Municipalities have done their part as well: the many streets that were impassable after the war have been cleared, and bulldozers continue to remove rubble.[96]

Mosque committees focus on specific neighbourhoods, distributing additional cash and in-kind assistance.[97]

Critics charge that the government restricts its help to Hamas loyalists.[98] While it is impossible to fully verify the facts, Crisis Group research suggests this is not the case and that aid is distributed by and large regardless of party affiliation.[99] That said, instances of favouritism likely exist, and mosque committees clearly are more selective in their work.[100] Nor has Hamas been above seeking political benefit. Al-Aqsa TV broadcast footage of Hamas parliament members removing rubble from roads; in the Zaytun neighborhood of Gaza City, Hamas flags fluttered, Qassam music played, and an official delivered a speech extolling resistance before distributing aid money.[101]

In contrast, others have been hampered by their inability to bring in cash. The PA, in a project implemented by the UN Development Programme (UNDP), distributed some $20 million in emergency assistance, but only by diverting money that had been brought into Gaza to pay PA salaries.[102] UNRWA – the specialised body established in 1949 to assist Palestinian refugees, who today make up nearly 70 per cent of Gaza's population – has been able to provide only a limited amount

know-how". Crisis Group telephone interview, international security official, April 2009. Hamas reportedly already has confiscated seven tons of unexploded ordnance which had not been destroyed for lack of explosives. *Haaretz*, 18 February 2009.

[91] The Gaza minister of social affairs explained the apportionment of money as follows: those whose houses were destroyed received €4,000 per home to rent temporary shelter; those with partially destroyed houses received €2,000. If the house remains inhabitable, no money was given at this first stage, since the immediate goal is to shelter those in need; at a future stage, money will be given for reconstruction and repairs. Families with martyrs received €1,000 and later will receive a monthly allowance; the wounded received €500. Crisis Group interview, Ahmad al-Kurd, Gaza social affairs minister, Gaza City, January 2009.

[92] Crisis Group interview, Ahmad al-Kurd, Gaza City, 15 March 2009.

[93] Many owners are reluctant to let, fearing delays in reconstruction will mean tenants become permanent residents. IRIN, 9 February 2009. When asked if force had been used, a Hamas leader said, "we prefer to avoid it, but better to force people to rent than have homeless people in the streets". Crisis Group interview, Hamas leader, Gaza City, January 2009.

[94] Crisis Group research indicates that few families still live full time in tents. Most of the homeless who could not find or did not wish to pay rent for accommodation live with their families, though the resulting overcrowding pushes many to periodically return to tents, especially during daytime. Crisis Group interviews, northern Gaza, February 2009.

[95] Crisis Group telephone interview, Gaza Social Affairs Minister Ahmad al-Kurd, April 2009.

[96] Crisis Group interview, transport company owner, Gaza City, 17 March 2009.

[97] Crisis Group interview, international aid official, Gaza City, 16 March 2009.

[98] Crisis Group interview, PA official, March 2009.

[99] Crisis Group spoke to numerous Fatah members who had received government aid – including teachers striking against the Gaza government – as well as UN officials involved in emergency aid provision who testified to the generally unbiased nature of distributions. Crisis Group interviews, Gaza City, February and March 2009. Crisis Group confronted Gaza social affairs ministry officials with instances of alleged bias and, in several cases, introduced claimants to officials, after which the claimants acknowledged the ministry followed standard procedure. Crisis Group interviews, Gaza City, Bayt Hanun, February 2009.

[100] Crisis Group interview, aid recipient, Gaza City, Bayt Hanun, 16 March 2009.

[101] Crisis Group observations, Gaza City, January 2009.

[102] The Gaza government has not interfered with this PA program. A UNDP official responsible for its administration said, "I was expecting problems but never had any. The government never called, not even once". Crisis Group interview, Gaza City, 15 March 2009. Each house is thoroughly assessed; up to $5,000 in damage is reimbursed; for houses with damage in excess of that amount, $5,000 in emergency assistance is provided pending reconstruction. Should cash become available, the PA will provide assistance to another 5,000 families. Crisis Group interview, PA official, April 2009. Israeli restrictions on currency imports affect donors but also – and even more so – banks, which face a monthly crisis in paying PA salaries and are losing public confidence. Crisis Group interviews, Palestinian banking officials, March 2009.

of cash assistance beyond its standard hardship social allowances.[103] Some more fortunate home owners collected twice, from the Ramallah and Gaza-based governments.[104]

Much of the tug of war following the official cessation of fighting revolved around the degree to which Hamas would continue to exercise its supremacy and control over aid activities. Although Gaza's social affairs ministry invited factions and civil society groups to join its Higher National Committee for Urgent Aid, Fatah and leftist parties refused, claiming it was a "governmental, not independent and national, committee".[105] As a result, the committee remains largely inactive.[106] The ministry also announced that international organisations were permitted to work only if they coordinated with the government.[107] While the stated aim was to prevent corruption and people from benefiting from multiple sources of assistance, in practice goals also included forcing recognition of the Gaza government's legitimacy, or at a minimum de facto control. The social affairs minister said, "when you enter a house, you say hello to the owner". Referring to a UN agency document that asserted the agency's independence, he chided, "The UN needs to know there is a government here. You don't enter a house by the window".[108]

The battle for control was waged on several fronts. In the war's immediate aftermath, the Gaza government permitted only the Red Cross, the UN and local government units – not the PA[109] – to carry out needs assessments. The ministry asked several international organisations to turn over beneficiaries' names, so that the government could "revise" the lists before distribution.[110] Although the organisations balked at this,[111] some agreed to provide names of local implementing partners, warning against any attempt to manipulate the process.[112]

The process has not been without controversy. The social affairs ministry several times confiscated goods it considered its own, most prominently from UNRWA.[113]

[103] UNRWA estimates that some 33,000 refugee families require assistance because of damage to their homes, but restrictions on currency import prevent the agency from bringing in sufficient funds to aid them all. Crisis Group interview, UNRWA official, Jerusalem, 9 March 2009.

[104] A UNDP reconstruction official was undisturbed by the multiple payments, since the amounts from the two programs frequently do not cover total damages, especially when furniture and belongings are included. Crisis Group interview, Gaza City, 15 March 2009. Nor did the PA social affairs minister in Ramallah object, urging Gazans to get assistance however and wherever possible. Crisis Group interview, Mahmoud Habash, Ramallah, February 2009.

[105] Crisis Group interview, Gaza City, January 2009. When Hamas asked Fatah to participate, it approached a member of the Ayman Juda group of the al-Aqsa Martyrs' Brigades which had joined the fight against Israel. A Fatah leader later said, "the Ayman Juda group does not represent Fatah". Crisis Group interview, Gaza City, January 2009. A senior Hamas leader justified the committee makeup: "If we had to form a mechanism with positions apportioned by factional affiliation, we would quickly end up with eighteen deputies". His comment about eighteen deputies was a reference to the eighteen factions, a number that includes smaller, Gaza-based groups such as the Popular Resistance Committees that others consider militias. Crisis Group interview, senior Hamas leader, Beirut, January 2009.

[106] Crisis Group interview, UN official, Gaza City, 15 March 2009.

[107] Crisis Group interview, Gaza Social Affairs Minister Ahmad al-Kurd, Gaza City, 15 March 2009.

[108] Ibid.

[109] PA employees claimed they were chased off by Hamas while undertaking a needs assessment. Crisis Group interviews, PA employees, Gaza City, February 2009. A Gaza businessman attributed this to Hamas's desire to frustrate the PA's attempt to put together a reconstruction plan. Crisis Group interview, Gaza City, February 2009. As a result, the PA used UNDP data. Crisis Group interview, international official, Jerusalem, February 2009.

[110] The term is the Gaza social affairs minister's. He claimed to have proof of corruption within some local implementing partners with whom major international organisations cooperate. He added: "International organisations insist they are independent. I reply that local non-governmental organisations with which they work are not. Local organisations are allowed to operate only if they register with the government. If they do not, we shut them down". Crisis Group interview, Gaza City, 15 March 2009.

[111] Crisis Group interview, international aid official, Jerusalem, February 2009.

[112] Crisis Group interview, international aid official, Jerusalem, March 2009. Others in the aid community question whether the line between proper and improper involvement can be clearly drawn: "Even if the government does not directly interfere in our work, government strictures can still create an impression of impropriety. That is the nightmare scenario: that the government doesn't cross a red line and do something blatant enough that we pull out, but controls us in a way that creates the impression our work is being politicised". Crisis Group interview, international aid officials, Jerusalem, February 2009.

[113] Crisis Group research suggests that the social affairs ministry confiscated aid from UNRWA on four occasions, twice shortly after the war and twice in early February. The Gaza social affairs minister showed Crisis Group letters of donation indicating that the aid in question had been given to "the Palestinian people"; a truck driver showed Crisis Group photographs of some disputed aid with sacks of flour marked, "Radwan Association [the Muslim Brotherhood in Bahayra, Egypt] in

Both government and aid agency reacted sharply to perceived provocations – the former to establish that it would not be bypassed, the latter to prove its independence and impartiality, especially in light of renewed accusations of bias.[114] Ultimately, both sides calmed tensions. Hamas leaders sought to clarify any "misunderstanding" and returned all disputed aid; their leaders have since struck a much more flexible tone and reduced the extent of the coordination they insist upon from aid agencies.[115] UNRWA staff also put the dispute behind them.[116] Nonetheless, international aid workers have been chastened. Said one, "we must be seen as neutral players. Otherwise we're going to be political pawns. Reconstruction should not be a euphemism for economic war".[117]

The tug of war inside Gaza is a relatively minor factor hampering entry of humanitarian assistance. Israel restricts goods to basic humanitarian supplies.[118] Cairo allows only medicine to enter directly; all other goods must be brought through its al-Awja crossing into Israel and from there to the Kerem Shalom crossing into Gaza, a circuitous route subject to Israeli security oversight.[119] According to Western diplomats, PA officials also are reluctant to open up Gaza too much too fast, not pushing nearly as hard behind closed doors for the opening of the crossings as they do before cameras.[120] Within Gaza, conditions are not favourable for aid distribution either, because fighting damaged roads, storehouses and trucks.[121]

A catastrophe so far has been averted, as international aid organisations significantly boosted their efforts during and after the war; symptomatically, Gaza City merchants sell less basic food commodities than before the war,[122] and aid beneficiaries can be seen selling food almost immediately, on site.[123] Still, as a disillusioned PA official involved in the aid process summed up, "the Israelis are basically doing their utmost to limit what goes into Gaza; the PA and Abbas are not doing anything about it; and the Egyptians don't know how to manage the situation".[124]

support of our brothers in Gaza. Victory to Islam". Crisis Group interviews, Gaza City, January 2009 and February.

[114] Jewish Telegraphic Agency, 9 February 2009.

[115] In late January, when UNRWA refused to import aid into Gaza and deliver it to the Gaza social affairs ministry, a Gaza minister accused the agency of being "part of the siege". In an interview several months later, he declared himself willing to accept "minimal" coordination with the donor community. Crisis Group interviews, Gaza City, January and April, 2009. Gaza aid workers testify that this flexible attitude has translated into a smoother working environment and that coordination problems have dissipated. Crisis Group interviews, Gaza, Ramallah, April 2009.

[116] "There was a lot of confusion at the border, especially given the similarity of much of the aid that was being delivered, and the government apparently thought the aid was theirs. But even if that was their perception, the aid was taken in the middle of the night, and storage units were broken into before the question of ownership could be ironed out". Crisis Group interview, senior UNRWA official, Gaza City, February 2009. There have been no further incidents, and the Gaza government no longer requests coordination from UNRWA. To some extent, the controversy stemmed from differences between the social affairs ministry (which had taken a harder line) and top Hamas political leaders. Crisis Group interviews, aid workers and local political observers, Gaza City, February and March 2009.

[117] Crisis Group interview, aid worker, Jerusalem, 18 January 2009.

[118] On 23 March 2009, the UN Office for Coordination of Humanitarian Affairs (OCHA) reported: "Amounts and types of deliveries reaching Gaza continue being subject to random restrictions and unpredictable clearance procedures. The limited range of goods that Israel allows into Gaza changes regularly, creating major logistical problems for humanitarian agencies and making it difficult for them to implement programs". Israel announced on 22 March that it henceforth would admit all food aid so long as it approved the source, but, thus far, the only new items seen in Gaza are tea, yeast, salt and potato chips. See "Field Update on Gaza from the Humanitarian Coordinator" and "Humanitarian Monitor: March 2009", OCHA, 23 March and 5 April 2009. An internal European Commission report raised concerns over €34.2 million in "basic humanitarian relief" donations, including fuel supplies, blocked by Israel since Operation Cast Lead. *Financial Times*, 21 April 2009.

[119] According to a senior PA official, Israel allows only about 60 trucks to pass through weekly. Crisis Group interview, Ramallah, 21 April 2009. Israel accuses Egypt of inadequate coordination from its side, particularly failure to correctly pack materials for inspection by Israeli scanners. *The New York Times*, 28 January 2009.

[120] Crisis Group interviews, Tel Aviv, February 2009.

[121] Crisis Group interview, UNRWA official, Gaza City, April 2009.

[122] A merchant claimed he sold twenty tons of rice per month prior to the war but less than a single ton in the two months since it ended. Crisis Group interview, Gaza City, 17 March 2009.

[123] Crisis Group observation, Gaza City, March 2009. According to a UN official, selling of aid is inevitable, since people often need money – for medicine, or simply to vary their diet – more than food, especially when basic commodities are widely available. Crisis Group interview, Jerusalem, 19 March 2009.

[124] Crisis Group interview, senior Palestinian official, Cairo, February 2009.

D. THE QUESTION OF HAMAS DIVISIONS – AGAIN

Among observers and analysts, the war revived the issue of internal divisions within Hamas. In Israel, the U.S. and Egypt, officials were convinced that these helped provoke the war, prolong it and shape its aftermath. Based on various sources, they concluded that the Damascus leadership – far from Gaza, allegedly under its hosts' influence and protected from the war's fallout – had advocated non-renewal of the ceasefire and staked a harder line in ceasefire negotiations. In the same vein, it reportedly evinced greater rigidity in dealings with Israel over a prisoner exchange as well as with Fatah over possible reconciliation and was more willing to both alienate Egypt and draw closer to Tehran.[125]

Given Hamas's opacity and the obstacles its leaders face in assembling and caucusing, such analyses are difficult to assess. Differences of opinion almost certainly exist within the leadership and were exacerbated as Hamas confronted increasingly fateful decisions. In the context of ongoing arrest campaigns in the West Bank as well as siege and war in Gaza, such discrepancies become more difficult to manage. The Gaza-based leadership must contend with sustaining its rule and finding ways to meet its people's needs; relations with Egypt naturally figure prominently in its calculations, given geographic necessity and Cairo's ability to shut down Gaza's link to the outside. In contrast, the exiled leadership logically can afford to focus on broader concerns and objectives, including Hamas's role in the Palestinian national movement and the PLO, and is freer to express frustration at Cairo's behaviour.[126] Survival under PA rule looms largest for the West Bank branch, hence, for example, its insistence that any process with Fatah include the release of all prisoners held by Ramallah and greater freedom of operation.

Two important caveats nuance these observations. First, it is misleading to view the "inside" as more pragmatic and the "outside" as more militant, or either as monolithic.[127] Crisis Group interviews during the Cairo talks indicated that the exiled leaders themselves had differences; interviews in Gaza have suggested variations between leaders of the political and military wings, with some of the latter distinctly unenthusiastic about possible reconciliation.[128] Hamas leaders admit such divergences exist, though they assert they reflect personal proclivity and rivalry more than ideological camps.[129]

Secondly, the critical question is not so much whether differences of opinion exist; they do, as in any political organisation. Rather it is whether these have translated into genuine divisions and whether the decision-making system is broken. The evidence so far suggests not. The movement jointly reached the decision to end the six-month ceasefire in December 2008;[130] the conditions for a ceasefire that Crisis Group heard during the war from the inside and outside leaderships were largely the same, even though the two presumably found it hard to communicate;[131] the movement reached a decision on a unilateral ceasefire remarkably quickly after Israel announced its own;[132] when the Gaza leadership's top echelon went to Damascus in February 2009, the movement came out with a unified position on a durable ceasefire deal with Israel.[133] The Hamas delegation was well organised and disciplined, particularly in contrast to Fatah's, at the Cairo inter-Palestinian talks, and in repeated conversations with Crisis Group on the margins of those sessions,

[125] Crisis Group interviews, U.S., Egyptian, Israeli officials, Washington and Tel Aviv, January-February 2009.

[126] For instance, when Gaza-based Hamas spokesman Fawzi Barhum strongly attacked Egypt during the war, he was quickly reined in. Hamas parliamentarian Mushir al-Masri has not been able to leave Gaza, apparently because his statements have so displeased Egyptian officials.

[127] Crisis Group interviews, Gaza City and Cairo, 2008-2009. According to some interpretations, the Gaza leadership is more hard-line (especially its paramilitary wing, involved in the take-over and purportedly intoxicated by its own power); others see it as more pragmatic than the leadership in exile because it must confront the exigencies of governing. Both theories have alternated not only in mainstream commentary but also in analysis by PA, Israeli and Western policymakers.

[128] A Qassam member told Crisis Group: "There are good and bad people in this world, and I don't want the not-so-good people to come back". Crisis Group interview, Gaza City, March 2009.

[129] Crisis Group interviews, Gaza City, March 2009.

[130] Crisis Group Middle East Briefing N°25, *Palestine Divided*, 17 December 2008; Crisis Group interviews, Hamas leaders, Gaza, Damascus, December 2008.

[131] Crisis Group interviews, Hamas leaders, Gaza City, Beirut, Damascus, January 2009. Throughout the war, Hamas's stated conditions for a ceasefire as conveyed to Crisis Group did not vary substantially between Gaza and Damascus. They included an end to Israeli military operations, lifting the siege and opening the crossings. Leaders also unanimously rejected both international monitors and an open-ended ceasefire. Crisis Group interviews, Beirut and Gaza City, January 2009.

[132] Hamas claims to have maintained secure communication channels that allowed the Gaza leadership to remain in touch with its counterparts outside even during the war. Crisis Group interview, Hamas leader, Gaza City, January 2009.

[133] The details of this deal are explained in section IV.A below.

leaders from the inside and outside conveyed largely similar stances.[134]

II. FALLOUT IN THE WEST BANK

A. JUDGING THE PALESTINIAN AUTHORITY

West Bankers watching the war appeared torn by a range of emotions. There clearly was empathy for fellow Palestinians in Gaza and intense anger at Israel. Attitudes toward Hamas, Fatah and the PA were more complex. In the war's aftermath, polls – traditionally of only relative predictive value in this environment – suggested a bump for the Islamist movement in the West Bank; this certainly was plausible given widespread respect for its steadfastness as well the concomitant discontent at both Fatah's passivity and the lack of meaningful progress in the PA's negotiations with Israel as U.S. President Bush's term came to a close.[135] Yet, as it became clear that Hamas had neither achieved its aims nor mounted effective resistance to Israel's campaign, it apparently gave back its wartime gains – and then some. [136]

Although Hamas might have lost some ground and Fatah certainly more, the PA suffered the greatest blow. Unlike Prime Minister Salam Fayyad, who spoke little during the war and generally confined his criticism to Israel, the president and his advisers spoke frequently and often against the grain of public opinion. A senior PA official said of his president, "his tongue betrayed

[134] On Hamas's position during reconciliation talks, see IV.C below. Differences in stated opinions at times appear to reflect delays in reaching consensus on time-sensitive issues, when communication is difficult. In contrast, once consultation has occurred and a decision is reached, the movement exhibits noteworthy discipline.

[135] A former Fatah supporter voiced this sentiment, asserting he would once more vote for Hamas notwithstanding the risks of an international boycott: "Hamas needs to be given a chance, and it's up to the Palestinian people to give it to them, to force the world to accept our democratic choice". Crisis Group interview, Nablus, March 2009.

[136] Some West Bankers condemned Hamas for bringing about immense destruction for no apparent reason other than cementing its rule in order to establish – in a phrase that has become common – an "Islamic emirate". A Palestinian intellectual asked: "What about settlements, Jerusalem, refugees? Israel continues to colonise the West Bank, its real goal, while Hamas makes war over a single crossing. 40 years of struggle against the occupation have been reduced to installing a single Hamas policeman at Rafah". Crisis Group interview, Ramallah, January 2009. As in Gaza – though with less vehemence given their distance from the fighting – West Bankers point to the movement's failure to inflict substantive losses on Israel and the scope of devastation. A PA employee described the Qassam Brigades as "hiding, not fighting". Crisis Group interview, PA employee, Ramallah, February 2009. In a similar vein, a Fatah supporter argued that Hamas had saved its forces for the internal struggle. Crisis Group interview, Ramallah, February 2009. A Ramallah resident lamented that "it has taken less than two years for corruption and cronyism to set in in Gaza compared to the 40 years it took Fatah". Crisis Group interview, Ramallah, February 2009.

him".[137] The tone was set on the first day of the military offensive. Abbas was travelling when war broke out and did not immediately return;[138] in his absence and as pictures of Gaza's victims asppeared on television screens, presidential adviser Nimr Hammad blamed Hamas for the outbreak of the fighting.[139]

The damaging impression of the initial day would have been difficult to repair in any event, but mishaps persisted. Abbas repeatedly said he had asked Hamas to prolong the ceasefire[140] which – true or not – was out of step with the broad sense among Palestinians that Israel was attacking Gaza and not Hamas. His subsequent assertion that "if the resistance is causing bloodshed to the Palestinian people, then we don't want it"[141] was equally difficult for many to digest given the status of "resistance" within Palestinian political culture at any time, let alone during war.[142] When the president spoke out against the Israeli assault – he at one point called it "genocide"[143] – his words seemed inconsistent with his other pronouncements and were dismissed as tactically motivated and, insofar as they had no effect, likened to those of a foreign observer.[144] The PA did not launch a concrete initiative and never made itself central to the process. Abbas called for international forces that never materialised and for unity but without inviting Hamas leaders to forge an agreement.

Within Fatah, senior figures complained that such pronouncements were "inappropriate", giving "comfort to the enemy" and offering Israel both "pretext and cover" for its operation.[145] Party activists likewise disapproved of Abbas's hesitation in calling for emergency Arab and UN meetings and of his decision to boycott Qatar's emergency summit (which was caught up in an intense regional dispute).[146] Putting it bluntly, a senior PA official said, "It was a public relations nightmare, mistaken both tactically and psychologically. If there were a war between Israel and Angola, we would need to support Angola".[147] Throughout, Abbas was disserved by his sober leadership style, a sharp contrast to his more bombastic predecessor.[148]

The one silver lining, at once significant and double-edged, was the remarkable maintenance of public order in the West Bank throughout the war. PA officials take pride in this for several reasons. As both U.S. and Israeli officials acknowledged, it demonstrated the Authority's greatly enhanced security capabilities.[149] It also arguably illustrated broad public recognition of progress in the West Bank and unwillingness to jeopardise gains through violence. A presidential adviser explained:

> People didn't want another uprising in the West Bank because they know what they currently have

[137] Crisis Group interview, Jerusalem, 27 January 2009.

[138] A presidential adviser said, "Abbas does not follow day-to-day details. He has a crisis management team for that; he tried to use his regional and international contacts to stop the Israeli assault". The adviser explained that Abbas's Ramallah office initially focused on humanitarian relief, pushing the International Committee of the Red Cross and UN to expand their operations. Crisis Group interview, Ramallah, 24 January 2009.

[139] According to Hammad, "the one responsible for the massacres is Hamas, and not the Zionist entity, which in its own view reacted to the firing of Palestinian missiles. Hamas needs to stop treating the blood of Palestinians lightly. They should not give the Israelis a pretext". *Al-Akhbar*, 28 December 2009, reported at www.memri.org/bin/latestnews.cgi?ID=SD216408.

[140] "I say in all honesty, we made contact with leaders of the Hamas movement in the Gaza Strip. We spoke with them in all honesty and directly, and after that we spoke with them indirectly, through more than one Arab and non-Arab side .... We spoke with them on the telephone, and we said to them: We ask of you, don't stop the ceasefire, the ceasefire must continue and not stop, in order to avoid what has happened, and if only we had avoided it". PA TV quoted in *Palestine Media Watch*, 28 December 2008.

[141] Press conference, Egypt 10 January 2009, at www.cctv.com/english/20090111/101042.shtml.

[142] A Hamas parliamentarian called Abbas's comments an "insult": "It's the enemy that kills the people, not the resistance. Resistance springs from among the people. It protects them, and they protect it. Under occupation, everyone is in the same boat, it's mutual interest". He also dismissed Abbas's ideas of international protection: "The idea that we need international forces to protect Palestinians is also insulting: we need to protect our own people, not rely on outsiders to do it". Crisis Group interview, West Bank, January 2009.

[143] On 6 January, Abbas termed the attack "genocide" and called for UN intervention. Kuwait News Agency, 7 January 2009.

[144] A Fatah leader commented: "So he condemned the Israeli aggression. So did [UN Secretary-General] Ban Ki-moon and the leaders of a bunch of other countries". Crisis Group interview, Palestinian political analyst, Ramallah, January 2009.

[145] Crisis Group interview, Fatah leader, Nablus, 15 January 2009. These ideas were echoed by other activists in Hebron, Dura, Nablus, Jenin and Ramallah. Crisis Group interviews, January, 2009.

[146] Crisis Group interview, Fatah activist, Ramallah, 23 January 2009.

[147] Crisis Group interview, senior PA official, Ramallah, 28 January 2009.

[148] After the war broke out, a PA employee remarked: "If Arafat were still alive, he would have smuggled himself into Gaza through a tunnel and adopted the resistance". Crisis Group interview, Ramallah, 12 January 2009.

[149] PA officials asserted that, in private at least, their Israeli counterparts were far more confident of the Authority's security performance. U.S. officials also lavished praise. Crisis Group interviews, PA, U.S. and Israeli officials, February 2009.

> is of more value. The security services could not have stopped the people had they turned out *en masse*. People in the West Bank feel that they have an active authority working on their behalf. Abu Mazen's losses will be temporary, and in fact public impressions are already changing. In Gaza Palestinians lost a lot. In the West Bank, the Palestinian cause was saved.[150]

Having toured the West Bank in March 2009, another senior PA official claimed that opinion had turned, largely as comparisons between stability in the West Bank and devastation in Gaza settled in. "People were unhappy with us and the president during the war. That's only normal; that's when emotions speak. With the benefit of hindsight, though, many are giving Abbas credit for what he did and for thinking while others were not".[151] In this sense, PA officials saw the war as demonstrating revival of the notion of statehood – of an organised political entity providing for ordinary people – among the larger public. As a Fatah leader put it:

> People wanted Abu Mazen to humour them, to speak in a way that matched their emotional state. But that would be to lie to them about the real causes of the problems that we as Palestinians face. Abbas doesn't do that but rather speaks with integrity. He is a realist, not a demagogue. No, he hasn't brought a peace agreement, but in the West Bank we have democracy, security and some economic progress. The struggle against occupation will last a long time, and we need to have a stable base from which to conduct it. We are building that.[152]

There is a flip side. Some West Bankers chafe at the notion of their security forces clamping down on public demonstrations in solidarity with Gazans. Many understood protesters had to be kept away from checkpoints and areas of friction with Israelis; in a frequently heard refrain, a senior police official said, "we don't need to give Israel any excuse to kill more Palestinians".[153] But others faulted security forces for acting aggressively against peaceful protesters, de facto siding with Israel against fellow Palestinians. Hamas flags, banners, and slogans were proscribed – as were Fatah's – and when Islamists violated the rules, security forces quickly intervened. Crowd control techniques (including pepper spray, batons, and aggressive arrest methods) were not particularly violent by regional standards but were used against those whose only offence was shouting political slogans. The PA clamped down on demonstrators,[154] arrested a large number of Hamas sympathisers[155] and, according to some accounts, resorted to torture.[156]

Responding to criticism, a PA official took the long view: "Of course we risk being accused of working not just with but for the U.S. We need to find a way to get people to judge us based on our achievements, because on that score we have more to brag about

[150] Crisis Group interview, presidential adviser, Ramallah, February 2009. That said, there is scant evidence Hamas actively sought to provoke an uprising, Meshal's call for a "third intifada" notwithstanding. Aside from protests in Hebron, Hamas largely avoided clashes with the PA; it was mainly individuals, and mostly women and children, who asserted the movement's presence. There are several possible explanations: Hamas's current limited operational capability in the West Bank; fear that any action would have revealed to the PA and Israel what is left of its West Bank organisational structure; or the West Bank leadership's more accurate reading of the political situation on the ground and conviction the movement had more to gain by appearing a victim than by taking action. At the war's outset, a Hamas parliamentarian rebutted Meshal's talk of an uprising: "There will be no third intifada, since in the current political situation, it would be of no use. As it stands, we are gaining". Crisis Group interview, West Bank, January 2009.

[151] Crisis Group interview, senior PA official, March 2009.

[152] Crisis Group interview, Fatah leader, Hebron, 17 January 2009.

[153] Crisis Group interview, Ramallah, January 2009.

[154] Crisis Group attended the 9 January demonstration in Ramallah, where Hamas supporters peacefully chanting a movement slogan – in violation of the ground rules – were set upon by PA police, resulting in numerous if mainly minor injuries. Afterwards, onlookers refused to discuss what had happened, apparently out of fear. Foreign journalists working in Hebron reported a similar reluctance to speak. Such reluctance was not limited to the time of the fighting; people and even officials in Jenin evinced similar hesitation to discuss political topics as late as March. Crisis Group interviews, Ramallah residents, 9 January 2009; foreign journalist, Ramallah, 10 January 2009; PA officials, residents and shopkeepers, Jenin, 10 March 2009.

[155] Human rights organisations assert that arrests in the West Bank increased during the war and again as the mood soured in Cairo, but data is increasingly difficult to obtain. Hamas members are arrested on security charges and brought before military courts; many are arrested, released and frequently re-arrested with such rapidity that observers have trouble keeping track. Crisis Group interviews, human rights workers, Ramallah, April 2009.

[156] Security personnel admitted to Crisis Group that they had participated in torture. Crisis Group interviews, Nablus, 8 March 2009. Tensions between the Hamas and the PA persist. On 19 April, a PA police officer shot at the feet of Hamas legislative council member Hamid Bitawi in Nablus, wounding him with shrapnel. The Nablus governor claimed it was an isolated act and that the officer subsequently was arrested; Hamas-affiliated al-Aqsa TV spoke of an assassination attempt, tying it to the attack last year that left Bitawi's car riddled with eighteen bullet holes. Crisis Group interviews, Nablus Governor Jamal al-Muhaysin, Nablus, 20 April 2009; independent Islamist, Nablus, December 2008.

than Hamas".[157] Three months after the war, the West Bank remains tense. A string of incidents seemingly perpetrated by lone individuals – including a series of car and bulldozer attacks in Jerusalem as well as the fatal shooting of two Israeli policemen in the West Bank, stone-throwing, axe and knife assaults and fire-bombing attempts – leave Israelis wondering how widespread this phenomenon could become.[158] Some Palestinians join in their speculation; in the words of a Fatah leader, "there is fire burning under the sand".[159] For now, fuelled by lingering resentment over war, the formation of a right-wing Israeli government and frustration with what some Palestinians see as the passivity of their political leadership, individuals – mostly residing outside PA-controlled areas – are taking matters into their own hands.

B. JUDGING FATAH

For Fatah, the war represented a new low in what has become a prolonged and painful identity crisis. For the first time since the movement's founding in the late 1950s, it played no role – with the exception of a small number of al-Aqsa Martyrs' Brigade fighters, themselves at odds with Fatah's leadership – in a fight against Israel. Outflanked by Hamas in terms of armed struggle and pushed out of Gaza, Fatah suffers the further indignity of being sidelined by the PA government (which does not include any Fatah members) in the West Bank. As one of its leaders put it, "Fatah has become a king without a throne".[160]

Fatah's crisis is not without consequence for the erstwhile peace process. The war, because of Hamas's role and Fatah's absence, intensified the old debate between diplomacy and state-building on the one hand and armed struggle on the other. It was difficult for Fatah leaders to argue for the wisdom of their way or resumed peace talks amid bloody images from Gaza. A Palestinian political analyst concluded: "Negotiations as a shortcut for achieving Palestinian national rights have failed".[161] Pointing to the Islamists' challenge, a Fatah leader in Nablus lamented:

> This was Hamas's Battle of Karameh,[162] which attracted people to Fatah for 40 years. Arafat used to say, "I don't need elections to give me legitimacy, I am legitimate because I lead the struggle against occupation". Now Hamas has both kinds of legitimacy, the kind that comes from elections and the kind that comes from leading the struggle.[163]

The impact of such questioning could be felt, as Fatah cadres began pushing a more vigorous program of resistance – which, for some, includes armed struggle – in the West Bank.[164] Abbas himself, sensitive to such sentiment, adopted a harder line after the war – a shift made easier by the rightward turn of the Israeli electorate. He and his advisers asserted they would not negotiate with a government that did not abide by past agreements, commit to a two-state solution or freeze settlements.[165]

Bereft of a strategy or clear way out, many Fatah activists sought to assign blame. Quite a few settled on Salam Fayyad. The prime minister's relative effectiveness and unmatched international reputation have made his non-Fatah credentials the more painful to accept. As several important Fatah leaders see it, any credit for improving the situation in the West Bank redounds to Fayyad, whereas governmental shortcomings reflect poorly on the movement, which supports it from the outside.[166] Even prior to the war, leaders and activists alike feared they had "lost their credibility"[167] by casting their lot with a government that, while restoring

[157] Crisis Group interview, senior PA official, Ramallah, 20 January 2009.
[158] "Security forces fear new intifada", *Haaretz*, 6 April 2009.
[159] Crisis Group interview, Fatah leader, Nablus, April 2009. A political analyst added: "If the leaders aren't going to provide the people with an alternative, the people could create one". Crisis Group interview, Ramallah, April 2009.
[160] Crisis Group interview, Nablus, March 2009.
[161] Crisis Group interview, Ramallah, February 2009.
[162] In March 1968, Israel attacked the Jordanian town of Karameh after a series of Palestinian operations in Israel. PLO and Jordanian forces mounted stiffer resistance than expected, killing around 30 Israeli soldiers (estimates vary) and destroying a number of tanks. Palestinian (and Jordanian) forces took much heavier losses, but their relatively strong performance established their resistance credentials and etched the battle in Palestinian national consciousness.
[163] Crisis Group interview, Fatah leader, Nablus, 16 January 2009.
[164] Crisis Group interviews, Nablus, January 2009.
[165] Crisis Group interview, presidential adviser, March 2009; see also *Asharq al-Awsat*, 11 February 2009. Previously, the same leadership had rejected outright the possibility of conditioning peace talks on a settlement freeze. Crisis Group interviews, presidential advisers, September 2008. Several presidential advisers proclaimed the end of "business as usual". Crisis Group interviews, Ramallah, February 2009.
[166] Crisis Group interview, Fatah leader, Ramallah, October 2008.
[167] Crisis Group interview, Fatah leader, Nablus, 15 January 2009.

order in the West Bank, is widely regarded as inept with the exception of Fayyad himself.[168]

Several Fatah members claim that, deliberately or not, the prime minister is working against their movement as assiduously as against Hamas, notably through reorganisation of the financial and security sectors.[169] Under his watch, government funds no longer make their way to the nationalist movement; his critics accuse him of establishing new patronage networks, cultivating his own alliances to the detriment of Fatah stalwarts.[170] A former PA employee argued, "just because what he does is legal doesn't mean it's not corrupt".[171]

On the security front, too, there is concern that the government's reform agenda will both deprive Fatah of a key asset and turn the PA in the eyes of many Palestinians into an instrument to suppress armed struggle.[172] The fear heightened during the war. A point of pride for many PA officials, the security services' ability to tamp down protest was harder to swallow for activists who feared the government would be seen as doing Israel's bidding. The PA's close coordination with Israeli forces and the US-funded training program came under assault. In the words of a Fatah leader, "we must stop the unfettered security coordination with Israel, since it's turning us into collaborators".[173] More pointedly, an interior ministry official repeated the harsh verdict heard within security circles: "We are becoming the South Lebanon Army".[174]

Fatah parliamentarians complained to both security chiefs and political leaders, fearing the impact of PA decisions on the movement's popular standing.[175] Moreover, and while Hamas suffered the worst of the repression, security services also acted against Fatah.[176] Fatah cadres reported that security services often made them feel as if they were not supposed to demonstrate at all, insofar as protest could be considered as consorting with the (Islamist) enemy.[177]

As the Cairo reconciliation talks approached, therefore, it seemed the one issue on which many within Fatah and Hamas could reach consensus was the need to replace Fayyad, viewed by both as a threat.[178] On 7 March, the prime minister resigned, though the move appeared to be more a technicality (he had to step down to give Abbas the leeway to appoint a new government) and a political manoeuvre (to indicate he was not impeding a unity government) than a final bowing out. By stepping aside, he signalled his willingness to elevate national interest over his own, while simultaneously forcing his critics within Fatah to actively solicit his return as prime minister should they find themselves – as he expected – with no other choice.[179] Such a request would demonstrate that he is indispensable, not simply a placeholder to be tolerated while political points are scored at his expense. Indeed, Washington and several other Western capitals immediately indicated his reappointment as prime minister could well be a precondition for continued financial assistance.[180]

As prospects for a unity government faded, talk resumed in Ramallah over the appointment by Abbas of a so-called enlarged government, to be headed once again by Fayyad but with participation of the PLO factions

[168] Crisis Group interview, Fatah leader, Ramallah, February 2009. On criticism of the composition of the Fayyad government, see Crisis Group Middle East Report N°79, *Ruling Palestine II: The West Bank Model?*, 17 July 2008.

[169] Crisis Group interview, Fatah members, Ramallah, February 2009.

[170] Crisis Group interview, Fatah members, Nablus, March 2009.

[171] Crisis Group interview, Ramallah, March 2009.

[172] Crisis Group interviews, Fatah leaders, Ramallah, Nablus, Hebron, February 2009.

[173] Crisis Group interview, Ramallah, January 2009.

[174] Crisis Group interview, Ramallah, February 2009. The South Lebanon Army was formed during the Lebanese Civil War and later aligned itself with Israel when the IDF occupied south Lebanon.

[175] Crisis Group interviews, Ramallah and Nablus, February 2009. Qais Abdel Karim, a Democratic Front for the Liberation of Palestine leader, summed up what many in Fatah believed: "When you try to solve political problems with military might, it blows back on you. In the last two weeks, the PA has tried to prove its authority on the ground, but its heavy-handedness has strengthened Hamas instead". Crisis Group interview, Ramallah, January 2009. Interestingly, during negotiations for the "Call to Unity", signed by 50 prominent Palestinian figures, Fatah organising committee members – not Hamas – demanded an end to PA security coordination with Israel. Crisis Group interview, committee organiser, Ramallah, 1 February 2009.

[176] As noted, in some cases security forces pulled down Fatah flags and shepherded groups of young men away from potential friction points with Israel. For more, see Crisis Group Briefing, *Palestine Divided*, op. cit.

[177] Crisis Group interview, Fatah member, Nablus, January 2009.

[178] Other Fatah leaders argued they could live with Fayyad as prime minister as long as the movement was strongly represented in his government. A prominent Fatah leader said, "we can use him as long as he brings in the money, and when we need to, we will cut him down to size". Crisis Group interview, Nablus, February 2009.

[179] Crisis Group interview, Western diplomat, Jerusalem, March 2009.

[180] U.S. officials indicated they were neither surprised nor worried by Fayyad's announcement. They mounted an intensive campaign with European and Arab countries to make clear his reappointment was critical. Crisis Group interview, U.S. officials, Jerusalem, Washington, March 2009.

to strengthen his cabinet without handing the reins of power to Fatah's traditional elite.[181]

To an extent, the movement's identity crisis prompted renewed calls for internal change. Infighting is hardly new to Fatah, though the Central Committee, its chief executive body, is said to be more divided than ever, essentially between pro- and anti-Abbas camps – shorthand for a divide mixing personal rivalry with ideological rifts over the conditions for negotiations with Israel.[182] Perhaps the more significant development has been the outspokenness of mid-level officials, willing, at least while the emotions stirred by the war were fresh, to challenge their superiors.[183] Pressures from below convinced the Central Committee to renew discussions over holding the long-delayed Sixth General Congress, the movement's highest decision-making forum, which would restructure the Central Committee and the Revolutionary Council. Yet, divisions quickly soured the atmosphere.[184] Few believe the Congress would change much. A well-informed reform activist described the leaders as "dividing up positions in backroom deals as if it were their inheritance. A name here and there will change but, in the end, the flavour will be the same".[185]

[181] Crisis Group interview, presidential adviser, 25 March 2009.

[182] Crisis Group interview, senior Fatah leader, January 2009. Central Committee members were particularly outspoken during the war, with Hani Hassan praising the Hamas "victory" in Gaza and Faruq Qaddumi calling for a meeting of the Palestinian National Council to adopt a resistance platform. *Al-Ayyam*, 30 January 2009.

[183] Fatah leaders told Crisis Group they had held informal meetings – against PA wishes – with Hamas representatives outside the occupied territories; elected officials from several West Bank regions refused to attend an event at the PA's Ramallah headquarters affirming Abbas's legitimacy as president on 9 January; a group of younger leaders and cadres urged nomination of an emergency leadership committee in light of the stalled reform effort; "study sessions" regarding the movement's future were held by Fatah student groups at universities around the West Bank; and over 1,300 Fatah cadres and leaders dissatisfied with Abbas's handling of the war formed a committee to confront the president about it. Crisis Group interviews, Fatah leaders, Ramallah and Nablus, January and February 2009. Once the war ended, however, so too did the urgency of reform efforts. Crisis Group interview, Fatah leader, Ramallah, February 2009.

[184] No sooner did discussions accelerate than they ran into familiar obstacles. While agreement seemed close on the representatives to the Congress, its location has yet to be decided. Crisis Group interview, Fatah leader, Ramallah, April 2009.

[185] Crisis Group interview, Ramallah, March 2009.

III. ISRAEL AND THE WAR

A. ASSESSING THE OUTCOME

After a week-long bombardment of Gaza designed to exhaust Hamas fighters,[186] on 3 January 2009 Israel deployed its ground forces in three brigade-size formations, backed by tanks and attack helicopters. It relaxed rules of engagement to devastating effect in northern parts of Gaza, increasing casualties.[187] Its forces surrounded Gaza's cities, but despite less-than-expected resistance during pushes into urban centres, stopped short of outright occupation. Many in Israel – the majority according to polls –[188] along with prominent political leaders urged the army to advance further and create a new political as well as security reality, possibly deposing Hamas. But without a plausible exit strategy, fearful of higher casualties and chastened by its unrealistic statement of goals in the 2006 Lebanon war, the government backed away from maximalist objectives.[189] At 2am on 18 January 2009, two days

[186] "The main problems we faced were in the city centres, so we needed time to wear out their people. Imagine a Hamas sniper on the third floor of some building in Gaza City. After five or ten days waiting while all around is bombed – the building next to him, the flat above him – he can't sleep, can't readily communicate with superiors and partners, feels isolated, doesn't fight and prefers to take cover". Crisis Group interview, Itamar Yaar, former National Security Council official, Tel Aviv, 21 January 2009.

[187] The sometimes cruel and crude graffiti left behind on school and residential walls suggested both the feelings animating some of the soldiers and the relative breakdown in discipline. One partially-destroyed school visited by Crisis Group bore graffiti depicting symbols of the banned Israeli organization Kach, which advocates Palestinian expulsion, as well as slogans stating "no Arabs, no attacks", and "we will avenge in every place. The residents of the south [of Israel] are not alone". Crisis Group site visit to Sakhnin school in Beit Lahiya, northern Gaza, 17 March 2009.

[188] According to an opinion poll conducted a month after the war, 66 per cent of the Jewish public thought that Israel should have continued the operation until Hamas surrendered. War and Peace Index, Tami Steinmetz Center for Peace Studies, February 2009.

[189] Israel's reasons for ending the fighting are variously attributed to concern about being bogged down in Gaza amid mounting casualties; reluctance to assume responsibility for its 1.5 million Palestinians and forfeit the gains of the 2006 disengagement ("As soon as we put an Israeli flag over Gaza City's Palestine square, we are responsible for a million plus people in Gaza", Effie Eitam, then-parliamentarian and Knesset Foreign Affairs and Defence Committee member, speech in Herzliya, 3 February 2009, attended by Crisis Group); fear of mounting international condemnation and damaged relations with a new U.S. administration ("The offensive will not

before Barack Obama assumed the U.S. presidency, Israel declared a unilateral ceasefire and within four days had fully withdrawn.[190]

As the offensive ended, most Israelis viewed it as successful, a corrective to what had occurred two years earlier in Lebanon.[191] Despite Hamas's pre-war bravado, security officials point out that it failed to destroy a single tank, down a helicopter, kidnap a soldier, deploy suicide bombers to lethal effect or wreak havoc with its missile arsenal (three Israelis were killed by the hundreds launched, far less than anticipated).[192] Thanks to superior early warning systems and upgraded bunkers as well as lower rocket intensity,[193] Israel's population sheltered from the rockets rather than fled. Moreover, Israel – not Hamas – took captives, in the process bolstering its intelligence gathering.[194] Again in contrast to the 2006 war, during which support for the political and military leaderships eroded the longer it continued, home front morale remained high throughout.

Security officials cite tactical advances, claiming to have found an effective response to asymmetric warfare, demonstrating the disproportionate means at their disposal and readiness to deploy them. Not least by flattening buildings believed to be booby-trapped, they claimed to have broken "the DNA of urban guerrilla fighting".[195] An adviser to Defence Minister Ehud Barak noted:

> Israel's military succeeded in advancing with very few casualties or injuries, even in densely populated areas, identifying and avoiding Hamas's ambushes. Hamas fighters often steered clear of direct contact with our troops. At the tactical combat level, we demonstrated tremendous superiority.[196]

Although Israeli military intelligence assessments of the limited damage inflicted on the Islamists' chain of command and military manpower differ little from Hamas's own,[197] officers claim to have hurt the movement's morale and will to fight.[198] As in Lebanon, officials predicted immediately upon the war's conclusion, the operation would buy Israel two years or more of calm – sufficient time to develop an effective anti-

continue beyond 20 January. It would be a political mistake to leave the Gaza file still open when Obama enters the White House". Crisis Group interview, former senior security official, Tel Aviv, 13 January 2009); anxiety about Gaza descending into chaos ("Israel didn't want Hamas to disappear because the alternative is not Abbas, it's anarchy". Crisis Group interview, Shlomo Brom, former director of the IDF's Strategic Planning Division, Tel Aviv, 21 January 2009); or a combination of the above.

[190] IDF press release, 21 January 2009.

[191] "The Gaza operation is a military success for Israel. It has restored morale among the security establishment and the population after the Lebanon 2006 setbacks". Crisis Group interview, former senior security official, Tel Aviv, 13 January 2009. An internal UN document from February 2009 stated the war's "one significant achievement … is towards the population inside of the country…. Israelis had begun to doubt their ability and the power of the IDF to issue a blow to its enemies…. The use of 'excessive force' … proves Israel is the landlord…. The pictures of destruction were intended more for Israeli eyes than those of Israel's enemies, eyes starved of revenge and national pride". Copy on file with Crisis Group. According to a post-war survey, 36 per cent of Israelis expressed satisfaction with the war, 33 percent dissatisfaction and 29 per cent were undecided. War and Peace Index, Tami Steinmetz Center for Peace Studies, February 2009. By contrast, in September 2006, the Index suggested that 68 per cent of Israelis believed the Lebanon war had weakened their nation's deterrence. War and Peace Index, August 2006.

[192] Daily routine in southern Israel was only partly affected. The most significant disruption occurred in the educational system, which was virtually shut down; by contrast, the average attendance of workers in factories in the south stood at over 85 per cent. *Kalkalist*, 15 January 2009.

[193] "Hamas does not have the magical effect in battle that Hizbollah had. This is a clear IDF victory". Crisis Group interview, Barak political aide, Jerusalem, 20 January 2009. Hamas fired an average of about 29 rockets a day compared to Hizbollah's daily average of around 120 during the 2006 Lebanon war. Yiftah Shapir, "Hamas's Weapons, Strategic Assessment", Institute for National Security Studies, Tel Aviv University, vol. 11, no. 4, February 2009.

[194] Crisis Group interview, Itamar Yaar, Tel Aviv, 21 January 2009.

[195] Crisis Group interview, security official, Jerusalem 28 January 2009.

[196] Crisis Group interview, Barak political aide, Jerusalem, 20 January 2009.

[197] Israeli military intelligence officials say that of the hundreds of Hamas operatives Israel killed, between 50 and 70 were Qassam Brigades fighters, marginally more than the Brigades' claim of 48 and considerably less than the some 150 mentioned in a later, internal Hamas assessment. Crisis Group interviews, Israeli and Hamas officials, Tel Aviv and Gaza City, January and March 2009.

[198] "500 killed out of some 15,000 militiamen won't make a difference to Hamas as a fighting force. But it will make a difference to its desire to fight". Crisis Group interview, Professor Asher Susser, Tel Aviv University, 19 January 2009. A senior security official claimed Israel had regained its deterrence. "Israel has shown Hamas, Iran and the region that it can be as lunatic as any of them. Hizbollah learned the lesson: it communicated to Israel in ten different ways that it was not responsible for the Palestinian fringe group that fired rockets [during the Gaza war] at northern Israel". Crisis Group interview, former senior security official, Tel Aviv, 13 January 2009.

rocket shield.[199] Officials also cited greater opposition by Egypt to the Islamist movement.[200] Describing the post-war scorecard, a Barak adviser contrasted the 18 January 2009 "victory banquet" attended by Prime Minister Olmert and six European leaders,[201] with the situation of Hamas's Gaza leadership "in bunkers, hidden away".[202]

Officials also cited progress in restricting Gaza's arms supply lines, unilaterally through airstrikes on smuggling routes from the Rafah tunnel network to the Sudanese border,[203] bilaterally with Egypt and multilaterally with Western powers.[204] Towards the end of the war, Egypt bolstered its forces in the Sinai to augment border controls.[205] In a spectacle rich in symbolism if short on practicality, Israel signed a memorandum of understanding with the U.S. to prevent weapons smuggling into Gaza, while European nations publicly committed assistance to thwart Hamas's rearmament.[206] In the words of a National Security Council official:

> We can't take risks now because new weapons smuggled in from Iran could be long-range missiles with a range of 200 kilometres that would reach most of Israel. See how Hizbollah tripled its arsenal of weapons after the 2006 war? If this happens, then Israel will have to take over all of Gaza.[207]

Over time, however, a more nuanced appraisal took shape. Doubts grew. Promises of a new reality in the south notwithstanding, not much changed. Corporal Shalit, taken prisoner in 2006, remains a captive; rockets – of both the crude and longer-range variety – are launched periodically, reaching as far north as Ashdod and beyond.[208] In fact, unlike the situation after the Lebanon war, both sides continue to exchange fire[209] and, as in Lebanon, the value of anti-smuggling efforts is somewhat questionable.[210]

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[199] Crisis Group interview, Israeli official, Tel Aviv, 4 February 2009.

[200] See below, section V.A. A former senior security official said, "the Gaza war caused lasting damage to Iran's interests: through its impotency in protecting Gaza it lost regional prestige". Crisis Group interview, Tel Aviv, 13 January 2009.

[201] Guests included Czech Prime Minister Mirek Topolanek, French President Nicholas Sarkozy, German Chancellor Angela Merkel, UK Prime Minister Gordon Brown, Italian Prime Minister Silvio Berlusconi, and Spanish Prime Minister Jose Luis Rodriguez Zapatero. The delegation travelled to Israel after attending a summit hosted by Egyptian President Hosni Mubarak in Sharm al-Sheikh.

[202] Crisis Group interview, political adviser to Israel's defence minister, Jerusalem, 20 January 2009.

[203] In the midst of the Gaza war, Israel's air force reportedly attacked a convoy containing Iranian arms passing through Sudan en route to the Gaza Strip. "CBS: IAF Targeted Sudanese Convoy", *CBNNews.com*, 26 March 2009. Israeli officials declined to confirm or deny the report although soon thereafter Prime Minister Olmert said, "we operate everywhere where we can hit terror infrastructure – in close places, in places further away". *Haaretz*, 26 March 2009.

[204] "We insisted on stopping [the war] only when we were able to reach an agreement with Egypt [over the smuggling of arms into the Gaza Strip]. This is a detailed agreement – in writing…. Everything is documented down to the last item, in their commitments, actions, efforts, understandings with the Americans and the Europeans. There has never been anything like this before". Prime Minister Ehud Olmert, *Maariv*, 23 January 2009.

[205] Crisis Group interview, Israeli official, Jerusalem, 19 January 2009. See *Haaretz*, 23 January 2009.

[206] France provided a helicopter carrier to patrol the southeast Mediterranean. The U.S. and Germany committed to providing personnel and technology to assist Egypt's efforts to curb tunnel traffic under the 14-km Philadelphi corridor along Egypt's border with Gaza. The dispatch of U.S. engineers was included in the 16 January memorandum Foreign Minister Livni signed with outgoing Secretary of State Condoleezza Rice. Israeli officials said Western powers also agreed to further measures to stem arms supplies stretching south along the Darb al-Arbaeen route of the Nile Valley through the Horn of Africa to the Indian Ocean. Several meetings have taken place on the weapons smuggling issue: a 5 February 2009 conference in Copenhagen led to an agreement by Canada, Denmark, France, Germany, Italy, the Netherlands, Norway and the U.S. to coordinate measures to stem smuggling through Gaza's tunnels and by sea, including by interdicting ships suspected of carrying weapons shipments.

[207] Crisis Group interview, security official, Jerusalem, 20 January 2009.

[208] Hamas's missile arc extended 45km from Gaza's border to Gedera, an area previously considered immune. Stuart Cohen, "The futility of Operation Cast Lead", BESA Center Perspectives Papers, no. 68, 16 February 2009. As of 2 April 2009, Israel's military reported that militants had launched over 180 rockets from Gaza since the 18 January 2009 ceasefire. www.sderotworldmedianetworks.com.

[209] For instance, on 13 February 2009 Gaza militants fired three rockets and mortars at southern Israel; Israel retaliated with airstrikes on Rafah's tunnel network and near Khan Younis. Crisis Group interview, UN official, Jerusalem, 14 February 2009.

[210] "The Sinai is not easy to control. The tribes know the land better than any international monitor". Crisis Group interview, Israeli security official, Tel Aviv, 4 February 2009. "Currently, there's no technological way of preventing weapons and other smuggling. German technology and international forces will not be effective". Crisis Group interview, former National Security Council head Giora Eiland, Jerusalem, 14 January 2009. "If the Israeli blockade couldn't stop sea-trafficking after decades of experience, how can a foreign flotilla in the Mediterranean?" Crisis Group interview, Likud politician and current intelligence and atomic affairs minister, Dan Meridor, Tel Aviv, 20 January 2009.

It was hard to escape the sense that what little had been attained thanks to the war could have been achieved without it and that, in the words of a former intelligence officer, "the ceasefire options on the table after the war were in place there before it. In that sense the destruction achieved nothing".[211] Unsurprisingly, calls for a "round two" were soon voiced. A member of Israel's regional council adjoining Gaza was one example: "Our forces should flatten Gaza into a parking lot, destroy them".[212] Ultimately, the so-called "war on Hamas" ended without denting the Islamists' hold on Gaza and with a boost to their regional reach and weight. A former foreign ministry official summed it up: "There was no war. Hamas sat in its bunkers and came out when it was all over to resume firing up to twenty rockets per day and attack Israeli soldiers at the crossings. After the killing of 1,300 people, nothing changed".[213]

Politically, the fallout appeared at least equally troubling. Israel's reputation took a hit, with questions raised in Europe and elsewhere about its conduct of the war; Turkey and Qatar, both of whom enjoyed relations with Israel, were vehement in their denunciation of its actions.[214] In subsequent weeks, international human rights organisations accused Israel of war crimes and called for independent investigations of its conduct during the war;[215] these charges garnered greater international attention when Israeli soldiers themselves stepped forward to testify to abuses.[216] A former senior Israeli official lamented: "We still know how to wage wars. But, it seems, we have lost the ability to win them".[217]

B. ELECTIONS: A JOLT TO THE RIGHT

Though the war undoubtedly helped shape the outcome of the February 2009 elections, its precise impact is not entirely clear. Of the two parties that waged it, Kadima and Labour, the former was strengthened and the latter routed. The right wing opposition profited, though Likud less than expected and Yisrael Beiteinu – a xenophobic party, albeit one that backs a version of a two-state solution – more so.[218] The results indicated an unmistakable rightward shift – and the Zionist left's historic collapse – at the hands of an electorate that appears disillusioned with the peace process. At the same time, several right-wing and centre-right parties have internalised some of the left's core principles, including the need for a Palestinian state.

Likud, Israel's largest right-wing party, founded in 1973 by former Prime Minister Menachem Begin, increased its Knesset share from twelve to 27 seats and together with ultra-nationalist, ultra-orthodox and national-religious parties, expanded the right-wing bloc from 50 seats after the 2006 elections to 65 in 2009. Kadima,

Israel's Rafah bombardment also appeared of limited effect. Although Israel claimed it destroyed between 40 and 80 per cent of tunnels, the underground supply lines – including an oil pipeline – were operational hours after the war. Crisis Group interview, UN official, Jerusalem, 21 January 2009.

[211] He added: "The *tahdia* [truce] deal we are pursuing post-war was available without recourse to military means before the war, including the problem of tunnels in Rafah – because that's a problem between us and the Egyptians. The operation took us back to square one". Crisis Group interview, Matti Steinberg, Jerusalem, 22 February 2009.

[212] Crisis Group interview, Eshkol regional council official, Jerusalem, 20 and 26 January 2009.

[213] Crisis Group interview, former official, central Israeli town of Mevasseret, 1 February 2009. He added: "We hoped the war would remove Hamas's veto from the peace process, but nothing happened. Abbas still can't go to Gaza, and deadlock remains".

[214] Erdogan, prime minister of one of Israel's closest regional allies and top tourist destination, demanded its dismissal from the UN. Qatar suspended economic relations. Jordan delayed the return of its ambassador to Israel.

[215] Human Rights Watch cited "the use of high-explosive heavy artillery as well as of air-burst white phosphorus munitions in densely populated areas; the shooting of unarmed civilians holding white flags; the targeting of civilian structures; inadequate warnings to civilians of impending attack; and the wanton destruction of civilian property". In terms of Hamas's conduct, the organisation cited "firing of rockets deliberately and indiscriminately into civilian areas of Israel; the shooting of rockets and the conduct of military operations from within populated areas in Gaza; and the beatings and killings of Palestinian political opponents and critics in Gaza". Press release, 16 March 2009. See also the organisation's "Rain of Fire: Israel's Unlawful Use of White Phosphorus in Gaza"; Amnesty International's 23 February 2009 press release; weekly reports of the Palestinian Centre for Human Rights; and the letter by sixteen leading human rights experts calling for an international investigation of Israel's conduct in Gaza at www.amnesty.org.uk/news_details.asp?NewsID=18109. Israel has responded that its use of force in Gaza was in legitimate self-defence. The UN Human Rights Council has appointed former international prosecutor Richard Goldstone to lead a probe. Agence France-Presse, 3 April 2009.

[216] At an IDF seminar and subsequently to journalists, soldiers testified to battlefield abuses, though a subsequent investigation by the Israeli army dismissed the accusations as unsubstantiated rumour. See, for instance, *Haaretz*, 19-20 March 2009; IDF statement, 30 March 2009. After the media storm in Israel, the convener of the seminar himself downplayed the extent of the abuses. *The Jerusalem Post*, 7 April 2009.

[217] Crisis Group interview, former Israeli minister and security official, February 2009.

[218] "The public regards the war as a success, yet in the end the right wing opposition benefited". Crisis Group interview, Menachem Hoffman, political science professor, Hebrew University, Jerusalem, 27 January 2009.

the centrist party created by former Prime Minister Ariel Sharon, won the most seats, 28, attracting votes from both right and left. The two Zionist left parties, Labour and Meretz, dropped from 25 to sixteen seats – this after both championed the Gaza offensive. The three Arab parties, which opposed the Gaza war, retained close to 10 per cent of the vote.[219]

With twelve parties in the Knesset and not one mustering a quarter of its 120 seats, the results allowed for several potential ruling coalitions. On election night, both Kadima and Likud claimed victory, Tzipi Livni as head of the largest party, Benjamin Netanyahu as head of the largest bloc. After ten days of jockeying, President Shimon Peres bowed to the inevitable and tasked Netanyahu with forming the government. Netanyahu's clear and stated preference was for a broad government including the centre-left.[220] During his first stint as prime minister, in 1996-1998, he paid the price for a narrow, unstable right-wing coalition; moreover, he ended that premiership with strained relations with the U.S. and did not wish to begin his second in like manner.

After weeks of talks, he offered Labour, the fourth largest party, generous terms – five ministries including defence.[221] In an acrimonious poll on 24 March 2009 that threatened to split the party,[222] Labour voted to join the coalition. The development, stunning as it was, nonetheless ought not to have come as too much of a surprise. As a former senior official put it, Barak "may be of the left pragmatically, but he is of the right instinctively".[223] His distrust of the Palestinians and scepticism toward Abbas and the PA, as well as innate preference for a Syria deal, all made him a natural partner for Netanyahu, notwithstanding numerous and important policy differences.[224] For Barak and much of Labour, moreover, the party's natural place is in power, not opposition. Netanyahu similarly had good reason to woo his former rival. Having Labour inside meant solidifying the coalition, avoiding being at the right wing's perpetual mercy and improving the government's image in Washington and much of the West.[225]

Labour thus joined Likud, Yisrael Beiteinu (a secular nationalist party primarily representing Israel's Russian constituency which attracted young native Israelis thanks to an inflammatory campaign against the country's Arab citizens), Shas (a predominantly Sephardi ultra-orthodox-led party), United Torah Judaism (an Ashkenazi ultra-orthodox party) and Jewish Home (the statist branch of the religious Zionist movement) in forming the new government.

C. WHAT MIGHT THE NEW GOVERNMENT DO?

Several factors will determine the government's likely approach: the weight of right-wing parties, hostile to political compromise with Palestinians or Syria and beholden to settler constituencies; Netanyahu's relative pragmatism – when previously in office, he twice agreed to withdraw from occupied territory, despite prior opposition to the Oslo process,[226] and conducted secret talks with Damascus[227] – coupled with his penchant to balance such steps with often reckless measures to

[219] "The clear meaning of the election results is a victory by the Jewish-nationalist camp over the liberal-left camp". Emanuel Shilo, editor of the national-religious weekly newspaper *B'Sheva*, 13 February 2009. "Unlike in 2006, the hawkish camp is twice the size of the Jewish dovish camp". Crisis Group interview, Reuven Hazan, political science professor, Hebrew University, Jerusalem, 27 January 2009.

[220] A broad-based government likely would have included Likud, Kadima, Yisrael Beiteinu, Shas and United Torah Judaism, a coalition totalling 86 mandates. Crisis Group interview, former Knesset official, Jerusalem, 19 February 2009.

[221] Under the agreement, Barak retains the defence ministry and gains Labour another four cabinet posts, including agriculture, commerce and industry and social welfare. Netanyahu committed himself to all previous international agreements and affirmed he would pursue peace, without (yet) formally endorsing a two-state settlement. *Haaretz*, 24 March 2009.

[222] Despite strong opposition within Labour to joining the coalition, six of the thirteen Labour parliamentarians and a majority of party members approved. A Barak opponent decried his decision to join Netanyahu as the culmination of a decade-long campaign. "In the 2000 Camp David negotiations, Barak destroyed the left wing's peace ideology by saying there was no Palestinian partner; a decade on, he has joined forces with Oslo's arch-opponent". Crisis Group interview, Labour activist, Jerusalem, 26 March 2009.

[223] Crisis Group interview, 26 March 2009.

[224] For instance, during the 2000 negotiations with the Palestinians, Barak accepted compromises that it would be difficult for Netanyahu and his allies to contemplate at this time.

[225] While Likud offered Kadima an equal number of cabinet seats, Livni insisted on an agreement to rotate the prime minister's post after two years; the two parties also were unable to agree on a political platform, as Netanyahu refused to explicitly endorse a two-state solution. Crisis Group interview, Netanyahu aide, Jerusalem, 19 March 2009. The failure of unity talks likely were just as much the result of Livni's conviction that the party would do better at the head of the opposition (a view not shared by a number of her colleagues).

[226] In January 1997, Netanyahu agreed to a partial withdrawal from Hebron and in October 1998 signed the Wye Agreement committing his government to a further partial West Bank redeployment.

[227] See Crisis Group Middle East Report N°63, *Restarting Israeli-Syrian Negotiations*, 10 April 2007.

placate his right flank;[228] the prime minister's reluctance to alienate Washington; and intensifying concern about Iran's nuclear program. As noted, Netanyahu and his defence minister, Barak, both doubt the PA's ability to take effective action and therefore the wisdom of ceding it powers – a disbelief only slightly dented by recent West Bank developments.[229] Barak rarely hid his questions about the logic and effectiveness of the final status talks that formed part of the Annapolis process, believing no such deal was possible at this time.[230]

The coalition will not be free of internal tensions and contradictions – between religious and secular wings; among constituencies vying for larger shares of a diminishing government budget; and between desire to avoid tensions with the U.S. and reluctance to meet international demands, particularly concerning settlement construction. Perhaps reflecting these dilemmas, the new prime minister has largely remained silent, limiting policy statements to the bland and non-committal. Still, the policy likely is to be built around several pillars.

A bottom-up approach in the West Bank. On the Palestinian front, the centrepiece of Netanyahu's program is his notion of "economic peace". He promises to be more forthcoming than predecessors in ensuring the West Bank can prosper by increasing Palestinian access and movement, as well as by developing ambitious economic programs,[231] noting that for all their talk about a two-state solution, his predecessors had done remarkably little on the ground. In the words of an adviser, "the Olmert government spent 99 per cent of its time on a future deal, but delivered nothing tangible. Rather than working top-down, we want to transform the situation on the ground".[232] His entourage speaks of accelerating the transfer of responsibility to Palestinian security forces trained under the U.S.-sponsored Dayton program,[233] expanding efforts underway in Nablus, Jenin and Tulkarem.

Aides assert that Netanyahu will cut through red tape and "press the military to move faster", notably by removing checkpoints unjustified by security concerns.[234] According to an adviser, "wherever possible, Israel will remove checkpoints, increase investment and make it easier to increase exports".[235] Aides emphasise Netanyahu's frequent meetings with the Quartet envoy, former UK Prime Minister Tony Blair, to discuss some 30 economic projects he intends to implement rapidly, as well as his hope that the plans will appeal to U.S. envoy George Mitchell who, they note, began his mediation in Northern Ireland by focusing on economic affairs.[236]

The settlement issue potentially stands in the way of such plans. For the new U.S. administration, it could well become a priority and a flashpoint in relations with Israel. The more right-wing coalition members made clear they would press for settlement expansion east as well as west of the separation barrier and in East Jerusalem; they might also object to dismantling unauthorised outposts Israel committed to remove as part of the Roadmap developed by the Quartet in 2003. While the Netanyahu government is expected to commit to not establishing new settlements, the question of expansion of existing ones will prove more fraught.[237]

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[228] On 26 February 1997, Netanyahu's government approved construction of 6,500 units for a new East Jerusalem settlement, Har Homa. Construction began in March 1997. Security Council Press Release SC/6332, 6 March 1997.

[229] In the words of a former senior official, "a key to understanding the new government is its deep scepticism toward the Palestinians and negotiations with them. Unlike Egypt, Jordan or Syria, they are not a government, and so they are more unpredictable, disorderly. Why, they ask, should one turn over assets to a movement that, in contrast to a state, cannot deliver?" Crisis Group interview, March 2009.

[230] Crisis Group interview, Barak adviser, Tel Aviv, May 2008.

[231] Crisis Group interviews, Netanyahu advisers, May 2008-March 2009.

[232] Crisis Group interview, Ron Dermer, Netanyahu aide, Jerusalem, 23 February 2009. See Yaakov Katz, "Security and defense, triggering a tough choice", *The Jerusalem Post*, 12 February 2009. Ironically, the defence minister in Olmert's government who was responsible for such decisions in the West Bank now holds the same position in Netanyahu's. Colleagues claim he will have a more open attitude. Crisis Group interview, former Israeli official, March 2009.

[233] Lt. Gen. Keith Dayton, the U.S. Security Coordinator for Israel and the Palestinian Authority, oversees the training and roll-out of PA forces in the West Bank.

[234] Crisis Group interview, Ron Dermer, Jerusalem, 23 February 2009.

[235] Crisis Group interview, Yuval Steinitz, Likud parliamentarian and current finance minister, Jerusalem, 22 February 2009.

[236] Crisis Group interview, Ron Dermer, Jerusalem, 20 March 2009. An international aid official explained that "Netanyahu displays more interest in the maps of obstacles to movement that we show him, and less patience for his security advisers' justifications, than any other Israeli politician we have met". Crisis Group interview, Jerusalem, March 2009. The Quartet, composed of the U.S., the European Union (EU), Russia and the UN Secretary-General, is the informal group originally established in 2002 to advance the Israeli-Palestinian peace process.

[237] Crisis Group interview, Zalman Shoval, former Israeli ambassador to the U.S. and Netanyahu foreign policy adviser, Tel Aviv, 20 March 2009. A former senior official put it this way: "Netanyahu can agree to curb settlement activity

Facing overcrowding amid high fertility rates, ultra-orthodox residents will urge the government to oppose any curb on "natural growth" in Beitar Ilit and Modiin Ilit, their rapidly growing settlement blocs just across the Green Line.[238]

For Netanyahu, loath to either provoke tensions with the U.S. or alienate his constituency and coalition partners, the dilemma will be acute.[239] An Israeli with ties to the prime minister said, "Netanyahu doesn't want a crisis with Washington. But it will be hard for him to be far more rigorous on settlements than any of his left or centrist predecessors".[240] For Zalman Shoval, a Netanyahu foreign policy adviser, "the U.S. has accepted that Israel could keep the settlement blocs, so we do not see any compulsion to limit what we are doing inside them". [241] Assuming U.S. pressure, the government conceivably might also freeze some of the more inflammatory projects in and around East Jerusalem, though history provides little comfort. Arguably, the less he is pressured on final status issues, the farther the prime minister will be willing to go in dismantling outposts and curbing settlements.

Cautious resumption of permanent status talks. Netanyahu has expressed deep doubts about the wisdom of holding permanent status negotiations with the Palestinians at this time, supporting instead the bottom-up approach described above. In his first day in office, Foreign Minister Avigdor Lieberman (Yisrael Beiteinu), poured scorn on the Annapolis process, questioning traditional approaches to Israeli-Palestinian peace-making and pointing to the Roadmap and its more sequential approach to final status discussions.[242] Netanyahu also told high-level European officials that a breakthrough with the Palestinians should follow, not precede, dealing with the Iranian nuclear threat.[243] That said, the new prime minister is aware of the international landscape and of inevitable U.S. and European pressure in this regard.[244]

As an adviser explained, Netanyahu has straddled the fence, "resisting demands from the right to say 'no' to a Palestinian state and from Livni to say 'yes' to it".[245] Instead, he took refuge in the more ambivalent posture of defining what Palestinian self-determination would *not* entail. According to another adviser, Netanyahu's "support for Palestinian self-determination" means support for an entity that is "demilitarised and banned from importing heavy weapons or entering into any alliance with an entity hostile to Israel" and over whose airspace and electro-magnetic spectrum Israel retains control.[246]

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and not to build any new settlement. But his government will have a difficult time surviving a total freeze that includes natural growth throughout the territories". Crisis Group interview, March 2009. An Israeli observer commented that, should U.S. pressure increase, Netanyahu might agree to evacuate one or more unauthorised outpost to both prove his good will and demonstrate his political predicament. "Scenes of protest and violent resistance by settlers could buy the new government valuable time. After such incidents, Washington would be more likely to give Netanyahu leeway". Crisis Group interview, March 2009. During the campaign, the prime minister's statements sounded far tougher. Netanyahu forcefully criticised Israel's previous agreements, including the Roadmap's stipulations on a settlement freeze, telling voters, "I will not keep Olmert's commitments to withdraw, and I won't evacuate settlements. Those understandings are invalid and unimportant". *Haaretz*, 1 January 2009.

[238] Crisis Group interview, Yakov Margi, religious affairs minister and Shas parliamentarian, Jerusalem, 6 April 2009.

[239] In the words of a former official, for certain right-wing coalition partners, "ensuring settlement expansion is more vital than avoiding a crisis in relations with the U.S". Crisis Group interview, March 2009.

[240] Crisis Group interview, Netanyahu adviser, March 2009.

[241] Crisis Group interview, Tel Aviv, 20 March 2009.

[242] "There is one document that binds us, and it is not the Annapolis Conference. That has no validity … I voted against the Road Map, but that was the only document approved by the Cabinet and by the Security Council…. So we will, therefore, act exactly according to the Road Map…. I will never agree to our waiving all the clauses – I believe there are 48 of them – and going directly to the last clause, negotiations on a permanent settlement…. We will adhere to it to the letter, exactly as written. Clauses one, two, three, four – dismantling terrorist organizations, establishing an effective government, making a profound constitutional change in the Palestinian Authority. We will proceed exactly according to the clauses. We are also obligated to implement what is required of us in each clause, but so is the other side". Avigdor Lieberman, at his inauguration ceremony on 1 April 2009. Israel foreign ministry website, www.mfa.gov.il/MFA/About+the+Ministry/Foreign_Minister/Speeches/Statement_by_incoming_ FM_ Avigdor_Liberman_1-Apr-2009.htm.

[243] According to one official, the prime minister said: "there is no point seeking to conclude a deal with the Palestinians if the next day we will face an existential threat from Iran. We need to address the regional dimension first". Crisis Group interview, April 2009.

[244] Visiting Turkey on 6 April, President Obama indirectly replied to Lieberman's rejection of Annapolis, saying a two-state solution is "a goal shared by Palestinians, Israelis, and people of good will around the world. That is a goal that the parties agreed to in the Road Map and at Annapolis. And that is a goal that I will actively pursue as president". *Haaretz*, 6 April 2009.

[245] Crisis Group interview, Ron Dermer, Jerusalem, 20 March 2009.

[246] Crisis Group interview, Netanyahu adviser, Jerusalem, 22 February 2009. The apparent ambivalence has alarmed Israel's European allies. "Let me say very clearly that the way the European Union will relate to an [Israeli] government that is

In the end, there is reason to believe the new government will agree to resuming talks as well as to the goal of Palestinian statehood,[247] while seeking to convince the U.S. administration of the dangers of precipitous moves toward a final deal when neither side is ready, and important gaps remain. Inching toward that position, Netanyahu endorsed political talks on Palestinian self-rule, and his coalition agreement with Labour reiterates Israel's commitment to signed agreements. A Netanyahu aide explained that his policy would differ from his predecessors' in its means rather than goals. "The difference with the [Olmert] government is over how to reach the endgame. Do you start with a state and then limit its authority, or do you make limitations and caveats on the way to negotiating a Palestinian solution? Even if a Palestinian entity were to be called a state, it would be a state with limited sovereignty".[248]

Dealing with Gaza. Officially, Likud and its right-wing coalition partners evince little interest in reaching a ceasefire or accommodation with Hamas. Striking a harsh tone, a prominent Yisrael Beiteinu member said, "the government will not talk to the Hamas government; it will destroy it and build a new government in Gaza. We will shut everything down and close the oil faucets until Shalit returns, and then talk about how to transfer the government back to the PA".[249] Doubtful of international measures to stop arms smuggling, some on the right have urged Israeli forces to retake both the Philadelphi corridor separating Gaza from Egypt and much of Rafah to clamp down on tunnel flows. Many fear a formal ceasefire would provide Hamas with unwelcome legitimacy and breathing space to bolster its forces, while constraining Israel's ability to act;[250] moreover, given Olmert's stance, it will be politically close to impossible for Netanyahu to open the crossings without Shalit's release.

That said, it is not clear that Netanyahu – much less Barak – will be eager to resume fighting in Gaza.[251] The military establishment for the most part is sceptical of toppling Hamas[252] and concerned that failure to

not committed to a two-state solution will be very, very different". Javier Solana, EU High Representative for the Common Foreign and Security Policy, quoted in *The Jerusalem Post*, 17 March 2009.

[247] An Israeli analyst said, "Netanyahu will resist, but in the end he will endorse the goal of a Palestinian state, offering it as a gesture to President Obama. In so doing, he will hope to receive plaudits from the Americans in exchange for a so-called concession he always intended to make". Crisis Group interview, 30 March 2009.

[248] Crisis Group interview, Tel Aviv, 20 March 2009. Avigdor Lieberman could possibly be brought on board. The leader of Yisrael Beiteinu has openly called for creation of a viable Palestinian state; his priority is demography, which explains both his support for partitioning the land and desire to rid Israel of as many members of its Arab population as possible. See Avigdor Lieberman, "The case for 'responsible citizenship' in Israel", *The Jewish Week*, 27 February 2009. In the words of Danny Ayalon, a Yisrael Beiteinu parliamentarian and former Israeli ambassador to Washington, "Maybe we're not always politically correct, but we are not against a Palestinian state. Israel does not have an eastern border, and in drawing one it makes sense to take account of demographics – to keep most Palestinians under Palestinian rule and most Israelis under Israeli rule with a new line. In this respect we are closer to Livni than Netanyahu". Crisis Group interview, Jerusalem, 23 February 2009.

[249] Crisis Group interview, Nazareth Ilit mayor and former official in the prime minister's office Shimon Gafsou, Herzliya, 11 February 2009.

[250] In the words of a prominent Likud parliamentarian and current finance minister, "an armed entity on Israel's west, which refuses to recognise Israel, might set up antennae for Iranian intelligence to penetrate Israel's main air bases. If Israel does not insist on demilitarisation in Gaza, then it might do the same in the West Bank, and that could evolve into a genuine existential threat. The calm has implications for Israel's strategic situation". Yuval Steinitz, speaking at Herzliya conference, 3 February 2009.

[251] Barak, in particular, is said to see the benefits of a more formal ceasefire agreement with Hamas. Crisis Group interview, former senior Israeli official, March 2009. "Netanyahu has offered Labour equal partnership on policymaking, and Labour would use it to press for a ceasefire with Gaza". Crisis Group interview, Daniel Ben Simon, Labour Knesset member, Tel Aviv, 20 March 2009. In the elections run-up, Barak confronted Livni directly on this issue: "Leave this [the ceasefire negotiations with Hamas] to the military chief of staff, the Southern Command and with the greatest of modesty, to me as well. I simply suggest that we begin speaking in a more realistic way to deal with the real challenges of the Middle East, rather than the reality as we imagine it to be". *Haaretz*, 1 February 2009.

[252] Crisis Group interview, security official, Tel Aviv, 23 March 2009. "Israel didn't topple Hamas in Gaza because it costs money – some 15 billion NIS ($357 million) annually – to administer the population. Had we done so, we'd again have faced terrorism against our soldiers, and history usually teaches us that if Hamas goes down, Islamic Jihad and al-Qaeda will rise in its place, and we'll have to deal with an enemy that doesn't just want us to be subjects under their rule, but to be Poland and elsewhere". Address by Yair Naveh, major-general in Israel's reserve forces, Jerusalem, 26 March 2009. Reflecting a view shared by some in the security establishment, a former senior security official told Crisis Group, "Regime change in Gaza is not an Israeli problem. If Hamas is weakened to the point that Gaza reverts to chaos, then Israel will have lost something. Which organisation is hardest to fight against? Hamas or al-Qaeda? The lat-

reach a ceasefire diverts attention and energy from more critical fronts, notably Iran.[253] As a result, the government could seek to maintain, at least for some time, the current posture of economic pressure modulated according to Hamas's actions, with occasional military action. But if weapons smuggling and rocket fire continue, pressure for more vigorous military action will grow, this time with the goal of ending the Islamists' rule. Prior to the elections, General Yaalon, a prominent Likud politician and former chief of staff since named vice prime minister and tasked with drafting a plan for dealing with Hamas, predicted: "Regardless of the next prime minister, there will be a truce for some time. There can even be economic arrangements. But this would only be temporary. Hamas is interested in more than the economy. It wants Hamastan. We defeated them militarily, but only until the next round".[254]

The Syrian track. Publicly, Netanyahu's advisers say very little (and nothing positive) about the Syrian track, but he might well be tempted. In conversations with Western officials, he has taken contradictory stances, reportedly encouraging the U.S. officials to relaunch Israeli-Syrian talks,[255] while expressing disinterest when talking to Europeans on the grounds that Damascus will not break with either Iran, Hamas or Hizbollah.[256] Barak's inclusion in the coalition bolsters the odds of a move toward Syria. In their previous incarnations as prime minister, both displayed a marked preference for negotiations with Damascus, Netanyahu through secret indirect talks and Barak in a process that culminated in the failed March 2000 Clinton-Assad summit.

Today, several factors could once more pull in that direction: as Israel's military-security establishment sees it, an agreement with Syria would carry important strategic benefits vis-à-vis non-state actors (Hamas and Hizbollah) and, most significantly, with respect to the effort to curb Iran's regional reach;[257] both Netanyahu and Barak are more comfortable dealing with a state than a national movement; and negotiations, which are expected to be drawn-out, could deflect international pressure to grapple with politically explosive issues of Jerusalem, refugees and final borders with the Palestinians.[258] None of this necessarily means reaching a deal with Damascus. Indeed, many of Netanyahu's close advisers convey strong reservations and say they will never withdraw to the June 1967 lines, Syria's absolute requirement. Some of his coalition partners, most notably Lieberman, are also opposed to a withdrawal from the Golan. All of which could mean prolonged, intensive but ultimately inconclusive negotiations.[259]

ter, because they don't have an address against which you can retaliate. I prefer someone in charge". Crisis Group interview, Giora Eiland, former head of the National Security Council, Jerusalem, 14 January 2009.

[253] Crisis Group interview, security official, Jerusalem, 14 March 2009.

[254] Crisis Group interview, current Vice Prime Minister Moshe Yaalon, Jerusalem, 27 January 2009.

[255] Crisis Group interview, U.S. official, Washington, March 2009.

[256] Crisis Group interview, European official, April 2009.

[257] "The heads of Israel's armed forces and military intelligence both advocate a deal with Syria. They are the anchors of stability, the moderating elements in this crazy mess". Crisis Group interview, security official, Jerusalem, 11 February 2009. A former senior Israeli official said, "the IDF's incapacity to produce decisive victories in its last two confrontations with non-state actors is central to its desire to reach peace with Syria". Crisis Group interview, March 2009. This logic is likely to appeal to the Obama administration, which appears to share the view about "decoupling" Syria and Iran. Crisis Group interview, U.S. official, Washington, March 2009.

[258] Turning toward Syria also would allow Israel to frame its approach in a manner consistent with the Arab Peace Initiative and the goal of a comprehensive agreement. Indeed, Netanyahu could well be more positively inclined than his predecessor toward the initiative, as a means of broadening engagement with the Arab world and signalling goodwill to the Obama administration. Barak also is said to be more interested than in the past. Crisis Group interview, former senior Israeli official, 30 March 2009.

[259] According to Ron Dermer, one of his advisers, "when the Syrians asked whether when Netanyahu rejected Israel's return to 4 June 1967 lines he was referring to metres or hundreds of metres, he replied 'miles'". Crisis Group interview, Jerusalem, 20 March 2009. In a recent meeting with a European official, Netanyahu reportedly stated that Israel would insist on maintaining a significant part of the Golan Heights and dismissed Syrian demands. His aides went so far as to suggest a complicated three-way land swap scheme under which Syria would be compensated with Jordanian territory and Jordan in turn would be compensated. Crisis Group interview, European diplomat, April 2009. Although Netanyahu says he is ready to negotiate with Damascus, direct talks might not take place should Syria insist, as in the past, that Israel first acknowledge it will withdraw to the 1967 lines.

IV. THE WAR'S UNFINISHED BUSINESS

A. CEASEFIRE

In the wake of the war, Egypt sought to broker a new ceasefire between Israel and Hamas that, for a time, appeared attainable. In mid-February 2009, the parties seemed to converge on a Gaza-only ceasefire to last eighteen months and allow for the import into Gaza of all "necessary materials". There was no specific list of such goods, though Hamas claimed to have obtained an "Egyptian guarantee" that humanitarian goods and building supplies, save items considered a security risk, such as pipes and certain chemicals, would be covered.[260] Israel made clear it would continue to monitor flows for dual-use goods.[261]

Within Israel, however, different approaches rapidly surfaced. Defence Minister Barak reportedly favoured a formal understanding with Hamas, to be reached independent of progress on a prisoner exchange. In contrast, after weeks of pursuing a ceasefire agreement via Egyptian mediation, Olmert abruptly changed course when one appeared in the offing, insisting – much to Cairo's embarrassment – that there could be no ceasefire unless Shalit were first released.[262] This in turn prompted an unusually public spat with his chief negotiator, General Amos Gilad, who accused the prime minister of endangering the country's security.[263] In the aftermath, indirect negotiations over a prisoner exchange resumed, though serious obstacles – the total number and identity of Palestinian detainees to be released and where some would be sent – remained.[264] Meanwhile, ceasefire negotiations seemingly ground to a halt; Hamas insists that any truce must include an opening of crossings, and Israel has tied any such opening to Shalit's release.[265]

Olmert has bequeathed an unwritten unilateral ceasefire as fragile as the one that preceded it. Now as then, Israel's hope is that Hamas's fear of Israeli retaliation coupled with its desire to retain control of Gaza will discourage violent escalation. In the words of an Israeli official, "we are forcing Hamas to choose whether they want to fight Israel or consolidate their hold on Gaza. Economic pressure was very effective in the past in persuading Hamas to enforce the ceasefire and continues to be so".[266] Said another, "we already have a ceasefire. If they shoot at us, we'll shoot at them".[267]

There is some indication this could work – despite occasional rocket launches, Hamas has carried out an unusually strong crackdown on those who violate its unilateral ceasefire, including the arrest and alleged torture of Islamic Jihad members.[268] But this could well prove a dangerous illusion. Hamas will not accept continued closure any more than Israel will accept continued rocket fire or accumulation by the Islamists of what it considers a dangerous arsenal of longer-range missiles.[269] A formal understanding, optimally

[260] Crisis Group interview, Hamas leader, Gaza City, February 2009.
[261] Crisis Group interviews, U.S. and Israeli officials, Tel Aviv, February 2009.
[262] Crisis Group interviews, U.S., Israeli, Egyptian and Hamas officials, Washington, Jerusalem, Cairo, February-March 2009. According to various unconfirmed reports, Hamas and Israel had agreed separately with Egypt to an eighteen-month ceasefire whereby Hamas would refrain from mortar and rocket fire, planting explosive charges or engaging in sniper fire along its border with Israel; Israel in turn purportedly had agreed to a ceasefire and opening of crossings to roughly 80 per cent of pre-June 2007 capacity (the remaining 20 per cent conditioned on ceasefire implementation and progress on the prisoner exchange). Both sides also allegedly agreed to a 200-metre buffer inside Gaza free of armed militants. See, eg, *Yediot Ahronot*, 13 February 2009. Hamas sought to codify any agreement in writing, "so that if there's a violation, we can go back to the document to establish who is not living up to their commitments". Crisis Group interview, Hamas negotiator, Gaza City, February 2009.
[263] Gilad argued that by hampering the Egyptian mediation effort, Olmert was jeopardising relations with a key regional ally. "We are harming national security". *Maariv*, 18 February 2009. Olmert dismissed Gilad, reinstating him only after the latter publicly apologised.
[264] According to a senior Hamas leader, the two sides disagree on the total number of prisoners to be released. He also claimed that Israel had rejected 125 of the 450 names that Hamas demanded as part of the first stage. Of the 325 Israel accepted, he asserted that only 175 would have been allowed to return to their West Bank and Gaza homes; the remainder would have been deported. In contrast, Hamas insisted that only a small number could be deported, perhaps ten to twenty, to "protect them from Israeli assassination". Crisis Group interview, senior Hamas leader, Cairo, March 2009.
[265] Crisis Group interview, security official, Jerusalem, 22 February 2009.
[266] Crisis Group interview, Israeli official, Jerusalem, 19 January 2009.
[267] Crisis Group interview, Jerusalem, 22 February 2009.
[268] Crisis Group interview, Islamic Jihad leader, Cairo, March 2009. Referring to inter-Palestinian reconciliation talks in Cairo, a Hamas leader in Gaza said, "the period of fighting has paused. The focus today is on the political process in Cairo". Crisis Group interview, Gaza City, February 2009. Zahar echoed this thought in an interview: "Today [our] stance is one of waiting". *Al-Akhbar*, 21 February 2009.
[269] Hamas's priority was and remains opening the crossings and, in particular, Rafah. As the six-month ceasefire expired, the Islamists argued that Rafah ought to be managed in the

coupled with third party monitoring, remains an essential objective.

B. RECONSTRUCTION

Once the twin unilateral ceasefires were announced in January 2009, the battle swiftly shifted to reconstruction. All parties confront a dilemma: Hamas is eager to open Gaza's crossings and for reconstruction to begin but also insists that donor assistance not bypass or undermine it; the Ramallah-based PA must demonstrate care for and action on behalf of Gazans but wishes to use this as a way back into the Strip; Israel is under international pressure to open the crossings, yet says it fears some imported material could be diverted by Hamas for military use and sees the siege as a pivotal lever to achieve Corporal Shalit's release; finally, members of the international community – the U.S. chief among them – want to be seen as helping Gazans, recognise the bankruptcy of their attempt to weaken the Islamists by isolating Gaza, but at the same time are determined that credit flow to the Ramallah-based PA, not Hamas.

Money, in principle at least, is not the problem.[270] The 2 March "International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza" held at Sharm al-Sheikh surpassed its pledging target.[271] The problem is who will receive it, how they will receive it and on what it will be spent. In this respect, two critical actors were missing from the gathering: Israel, which holds the key to allowing goods into Gaza, and Hamas, which controls the situation on the ground regarding access, security, checkpoints, taxation and issuance of permits for land use or construction. If Israel is not persuaded to open the crossings and if a middle ground cannot be found between Hamas's insistence on being involved and much of the donor community's desire to bypass it, the lofty commitments will remain almost entirely theoretical, and the siege will deepen.[272] An international aid official expressed the problem thusly:

> We haven't defined what it means to "help Hamas". We can set up technically sound procedures, with proper tenders, procurement, auditing and the rest to try to make sure money and materials do not find their way into Hamas's hands, but that [does not address] the fundamentally political questions of what you should use it for. For instance, what does it mean for us to reconstruct a school that is controlled by the Hamas Ministry of Education? Is that helping Hamas? At the end of the day, doing anything in Gaza means recognising the reality that Hamas is fully in charge. This is not just a question of winking at the security guard nearby. It begins at getting goods in through the crossings and ends with who uses the finished product.[273]

The PA faces a similar dilemma. Like the international community, it sees the humanitarian imperative to help those in need, the political imperative to re-establish its presence in Gaza and the economic imperative to "put a floor under Gaza's freefall",[274] but it wants to do so without helping Hamas. Given those considerations, and regardless of the chosen mechanism, reconstruction – particularly of important government institutions – will remain incomplete as long as Hamas remains in control and an understanding is not reached with Fatah. A Fatah leader asked: "If we turn Gaza into a gleaming city on a hill, does it make sense to turn the

framework of a Hamas-Egypt arrangement; during the war, Hamas leaders told Crisis Group they would accept the 2005 Agreement on Movement and Access, though they expressed a preference for a Turkish as well as European presence at the border. Hamas also asked for a role, either through the presence of its security personnel at the border's periphery (with PA security personnel at the border itself) or by fulfilling civil functions (such as health, customs and civil police) at the border. Crisis Group interviews, Hamas leaders, Gaza City, January 2009. Egypt insisted from the outset on abiding by the 2005 agreement. See below.

[270] According to a UN official, "money is not the issue. The issue is implementation – whether Israel will permit the material to enter". UNDP has accumulated about $215 million for projects that cannot be carried out due to access restrictions. UNRWA has a nine-month, $346-million early recovery plan that is 53 per cent funded, but virtually all its work is on hold for the same reason. Crisis Group interviews, UNDP and UNRWA officials, Gaza City, April 2009.

[271] The conference focused not on Gaza alone but rather on the Palestinian Authority as a whole, which requested $2.8 billion, including $1.3 billion for Gaza reconstruction and $1.5 billion for 2009 budget support. While substantial funds were pledged, those two priorities received less than officials had hoped. The conference raised approximately $4.4 billion, but much consisted of recycled pledges and only a small portion was earmarked for 2009 budget support. Crisis Group interview, presidential adviser, Ramallah, March 2009.

[272] A European diplomat commented that this is already happening: "It's been months since the war ended. Foreign officials are undertaking their obligatory tours of the ruins. But nobody is doing anything". Crisis Group interview, Jerusalem, 19 March 2009. An international official in charge of rebuilding went further: "The way it looks now, the most likely outcome is that, as in previous crises, recovery simply won't occur". Crisis Group interview, Gaza City, 16 March 2009.

[273] Crisis Group interview, international aid official, Jerusalem, February 2009.

[274] Crisis Group interview, adviser to Prime Minister Fayyad, Jerusalem, April 2009.

keys over to Hamas?"[275] Even more modest efforts on the PA's part will reflect a rich irony, in the words of an adviser to the prime minister: "The international community pays for Israel's occupation; we are about to pay for Hamas's transgressions".[276]

As a result, many donors pinned their hopes on an inter-Palestinian agreement that would allow them to work with a recognised government in Gaza. Some officials admitted to delaying their planning, as they awaited the outcome of the Cairo talks.[277] With the Palestinian dialogue seemingly having failed, some now admit to finding a further reason for delay as they assess the Obama administration's position and likely course with respect to the crossings.[278] Still, with progress on all fronts seemingly blocked, working with the PA seems to be the default option, if only because "it's the only address with whom we can plan".[279] The Authority designed an early recovery plan, partly to ensure it shaped the subsequent international debate about reconstruction. Its hastily designed document occasioned criticism from both international aid officials[280] and some Palestinians,[281] but succeeded in imposing the PA's vision of how the process should proceed. While some donor officials were discussing the formation of an independent aid mechanism with its own trust fund,[282] the PA, in the words of an international aid official, "got its train out of the station".[283] Since Sharm al-Sheikh, the PA has elaborated the plan and assuaged some concerns.[284]

The PA recovery plan has three phases. In the first, the Ramallah-based government disbursed a total of some $20 million in emergency cash assistance through UNDP to approximately 9,000 families whose homes had been destroyed or damaged.[285] Phase Two, currently underway, also focuses on the housing sector, which was hardest hit by the fighting and is politically most significant given the large number of victims.[286] The Authority plans to transfer money to Gaza banks, which in turn will distribute it to beneficiaries; CHF International (formerly known as Cooperative Housing Foundation), an international non-governmental organisation, is charged with verifying the extent of the damage and monitoring rebuilding. The money will be awarded as loans and grants[287] to homeowners who have

[275] Crisis Group interview, Fatah leader, Ramallah, April 2009.
[276] Crisis Group interview, adviser to Prime Minister Fayyad, Jerusalem, April 2009.
[277] Crisis Group interview, international aid official, February 2009.
[278] Crisis Group interview, international aid official, Jerusalem, April 2009.
[279] The Gulf Cooperation Council established a mechanism that aims not just to finance but actually to implement reconstruction projects by opening an office in Gaza, thereby bypassing both the PA and Hamas, but it has yet to get off the ground. All Arab countries can donate; it is to be managed by a board of participating countries in cooperation with the Islamic Development Bank. The $1 billion Saudi and $250 million Qatari commitments formed its core. *Al-Hayat*, 23 February 2009. It raised additional money at the Sharm al-Sheikh conference, with the total pledged $1.65 billion.
[280] Echoing others, an aid official said, "it is diagnosis without strategy". They attributed its preliminary nature to time constraints, as the pledging conference was held a scant six weeks after the cessation of the most severe hostilities, not three to six months later, as is the norm for post-conflict reconstruction, Ramallah's lack of presence on the ground and political uncertainty. Crisis Group interviews, Jerusalem and Ramallah, February 2009. As time has passed, donor officials agree planning quality has improved. Crisis Group interviews, bank and aid officials, Jerusalem and Ramallah, April 2009.
[281] Gaza's private sector in particular felt excluded from the decision-making process and formed the "Private Sector Coordinating Council" as an independent address for reconstruction planning. However, with the PA insisting on its status as the sole legitimate point of contact and administrator of aid flows, it was forced to accept Ramallah's primacy. Crisis Group interview, private sector leader, Gaza City, April 2009.
[282] According to one scenario, reconstruction would be in the hands of an independent, non-partisan Palestinian steering committee staffed by personnel agreed upon by Hamas and Fatah. The committee could include international members; alternatively, an international oversight board could monitor the expenditure of funds. Hamas in principle endorsed this model, which would both provide Gaza with financial assistance and entail some international engagement with the Gaza government. Crisis Group interview, Gaza private sector leaders and Hamas leaders, Gaza City, March 2009. But most international aid officials interviewed by Crisis Group were sceptical that an independent body could have worked. They argued it would be interpreted as a no-confidence vote against the Ramallah PA and a way of reducing pressure on Hamas. They also feared that the committee, regardless of its purported independence, would reproduce existing political divisions. "They would fight about which schools, which police stations and which ministries to rebuild first". Crisis Group interview, UN official, Ramallah, March 2009.
[283] Crisis Group interview, Jerusalem, April 2009.
[284] Crisis Group interview, international aid officials, Jerusalem, April 2009.
[285] Crisis Group interview, UN official, Gaza City, March 2009.
[286] An aid official said, "This war wasn't like Lebanon in 2006, when Israel destroyed an incredible amount of infrastructure". Crisis Group interview, Jerusalem, February 2006. According to the PA early recovery plan, repairing losses in the water, sanitation and hygiene, energy, transportation and telecommunication sectors will cost some $154 million, whereas housing repairs will cost approximately $348 million. See "The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010", Palestinian National Authority.
[287] 80 per cent of the money is scheduled to be provided through grants and 20 per cent through loans. Should beneficiaries turn down the loan, they must prove they possess

been vetted by the PA to ensure that "Hamas cadres" do not benefit.[288] The bottleneck remains the fact that crossings are closed, so essential construction material is lacking; this is one reason why donors have yet to meet their commitment to fund the program. That said, the PA's work is creating pressure to deliver on pledges.[289]

According to PA and bank officials, Hamas did not interfere with registration, which ran from 6 to 26 March and brought in over 25,000 applications.[290] Given the situation in Gaza, the Islamist movement probably sees it as far too costly to deny residents any source of aid. Moreover, the project will not only help Hamas's constituents in Gaza but also inject substantial sums into the economy, a portion of which – like PA salaries – will end up in Hamas hands in the form of taxes on merchants and sustain government services through the payment of utility fees. And, as PA officials themselves point out, pending the crossings' regular functioning, homeowners might use smuggled construction materials. This, too, will yield profits to the Gaza government, which regulates the tunnel traffic.[291] In the words of a PA financial official, "this program could be an economic windfall for Hamas".[292]

In an eventual third stage, the program will be expanded to the agricultural and private sectors, with the Gaza Private Sector Coordinating Council – an organisation formed by the private sector to help plan reconstruction – as the local address for verifying damage and progress toward recovery and the EU as funder. But even the program's designers are sceptical that the second and third stages can amount to much insofar as Israel continues to restrict cash and material imports.[293] Moreover, should the reconstruction proceed, this program cannot answer the question of what homeowners, farmers and factory owners will do with their rebuilt property, should the borders not be opened to allow normal economic activity.

There is no guarantee how Hamas ultimately will react, so the final word on the PA's ability to work in Gaza has yet to be written. There is reason to believe a workable compromise can be found. As seen, Gaza's authorities thus far have acquiesced to the PA's registration process and, albeit grudgingly, to the work of international organisations. Its leaders have said they would accept oversight of reconstruction by an independent committee, including, inter alia, organisation of disbursement of funds and monitoring of the proper end use of materials.[294] Such flexibility reflects calculation: the Islamists are eager for reconstruction to proceed, and they feel that, ultimately, no serious reconstruction – in terms of construction permits, land allocation, security and the like – can take place without the Gaza government's involvement, given its mastery on the ground.

There are limits, of course. Hamas will look warily upon any mechanism that grants Ramallah central control and – more to the point – most of the credit; in that case, it could seek to hamper PA operations. At a minimum, the Gaza government will insist on being consulted, kept informed and remaining part of the process. "We will content ourselves with a minimum of coordination", said the social affairs minister. "We even are prepared to relinquish some of our governmental rights for the sake of our people who are suffering".[295] But, he quickly added, rebuilding cannot work by remote control; the Ramallah-based PA cannot assume sole responsibility, and some mechanism is needed to keep Hamas apprised and to iron out disagreements.[296] In the meantime, Gaza's authorities have started the first stage of their own reconstruction program, a $5 million effort to demolish and clear the ruins that pose an immediate threat to public safety.[297] Any actual recon-

equivalent resources. Crisis Group interview, bank manager, Gaza City, 16 March 2009.

[288] Crisis Group interview, senior PA official, Ramallah, February 2009. Names of applicants will be vetted against a list of proscribed individuals published by the U.S. Office of Foreign Assets Control as well against an internal PA list that includes 6,000-7,000 names. Crisis Group interviews, adviser to Prime Minister Fayyad and PA officials, Jerusalem and Ramallah, April 2009.

[289] Crisis Group interviews, PA and donor officials, Jerusalem, April 2009.

[290] Crisis Group interview, PA official, April 2009. The program calls for the disbursement of over $300 million.

[291] The mark-up on smuggled Egyptian cement fluctuates with supply, but it can reach as much as 2,000 per cent. Crisis Group observations, March 2009.

[292] Crisis Group interview, PA official, Ramallah, February 2009.

[293] Crisis Group interview, international aid official, Jerusalem, February 2009.

[294] Crisis Group interview, Gaza government officials, Gaza, April 2009.

[295] Crisis Group telephone interview, April 2009.

[296] Crisis Group interview, Gaza Social Affairs Minister Ahmad al-Kurd, Gaza City, April 2009. To an extent, this is already occurring with non-governmental coordination on a technical or informal basis. In the longer term, it would make sense to formalise this arrangement through an independent committee – eg, via the Gaza Private Sector Coordinating Committee or some other body. This also would coincide with Prime Minister Fayyad's reported intention to de-escalate tensions with Gaza.

[297] Crisis Group interview, Gaza Social Affairs Minister Ahmad al-Kurd, Gaza City, March 2009.

struction, Hamas officials add, will have to await the opening of the crossings.

For now, the more important obstacles are Israel's access restrictions. Even beyond its use of such impediments to press for Gilad Shalit's release, Israel is concerned that import of raw materials could constitute a security threat. Palestinians who designed the PA program concede that their system is not fool-proof: if the price is right, nearly anyone will sell cement or other materials to Hamas, and were certain individuals to be blacklisted, the Islamists easily could recruit others.[298] But Gaza itself is not leak-proof: the tunnels continue to function, with smuggled goods in stores, fuel at the pumps and minor repairs to government buildings already underway.[299] On the eve of the war, the Gaza interior ministry decreed that every tunnel must bring in one ton of cement per day,[300] an order that could be renewed, though Egypt's recent crackdown in the Sinai might make it harder for smugglers.

The question, therefore, is not really whether Hamas has access to supplies – it does, even if in substantially smaller quantities than it desires – but rather if ordinary people do. The concern should be, as with any aid project, to ensure that the program works transparently, and materials are not diverted for improper use.[301] For that, the best answer is to have an independent organisation vet rebuilding as it proceeds and to make clear that any beneficiary who does not use the money and materials for the purpose for which they are delivered will not be able to collect any more.

Whatever option is chosen, some of the reconstruction should be managed by UN agencies that traditionally have assumed significant responsibility for Palestinians, carrying out functions and providing services typically performed by the state. UNRWA and UNDP are the two largest, working in the main with refugee and non-refugee populations respectively on both humanitarian assistance and large infrastructure projects. That said, both agencies face restrictions that prevent them from taking on overall responsibility.

UNRWA's mandate confines it to working with refugees or within the camps, whereas Israel predominantly targeted areas inhabited by non-refugee populations. The agency is reluctant to expand its operations lest it be drawn into overall governance of Gaza.[302] Moreover, any such extension risks entangling UNRWA in perilous political controversies, possibly alienating Hamas, Fatah, Israel or the U.S. in the process and jeopardising its other work.[303] UNDP tackles projects that do not directly concern refugees but could not touch government security installations, ministries or crossing points in the absence of reconciliation.[304]

C. PALESTINIAN RECONCILIATION

From the moment their divisions turned to confrontation, Fatah and Hamas asserted their eagerness for reconciliation. After the Gaza war, there was a sense that, this time, they might mean it. Several developments explain the apparent shift. The gathering popular demand for national reconciliation is unmistakable. Since the war, Palestinians not only speak out more loudly than before, but have organised as well,[305] reversing the dynamic of the previous eighteen months

[298] Crisis Group interview, bank manager, Gaza City, April 2009.

[299] Crisis Group observations, Gaza, March 2009.

[300] Crisis Group interview, Gaza businessman, Gaza City, March 2009.

[301] Before the formation of Netanyahu's cabinet, Israel and the PA began consultations, via the Oslo-era Joint Economic Committee, on an information-sharing mechanism to ensure aid is not misappropriated. The new Israeli government's position is not yet clear. Even donors with rigorous vetting mechanisms have said, "if Israel and the PA agree on a verification mechanism they can live with, so can we". Crisis Group interview, Jerusalem, April 2009. The U.S. and Israel have begun their own discussions on aid and access in advance of the May meeting of the Ad-Hoc Liaison Committee, the top donor forum for Palestinian aid. Crisis Group interview, international aid official, April 2009.

[302] On occasion, it has assisted non-refugees on an emergency basis. That said, it has resisted any expansion of its mandate. Crisis Group interview, UNRWA Commissioner-General Karen AbuZayd, Gaza City, 16 March 2009.

[303] "It's clear that both Hamas and Fatah want to be responsible for the building efforts, and we wouldn't want to get in the middle of that". Crisis Group interview, UN official, Ramallah, March 2009. Some donors worry about the degree to which the UN would need to cooperate with the Gaza government. Although Islamist leaders pledged not to interfere with UN agencies, they unquestionably would need to coordinate with Gaza authorities to use land and for security purposes. (Gaza government and Hamas forces guard UN compounds and provide escort during times of heightened security concern.) Crisis Group interviews, Hamas leaders and UNDP official, Gaza City, February and March 2009.

[304] Crisis Group interview, UNDP official, Gaza City, 17 March 2009.

[305] The "Call for Unity", signed by 50 prominent figures, is the most significant example of the attempt to mobilise elite and popular pressure, though civil society and independent initiative have been overtaken by unity talks in Cairo. It was welcomed by Abbas shortly after its release but has less currency in Gaza. A senior Hamas figure in Gaza claimed not to have heard of it. Crisis Group interviews, senior PA official, Ramallah, February 2009; senior Hamas leader, Gaza City, February 2009.

when, according to a Fatah PLC representative, "all say they want unity but don't do anything about it, since [it] is seen as tantamount to collaborating with the enemy".[306]

Neither Fatah nor Hamas can afford to ignore public sentiment; as a senior Islamist leader put it, "national unity is not just a political demand these days. It has become a religious precept".[307] During a tense moment of a Cairo negotiating session, Mariam Abu Daqqa of the Popular Front for the Liberation of Palestine said, "If we fail to come out with an agreement, people will throw shoes at us, and we will lose the confidence of the people".[308] All in attendance, Hamas and Fatah included, concurred.

Hamas also realises that, without some form of reconciliation, crossings are unlikely to open and Gaza is unlikely to receive needed assistance or be rebuilt. An Islamist leader said, "we realise the reality around us. After two and half years of siege and the war, it's clear that things cannot stay as they are".[309] An agreement with Fatah presumably also would lessen pressure on the movement in the West Bank where, due to the combination of Israel's and the PA's crackdowns, its operations have been significantly disrupted.

Fatah was chastened by public reaction to its wartime attitude, and many leaders concluded that reconciliation was critical both to redressing its image and recovering a foothold in Gaza. As prospects for a diplomatic breakthrough suffered a blow with the right's victory in Israel's parliamentary elections, and notwithstanding the promise of a new U.S. administration, Fatah also worried about banking on the peace process to recover its standing. Abbas, nevertheless, was unwilling to make any concessions that would jeopardise the PA's international standing or undermine the possibility of resuming negotiations with Israel at a future date.

So, too, have regional and international dynamics shifted. The war brought the inter-Arab polarisation to boiling point, as Syria and Qatar on the one side and Egypt and Saudi Arabia on the other organised competing summits and traded uncommonly blunt accusations. Facing the risk of a fracture of uncertain scope and consequence, some on both sides sought to diminish tensions. A Syrian leader purportedly told his Saudi counterpart, "we know you can create real difficulties for us vis-à-vis the West. But we can create real difficulties for you vis-à-vis your public opinion. If our relations continue to worsen, we both will lose".[310] Just as the Fatah-Hamas confrontation became one of the more visible expressions of Arab discord, so their putative reconciliation was to be an index of rapprochement.[311]

The novel atmosphere in Cairo showed in various ways. Egypt and Fatah proved more flexible on procedural issues than previously, allowing Hamas to feel treated as a full-fledged participant in, rather than a target of, inter-Palestinian dialogue.[312] Hamas shifted its stance on substantive issues even before the dialogue officially commenced, regarding in particular the sequencing of various steps[313] and, arguably, the date for the next presidential election.[314]

[306] Crisis Group interview, Tulkarem, November 2008.
[307] Crisis Group interview, senior Hamas leader, Cairo, February 2009.
[308] Crisis Group interview, senior Hamas leader, Cairo, March 2009.
[309] Crisis Group interview, senior Hamas leader, Cairo, March 2009.

[310] Crisis Group interview, Syrian official, March 2009.
[311] Crisis Group interview, Arab League official, March 2009.
[312] Ahead of the scheduled November 2008 negotiations, Hamas insisted on direct talks with Fatah and protested that Egypt had drafted a document outlining the parameters for reconciliation prior to face-to-face meetings between the rivals; it opposed Abbas's treatment as head of state rather than party to the conflict; and it demanded inclusion of small Gaza-based militant groups. It was turned down by Egypt on all fronts. See Crisis Group Briefing, *Palestine Divided*, op. cit. This time, in contrast, high-level Hamas-Fatah contacts took place in Cairo weeks before the formal meeting; parameters for reconciliation were discussed by the negotiators themselves; small militant factions were invited to Cairo; and, in a confidence-building gesture, tens of Hamas prisoners in the West Bank were released prior to the talks. Crisis Group interview, Hamas leader, Cairo, 25 February 2009.
[313] Hamas previously had demanded simultaneous implementation of all files. See Crisis Group Briefing, *Palestine Divided*, op. cit. In the run-up to the Cairo talks, it acquiesced to a phased approach in which formation of a new government could occur before full implementation of all other agreed matters. This meant in particular that the government could be established once a mechanism for PLO reform was agreed, even if it was not carried out at that time. Explaining the shift, a senior Hamas leader said, "if the target dates for PLO reform are not met, we can bring down the government", Crisis Group interview, Cairo, February 2009, though it almost certainly reflected newfound urgency on the part of the Islamist movement for a unity government that would enable Gaza reconstruction.. That certainly was Fatah's interpretation. Crisis Group interview, Ramallah, February 2009. Hamas also no longer insisted on release of all its West Bank detainees as a precondition for talks, accepting a partial release instead.
[314] Hamas's position had been that Abbas's term expired in January 2009. By agreeing to hold elections in January 2010, Hamas in effect acknowledged him as the legitimate presi-

Yet despite positive statements, early optimism and agreement on a number of issues, three rounds of talks ultimately ran aground, with little hope that the fourth (scheduled for 26 April) will be any different. As this report was being published, reports suggested that Egypt might have abandoned efforts to form a unified government and instead was floating the idea of an ongoing joint committee that would implement reconstruction as well as those parts of the reconciliation agenda agreed in Cairo.[315] In reaction to the Egyptian proposal, Hamas and Fatah demonstrated rare unanimity: both told Crisis Group such a committee would be weak, unable to carry out its weighty agenda and, rather than healing political divisions, would cement them.[316]

Failure in the first three rounds stemmed in part from the fact that for now, and despite pressure to compromise, neither side is willing to relinquish its most important assets – for Hamas, control over Gaza; for Fatah and the PA, dominance in the West Bank and over the PLO. Nor does there seem to be any obvious middle-ground on the issue of the two sides' core principles. Hamas's identity depends on preserving its political stance (no recognition of Israel and acceptance of the right to resist), whereas Fatah's and the PA's fates depend on vindication of their diplomatic strategy of negotiations. For either side to give in would be to gamble with its future.

There also was a sense that some of the major obstacles could not be addressed by the parties in the negotiating room. Hamas had little to gain by concluding a reconciliation agreement before a prisoner exchange and ceasefire deal – Israel's apparent prerequisites for opening the border. Nor was full partnership in the West Bank Fatah's to give, with Israel still in occupation and the PA's security services dependent on coordination with both Israel and the U.S. Finally, the presence of the U.S. – and whether it would relax the three Quartet conditions for dealing with a new government – was heavily felt despite Washington's absence from the Cairo talks.[317]

Although some Palestinians celebrated the "breakthroughs" achieved in Cairo,[318] the agreements largely concerned generalities and less fateful issues. This in part reflected continued disagreement about the form of a unified government that inhibited compromise. More fundamentally, the two sides approached the dialogue differently, Hamas as a means to resolve differences between two existing and equal authorities, Fatah as a negotiation in which the only legitimate authority was Ramallah's. Consequently, Hamas sought to share power and combine governments and agendas,[319] whereas Fatah sought a clear endorsement of its political program and the reversal of measures taken by Hamas in Gaza.[320]

dent for another year. At the 26 February Hamas-Fatah press conference, Hamas leader Mahmoud al-Zahar referred to him as "President Abbas", in sharp contrast to earlier, less flattering designations. Hamas spokesman Tahir Nunu had referred to him simply as "Abu Mazen" and, when asked to identify that person, responded, "He is one with a very honoured status: that of Palestinian citizen". Crisis Group interview, Tahir Nunu, Gaza City, January 2009.

[315] According to the version of the Egyptian proposal published by *Al-Ayyam* on 16 April 2009, the joint committee (1) would be composed of members of Fatah, Hamas, Jihad, the Popular and Democratic Fronts for the Liberation of Palestine and other factions as agreed; (2) would take "the government of President Mahmoud Abbas" as its "source of authority" and "political cover"; (3) would have an executive function but no political obligations and would operate only until the January 2010 elections; (4) would take as its agenda the implementation of that which had been agreed during the Cairo talks, including preparing for presidential and legislative elections by 25 January 2010, security reform, and de-escalating personal tensions flowing from the fighting; (5) would assume responsibility for reconstruction; and (6) would supervise donor aid.

[316] An adviser to President Abbas said, "a committee cannot do the work of a government. It will have neither the staff nor the political backing". Crisis Group interview, Ramallah, April 2009. A Hamas leader echoed the view: "We have failed to agree on much smaller matters. There have been problems with passports, medicine, strikes, and attempts to resolve things by committee have always failed. Why would it work now?" Crisis Group telephone interview, April 2009. A joint committee would not advance their individual factional agendas either: in exchange for recognising Abbas's authority, Hamas would gain little so long as the siege continues, while Fatah has no inclination to help Hamas out of its predicament, unless it acquiesces to the Quartet conditions (recognizing Israel; renouncing violence; and accepting past agreements).

[317] "It was a strange dynamic", said a negotiator from the People's Party. "Fatah often spoke not from a Palestinian perspective, but rather from the perspective of the international community. They weren't speaking as individuals or in terms of what they as a party saw as good or right, but about what they could sell to the U.S.". Crisis Group interview, Ramallah, April 2009.

[318] Crisis Group interview, independent Palestinian analyst, March 2009.

[319] A senior Hamas leader said, "the way out is to mix the two positions, that of Hamas and Fatah, of those who believe in resistance and those who trust in negotiations". Crisis Group interview, Cairo, March 2009.

[320] When asked before the dialogue what would constitute success, a senior Fatah leader said, "reversing the coup". Crisis Group interview, Ramallah, March 2009.

1. Government

The most contentious and arguably principal sticking point concerned a new government's form and program: how ministers would be appointed and what would be its political platform, or even whether it would have one.

The debate over the program went through two iterations. First was the lengthy albeit futile debate over whether the government would "commit to" (as Fatah insisted) or "honour" (Hamas's position) previous PLO commitments, including renunciation of violence and recognition of Israel. Then, once this debate proved intractable, the discussion revolved around whether the government simply would do without a program, an outcome Hamas endorsed but Fatah refused. For Hamas, signing up to previous PLO agreements was a non-starter for ideological and political reasons; for Fatah, it was imperative, both to vindicate its past positions and, it argued, to ensure international recognition without which the PA risked plunging into financial uncertainty and diplomatic limbo. Referring to the possibility of a more ambiguous outcome, a senior PA official said:

> We tried that with the Mecca Agreement, when we agreed to a Saudi guarantee that it would convince the U.S. to accept the government. That didn't happen, and we got the siege. We will not walk that path again with Egypt. We will not change the PLO's political program, Abbas's political program, or walk back on previous commitments, whether with Israel or elsewhere. The world deals with us because of our political program. They don't deal with us because we have intercontinental ballistic missiles or nuclear weapons. Our political program is our nuclear weapon. [321]

Washington's apparently firm position that any government endorse the three quartet conditions clearly influenced the debates, though it remains unclear whether it would have shown more flexibility if confronted with a Palestinian and Arab consensus.[322]

With the shape of the government undecided, the names of its senior officials were all the more uncertain. Three possible prime ministers were considered – Salam Fayyad; Munib al-Masri, an independent businessman; and the Gaza-born Fatah leader (and sometime Ramallah critic) Nabil Shaath. However, once Washington made clear its strong preference for Fayyad, compromise became more difficult. Hamas by contrast appeared resolute in rejecting him, a sentiment underscored by the movement's subsequent announcement that it was considering prosecuting the prime minister.[323]

2. Elections

The parties agreed to hold simultaneous legislative and presidential elections in January 2010 and that Abbas would appoint election committee members after consultation with the government and the factions. But serious differences remained over how elections would be conducted. In the wake of Hamas's Gaza takeover, the president issued a decree changing the system from mixed district and proportional to purely proportional and specified that candidates must "uphold the PLO as the sole legitimate representative of the Palestinian people".[324] Hamas – which in 2006 benefited mightily from voting organised in districts due to Fatah's lack of discipline – insisted on maintaining the old electoral method while demanding that the threshold for attaining a seat be raised from the current 1.5 per cent (a modification which would harm smaller parties).[325] The more fundamental obstacle to holding elections lies elsewhere, however; credible voting cannot take place without far-reaching security reform. In its absence, Fatah would have little faith in Gaza elections, as would Hamas concerning the West Bank.

3. Security reform

The movements agreed to the general principle that security forces should be neutral and professional, serving national as opposed to factional interests. Yet, this lofty sentiment aside, they had little in common. Fatah (and even more so the PA) was not prepared to fundamentally alter security mechanisms in the West

[321] Crisis Group interview, Ramallah, April 2009.
[322] For a discussion of the U.S., see Section V.B below.
[323] Crisis Group interview, Hamas leaders from Gaza and in exile, Cairo, 2009.
[324] In 2006, voters cast two ballots in the legislative elections. Half the PLC's 132 seats were apportioned through majority voting in each of Palestine's sixteen districts, with each district allocated a number of seats based on population. The other half was allocated through a proportional representation system in which Palestine was considered as a single electoral district, on the basis of overall vote percentage. Fatah fielded multiple candidates in many districts, while Hamas exhibited greater discipline, as a result of which the Islamists garnered 74 seats. Abbas's 2007 decree also specified that candidates must accept the "[1988 Palestinian] Declaration of Independence Document in addition to the provisions of the Basic Law". The text of the 2007 decree can be found at www.palestinianbasiclaw.org/downloads/2007-anullment.pdf.
[325] Crisis Group interview, Hamas and Fatah leaders, Cairo, March 2009.

Bank or put an end to the U.S.-backed training program and cooperation with Israel. The Islamists rejected Fatah's demand for the dismantling of security forces established under the Hamas government. The most West Bank security officials were prepared to concede was review of Hamas hires by a government commission entrusted with assessing their fitness to remain within a security structure defined by Ramallah.[326] Hamas requested that its changes in Gaza be ratified or, at the very least, that the two sides' security forces be integrated in a power-sharing arrangement.[327] It also wanted agencies brought under governmental as opposed to presidential control.[328]

4. PLO reform

The parties agreed that the factions that do not currently belong to the PLO (Hamas and Islamic Jihad) should be included, and that elections would be held for the next Palestinian National Council – the PLO's legislative body – in January 2010, simultaneously with presidential and PLC elections. But with Palestinians in the West Bank and Gaza representing only a portion of the Palestinian people, these elections would only be the first step toward PLO reform. The two sides differed on how to manage the reform process and how the PLO would be run pending its completion. Hamas sought a supervisory committee comprised of members of the various factions and formally independent of the PLO, whereas Fatah advocated a committee along the lines specified by the 2005 Cairo Declaration[329] and refused any measures that could diminish the authority of the PLO's existing Executive Committee.[330]

5. Reconciliation

The reconciliation committee was the most successful. It agreed that individuals charged with abuses during factional fighting would be brought before criminal courts, and the factions would indemnify victims.[331]

Assuming a united government cannot be formed, a real risk is that the West Bank and Gaza will establish increasingly different and, eventually, incompatible governing systems. To minimize the threat, coordination between the two governments ought to be maintained at least on those issues that can unite the two territories. Security reform and elections, in particular, are highly contentious, divisive matters whose resolution will require the full weight of a government, but there are areas of cooperation – small and shrinking – that should be protected and expanded. These include education, health and social affairs, where there are matters of joint concern, such as personnel issues, exams and donor projects.[332] A joint technocratic committee could be formed to enhance coordination and iron out disagreements. Even this will face significant hurdles, as

[326] Fatah sent Majid Farraj (head of Military Intelligence) and Nasr Yousif (ex-Minister of Interior and National Security Force stalwart); Farraj has spent the last two years purging the West Bank security forces of suspected Hamas sympathisers, and Nasr Yousif's forces fought Hamas in Gaza. "It's a message to Hamas of what to expect: you can be accepted in an integrated security service only if you subscribe to the principles the service is built on, that is, apolitical, non-aligned, serving the nation and the state, not a political party". Crisis Group interview, international security official, Jerusalem, March 2009.

[327] Hamas suggested amalgamating the PA's Preventive Security and Gaza's Internal Security into a "Preventive Internal Security". Hamas also sought factional quotas for positions in the security agencies under a ratio of 40 per cent Hamas, 40 per cent Fatah, 20 per cent independents and other factions. Crisis Group interview, Hamas and Fatah negotiators, Cairo, March 2009. Hamas insisted on such amalgamation in other committees as well. In the government committee, it requested that the new government absorb the personnel it hired and integrate the administrative structures formed in Gaza during the past year and a half, totaling some 30,000 employees, mainly in the security services. Crisis Group interview, People's Party negotiator, Ramallah, April 2009.

[328] Hamas asked that the government control the General Intelligence Service rather than the president. *Al-Hayat*, 26 March 2009.

[329] The relevant provision of the 2005 Cairo Declaration, which paved the way for Hamas to join the Palestinian political system, reads: "Those gathered agreed to develop the Palestine Liberation Organisation on bases that will be settled upon in order to include all the Palestinian powers and factions, as the organisation is the sole legitimate representative of the Palestinian people. To do this, it has been agreed upon to form a committee to define these bases, and the committee will be made up of the president of the National Council, the members of the PLO's Executive Committee, the secretaries general of all Palestinian factions and independent national personalities. The president of the executive committee will convene this committee".

[330] Crisis Group interviews, Hamas, Fatah, and independent negotiators, Cairo and Ramallah, March and April 2009.

[331] That said, many expressed scepticism about implementation given the depth of mutual resentment. Over 700 Fatah members have been killed in Gaza. Crisis Group interview, Fatah leader, Cairo, March 2009.

[332] Most Gaza ministries have a committee composed of three to five persons charged with managing what one PA employee calls the "crisis of coordination with Ramallah"; however, their numbers have atrophied due to retirements and political pressure. An official in the Gaza ministry of education commented: "I already have a full-time job as an educator; coordinating projects with Ramallah is another full time job and then some". In another ministry, the one remaining link between Ramallah and Gaza works from home because of the pressure she faces in the office. Crisis Group interviews, PA employees, Gaza City, April 2009.

the controversy over health referrals shows.[333] Nor will such a committee in itself be sufficient to prevent the territories from drifting apart. But it can help preserve the links that remain and provide a basis from which to build, when political conditions permit.

V. THE ROLE OF OUTSIDE PARTIES

What happens to reconstruction and reconciliation to a large degree depends on the attitude of key third parties: how far they are prepared to go in countenancing a Hamas role for reconstruction purposes and how flexible they are prepared to be with regard to a potential new unity government. On both issues, Egypt, the U.S. and Europe are struggling with competing interests.

A. EGYPT

1. Background

Although the war opposed Israel to Hamas, in many ways its undeclared target was Egypt. Israel's core demand – an end to weapons smuggling – was addressed to Cairo more than to the Islamist movement; Hamas's primary preoccupation, that Gaza be open, had more to do with the Rafah crossing than with those to and from Israel. The war also endangered Egyptian security interests, inflaming its domestic opinion, challenging its regional role, providing openings for its rivals and threatening to saddle it with greater responsibility for Gaza.

Throughout, Cairo's position was guided by several considerations. Ever since Hamas's January 2006 electoral victory, and especially since its June 2007 takeover of Gaza, it has viewed the Islamist group's strengthening warily. Its lens was, in this respect, essentially domestic. Hamas enjoys a close association with Egypt's increasingly influential Muslim Brothers, a movement that scored an unprecedented 20 per cent in the 2005 parliamentary elections. Hamas's success further emboldened the Egyptian movement, contributing to its decision to compete for the first time for upper house and municipal council posts and, later, to announce plans to create a political party.[334] An analyst with close government ties put it as follows: "Hamas and the Muslim Brothers are trying to re-radicalise Egypt. Beyond the Palestinian issue, this is their common agenda, supported by Iran".[335]

There is a further domestic angle. Events in the Gaza Strip since the second intifada helped radicalise the Sinai Peninsula's Bedouin population, which has been neglected since the area was returned by Israel in the

[333] On 22 March, the Gaza health ministry took over the ministry's Referral Abroad Department, which coordinates treatment for patients requiring medical services outside the Palestinian territories. It replaced the department's staff, loyal to the Ramallah-based PA, claiming they were corrupt and biased toward Fatah. The PA rejected the charges, interpreting Hamas's move as one more step toward absolute control. (Hamas exercises de facto control over which patients leave Gaza regardless of who controls the referral department). Israel and Egypt refused to coordinate with the new Hamas appointees, as a result of which many sick Gazans were stranded. In mid-April, Egypt gave in to pressure and admitted some 160 Hamas-approved patients, but that hardly addressed the problem. The parties appeared to have agreed on appointing a new, impartial, professional committee, but disagreement over two of the seven members has prevented resolution of the dispute. Crisis Group interviews, PA, Gaza health ministry, and international health officials, Ramallah, Gaza City and Jerusalem, November 2008 and April 2009. Reportedly, ten patients have died as a result of the controversy and the health of "over 800" has deteriorated. Palestinian Centre for Human Rights Gaza, press release, 19 April 2009.

[334] See Crisis Group Middle East Report N°76, *Egypt's Muslim Brothers: Confrontation or Integration?*, 18 June 2008.

[335] Crisis Group interview, Abdel Moneim Said, director of the al-Ahram Centre for Strategic and Political Studies and NDP Policies Committee member, Cairo, 24 February 2009.

1980s and has been the victim of a repressive mass arrest campaign after the 2004 bombing of the Taba Hilton.[336] The wave of terror attacks that hit Sinai resorts between 2004 and 2006, which the government claimed was carried out by a group of Egyptian-born Palestinian and Bedouin jihadists, al-Tawhid wa al-Jihad, has many explanations. In part, it reflected alienation by a generation of Bedouins viewed with distrust and treated harshly by the central government,[337] but it also was promoted by the second Palestinian intifada. Egyptian officials suspect an Islamist Palestinian role.[338] According to a senior Fatah official familiar with Egyptian thinking:

> For Egypt, the issue of Hamas is not just about politics and their relationship with the Muslim Brothers. It is also about security and Hamas's relationship with Sinai Bedouins. Cairo fears the prospect of Hamas sleeper cells in Sinai being activated to carry out anti-Israeli attacks.[339]

Egypt was further unnerved by the January 2008 breach of the Rafah border by armed Palestinians and the ensuing influx of Gazans into the Sinai. This, along with Israel's closure of its Gaza crossings, convinced several officials that Israel was seeking to push the Strip toward Egypt and entrench its separation from the West Bank. In a speech delivered during the war, President Mubarak evoked Israel's plan to separate the two territories and its intention to turn Gaza into Egypt's problem:

> The situation in Gaza is the result of the dispute between the Palestinian Authority and Hamas, which opens the door for Israel to carry out its plan to divide the West Bank and Gaza…. Egypt rejects the Israeli plan to separate Gaza from the West Bank in order to eschew its responsibilities in Gaza and make Egypt responsible for the situation in Gaza. This Israeli plan reminds us of the campaign waged since the 1980s by Israel in favour of "Gaza first" and "the Jordanian option" for the West Bank. Egypt will not fall into that trap.[340]

Cairo was determined to put an end to Hamas's rule, politically if possible, through other means if necessary. Echoing the words of senior Egyptian officials, a military analyst said, "this is a fundamental red line for us: no radical Islamist state on our border".[341]

Egypt's complex, at times seemingly contradictory policy is best understood in this light. It maintained close contact with Hamas even as it wished to bring a swift end to its rule. It criticised Israel's "siege"[342] even as it kept the Rafah crossing for the most part closed, invoking the 2005 Agreement on Movement and Access (AMA) between Israel and the Palestinian Authority requiring the presence of PA representatives at the crossing.[343] It mediated talks between the Islamist

[336] See Crisis Group Middle East Report N°61, *Egypt's Sinai Problem*, 21 January 2007.
[337] As Crisis Group and various human rights NGOs have reported, between 2004 and 2007 Egyptian security conducted a wave of arrests in the course of the investigation into the bombings. See Crisis Group Report, *Egypt's Sinai Problem*, op. cit. More recently, as various Bedouin groups have organised to voice their grievances to the government, they have reportedly faced arbitrary arrests, beatings and intimidation by police. Crisis Group interview, tribe member, Eastern Sinai, January 2009.
[338] For instance, authorities blame Palestinian groups for training and financing al-Tawhid wa al-Jihad. See "Egypt: Palestinians aided Sinai bombings", Associated Press, 23 May 2006. As Crisis Group has noted, the accusation comes mostly from the Egyptian press and must be handled with caution. See Crisis Group Report, *Egypt's Sinai Question*, op. cit. According to one account, in May 2006, Egypt's intelligence chief, Omar Suleiman, confronted the then Hamas interior minister, Said Siyam, with evidence that al-Tawhid wa al-Jihad members had received safe passage into Gaza through Rafah tunnels and bomb-making training from Hamas members. Zaki Chehab, *Inside Hamas: The Untold Story of the Militant Islamist Movement* (New York, 2007), pp. 176-180.
[339] Crisis Group interview, Cairo, 2 February 2009.
[340] *Al-Ahram*, 31 December 2008; Crisis Group interview, Egyptian diplomat, January 2009.
[341] Crisis Group interview, Muhammad Abdel Salam, political analyst, Cairo, 22 January 2009; Crisis Group interviews, Egyptian officials, Cairo, September 2007-September 2008.
[342] For instance, former Egyptian Ambassador to the U.S. Nabil Fahmy called the blockade of Gaza "morally and politically untenable". *Washington Times*, 22 February 2008. On 6 January, Foreign Minister Abul Gheit urged Israel to at least partially lift the blockade and open its crossings, a demand that President Mubarak reiterated after the war ended at a summit of Arab and European leaders. UN Department of Public Information, 6 January 2009; Associated Press, 18 January 2009. Officials stated that Egypt sought to secure a new *tahdia* (truce) that would ensure the free flow of goods into the territory to avoid repeating the January 2008 breakthrough at the Rafah border. Crisis Group interviews, Egyptian officials, Cairo January-March 2009.
[343] Critics challenge the government's claim that the 2005 AMA binds Egypt, since it is not a party. Crisis Group interview, Egyptian activist, Cairo, 17 February 2009. However, officials counter that UN Security Council Resolution 1860 refers to the AMA, so Egypt must abide by it; they further add that they continue to consider the Ramallah-based PA as the only legitimate government of Gaza. Crisis Group interview, Egyptian officials, Cairo, January-February 2009. The 2005 AMA's Agreed Principles for Rafah Crossing states: "Rafah will be operated by the Palestinian Authority on its side, and Egypt on its side, according to international standards, in accordance with Palestinian law and subject to the

movement and Fatah, essentially in hopes of bringing the Ramallah-based PA back to Gaza, arguing that Rafah could not be reopened prior to resolution of the inter-Palestinian feud.[344] It negotiated a fragile truce between Hamas and Israel that lasted from 19 June 2008 to 19 December 2009 and which both sides interpreted in vastly different ways.[345]

By late 2008, the strategy had run into substantial trouble. Reconciliation talks were halted after Hamas rejected Egypt's draft of reconciliation principles and refused to attend an inter-Palestinian meeting scheduled for 9 November.[346] Relations between Hamas and Cairo soured further, as the Egyptian Muslim Brothers staged demonstrations demanding that Rafah be opened to humanitarian aid, reviving a campaign they had waged during the January 2008 border breach. In parallel, pro-Palestinian activists who condemned Egypt's policies staged protests outside Egyptian embassies in Arab and European capitals.[347] An analyst close to the government said:

> For Egypt, this war began on 8 November, after Hamas pulled out of the [reconciliation] talks. We saw demonstrations in Tehran, Damascus, Beirut, Sanaa, all focusing on opening Rafah. These were coordinated with ones here by the Egyptian radical camp – Islamists, Nasserists, leftists. We saw a sudden change in attitude on al-Jazeera. Egypt was not just a party to this war, it was its focus.[348]

Hamas made clear it was uninterested in renewing the truce under the existing formula – ie, without an opening of the crossings. Egypt, already stung by what it perceived as Hamas's snub of the Palestinian reconciliation talks, essentially gave up its efforts, implicitly accusing the Islamists of provoking the conflict by sending rockets into Israel.[349] This period also coincided with attempts by Hamas and others to challenge Egypt's monopoly over negotiations involving the Islamist movement.[350]

2. Egypt, Hamas and the war

From Hamas's perspective, the Gaza war represented the nadir in relations with its Arab neighbour. Israel launched Operation Cast Lead two days after a high-profile visit by Foreign Minister Livni to Cairo aimed at discussing the truce's collapse.[351] In hindsight, Hamas leaders interpreted Livni's warning, delivered from Cairo, that "enough is enough"[352] and that Israel would retaliate against rocket attacks from Gaza as evidence of Egyptian foreknowledge of the operation. Hamas officials go further, alleging that Egypt sought to lull them into complacency by claiming Israel would not attack immediately.[353] True or not, these allega-

terms of this agreement". It also refers to the presence of a third party, the European Union, which "will have the authority to ensure that the PA complies with all applicable rules and regulations concerning the Rafah crossing point", have the power to inspect compliance, enforce the agreement and be tasked with providing training and capacity-building to the PA border guards.

[344] Crisis Group interview, senior Egyptian official, Cairo, April 2008.

[345] See Crisis Group Briefing, *Ending the War in Gaza*, op. cit.

[346] A detailed discussion of the failure of reconciliation negotiations can be found in the Crisis Group Briefing, *Palestine Divided*, op. cit.

[347] A U.S. diplomat familiar with the mediation process said, "after the 9 November 2008 Sharm al-Sheikh summit [during which the PA committed itself to continuing final status negotiations with Israel as agreed in Annapolis], there was a sudden increase in demonstrations at Egyptian embassies criticising Egypt's role in the conflict. The Egyptians were furious". Crisis Group interview, U.S. diplomat, Cairo, 3 February 2009. By Crisis Group's count, protests outside Egyptian embassies demanding the opening of the Rafah crossing took place throughout November and December in Amman, Beirut, Sanaa, Dublin, London, Paris and elsewhere – all before the Gaza conflict erupted. Further protests took place after hostilities began.

[348] Crisis Group interview, Abdel Moneim Said, director of the al-Ahram Centre for Strategic and Political Studies and NDP Policies Committee member, Cairo, 24 February 2009.

[349] See Crisis Group Briefing, *Ending the War in Gaza*, op. cit. In the first week of the war, Egypt refrained from attempts at mediation, and senior officials – while condemning Israel for launching Operation Cast Lead – blamed Hamas for having unnecessarily provoked the crisis.

[350] See Crisis Group Briefing, *Palestine Divided*, op. cit. In 2008, Yemen and Qatar both expressed interest in mediating between Palestinian factions – initiatives Egypt rejected. As recently as September 2008, Egyptian officials expressed displeasure at a French request to Qatar and Syria to pass a letter to captured Israeli solider Gilad Shalit from his father. See *al-Akhbar* (Lebanon), 8 September 2008. More generally, Egyptian officials and much of the official media have been critical of Qatar's rising regional profile, believing its diplomatic initiatives favoured Hamas and blaming Doha for the anti-Egyptian tone of the al-Jazeera satellite channel, notably on the issue of the Rafah crossing. The dispute also involved Qatar's role in Sudan's crisis. Crisis Group interviews, Egyptian and Arab officials, January-February 2009.

[351] See *Haaretz*, 23 January 2008.

[352] BBC News, 25 December 2008. Two days earlier, *al-Quds al-Arabi* had claimed that Egypt had given its green light to Israel.

[353] Some Hamas leaders accused Egypt of deception, claiming it had reassured them Israel would not launch an operation. See Crisis Group Briefing, *Ending the War in Gaza*, op. cit.

tions embarrassed Egyptian authorities. Over the following weeks, Cairo fought a war of perception, both at home and abroad.

The Gaza conflict coincided with a delicate period in domestic politics. Since 2004, the country has experienced a political crisis of sorts, expressed through questioning of President Mubarak's 28-year rule, the Muslim Brothers' ascent as the country's largest opposition force after their strong performance in the 2005 parliamentary elections, public anger at economic reforms and rising prices – all reflected in a media environment often relentlessly hostile to the government.[354] Regional developments, notably the second Palestinian intifada and the U.S. invasion of Iraq, had already contributed to the formation of several "popular committees" demanding stronger Egyptian opposition to Israeli and U.S. regional policies. Even within establishment circles, commentators lamented Cairo's waning regional influence and excessive alignment with Washington.[355]

Only two years before the Gaza conflict, the regime had had to weather intense domestic opposition, when it criticised Hizbollah for provoking the 2006 war and watched as the movement's leader, Hassan Nasrallah, was extolled throughout the Arab world as Gamal Abd al-Nasser's rightful heir.[356] Similar sentiment was awakened by official statements blaming Hamas. "Unfortunately, they [Hamas] served Israel the opportunity on a golden platter to hit Gaza", Foreign Minister Ahmed Abul Gheit commented shortly after the war broke out.[357]

The ensuing campaign, combining support for Gazans, condemnation of Rafah's closing and contestation of Cairo's ties with Israel, brought Egypt's traditionally divided opposition – secular and Islamist – together, at least to an extent and for a time.[358] On 2 January 2009, the first Friday after hostilities began, over 150 protests took place across the country.[359] These continued throughout the war, particularly in the northern governorates. Although many demonstrations were led by the Muslim Brothers, other political groups participated. Protestors demanded, inter alia, full opening of Rafah to allow humanitarian aid in and people, especially those in need of medical treatment, out;[360] expulsion of the Israeli ambassador, recall of his Egyptian counterpart and suspension of any further normalisation; as well as cancellation of the deal to sell Egyptian natural gas to the Israeli electricity company. Some went further, asking that Rafah be upgraded to enable it to handle regular commercial traffic.[361]

[354] The depth of the crisis was first openly manifested in December 2004, when a small group of nationalist and left-wing activists took to the street to protest President Mubarak's expected re-election the following year. They formed the kernel of the Kifaya movement. Parliamentary elections in 2005 gave a boost to the Muslim Brothers, who won 88 seats (out of 454), compared to 17 in the previous parliament. See Crisis Group Report N°46, *Reforming Egypt: In Search of a Strategy*, 4 October 2005, and Crisis Group Report, *Egypt's Muslim Brothers*, op. cit.

[355] Mustafa al-Fiki, chairman of the People's Assembly Foreign Affairs Committee and prominent commentator on Egypt's foreign policy, argued for a reduced Egyptian regional role in the coming year: "Any returns on Egypt's regional efforts have become very limited. There are no opportunities for Egypt to forge a breakthrough in any of the region's most pressing issues". *Al-Ahram Weekly*, 1 January 2009.

[356] During the 2006 Lebanon war, independent newspapers distributed Nasrallah's portrait, while protests in solidarity with Lebanese civilians as well as Hizbollah drew supporters from a wide range of political currents.

[357] "Egypt FM: Hamas gave Israel the excuse to launch Gaza attacks," Associated Press, 2 January 2009.

[358] On 8 February 2009, several political parties, Kifaya members and Muslim Brothers met to establish an opposition alliance. Although such initiatives have been discussed since 2005, they had largely been abandoned until the outbreak of the Gaza war. *Al-Masri al-Youm*, 9 February 2009. That said, there is a long road toward any form of unity: opposition has been weakened by repression and remains divided along multiple lines, most notably between secularists and Islamists and between a cautious approach towards the regime (pinned on hope for internal reform in the future, or at least rewards to the "loyal opposition") and a more confrontational stance. See Crisis Group Reports, *Reforming Egypt*, op. cit; and *Egypt's Muslim Brothers*, op. cit.

[359] *Al-Masri al-Youm*, 3 January 2009. Friday prayers have tended to be a rallying point for demonstrations, particularly as many imams use their sermons to comment on regional affairs and present the Israeli-Palestinian conflict in religious terms.

[360] In the first two weeks of the war in particular, few Palestinians (mainly the wounded) were allowed to cross into Egypt, and little humanitarian aid was allowed out. Several truckloads of aid provided by the Arab Medical Union were turned away. Crisis Group interview, Arab Medical Union aid organiser, Cairo, 26 January 2009. On 11 November 2008, the Cairo administrative court ruled that Egypt was legally bound to allow humanitarian aid into Gaza from Rafah. See Pan-African News Agency, 14 November 2008, and *al-Masri al-Youm*, 12 November 2008. The ruling has been ignored, partly because Rafah is a passenger terminal that is not equipped to handle large amounts of commercial traffic but also because of a policy decision to maintain Rafah open only on an ad hoc basis, as Egyptian officials have explained. Crisis Group interviews, Cairo, January-February 2009.

[361] Philip Rizk, a German-Egyptian activist and one of several bloggers and activists detained in February 2009 for organising a march to Gaza, said, "we don't just want Rafah to reopen as a passenger terminal, but to be open for commercial traffic, too. The passenger terminal needs to be used normally,

During the conflict, more than 860 Muslim Brothers supporters were arrested,[362] as were dozens of other activists, including journalists covering protests and bloggers who appeared to have been targeted solely for having written against the government's policy on websites.[363]

Notwithstanding popular feeling, the regime stood firm. It appeared confident it could weather the wave of discontent and convinced too much was at stake (in terms of its regional, international and domestic interests) to shift course. As it were, the demonstrations were not particularly large, likely a result of both heavy-handed repression of protests in recent years and the impact of the Hamas-Fatah division.[364]

To deflect criticism and lessen Hamas's appeal, the government seized upon the 28 December 2008 killing of an Egyptian border guard, purportedly by a Hamas militant, to instigate sentiment against the movement.[365] Likewise, it played upon fears among ordinary Egyptians that their country could be dragged into conflict.[366] In his first major address after the war, Mubarak argued that Egyptians had fought enough wars for Palestine and that "the priority will always remain … Egypt above all else".[367]

3. The Sinai question

Throughout the crisis, a central question has concerned Egypt's efforts to curb weapons smuggling from the Sinai into Gaza. Israel periodically accused Cairo of laxness;[368] Egypt vigorously denied any negligence; and the U.S. Congress seized on this matter to condition a (relatively small) portion of American military assistance on greater Egyptian efforts.[369] As the war neared its end, Israel touted its memorandum of understand-

with a regular visa system so that students, businesspeople and others can get through, and Gaza can have regular access to the outside world". Crisis Group interview, Philip Rizk, Cairo, 21 February 2009. This view is echoed by some aid workers, frustrated by delays in aid delivery both during and after the conflict. An NGO worker said, "Rafah could be upgraded to handle commercial traffic within six months, and the funding could easily be obtained". Crisis Group interview, international aid worker, Cairo, 5 February 2009. But officials remained adamant: "Egypt's position on Rafah has not and will not change: it's the 2005 AMA. Any change to this would have to take place around the framework of the peace process and a final status agreement that entailed creation of a Palestinian state. If we open Rafah or expand it from a passenger terminal to a commercial terminal now, it would allow Israel to unload the problem of Gaza unto us. In our view, Israel is wholly responsible as an occupying power". Crisis Group interview, Egyptian official, Cairo, 19 February 2009.

[362] Crisis Group interview, Essam al-Erian, head of Muslim Brothers' political bureau, Cairo, 26 January 2009.

[363] Crisis Group interview, blogger and activist Philip Rizk, Cairo, 21 January 2009. Human Rights Watch and local human rights groups decried the mass arrests. See "Gaza Crisis: Regimes React with Routine Repression", Human Rights Watch, 21 January 2009. As has been the tendency during major protests in recent years, Central Security Forces (riot police) blocked major gathering points in several cities and penned protestors within protest zones, such as was done with the Journalists' Syndicate in Cairo.

[364] Widespread disillusionment with Palestinian politics has occurred since the Hamas-Fatah split took a turn for the worse in 2006. Protests at the beginning of the U.S.-led invasion of Iraq in 2003, even through they covered more distant events, attracted much larger numbers and were more violent.

[365] Press reports alleged that the border guard was killed by Hamas militants seeking to secure the entry of armed groups into Sinai. The government organised a large protest in memory of the border guard, with demonstrators shouting anti-Hamas slogans. See *al-Masri al-Youm*, 30 December 2008.

[366] "Egypt has done enough for the Palestinians – if they want war with Israel, that's their choice. We made our peace with Israel a long time ago, and it's their fault if they haven't made theirs. I'm more concerned about the cost of living". Crisis Group interview, Egyptian taxi driver, Cairo, January 2009. Similar arguments were deployed in a wide section of the press. "There was a chauvinist reaction to the attacks on Egypt", commented an activist. "A lot of people were upset that Egypt was being made to look bad and attacked constantly on the satellite channels, and this played to the regime's advantage". Crisis Group interview, Cairo, 17 February 2009.

[367] Speech by President Hosni Mubarak marking Police Day, 4 February 2009, as reported in *al-Masri al-Youm*, 5 February 2009. Mubarak said, "Palestine is in the hearts of the Egyptians, who gave a lot to its cause and sacrificed their lives for it. Had it not been for the successive wars for Palestine since 1948, our country and our people would have done much better today. I say with all honesty that we will continue to support the Palestinian people and cause with the maximum effort. However, the priority will always remain … Egypt above all else".

[368] Several Israeli officials, including the foreign minister and the director of domestic security services, have accused Egypt of doing too little to curb or even turning a blind eye toward weapons smuggling. See Associated Press, 28 September 2006; Reuters, 27 December 2007. In a briefing to the cabinet, Yuval Diskin, head of Israel's internal intelligence organisation, claimed that since the end of the war, Gazan arms dealers had smuggled 22 tons of explosives, hundreds of mortar shells, and dozens of rockets and anti-tank missiles across the Egyptian border. *The Jerusalem Post*, 31 March 2009. That said, Israel's assessment of Egyptian efforts more recently has improved, especially after Cairo closed several tunnels in the war's aftermath.

[369] Although Congress also mentioned Egypt's human rights record and opposition to judicial reform, smuggling was paramount. The administration used its waiver authority to provide the $100 million that had been withheld. See Reuters, 4 March 2009.

ing with the U.S., as well as broader international involvement to curb arms traffic to Gaza, as one of its signal achievements.[370]

Smuggling between Egypt and Gaza predates the blockade of Gaza – it was previously focused on illegal goods and avoidance of customs duties – but has been significantly aggravated due to closure of Israel's crossings. Demand rose dramatically, and Gazans were prepared to pay large premiums to obtain smuggled merchandise, whether consumer goods or weapons. Relatively high profit margins and a lucrative business fostered tribal rivalries that often masked clan warfare. A security official commented that the growth in smuggling had "caused inter-tribal rivalries, challenging the Tarrabin tribe's previous domination of the smuggling business, with some tribes engineering confrontations between the government and their enemies and ordering assassinations of rivals".[371]

The conflict among criminal gangs, rapid influx of capital and attempts by government forces to control the situation[372] further inflamed northern Sinai's population, which – as seen above – already felt aggrieved by the crackdown in the aftermath of suicide bombing attacks against resorts.[373] Concern about the Bedouin population increased in recent months. In early November 2008, tribesmen angered by the deaths of four of their relatives that they blamed on the security services kidnapped 76 police officers.[374] Later that month, parliament held an emergency session on increased weapons proliferation among Sinai Bedouins and growing unrest near the Gaza border.[375] In December, the four main Bedouin tribes of eastern Sinai (al-Sawarka, al-Tarrabin, al-Romaylat, and al-Tayaha) presented joint demands to the government, asking that they henceforth be allowed to deal with the General Intelligence Services or military rather than the interior ministry, which was accused of practicing routine torture, mass arrests and taking women and children as hostages.[376]

Throughout this period, Egypt offered various explanations. Officials stressed that most traffic involved consumer goods that once came in through Israel, and what weaponry entered probably came from the sea.[377] In the words of one official, "the war proved that Hamas does not have the powerful arsenal the Israelis claimed it did. Not a single anti-tank or anti-helicopter weapon

[370] The text of the MOU can be found at www.haaretz.com/hasen/spages/1056175.html. It was covered in much of the Egyptian press as an intrusion into domestic affairs. An official said, "the Israel-US MOU does not engage us on anything. It was a parting gift to the Israelis from the Bush administration". Crisis Group interview, Egyptian official, Cairo, 26 January 2009. According to some reports, the more advanced 122mm Grad rockets are broken up into smaller parts and smuggled through Sudan's border with Egypt and may originate from either Eritrea or Somalia, where Iranian ships deliver them to smugglers. Such a scenario was first aired by the former Bush administration deputy national security adviser for Middle East affairs, Elliott Abrams, in a February 2009 interview. He claimed that Iranian weapons were transiting through Eritrea or Somalia and then smuggled through Sudan and Egypt into Gaza, a journey of over 2,500km. www.cfr.org/publication/18645/media_conference_call.html. A similar theory was posited by an international security official with knowledge of Sinai smuggling operations. Crisis Group interview, Cairo, 26 January 2009. Others suggested arms are smuggled from South Sudan to Sinai by sea rather than overland. Reports that Israel may have struck a weapons convoy in north-eastern Sudan intended for Gaza on 17 January 2009 gave credence to this theory, although no detailed or independently verified information has yet emerged. *Al-Shorouk al-Gedid*, 24 March 2009. Foreign Minister Ahmed Abul Gheit said Egypt had known about the strike when it happened but remained silent to avoid embarrassing Sudan. Agence France-Presse, 2 April 2009; see also fn. 203 above.

[371] Crisis Group interview, international security official, Cairo, 3 February 2009. The Tarrabin are a major Bedouin tribal confederation whose members extend from Saudi Arabia and Jordan through Israel, Gaza, Egypt and Libya and are dominant in the area surrounding Rafah and al-Arish in northern Sinai.

[372] Under intense pressure from the U.S. and Israel to do more to control the smuggling, Egypt took several steps in 2008 to close down tunnels and increase its security presence at the border. See *The Jerusalem Post*, 31 March 2008. Dozens of tunnels were closed by Egyptian border guards over the course of the year, and weapons caches believed to be Gaza-bound were uncovered. See *Haaretz*, 11 August 2008; Agence France-Presse, 1 September 2008. In April 2009, Egyptian officials announced for the first time the discovery of a workshop in the north Sinai town of Sheikh Zuwaid, near Rafah, that was manufacturing crude rockets for smuggling to Gaza. Reuters, 10 April 2009.

[373] See Crisis Group Report, *Egypt's Sinai Problem*, op. cit. Since publication of that report, several alleged incidents of police brutality have further deteriorated relations between law enforcement authorities and Sinai residents. Video footage showing the dead bodies of three Bedouins and the confessions of policemen claiming to have tortured them spread across mobile phones and internet, sparking a wave of unrest in mid-November 2008. In October 2007, a separate incident in al-Arish saw members of the al-Fawakhriya tribe raid the offices of the ruling National Democratic Party to protest police failure to protect them from attacks by the al-Tarrabin tribe.

[374] *Al-Ahram Weekly*, 20 November 2008.

[375] Associated Press, 25 November 2008.

[376] *Al-Masri al-Youm*, 15 December 2008.

[377] Egyptian officials have long claimed that Hamas receives arms on Gaza's Mediterranean shore, where they are retrieved by fishermen after being dumped with flotation devices outside territorial waters. Crisis Group interviews, Egyptian officials, Cairo, June 2008, February 2009.

was used. Where were all these advanced weapons?"[378] At the same time, Cairo periodically mentioned its long-standing argument that troop levels allowed along the Gaza border pursuant to the peace treaty (amended prior to Israel's 2005 disengagement from Gaza to 750 soldiers and ten armoured vehicles) are insufficient to police the 14-km zone and Rafah's population of 30,000 (although additional civilian police forces also are stationed there).[379] Finally, Egypt welcomed tunnel-detection training and equipment from the U.S. and Germany, and within days of the end of the conflict agreed to upgrade its border equipment[380] and cracked down on smugglers.[381]

The attitude reflects competing Egyptian concerns. In effect, the government has used its policy toward smuggling to manage relations with Israel, the West, Hamas, Sinai Bedouins and Egyptian public opinion, each relationship pulling in a slightly different direction. A decision to try to shut down the tunnels or, conversely, to allow them to operate more freely risks straining relations to the breaking point with one or more of these important constituencies, hence the ambivalence. Similarly, another reson for its zigzag course is that Egypt sees Gaza both as part of its core sphere of influence and as a dangerous burden for which it does not wish to take responsibility.

In short, one cannot address the smuggling issue outside of its local context (Bedouin discontent and the tunnel economy), the very real demand in Gaza for non-military goods or Egypt's concern that a humanitarian crisis in Gaza could lead to a repeat of the January 2008 storming of the border.[382] The question of weapons entering Gaza – the focus of Israeli and Western attention – is only one piece of a far larger puzzle.

4. The regional cold war

Since the 2006 war between Israel and Hizbullah, an emerging regional narrative has pitted a "resistance front" led by Iran, Syria, Hizbullah and Hamas against a "moderate front" represented by Egypt, Saudi Arabia, Jordan, Lebanon's March 14 alliance and the current West Bank PA leadership. In this context, Cairo's priority has been to maintain a pivotal regional influence, push back against any putative rival and in particular contain Iran. An analyst closely connected to the regime put it as follows: "Egypt is a stabilising state, Iran a revolutionary one. For this reason alone, Iran constitutes a serious threat."[383]

The Gaza war was another, more visible stage in this struggle. To a large extent, the Iranian threat appears somewhat exaggerated. The war highlighted the concept's limitations: Hamas did not possess the military arsenal many had suggested; neither Iran nor any other regional player was capable of displacing Egypt as the central mediator (between Israel and Hamas, as well as among Palestinians); and, to a degree, Iranian support hurt the Islamist movement as much as it helped, by allowing detractors to paint it as alien to the Sunni Arab body politic.

Still, seen from Cairo, Tehran's policies and backing of militant Arab groups defy both the regional order and domestic stability. Iran's foreign policy has empowered Arab states and movements whose ideological approach and interests generally are at odds with the Egyptian regime,[384] and its support for Hamas has brought the challenge to Egypt's backyard.[385] Cairo claimed that Iran had torpedoed earlier Palestinian reconciliation talks and regularly blames Tehran for encouraging Hamas's supposedly more hardline external wing. It also depicted Hassan Nasrallah's strong denunciations

[378] Crisis Group interview, Egyptian official, Cairo, 26 January 2009.
[379] Crisis Group interview, Egyptian official, Cairo, 26 January 2009. According to a military expert, the argument has merit, considering the need for at least three shifts and the number of soldiers that may be sick or on leave at any given time. Crisis Group interview, Western military attaché, Cairo, 21 January 2009. Another expert saw the request as reflecting a different agenda: "The issue of the Egyptian border guards is not about their numbers. It is about asserting sovereignty. The Egyptians would like to double it, or more, but the numbers don't matter, and it has nothing to do with Hamas. It's a long-term project to fully reassert their sovereignty over Zone C of Sinai". Crisis Group interview, international security official, Cairo, 3 February 2009.
[380] Reuters, 31 January 2009.
[381] Agence France-Presse, 9 February 2009.
[382] In particular, it is difficult to imagine a solution to the question of smuggling that does not take into account the complex political, economic and security questions raised by the situation in Eastern Sinai. Crisis Group Report, *Egypt's Sinai Question*, op. cit. The report urged the government to engage in a long-term, coordinated effort to establish a comprehensive social and economic plan for Sinai in consultation with community leaders.
[383] Crisis Group interview, Cairo, 22 January 2009.
[384] Ibid.
[385] Although, according to a U.S. diplomat, "a year ago the Egyptians played down the Iran-Hamas connection, now they point it out in public". Crisis Group interview, Cairo, 3 February 2009. On 3 February 2009, eight Arab foreign ministers (including Egypt's) met to discuss ways to "create an Arab consensus on stopping unwelcome and unconstructive interference in our affairs by non-Arab parties", a clear reference to Iran. Agence France-Presse, 3 February 2009. Since 2006, moreover, some Egyptian media outlets – particularly those close to the regime – have generally taken an anti-Iran and sometimes anti-Shiite line.

of Egypt's attitude throughout the crisis and calls on the Egyptian people to take action against the regime as well as Hizbollah's alleged operations from within Egypt as the most pernicious manifestations of Iranian designs.[386] The regime exploited Nasrallah's words as well as attacks from the Arab media to mobilise nationalist and, in some respects, anti-Shiite feelings.[387]

During and after the war, Egyptian ire also targeted Syria and Qatar, both of whom were suspected of seeking to displace or at a minimum lessen Cairo's role and of forming a new three-way axis with Iran.[388] Egypt accused Syria of encouraging the Damascus-based Hamas leadership to scuttle the November 2008 reconciliation talks,[389] reacted bitterly to the Syrian media's war coverage and tacit endorsement of Nasrallah's diatribe, and was incensed by Qatar's decision to host a separate meeting of Arab states on 16 January 2009.[390] An Egyptian diplomat said, "Syria's, Qatar's and Iran's postures during the crisis were perceived as a declaration of war. They did everything they could to discredit our leaders and our values. This was tantamount to an attempted coup against our regional role".[391]

If anything, Qatar's positioning was all the more infuriating and less understood.[392] Officials took umbrage at a country the size of Qatar taking the lead in denouncing Israel,[393] asserting itself and seeking to play a role, all the more so as regional and international commentary spoke openly of Egypt's diminishing stature. In meetings with U.S. and European leaders, President Mubarak expressed fury at Qatari leaders.[394]

[386] Nasrallah said, "today, the Egyptian people, the parties, the *ulema*, the shaykhs of Al-Azhar University, the Armed Forces, the political elite have no excuse. That is what will change the balance. What will change the equation today is a change in the Egyptian political stand. That is what the Arab rulers should tell the Egyptian rulers to do. That is what the Arab people and the Egyptian people should demand of their rulers". *Al-Manar*, 28 December 2008, as transcribed by Mideastnewswire.com, 2 January 2009. Nasrallah's call broke a taboo that most domestic opposition groups – and particularly the Muslim Brothers – still respect. In contrast to some Kifaya members, the Muslim Brothers have been extremely cautious to avoid urging military intervention in the country's politics; see Crisis Group Report, *Egypt's Muslim Brothers*, op. cit.

[387] Nasrallah's speech caused some discomfort within the Muslim Brotherhood, for instance. Its General Guide, Muhammad Mahdi Akef, welcomed it but was careful not to repeat its call for public mobilisation, let alone military intervention: "What His Eminence Shaykh Hasan Nasrallah said is true. If the Egyptian regime had been doing its duty and was not in alliance with and colluding with the Zionists, what happened in Gaza would not have happened at all … we are on the verge of tears and our hearts are almost broken at the disgraceful stand Egypt has taken so far". *Al-Manar*, 29 December 2008, as transcribed by Mideastwire.com, 30 December 2008.

[388] Crisis Group interview, Egyptian officials, January and February 2009.

[389] Crisis Group interview, Egyptian official, Cairo, 26 January 2009.

[390] The Doha meeting did not technically qualify as an Arab League summit for lack of a quorum. In attendance were Lebanese President Michel Suleiman, Sudanese President Omar al-Bashir, Syrian President Bashar al-Assad, Algerian President Abdelaziz Bouteflika, Iraqi Vice-President Tariq al-Hashimi and high-level representatives from Mauritania, Libya, Yemen, Djibouti, the Comoros and Somalia. Iranian President Mahmoud Ahmedinejad and Hamas Political Bureau chief Khalid Meshal also participated. Egyptian Foreign Minister Ahmed Abul Gheit acknowledged that Egypt had opposed the Doha meeting and discouraged many from participating. Interview, Orbit satellite television on 28 January 2009. A typical commentary in the official press captured the government's irritation: "The spiteful plan of Syria and Iran to convene an emergency summit aims simply at strengthening Hamas's hegemony over Gaza and killing more victims. Then they would force Egypt to succumb and open the Rafah crossing unconditionally. Hence, a new equation appears in the Arab world: Syria replacing Egypt, and Qatar replacing Saudi Arabia, as if we are playing a soccer game, with the players switching their roles whenever anyone gets tired or injured". Lead editorial in the state-owned daily *al-Akhbar*, 16 January 2009.

[391] Crisis Group interview, Egyptian diplomat, 1 February 2009.

[392] Egypt-Qatar relations have oscillated in recent years, particularly as al-Jazeera increased its coverage of Egyptian opposition figures and, during the war, led what Cairo saw as a media war against it. Egypt also viewed with suspicion Doha's attempts to open a second mediation track between Palestinian factions. Crisis Group interview, Arab League official, Cairo, 29 January 2009.

[393] Qatar closed Israel's trade office in Doha, the only one in the Gulf, and hosted an emergency Arab meeting that described its actions as war crimes and genocide. At the outset of the war, Qatari Emir Sheikh Hamad bin Khalifa al-Thani already had accused Israel of war crimes. Reuters, 4 January 2009.

[394] U.S. and French officials expressed amazement at the prominence of this issue in bilateral meetings. Crisis Group interviews, Washington, Paris, January-March 2009. The French president, who enjoys close ties to the Emir of Qatar, reportedly told him not to force Paris to choose between Cairo and Doha and urged Qatar to show greater restraint. Crisis Group interview, French diplomat, Paris, February 2009. U.S. officials and members of Congress also conveyed their concern in strong words. Crisis Group interviews, Washington, March 2009. Under pressure, Qatar cancelled a second parallel summit on Gaza's reconstruction it was to hold soon after the one hosted by Egypt on 2 March. It has also markedly toned down its rhetoric in recent weeks.

The regional battle for influence was one of the more important of the war's subplots.[395] Buoyed by Arab public opinion and media, the so-called radical axis enjoyed strong momentum. Often on the defensive, Egypt ultimately maintained its pre-eminence in Israeli-Palestinian and Palestinian-Palestinian talks, fending off attempts by others (including Turkey, Qatar and France) to insert themselves, much to Hamas's and Syria's disappointment.[396]

From Egypt's vantage point, the overall balance sheet appears mixed. Despite the loss of prestige in the eyes of Arab public opinion, officials express satisfaction at having demonstrated their centrality, as Cairo became the focus of indirect ceasefire talks and prisoner exchange negotiations as well as inter-Palestinian reconciliation efforts.[397] In this, it was aided by forceful indications that the U.S. would not allow any third party to supplant Cairo.[398]

But the battle is not over, and the war's ripple effects are yet to be fully felt. As Arab polarisation grew to almost unprecedented heights, Saudi Arabia, fearful of the consequences, appeared interested in mending fences with Syria. Cairo remained cool. Privately, Syrians conveyed the view that Egypt's star was dimming. In the words of one official, "the Egyptians are keen to say to the world that they hold the key to Gaza, Palestinian reconciliation and the Palestinian question in general. Is that accurate? Of course not: the Palestinian question is as big as the region itself".[399] Mubarak and his foreign minister stayed away from the Arab summit in Doha in late March 2009, an indication that anger at Qatar had not subsided.[400] The summit itself did little to heal the regional rift. Finally, Fatah-Hamas reconciliation talks were halted in early April without any breakthrough, despite Egypt's heightened interest and far more engaged role as a mediator present in all discussions.

The most dramatic turn in the struggle occurred in April 2009, when Egypt announced it had uncovered an extensive network of Iranian-supported Hizbollah operatives operating on its territory with the aim of gathering intelligence, recruiting new members, carrying out attacks against Israeli tourists and smuggling weapons to Hamas.[401] In the ensuing sharp exchange of words, Nasrallah acknowledged that Hizbollah members were present in Egypt, but sought to turn the tables by explaining they were doing what Cairo ought to have done all along, namely help the Palestinians in Gaza.[402] Senior Egyptian officials and state-controlled media slammed the Lebanese organisation for crossing a red line and were joined by several political leaders who condemned Iran's alleged role.[403] The regime used these events to reassert its "Egypt First" argument and

[395] "The stability and legitimacy of the regime depends on Egypt's regional role", argued an Egyptian analyst to explain how shaken Cairo had been by the assault on that role during the crisis. Crisis Group interview, Muhammad Abdel Salam, Cairo, 22 January 2009.

[396] A senior Hamas official in exile acknowledged that initial expectations France or Turkey could play a role – at a time when, at the outbreak of the war, relations with Egypt had plummeted – quickly were dashed. "When president Sarkozy first came to Syria, we hoped his energetic involvement could help and that he could push for a ceasefire. However, after his subsequent trip to Cairo, it was clear France's role would be subordinate to Egypt's. France might some day play an important role, but not yet". Crisis Group interview, Damascus, January 2009. Syrian officials echoed this view, equally chastened by the inability of third parties to get involved effectively. Crisis Group interviews, Damascus, January 2009.

[397] An Egyptian diplomat recognised the toll that was taken by his country's image in Arab public opinion but added: "The way things turned out are a great victory for Egyptian diplomacy. We reasserted our central role clearly and unambiguously and fended off the challenges". Crisis Group interview, Washington, February 2009.

[398] A U.S. official said, "we told Qatar and Turkey in no uncertain terms that we were not willing to countenance attempts to take Egypt's place. That was a red line". Crisis Group interview, Washington, December 2008.

[399] Crisis Group interview, Damascus, March 2009.

[400] See *Al-Ahram*, 31 March 2009.

[401] According to Egypt's public prosecutor, 49 men (Egyptians, Lebanese and Palestinians) had been arrested and were suspected of setting up a terrorist network for Hizbollah, tasked with gathering information on tourist resorts, the Rafah area and the Suez Canal. See "Cairo accuses Hezbollah of planning Egypt attacks", Reuters, 9 April 2009, and Egyptian press.

[402] In a speech shortly after the arrests took place in Egypt, Nasrallah said, "it was our duty to denounce the Egyptian regime for its refusal to open the crossings. Right after this stance, a huge political and commercial campaign was launched in Egypt against me and Hizbollah, under the instructions of the Egyptian authorities and intelligence. Yet, we considered the campaign as a reaction and a natural price for our stance, and we were ready to pay it". Referring to one of those detained by Egypt, he continued, "our brother Sami is a member of Hizbollah, we don't deny this. He was providing logistic help to the Palestinian resistance at the Egyptian-Palestinian borders. All other charges against him are false. If aiding the Palestinians is a crime, then I am proud of it.... The Egyptian regime should be charged and condemned for besieging Gaza". Speech on al-Manar television, as cited by Mideastwire.com.

[403] The state-controlled *al-Goumhouria* published an article referring to Nasrallah as a "monkey sheikh" and added, "I say to you what every Egyptian knows, that you are an Iranian party. Are there instructions from Iran to drag Egypt into a conflict?" 12 April 2009.

damage Hizbollah's and Nasrallah's public stature, which grew significantly after the 2006 Lebanon war.

The Muslim Brothers have had a relatively nuanced reaction, evidently worrying that they might be associated with foreign interference and so pay a political price, yet reiterating that Hizbollah was right in aiding the resistance and Egypt wrong in not doing so.[404] It is premature to measure the full scope of the event's fallout. The wide-ranging ramifications touch Egypt's relations with Iran, its posture toward Hamas and Hizbollah's standing in the region. For now, they have coincided with stepped-up Egyptian efforts to pressure Hamas, both politically and financially, to curb its weapons smuggling and manufacturing and perhaps to force it to choose between Cairo and Tehran.[405]

B. THE UNITED STATES

Keen to restore America's image in the region, convinced of the interrelationship between the Arab-Israeli conflict and broader regional developments – including the rise of both jihadi militancy and Iranian influence – and determined to push for a comprehensive Arab-Israeli settlement, President Obama moved quickly to demonstrate he would be far more active, and earlier on, than either of his two predecessors.

As he assumed office, Obama was spared the need to put an end to the Gaza war but was left with its debris. Two of the decisions first confronted by the administration concerned the aftermath: what to do about reconstruction and what position to adopt on the unity talks. Both, directly or indirectly, involved the U.S. attitude toward Hamas; neither, at this point, suggests a clear American approach. On reconstruction, officials understood the importance of addressing Gazans' plight and pledged significant assistance; however, they were just as determined to keep the Islamists from benefiting.

The administration referred more positively than its predecessor to Palestinian unity, some officials going so far as to acknowledge the importance of reconciliation to a successful peace process.[406] At the same time, it shied away from signalling willingness to revisit the three Quartet conditions for engaging with and financing a new unity government (renunciation of violence; commitment to past agreements; and recognition of Israel). Early on, some officials toyed with the idea of "repackaging" these conditions so as to facilitate the emergence of a new government.[407] However, as members of Congress as well as, most importantly, several Abbas advisers urged the administration to hold firm, the notion seemed to fizzle.[408]

Although far less ideological in outlook than its predecessor and more aware of the negative impact of Palestinian divisions, Obama's Middle East team appears convinced that any softening of the position toward Hamas would deal more pragmatic forces a fatal blow; it also seems persuaded that Hamas's power has been exaggerated, as has its popularity and that, with greater achievements in the West Bank and progress toward state-building, these quickly will revert to their natural size. The early emphasis is thus likely to be on conditions in the West Bank: pressing Israel to enact a settlement freeze,[409] remove unauthorised outposts, significantly relax impediments to access and movement and resume political negotiations with the PLO.

[404] The ambiguity in this position was illustrated by the fact that a few days after the Muslim Brothers' General Guide, Mahdi Akef, defended Hizbollah's support for Hamas on al-Jazeera, their parliamentary bloc joined the ruling National Democratic Party in condemning Hizbollah's violation of Egyptian sovereignty.

[405] These include the March-April purported detention of a man said to be transporting $2 million to northern Sinai to be smuggled into Gaza; the shooting by security officers of a Bedouin in northern Sinai accused of driving a truck loaded with munitions heading to Gaza; and Egyptian raids against several workshops in the Sinai purportedly being used to manufacture rockets.

[406] Crisis Group interview, U.S. officials, Washington, February-March 2009.

[407] Crisis Group interview, U.S. official, Washington, February 2009.

[408] In meetings with U.S. officials at the height of the Cairo talks, advisers to President Abbas insisted that any new government meet the conditions, implicitly urging the U.S. to adhere to the same position. Crisis Group interviews, U.S. officials, Washington, March 2009. PA officials made the connection with Netanyahu's cabinet, arguing that the same conditions applied to the Palestinians (recognition of Israel, compliance with past agreements and renunciation of violence) should apply to the Israeli government (acceptance of a Palestinian state, compliance with past agreements and a freeze in settlements). Crisis Group interview, presidential adviser, March 2009. Secretary of State Hillary Clinton reiterated to the House of Representatives Foreign Affairs Committee that "We will not deal with nor in any way fund a Palestinian government that includes Hamas unless and until Hamas has renounced violence, recognized Israel and agrees to follow the previous obligations of the Palestinian Authority". Reuters, 22 April 2009.

[409] Former Senator George Mitchell, the U.S. envoy, is known to strongly believe that settlement construction is inconsistent with a sustainable peace process; aides indicate he personally wrote the section of his 2001 report dealing with settlements and remains committed to that view. Crisis Group interviews, Washington, February-March 2009.

Although as part of the Annapolis process the Bush administration purportedly was working toward the same objectives, members of Obama's team are convinced that the effort was half-hearted at best and suffered from lack of high-level, sustained involvement to change the situation on the ground. A senior official said, "we cannot judge by what happened under the previous administration. Nothing was done to truly help Abbas. He is like any politician – he needs to show he can deliver to bolster his support".[410] When added to the tremendous domestic political obstacles facing any shift toward Hamas, there is unlikely to be a notable change in policy toward the Islamists in the foreseeable future.

That does not necessarily dictate what Washington would do, however, should a unity government emerge either along the lines of the 2007 version or without a political program, particularly if this time the Arab world, the EU and the Palestinian leadership were together in urging a new approach.[411] Under such circumstances, the U.S. almost certainly would have no dealings with its Hamas members, because the government would not be in strict compliance with the three quartet conditions; continued financial assistance to the PA also could be in serious jeopardy and subject to intense congressional scrutiny.[412] But in response to broad international support for the Palestinian coalition, the Obama administration possibly could – and should – adopt the same attitude as the U.S. has toward Lebanon's unity government: no contact with Hizbollah members, but recognition of the government's legitimacy, engagement with other ministers and financial support subject to strict oversight to ensure proper use.

Although much of the public debate has centred around a potential unity government's policy platform, for the U.S. the key might well be what happens to the security and financial steps initiated by Salam Fayyad's cabinet in the West Bank, with significant American assistance. A U.S. official said:

> We cannot accept any Fatah-Hamas government that rolled back the security steps that have been taken. That is the most important achievement of the recent period and, more even than the issue of financial transparency, it is why we insist Fayyad remain prime minister. Fatah and Hamas might agree, each for its own reason, to halt this effort – the former to reassert control, the latter to lessen pressure on the movement. But for us, it is a red line.[413]

This would seem to exclude the possibility of a genuine reconciliation entailing real security reform in Gaza and the West Bank and, most to the point, Hamas participation in the West Bank security services. It is not necessarily inconsistent with a more minimalist version broadly preserving the current division of security services in the two territories.[414]

C. THE EUROPEAN UNION

For the EU, the Gaza war triggered a serious rethink. Facing public opinion incensed at the extent of Israeli operations, increasingly convinced that the policy of isolating Gaza and Hamas had backfired[415] and embarrassed by the new Israeli government's composition and stance, officials suggested it was time for a change. Representatives from some member states privately acknowledged that imposition of the Quartet conditions and indeed the West Bank-first approach had been ill-considered and said that, should a unity government emerge, a more pragmatic approach than after the Mecca accord would be adopted.[416] They also voiced objection to continued funding for the Palestinians, when the chief cause of their hardship remains Israeli-imposed closures.[417] Even some member states tradi-

[410] Crisis Group interview, Washington, April 2009.

[411] For a discussion of attitudes toward the 2007 unity government, see Crisis Group Middle East Report N°68, *After Gaza*, 2 August 2007.

[412] Pursuant to the Omnibus Appropriations Act, 2009, the administration cannot give assistance "to Hamas or any entity effectively governed by Hamas or any power-sharing government of which Hamas is a member unless it recognises Israel's right to exist and commits to all prior agreements". H.R. 1105.

[413] Crisis Group interview, U.S. official, Washington, March 2009.

[414] A U.S. official said that would be more acceptable, though he doubted that even such a modest version of reconciliation could coexist with continued arrest and detention of Hamas militants in the West Bank – an important feature of current reality. Crisis Group interview, Washington, March 2009.

[415] "The policy of sanctioning Gaza has failed". Crisis Group interview, EU official, Brussels, March 2009. A European Commission official put it as follows: "the idea of oppressing the Gazans so that next time they will vote for Fatah was nonsense". Crisis Group interview, Brussels, March 2009.

[416] Crisis Group interviews, European officials, January-March 2009. An official from a prominent EU country said, "if there is a unity government, it means Hamas accepts the PA, which means it accepts the Oslo accords from which the Authority derives. That should be enough for us". Crisis Group interview, January 2009. Likewise, a European Commission official argued: "We should push for any unity government to be judged on its acts, not on adherence to preconditions". Crisis Group interview, Brussels, March 2009.

[417] "Why should the U.S. and EU pay? Israel should assume responsibility – Palestinians don't need more money. They need materials, the ability to move and so forth. All of our

tionally most sympathetic to Israel, such as the Czech Republic, felt compelled to issue strong criticism, especially on settlement construction, and to push the new Israeli government to endorse the principle of a Palestinian state.[418]

Yet, this does not necessarily herald a policy shift. Within the EU, divisions remain, particularly over how to deal with Hamas. Although European delegations flocked to Damascus to meet with Meshal, efforts by France in particular to convince its partners to pursue a more flexible approach toward a putative unity government and Gaza's crossings were rebuffed. Some officials continue to believe that strict adherence to the three conditions is essential for Fatah's and the peace process's survival,[419] a stance all the harder to change insofar as it is defended by Abbas's advisers.[420] Perhaps most importantly, few wish to cause tensions with the U.S., especially at the beginning of Barack Obama's presidency. An EU official said:

> It would be difficult to disagree with Obama…. For seven years, the EU was frustrated by America's unilateralism and lack of engagement. Now, at this point, when we finally have a president we can work with, the EU is not going to step out ahead. It's not that we want to do what they say, but that we don't want to disagree.[421]

Another explained, "the EU could back a new approach. It cannot push for one".[422]

In the end, and as under the Bush presidency, Europe appears missing in action – previously because of frustration with America's policies, now because of overall satisfaction with them. Reluctant to take an independent stance, the EU finds itself once again not playing a significant role.

VI. CONCLUSION: WHAT NEXT?

Unwilling to make the necessary compromises, both Fatah and Hamas have begun thinking about managing the status quo. Fatah and the Ramallah-based PA would continue their state-building project in the West Bank with a new government headed by Salam Fayyad, only this time with participation of PLO factions. A senior PA official said, "we will distinguish between continuing dialogue with Hamas and administering Palestine. When Hamas is ready to take part in the latter, it is welcome to join".[423] Expanding the government should strengthen Fayyad's hand, adding political weight to his cabinet and diminishing sniping from Fatah.[424]

Despite concerns about the new Israeli government, the PA also is banking on strong regional and international backing and on U.S. pressure to restart negotiations and, at a minimum, extract meaningful Israeli concessions on issues related to access and movement, settlements and security. A senior official commented: "If we develop the West Bank as part of a political agreement with Israel – not instead of one – our relationship to Gaza will be equivalent to South Korea's relationship to the North".[425] With the Korean peninsula's division now in existence for more than 60 years, such a comparison should give rise to worry, not comfort.

complicated plans, such as Blair's projects, exist solely because we refuse to confront the problem head on". Crisis Group interview, EU official, Brussels, March 2009.

[418] Crisis Group interview, EU official, Brussels, March 2009.

[419] Crisis Group interview, EU official, Brussels, March 2009.

[420] "The message they send to the international community about the conditions for reconciliation are tough, and the messages they send to the EU are tougher. The farthest the U.S. could go is to adopt a Lebanon-type approach – dealing with non-Hamas members of a unity government, but only if the PA asked for it. It has not". Crisis Group interview, European Commission official, Brussels, March 2009.

[421] Crisis Group interview, Brussels, March 2009.

[422] Crisis Group interview, European Commission official, Brussels, March 2000.

[423] Crisis Group interview, Ramallah, 16 April 2009. The legal difficulties inherent in such a move, the official said, will not deter it: "Our struggle with Hamas is political, not legal. The coup was illegal, everything that is happening in Gaza is illegal. Law is important if Hamas respects it, but if Hamas does not, if it violates all the laws, then we put aside the law. He who does not respect legitimacy cannot demand the law".

[424] Fayyad will be looking to appoint factional representatives who are professionally qualified and agree to subordinate their personal and political aspirations. Crisis Group interview, Fayyad adviser, Jerusalem, April 2009.

[425] Crisis Group interview, senior PA official, Ramallah, April 2009. The same comparison with the Koreas, strikingly, was invoked by a U.S. official. Crisis Group interview, Washington, March 2009. Some around the Palestinian president advocate a more confrontational approach toward Hamas's Gaza rule, for example withholding salary payments. A senior PA official said, "since June 2007, we have not had a strategy regarding Gaza. We need to be more proactive, create a fifth column and mobilise our partisans there so Hamas doesn't stay comfortable". Crisis Group interview, Ramallah, April 2009. Should it embark on that approach, the Ramallah-based PA would risk a serious backlash among Palestinians in Gaza and the West Bank for very uncertain gains.

Hamas is making its own calculations. Lacking Fatah's regional and international strategic depth, it has fewer tools at its disposal and little ability to manoeuvre. Still, it appears confident that Abbas's peace strategy – unproductive with Olmert at the helm – will fail, as it sees little chance of a breakthrough with Netanyahu. The Islamists contend that Palestinians will see Hamas as upholding national rights and thus forgive them any hardships in Gaza. A Hamas leader said, "It's been 60 years already that Palestinians have been living in refugee camps, and the last Israeli aggression is not the worst we have faced. We will give up whatever we have to in order to maintain our principles".[426] Finally, they appear convinced that, over time, the EU and U.S. will be compelled to adapt to reality and work with Hamas as the de facto power on the ground.[427]

Among international actors, too, appetite for bold changes is waning. Instead, despite the dismal results the last time, one hears echoes of the West Bank-first strategy first mooted after Hamas's Gaza takeover. In June 2007, hope rested on real reform in the West Bank and a newfound spirit of cooperation between Israel and the Ramallah-based PA. This time it rests almost entirely on Obama. The new U.S. administration, some say, will do what its predecessor could not – help Abbas, show that he can deliver, press Israel to freeze settlements and improve West Bank conditions, force credible final status negotiations. Already, it has engaged in a fruitless war of words with Israeli Foreign Minister Lieberman over which failed negotiating framework – the Roadmap or Annapolis – should structure diplomatic engagement.

Need one rehearse all the reasons for doubting the wisdom of this theory? Without some change on the inter-Palestinian scene, Gaza once again could reach boiling point, as residents suffer the consequences of isolation and deprivation and the risk of another brutal military confrontation. Hamas, sensing popular discontent and seeing no immediate prospects for a breakthrough on the inter-Palestinian front, once more could seek a change of topic and grab attention by launching attacks against Israel. Abbas and the PLO, still leading a disunited Palestinian entity, could find it difficult to carry on substantive negotiations with the Israeli government – assuming Prime Minister Netanyahu has the will and ability to do so.

Inter-Palestinian negotiations are set to resume in late April, and this is one more chance at course correction. Several scenarios besides failure are conceivable. Months of wrangling suggest that genuine reconciliation, which would include formation of a consensus government based on a clear political program, agreement on new elections, reunification of the West Bank and Gaza, professionalisation of the security sector and PLO reform, is unrealistic, at least for the foreseeable future.

But there are less ambitious alternatives. One could imagine a more limited form of unity – agreement on broad (unimplemented) principles for PLO and security reform; formation of a government whose mandate essentially would be to oversee Gaza's reconstruction and prepare for eventual elections; and a decision to engage in Israeli-PLO negotiations and submit a putative deal to popular referendum. That government of technocrats nominated by Fatah and Hamas could have either a program that mirrors the ambiguity of Mecca or no program at all. Either way, the result would be a confederation of sorts, in which Hamas and Fatah retained their respective spheres of influence in Gaza and the West Bank, but reconstruction would be facilitated and negotiations with Israel resumed.

For the international community, such a government would address two major obstacles standing in the way of a meaningful peace strategy: the ever-present risk of violence and the lack of an authoritative, legitimate Palestinian mechanism for negotiating and endorsing an eventual agreement. Rather than the three Quartet conditions, whose acceptance by Hamas is virtually inconceivable and would in any event be purely rhetorical and thus practically meaningless, the objective should be more realistic and more germane: an enforced ceasefire coupled with reaffirmation of the PLO Chairman's authority to negotiate with Israel and of a popular referendum as a procedure for validating an agreement.

An even narrower understanding is possible, albeit less desirable. Until such time as a joint government is constituted, Palestinians could set up a coordinating committee to oversee Gaza reconstruction. Egypt's suggestion goes in this direction, though its more ambitious mandate and insistence that Abbas and the Ramallah-based PA sit at its head makes it difficult for the parties to accept.[428] A more palatable model would focus

[426] Crisis Group interview, Gaza City, March 2009. During the Cairo talks, one of the Islamists' negotiators commented: "I am not a merchant who trafficks in national rights. I will not sell my patrimony for aid". Crisis Group interview, Cairo, March 2009.

[427] In an interview, Meshal said, "we are hearing a new language coming from President Barack Obama with regards to the region. The challenge for all parties is to make this a prelude to a sincere change in the American and European policy. As to an official opening to Hamas, it is only a matter of time". *La Repubblica*, 22 March 2009.

[428] Crisis Group interviews, Egyptian foreign ministry official, Hamas leader, Cairo, Gaza, April 2009.

on reconstruction and be headed by independent personalities acceptable to both sides. It would include some technocrats chosen by Fatah but not of Fatah, some technocrats chosen by Hamas but not of Hamas, members of UN agencies or international organisations to ensure credibility with the donor community, and members of the Palestinian private sector.[429] Such a committee would set priorities, handle logistics and keep West Bank and Gaza authorities informed. It also would verify that reconstruction is proceeding as planned and that beneficiaries are using material for its intended purpose – thereby reassuring Israel about possible improper end-use.[430]

What these options have in common is that they all would be far preferable to the status quo – and all would require some courageous and forward-looking adjustment by Palestinians, by Israel and by the international community.

Gaza City/Ramallah/Jerusalem/
Washington/Brussels, 23 April 2009

[429] In interviews, Hamas leaders and Gaza authorities have suggested they could live with such a system. Gaza's minister of public works reportedly told a private sector delegation that "our requirements are limited to being kept informed". The government would keep a certain distance from the border crossings if necessary, would not touch the imported materials and would not tax companies doing the work. Crisis Group interview, Gaza private sector leader, Gaza, April 2009.

[430] As things currently stand, only the roughly 700 merchants included on a PA-managed list can import any material into Gaza. Israel vets each merchant and nobody with ties to Hamas or too closely involved in tunnel smuggling can import anything. Crisis Group interviews, Gaza, March 2009. A similar system could be put in place, enabling Israel to control which merchants/contractors could bring in raw materials.

APPENDIX A

MAP OF GAZA STRIP

APPENDIX B

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 130 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

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 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.

Crisis Group's international headquarters are in Brussels, with major advocacy offices in Washington DC (where it is based as a legal entity) and New York, a smaller one in London and liaison presences in Moscow and Beijing. The organisation currently operates nine regional offices (in Bishkek, Bogotá, Dakar, Islamabad, Istanbul, Jakarta, Nairobi, Pristina and Tbilisi) and has local field representation in eighteen additional locations (Abuja, Baku, Bangkok, Beirut, Cairo, Colombo, Damascus, Dili, Jerusalem, Kabul, Kathmandu, Kinshasa, Ouagadougou, Port-au-Prince, Pretoria, Sarajevo, Seoul and Tehran). Crisis Group currently covers some 60 areas of actual or potential conflict across four continents. In Africa, this includes Burundi, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Kenya, Liberia, Nigeria, Rwanda, Sierra Leone, Somalia, South Africa, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Bangladesh, Burma/Myanmar, Indonesia, Kashmir, Kazakhstan, Kyrgyzstan, Nepal, North Korea, Pakistan, Philippines, Sri Lanka, Taiwan Strait, Tajikistan, Thailand, Timor-Leste, Turkmenistan and Uzbekistan; in Europe, Armenia, Azerbaijan, Bosnia and Herzegovina, Cyprus, Georgia, Kosovo, Macedonia, Russia (North Caucasus), Serbia, Turkey and Ukraine; in the Middle East and North Africa, Algeria, Egypt, Gulf States, Iran, Iraq, Israel-Palestine, Lebanon, Morocco, Saudi Arabia, Syria and Yemen ; and in Latin America and the Caribbean, Bolivia, Colombia, Ecuador, Guatemala, Haiti and Venezuela.

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April 2009

APPENDIX C

CRISIS GROUP REPORTS AND BRIEFINGS ON THE MIDDLE EAST AND NORTH AFRICA SINCE 2006

ARAB-ISRAELI CONFLICT

Enter Hamas: The Challenges of Political Integration, Middle East Report N°49, 18 January 2006 (also available in Arabic and Hebrew)

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Nurturing Instability: Lebanon's Palestinian Refugee Camps, Middle East Report N°84, 19 February 2009 (also available in Arabic)

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Political Transition in Mauritania: Assessment and Horizons, Middle East/North Africa Report N°53, 24 April 2006 (only available in French)

Egypt's Sinai Question, Middle East/North Africa Report N°61, 30 January 2007 (also available in Arabic)

Western Sahara: The Cost of the Conflict, Middle East/North Africa Report N°65, 11 June 2007 (also available in Arabic and French)

Western Sahara: Out of the Impasse, Middle East/North Africa Report N°66, 11 June 2007 (also available in Arabic and French)

Egypt's Muslim Brothers: Confrontation or Integration?, Middle East/North Africa Report N°76, 18 June 2008 (also available in Arabic)

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In their Own Words: Reading the Iraqi Insurgency, Middle East Report N°50, 15 February 2006 (also available in Arabic)

Iran: Is There a Way Out of the Nuclear Impasse?, Middle East Report N°51, 23 February 2006 (also available in Arabic)

The Next Iraqi War? Sectarianism and Civil Conflict, Middle East Report N°52, 27 February 2006 (also available in Arabic)

Iraq's Muqtada Al-Sadr: Spoiler or Stabiliser?, Middle East Report N°55, 11 July 2006 (also available in Arabic)

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APPENDIX D

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