

**ENTER HAMAS:
THE CHALLENGES OF POLITICAL INTEGRATION**

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ENTER HAMAS: THE CHALLENGES OF POLITICAL INTEGRATION

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Hamas, the Islamist movement designated a terrorist organisation by the U.S. and EU and considered a mortal enemy by Israel, will soon join the Palestinian legislature. Riding an unprecedented wave of popularity and having exceeded virtually all expectations in recent municipal contests, it could end up sitting at the Palestinian Authority's (PA) cabinet table. Consequences would likely be far-reaching: Palestinians are hugely dependent on the West and Israel, and both have threatened to cut ties should Hamas join the PA. So far, the U.S. and EU essentially have opted to ignore the Islamists rather than deal with them upfront – the end result being a movement that feels stronger, more emboldened, and over which the West has precious little leverage. With the prospect as remote as ever of a renewed peace process or a weakened PA cracking down on a strengthened Hamas, the international community's best remaining option is to maximise the Islamist movement's incentives to move in a political direction through a policy of gradual, conditional engagement.

Hamas's electoral participation results from a convergence of disparate interests. For President Abbas, securing the ceasefire, rehabilitating the Palestinians' international standing, and putting the domestic house in order required a deal with Hamas. In exchange for cooperation, he offered power-sharing through political integration. Abbas's gambit coincided with Hamas's calculations: it had experienced a surge in popular support during the uprising, was eager for a respite from Israeli military assaults, and, with both Fatah and the PA in disarray, saw an opportunity to translate its success into institutional power. Though originally scheduled for July 2005, parliamentary elections were postponed by Fatah leaders concerned about Hamas's strength and convinced that with more time they would recover lost ground.

Fatah's concerns were not misplaced but its response was plainly misguided. Strong half a year ago, Hamas appears far stronger now. In the intervening months, Fatah has continued to fray, consumed by internal divisions, while Hamas has come of age. Municipal elections, in which they handily won control of most urban areas, including traditional Fatah bastions like Nablus, suggest the Islamists

are establishing themselves as the alternative of choice to a PA discredited by corruption, chaos and a failure to realise its political agenda. Today, hundreds of thousands of Palestinians live in localities ruled by Hamas.

The record of the last several months, as Hamas rubbed elbows with issues of local governance and campaigned for national office, offers a preliminary, mixed picture of how political integration might affect its outlook and conduct. In its pragmatism, and even willingness to deal with Israel on day-to-day operational affairs, Hamas rule at the local level has been almost boringly similar to its predecessor. Local politicians emphasise themes of good governance, economic development, and personal and social security, leaving specifically religious issues and the conflict with Israel to the background. With only scant exceptions, they have yet to try to impose their vision of an Islamist society.

Nationally, too, signs of pragmatism can be detected. Far more than Fatah, Hamas has proved a disciplined adherent to the ceasefire, and Israeli military officers readily credit this for the sharp decline in violence. In recent statements, Hamas leaders have not ruled out changing their movement's charter, negotiating with Israel, or accepting a long-term truce on the basis of an Israeli withdrawal to the 1967 lines. Today, their electoral platform is in these respects closer to Fatah's outlook than to Hamas's founding principles.

There is a less encouraging side. Hamas continues to straddle its public and clandestine wings, subject to competing views from different leadership elements, and at least partially susceptible to Syrian and Iranian pressures. Most Israelis, and not a few Palestinians, are worried about its armed potential, and there is widespread suspicion in Israel that the organisation simply is biding its time, waiting for the post-electoral period to launch a new wave of attacks with a replenished and improved arsenal. Perhaps most significantly, it has neither renounced violence, nor accepted Israel's existence.

All this suggests that integration is a work in progress, neither a sure thing nor the safest of bets. But what is the alternative? The PA is not in a military, let alone a political,

position forcibly to disarm Hamas. Since taking office, Abbas has been paralysed by a sclerotic political system, and he has more than once staked his political future on successful, inclusive elections. Without the prospect of political incorporation, and in the absence of a credible diplomatic process, Hamas – and, along with it, most other armed organisations – is likely to resume sustained attacks against Israel. What remains, for now, is the possibility that by incorporating Hamas more deeply into local and national governance, its stake in overall stability and the political costs of a breakdown gradually will steer it away from the military path.

Confronted with the challenge of a newly emerging Palestinian reality, the international community has, for the most part, taken a pass. While there are important differences in policy, both the U.S. and EU avoid (and in the American case, bar) contacts with the Islamist organisation, deny funding to projects with Hamas-run municipalities, and have threatened to halt assistance to the PA if Hamas joins it. This attitude has had several, essentially negative, results: estranging Palestinians from Western donors; losing touch with an increasingly large segment of the population; jeopardising project sustainability; and reducing accountability. Meanwhile, Hamas has gained strength from a nationalist backlash against perceived foreign interference and is participating in elections without having to fulfil any prior condition.

Western countries have not done the one thing that might have had a positive impact: try to shape Hamas's policies by exploiting its clear desire for international recognition and legitimacy. There is every reason for the West to withhold formal dealings at a national level, at least until it renounces attacks against civilians and drops its opposition to a two-state solution, but the current confused approach – boycotting Hamas while facilitating its electoral participation; facilitating its participation without seeking through some engagement reciprocal concessions – makes no sense at all.

Without conferring immediate legitimacy on Hamas, engaging its national officials or removing it from the terrorism list, the EU in particular – which has more flexibility than the U.S. in this regard – should encourage the Islamists to focus on day-to-day matters and facilitate a process of potential political integration and gradual military decommissioning. With Prime Minister Sharon's sudden incapacitation, an already impossibly perplexing situation has become more confused still. Using Western economic and political leverage to try to stabilise the Palestinian arena would be far from the worst possible investment.

RECOMMENDATIONS

To the Palestinian Authority:

1. Within 100 days of the formation of the next cabinet, submit the draft Political Parties Law to the Palestinian Legislative Council (PLC) for ratification, providing for the formal registration of all political organisations that pursue their objectives through lawful and peaceful means.
2. Within 100 days of the formation of the next government, submit a Basic Security Law to the PLC, providing for:
 - (a) de-politicisation of the Palestinian security sector and full parliamentary supervision of all security forces and intelligence agencies, including their budgets; and
 - (b) phased decommissioning of paramilitary weapons, commencing with cessation of the acquisition, development, and testing of new weaponry, and including in subsequent stages decommissioning of weaponry that most threatens an Israeli-Palestinian ceasefire; and integration or demobilisation of members of all armed groups not part of the Palestinian security forces, all in coordination with verifiable international supervision.
3. Ensure the equitable distribution of municipal and reconstruction funds, including donor funds disbursed to PA accounts, so that local authorities are not the subject of discrimination on the basis of the political composition of their governing councils.

To the Islamic Resistance Movement (Hamas):

4. Renew the unilateral ceasefire (*tahdi'a*) for six months, and respond positively to efforts by Egypt, the Quartet, and other third parties to achieve a comprehensive Israeli-Palestinian ceasefire.
5. Support ratification by the Palestinian Legislative Council (PLC) of the Political Parties Law, and register the Reform and Change Bloc as a distinct and separate political party.
6. Participate in the drafting and support ratification by the PLC of a Basic Security Law, and declare readiness to cooperate with a newly formed decommissioning authority on gradual implementation of the following measures, in the case of (c) – (e) subject to a comprehensive Israeli-Palestinian ceasefire and independent international verification:

- (a) immediate and unconditional ban on the public display of weapons;
 - (b) permanent cessation of attacks against civilian targets;
 - (c) cessation of the acquisition, manufacture, and testing of weaponry;
 - (d) decommissioning of weaponry that most threatens the ceasefire, including rockets and weapons laboratories; and
 - (e) unification of all armed elements under central government authority.
7. State that it will accept and honour a negotiated two-state settlement that is properly endorsed by Palestinian national institutions and the Palestinian people.

To the Government of Israel:

8. Reciprocate an extension of the *tahdi'a* by Palestinian armed groups by:
- (a) a moratorium on assassinations, incursions into Palestinian population centres, house demolitions, and arrest sweeps where there is no evidence of imminent military necessity; and
 - (b) beginning a process of meaningful release of prisoners belonging to groups that are party to the *tahdi'a* commencing with political leaders, including Islamists, who have not been charged with involvement in armed activities.
9. Respond positively to efforts by third parties to achieve a comprehensive ceasefire.

To the European Union and its Member States:

10. Subject to Hamas extending the *tahdi'a*:
- (a) resume normal developmental and diplomatic contact with Hamas-run municipalities;
 - (b) renew funding of municipalities through the Municipal Development fund, subject to auditing measures that ensure disbursements benefit only intended recipients; and
 - (c) agree to engage in relations with any political party, including the Hamas-affiliated Reform and Change Bloc, but only if it is properly registered under the Political Parties Law and verifiably independent of any armed wing.

11. If Hamas violates the truce, suspend contacts both with its parliamentary faction and local officials, and if Hamas-affiliated politicians are part of the cabinet at the time, also suspend contacts with and assistance to the PA.
12. Remove Hamas from their list of proscribed terrorist organisations, subject to Hamas formally renouncing all violence against civilians and taking initial steps in a verifiable process of decommissioning.
13. Undertake normal dialogue with the organisation subject to Hamas dropping its opposition to a two-state solution and indicating it will honour a properly endorsed Israeli-Palestinian agreement.

To the Government of the United States:

14. Give serious consideration to adopting policy responses toward Hamas recommended for the European Union and its member states if they prove effective.

Amman/Brussels, 18 January 2006

ENTER HAMAS: THE CHALLENGES OF POLITICAL INTEGRATION

I. INTRODUCTION: HAMAS AND THE PALESTINIAN POLITICAL SYSTEM

Integration of the Islamic Resistance Movement (Hamas)¹ into the Palestinian political system has been on the agenda virtually since it was founded during the early months of the 1987-1993 uprising in the occupied territories.² Initial contacts, conducted in various Arab states prior to the 1993 Oslo agreements, failed because neither the Palestine Liberation Organisation (PLO) – the umbrella organisation of the national movement – nor Hamas saw much benefit in incorporation. That such discussions came at a time when the PLO under Arafat had embraced a negotiated two-state settlement, while Hamas was proclaiming a jihad to liberate every inch of historic Palestine, complicated matters further.

The exiled PLO leadership was disinclined to offer the upstart newcomer from the occupied territories a seat at the table on terms other than its own. Arafat, whose dominant figure loomed over the polity as a whole, had little patience or need for an organisation that did not recognise the PLO's monopoly on Palestinian representation and decision-making. He and his colleagues also were innately suspicious of a movement that promoted a rival ideology, was seen as retaining primary loyalties to the Muslim Brotherhood's regional leadership, was viewed as excessively close to Arab states, particularly Jordan, and,

they believed, had been encouraged by Israel to undermine the PLO.³

Hamas's considerable demands, including, in 1990, an overhaul of PLO strategy and at least 40 per cent of the seats in its parliamentary body, the Palestine National Council (PNC),⁴ were clearly designed to be rejected. They showed a movement convinced of its strong hand, equally if not more comfortable operating in opposition to the PLO rather than as part of existing national institutions. Hamas's perception that the dominant Palestine National Liberation Movement (Fatah) was out to eliminate it, and Fatah's that the Islamists ultimately sought to replace its leadership, each contained an important element of truth that resonates to this day.

The establishment of the Palestinian Authority (PA) in the West Bank and Gaza Strip in 1994 inaugurated a new phase in the relationship between the nationalist and Islamist movements. The PLO's ownership of the Oslo process, and its monopoly of the institutions it spawned, threatened Hamas, which had established itself as a significant national player during the 1987-1993 uprising. Arafat and Fatah dominated Palestinian institutions and the broader political landscape to an even greater extent than previously, largely excluding rival and allied organisations alike from the decision-making process and a commensurate share of PA resources. At the same time, Oslo in part was made possible by a shared Israeli and Palestinian interest to stymie Hamas in the occupied territories.

¹ Hamas, the Arabic word for "zeal", is the acronym of the movement's name in Arabic, *harakat al-muqawwama al-islamiyya*.

² For background on the origins and development of Hamas, see Crisis Group Middle East Report N°21, *Dealing with Hamas*, 26 January 2004, pp. 4-18; Crisis Group Middle East Report N°13, *Islamic Social Welfare Activism in the Occupied Palestinian Territories: A Legitimate Target?*, 2 April 2003, pp. 3-6; Ziad Abu Amr, *Islamic Fundamentalism in the West Bank and Gaza: Muslim Brotherhood and Islamic Jihad* (Bloomington, 1994); Khaled Hroub, *Hamas: Political Thought and Practice* (Washington, DC, 2000); Beverly Milton-Edwards, *Islamic Politics in Palestine* (London, 1996); Shaul Mishal and Avraham Sela, *The Palestinian Hamas: Vision, Violence, and Coexistence* (New York, 2000); and Graham Usher, "What Kind of Nation? The Rise of Hamas in the Occupied Territories", in Joel Beinin and Joe Stork (eds.), *Political Islam: Essays from Middle East Report* (Berkeley, 1997), pp. 339-354.

³ Although many of Fatah's founders cut their political teeth in the Brotherhood during the 1950s, the movement prized and jealously guarded its independence from other political organisations and governments. An Egyptian diplomat in Gaza said: "Hamas still looks most to the Muslim Brotherhood in Jordan, although Sheikh Ahmad Yasin tried to look to Cairo for recognition as Gaza's *murshid al-amm* (Supreme Guide). Khalid Mashal is Hamas's intermediary with the 700-member international leadership of the Muslim Brotherhood, primarily in Qatar where Sheikh Yousif Qaradawi is based". Crisis Group interview, Gaza City, December 2005. For more on early relations between Israel and the Palestinian Islamist movement before 1990, see Crisis Group Report, *Dealing With Hamas*, op. cit., pp. 5-7.

⁴ Hroub, *Hamas*, op. cit., pp. 94-95.

Insisting that the Oslo agreements and, therefore, the institutions established to implement them were illegitimate, Hamas not only boycotted the 1996 PA presidential and legislative elections, but vowed to continue the uprising. Claiming, however, that local authorities are service institutions predating Oslo rather than political ones created by it, Hamas consistently demanded that municipal elections be held. Arafat, informed by his security chiefs that Hamas success at the local level would transform the West Bank and Gaza Strip into “another Algeria”, consistently demurred.⁵ Tensions rose in the wake of the February 1994 massacre of 29 Muslim worshippers at Hebron’s Ibrahimi Mosque, when the Islamist organisation escalated its armed campaign by introducing suicide bombings, primarily against Israeli civilian targets.⁶

The above notwithstanding, unofficial negotiations between the PLO/PA leadership and Hamas continued after Oslo, producing an informal ceasefire in the months preceding the 1996 elections in exchange for prisoner releases and extending to discussions on the modalities of Hamas’s eventual participation in the polls.⁷

Whether Hamas’s political integration could have succeeded in the 1990s remains an open question. In its absence, the PA’s commitments to the peace process and Hamas’s continued militancy proved fundamentally irreconcilable, the more so because Arafat concluded that the suicide bombings of 1994-1996 were designed to

inflict not only physical damage in Israel but – more importantly to him – political damage to his and the PA’s standing. With his back to the wall and Oslo as well as his newfound ties to the U.S. in the balance, he directed his security forces, consisting largely of repatriated PLO fighters and local Fatah activists, to hit back.

The widespread PA campaign against Hamas had a devastating impact on the Islamist movement but could not mask a new reality that Arafat himself recognised: the Islamist movement was there to stay. Alternately seeking to co-opt and contain Hamas, the Palestinian president achieved his main objective of imposing recognition of the PA’s legitimacy and supremacy – and therefore his own – on the Islamists. In exchange, Hamas and its institutions were largely spared harassment so long as they respected the rules of the game. Chief among these was to desist from directly confronting the PA or threatening Oslo’s viability through excessive escalation of the conflict with Israel; if it violated either principle, the entire movement – including its political leaders and social institutions – risked paying a serious price.

With the onset of the second uprising in late 2000, the *modus vivendi* established during the 1990s developed into a relationship of competitive cooperation. Hamas’s political leadership generally acquiesced in PA initiatives that enjoyed broad public support, such as the unilateral ceasefire announced in mid-2003, but on the battlefield the Fatah-affiliated Al-Aqsa Martyrs’ Brigades (AMB) and the Hamas Martyr Izz-al-Din al-Qassam Brigades were competing not only with Israel but each other. The AMB’s unprecedented decision to conduct suicide bombings in January 2002 and Hamas’s deployment of rudimentary Qassam rockets in the Gaza Strip several months later were in no small part motivated by the need to appear the more militant and effective movement.

Israel’s undifferentiated response to the uprising also brought the rival organisations closer and set the stage for a more serious approach towards Hamas’s political integration. Indeed, the PA’s increasingly antagonistic relationship with Israel and the U.S. since the collapse of the July 2000 Camp David summit, and Hamas’s decision not to exploit the conflict to openly subvert the PA, burnished their credentials in each other’s eyes. Confronted by a common enemy, they increasingly shared a common discourse in which nationalist and religious terminology intertwined.⁸ In addition, the conflict itself so

⁵ The assessment was reportedly provided to Arafat by a senior security official. Crisis Group interview, European journalist covering Palestinian affairs, Jerusalem, January 2006.

⁶ On 25 February 1994, during dawn prayers at the Ibrahimi mosque in Hebron during the final Friday of the sacred Muslim month of Ramadan, Baruch Goldstein, a radical Israeli settler, entered the Mosque and fired indiscriminately at worshippers until he was beaten to death. 29 were killed and many more wounded in an act that was condemned by the Israeli government. The first Hamas suicide bombing was perpetrated 40 days later, on 13 April 1994, in the northern Israeli town of Afula, killing eight. In Arab Muslim societies, this constitutes the traditional mourning period for the deceased. “Had there not been the 1994 Ibrahimi mosque massacre, there would have been no suicide bombings”. Crisis Group interview, Sheikh Ahmad Haj Ali, senior Palestinian Muslim Brotherhood leader and Hamas PLC candidate, Nablus, July 2005. Every Hamas leader interviewed by Crisis Group emphasised the Ibrahimi mosque massacre as a turning point.

⁷ In these discussions Hamas suggested it was prepared to contest legislative elections if the electoral system was changed from district constituencies to national proportional representation (Palestinians could then vote for the movement rather than individuals). Arafat refused, and negotiations broke down. How serious Hamas was is unclear, and it has since maintained that it was never prepared to contest elections under Oslo. Crisis Group interview, Graham Usher, *The Economist* Palestine correspondent, Jerusalem, July 2005.

⁸ “The leading generation of Hamas and Fatah’s younger generation grew up together in the same neighbourhoods. [Former PA security chief] Muhammad Dahlan and the leader of Hamas’s military wing, Muhammad Daif, are from the same place. Hamas and the younger generation of Fatah shared the same Israeli prisons, and share the same experience, shaped

disabled the PA that it could no longer rule unassisted; Hamas's readiness and demands for power-sharing and a role in governance found more response. In one of his final acts, Arafat on 5 May 2004 implicitly inaugurated the process of integration when he decreed that a first round of local authority elections – postponed since 1996 – would be held on 23 December 2004.⁹

While Arafat may have concluded it had become necessary to offer the Islamists genuine power-sharing arrangements, it seems more likely he was engaging in his time-honoured practice of seeking to incorporate them into the fabric of the political system in order to control them better. As various Palestinians have noted, he was loathe to share power even with his own Fatah movement and would have been highly unlikely to do so with the most powerful opposition force. But with his death, a process to which he probably intended to give one meaning suddenly acquired another.

II. THE ERA OF INTEGRATION

A. ABBAS'S GAMBLE

Both Hamas and Fatah lost their historic leaders in 2004. On 22 March, Sheikh Ahmad Yasin, Hamas's founder and mentor, was killed in an Israeli helicopter attack that also took nine other lives. Eight months later, on 11 November, Arafat, who had led the national movement since its re-emergence after the 1967 war, died in a Paris military hospital. If Hamas appears to have recovered from its loss and remains a disciplined movement with a coherent leadership, Fatah clearly has not. Combined with the PA's virtual destruction during the intifada, it has lost its political hegemony, and a new reality is being created.

The quick and smooth succession and then election of Mahmoud Abbas (Abu Mazen) to the helm of the national movement initially concealed the depth of the crisis. Arafat had increasingly tailored the system to his unique methods of rule, so that it was effectively a reflection of his own personality. His absence inevitably called into question the very structure of the political system and punctured basic assumptions that had remained constant for the better part of a generation. Not only did Abbas lack his predecessor's credentials and persona, and therefore the capacity to dominate political life; he also consciously adopted a different approach.

As a combined result of preference and force of circumstance, Abbas's agenda consisted of policies aimed at stabilising the domestic political system as well as relations with Israel, Arab states, and the international community. On this basis, he hoped to end the violent uprising, rehabilitate the Palestinians' international standing, strengthen the Israeli peace camp, repair relations with the U.S., and nudge Israel back to the negotiating table in order to reach a comprehensive agreement. Given the interdependence of these objectives and realities on the ground, any progress required Hamas's cooperation. So long as Islamist suicide bombers attacked Tel Aviv and their comrades lobbed missiles over the Green Line, Abbas's goals would remain elusive. Enforcing domestic law and order required cooperation from the armed movement. In addition, Hamas's role loomed large in the elections Abbas sought to organise to remove rival Fatah power centres within the PA and regenerate the political arena.

Abbas's prescription was simple: a renewal of the ceasefire he had engineered during his brief premiership in 2003, coupled with a commitment by Hamas and others to sabotage neither his internal authority nor his diplomatic efforts. Without these he could neither put the Palestinian house in order nor repair relations with the outside world. With compulsion not an option in view of the PA's gravely

by the same history. They span the two intifadas and have common interests". Crisis Group interview, Shaul Mishal, Israeli academic, Tel Aviv, September 2005.

⁹ Scheduled for 26 West Bank and eleven Gaza Strip localities, the latter were postponed until 11 January 2005 due to a sharp deterioration in the security situation in the Gaza Strip in December 2004.

weakened state and Fatah's systematic fragmentation during the years of conflict, and not a preference in light of public aversion to domestic confrontation, negotiation was essential. Thus, rather than wage a debilitating internal battle on the heels of an external one, Abbas opted to deal with the Islamists. In exchange for their cooperation, he offered power-sharing through integration into PA institutions on the basis of elections. The strategy was actively supported by Egypt.¹⁰ Washington, which held Abbas in high regard, was eager to bolster him and had its own regional democratic agenda to promote, was favourably disposed.

Abbas had another calculation in mind. Knowing that a resumption of meaningful negotiations with Israel required the end of Hamas's autonomous military decision-making, that the Roadmap¹¹ dictated the dismantling of its armed infrastructure, and that forcible disarmament was out of the question, he banked on gradual decommissioning through political integration. Once in the Palestinian Legislative Council (PLC), he argued, Hamas no longer could ignore the laws that were passed by it. It would have to reject either the logic of political incorporation or the logic of military independence; it could not indefinitely embrace both. Moreover, once Hamas recognised the legitimacy and authority of the PA, violations of PLC laws could be used to justify a more muscular approach toward it.¹² "We cannot crack down right away, but as our security forces are bolstered, and as Hamas subjects itself to our laws, we will be in a far better position to keep them in line and in check".¹³

Where Arafat sought to co-opt and control through a policy of divide and rule, in other words, Abbas attempted to rule through a process of incorporation and integration. After several months of negotiations mediated by Egypt, the Palestinian leadership and representatives of thirteen political organisations signed the 19 March 2005 Cairo Declaration.¹⁴ The single sheet of paper essentially committed the factions and their armed affiliates to observe unilaterally a period of calm or ceasefire (*tahdi'a*) through the end of 2005, and the leadership to conduct local and legislative elections without further delay. Additional pledges to initiate discussions on the incorporation of

Hamas and Palestinian Islamic Jihad (PIJ) into the PLO, and the forswearing of any resort to arms in internal Palestinian disputes, suggested that Islamist integration was on course to become a reality.

This agreement was met with serious misgivings within Fatah. Some felt that the president had gone too far, granting Hamas the legitimacy it craved and agreeing to an electoral system that, they claimed, would disproportionately benefit it.¹⁵ Particularly in the wake of the popular mandate he obtained in the January 2005 PA presidential elections, they felt Abbas should have driven a harder bargain. Because the informal ceasefire served Hamas's interests as much as the Palestinian leader's needs, argued a PA minister, Abbas was in a position to demand that the Islamists recognise the PLO's 1988 Algiers declaration formally endorsing a two-state settlement, renounce attacks on targets within Israel proper, and take specific measures on arms decommissioning as well.¹⁶

Others denounced the very notion of an agreement with Hamas, pointing to Arafat's refusal to make one. They argued that ultimately the Islamists intended to seize rather than share power and to impose their agenda rather than to amend it, so policy should be formulated with a view towards victory in an inevitable confrontation.¹⁷ Convinced that Sharon's approach to Israel's impending departure from the Gaza Strip would in the short run primarily benefit Hamas, and concerned that growing disarray within Fatah and associated chaos in population centres would be reflected at the ballot box, a majority argued that elections should be postponed until Abbas had been in power long enough to deliver.¹⁸ In a sign of more serious potential problems, some within the nationalist movement began referring to Abbas as the "Palestinian Chadli Benjedid", an uncharitable reference to the former Algerian president whose decision to legalise his country's Islamists and allow them to participate in elections led them to the cusp of power – until a military coup and civil war put an end to the entire episode.¹⁹

B. HAMAS ACCEPTS THE BAIT

Abbas's gambit coincided with Hamas's calculations. Its appreciation for both his honesty and weakness helped propel discussions forward. Unlike Arafat, Abbas was deemed trustworthy; unlike Arafat, he also was seen as less

¹⁰ Crisis Group interviews, senior Egyptian security officials and diplomats, Cairo, May 2005.

¹¹ For full text and analysis of the Roadmap, unveiled in 2003 by the Quartet (U.S., EU, Russian Federation and UN), see Crisis Group Middle East Report No. 14, *A Middle East Roadmap to Where*, 2 May 2003.

¹² Crisis Group interviews, senior Palestinian officials, Ramallah, Washington, May-December 2005.

¹³ Crisis Group interview, senior PA official, Washington, May 2005.

¹⁴ For the text of the Cairo Declaration, see www.palestine-pmc.com/details.asp?cat=2&id=849.

¹⁵ Crisis Group interviews, Fatah militants, April 2005.

¹⁶ Crisis Group interview, PA cabinet minister, Ramallah, July 2005.

¹⁷ Crisis Group interview, former senior Palestinian security official, Gaza City, September 2004.

¹⁸ Crisis Group interview, Palestinian analyst, Nablus, July 2005.

¹⁹ Crisis Group interview, Fatah militant, April 2005.

capable of outmanoeuvring it. Ghazi Hamad, the editor of an Islamist newspaper in Gaza and a Hamas parliamentary candidate, remarked that “many things have changed. Abbas believes in democracy and institutions and has allowed Hamas to become more and more involved”.²⁰ In other words, Arafat’s demise offered opportunities his presence had foreclosed.

Most importantly, integration was the right offer at the right time. While its military role during the second uprising had catapulted it to the centre of the Israeli-Palestinian equation on a wave of popular support, several factors suggested Hamas was nearing the limits of its spectacular growth: First, Israel’s targeted assassinations had deprived the movement of many of its most effective and charismatic leaders and forced the remainder underground for extended periods. Exhausted and eager for a respite, Hamas also was deprived of regular contact with the population through rallies, media appearances, and the like. It therefore became increasingly difficult for the Islamists to represent and respond to their constituents’ concerns.

Israel’s announcement of the Gaza disengagement was a second factor. Hamas’s claim to have liberated the territory by force was broadly accepted by the public, meaning the time was ripe to cash in its political dividends. In addition, with the withdrawal in sight, popular support for continued armed operations from Gaza dropped significantly. Gazans were eager for a return to normalcy and to taste the fruits of Hamas’s purported triumph. More generally, whether or not they endorsed Abbas’s agenda or thought it would succeed, most Palestinians wanted to give their new leader an opportunity to implement his ideas in the expectation that this would at least provide a respite from years of conflict. In this way, too, public opinion added its weight to demands that Hamas facilitate a ceasefire. For a movement that prides itself on reading the people’s pulse, and whose fortunes very much depend on this, such sentiments were significant.

The collapse of the Oslo accords and the effective absence of other diplomatic efforts also helped bring about the Islamists’ change of heart. Hamas could enter political institutions without fear of endorsing a process that would profoundly divide the movement and force it to re-examine basic tenets.²¹ As a Hamas campaign manager explained, “the conditions of Oslo no longer apply. We’re living

in a post-Oslo age”.²² In this respect, any further Israeli unilateral withdrawals would also suit Hamas well: as a member of the PLC, it would neither have to endorse nor reject (non-existent) PA negotiations with Israel, and it would not be blamed for lack of progress. Finally, the combination of ceasefire, electoral legitimacy, and integration served to distinguish Hamas’s territorial jihad for national liberation from the global jihad of al-Qaeda.²³

Hamas recognised it risked forfeiting – temporarily at least – the political benefits of an armed struggle that had been instrumental in its ascendancy. If it was going to translate its popular support into institutional power, therefore, 2005 was a pivotal year. Nor was there any guarantee that the confluence of events enabling integration under such advantageous circumstances would be repeated anytime soon. If, for example, Abbas succeeded in revitalising Fatah and the PA, engaging the Bush administration, or extracting concessions from Israel, Hamas might well be left out in the cold. Not only would the Palestinian leader no longer need it; he might well face intensified demands to take it on and, with security reform and international refurbishing of the PA’s arsenal, be more capable of prevailing. By integrating political institutions and gaining international legitimacy at a moment of relative strength, Hamas could thus protect itself from future attempts by Israel, but also the PA, to confront it.

This is not to say that the decision was without controversy. Although Hamas leaders are eager to project an image of unity and deny any dissension,²⁴ the decision clearly was the object of internal debate.²⁵ Reports suggest that elements within the politburo in exile formed the primary locus of opposition to integration and were joined by a number of leaders and cadres within the occupied territories, presumably including prominent military

²⁰ Crisis Group interview, Ghazi Hamad, editor of *al-Risala*, Gaza City, November 2005.

²¹ Hamas “can now join a new process, not one it has formerly opposed; it can give Abu Mazen a chance without giving the Oslo Accords approval; and it can join the Authority and other Palestinian institutions without endorsing past policies”. Hussein Agha and Robert Malley, “The Lost Palestinians”, *New York Review of Books*, 9 June 2005.

²² Crisis Group interview, Yahya Nasr, Hamas campaign manager, Baitunya, September 2005.

²³ Crisis Group interview, Hamad, Gaza City, November 2005. For discussion of the reasons behind Hamas’s evolution, see Agha and Malley, “The Lost Palestinians”, op. cit.

²⁴ Hamas’s best known leader in the Gaza Strip, Mahmoud Zahar, told Crisis Group that no one within the movement had raised objections to electoral participation. Crisis Group interview, Gaza City, November 2005.

²⁵ As one indication of debate, Muhammad Ghazal, the Nablus-based spokesman who on 12 March 2005 announced the movement’s decision to contest legislative elections, suggested he was selected to do so to demonstrate that even though opposition to participation had been highest among cadres in the Nablus region, debate was finished and – in the best traditions of democratic centralism – the movement now stood united behind the decision reached by the leadership. Crisis Group interview, Muhammad Ghazal, Hamas spokesman, Nablus, September 2005.

commanders. They are said to have feared that entering institutional politics was a slippery slope that would ultimately lead to abandonment of armed struggle, as well as to the loss of important constituencies to more radical groups.²⁶ These elements also saw little justification in joining a system they hoped to replace for the sake of coexistence with a state they hoped to destroy.

More broadly, it is not difficult to understand why some within Hamas would have opposed integration, for it goes to the heart of the Islamist movement's identity. By remaining outside formal political institutions, it can maintain its revolutionary élan and the luxury of informal power without formal responsibility. Untainted by office, it is a magnet for Palestinians thirsting for an alternative, beyond those committed to its Islamist principles or agenda. Having developed its own parallel social network, it also can take credit for accomplishments without incurring the blame for failings. And much like Fatah during the 1970s and 1980s, it can continue to accommodate contradictory perspectives on critical issues such as the resolution of the Israeli-Palestinian conflict. All this becomes more difficult for a movement ensconced in formal institutions that must take decisions on and resolve street-level practical questions and high-minded political ones.

Yet at the end of the day, proponents of integration, led by the political leadership within the occupied territories and enjoying the support of some key exile leaders including politburo head Khalid Mashal,²⁷ won the debate and – at least thus far – have united the movement behind them. In the process, they sought and obtained endorsement of their policy from the Muslim Brotherhood's *majlis shura* (Consultative Council) that is the supreme arbiter of the movement's affairs.²⁸ Likewise, the influential prison leadership – which enjoys close relations with Fatah detainees – is said to have forcefully advocated integration.²⁹ Like their detractors, some proponents of Hamas's entry into institutional politics see this as a turning point in its organisational development.³⁰ Formally, however, the movement has pointedly declared that the struggle goes on, and it is a safe assumption that for most Islamists integration is meant to complement armed struggle rather than replace it.³¹

²⁶ Crisis Group interview, Palestinian analyst, Ramallah, July 2005.

²⁷ Crisis Group interviews, Palestinian analysts, Gaza Strip, November 2005.

²⁸ Crisis Group interview, Sheikh Ahmad Haj Ali, Muslim Brotherhood leader and Hamas parliamentary candidate, Nablus, August 2005.

²⁹ See Agha and Malley, "The Lost Palestinians", op. cit.

³⁰ Crisis Group interviews, Muhammad Ghazal, Hamas spokesman, Nablus, September 2005; Hamad, Gaza City, November 2005.

³¹ "We will maintain our resistance". Crisis Group interview,

C. THE VAGARIES OF INTEGRATION

1. Hamas and the ceasefire

Advocates of Abbas's integration approach underscore some early successes. Significantly, of all the major Palestinian factions, Hamas, not Fatah, has proved the most steadfast adherent to the *tahdi'a*. Israeli military officers readily credit its discipline in relinquishing violence for short term goals and attribute the sharp decline in violence in 2005 primarily to its restraint.³² Hamas has not eschewed attacking Israeli targets – it has fired dozens of missiles from the Gaza Strip into Israel and launched a number of attacks in the West Bank during the past year. But it has generally done so within its definition of the *tahdi'a* – a conditional ceasefire in which it reserves the right to respond to Israeli attacks upon Palestinian population centres and particularly its cadres. Seen from this perspective, what is equally noteworthy are the number of Israeli attacks, including assassinations, that passed without a direct (or at least immediate) response.

The transition has been far from complete and anything but smooth. Hamas continues to straddle its public and clandestine wings, is subject to competing views from different leadership elements, and is at least partially susceptible to Syrian and Iranian pressures. At times, it appears to have relied on others, particularly the Al Aqsa Martyrs' Brigades, to carry out its most serious reprisals and thus insulate itself from the consequences. Most Israelis and not a few Palestinians are worried about its armed potential, and there is widespread suspicion in Israel that the organisation simply is biding its time, waiting for the post-electoral period to launch new attacks with a replenished and improved arsenal. Israeli security officials also fear that in the wake of a strong showing in the parliamentary elections, the movement would place its followers in positions of influence in areas such as the security services and educational sector, making a peaceful settlement all the more unlikely.³³

Zahar, Gaza City, November 2005. "Hamas will continue to be a religious, political and *jihadi* movement". Crisis Group interview, Hamas leader and PLC candidate Sheikh Hamid Bitawi, Nablus, January 2006.

³² "A few months before disengagement we were sure that Hamas would escalate attacks to give the impression that Israel was retreating under fire. But Hamas chose the opposite strategy. The last seven days of the withdrawal were maybe the most peaceful of the last five years". Maj. Gen. Giora Eiland, Director of Israel's National Security Council and security adviser to Prime Minister Sharon, at a November 2005 forum in Jerusalem attended by Crisis Group. Also see *Haaretz*, 2 January 2006. Islamic Jihad, which is boycotting elections, has been far less reluctant to engage in violence.

³³ See *Ha'aretz*, 3 January 2006. The two ministries Hamas leader Hamid Bitawi singled out for potential control were the

On the ground there is also evidence that Hamas's more military and radical inclinations are far from dormant. In the euphoria surrounding Israel's August 2005 withdrawal from Gaza, its military branch staged parades led by masked men shooting wildly into the air, displaying "an arrogance that Hamas had not shown before".³⁴ In the attempt to lay claim to the pullout, the underground military wing went public, touting the fruits of "four years of resistance, against ten years of negotiations". The Qassam Brigades released tens of thousands of flyers entitled "The Dawn of Victory", printed with photos – some masked – of its seven commanders. At approximately the same time, their overall commander, Muhammad Daif, who has been in hiding for over a decade, gave an exceedingly rare television interview. Some interpreted these developments as an attempt by the Brigades to remind the movement not to forsake its fighters as it entered institutional politics.³⁵ In another provocative gesture, Hamas leader Mahmoud Zahar led Muslim prayers at the torched remains of a deconsecrated synagogue.

Then, in the movement's final celebration of Israel's withdrawal on 23 September, a rocket accidentally detonated in Jabalya refugee camp, killing more than twenty bystanders.³⁶ Trapped in their own rhetoric, its leaders blamed Israel and to save face unleashed dozens of low-tech rockets against Israeli locales east of the Gaza Strip. The violence shattered an eleven-day post-disengagement calm. Israel responded with heavy artillery, helicopter gunfire and sonic booms. A Hamas cell in the West Bank responded by killing a kidnapped Israeli, and Hamas gunmen stormed a police station in Beach Camp, near Gaza City, just when the movement was seeking to advertise its electoral credentials.³⁷ Hamas's declaration reaffirming the ceasefire was lost in the mayhem.

ministries of Education and of Religious Endowments (*Awqaf*). Crisis Group interview, Nablus, January 2006.

³⁴ Crisis Group interview, UN official, Gaza City, November 2005.

³⁵ An Egyptian official with years of experience in Gaza noted that the movement compromised its rigorous training procedures in the rush to recruit during the current uprising: "During the intifada, the Qassam Brigades mobilised the youth, without giving them the religious training, which used to last seven years. For some their only creed is their guns and their monthly stipends. It will require time to convince them to integrate". Crisis Group interview, Egyptian official, Gaza, November 2005.

³⁶ Hamas's claim that an Israeli air raid was responsible was immediately refuted by the PA Interior Ministry, which blamed Hamas.

³⁷ The clash was apparently sparked by the son of assassinated Hamas leader Abd-al-Aziz Rantisi, when he allegedly tried to jump the queue at an ATM machine. Crisis Group interviews, European and Palestinian officials, Brussels and Gaza, October 2005.

The violence both punctured Hamas's triumphalism and showcased its least appealing sides. Even supporters questioned its readiness to govern and openly wondered whether its civilian or military, pragmatic or radical, wing held the upper hand. With their public prestige at stake, Hamas political leaders ultimately regained their composure and reasserted control. In sermons, Ismail Haniyya, Sheikh Yasin's former chief aide who today heads the movement's legislative candidate list, called for discipline in the ranks – though punishment only took the form of privately warning a Hamas leader in Jabalya.³⁸ Confronted with subsequent large-scale Israeli arrests of its political activists and a new round of assassinations, Hamas has remained both stoic and restrained. But the events surrounding Jabalya remain a cautionary tale.

Continued restraint, in sum, cannot be taken for granted. Ideologically, and despite indications to the contrary (see below, Part IV), Hamas remains formally committed to the destruction of Israel, whose legitimacy it rejects. Moreover, the ceasefire was predicated both on the movement's inclusion in the political process and on some measure of implicit Israeli reciprocity. If the political effort stumbles or if Israeli military actions continue, the movement is likely to review its options and revert to armed conflict.

2. Hamas and the electoral process

Legislative elections, the most significant step in the integration process, were scheduled for July 2005. Faced with strong pressure from within the Fatah leadership – which feared the elections would benefit both Fatah rivals and Hamas – and from international actors, including notably Egypt, President Abbas postponed them to early 2006. Palestinian officials and some of their outside backers clearly wagered that the PA and Fatah would benefit from the delay to regain ground lost to the Islamists. The PA was banking on greater outside economic assistance, particularly in a post-disengagement Gaza, to attract public support and showcase the dividends of its international ties. Improvements in the West Bank also were expected as Israel relaxed some of its more onerous restrictions. In the words of an Egyptian security official who helped broker the postponement, "Abu Mazen and the PA will be stronger in a few months, particularly after the Gaza disengagement. That's when the elections should be held".³⁹

³⁸ Crisis Group interview, Palestinian analyst, Gaza City, November 2005. Hamas's subsequent public displays of weapons apparently were limited to the occasional military parade to celebrate municipal successes, for example in Nablus.

³⁹ Crisis Group interview, Cairo, May 2005.

The Fatah leadership's concerns about its own weakness were not misplaced but its response was plainly misguided. Strong in July, Hamas appears far stronger six months later. In the interim, Fatah has continued to fray, consumed by internal divisions, while Hamas has come of age, establishing itself as a formidable political force, feeding on a burgeoning protest vote against the PA and Fatah rather than ideological verve. "People are fed up with Fatah; they've had ten years of it", said a pollster in Baitunya, a satellite town of Ramallah.⁴⁰ As Hamas's popularity has soared, Fatah's has sunk. In opinion polls, Hamas surged from some 20 per cent backing at the beginning of 2005 to 30 per cent in mid-year, and, against the backdrop of Fatah's acute disarray, by December to an unprecedented – and likely temporary – 40 per cent.⁴¹

While the staggering of local elections into multiple rounds allowed the PA to amend the rules from a candidate-based system to proportional representation in the hope this would help unify local Fatah factions, it also gave Hamas time to hone its electoral machine. In the year between its electoral debut in December 2004 and the fourth round of municipal polls in December 2005, it took a crash course in electoral arts, and by the eve of the legislative elections had mastered a gamut of techniques: organisers wore green baseball caps and distributed stickers; its campaign banners and paraphernalia dominated city centres; in campaign offices, women armed with electoral rolls manned telephones to get out the vote; twice on polling day voters in Nablus received mobile phone text messages asking if they had voted in accordance with God's will. Candidates constantly appear on Palestinian TV and radio stations trumpeting well-rehearsed sound bites. A fortnight ahead of the legislative elections, the movement launched its own television station, al-Aqsa.⁴²

Hamas also enjoys a virtual monopoly on campaigning – and the benefit of a captive audience – in mosques, though in early January 2006 it signed an inter-Palestinian code of conduct that explicitly prohibits the use of places of worship for electoral purposes. After four municipal dry runs, augmented by a series of student and union elections,

Hamas has the most professional, disciplined and calculating electoral team in the Palestinian territories.

This is all the more remarkable given Israel's repeated arrest campaigns that seemed to target its campaign staff and candidates, many of whom remain in jail months after their initial detention.⁴³ In the first round of municipal elections, in which locations were purposely selected to ensure an impressive Fatah showing,⁴⁴ Hamas did particularly well, capturing seven of 26 councils against twelve for Fatah in the West Bank,⁴⁵ and seven of nine, including the town of Deir al-Balah, in the Gaza Strip. The second and third rounds, respectively in May and September 2005, confirmed a pattern whereby Hamas performed beyond expectations in West Bank rural areas even though Fatah won a clear majority of such contests, and generally overwhelmed Fatah in urban centres and the Gaza Strip. It captured Qalqilya in the West Bank and became the largest party in Bethlehem in the second round. Its victories in Rafah, Beit Lahia, and Burajj refugee camps were referred to the courts as Fatah claimed fraud.⁴⁶

In the penultimate round of local elections in December 2005, the most significant to date because of the many cities included, Hamas handily won Fatah's traditional Nablus bastion and also captured Jenin and El Bireh. By the end of the year, it was entrenched not only in its Gaza strongholds but all across the West Bank, in full or joint control of each of the largest towns that had voted except Ramallah.⁴⁷ Its councillors had won control of a combined population equal to that under Fatah's leadership, with the difference that Islamist victories occurred in the politically more important urban regions, while Fatah maintained control in comparatively marginal rural areas.⁴⁸ Fatah retained its monopoly only in cities where the courts

⁴⁰ Crisis Group interview, Nuha Muslih, National Democratic Institute, Baitunya, September 2005. Hamas did little to disguise that much of its support was a protest vote against Fatah: "If Fatah had not failed to realise its own program, Hamas would never have existed, but Fatah failed in negotiations. It achieved nothing from them". Crisis Group interview, Sheikh Ahmad Haj Ali, Nablus, August 2005.

⁴¹ Polls conducted by the Palestine Centre for Policy and Survey Research (PSR) gave Hamas 18 per cent support in December 2004, 30 per cent in June 2005, and, on the basis of municipal exit polling, 41 per cent in December 2005. See www.pcpsr.org.
⁴² "Hamas launches television station in the Gaza Strip", Associated Press, 9 January 2006.

⁴³ Candidates continued to campaign from jail. According to the former mayor of Qalqilya, Marouf Zahran, his Hamas successor campaigned by mobile telephone from his prison cell. Crisis Group interview, Qalqilya, June 2005. Crisis Group also was able to contact some imprisoned Hamas candidates on their personal mobile telephones.

⁴⁴ The purpose was to demonstrate to a sceptical Arafat that Fatah would win elections, and he should therefore authorise more of them, creating growing momentum for PLC elections. Crisis Group interview, Fatah legislator, Ramallah, November 2004.

⁴⁵ In the remaining seven councils, a variety of coalition agreements were negotiated to stitch together governing majorities.

⁴⁶ Islamists maintained they were victims of a fiction invented to retain Fatah dominance in key urban constituencies.

⁴⁷ Even in Ramallah, Hamas received almost as many votes as Fatah, which rules in coalition with others.

⁴⁸ Arnon Regular, "1.1 Palestinians live in councils controlled by Hamas", *Haaretz*, 18 December 2005. Although Fatah won 121 towns and villages as opposed to Hamas's 81, the only main West Bank town it retained was Ramallah.

cancelled the results or the PA postponed polling; even there, roads were festooned with banners proclaiming “Welcome to Hamas City”. The longer Fatah temporised about conducting elections, the more Hamas appeared to advance.

Even Hamas was surprised by its performance, proclaiming that the angels must have joined the vote.⁴⁹ Hamas’s preparations for the approaching legislative elections began well before it signed the March 2005 Cairo Declaration that paved the way for its participation. Unlike Fatah, it marshalled its campaign team and mobilised its resources in anticipation of a mid-2005 vote, and maintained them on high alert after postponement. Having conquered the provinces, it is well-placed to decisively influence the PA.

As Hamas’s appeal has grown, so too has the breadth of its support base. For an organisation with scant experience of government, its political wing has received relatively high marks for local administration.⁵⁰ In the latter stages of the municipal elections, the movement cast its net in search of promising candidates, nominating several from outside the movement, including a Nablus car-dealer with business ties to Israel who is currently the city’s mayor.⁵¹ The movement’s pragmatists, led by Ismail Haniyya, have visibly prevailed on the list of legislative candidates over those identified with its radical wing led by Mahmoud Zahar.⁵²

Of course, local election results do not necessarily reflect national sentiment or preview the legislative outcome. As elsewhere, voters are more ready to register protest in local balloting.⁵³ Socio-economic issues such as the quality of public services dominated these contests, whereas questions of war and peace typically top the list of national concerns. Most polls suggest the public continues to favour Fatah’s agenda of a negotiated two-state settlement and

has little enthusiasm for renewed conflict. Moreover, even the municipal results reflect disarray within Fatah and its failure to get out the vote⁵⁴ rather than sweeping enthusiasm for the Islamist cause. Hamas secured its overwhelming victory in Deir al-Balah on a turnout of less than 6,000 votes out of a total registered electorate of 31,000 – less than 20 per cent. Collectively Fatah fared better there, but was hampered by its multiple lists and a plethora of independents, among them the incumbent mayor. “Were Fatah to run good people on a single, united list, the most Hamas could get even in Gaza would be 30 per cent of the vote”, predicted a UN observer in Gaza.⁵⁵ While the secular groups splinter,⁵⁶ Hamas represents the Islamist voice uncontested.⁵⁷ But the warning signs were plain, and they account for yet another round of efforts by Fatah leaders to postpone the vote, this time on account of Israeli obstacles to voting in East Jerusalem, lawlessness in Gaza, or both.⁵⁸

The situation also has Israel deeply worried. An analyst asked, “how can we sit passively by as the keys are being turned over to a sworn enemy dedicated to our destruction”, without even a commitment to disarm its military wing or transform its ideological outlook?⁵⁹ Israel threatened to obstruct the elections if Hamas participates and to end any cooperation with the PA if Hamas joins the cabinet. In the words of an Israeli defence ministry adviser, “Sharon set Abbas an example of how to deal with religious militants – [it is] now [time] for Abbas to reciprocate”.⁶⁰

Within the international community, too, concern is palpable but, for a number of reasons, the reaction is different. Many regret that, in negotiations with Hamas in early 2005 preceding the Cairo Declaration, the PA failed to set criteria for the Islamists’ electoral participation, such as a commitment to forswear attacks against civilians or recognition of Israel. Yet most admit

⁴⁹ Crisis Group telephone interview, imprisoned Hamas PLC candidate Sheikh Ahmad Haj Ali, January 2006.

⁵⁰ See below, Part III.

⁵¹ Heading the Hamas list in Nablus, which won 73 per cent of the vote on a turnout of some 70 per cent, is Adli Yaish, a leading local businessman and Mercedes dealer who had run the city’s Zakat (alms) Committee. Crisis Group interview, Mayor Adli Yaish, Nablus, January 2006. His Israeli business connections enthusiastically vouched for his reputation. Orly Halpern, “A pragmatic mayor for Nablus”, *The Jerusalem Post*, 17 December 2005. Christians as well as Muslims attended his victory celebrations.

⁵² Hamas’s PLC candidate list is headed by Ismail Haniyya, a leader of the pragmatic wing. Mahmoud Zahar, the more hard-line but hitherto prominent leader, was relegated to ninth position.

⁵³ Crisis Group interview, Yezid Sayigh, Palestinian academic and analyst, Beirut, Lebanon, October 2005.

⁵⁴ While Hamas activists in green bandannas crowded the gates to polling stations across the West Bank in the fourth round of municipal elections in December 2005 (a violation of Palestinian election law), Fatah’s presence was imperceptible.

⁵⁵ Crisis Group interview, Gaza City, November 2005. Fatah ran 45 candidates for the Deir al-Balah municipal council’s fifteen seats; the more disciplined Hamas ran fifteen, including three university professors.

⁵⁶ In addition to Fatah, which initially submitted two candidate lists, five other groups and coalitions are vying for the secular vote in the legislative elections.

⁵⁷ Pollsters give Palestinian Islamic Jihad, which is boycotting the elections, 3 per cent support. PSR poll, 8 December 2005.

⁵⁸ On 9 January 2005, for example, PA Interior Minister Nasr Yusif stated that Palestinian security forces were unable to guarantee the security of elections.

⁵⁹ Crisis Group interview, Washington, November 2005.

⁶⁰ Crisis Group interview, Israeli security adviser, defence ministry, Tel Aviv, September 2005.

that the time for imposing such pre-requisites is long past and that to reopen this question would endanger the truce.⁶¹ There also is growing realisation that Hamas is a reality to be reckoned with, and Abu Mazen is not about to try to forcibly disarm it. This is all the more patent given lack of progress on the diplomatic front: no Palestinian leader can be expected to crack down on fellow Palestinians when there is no peace process, let alone when Israeli restrictions and settlement activity – especially around Jerusalem – are increasing.

Even the U.S., most averse among Western nations to see Hamas gain, accepted its participation and pushed for the elections to be held on time, successfully pressing Israel to allow East Jerusalemites to vote in accordance with past practice. During his May 2005 visit to Washington, Abu Mazen reportedly struck a chord with U.S. officials, including Secretary of State Rice, arguing that a clean Fatah victory – which he then confidently predicted – would deal Sunni Islamist militancy a profound setback in the region:

This message will reverberate throughout the Middle East: in the first clear and clean electoral contest between pragmatic nationalism and extreme Islamism, the nationalists will have won. By what logic would the Bush administration try to thwart such a possibility at such a critical time?⁶²

Most importantly, the administration learned from past experience. After backing postponement of the July 2005 elections, it saw Hamas's influence grow and Fatah's power wane; all the while, Abu Mazen was telling U.S. officials that he would be able to act only after the elections. Now, an official asks:

What would we gain by pushing for yet another postponement in the hope that Hamas somehow can be curbed? Six months from now, the PA will not be any stronger, Fatah will be just as divided, nothing will be done about Hamas, and our democratisation agenda will have been stalled. Elections may not produce anything better, but they won't produce anything worse.⁶³

⁶¹ Confronted with Hamas's growing power, having little to offer in exchange, and with their sights firmly fixed on obtaining a ceasefire as a lynchpin of their strategy, PA leaders felt unable to extract additional concessions. A PA official said that a proposal to insist on Hamas renouncing attacks on civilians within Israel was at one point floated but drew scant international support given its implicit endorsement of attacks within the occupied territories. Crisis Group interview, Ramallah, July 2005.

⁶² Crisis Group interview, senior adviser to President Abbas, Washington, May 2005.

⁶³ Crisis Group interview, U.S. official, Washington, 30 December 2005.

III. HAMAS AND LOCAL POWER

In the course of the local elections, Hamas has assumed responsibility for the livelihoods of thousands of municipal employees and the local affairs – including service delivery – of hundreds of thousands of Palestinians. Municipal elections thus offered Hamas its first foothold in the PA political system and Palestinians their first taste of what Islamist governance might bring. While local authorities have comparatively little power, and the collapse of their revenue base during the uprising and mounting debts have dramatically increased their dependence on the PA and donors, they remain in many cases the largest local employer, a source of significant patronage, and a locus of day-to-day relations with Israel. Municipalities have thus become small laboratories for what Hamas might do domestically and with regard to others if and when it achieves greater national power.

A. THE PITFALLS OF LOCAL POWER

For the most part, Hamas rule has been almost boringly similar to its predecessor's. Islamist councillors can appear remarkably subdued and removed from broader political or ideological struggles. Confronted with the reality of daily interaction with the occupying power, the municipal leadership in the main has been pragmatic: maintaining contacts on essential operational matters in order to benefit their constituencies; agreeing to meet with Israeli counterparts if absolutely necessary; and eschewing political relationships not dictated by such practical requirements. "If we are in the municipalities, we talk to the Israelis. It's not politics, it's about services", said Muhammad Ghazal, a Hamas leader in Nablus who on 12 March 2005 announced the movement's decision to participate in PLC elections.⁶⁴ In Hamas-run Deir al-Balah in the Gaza Strip, the mayor declared his town "open to receiving help from any country in the world, including Israel".⁶⁵

The mayor of Bethlehem, a member of the Popular Front for the Liberation of Palestine (PFLP) who runs the municipality in alliance with Hamas, talks with army officers from the Israeli civil administration "infrequently" – for example, about collection of rubbish – and meets them "once or twice a month" at a nearby Israeli settlement, but without Hamas councillors since "it is

⁶⁴ Crisis Group interview, Muhammad Ghazal, Hamas leader, Nablus, September 2005.

⁶⁵ Crisis Group interview, Ahmad Kurd, Mayor of Deir al-Balah, Deir al-Balah, November 2005.

better for both them and us".⁶⁶ As of this writing, the mayor of Nablus was seeking Israeli military approval for the rehabilitation of sewage pipelines to Israel.⁶⁷ More surprisingly, and in what may well prove an aberration, a senior official of the Association of Palestinian Local Authorities (APLA) said Hamas mayors conveyed their willingness to attend an Israeli-Palestinian municipal conference in The Hague in July 2005 to promote a municipal platform for peace, "provided we could obtain exit permits from Israel".⁶⁸

The northern West Bank town of Qalqilya arguably is the most significant test case of Hamas's attitude. Adjacent to the 1967 boundary and historically bound in myriad ways including infrastructure to its Israeli counterparts across the border, Qalqilya in the past had cordial relations with Kfar Saba, just over the Green Line. Today, after Hamas has won the municipal elections, the separation barrier continues to claw into municipal territory, plant its foundations at the town's edges, and darken the horizon with concrete. Yet, with no real alternative, the Hamas-dominated municipal council has maintained its de facto dependence on Israel for its utility supply, and the town continues to share its rubbish dump with Kfar Saba. The former mayor openly met with Israelis, which the new leadership will not do. Still, Qalqilya Deputy and acting Mayor Hashim Masri met with representatives of the Israeli Electric Company, though in a car rather than at Israeli military headquarters.⁶⁹

To some degree, Hamas-run municipalities have been spared the need to confront the issue because Israel increasingly channels contacts with Palestinians through the PA and its national agencies. This re-centralisation of ties marks a significant shift from practice during the uprising, when Israel preferred to deal directly with local authorities as a means of undercutting the PA. The most recent change appears to suit all concerned: the PA has regained its dominance over bilateral relations; Israel has circumvented direct relations with Hamas-run

municipalities;⁷⁰ and Hamas can avoid engaging with Israel.

In a further sign of pragmatism and electoral savvy, Hamas recruited many local candidates from its affiliated social welfare institutions.⁷¹ Several mayors previously occupied prominent positions in charitable organisations.⁷² During the uprising, when the PA virtually ceased to function and the army barred most Palestinians from working in Israel and routinely besieged their towns and villages, Hamas-affiliated charities filled a critical welfare gap, so that in some quarters Islamist electoral success was simply confirmation of an existing reality. Prior to his election as mayor of Deir al-Balah, Ahmad Kurd directed the Salah welfare organisation, which over almost three decades he built into a concern with an annual turnover of \$5 million – far larger than the municipal budget. It provided schooling, food rations, health care and other services to a growing number of Gazans. From organising youth camps to clean up campaigns, Hamas had already become the primary organiser of Palestinian society.⁷³

Hamas's post-election performance has won plaudits from local and foreign observers alike. One Palestinian economist hailed their productivity: "The municipalities under Hamas control are well run, and the work ethic has changed dramatically. Mayors are returning to the people, and addressing their needs. The appearance of towns also is changing. They are much cleaner, and more organised".⁷⁴ A European diplomat working with Hamas councillors added: "They are hardworking; they go to their jobs; they are strict with money; they enforce the rule of law; and they are trying to provide efficient services".⁷⁵ An Israeli overseeing Palestinian affairs in the occupied territories added: "Palestinians tell me they are not corrupt, and so far have been running services very well".⁷⁶ Even Fatah rivals praised them for their accessibility.⁷⁷

⁶⁶ Crisis Group interview, Jamal Salman, general manager, Bethlehem Municipality, Bethlehem, January 2006. Meetings are said to focus on services within municipal territories that are under full Israeli control.

⁶⁷ "Concerning anything to do with the service needs of my people, of course I'll speak to Israel". Crisis Group interview, Mayor Adli Yaish, Nablus, January 2006.

⁶⁸ Crisis Group interview, Association of Palestinian Local Authorities official, Gaza Strip, November 2005. Neither the mayors nor the official were able to obtain exit permits.

⁶⁹ The meeting was reportedly Masri's first. Khaled Abu Toameh, "Kalkilya talks electricity with Israelis", *The Jerusalem Post*, 28 December 2005. It subsequently prompted statements of official Israeli displeasure. Crisis Group interview, Shlomo Dror, spokesman for the Israeli civil administration in the West Bank, Jerusalem, January 2006.

⁷⁰ Ibid.

⁷¹ Crisis Group interview, Khalil Shaheen, *Al-Ayyam* correspondent, Ramallah, November 2005.

⁷² Crisis Group Report, *Islamic Social Welfare Activism*, op. cit.

⁷³ Crisis Group interviews, UN officials, Gaza City, November 2005.

⁷⁴ Crisis Group interview, Salah Abdel-Shafi, Palestinian economist, Gaza City, November 2005.

⁷⁵ Crisis Group interview, European diplomat, Jerusalem, December 2005. The experience of Islamist-run municipalities in Israel has been a learning experience for Hamas: "Hamas have learned from Umm al-Fahm. They know their leaders have to sweep the streets". Crisis Group interview, Khalid Amayreh, Palestinian journalist, Doura, West Bank, November 2005.

⁷⁶ Crisis Group interview, Shlomo Dror, Jerusalem, January 2006.

⁷⁷ Crisis Group interviews, Fatah cadres, Nablus, January 2006.

Of course, Hamas does not wholly escape allegations of mismanagement and impropriety, and there is suspicion that it increasingly will conduct itself like its predecessors – tending to its own and itself before serving the people's interests. There are, for example, indications that Hamas councils have been adding supporters to the municipal payroll, putting an additional strain on tight budgets.⁷⁸ In response, Hamas councillors insist employment decisions reflect the needs of the local authority rather than the movement ruling it: "Once we're elected, we're the representatives of the people, not the party".⁷⁹ As many politicians, Hamas members ask for time. "The population should judge us in four years. If we're not held to account, we'd be corrupt", said a Bethlehem Hamas councillor.⁸⁰

On the streets, the Islamists' record receives mixed reviews and, already, Hamas is encountering obstacles. While the roads and their desks are clean,⁸¹ they often fail to deliver on the foremost demand: jobs.⁸² A virtual freeze in Western donor support to Hamas-controlled municipalities (see Part V below) and, according to Hamas, discriminatory budgetary allocations by the PA have cut deep into budgets, leaving a trail of broken commitments.⁸³ "Hamas promised to build a slaughterhouse, a recreation centre and new waste water plants. But there are no projects and it hasn't even repaired the roads", protested a voter in Bethlehem.⁸⁴ In Qalqilya an unemployed local builder aired similar grievances: "Hamas hasn't provided

compensation to the victims of the wall despite election promises. I don't see any difference between the old and new administrations, other than an increase in local fees".⁸⁵ In the ultra-depressed North Gaza municipality of Beit Hanoun, shopkeepers vented frustration at the town's continued pauperisation since elections brought Hamas to power.

In some instances, Fatah has sought to play on this dissatisfaction, blaming Hamas for the drying up of donor funds. In the words of a Bethlehem Fatah leader, "it's clear that the Hamas and PFLP presence in the municipal council has become a huge obstacle to donor and national funding, and they should step aside. Why should they hold the interests of Bethlehem hostage for their own prestige?"⁸⁶ However, many Palestinians residents stated they would continue to vote for Hamas: better an honest pauper than a corrupt thief was a commonly-heard verdict.⁸⁷

To deal with the budget crisis, Hamas councils have sought to cut expenditures, raise taxes, and lease or sell municipal assets. In Qalqilya, Hashim Masri claimed office expenses and petrol allowances had been substantially reduced,⁸⁸ while Hamas councillors in Bethlehem said they had cut the mayor's salary, though not their own.⁸⁹ Councillors also offered incentives for up-front payment of local fees in an attempt to boost revenues. Khalid Saada, a Bethlehem councillor and veteran Hamas member, said he canvassed markets and shops for payment: "I went to collect the taxes personally from the markets. I said – look you've voted for me, and for this municipality to succeed you have to pay your fees".⁹⁰ In Qalqilya, the council engaged the support of the local clergy. Sheikh Salih Sabri, the mufti and relative of influential council member Mustafa Sabri, approved creation of three tiers: a business

⁷⁸ Qalqilya Deputy (and Acting) Mayor Hashim Masri confirmed that he added 50 employees to the 300-man payroll. His Fatah predecessor, Marouf Zahran, claimed Hamas was "guilty of favouritism" in hiring practices. Crisis Group interviews, Hashim Masri, Qalqilya, September 2005; Marouf Zahran, Qalqilya, June 2005.

⁷⁹ Crisis Group interview, Ahmad Kurd, Deir al-Balah, November 2005.

⁸⁰ Crisis Group interview, Hamas councillor, Bethlehem, November 2005.

⁸¹ Observations based upon repeated Crisis Group visits to West Bank and Gaza Strip local authorities run by Hamas in 2005 and 2006.

⁸² A survey by the Palestinian Centre for Policy and Survey Research (PSR) on the eve of Israel's withdrawal from the Gaza Strip concluded that for the first time unemployment was ranked as the most pressing issue, ahead of occupation.

⁸³ According to Hamas spokesman Ghazal, "the ministry of local government is openly discriminating between Fatah and Hamas municipalities. Unfortunately, there is no equality". Crisis Group interview, Nablus, September 2005. In Bethlehem, Hamas councillors accused the ministry of withholding cash transfers to bring them down. Crisis Group interview, Hassan Safi, Hamas councillor, Bethlehem, November 2005. PA Minister of Local Government Khalid Qawasmî denied this: "Even though we have financial difficulties, each municipality is getting its fair share", Crisis Group interview, Ramallah, November 2005.

⁸⁴ Crisis Group interview, Jad Ishaq, director, Applied Research Institute of Jerusalem (ARIJ), Bethlehem, November 2005.

⁸⁵ Crisis Group interview, Ahmad Hindi, construction worker, Qalqilya, September 2005.

⁸⁶ "If Hamas did resign, constitutionally the PA would temporarily appoint a new [Fatah] council, pending fresh elections". Crisis Group interview, Antoine Salman, councillor, Bethlehem, November 2005. Reacting to Fatah's attempt to undermine the municipal council in Bethlehem, a public relations officer at the city's university angrily remarked: "Fatah doesn't want anyone to break the boycott on Bethlehem. They want to sabotage the municipality to get rid of Hamas". Crisis Group interview, Carole Dabdoub, Bethlehem, November 2005.

⁸⁷ Crisis Group interviews, Beit Hanoun residents, November 2005.

⁸⁸ "Departmental expenses have also been reduced, and everything is under review". Crisis Group interview, Qalqilya, September 2005.

⁸⁹ Crisis Group interview, Hasan Safi, Hamas councillor, Bethlehem, November 2005.

⁹⁰ Crisis Group interview, Khalid Saada, Hamas councillor, Bethlehem, November 2005.

tax, a rich tax, and a middle income tax.⁹¹ “If the people fail to pay their taxes”, he warned, “Qalqilya would have to pay interest on their debt which is forbidden under Islam”.⁹² Following Sabri’s intervention, according to Masri, tax revenues, particularly from businesses, swelled.⁹³

To bolster revenues, Hamas-run councils also put municipal assets to commercial use. Qabalan mayor Riad Mustafa leased land for construction of a football pitch by providing landowners with a break on utility bills; in Bethlehem, councillors used their ties to the *waqf* (religious endowments) to obtain land at concessionary rates for building a stadium.⁹⁴ In Qalqilya, the acting mayor said he was selling and leasing municipal property to reduce interest payments traditionally prohibited in Islam.⁹⁵ While rising taxes and prices were common grievances, particularly in Qalqilya, the resolve of Hamas-run councils to take unpopular measures has impressed local World Bank representatives. “Bethlehem was the first mayor to ask for an audit. Would you punish a guy like that?”, asked the official overseeing municipal funding.⁹⁶

Facing overwhelming fiscal obstacles, Hamas also has sought to play on nationalist sentiments, accusing the PA and donors of refusing to accept the outcome of democratic elections. In an interview with Crisis Group, Hamas leader Mahmoud Zahar sought to turn on donors an argument they have long deployed against the PA: “To treat the disease of corruption”, he said, municipalities must rid Palestine of a dependency culture:

We have to rely on income from the people. We have to depend on small local industries rather than large donor projects. We have to create factories for the Palestinian people with our money, not send

workers to work for other governments. It will take time.⁹⁷

From his prison cell, Islamist leader Sheikh Ahmad Haj Ali was even more vituperative: “Donors have ruined our house with their funds – they are the source of corruption. We don’t need their euros. We need our dignity.”⁹⁸

B. SHARIA DEFERRED?

While trying to establish credentials as professional administrators, local Hamas politicians also have sought to allay fears they would target political pluralism and press for compulsory Islamisation. Like national leaders, they have in speeches and interviews consistently emphasised good governance, economic development, and personal and social security, with religious issues mostly relegated to the background or unmentioned.

So far, there is only scant evidence of Hamas municipalities seeking to extend Islamic canon law (Sharia). In Bethlehem, Hamas allied with the local Christian leader of the most avowedly secular of Palestinian factions, the Popular Front for the Liberation of Palestine (PFLP). Where vigilantes or self-styled “morality police” have surfaced, Hamas officials have been quick to characterise them as isolated and unauthorised aberrations, not general policy. Asked about the murder of a young woman during a beach outing with a man later revealed to be her fiancée in the Gaza Strip, a Hamas leader replied: “We do not have a policy of interfering in the personal lives of anybody. Not now. Not tomorrow. Never.”⁹⁹

On another issue of crucial significance to Palestinian society, Hamas has pointedly refrained from disturbing the religious status quo. Restaurants in Bethlehem, a traditionally Christian town which relies on tourism for its income, remained open during Ramadan, with alcohol on sale, despite Hamas’s dominant position within the

⁹¹ “We encourage people to pay taxes because we understand that the municipality needs money to provide services. That’s the proper role for religion in politics”. Crisis Group interview, Sheikh Salih Sabri, Mufti of Qalqilya, Qalqilya, September 2005.

⁹² Ibid.

⁹³ Crisis Group interview, Masri, Qalqilya, September 2005.

⁹⁴ Crisis Group interviews, Riyad Mustafa, mayor, Qabalan, December 2005; Hamas councillor Hassan Safi, Bethlehem, November 2005.

⁹⁵ Masri claimed that through property sales he reduced municipal debt by more than 10 per cent within seven months and cut interest payments accordingly. Qalqilya Mufti Sabri said the municipality could pay interest “on services like schools and roads, because these are obligatory services. In such situations Muslims will be forgiven because they are serving the public interest. But the Council must decide according to its conscience before God”. Crisis Group interviews, Qalqilya, September 2005.

⁹⁶ Crisis Group interview, Ibrahim Dajani, World Bank official, Jerusalem, December 2005. World Bank funds, unlike those of USAID, do not appear to be subject to security vetting.

⁹⁷ Crisis Group interview, Mahmoud Zahar, Hamas leader, Gaza City, 20 November 2005. Elaborating in a newspaper interview, Zahar stated: “We don’t want to turn our people into a people of handout-seekers in the guise of donation recipients. Many countries live in dignity off their meager capabilities, and they are also advancing. A government that receives aid relinquishes its faith and begins to serve the will of the donor. The donating hand has the advantage over the receiving hand. Our jihad-fighting people will not become a people of beggars....I think that if we start investing, we will not need donor states that wrest decisions from our hands in exchange for a crust of bread”. *Al-Sharq Al-Awsat*, 10 November 2005.

⁹⁸ Crisis Group telephone interview, Haj Ali, January 2006.

⁹⁹ Crisis Group interview, Muhammad Ghazal, Hamas spokesperson, Nablus, September 2005.

municipality's governing coalition. During Christmas the new local authority appeared to go as far out of its way as its predecessor to accommodate pilgrims. "Before the elections our opponents sowed propaganda saying we would change the day of rest from Sunday to Friday and convert the Church of the Nativity to a mosque", said a Hamas councillor.¹⁰⁰

On the sensitive issue of Christian political representation, Hamas leaders likewise have been careful to preserve the status quo. In Bethlehem, they took no move to alter the practice of appointing a Catholic mayor (the current mayor is a PFLP member) and a Greek Orthodox Christian deputy, even though Christians are a minority in a town where Islamists rule. Hamas also pointedly refrained from challenging quotas reserving a disproportionate majority of council seats for Christian candidates in several towns that until recently were largely or wholly populated by Christians.

In other cases, however, evidence is more disturbing. In Qalqilya, the municipality, in coordination with local religious leaders, cancelled a music festival backed by the PA. Its initially defensive response that it acted to preserve the grass on the football pitch cut little ice, and in a subsequent interview with Crisis Group Hashim Masri was explicit about his moral objections: "It was a Westernised festival, and the people refused it. Had it been about an exchange of cultures then fine, we have no problem with that. The PA tried to pressure us, but we refused".¹⁰¹ The local mufti agreed: "The municipality was right to ban this because the festival violated the Sharia. There are times when the municipality acts as a break on the PA decisions that are against Islam".¹⁰²

Women employees in Hamas municipalities are uniformly veiled, though it is unclear if from a directive, informal pressures, choice, or a combination. Moreover, its current apparent pragmatism notwithstanding, memories of Hamas activists physically attacking unveiled women during the 1987-1993 uprising remain strong enough that secular intellectuals in January 2006 circulated a petition entitled, "We Will Defend Our Freedoms". While congratulating the movement for participating in the democratic process, it called on it to disavow the use of its political power to legislate personal morality.¹⁰³ There also are signs of

tension regarding Hamas's views of the demographic allocation of seats in the handful of municipalities where this is practiced.¹⁰⁴ Individual Hamas activists complain the PA is using Christians as pawns to curtail Islamist influence and retain power in key West Bank cities¹⁰⁵ and that in some local elections Fatah was playing the sectarian card, appealing to Christian fears¹⁰⁶ – an accusation that is also levelled against the Islamists.¹⁰⁷

Although Hamas dismisses any such signs of religious intolerance as aberrations, they feed suspicions that it is presenting a deceptively moderate face in order to lay institutional roots for eventual imposition of more rigid social mores. "Hamas are playing tactically. They are biding their time, but their agenda has not changed", said a young Christian student in Bethlehem. "They have a plan. I would not vote for Hamas. I fear Hamas. I want to live as I like".¹⁰⁸

Fears of a conservative social agenda were exacerbated during the legislative campaign. In its electoral platform, Hamas called for enshrining Islamic canon law as the principal source of legislation; in all-male rallies, Islamist leaders championed gender separation in universities and purging school syllabus of such allegedly Western influences as sex education.¹⁰⁹ They also urged demolition of the (already-closed) Jericho casino and banning mixed university cafes, slogans that drew rapturous applause.

Ramallah, January 2006. As of 9 January 2006, the petition had not been published.

¹⁰⁴ According to the National Democratic Institute in Jerusalem, pursuant to a Palestinian presidential decree the following local authorities must have a Christian mayor and quotas of councillors: Bethlehem (eight Christians, seven Muslims); Beit Sahur (ten Christians, three Muslims); Beit Jala (ten Christians, three Muslims); Zababdeh (six Christians, three Muslims); Bir Zeit (seven Christians, six Muslims); Abboud (six Christians, five Muslims); Jifna (eight Christians, three Muslims); Ramallah (eight Christians, seven Muslims). No other Palestinian municipality is subject to quota regulations.

¹⁰⁵ Although Hamas won a third of votes in Ramallah, pursuant to the quota it obtained only three of fifteen seats. As in Bethlehem, it did not field Christian candidates.

¹⁰⁶ Crisis Group interviews, Hamas activists, Bethlehem and Ramallah, 2005. According to Jad Ishaq, an NGO leader in Bethlehem, "the PA is becoming more generous to Christians, because Fatah is secular. Christians are over-represented in senior positions in Fatah and the PA". Crisis Group interview, Bethlehem, November 2005.

¹⁰⁷ Crisis Group interview, Palestinian residents, Ramallah, October 2005.

¹⁰⁸ Crisis Group interview, Bethlehem, November 2005.

¹⁰⁹ Hamas election rally, Nablus, January 2006.

¹⁰⁰ Crisis Group interview, Hassan Safi, Hamas councillor, Bethlehem, November 2005. Here, too, there are exceptions. Thus, Bethlehem's Manger Square, a highly emotive site for Christians adjacent to the Church of Nativity, was used for a Muslim prayer rally on the grounds that it is also the town's main square.

¹⁰¹ Crisis Group interview, Masri, Qalqilya, September 2005.

¹⁰² Crisis Group interview, Mufti Salih Sabri, Qalqilya, September 2005.

¹⁰³ Crisis Group email correspondence, Palestinian intellectual,

IV. HAMAS AND ISRAEL: PARTNERS FOR UNILATERALISM?

A. ISRAEL CONFRONTS HAMAS'S INTEGRATION

Since Abbas first unveiled his policy of integrating Hamas in mid-2003, Israel has rejected the premise that incorporation will make it more pragmatic and consistently has requested the PA to dismantle its military infrastructure. Watching Hamas gain strength and confidence while Abbas and the PA display growing weakness, Israel has claimed vindication even as others have pointed out that Israeli policy – towards both Abbas and Hamas – in no small part accounts for the former's ascendancy at the latter's expense.

From the Israeli government's perspective, a PA that includes an organisation committed to armed resistance, that has killed some 300 Israelis in over 50 suicide bombings in Israeli cities during the current uprising,¹¹⁰ opposes a two-state settlement and denies Israel's existence is even less of a partner than the current PA it has refused to negotiate with.¹¹¹ As a legal basis for its demand that the PA ban Hamas from PLC elections, it invokes the Israeli-Palestinian 1995 Interim Agreement, which provides for the exclusion from elections of "candidates, parties or coalitions...[that] commit or advocate racism, or pursue the implementation of their aims by unlawful or undemocratic means".¹¹²

In the months leading up to the Palestinian parliamentary elections, and with Hamas's unilateral *tahdi'a* theoretically in place, the Israeli military detained hundreds of Islamist activists in the West Bank, including scores of candidates, campaign managers, and prominent members of the movement's political wing. Ahead of the third round of municipal elections in September 2005, Hamas leaders accused Israel of detaining 95 members involved in the election campaign, including 30 successful candidates.¹¹³

¹¹⁰ Figures from Israeli foreign ministry website, www.mfa.gov.il.

¹¹¹ Justice Minister Tzipi Livni, speaking at the Interdisciplinary Centre, Herzliya, 12 September 2005, likened Hamas to the Basque ETA and Kurdish PKK, which are prohibited from participating in the political arena.

¹¹² Article III.3 of Annex II of the 1995 Interim Agreement. Text of agreement at www.mideastweb.org.

¹¹³ Crisis Group interview, Usama Hamdan, Hamas leader and spokesman, Beirut, October 2005. The detainees included Hamas West Bank political leaders Sheikh Hasan Yousif and Muhammad Ghazal as well as PLC candidates Sheikh Ahmad Haj Ali and Muhammad Abu Tair. The army carried out further dragnets over the following months, netting 600 Hamas members

While municipal election results were allowed to stand, several councillors (and at least one mayor) remain imprisoned.¹¹⁴ Indeed, many West Bank Islamist leaders, candidates, and activists interviewed by Crisis Group are behind bars. "The arrests prove that Israel does not want Hamas to participate in the West Bank", said an Islamist journalist.¹¹⁵

These measures have had scant impact on Hamas's performance at the polls. While Hamas spokesmen said the arrests hindered campaign activities,¹¹⁶ other members said the effect was more than offset by resulting solidarity, particularly since they were perceived as an attempt to frustrate Palestinian democracy. A voter in El Bireh, which in December 2005 fell from Fatah control, protested the targeting of the Islamist movement: "Isn't Fatah also an armed group? Why are they picking on Hamas?"¹¹⁷

More recently, Israel has urged the international community not to allow the empowerment of Hamas through the electoral process and sought to target not just candidates, but the elections themselves. Following U.S. acceptance of Hamas participation during Abbas's October 2005 visit to Washington, Israel withdrew its threat to sabotage the polls but said it would do nothing to facilitate them. As the occupying power in direct control of East Jerusalem and the access routes and checkpoints across the West Bank (and between the West Bank and Gaza Strip), it can block the free movement of voters, candidates and campaign staff alike. A senior foreign ministry official maintained that Israel reserves the right to arrest Hamas members passing through checkpoints on election day.¹¹⁸

In a move possibly intended as a final blow, Israel suggested voting would not be permitted in East Jerusalem if Hamas participated, simultaneously providing the pretext for senior PA officials and Fatah leaders already seeking an exit strategy to declare that Jerusalem should not be sacrificed for an election. Accused of thwarting democracy, and faced with continued U.S. and

by the end of the year, according to Hamdan. Israel appears far more concerned by Hamas's ascendancy in the West Bank, where it remains fully engaged, than in the Gaza Strip. In an 18 December cabinet meeting, military intelligence chief Maj. Gen. Aharon Zeevi unveiled a scenario whereby within a year the occupied territories would split into two: a "Hamastan" in Gaza and a "Fatahstan" in the West Bank. Gideon Alon, "MI chief: West Bank, Gaza Strip may split", *Haaretz*, 19 December 2005.

¹¹⁴ For instance, Qalqilya mayor Wajih Qawas.

¹¹⁵ Crisis Group interview, Ghazi Hamad, Islamist journalist, Gaza, November 2005.

¹¹⁶ Crisis Group interviews, Hamas officials, Baitunya, September 2005. They additionally claimed that some candidates abandoned the campaign for fear of arrest.

¹¹⁷ Crisis Group interview, El Bireh, December 2005.

¹¹⁸ Crisis Group interview, Jerusalem, December 2005.

EU pressure for a timely vote, it relented.¹¹⁹ On 15 January, the cabinet decided to allow voting in East Jerusalem in accordance with past practice, but to remove “all signs and symbols” of Hamas participation in the city.¹²⁰ Still, in the six months before Palestinian elections Israel repeatedly maintained that Hamas’s cabinet participation would lead it to sever contacts with the PA and end its commitment to the Roadmap.¹²¹

B. IS A POLICY SHIFT IN THE MAKING?

Since 1967, Israel’s relationship with the Islamist movement has undergone several transformations. In the years before Hamas was spawned by the Muslim Brotherhood at the outset of the 1987-1993 uprising,¹²² Israeli leaders sought to promote the Islamists at the expense of the secular PLO. It was unexceptional, for example, that Ahmad Kurd, the current Hamas mayor of Deir al-Balah, received a license to operate the Salah welfare association from the military authorities in 1978.¹²³ The Islamic Assembly (*al-mujamma al-islami*) established by Sheikh Ahmad Yasin, which never concealed its relationship with the Muslim Brotherhood, was registered with Israeli authorities in 1979, something then impossible for a PLO organisation of similar magnitude. While Israelis

were legally prohibited from talking to PLO members, there was no such ban on contact with the Muslim Brotherhood. Even after Hamas was established, Israel continued to favour Islamist over nationalist militancy in an effort to undercut the PLO.¹²⁴ In the words of a veteran head of an aid agency in the occupied territories, “25 years ago the Israelis were stopping us from working with any Fatah mayors and pushing us towards the religious representatives. Now it’s the reverse”.¹²⁵

As the Islamist movement became more militant and powerful during the first uprising, attitudes quickly changed. The Oslo accords were motivated in part by the desire of both Israel and the PLO to reverse Hamas’s growth. With Hamas excluded from a peace process it rejected, 1994-2000 saw an unprecedented escalation in confrontation, including devastating suicide bombings in Israeli cities and continued assassinations of key Hamas militants throughout the occupied territories. At the height of its campaign, Hamas pushed Oslo to the breaking point.¹²⁶

In the wake of the 11 September 2001 attacks on New York and Washington and Hamas’s repeated use of suicide bombings, Israel – which saw the movement as a mortal enemy – equated it with international jihadist groups, notably al-Qaeda. By the time Prime Minister Sharon had implemented unilateral disengagement from the Gaza Strip, most senior Hamas leaders in the occupied territories – political and military – had been killed.¹²⁷

Abbas’s strategy of integration, Hamas’s temporary ceasefire, and the realisation of both Fatah’s decline and the Islamists’ growing strength have begun to affect

¹¹⁹ “Israel has no intention of giving [Palestinian President] Mahmoud Abbas an excuse to cancel the election because he fears a victory for Hamas and allow him to accuse us before the international community of being responsible for his decision”. Statement by Israeli foreign ministry, quoted in Agence France-Presse, 25 December 2005.

¹²⁰ Israeli cabinet communiqué, 15 January 2006. At a Hamas election rally in Jerusalem hours later, Israeli soldiers detained four candidates, including Muhamed Abu Tair, who occupies the number two slot on the Islamists’ national list. Aluf Benn, “No. 2 on Hamas election list arrested”, www.haaretz.com, 16 January 2006.

¹²¹ “Israel and the international committee will find a terrorist organisation as part of the Palestinian Authority, and there is going to be an end to the Roadmap, which requires Palestinians in the first phase to dismantle terrorist organisations”. Israeli Justice Minister Tzipi Livni, speaking at the Interdisciplinary Centre, Herzliya, 12 September 2005. Following the then-foreign minister Silvan Shalom’s statement that Hamas participation would set Israeli-Palestinian relations back “50 years”, foreign ministry officials were quoted as saying that “if Hamas were to become a dominant force in the Palestinian leadership, it would mean an end to the peace process.” “Hamas sees wins in West Bank voting”, Associated Press, 17 December 2005.

¹²² Hamas claims it was established on 8 December 1987, the eve of the uprising, thus drawing a connection between the two events. Most independent researchers date its foundation to early 1988.

¹²³ Crisis Group interview, Ahmad Kurd, Hamas mayor, Deir al-Balah, November 2005.

¹²⁴ During the 1987-1993 uprising, “the Civil Administration made no effort to stem the flow of funds from Jordan to Hamas”, and “even permitted high-level emissaries of the Muslim Brotherhood to come from Amman for consultations...[In sharp contrast to their PLO counterparts] The Israeli army never interfered with the Hamas strike stewards”. Ze’ev Schiff and Ehud Yaari, *Intifada: The Palestinian Uprising – Israel’s Third Front*, (Simon and Schuster, 1990), p. 234.

¹²⁵ Crisis Group interview, director of a USAID implementing partner, Gaza Strip, November 2005. Projects in Areas B and C in the West Bank, where Israel respectively exercises partial and full security control, still require direct coordination with the civil administration of the Israeli military government.

¹²⁶ See further Crisis Group Report, *Dealing With Hamas*, op. cit., pp. 8-10.

¹²⁷ In addition to Yasin, Hamas leaders assassinated by Israel include Ismail Abu Shanab (2003); Adnan al-Ghoul (2004); Ibrahim Maqadma (2003); Jamal Mansur (2001); Abd-al-Aziz Rantisi (2004); Jamal Salim (2001); and Salah Shahada (2002). Mahmoud Zahar survived the bombing of his Gaza home in September 2003, in which his son Khalid was killed, and Qassam Brigades commander Muhammad Ahmad Daif has escaped at least two attempts on his life.

Israeli perceptions, at least on the margins. The official line remains that any engagement or recognition should come only if Hamas has changed, not because it is strengthened. Only after it abrogates its “legal statements [i.e. Charter], and the political wing has no connection with their military activities”,¹²⁸ could Hamas be accepted as an interlocutor for peace. Arrests and assassinations have continued, and Israel still insists on the dismantling of Hamas’s military wing while seeking to hinder its electoral bid.

At the same time, however, growing segments of the establishment and even of the public gradually are coming to terms with the idea of the Islamist organisation playing an influential part in PA politics and policies.¹²⁹ In the words of a defence ministry adviser, “Hamas is one of two major streams to join the Palestinian establishment and bureaucracy. If they won’t attack us and use terrorism, it’s a Palestinian issue who governs them”.¹³⁰ Others argue that the current ceasefire ultimately depends on the understanding between Abbas and Hamas, namely quiet in exchange for political participation; should Israel prevent Abbas from fulfilling his part, it may well lose the ceasefire.¹³¹ A minority but not infrequently heard view was that Hamas ultimately might prove a better partner than Fatah since a deal with hardliners, particularly disciplined ones, would be more likely to hold.¹³² Shaul Mishal, a leading Israeli authority on Hamas, says: “[Israel] has to decrease the weight of ideology in the way it thinks of Hamas. They are not zealots. They don’t have this culture of alienation from the self, or from mainstream Islam. Many politicians here and abroad miss the point”.¹³³

Mishal further argues that Israeli military strategists are re-examining their preconceptions:

The Israeli army has changed its tacit understanding of Hamas. Previously, it believed that the more we hurt the movement, the weaker it will become and the more room it would provide for moderate and rational leaders. But Hamas didn’t follow that rationale. It has emerged stronger as a military movement. For Israel, it’s a surprise. It has learned the hard way to look at Hamas differently.¹³⁴

Hamas’s governance of several municipalities presents Israel with a dilemma, and the response has been interesting. Rather than boycott or snub Hamas-ruled cities, it has increased the permits for workers from Qalqilya.¹³⁵ It continues to sell electricity and water to municipalities, regardless of political hue, and to coordinate services.¹³⁶ Officially, Israel denies contacts, and members of the civil administration, the arm of the military government in the West Bank responsible for daily interaction with Palestinians, told Crisis Group their dealings with Hamas-run municipalities were directed through the PA.¹³⁷ But as described above, there are exceptions, and some Israelis suggest these are more extensive than generally believed. According to former intelligence officers, municipal contacts exist and can be used for more political communication.¹³⁸ An official told Crisis Group:

[The civil administration] is very practical. When a water pipe is broken, our professionals generally deal with their professionals rather than politicians to politicians, in order to minimise contacts with official figures. But if Israel needs to solve a problem with the mayor of Qalqilya, Israel will meet him. And at a municipal level, talks between

¹²⁸ Giora Eiland, Israeli National Security Council head, at a talk attended by Crisis Group, Jerusalem, November 2005.

¹²⁹ According to a poll conducted by the Hebrew University in Jerusalem in December 2005, 50 per cent of Israelis favoured talks with Hamas and 47 per cent opposed. Far more (63 per cent) opposed the release from prison of the popular Fatah leader, Marwan Baghouti. “Half of Israelis favour talks with Hamas”, Reuters, 21 December 2005.

¹³⁰ Crisis Group interview, senior Israeli defence ministry adviser, Tel Aviv, September 2005. Other Israeli strategists argued for a similar approach: “Hamas should be judged by what they do on the ground. If it channels funds into terrorist attacks, I don’t want them to be in government”. Crisis Group interview, Gerald Steinberg, Israeli commentator, Jerusalem, September 2005.

¹³¹ Crisis Group interview, Israeli analyst, November 2005.

¹³² Crisis Group interviews, Israeli citizens, Jerusalem and Tel Aviv, autumn 2005.

¹³³ Crisis Group interview, Shaul Mishal, Israeli academic and specialist in Palestinian affairs, Tel Aviv University, Tel Aviv, September 2005.

¹³⁴ Crisis Group interview, Mishal, September 2005.

¹³⁵ Crisis Group interview, Hashim Masri, deputy mayor, Qalqilya, September 2005. There is unlikely to be any connection between Hamas assuming power in the city and the increase in the number of permits, but that is precisely the point.

¹³⁶ “Gaza is 100 per cent dependent on Israel for its electricity, water and communications antennae. If Israel switched off the tap, there is no electricity, no water, no telephones. They are 100 per cent dependent.” Crisis Group interview, Israeli intelligence officer, Tel Aviv, September 2005. For a description of a meeting between Israeli Electric Company representatives and the acting Qalqilya mayor in a car on the outskirts of the town, see Khaled Abu Toameh, “Kalkilya talks electricity with Israelis”, *The Jerusalem Post*, 28 December 2005.

¹³⁷ “We try to deal as much as possible with the PA. Where Hamas is in charge, we do not deal directly with the municipality, but we found many ways if we need to assist.” Crisis Group interview, Shlomo Dror, spokesman for the Civil Administration, Jerusalem, January 2006.

¹³⁸ According to Ofer Dekel, former deputy head of the internal intelligence service Shin Bet who advocates more formal talks, “we have some kind of dialogue through the civil administration”. Crisis Group interview, Herzliya Pituach, September 2005.

local Israeli and Palestinian mayors are not subject to government guidelines.¹³⁹

Indirect communications include contacts via third parties, whether Israeli academics and journalists or foreign emissaries and diplomats.¹⁴⁰ Religious gatherings can be venues for meetings.¹⁴¹ That said, the prime forum for information-gathering still appears to be the prison leadership, both through interrogations and oversight of communications with the outside leadership.¹⁴²

The degree to which tactical or clandestine contacts could pave the way for more formal engagement remains unclear and, at the least, something for the longer term. There is little doubt that such a move would face formidable opposition. For the nationalist right, Hamas is an extension of jihadi terrorists that must be confronted. Former diplomat Dore Gold, a confidant of Likud leader Binyamin Netanyahu, explained: "There are two types of terrorists: the anti-civilisational, who want to destroy their adversary, and those with limited territorial goals. Hamas is in the first category, along with al-Qaeda's global jihad".¹⁴³

¹³⁹ Crisis Group interview, Israeli foreign ministry official, Jerusalem, December 2005.

¹⁴⁰ The military establishment is said to be particularly eager for such indirect contacts. Crisis Group interview with Israeli academic, Tel Aviv, July 2005. Egypt produced a unilateral Palestinian ceasefire in 2003 in part by informing Palestinian leaders that in a separate meeting Sharon had accepted the principle of "quiet for quiet". Crisis Group interview, senior Egyptian diplomat, Cairo, September 2004.

¹⁴¹ Crisis Group interview, Rabbi David Rosen, International Director of Inter-religious Relations, American Jewish Committee, Jerusalem, September 2005. For example, prior to disengagement, Rabbi Menachem Froman, in coordination with Sharon's office, met Hamas leaders in an attempt to negotiate the future of deconsecrated synagogues in the settlements from which Israel withdrew. See Nadav Shragai, "Israel holding secret talks with Hamas over Gaza synagogues", *Haaretz*, 7 September 2005.

¹⁴² According to a Western diplomat and an Israeli go-between, prison officers play a key role in ruling which contacts to permit. They cited Israel's facilitation of contacts between Marwan Barghouti and Khalid Mashal, the Hamas politburo leader based in Damascus, during negotiations leading to Palestinian ceasefires. Crisis Group interviews, European diplomat and Israeli academic, Jerusalem, 2005.

¹⁴³ Gold claims that Hamas has been "100 per cent" infiltrated by the same Wahhabi elements who established al-Qaeda. He added, "it's hard to punish whole towns [run by Hamas] but you have to so they don't serve as an organisational base for Hamas". Crisis Group interview, Jerusalem, September 2005. The former head of the Israeli military (IDF) research department, Yaacov Amidror, also makes such claims: "Hamas shares some ideas with al-Qaeda, and I fear that Gaza will be the one place where the Egyptians won't tackle Qaeda, because they've never been able to deal with Qaeda, and Abu Mazen is too weak. We have

Labour has been anything but receptive. Viewing the PA as Israel's natural partner, its politicians and those to their left have traditionally shared the right's animus for Hamas. "There's no common ground with the Islamists", according to journalist Yossi Melman. "It's much easier when you don't base politics on God and people who hear voices. The PA is run by people who don't see land as a *waqf* [religious endowment], with whom you can reach tactical agreements".¹⁴⁴ Most Labour leaders agree with former internal intelligence head and Labour candidate Ami Ayalon, who argues, "we have no interest in seeing Hamas as a partner".¹⁴⁵ A notable exception is veteran politician Ephraim Sneh: "Hamas is a political-religious movement that is armed. To define it as a terrorist organisation is too simplistic. We have to talk to them, but the Europeans should not".¹⁴⁶

Some within the intelligence community appear receptive to engaging Hamas politically on the grounds that it has become too powerful and too organised to ignore.¹⁴⁷ Based

to be very careful not just for us but for the U.S. And it will be very embarrassing that our pullout from Gaza created a safe haven for al-Qaeda". Remarks at a conference attended by Crisis Group, Herzliya, September 2005.

¹⁴⁴ Crisis Group interview, Yossi Melman, Israeli journalist, Tel Aviv, September 2005. "The left-wing in Israel don't like religious politicians in either Israel or Palestine. They have a reflex reaction against allowing Hamas into the political system". Crisis Group interview, Arnon Regular, *Haaretz* correspondent, Jerusalem, December 2005.

¹⁴⁵ Crisis Group interview, Ami Ayalon, former director of Shin Bet, Tel Aviv, September 2005.

¹⁴⁶ Crisis Group telephone interview, Ephraim Sneh, Labour parliamentarian, December 2005. Sneh also accuses the Sharon government of having increased the appeal of violence to Palestinians by undermining the PA and appearing to withdraw from Gaza under fire. "At the moment the Israeli government is not willing to give Abbas the clout and the reinforcements to overcome Hamas. That's a fact". Crisis Group interview, Sneh, September 2005. Israel's religious parties span the same spectrum of opinion as their secular counterparts. Partly because they hold few senior portfolios, they can be the most creative in breaking taboos on Hamas. According to Avraham Ravitz, a deputy minister of social affairs who heads the Orthodox non-Zionist Degel ha-Torah party, "it would be smart to take Hamas into the political fold rather than leave them outside to terrorism. I would call for Hamas to join the elections, but they have to stop acting as a private army, and become a political party". Crisis Group interview, Jerusalem, September 2005.

¹⁴⁷ Crisis Group interview, former Shin Bet officer, Herzliya, September 2005. Gidi Greenstein, a former adviser to Prime Minister Barak and influential analyst, recommends that Israel multiply contacts with Hamas to force it to make a choice: "[G]ive Hamas a bear hug and recognise its elected representatives. Israel's current policy of refusing to speak to Hamas unless it disarms just plays into the group's hands.... Shifting political responsibility to Hamas could expose the group's deceit and cause it to become moderate or maybe split

on his contacts with the military establishment, Mishal remarks, "the Israeli army is going through a very exciting process of adjusting to a new reality in their policy towards Hamas. At this point, it is open to the notion of a future in which Palestinian politics will be shaped by a combination of parties with multiple visions".¹⁴⁸ Other officials evinced openness to the eventual assimilation of Hamas paramilitaries into the Palestinian security forces, provided they join as individuals rather than cells.¹⁴⁹

C. ARE HAMAS'S VIEWS ON ISRAEL CHANGING?

Hamas's founding Charter, published in August 1988, is unambiguous about Israel. Article 11, for example, states that "the land of Palestine is...consecrated for future Moslem generations until Judgement Day. It, or any part of it, should not be squandered...or...given up". Article 34 insists Palestine can "only" be liberated by jihad.¹⁵⁰ Other articles reflect the most crass forms of anti-Semitism.¹⁵¹ While it would be as erroneous to extrapolate Hamas's political stance in 2006 on the basis of the 1988 Charter as it was wrong to deduce PLO policies in 1988 on the basis of its 1968 founding document, Hamas leaders

the faction. On the municipal level, Israel must insist that Hamas mayors work directly with civil administration officials. Hamas representatives now stand before the cruel test of having to implement the promises they gave their voters. In this situation, the right hand, which controls terror in the city, could harm the left hand, responsible for the welfare of the citizens". YNet, 9 June 2005.

¹⁴⁸ Mishal claimed "blue skies" thinking has also led to reconsideration of the rules of engagement with Hamas and others, including differentiation between attacks inside Israel and within the occupied territories: "If you kill ten kids, whether settlers or inside Israel, they are ten kids, and it will be hard not to retaliate. But if you kill five soldiers, well...these are the new rules. They understand Palestinians will maintain a certain type of terrorist activity to win over public opinion and keep their radical elements on board". He suggested the military might also be willing to distinguish between attacks from low-tech missiles (whose deployment in the West Bank is considered only a matter of time) which land in Israel and those aimed at settlements. Crisis Group interview, Mishal, September 2005.

¹⁴⁹ Crisis Group interview, Israeli foreign ministry official, Jerusalem, December 2005.

¹⁵⁰ For the Hamas Charter see www.mideastweb.org. See also Hamas's statement no. 80, 29 October 1991 rejecting the existence of Israel: "The land of Palestine, with Jerusalem and Al Aqsa, from the sea to the river, is Islamic *Waqf* land, and no party may concede a grain of its soil". Quoted, Naser Eddin al-Sha'er, "The Palestinian-Israeli Peace Process, An Islamic Perspective", Centre for Palestine Research and Studies, September 2000, p. 21.

¹⁵¹ See further Crisis Group Report, *Dealing With Hamas*, op. cit., pp. 11-13.

with some regularity continue to express views suggesting little has changed. Thus, speaking in Tehran in December 2005, the head of the politburo, Khalid Mashal, pointedly praised statements by Iranian President Mahmoud Ahmadi-Nejad calling for Israel to be wiped off the face of the earth and questioning the Holocaust.¹⁵² In late 2005, Mahmoud Zahar ruled out acceptance of the 2002 Arab peace initiative and by implication the principle of a two-state settlement.¹⁵³

Yet, while Hamas remains formally committed to establishment of an Islamic state throughout historic Palestine, it simultaneously appears to have jettisoned some former dogmatism. In post-disengagement graffiti, 1948 territories went all but unmentioned. "It's Gaza first, and West Bank and Jerusalem Second", said a surprised European official contemplating the walls.¹⁵⁴ Hamas leaders have for some time evoked the notion of a long-term ceasefire or *hudna* on the basis of a withdrawal to the 1967 lines, setting the stage for a decades-long, de facto coexistence. In an interview with Crisis Group, Hamas West Bank political leader Hasan Yousif set the following conditions for such an armistice: full and complete withdrawal from Gaza, West Bank and East Jerusalem; release of all prisoners; recognition of the right of return for refugees; and a fully sovereign and sustainable Palestinian state.¹⁵⁵

Indeed, much like the PLO in the 1970s and 1980s, the most interesting statements emanating from Hamas are not those that confirm its established tenets but rather ones that seemingly contradict official doctrine, particularly when those making them are its most senior leaders. Sheikh Ahmad Yasin on several occasions explicitly referred to negotiations with Israel and a solution of the conflict that would leave the Jewish state intact¹⁵⁶ and by his 2004 assassination had come to espouse the position "that while Hamas's overall ideological project is the recovery of Palestine as a whole, it is ready to accept interim solutions based on a mutual cessation of hostilities and Israel's full withdrawal from the territories it occupied in the 1967 war".¹⁵⁷ Perhaps more surprisingly, Abd-al-Aziz Rantisi, his radical successor as head of Hamas in the Gaza Strip, asserted that "the intifada is about forcing Israel's withdrawal to the 1967 borders", and that once

¹⁵² *Al-Hayat*, 16 December 2005.

¹⁵³ Crisis Group interview, Mahmoud Zahar, Hamas leader, November 2005.

¹⁵⁴ Crisis Group interview, European official, Gaza City, November 2005.

¹⁵⁵ Crisis Group interview, Ramallah, August 2005. For more on Hamas's position, see Crisis Group Report, *Dealing with Hamas*, op. cit.

¹⁵⁶ See further *ibid*, pp. 13-16.

¹⁵⁷ Graham Usher, "The assassination of Shaikh Yasin", *Middle East International*, 1 April 2004.

this was achieved the conflict, though it would not be over, would lose its armed character.¹⁵⁸ In a statement that many who study Hamas consider its emerging consensus, its chief representative in Lebanon, Usama Hamdan, argued that “Hamas is clear in terms of the historical solution and an interim solution. We are ready for both: the borders of 1967, a state, elections, and agreement after ten to fifteen years of building trust”.¹⁵⁹

In recent statements, Hamas leaders have not ruled out changing the charter.¹⁶⁰ The view that Hamas could one day sit across the table from Israel is gaining currency.¹⁶¹ Hamas leader Mahmoud Zahar, known for his generally hardline views, in June 2005 stated that if the organisation becomes “part of [the PA] government, it would participate in negotiations with Israel”.¹⁶² Khalid Meshal, Hamas’s leader in exile and its pre-eminent international voice, justified entrance into the political mainstream with the phrase: “Resistance can be in a political and diplomatic form”, not only on the battlefield.¹⁶³ Going further than Hamas has in the past, Sheikh Ahmad Haj Ali, an imprisoned senior Muslim Brotherhood leader and Hamas legislative candidate, told Crisis Group:

If Hamas achieves a majority I will defend my rights. One method of achieving my rights is to negotiate with he who usurped them, i.e. Israel, and I will respect their withdrawal from the occupied territories on a provisional basis. I will negotiate for my usurped rights from the river to the sea, but I will suspend my rights over what was seized before 1967 in order to achieve all my rights that were taken after 1967, including the full removal of the settlements.¹⁶⁴

Likewise, Khalid Saada, a veteran Hamas member whom Israel deported to Lebanon in 1993, told Crisis Group:

I haven’t heard of a decision inside Hamas that we accept to negotiate with the state of Israel. But anything which doesn’t conflict with our religion is acceptable for discussion, and it doesn’t conflict with our religion to negotiate with Israel. It’s a political decision, not a religious principle. If we have a disagreement, we have a principle: the majority decides. And that’s why we have no internal crisis.¹⁶⁵

The changing discourse has triggered a shift in the Islamist movement’s strategy from the days when the PA was derided as “the agent of Oslo”. By reversing its boycott of PLC elections in 1996 – and, indeed, demanding they be held in 2006 even if East Jerusalemites are excluded¹⁶⁶ – Hamas implicitly recognised the 1967 borders as the new, operative political reality. Spokesperson Muhammad Ghazal, now in an Israeli jail, went further than any other Hamas member Crisis Group spoke to, in a statement that could as easily have been made by Abbas:

When we talk about politics, it means we have accepted the 1967 borders. We are ready to have those borders. We accepted to have our own state. Limited land swaps are a minor thing. The Palestinian people agreed to forget 78 per cent of our land.¹⁶⁷

Khalid Mashal, responding to a question from the Arabic television network al-Jazeera in November 2005 as to whether Hamas’s participation in elections portended a shift in its political stance, was ambiguous as many PLO officials a generation ago:

¹⁵⁸ Crisis Group interview, Abd-al-Aziz Rantisi, Gaza City, October 2002.

¹⁵⁹ Crisis Group interview, Usama Hamdan, Beirut, August 2003. Hamdan reiterated this to Crisis Group, September 2005.

¹⁶⁰ Ghazal said: “The charter is not the Koran”. “Hamas Leader says charter is not the Koran”, Reuters, 21 September 2005.

¹⁶¹ Crisis Group interview, Ghazal, September 2005; Haj Ali, July 2005.

¹⁶² *Middle East International*, 23 June 2005.

¹⁶³ Mehr news agency, Tehran (in Persian), 15 December 2005, BBC Monitoring. The Hamas outlet, the Palestinian Information Centre, quoted Said Siam, a prominent Islamist leader, as saying that Hamas was likely to be more “open to the outside world” once it becomes part of the Palestinian political system. Palestinian Information Centre, 18 December 2005. “Resistance has many forms. It’s not just bang, bang.” Crisis Group interview, Hamid Bitawi, Hamas PLC candidate, Nablus, January 2006.

¹⁶⁴ Crisis Group interview, Nablus, July 2005. The offer was not unconditional, and made a pointed reference to the fact that unlike other Palestinian organisations Hamas has never expanded its operations beyond the borders of Israel and the occupied

territories: “We understand we cannot cancel Oslo tomorrow. Arafat signed it. But if we inherit Oslo we will demand that Israel implement it. We will take all legitimate peaceful means, and if these fail we will resort to resistance. If necessary we will resort to war, including as a last resort a global war against Israel in which every Muslim will confront Israel as a religious duty”. Ibid, August 2005.

¹⁶⁵ Crisis Group interview, Khalid Saada, Bethlehem, November 2005. A leading specialist on the national movement, Yezid Sayigh, concludes: “The movement is signalling it wants to be cut in on a peace deal, or even that it can deliver a better deal than the PLO. In other words it’s doing what the PLO did 30 years ago. All the rest – ceasefire, discourse, use of guns – doesn’t obscure the political trajectory. Fundamentally it’s the same game”. Crisis Group interview, Beirut, October 2005.

¹⁶⁶ Hamas leader Mahmoud Zahar’s December 2005 suggestion that technological alternatives could be found if Israel prevented the vote, and earlier suggestions by the movement that the poll could be circumvented by selecting consensus candidates, came in for considerable criticism. Crisis Group telephone interview, Palestinian NGO activist, Ramallah, January 2006.

¹⁶⁷ Crisis Group interview, Ghazal, Nablus, September 2005.

It is premature to speak of an important change in the movement's positions, but it is only natural that the movement determines its positions on the various issues – including issues on which it has previously taken positions – in light of new developments and realities. The movement is not immobile in its political positions, which are based on a set of principles and values.¹⁶⁸

Such views are far from unanimous, and within Hamas's leadership other voices – some quite loud – still can be heard. The point is not that Hamas is in the process of formally revising its tenets, whether by recognising Israel or renouncing the use of force. With neither a carrot nor a stick in sight, it has little incentive to disclaim its official positions, and even if provided several of each may never do so. Rather, there are increasingly clear indications that over the past decade it has managed to fuse maximalist ideology with political pragmatism.¹⁶⁹ The evidence suggests that Hamas is at least prepared to tolerate a negotiated two-state resolution of the Israeli-Palestinian conflict, albeit with more stringent conditions than enunciated by the PLO. It would be as naïve to take the above statements on faith as it would be foolish to not put them to the test.¹⁷⁰

For now, Hamas appears determined to avoid a situation in which it would have to deal directly with Israel on political issues. The current situation suits that preference well: elections are for PA, not PLO, institutions, and it is the latter that theoretically conducts negotiations with Israel. Moreover, given Israel's inclination toward unilateralism, the Palestinians are unlikely to be engaged in genuine negotiations for some time. They can be the beneficiaries of territorial withdrawals without compromising any core positions, bolstering Hamas's stance that it is steadfastness that produces results. Hamas's readiness to work in tandem with the PA and indirectly Israel for the Gaza disengagement offers a template of its possible future approach and was an early indication of how such coordination might work. "We told the Egyptians we are willing to enter into a national dialogue, and to agree on how to work together after Israel's withdrawal: running civilian affairs, and coordinating internal security".¹⁷¹

If meaningful negotiations resume, Hamas would have some margin for manoeuvre. First, as mentioned, it does not reject talks on principle: "It is not prohibited to talk to Israel, not something that has to be hidden. We can negotiate and talk to Israel if it is for the sake of our people", said Mohammed Ghazal.¹⁷² Hamas might also await the result of PA or PLO talks. Power-sharing arrangements would allow Hamas both to exercise indirect influence over any dealings with Israel and formally to wash its hands of the process in the eyes of its voters. In other words, it would be expected neither to reject nor block negotiations, but at most to try to steer their terms of reference and informally monitor them. Not unlike the role it is expected to play in the PLC, Hamas would be able to take credit for achievements while disassociating itself from unpopular compromises.

As a leading Palestinian Islamist academic close to Hamas put it:

Sheikh Ahmad Yasin said that the principle of negotiations is not prohibited, but the problem is the basis on which they take place. Anyone who advocates negotiations over less than the 1967 borders will be entering the same tunnel as the PA. Hamas would prefer others to conduct the negotiations, while they remain behind the scenes. They will have a presence to ensure that basic rights are preserved.¹⁷³

Secondly, Hamas can always rely on public opinion as the deciding factor whether to reject or acquiesce in the outcome of talks, based on its long-expressed view that it will endorse what a majority of Palestinians want. Leaders interviewed by Crisis Group all reiterated this commitment to respect the will of the people and act in the public interest (*al maslaha al amma*).¹⁷⁴ In the words of Hasan Yousif, "we have accepted the principle of accepting a Palestinian state within the 1967 borders. If it's in the interest of the people, we're prepared".¹⁷⁵

Hamas's electoral manifesto released in mid-January 2006 is noteworthy in this regard. Stating that "Our nation is at

¹⁶⁸ Interview with Hamas Politburo head Khalid Mashal, www.al-jazira.net, 12 November 2005. Translated from the Arabic.

¹⁶⁹ See further Crisis Group Report, *Dealing With Hamas*, op. cit., pp. 10-28.

¹⁷⁰ Crisis Group reached the same conclusion in January 2004, *ibid.*

¹⁷¹ Crisis Group interview, Usama Hamdan, Beirut, October 2005.

¹⁷² Crisis Group interview, Ghazal, Nablus, September 2005.

¹⁷³ Crisis Group interview, Palestinian Islamist academic, Najah University, Nablus, September 2005.

¹⁷⁴ "It's entirely legitimate to determine the policies of Islamic government on the basis of what serves the public interest. So one could conclude that the public interest is best served by the peace process". The notion of public interest is based on the twelfth century jurist, Sultan al-Ulama al Izz bin Abdal Salam, who said that "anything that serves the Islamic people is *halal* [permissible], and anything that does not is *haram* [prohibited]". Crisis Group interview, Palestinian Islamist academic, Najah University, Nablus, September 2005.

¹⁷⁵ Crisis Group interview, Yousif, Ramallah, August 2005.

a stage of national liberation, and it has the right to act to regain its rights and end the occupation by using all means, including armed resistance”, the preamble proclaims: “Yes to a free, independent, and sovereign Palestinian state on every portion of the West Bank, Gaza Strip and Jerusalem without conceding on any part of historic Palestine”. Similarly, while Article 1:1 of the manifesto proclaims that “All Palestine is part of the Arab and Islamic homeland”, Article 1:5 calls for “adherence to the goal of defeating the [1967] occupation and establishing an independent Palestinian state with Jerusalem as its capital”.¹⁷⁶ This arguably was the first official Hamas document to pronounce on the conflict without explicitly calling for the destruction of Israel. An Israeli journalist concluded that the manifesto “does not differ substantially from that of Palestinian Authority Chairman Mahmoud Abbas’s Fatah faction”;¹⁷⁷ at a minimum, it has more in common with Fatah’s outlook counterpart than with Hamas’s founding principles.

Just prior to his arrest, Muhammad Abu Tair, the number two on Hamas’s list, explained to *Haaretz* that the decision to integrate represented a strategic rather than tactical shift:

We’ll negotiate [with Israel] better than the others, who negotiated for 10 years and achieved nothing....In the past, it was said that we don’t understand politics, only force, but we are a broad, well-grounded movement that is active in all areas of life. Now we are proving that we also understand politics better than the others....We are not saying ‘never.’ The question of negotiations will be presented to the new parliament and, as with every issue, when we reach the parliament it will be discussed and decided in a rational manner.¹⁷⁸

V. HAMAS AND THE INTERNATIONAL COMMUNITY

The EU and U.S. have had evolving, at times divergent, policies toward Hamas. While details are sketchy, contacts with the movement were maintained prior to its classification as a terrorist organisation. For example, during preparations for the 1991 Madrid Middle East Peace Conference, the U.S. State Department reportedly initiated contacts with Hamas political leader (and U.S. resident) Musa Abu Marzuq in an unsuccessful effort to obtain its endorsement of Palestinian participation.¹⁷⁹ In the wake of Israel’s expulsion of some 400 Islamist activists to southern Lebanon in December 1992, Hamas early the next year initiated dialogue with embassies in Jordan of the UN Security Council permanent members. According to some reports, U.S. diplomats were receptive at first but severed contacts several months later because “no progress had been achieved to justify their continuation”.¹⁸⁰ Later that year, the U.S. classified Hamas as a terrorist organisation, meaning it no longer engaged in public contacts with it and denied periodic allegations of clandestine ones.

The EU’s dialogue lasted a further decade and expanded to intensive consultations at the height of the second uprising when the Europeans sought to mediate understandings between Hamas, Israel and the PA, particularly with respect to the modalities of a ceasefire and the terms of eventual decommissioning. Alastair Crooke, a former senior British MI6 officer who served as the EU’s link to the movement between 1997 and 2003, played a central role in forging the truce (*hudna*) proclaimed during Abbas’s brief 2003 premiership. Its collapse in August 2003, the EU’s classification of Hamas as a terrorist organisation the next month,¹⁸¹ and Israeli (and some Palestinian) objections to the continuation of his mission, led to his subsequent recall by the UK.

¹⁷⁶ The Hamas election manifesto is available in Arabic at <http://www.elections.ps>.

¹⁷⁷ Arnon Regular, “Hamas charter mentions armed struggle, but not Israel’s destruction”, *Haaretz*, 11 January 2006.

¹⁷⁸ “Hamas No. 2: “We understand politics; we’ll negotiate better than others”, *Haaretz*, 15 January 2006.

¹⁷⁹ The initiative failed, and Hamas responded with a call for escalating the uprising. Mishal, *The Palestinian Hamas*, op. cit., p. 119.

¹⁸⁰ Hroub, *Hamas*, op. cit., pp. 195-196.

¹⁸¹ The EU had already defined the Qassam Brigades as a terrorist organisation in 2001. Under the Council common position of 27 December 2001 on the application of specific measures to combat terrorism (2001/931/CFSP), “The European Community...shall ensure that funds, financial assets or economic resources or financial or other related services will not be made available, directly or indirectly, for the benefit of persons, groups and entities listed”. Specific restrictions on contacts with Hamas were issued in an internal memo on 14 April 2005, CFSP/PRES/LUX/0768/05.

The EU and U.S. bans were renewed in October 2005.¹⁸² In principle, therefore, their policies toward the movement are clear: in addition to criminalising any material assistance to it, they formally eschew political (and in the case of Washington, any) contact.¹⁸³ Practical implementation, however, has been a different matter.

A. PROVIDING FUNDS TO NGOS

Since the PA was established in 1994, the international community has bankrolled it with the dual objective of promoting peace and establishing a bulwark against militant Islam. As explained in the mission statement of the U.S. Agency for International Development (USAID), its single largest national donor, “without this robust level of donor assistance, the Palestinian Authority (PA) might not have been able to survive as a government and maintain its relevance vis-à-vis Hamas and other Islamic extremist movements”.¹⁸⁴ International assistance totals some \$1 billion in grants per year.¹⁸⁵ Yet, a decade later, the conflict rages on, and donors face both the prospect of Hamas winning custody of an institution they have suckled since birth and the dilemma of channelling aid to local administrations that it controls. The quandary is particularly pressing in post-disengagement Gaza, which is both the priority aid area – with G8 pledges of up to \$9 billion through 2008¹⁸⁶ – and Hamas’s heartland.

¹⁸² See Council decision 2005/722/EC, 17 October 2005.

¹⁸³ U.S. policy is considerably more stringent, extending the ban to any organisation deemed affiliated with Hamas and with a lower threshold of proof for prosecution. See Crisis Group Report, *Islamic Social Welfare Activism*, op. cit.

¹⁸⁴ “USAID West Bank and Gaza Strategic Statement, 30 August 2005”, p.3, available at http://www.usaid.gov/wbg/misc/Public_WBG_Strategic_Statement.doc.

¹⁸⁵ Palestinian GDP is some \$4.5 billion. Over five years, donor aid to the occupied territories has averaged \$960 million in tracked contributions, excluding undisclosed contributions, particularly from Gulf Arab states. Crisis Group interview, Quartet finance official, Jerusalem, 28 November 2005. The more Palestinian dependence grows due to Israeli measures that hamper economic development, the more muscle donors acquire. According to the USAID mission statement, “had it not been for a doubling in overall donor assistance levels...public welfare, as measured by per capita Gross Disposable Income, would have declined by much more than the recorded 30 per cent”. For the economic impact of Israel’s physical constraints on Palestinian livelihood, see “Economic Report to the Ad Hoc Liaison Committee”, World Bank, December 2005, p.18, and “Macroeconomic Developments and Outlook in the West Bank and Gaza”, International Monetary Fund, London, 14 December 2005.

¹⁸⁶ At its July 2005 Gleneagles summit, the G8 gave the Quartet special envoy a commitment in principle and subject to conditions to help raise up to \$3 billion per annum in public and private finance over three years, with reversal of the traditional 60:40

ratio of aid expenditure in the West Bank and Gaza Strip. Despite similarities, the American and European approaches differ in important respects. On the grounds that “assistance is tax-payers’ money and should be matched to our foreign policy goals”,¹⁸⁷ the U.S. has imposed strict guidelines to ensure that none of its funding even indirectly benefits Hamas. USAID bans support for social welfare organisations considered to be affiliated with Hamas, regardless of their record on service delivery or accounting transparency.¹⁸⁸ All Palestinian recipients of its money are required to sign anti-terrorism certificates (ATCs),¹⁸⁹ check beneficiaries against published terrorist blacklists, and submit names and details for further vetting by the U.S. Organisations that retain Hamas board members or employees are deemed ineligible for USAID programs;¹⁹⁰ as are institutions with the word “martyr” in their name,¹⁹¹ even though Palestinians argue the term has a much wider application than its presumed restriction to suicide bombers.¹⁹² An American overseeing a USAID Palestinian programs complained: “We are told the money could be going to terrorists, but the bottom line is they are

ratio of aid expenditure in the West Bank and Gaza Strip. Crisis Group interview, Cairo Arafat, PA planning ministry, Ramallah, November 2005. Major projects earmarked to begin in early 2006 include construction of 3,000 housing units on the ruins of Morag settlement, rubble removal from the bulldozed settlements, repaving of the trans-Gaza Salah al-Din highway, and an EU water-treatment plant.

¹⁸⁷ Crisis Group interview, U.S. diplomat, Jerusalem, December 2005.

¹⁸⁸ Crisis Group interviews, diplomats and aid agencies, West Bank and Gaza Strip, 2005. For further discussion, see Crisis Group Report, *Islamic Social Welfare Activism*, op. cit.

¹⁸⁹ The certificate, which applies to USAID projects worldwide, commits the recipient to “take all reasonable steps to ensure that it does not and will not knowingly provide” any assistance to an individual or entity that advocates, facilitates, participates in or commits a terrorist act. A recipient also must ensure that no aid is given to an individual or entity on the U.S. list of designated nationals. For the full text, consult http://www.usaid.gov/wbg/misc/2004.Certification_Regarding_Terrorist_Financing.pdf.

¹⁹⁰ In 2004 the Salah Association, an Islamic charity in the Gaza Strip founded by current Hamas Deir al-Balah mayor, Ahmed Kurd, received USAID funds. In 2005, it did not. Crisis Group interview, Jabir Ayyash, director, Salah Association, Deir al-Balah, November 2005.

¹⁹¹ Crisis Group interview, Thomas Neu, Middle East Representative, Anera, Gaza, November 2005.

¹⁹² Health care centres in Gaza commonly include “martyr” in their names. Although many observers conflate the terms *shahid* (martyr) and suicide bomber, in the context of the Israeli-Palestinian conflict *shahid* refers to any Palestinian, collaborators excepted, who die as a result of the conflict, whether actively (armed militants) or passively (civilian non-combatants killed in a rocket attack). While *shahid* thus encompasses suicide bombers, they are a small fraction. The term *istishhadi* (he who martyrs himself) is reserved for suicide bombers.

just imposing a secondary boycott, and yet another checkpoint for people to circumvent”.¹⁹³

The broad ban’s wisdom and efficacy have been questioned. Many organisations – including numerous secular NGOs that the U.S. presumably hoped to support – refuse to submit to USAID’s conditions, in particular the signing of the anti-terrorism certificate. The dean of the Islamic University in Gaza – a key Hamas bastion and source of candidates for the legislative elections¹⁹⁴ – explained: “The Americans asked us to sign a form opposing terrorism. We said we don’t support terror, and said send your auditors, but we aren’t going to humiliate ourselves signing such forms”.¹⁹⁵ Some – mainly secular – NGOs put their names to a counter-boycott of USAID programs in protest at these regulations.¹⁹⁶ Others obtained alternative support, including from private American corporations.¹⁹⁷ At the same time, the boycott inevitably impacted adversely on Western, particularly U.S., access to Palestinian grassroots organisations and further eroded USAID’s local reputation.¹⁹⁸ “The ATC requirements are oriented towards a U.S. domestic audience”, said a USAID

contractor implementing a major program. “They are self-defeating and just sow bad blood”.¹⁹⁹

EU donors are less restricted than their U.S. counterparts. Their policy is not as stringent, because it is subject to the views of 25 governments and their diplomats are given more leeway on the ground.²⁰⁰ The EU ban does not encompass Islamist charities affiliated with Hamas but institutionally independent and imposes no certificate system, mandatory vetting or blanket refusals of NGO’s. Nor is there a clear policy governing relations of European NGOs and private donors with Hamas affiliates. European NGOs complain their requests for guidance have gone unanswered and have turned to legal advice in an effort to work through the labyrinth of EU directives and governmental anti-terrorism laws. In the resulting muddle, some organisations have expanded their dealings with the Islamist sector. The British Council, the cultural arm of the UK government, was one of several donors implementing projects at the Islamic University in Gaza. But others have scaled back; more than one Western aid worker spoke of “self-censorship” in choosing projects in order to protect the government money on which they depend.²⁰¹

B. PROVIDING ASSISTANCE TO HAMAS-RUN MUNICIPALITIES

Direct donor support for Hamas-run municipalities was not always a Western taboo. USAID coordinated a project with the local Hamas mayor to beautify Qabalan, a village south of Nablus, in the midst of the second uprising.²⁰² Qabalan sports a host of USAID placards, and its USAID-funded football pitch featured in the agency’s 2005 advertising campaign. As policy toward Hamas hardened, however, USAID instructed its implementing partners not to embark on new projects with municipalities run by Hamas,²⁰³ while authorising those in mid-stream to continue.²⁰⁴ The EU position also evolved, though due to

¹⁹³ Crisis Group interview, director of USAID implementing partner, Gaza, November 2005. The director blamed USAID bureaucrats in Washington, who, he said, lived in fear of watchdog groups and congressional committees. “Every bureaucrat is covering his ass, making sure he’s not accused of funding terrorists”, said an aid worker. “It’s a totally defensive mentality”.

¹⁹⁴ The university was widely praised by donors as the best-run in the Gaza Strip, despite rigid gender segregation in lecture halls and staff rooms and dress code. Lecturers running on a Hamas ticket include Khalil Hayyah, Sheikh Ahmad Bahr, Atif Adwan, and Yusuf Sharafi.

¹⁹⁵ Crisis Group interview, dean of the university’s Education College, Gaza City, November 2005. Other faculties at the university, however, said they had signed the form.

¹⁹⁶ Some Palestinians believe the application process was designed to glean information for the U.S. government. Crisis Group interview, Jabir Ayash, director, Salah Association charity, Gaza City, November 2005.

¹⁹⁷ The Islamic University of Gaza secured \$1 million of funding jointly donated by U.S. computer giant Intel and ANERA, an American NGO, to build an internet suite. A fundraiser for the university told Crisis Group it had been more than able to compensate for the loss of USAID aid: “You would expect money would go down, but in fact funding has increased fourfold. Donors are looking for credible transparent funding, and much flows from the West. The more the U.S. and EU put pressure on us, the more funds we seem to get”. Crisis Group interview, Gaza City, November 2005.

¹⁹⁸ In some areas, USAID placards were defaced. In December 2005, USAID advised NGO’s to use their own judgement in displaying its logo, reversing a directive that USAID-funded projects should bear the agency’s branding. Crisis Group interview, USAID-funded NGO, Jerusalem, December 2005.

¹⁹⁹ Crisis Group interview, USAID implementing partner executive, Jerusalem, November 2005.

²⁰⁰ “The interpretation is always ambiguous. On the ground, people are more pragmatic than the dogmatists in Brussels”, Crisis Group interview, EU diplomat, Jerusalem, January 2006.

²⁰¹ Crisis Group interviews, European aid workers, West Bank and Gaza.

²⁰² Riad Mustafa, is the only Hamas mayor appointed by the PA. In December 2005 he was handily elected to a new term.

²⁰³ Crisis Group interview, director of USAID implementing partner, Gaza, November 2005. The instructions were confirmed to Crisis Group by a U.S. official, Tel Aviv, November 2005. Steven Weisman, “U.S. to shun Hamas members, even if democratically elected”, *The New York Times*, 7 June 2005.

²⁰⁴ Crisis Group interview, U.S. official, Tel Aviv, August 2005. USAID completed road construction in Bani Suhaila, a Hamas-run municipality. Crisis Group interview, World Bank consultant

its broad membership, again not in a clear or consistent fashion. At its most rigid, policymakers sought to use aid as a political tool, to send a message about the cost of voting for Hamas. In Bethlehem, where the EU sees itself in part as traditional protector of Christian heritage, the funding boycott was seen by some as a way to shatter the Hamas-PFLP alliance.²⁰⁵ Mostly, however, EU donors were less severe. Instead of wholly boycotting Hamas-run local authorities, funding was channelled through conduits other than the municipality.²⁰⁶

The disengagement from municipalities was a distinct policy U-turn. In 2002, at the height of the second intifada and as the PA was under Israeli assault, the European Commission provided €30 million to the World Bank to provide emergency assistance to municipalities. The 2005 local elections and Hamas's strong showing prompted a change in attitude. When the Bank sought to re-launch the scheme as the Municipal Development Fund, the Commission declined, citing concern that it would directly benefit Hamas municipalities. Despite World Bank oversight and PA control of funding,²⁰⁷ the Commission balked at giving Hamas-run councils power to propose projects, choose contractors and determine spending.²⁰⁸ Officials in capitals also argued there were insufficient checks to ensure that aid would not be diverted to militants.²⁰⁹ Ultimately, during the UK presidency during the second half of 2005, the Commission halted contributions to the Municipal Fund.²¹⁰

While the Commission position was the lowest common denominator,²¹¹ member states adopted a variety of bilateral policies. France, Germany and Denmark jointly

made up much of the Municipal Development Fund's shortfall.²¹² Some of their diplomats wondered why they should cease providing services to municipalities when Israel, in their view, was not: "I don't think we need to be more Catholic than the Pope".²¹³ Taking issue with the decision, the local World Bank officer remarked:

I wouldn't be worried whether the mayor is Hamas or Fatah. What's important is that fiduciary issues are addressed. If a community needs a school, should we punish the kids of Qalqilya simply because they have a Hamas mayor?²¹⁴

In a generally hostile environment, Hamas municipalities took whatever they could get. Mayors proudly displayed ongoing projects,²¹⁵ and, particularly in Gaza, expressed confidence that donors would be unable to implement their massive reconstruction effort in this small strip if they ignored local Islamist officials.²¹⁶ In other cases, Hamas mayors resorted to creative political gymnastics, presenting projects jointly with Fatah municipalities in a bid to receive funding.²¹⁷ Among the more imaginative is the mayor of Deir al-Balah, Ahmed Kurd. Using the apparently neutral cover of the regional electricity company – on whose board mayors sit – and municipal cooperatives known as Joint Service Councils,²¹⁸ donors were approached for project funding and, fully aware of

Salah Abdel-Shafi, Gaza City, December 2005. See also "Hamas-run municipality finishes two crucial projects", Palestine-Info News agency, 11 December 2005.

²⁰⁵ According to Antonio Aloï, director of the Italian state aid agency in Jerusalem, "the Christian character of Bethlehem is important and should be preserved", and holding back assistance to signify discontent at Hamas's role is one tool to be used. Crisis Group interview, Jerusalem, January 2006.

²⁰⁶ Crisis Group interviews, Commission officials, Brussels and Jerusalem, December 2005.

²⁰⁷ Crisis Group interview, Ibrahim Dajani, World Bank operations officer, Jerusalem, December 2005.

²⁰⁸ "We would prefer the PA, not the municipalities, to be the contracting authority", Crisis Group interview, EU aid official, Jerusalem, December 2005.

²⁰⁹ Crisis Group interview, senior French official, Paris, October 2005.

²¹⁰ Crisis Group interview, senior Commission official, Brussels, December 2005.

²¹¹ As explained by a European official, the EU generally will opt for the safest approach given the need normally to reach agreements by consensus, especially on an issue related to terrorism. Crisis Group interview, EU aid official, Jerusalem, December 2005.

²¹² France, Germany and Denmark contributed €15 million, €12 million and €9 million respectively. Crisis Group interviews, European Commission and World Bank officials, Jerusalem, December 2005. The Italian government's cooperation arm, the EU's largest municipal donor, opposed funding, opting to retain its own program, which, its officials say, does not operate in Hamas-led constituencies. Crisis Group interview, Antonio Aloï, country director for Italian Cooperation, Jerusalem, January 2006.

²¹³ Crisis Group interview, EU diplomat, November 2005.

²¹⁴ Crisis Group interview, Ibrahim Dajani, Jerusalem, December 2005.

²¹⁵ Hamas councillors in Qalqilya took Crisis Group on a tour of the construction of a new four-storey hospital, which the acting mayor said was funded by the EU and implemented by UNDP for \$4 million. Crisis Group interview, Masri, Qalqilya, September 2005. See also "Periodic Report of the Office for the Quartet Special Envoy for Disengagement", 17 October 2005. In Deir al-Balah, the mayor proudly displayed the installation of water wells and supply of new dust carts completed under his tenure.

²¹⁶ Crisis Group interview, Kurd, Deir al-Balah, November 2005.

²¹⁷ Thus, Bethlehem municipality has clubbed together with neighbouring Beit Jala and Beit Sahour – not run by Hamas – to win Italian funding for a tourism map project. Crisis Group interview, Jamal Salman, Bethlehem municipality, January 2006.

²¹⁸ The PA first established Joint Service Councils in the mid-1990s to bring together neighbouring municipalities for infrastructure development and maintenance projects.

and perhaps grateful for the institutional façade, they obliged.²¹⁹

Overall, however, the humanitarian impact was severe. Donors traditionally were a critical source of support for municipal governments,²²⁰ and their sudden withdrawal left many strapped for cash and borrowing heavily.²²¹ According to Hasan Yousif, a Hamas leader in the West Bank, “there’s a huge shortfall in the level of assistance. Some projects are still ongoing, but sadly not at the same level as before the elections. In some municipalities we now control not a single new project has been approved”.²²² The acting mayor of Qalqilya, the first major West Bank town Hamas won from Fatah, claimed that in his first six months not a single foreign project was approved.²²³ George Saad, deputy mayor of Bethlehem, normally a donor favourite, complained of a virtual blockade:

Before the elections USAID was working on a host of projects but since Hamas joined the municipal council, they have stopped. We send invitations to the American and British consuls,

and get no reply. We apply for projects and get no reply. The U.S. consul visited the Governor, but did not bother to visit us. Our situation is very difficult. We feel besieged.²²⁴

In a bid to break the isolation, Bethlehem’s peripatetic mayor, Victor Batarseh, travelled the globe, signing agreements linking his town with cities from Speyr (Germany) to Valinhos (Brazil), and increasing Bethlehem’s twin cities to 38.²²⁵ Councillors confess this and similar efforts have borne little fruit.²²⁶ The town also launched Open Bethlehem, a project to entice back tourists and expatriates, but it too yielded few dividends. The mayor is a member of the PFLP, an organisation also on the UK list of terror organisations, and runs the municipality in alliance with five Hamas councillors. British officials thus declined to attend the London launch of the Open Bethlehem campaign in November 2005.²²⁷

The boycott presents practical problems for donors as well. Some projects require cooperation from Hamas municipalities; Ahmed Kurd, Hamas mayor of coastal Deir al-Balah, asked: “How can they build a coastal road that doesn’t pass through here”?²²⁸ Others cannot be interrupted simply because of political change. An economic adviser to the Quartet remarked, “you can’t turn aid on and off like a tap – there has to be continuity”.²²⁹ While new projects were sharply curtailed, some had to continue, such as the provision of vaccines. Indeed, by the fourth round of local elections, boycotting Hamas localities had become a practical impossibility. “Forty per cent of the population [in areas where elections have been held] lives in areas that have voted Hamas, so how can we disengage”?, asked an EU aid official.²³⁰

As a result, EU donors have looked for alternative mechanisms to work in areas ruled by Islamists. EU aid

²¹⁹ An EU diplomat attending a steering committee of ten mayors from the central Gaza Strip and UNWRA organised by Kurd described him as the group’s most active fundraiser. “None spoke before Kurd had spoken, even the old-guard Fatah mayor who nominally heads the steering committee”. Crisis Group interview, Jerusalem, November 2005. Crisis Group interviews, Kurd, Deir al-Balah, November 2005; EU diplomats, Jerusalem, November 2005.

²²⁰ In 2004, municipalities derived 20 per cent of their funding from the PA and the rest from donors. Tax revenues declined to near zero during the second uprising. Crisis Group interview, Western diplomat, Jerusalem, August 2005.

²²¹ Crisis Group toured Hamas-run municipalities Qalqilya, Bethlehem, al-Abadiya, Qabalan, Deir al-Balah, and Beit Hanoun.

²²² Crisis Group interview, Hasan Yousif, West Bank Hamas leader, August 2005.

²²³ “We’ve had no new projects from international donors since the elections, but the old projects continue, including a project funded by France. The French helped with the irrigation schemes, and the Spanish and French have helped fund a school. We are in discussion with the German KfW Bankengruppe about three possible projects. But we’ve had nothing from the U.S”, Crisis Group interview, Hisham Masri, Deputy Mayor, Qalqilya, 7 September 2005. German diplomats in Ramallah said that while the banking group may have begun projects within the municipal boundaries, it was unimaginable the municipality would be involved. However, other EU diplomats said private donors were not covered by the EU ban on Hamas. Qalqilya was reported to sign its first European contracts with two French firms at the end of 2005. Khaled Abu Toameh, “Kalkilya talks electricity with Israelis”, *The Jerusalem Post*, 28 December 2005. Italy also approved construction of a village council for women and youth in Marah Rabah, a municipality in Bethlehem governorate where Hamas won eight of nine seats in the third round. Italian Cooperation Newsletter, July 2005.

²²⁴ Crisis Group interview, Bethlehem, November 2005. One of the town’s five Hamas councillors added: “Why doesn’t USAID understand that the money for Bethlehem is not for me, but the holy city. I have Mecca, but Bethlehem is their pilgrimage site”. Crisis Group interview, Khalid Saada, Bethlehem, November 2005.

²²⁵ Crisis Group interview, George Saad, deputy mayor, Bethlehem, November 2005.

²²⁶ Crisis Group interview, George Saad and colleagues, Bethlehem, November 2005.

²²⁷ Crisis Group interviews, Western diplomats and Open Bethlehem campaigner Carol Dabdoub, Jerusalem and Bethlehem, November 2005.

²²⁸ Crisis Group interview, Ahmed Kurd, mayor, Deir al-Balah, November 2005. Deir al-Balah is in the centre of the Gaza Strip.

²²⁹ The adviser added: “Any donor assistance has to be acceptable to the tax-payer”. Crisis Group interview, Jerusalem, November 2005.

²³⁰ Crisis Group interview, EU aid official, Jerusalem, January 2006.

officials delegated responsibility for local government contracting and payment to the PA²³¹ and gave the latter “instructions not to deal directly with municipalities headed by Hamas”.²³² PA Minister of Local Government Khalid Qawasmi told Crisis Group: “The PA has received a request from most donors that money should not be paid to Hamas-run municipalities, and we’ve been looking for a funding mechanism that resolves this issue”.²³³ The ministry turned to governors (who are appointed by the PA president) to disburse aid in such areas.²³⁴ The PA also created new governmental institutions to limit the municipal role. The Palestinian Economic Development Company, headed by a Fatah loyalist, was established to ensure PA control of evacuated settlement assets in Gaza, including the greenhouses, much to the chagrin of Hamas-run municipalities. Similarly, the Municipal Development Fund signalled an expansion of central government responsibility at local government’s expense.

With the PA’s financial survival no longer certain, donors also gradually moved away from long-term financial commitments, turning instead both to emergency budget support and external agencies for short term aid delivery. The UN became an increasingly important channel for such aid. By 2005, approximately half of all international donor funds allocated to the occupied territories were being disbursed through UN agencies, and barely a third through the PA.²³⁵ With dwindling faith in PA budgetary

practices and incipient fears of a Hamas electoral triumph, the trend looked set to continue. Tellingly, three weeks ahead of the legislative elections, Norway, reassigned \$10 million of aid earmarked as budgetary support for the PA to UNRWA.²³⁶

In so doing, donors are to some degree delegating responsibility for dealing with Hamas to the UN. “For the time being, we are the pragmatists and are in effect working with Hamas-run municipalities through UN agencies and their local contractors”, an EU official told Crisis Group.²³⁷ The UN has not blacklisted Hamas²³⁸ and so can implement development projects in municipalities it runs and engage with its mayors day-to-day without legal implications. For example, UNRWA, which operates as a quasi-governmental welfare agency in the occupied territories, has built a school for Deir al Balah on the rubble of the adjoining settlement of Kfar Darom.²³⁹ Although local mayors took credit, the UN was in charge and, unlike the Municipal Development Fund, assumed responsibility for both contracting and project oversight, relegating Hamas mayors to advisory roles. Projects continue in Hamas localities – not least construction of a 57-bed hospital in Qalqilya – but the mayors are not running the show.

While the UN operates as a virtual multilateral interface in Hamas localities, NGOs have been more nervous about continuing activities. Subject to anti-terrorism legislation of both their home states and donor countries, they have been further hindered by the reluctance of EU donors to define clearly what is permissible. A UK-based NGO using European Commission humanitarian funds to develop local councils waited in vain for instructions on whether Hamas-run municipalities were deemed terrorist organisations.²⁴⁰ “In the future I probably will implement projects with local NGOs rather than the local council”, its program director in Jerusalem said, “even though the

²³¹ Diplomats and PA officials justified this change of direction on the basis of the Paris Declaration on Aid Effectiveness, 2 March 2005, which defined best practice as strengthening government capacity. Crisis Group interviews, EU and PA officials, Jerusalem and Ramallah, December 2005.

²³² Crisis Group interview, senior PA planning ministry official, Ramallah, November 2005. A diplomat from an EU member state supporting the Municipal Fund said: “There can be no investment in any municipality run by Hamas in our reading of the law. If it’s in Qalqilya it will not happen. We are a country which is governed by statutory law par excellence”, Crisis Group interview, Ramallah, January 2006.

²³³ Crisis Group interview, Khalid Qawasmi, PA local government minister, Ramallah, November 2005.

²³⁴ *Ibid.* “The Bethlehem governor not the mayor is now signing agreements with the Germans and the Italians”, said Khalid Shokeh, a Fatah councillor in Bethlehem. Crisis Group interview, Bethlehem, November 2005.

²³⁵ Crisis Group interview, senior UN official, Jerusalem, January 2006. Donor disbursements to the UN in the Palestinian territories were \$476.8 million in 2005, against \$353 million for the PA. IMF, Report to the AHLIC, London, December 2005; UNSCO, based on Quartet Special Envoy’s aid flow funding estimates for 2005. UN agencies appealed for more in 2006. UN officials said the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) alone applied for a 30 percent rise and petitioned the Quartet’s special envoy for nearly half of the \$3 billion reconstruction funds proposed for 2005. Crisis Group interview, UN official, Jerusalem, November 2005.

²³⁶ Crisis Group interviews, European and UN diplomats, Jerusalem, January 2006.

²³⁷ Crisis Group Email exchange with European diplomat, September 2005.

²³⁸ “The ban on Hamas does not apply to the UN”, Crisis Group interview, UN official, Jerusalem, November 2005. The UN blacklist applies to associates of Taliban and al-Qaeda operatives. www.un.org/Docs/sc/committees/1267/1267ListEng.htm.

²³⁹ Crisis Group interview, Ahmad Kurd, mayor, Deir al-Balah, December 2005.

²⁴⁰ “I want it in writing that we agreed that when I work in a Hamas-run village the money is not going to a terrorist organisation, but we haven’t had any instructions”, Crisis Group interview, the NGO program coordinator in the West Bank, Jerusalem, January 2006. EU country aid missions in Jerusalem told Crisis Group that pending clarification from Brussels they were not instructing NGOs to withdraw from municipalities.

Hamas councils seem more efficient and responsive”.²⁴¹ For different reasons and under different rules, EU donor activity thus increasingly mirrors that of USAID – operating through NGOs and independently of the local authorities. The result is increasingly bitter rivalry between relatively well endowed NGOs and cash-starved municipalities.²⁴²

C. CONTACTS WITH HAMAS OFFICIALS

Although official policy, the U.S. and EU bans on political contacts with Hamas have been anything but consistent. In November 2004, the EU’s senior foreign policy official, Javier Solana, acknowledged he had “had direct contacts with Hamas, but not in the last few days”.²⁴³ And as late as February 2005 – more than a year after the EU designated Hamas’s political wing a terrorist organisation – UK Foreign Secretary Jack Straw “authorised low-profile working level contacts...with Hamas politicians not directly implicated in violence”.²⁴⁴ British consular officers met incoming Hamas mayors from Deir al-Balah and Qalqilya, in “courtesy calls”.²⁴⁵ Other EU diplomats did the same, with Israeli officials repeatedly complaining that EU ambassadors met Hamas mayors.²⁴⁶ Though there is no report of direct contact between U.S. officials and Hamas, the White House spokesperson differentiated between armed Islamist militants and their comrades who are elected local politicians:

You saw that there may have been people elected that may have been members of Hamas, but they weren’t terrorists. They were people who advocated the importance of improving the quality of life for

people in the region, people in the Territories. And they were business people, they’re professionals.²⁴⁷

In an attempt to establish guidelines, EU consular staff in Jerusalem prepared a private working document in May 2005 pursuant to which low-level “technical” as opposed to political contacts could continue, specifically on development issues.²⁴⁸ But the document was never formally approved, and instead of providing clarity left diplomats moving in inconsistent, uncoordinated directions. Interpretations of Brussels’ orders provided to Crisis Group ranged from “any contact with Hamas personnel is statutorily prohibited and applies to all member states”,²⁴⁹ to “there is no paper stating I should not meet with Hamas”.²⁵⁰ Two European diplomats told Crisis Group they had engaged in more than purely technical talks with Hamas members.²⁵¹

Arguably the most effective curb on contacts with Islamists is fear of public exposure. In mid-2005, a picture was published of a Dutch diplomat meeting with an Islamic Jihad member,²⁵² and a BBC correspondent surprised a UK diplomat emerging from the mayor of Qalqilya’s office. Faced with criticism, particularly in Israel, Solana’s office retracted his earlier statements, denying direct meetings with Hamas.²⁵³ Straw’s similar acknowledgment of meetings also triggered protests, made louder by the subsequent mortar attack from the Gaza Strip that killed two Israelis. Concerned that the issue might cloud a June 2005 visit by Straw to Israel on the eve of the British EU presidency, the Foreign Office declared suspension of all Hamas contacts, including with elected officials. Elsewhere, pressure from parliaments, lobbyists,

²⁴¹ Crisis Group interview, aid worker, Jerusalem, January 2006.

²⁴² Hamas councillors in Bethlehem spoke bitterly of USAID’s sponsorship of an NGO to run a local bazaar. Crisis Group interview, Hasan Safi, Bethlehem, November 2005.

²⁴³ “I have had direct contact with Hamas but not in the last few days. Those meetings were not long. They were just to pass a clear message of what the international community wants.” “EU denies secret talks with Hamas”, BBC News Online, 25 November 2004.

²⁴⁴ Parliamentary statement by foreign affairs minister Kim Howells, 13 June 2005, at <http://www.parliament.the-stationery-office.co.uk/pa/cm200506/cmhansrd/cm050613/text/50613w36.htm>.

²⁴⁵ Crisis Group interview, EU diplomat, Jerusalem, November 2005. Following the broadcast of a BBC correspondent’s encounter with British diplomats exiting the house of a Hamas politician, Straw stated that “in the occupied territories it is *de rigueur*, it is required, that if a diplomat of whatever level goes into a town they go and talk to the mayor”. Today Programme, BBC Radio 4, 7 June 2005

²⁴⁶ Crisis Group interview, Israeli diplomat, Washington, January 2006.

²⁴⁷ Presidential spokesman Scott McClellan responding to a question about whether Hizbollah was changing its relationship with the U.S., White House Press briefing, 15 March 2005.

²⁴⁸ Crisis Group interviews, EU diplomats, Jerusalem, November 2005. EU officials in Brussels confirmed that “EU staff on the ground have technical level contacts only where necessary with Hamas-affiliated officials/administrators to implement Commission projects”, Crisis Group interview, December 2005.

²⁴⁹ Crisis Group interview, EU Council and Commission officials, Brussels, and diplomat, Jerusalem, December 2005. The latter argued that since the ban was agreed by consensus at the Council, it was legally binding on all member states. Traditionally the UK, the Netherlands and Germany have been more favourable to the ban, and Belgium and France less so.

²⁵⁰ Crisis Group interviews, EU diplomats, Jerusalem, January 2006. One argued that meetings with Hamas mayors were allowed if they were not at head-of-mission level; another said the ban applied to political secretaries, not aid officials.

²⁵¹ Crisis Group interviews, Jerusalem, December 2005.

²⁵² Conal Urquhart, “Israel attacks EU over meetings with Hamas officials”, *The Guardian*, 17 June 2005.

²⁵³ “EU denies secret talks with Hamas”, BBC News Online, 25 November 2004.

and media undoubtedly has inhibited officials.²⁵⁴ Mid-ranking envoys contend their superiors prefer verbal to written approvals of meetings, for fear of leaving a paper trail.²⁵⁵

Overall, the EU and U.S. have yet to devise consistent, transparent and effective policies on meetings with Hamas members or officials. Eager for information and dependent on local contacts, their officials find ways around the formal ban. EU diplomats in Jerusalem admit they have developed procedures for respecting it in form, not spirit. Contacts are established through meetings at homes of third parties, “chance meetings” in large crowds and at informal Palestinian assemblies (*diwans*), or through intermediaries such as diplomats representing states with no blacklist.²⁵⁶ The dominant perception within Hamas is that not only the EU but also the U.S. seeks ways to communicate. In interviews with Crisis Group, its leaders claimed regular meetings with Europeans. “All the EU officials we met say the ban is a mistake. We met very high officials – the highest EU officials – but they asked us not to name names”.²⁵⁷ U.S. officials, they strongly suggested, also visit.²⁵⁸

Meetings with ex-government officials and academics, even though without official sanction, are seen (and often misconstrued) by Hamas as indirect contacts, convinced as they are that participants must have at a green light from their capitals and report back.²⁵⁹ The extent of such contacts has grown sufficiently widespread to irk PA officials, who say “the boycott of Hamas is a lie delivered for public relations purposes. The international community is dealing with Hamas on a daily basis, through international organisations like UNDP, journalists, intelligence agencies, in conferences and in Beirut”.²⁶⁰

²⁵⁴ Crisis Group interviews, diplomats, Jerusalem, December 2005.

²⁵⁵ Crisis Group interview, EU aid official, Jerusalem, December 2005.

²⁵⁶ Egypt’s military intelligence presence in Gaza, expanded in spring 2005, has assumed the role of a pro-active intermediary between Western security officials and armed factions, including Hamas. Norway, the key mediator in the Oslo process, has also continued as a go-between.

²⁵⁷ Crisis Group interview, Muhammad Ghazal, Hamas leader, Nablus, September 2005.

²⁵⁸ Crisis Group, Hamas official, Ramallah, July 2005.

²⁵⁹ Of these, the most interesting and significant are organised by Alistair Croke, Solana’s former security adviser and a broker of the 2003 truce. As UK Director of an NGO, Conflicts Forum, he has set up meetings between former U.S. officials, and other experts, with both Hamas and Hizbollah representatives. Stephen Grey, “Ex-MI6 man starts U.S.-Hamas talks”, *The Sunday Times*, 27 March 2005. Crisis Group interview, Alistair Croke, Amman, October 2005.

²⁶⁰ Crisis Group interview, senior PA interior ministry official, Gaza City, November 2005.

D. HAMAS, NATIONAL ELECTIONS AND NATIONAL POWER

Hamas’s entry into national politics has presented the U.S. and EU with a dilemma. Formally opposed to participation by an armed organisation, let alone a terrorist one, they could hardly applaud the step but eager to support the democratic process, they were reluctant to condemn it. Instead, with some logical contortions, they objected that “there is no place in the political process for groups or individuals who refuse to renounce terror and violence, recognise Israel’s right to exist, and disarm”, while adding that “democratic elections can be the prelude to laws and policies...excluding the advocates of terror and violence”.²⁶¹ In other words, Hamas in principle should not compete in elections until it disarms, but participation in elections ultimately will lead it to disarm. The view was endorsed by the Quartet in New York in September 2005.²⁶²

The U.S. position appears to have come together during Abbas’s October 2005 visit to Washington, when he explained he could do nothing before bringing the Islamists in, but then he could subject them to legal decommissioning requirements. As noted, Secretary Rice was said to be particularly taken by the prospect of Islamists being fairly defeated at the polls.²⁶³ Officials briefed journalists that the U.S. was “not going to write election laws for the Palestinians”.²⁶⁴ Thereafter Washington and Brussels pushed back Israel’s threats to derail the elections if Hamas took part²⁶⁵ and funded the election process, including the Palestinian Central Elections Commission and preparations for the dispatch of international monitors. Regardless of their views on Hamas, “as long as elections are free and fair, the U.S. will recognise the result”, a State Department official

²⁶¹ Statement by U.S. Secretary of State Condoleezza Rice, 11 January 2006.

²⁶² Press conference following the Quartet meeting in New York on 20 September 2005 attended by UN Secretary-General Kofi Annan, U.S. Secretary of State Condoleezza Rice, UK Foreign Secretary Jack Straw, Russian Foreign Minister Sergei Lavrov, EU High Representative Javier Solana, and EU Commissioner Benita Ferrero-Waldner. Rice expressed “hope that the elections can go forward and that everyone will cooperate...because elections are fundamental to the continued evolution of the Palestinian process. That said...ultimately there is a fundamental contradiction between armed activities and the political process”.

²⁶³ Crisis Group interview, U.S. official, Washington, October 2005.

²⁶⁴ Glenn Kessler, “Palestinian leader is urged to confront militant groups”, *The Washington Post*, 21 October 2005.

²⁶⁵ A senior EU official described Israeli election interference as “unhelpful”, Crisis Group interview, Brussels, October 2005.

said.²⁶⁶ Washington insisted the elections be held despite disarray in the occupied territories and Sharon's incapacitating stroke and that Israel accommodate Palestinian voting in East Jerusalem.

This position did not come without resistance and second thought. When Hamas's electoral participation was first broached, the priority was to secure a ceasefire and neither Washington nor Brussels sought to pressure Abbas to impose conditions. At the time most observers believed Hamas could win no more than 45 to 50 of the 132 seats.²⁶⁷ As the elections came closer and Hamas's support appeared greater, Israel announced it would thwart elections if Hamas took part, and even left-wing Israeli politicians urged the EU and U.S. to follow suit. Influential lobby groups in the U.S. pressed the administration to oppose Hamas participation and support Israeli counter-measures on the ground that "no country can be asked to hand power to those dedicated to its destruction".²⁶⁸ Some officials began to waver in private and the House of Representatives passed a resolution threatening to cut U.S. aid if the PA did not comply.²⁶⁹ USAID sought to distance itself from any accusation of working with Hamas: its governance program offered campaign and fund-raising training to "modern, democratic parties", but not Hamas,²⁷⁰ while grantees producing election programming for private TV were advised not to interview Hamas candidates.²⁷¹

Some EU officials also expressed growing concern, regretting not having sought Hamas concessions in exchange for electoral participation and wondering whether it was too late to do so.²⁷² In its first statement

after the December 2005 municipal elections which saw massive Hamas gains, the Quartet strongly urged all parties to sign a Palestinian Code of Conduct for the elections formulated by a local NGO and called on the PA to enforce the clauses that concerned Hamas the most: strict limitations on external campaign financing and a prohibition on using religious facilities for campaign purposes. It also called on participants to recognise Israel and disarm, but muddied the waters by alternately using the terms "ultimately" and "immediate".²⁷³

On some practical aspects, the Europeans showed greater flexibility. After much debate, the European Council allowed election observers to meet Islamist candidates,²⁷⁴ a decision that an Israeli foreign ministry document, leaked to the press, claimed violated international law,²⁷⁵ but the EU stood firm.

In the end all – the U.S. included – concluded that to set conditions on Hamas's electoral participation after Abbas and Hamas had reached agreement and Hamas's role was official, would be seen as an attempt to thwart democracy and could jeopardise the ceasefire. In Washington, other considerations were at play, and led to the odd spectacle of a U.S. administration implicitly siding with Hamas and pushing for elections that neither Israel nor the PA truly wanted at the time. Most important was the conviction that nothing would improve with delay; indeed, in response to myriad U.S. requests over months to act against Hamas, Abbas had repeatedly replied that he could only act after the elections and after the PLC passed laws curbing Islamist military autonomy. "The Palestinians are caught in a trap of their own making. Having held so much

²⁶⁶ Crisis Group interview, State Department official, Jerusalem, December 2005.

²⁶⁷ Ibid.

²⁶⁸ Crisis Group interviews, Washington, September 2005.

²⁶⁹ In December, the House of Representatives voted 397 to 17 to demand the PA begin efforts to dismantle Hamas before elections and threatened to freeze aid if Hamas was integrated into "the governing structure". House Resolution 575 <http://thomas.loc.gov/cgi-bin>. U.S. officials said the wording of the resolution was vague and its reach limited since USAID did not finance the PA without presidential orders. Crisis Group interview, U.S. official, Jerusalem, December 2005.

²⁷⁰ "Legally we can do nothing to benefit Hamas: no training in our campaign schools, no advice, and no per diem payments", Crisis Group interview, USAID implementing partner, Jerusalem, December 2005.

²⁷¹ Crisis Group interview, NGO program officer, Jerusalem, December 2005.

²⁷² An EU official argued that all candidates and parties – Hamas included – should be required to sign a pledge that, if elected, they would abide by all PA laws, the notion being that legislation concerning non-display of weapons or other types of decommissioning would be binding on the Islamists. Crisis Group interview, Brussels, October 2005.

²⁷³ "Quartet Statement on Palestinian Legislative Council Elections", 28 December 2005: "The Quartet...calls on the Palestinian Authority to take immediate steps to...dismantle the infrastructure of terrorism" and "recalled...that ultimately those who want to be part of the political process should not engage in armed group or militia activities". Hamas became the last party to endorse the Code, on 5 January 2006.

²⁷⁴ Council statement of 21 November 2005, Brussels. France and the Netherlands strongly supported the decision. The UK, in the presidency, and members such as Italy and the Czech Republic opposed. Crisis Group interviews, EU officials, Brussels, December 2005. EU diplomats in Tel Aviv and Jerusalem hailed the decision as the first step in lifting the ban on the movement's political wing. Crisis Group interview, EU official, Tel Aviv, 3 December 2005. Dialogue was limited to "technical issues". The EU election observers are Commission and Council civil servants, member state experts, European NGO representatives, participants in EU Human Rights and Elections training programs and EU election specialists. The head of mission is Veronique de Keyser, a Belgian member of the European Parliament.

²⁷⁵ Yoav Stern, "Foreign ministry slams EU talks with Hizbollah, Hamas", *Haaretz*, 12 December 2005. The report was published on the eve of Solana's visit to Tel Aviv.

hostage to the elections, they are in no position to argue for its delay²⁷⁶ – though how Abbas will be strengthened if Hamas becomes a power in the parliament is another matter.

Instead, the EU, U.S. and their Quartet partners turned to the post-elections reality. The Quartet laid out its terms: no cabinet participation for any “member who has not committed to the principles of Israel’s right to exist in peace and security and an unequivocal end to violence and terrorism”.²⁷⁷ The Lebanon precedent suggests how the EU and U.S. might react if Hamas joins the government: though Washington declined to follow the EU ambassador in Beirut’s lead in meeting Hizbollah’s cabinet minister, Muhammad Fneish, U.S. officials continue to see officials in his ministry.²⁷⁸ But the main Western leverage, again, is money. In Tel Aviv, Javier Solana warned that the EU might “think twice about... committing their taxpayers’ money if members of the elected Palestinian leadership do not renounce violence and recognise Israel”.²⁷⁹

This is no empty threat. The EU gives \$280 million annually to the Palestinian territories – twice as much counting member state contributions.²⁸⁰ Much goes to ministries Hamas might control if it enters government.²⁸¹ In 2005, donors contributed some \$270 million, equivalent to the salaries of 45,000 PA employees, in direct subsidies for the Authority’s running costs and financed virtually

all development costs. Pointedly, they delayed the pledging conference for Gaza reconstruction well beyond elections, giving them additional leverage over the cabinet. “Donors are waiting to see if things stabilise after the elections. Why pour extra money in if it’s all going to go pear-shape?”, said World Bank consultant Salah Abdel Shafi.²⁸² The postponement, plus significant aid cut backs due to PA budgetary mismanagement, paves the way for more disengagement if Hamas join the government or even win the elections.²⁸³

U.S. reaction is likely to be at least as severe. As seen, Congress already has threatened an aid cut-off, and the administration will be hard pressed to justify continued funding if Hamas joins the PA. USAID’s implementing partners have been told that restrictions on contacts with Hamas will continue. The consulting firm, Development Alternatives, Inc. (DAI), which has a \$6 million USAID contract to train new parliamentarians in “a multi-party environment”, said it would be unable to work with Hamas deputies. Those who might seek to attend its New Members Orientation Program, including a guided tour of the PLC, would be asked to leave.²⁸⁴

E. ASSESSING EU AND U.S. POLICIES

Europe and the U.S. are groping for ways to deal with militant Islamist groups while simultaneously promoting a credible democratisation agenda. In Lebanon as in Palestine, some critics of Western policy point to apparent contradictions and inconsistencies: how, they ask, can one claim to promote pluralism while shunning or even banning groups – Hizbollah, Hamas – with wide popular support? Other critics question how one can both claim to be uncompromising on terrorism, while either dealing with a government that includes a terrorist organisation (Lebanon) or pressing for elections that include a terrorist group (Palestine).

While these dilemmas are worthy of attention, neither should be viewed essentially as a matter of principle. Even well-established democracies have been known to ban

²⁷⁶ Crisis Group interview, U.S. official, Washington, 10 January 2006.

²⁷⁷ “Quartet Statement on Palestinian Legislative Council Elections”, 28 December 2005.

²⁷⁸ In Lebanon U.S. officials told Crisis Group they would not meet with Fneish, even though USAID runs a major support program at the ministry of electricity, but acknowledged they would deal with ministry officials at director-general level. In South Lebanon USAID supports municipalities run by Hizbollah members. Crisis Group interviews, U.S. officials, Beirut, June-July 2005. About this discrepancy, a U.S. official said, “Israel is a bit more high profile than south Lebanon”, Crisis Group interview, January 2006.

²⁷⁹ For Solana’s statement see http://ue.eu.int/ueDocs/cms_Data/docs/pressdata/EN/declarations/87668.pdf.

²⁸⁰ Crisis Group interview, EU aid official, Jerusalem, December 2005.

²⁸¹ For example, “if the international community cuts health ministry funds it would be disastrous. Financially we could not have a health sector”. Crisis Group interview, PA planning ministry official, Ramallah, November 2005. That said, wholly withholding EU aid would not be easy. EU officials told Crisis Group the Council of Ministers would be unlikely to reach consensus for a full suspension, and punitive measures might be limited to suspension of development aid, such as the €12 million program for institution-building, or a share of the €70 million budgetary support, and a return to emergency aid, where conditions on the affiliation of recipients are less rigid.

²⁸² Crisis Group interview, Salah Abdel Shafi, World Bank consultant, Gaza City, November 2005.

²⁸³ Ironically, the donors’ reduction in assistance risks being self-defeating. A cash-strapped PA cannot pay its security forces, thereby furthering unrest and undermining Fatah credibility. Crisis Group interview, international development official, Jerusalem, January 2006.

²⁸⁴ “The USAID’s legal department considered it would be material assistance to terrorism to print and distribute 132 manuals, since Hamas delegates might be among recipients”, Crisis Group interview, DAI project manager, Ramallah, December 2005. The officer conceded that the Speaker’s office might be able to distribute copies.

parties whose views are deemed incompatible with basic democratic values; nothing requires legalisation of a party operating partly as an armed militia. Certainly, nothing requires either the EU or the U.S. to be even-handed in dispensing political or material support to parties, regardless of orientation or inclination toward violence. Likewise, a policy of integrating paramilitary organisations is consistent with a counter-terrorism policy if, by incorporation, the appeal of violence can be mitigated.

The question, rather, is practical: whether the policies have promoted U.S. and EU interests. In this respect, their approaches toward Hamas have fallen short. While there is every reason for the West to withhold official, formal dealings with the Islamist organisation at a national level, at least until it renounces attacks against civilians and embraces a two-state solution, the more sweeping boycott and the absence of a clear path toward Hamas's international legitimisation have proved self-defeating on more than one count:

- *Strengthening Hamas.* The shift of donor funding away from municipalities to national and international agencies has exacerbated fiscal shortfalls in Hamas-run municipalities, restrained their local clout, and punctured many of their pre-election promises. But if the boycott was intended to stem support for Hamas, as there is every indication it was, it has failed. Hamas has gone from strength to strength. According to the head of a Palestinian NGO in Bethlehem, “donors clearly are sending the message that if you want our money, vote for Fatah”,²⁸⁵ yet voters did not oblige. A Christian voter in Bethlehem said: “I’m angry with the donors. All their sanctions are doing is weakening the population, not Hamas”.²⁸⁶ In the last municipal election, Hamas candidates sought to use the donor boycott as a scapegoat to hide internal deficiencies and to portray itself as the victim of foreign blackmail. “The aid boycott is good for us”, proclaimed the acting mayor of Qalqilya, “because though America says it has declared war on terrorism, we say it is a war against Muslims”.²⁸⁷ Others warned voters not to let foreigners buy their votes and said donor aid would continue regardless.²⁸⁸ In the words of

Hamas leader Hasan Yousif, “donors have to respect the democratic choice of Palestinian people”.²⁸⁹

- *Estranging Palestinians from Western donors.* As the municipalities controlled by Hamas increase, the arena in which Western governments can initiate new projects diminishes. Donors find themselves operating at several removes from recipients, or via remote control. Their distance from grassroots politics repeats the mistakes of the Oslo peace process – which despite copious international aid failed to win durable support on the ground. Without more popular buy-in, the latest attempt at reconstruction could suffer a similar fate. In the words of a U.S. official, “we know the restrictions are harming our ability to reach the people. We fear we’re losing 70 per cent of the people”.²⁹⁰ Or as an EU aid official put it: “How can I convince Palestinian municipalities, if I can’t talk to them?”²⁹¹ The desperate need for jobs is likely to limit a campaign to hinder Western aid projects. Hamas’s own election manifesto states: “Yes to Palestinian, Arab and international investment”.²⁹² But disengagement can be mutual. The shunning of Hamas and the undisguised politicisation of aid could complicate reconstruction and strengthen Hamas’s drive to reduce donor dependency. In the wake of their retreat, Crisis Group detected the first stirrings of hostility towards donors. Rather than plead for support, the Mufti of Qalqilya, Sheikh Saleh Sabri called on councillors to boycott projects with strings attached.²⁹³
- *Stoking inter-Palestinian tensions.* Suspension of municipal aid has sparked a tussle for funds

us after seeing where their funds went [under Fatah]”. Crisis Group visit to El Bireh, 15 December 2005.

²⁸⁹ Crisis Group interview, Hasan Yousif, Hamas leader, Ramallah, August 2005.

²⁹⁰ Crisis Group interview, U.S. official, Tel Aviv, September 2005.

²⁹¹ Crisis Group interview, EU aid official, Jerusalem, December 2005.

²⁹² Hamas’s manifesto, posted in Arabic on the Central Elections Commission website, <http://www.elections.ps/atemplate.aspx?id=353>, also calls on the EU to be more active in Palestinian and Middle Eastern affairs.

²⁹³ “We say that if projects funded by EU or U.S. donors have political strings attached, then they are not in the public interest. They are in the interest of other forces and this is unacceptable”. The council should also oppose the opening of a U.S. or UK cultural centre in Qalqilya as “incompatible with our culture. We don’t want people to become excited by the presence of such centres, because then they might be tempted to destroy them”. Crisis Group interview, Sheikh Salih Sabri, Mufti, Qalqilya, September 2005.

²⁸⁵ Crisis Group interview, Omar Jabir, aid worker from al-Khadr, Bethlehem, November 2005.

²⁸⁶ Crisis Group interview, Carole Dabdoub, Bethlehem, November 2005.

²⁸⁷ He also claimed USAID officials had steered wide of the council on three post-election visits to the municipality, Crisis Group interview, Hashim Masri, Qalqilya, 7 September 2005.

²⁸⁸ In December 2005, Hamas won the elections in el-Bireh, after its local leader, Sheikh Jamal al-Taweel, campaigned with the promise that foreign donors would “deposit their funds with

between central and local government that could become increasingly partisan. With Fatah politicians and mainly secular NGOs getting money and Hamas representing Palestine's most deprived, one aid official feared donors were unwittingly "stoking local animosities and rivalries".²⁹⁴ Given the deterioration of law and order across the territories, and several hostage-takings in Gaza directed at foreigners, a USAID partner warned: "If USAID is seen as partisan, it will soon get very dangerous".²⁹⁵

- *Jeopardising project sustainability.* The transfer of responsibility for municipal development to unelected national and international bureaucrats has sparked donor concern about project sustainability and over-politicisation of aid at the expense of sound development policy. "If municipalities feel they have no ownership of these projects and we lose the capacity-building capabilities of the municipality, who is going to ensure their maintenance?" asked an EU aid official in Jerusalem. "The municipalities were more motivated contractors, and had to ensure delivery because they are elected and accountable".²⁹⁶
- *Reducing accountability.* While there is ground for concern, EU and Israeli officials to date have been unable to substantiate suspicions Hamas municipalities are diverting revenue to fund the organisation or, worse, its military activities. Hamas councillors volunteered to open books to Crisis Group, while the World Bank confirmed Gaza Strip municipalities complied with requests to submit budgets for auditing.²⁹⁷ International involvement in municipal funding, argued EU aid officials, could increase the level of scrutiny.²⁹⁸ While the Municipal Development Fund will provide considerable oversight, the less the donor involvement, the greater the recourse Hamas might have to donors hostile to Western policy interests and the less the guarantee funds will not go astray.
- *Undercutting Western leverage.* The ban on contacts leaks, with Hamas interpreting non-official contacts as trial balloons. EU and U.S. officials

should consider a more nuanced approach that allows clearly specified communications both on technical matters and to convey without the confusion of unofficial channels what conditions must be met for more meaningful meetings. Boycotting Hamas deprived them of the ability to bargain for concessions in exchange for supporting its participation in legislative elections. Instead, Hamas believes it is being courted by the West and benefits from the international community's position on elections without having to pay a price. The threat of halting all PA support if Hamas joins it makes little sense. If Hamas runs strongly, its participation in government may be inevitable, and may even be desirable if it can further constrain the movement's freedom of action. The threat in that situation ought to be to halt aid if it engages in violence rather than if it engages in politics. As a senior official in Brussels acknowledged, "ultimately it is nonsensical not to engage with Hamas".²⁹⁹ The question is how and on what terms.

²⁹⁴ Crisis Group interview, UN aid official, Gaza, November 2005.

²⁹⁵ Crisis Group interview, U.S. aid worker, Ramallah, November 2005.

²⁹⁶ Crisis Group interview, EU aid official, Jerusalem, December 2005.

²⁹⁷ Crisis Group interview, Ibrahim Dajani, Jerusalem, December 2005.

²⁹⁸ Crisis Group interview, EU aid official, Jerusalem, December 2005.

²⁹⁹ Crisis Group interviews, EU officials, Brussels, December 2005.

VI. CHARTING A NEW PATH

In its January 2004 report on Hamas, Crisis Group assessed that with a weakening and increasingly fragmented PA, diminishing interest in negotiations among Israelis, and the U.S. disinclined to invest heavily in diplomacy, “prospects for any immediate breakthrough in the peace process are dim”.³⁰⁰ The most that could be expected was cessation of hostilities, checks on the damage Israeli settlement activity was inflicting on prospects of a two-state settlement, “and the initiation of steps to rebuild a coherent, cohesive Palestinian polity that is able to act decisively”.³⁰¹ Though in many ways circumstances have dramatically changed, that diagnosis appears even more valid today.

The approaching elections should be seized as another opportunity to test Hamas’s willingness to join the political process and Abbas’s gambit that integration will moderate its behaviour, putting it on a path trodden by other armed movements that transformed themselves into political actors, including the IRA and, indeed, not long ago, the PLO itself.

A. NEGOTIATING A COMPREHENSIVE CEASEFIRE

As two years ago, little can be sustained without a renewed, reciprocal, ceasefire. So far, omens are not promising. Even before the expiry of the unilateral *tahdi’a* on 31 December 2005, Hamas leaders were trumpeting their return to battle, claiming Israeli military actions had made a mockery of the concept of quiet,³⁰² though indicating that for practical reasons they would hold their fire until after Palestinian elections. Dependent on Israeli conduct – and, so far, Israel has rejected the concept of a reciprocal cessation of hostilities with militant groups – the ceasefire also hinged on PA adherence to its electoral commitments. “We have led everyone in the uprising before”, warned Ghazal. “Without elections, we are able to lead everyone again with our tactics and decide the rules of the game”.³⁰³ As the scheduled election date neared, Mahmoud Zahar issued a direct challenge to the PA, based on recent upheavals in Ukraine and Georgia, which, however, left the door open to violence:

We believe in elections, but if the PA postpones elections, they will face the people. The Israelis faced the Palestinian people, and if the Palestinian regime continues violating rights, do you think it is only Hamas that will not accept? It will be the people who will not accept. There will be a broad opposition front, and we will have major partners in Fatah who will also confront the PA.³⁰⁴

Conversely, Hamas responded to President Abbas’s renewed commitment to January 2006 elections by proposing extension of the *tahdi’a*. In a telephone interview from his Negev Desert jail, Sheikh Muhammad Jamal Natsheh of the political leadership and a candidate, said Hamas “is seriously considering renewing the calm through national consensus if this proves to be in the interest of the Palestinian people”.³⁰⁵ An Egyptian diplomat who maintains contact with all parties in the Gaza Strip estimates Hamas is even today ready to accept an indefinite ceasefire.³⁰⁶ And Ghazal told Crisis Group shortly before his detention by Israel, “Hamas has again offered a truce: Israel has a chance. We know they will not use it. But we are ready to have a truce for a very long time, and make peace”.³⁰⁷

Third parties should redouble efforts first to renew the *tahdi’a* for six months, then use it as a springboard to broker more comprehensive, separate ceasefire understandings with Israel, the PA and the Palestinian factions, including a monitoring role for the Quartet. The appointment of an EU security envoy to the Middle East, with authority to resume contacts with Hamas within the limited terms of reference of his mandate, could further encourage the Islamists to respond positively. It is worth noting that Egypt’s preparedness to negotiate seriously with Hamas and its implicit recognition of the movement contributed significantly to its receptivity to the Cairo Declaration.

Israel should respond to any extension of the current lull by engaging positively with third parties to achieve a comprehensive, more durable ceasefire. On the assumption the Palestinian movements abide by the *tahdi’a*, Israel will need to fortify it with reciprocal measures, particularly an assassination moratorium.³⁰⁸ Similarly, it should signal

³⁰⁰ Crisis Group Report, *Dealing with Hamas*, op. cit., p. 29.

³⁰¹ Ibid.

³⁰² Thus, Hamas politburo head Khalid Mashal at a 12 December 2005 rally in Damascus: “I say it loudly, we will not enter a new truce and our people are preparing for a new round of conflict”, Palestine Media Center, www.palestine-pmc.com/details.asp?cat=1&id=1057.

³⁰³ Crisis Group interview, Ghazal, Nablus, September 2005.

³⁰⁴ Crisis Group interview, Gaza, November 2005. In the words of a Palestinian presidential adviser, “Whoever delays the elections will face the wrath of Hamas”. Crisis Group interview, Jerusalem, December 2005.

³⁰⁵ *Al-Quds*, 10 January 2006.

³⁰⁶ Crisis Group interview, Egyptian diplomat, Gaza City, December 2005.

³⁰⁷ Crisis Group interview, Ghazal, Nablus, August 2005.

³⁰⁸ Israel has in the past consistently stated that it will continue assassinations against “ticking bombs”, but at times has stretched its definition of this term beyond recognition. Any

readiness for a phased release of prisoners beginning with senior Hamas politicians such as Muhammad Abu Tair, Muhammad Ghazal, Sheikh Ahmad Haj Ali and Hasan Yousif, about whom no evidence of involvement in armed activities has been produced.³⁰⁹ In the words of a former Israeli intelligence operative, “Consider various gestures, including releasing prisoners. We’ll have to do things in measured fashion”.³¹⁰ Prominent Palestinian commentator Hani Masri, one of the first Palestinians publicly to condemn Hamas’s indiscriminate attacks against Israeli civilian targets, echoed this:

Israel must show it is really interested in seeing Hamas continue the *tahdi’a*, and if it does you will see a fundamental change in Hamas, because Hamas is now salivating at the cusp of power, and understands that if it does not now reap what it has sown, it might never be able to harvest.³¹¹

More broadly, the severity of Israel’s occupation practices inevitably will continue to determine the success of the ceasefire. For Palestinians, the West Bank remains an active battlefield, subject to continued Israeli confiscation of land, settlement building, and imposition of a military obstacle course frustrating free passage and imposing daily humiliation. These remain powerful justifications as well as ready-made pretexts for violence. A more active U.S. role to persuade Israel to take the necessary steps also would be critical.

B. INVOLVING HAMAS IN DAY-TO-DAY GOVERNANCE

What role Hamas intends to play in the PLC and, perhaps, the PA, is the subject of intense speculation. Repeatedly, Islamist leaders emphasise that their priority is to tend to socio-economic matters and political-administrative reform. While some read this as an attempt to disguise real intentions, there is reason to take it seriously. Senior figures insist that in contrast to the 1990s, the domestic agenda dominates and will continue to do so during the next parliament. In its successful municipal campaign, Hamas plastered posters across Nablus with a cartoon of one hand kissing the other up the chain-of-command – a

such exceptions will need to be implemented in a way that discourages abuse, for example through coordination with U.S. military specialists.

³⁰⁹ Egyptian diplomats have suggested the release of 100 prisoners per month would be required, Crisis Group interview, Gaza City, November 2005. There are 8,000 to 9,000 Palestinian prisoners in Israeli jails, some 1,800 from the Gaza Strip.

³¹⁰ Crisis Group interview, Ofer Dekel, former deputy head of Israeli internal intelligence, Herzliya, September 2005.

³¹¹ Crisis Group interview, Hani Masri, Palestinian commentator, Nablus, September 2005.

reference to the graft and sycophancy that in popular belief oils the wheels of Palestinian bureaucracy. Beneath the pile of hands was the caption, “When Will This Stop?” Mention of occupation, the siege and the separation barrier were virtually nowhere to be found. According to Sheikh Ahmad Haj Ali, a founding member of the Muslim Brotherhood in Palestine and Hamas PLC candidate:

Our priority is to solve the internal situation before the confrontation with Israel. Hamas’s aim is governance. Our objective is to resolve people’s problems and you can only do this through the institutions of government. My interest based on Islam is the interest of my society. If we enter the PLC as a minority, we will act as monitors over the performance of the ministers regardless of their affiliation. We must escape the hall of mirrors. We see criticism of malpractice as a moral duty.³¹²

Islamist leaders often reserve their harshest words for the PA, which they accuse of debasing society with a mixture of immobility, incompetence, and moral as well as material corruption, in the process reducing its capacity to resist Israeli expansion.³¹³ They compare their entry into parliament to that of a powerful broom in a badly neglected attic. Because conflict resolution is in their view not on the horizon, they consider it only logical to adopt housecleaning as the immediate priority. Ghazi Hamad, editor of the Islamist weekly *Risala* and a Hamas PLC candidate, said: “Fatah forgot the internal situation. It was 80 per cent focussed on political negotiations, which turned out to be a waste of time, and forgot economic reform. Hamas wants to concentrate on the internal”.³¹⁴ Moreover, the strong representation of women on its candidate list, further suggests the movement is not only a military wing in political clothing³¹⁵ but is reaching across social strata. According to Haj Ali, “Our priority is to give emergency treatment to the internal Palestinian situation. The conflict with Israel can be postponed for five to ten years”.³¹⁶ Mohammed Ghazal, a Hamas West Bank leader and PLC candidate, was even more forthright:

³¹² Crisis Group interview, Sheikh Ahmad Haj Ali, Muslim Brotherhood leader and Hamas PLC candidate, Nablus, July 2005.

³¹³ Crisis Group interview, Haj Ali, Nablus, July 2005; Ghazal, Nablus, September 2005; Zahar, Gaza City, November 2005.

³¹⁴ Crisis Group interview, Ghazi Hamad, Islamist newspaper editor, Gaza City, November 2005.

³¹⁵ Of the 62 Hamas candidates who will contest the seats allocated on the basis of national proportional representation, eleven are women, including three of the first twenty on the list. The motivation may also have been pragmatic: The Israeli army is less likely to detain women, who can represent the interests of their imprisoned husbands.

³¹⁶ Crisis Group interview, Haj Ali, Nablus, July 2005.

Choosing a political path rather than the path of armed conflict forces you to give more attention to domestic policies. If we decide to go through politics, then the internal becomes more important than the external. We will focus on improving social services, rather than on the 78 per cent of our land that the Palestinians agreed to forget.³¹⁷

Within the PLC, supervision in the broadest sense appears to be Hamas's primary objective. This means not only agitating for removal of corrupt and unpopular officials and playing to the gallery, but also exercising a functional veto over the cabinet, its policies, and decisions, with particular emphasis on service ministries. Mahmoud Zahar said the Gaza evacuation made the need more pressing: "When we left the field to Fatah, everything was corrupted. So it is essential to have an alternative, and to rebuild the areas from which Israel withdrew".³¹⁸

Hamas, if necessary in temporary coalitions with like-minded Fatah and other legislators, is expected to be in a position significantly to influence the legislative agenda, but seems to prefer not to command it:

Hamas doesn't want to be in the driver's seat, but to be the backseat driver, and if necessary overrule those who rule. Hamas should never allow a situation where it is in the driver's seat. That would be suicide for Hamas. Even if it is the most popular party, it should never allow itself to be Number One, because the world will not accept it. Hamas needs a strong PA.³¹⁹

³¹⁷ Crisis Group interview, Muhammad Ghazal, Nablus, August 2005.

³¹⁸ Crisis Group interview, Mahmoud Zahar, Gaza City, November 2005.

³¹⁹ Crisis Group interview, Khalid Amayreh, Palestinian journalist, Dura, Hebron, November 2005. Besides, "political responsibility is not what [Hamas] is after, at least for now...so long as Hamas is out of power, Palestinians will be grateful for every social service it brings them; once in power, Palestinians will resent them for every social service it does not provide". Agha and Malley, "The Lost Palestinians", op. cit. With the movement consistently outperforming pollsters' predictions in local elections, the likelihood its showing in legislative elections could justify or even require its participation in the next PA cabinet increased substantially. Khalil Shahin, *Al-Ayyam* newspaper correspondent, says that Hamas seems gripped by a mixture of euphoria about the possible outcome and fear that it might be realised. It is afraid of its electoral strength and doesn't want more than 40 per cent of the vote. Even then it would have a veto in parliament, which would mean one political crisis after another and could paralyse a political program it did not support. It would be able to block the political process and have a veto without the responsibility of government. Executive and legislative authority would be divided. Crisis Group interview, Ramallah, November 2005. Independent parliamentarian Ziad

Among Hamas leaders and officials Crisis Group interviewed, the dominant mood was pragmatism, suggesting it is unlikely they will seek to pass laws and promote policies that would face significant opposition. As Abbas reached out to Islamists because he could neither consolidate his rule nor pursue his agenda without them, so Hamas insists it has neither intention nor ability to replace Fatah's hegemony and aspires to share power, not monopolise it.³²⁰ "Hamas is not against the PA, but the PA have monopolised politics, and made themselves the beneficiaries. Hamas wants to enter the PLC to get a share, and create a balance, and prevent corruption", said Hasan Safi, a Hamas activist in Bethlehem, echoing a refrain heard from Nablus to Rafah.³²¹ Responding to accusations that elections, integration, and power-sharing are Trojan Horses with which to transform and eventually dismantle the institutions they join, the Islamists retort that it is secular nationalists, with support of Israel and the West, who have stymied development of Palestinian democracy. Their role, they invariably add, has been to demand it.³²²

The selection of Ismail Haniyya, leader of Hamas's pragmatic camp, to head the Islamists' Reform and Change Bloc candidate list, is another suggestion gradualism is likely to dominate, even if Hamas wins 40 per cent or more of PLC seats. The movement during its first year probably would resist the attractions of ministerial responsibility but seek to elevate personalities who would be mindful of Hamas's interests while also acceptable to a wide range of local, regional and international players. In the meantime, it would function as a parliamentary party and on the basis of its experiences decide whether to seek cabinet posts, and if so which ones and in coalition with whom.³²³

Abu Amr, who is close to Abbas and has been involved in negotiations with Hamas over several years, remarked "I hope they join the executive. If they have only a parliamentary faction with veto power, they could hold the executive hostage". Crisis Group interview, Gaza City, November 2005.

³²⁰ Crisis Group interviews, Haj Ali, July 2005; Ghazal, August 2005.

³²¹ Crisis Group interview, Hassan Safi, Bethlehem, November 2005.

³²² Crisis Group interviews, Haj Ali, July 2005; Ghazal, August 2005; Zahar, November 2005. "Fatah, the Israelis, and donors have to respect the democratic choice of the Palestinian people. We did not take control of municipalities through force or dictatorship but on basis of the conviction of people that we could best serve their interests, and with full transparency". Crisis Group interview, Hasan Yousif, Ramallah, August 2005.

³²³ Crisis Group interview, Ghazi Hamad, editor of *Risala* Islamist newspaper and Reform and Change Bloc parliamentary candidate, Gaza City, November 2005. There is some reason to question whether Hamas's presumed gradualism would survive a strong parliamentary showing, based on precedent. Repeatedly in student and municipal elections, Hamas has forsaken an

The prospect of power may yet tempt Hamas further. As the election neared, members spoke openly of their readiness to enter government.³²⁴ Senior Fatah cadres also evoked a possible post-election trade off under which Hamas would control social affairs ministries and Fatah would retain senior cabinet posts such as interior and foreign affairs.³²⁵ Such an arrangement could help Hamas convince its core constituencies that it has not surrendered its principles and remains focused on the social agenda.

Without conferring immediate legitimacy on Hamas, engaging its national officials or removing it from the terrorism list,³²⁶ the EU – which has more flexibility than the U.S. – should facilitate and even encourage the Islamists' integration. If the *tahdi'a* is renewed, it should seek both to strengthen Hamas's political component and demonstrate the benefits of political activism by resuming normal development and diplomatic contacts with local authorities, without political restrictions, and renewing funding through the Municipal Development Fund, subject to auditing that ensure this benefits only the intended recipients. If the PA offers the Islamists ministries, the EU should adopt a posture similar to that vis-à-vis the Lebanese government and refrain from its threatened financial boycott unless and until Hamas violates its truce.

Current policy has cost governments their ties to the grassroots and ability to retain the confidence of public opinion. Instead of encouraging Hamas's focus on day-to-day matters, increasing their own oversight of municipal spending priorities and ensuring that neither Hamas nor Fatah-run authorities divert funds to armed groups, most Western donors have retreated from the provinces to the central authority. In the wake of further Hamas gains, they threaten retreat further still, to partnering primarily with international agencies, and – particularly in the U.S.

alliance when it felt sufficiently confident to rule alone. In student elections in Nablus, it won 40 seats against Fatah's 34, allowing it to dispense with talks of unity and take control of the student council independently. Where it did share power, it chose partners – albeit secular ones – it could dominate. In the Bethlehem municipal elections, it won five seats, Fatah four, independents three, the PFLP two, and Islamic Jihad one. Hamas chose to form a coalition with the PFLP.

³²⁴ Crisis Group interviews, Zahar, Gaza, October 2006; Bitawi, Nablus, January 2006.

³²⁵ "Fatah will be the dominant force, but Hamas will give up violence and have some of the social ministries". Crisis Group interview, Ghassan Shaka, member of the PLO Executive Committee and Fatah PLC candidate, Nablus, January 2006.

³²⁶ As a British diplomat pointed out, "As long as bombs go off in London and other Western capitals, it will be very difficult for politicians to legitimise a movement that advocates the very same methods". Crisis Group interview, Jerusalem, January 2006.

case – selected Palestinian NGO and business sector counterparts. All this is plainly counter-productive.

For the time being Islamist leaders see an interest in working closely with Western powers. But a long-term boycott could further radicalise Hamas and push it to depend even more on sources of funding inimical to Western interests. Historically, the more isolated the movement has been, the more radical. As one prominent political activist in Gaza noted, "the Europeans should accept Hamas, because if isolated its members will react violently. Their popularity gives them confidence".³²⁷

C. ENCOURAGING ISLAMIST PRAGMATISM

There is no guarantee that an integration strategy will work; indeed, much in Hamas's history and present argues otherwise. But for now, there is no viable alternative, and every effort should be made to test it. That in turn entails several things: indications by Hamas that it is prepared to live by the rule of law, in particular respect for legislation passed by the new PLC; indications by the PA that the process is fair and transparent; and indications by the international community that political integration has clear rewards, and relapse – resumed armed attacks, particularly against civilians – has heavy costs. It would be unrealistic to expect a new international approach simply because Hamas has presented the *fait accompli* of institutional power. But any serious initiative by the movement, such as renewal of the *tahdi'a*, must be the catalyst for further action, not an excuse for renewed complacency.

Progress is likely to be most difficult on security. Although prominently mentioned in the Roadmap and insistently demanded by the U.S. and Israel, Hamas realistically will not be disarmed anytime soon; even amid its more pragmatic recent pronouncements, its leadership has made that clear. Deploying a range of arguments to defend keeping an autonomous military infrastructure, it points above all to the necessity of defence against Israeli attack. In meetings with Crisis Group, Hamas leaders consistently ruled discussion of demobilising the Qassam Brigades premature. "We don't provide free gifts. The PA offered everything to Israel and received nothing in return", stated Hasan Yousif.³²⁸ Even in Gaza, "we cannot conclude they have left and will not come back".³²⁹ Implicit is conviction that armed resistance – or at least its credible threat – is required to gain Palestinian self-determination.

³²⁷ Crisis Group interview, Iyad Sarraj, independent parliamentary candidate, Gaza City, 18 November 2005.

³²⁸ Crisis Group interview, Ramallah, August 2005.

³²⁹ Crisis Group interview, Zahar, Gaza City, November 2005.

An EU official attached to the Quartet remarked that decommissioning and disarmament typically are undertaken in a post-conflict situation by a state with full authority. “But the PA does not have the power of a state, and Israel is saying it won’t get one until the security forces become professional. Moreover, the national liberation army hasn’t finished its national liberation struggle. By imposing disarmament it’s as if you’re asking them to say that they’ve lost”.³³⁰ Last, but not least, is the leverage the Brigades provide Hamas in its relationship with Fatah, whether in terms of power-sharing, or as insurance against a repeat of the massive crackdowns of the mid-1990s.³³¹

This should not mean nothing can be done. It needs to be addressed sooner rather than later, because it is critical to consolidating the PA as a viable political entity, because it is a precondition to resuming a peace process and because, ultimately, there cannot be successful political integration without parallel steps to check Hamas militancy. The key, again, is to devise a calibrated approach in which steps by Hamas are reciprocated and in which the Islamists are given some assurance that Fatah will not exploit the situation.

Overall, while participation in the political process likely will strengthen Hamas’s position, it also could introduce constraints: the greater its role in the PLC and PA, the more difficult it will be for it to claim special dispensation from its laws and the higher the cost to it and its constituents of armed attacks or lawlessness. Even Mahmoud Zahar, known for more militant views, conceded that separate justice and law enforcement systems were incompatible with democratic ones. While Hamas could in the past deride PLC legislation as the product of a self-selected clique, it will find itself subject to its own legislation. “There will be a single law”, stated Zahar, “not a Hamas law”.³³² Likewise, senior members conceded that military integration could follow political integration and disarmament talks could begin as the democratic process continued.³³³ In the run-up to the elections, Mahmoud Zahar asserted Hamas would support incorporating all militias into an army to end factional infighting and “protect our institutions and our land”.³³⁴

³³⁰ Crisis Group interview, Jerusalem, December 2005.

³³¹ “Hamas wants to keep weapons because of the PA. They know this is not a stable democracy. They know that the PA might repeat the incidents of 1996 and don’t trust Fatah and the PA and the warlords in the system. They cannot assume that if they give up weapons, we’ll become Sweden”, Crisis Group interview, Salah Abdel-Shafi, World Bank consultant, Gaza City, December 2005.

³³² Crisis Group interview, Gaza City, November 2005.

³³³ Crisis Group interview, Mohammed Ghazal, Nablus, September 2005.

³³⁴ Craig Smith, “Election role won’t soften Hamas anger at the Israelis”, *New York Times*, 12 January 2006.

Therefore, assuming renewal of the *tahdi’a*:

- Upon joining the PLC, Hamas should announce immediate termination of weapons displays by its militants.
- Hamas should clearly state its intention to abide by all laws passed by parliament; in return, the PA should take concrete steps to demonstrate the fairness and even-handedness of the process, both to persuade Hamas it can exercise more influence within the system than in opposition, and to reassure it that Fatah will not exploit integration. If it chooses, Hamas must be allowed to play a role in PA institutions commensurate with electoral performance, including government if it negotiates participation in a ruling coalition. Similarly, PA institutions – first and foremost the PLC – must be allowed to function properly and given genuine oversight of the government. The Basic Security Law should include provisions on de-politicisation of the security sector, particularly subordinating forces and budgets to parliamentary oversight. A fully empowered interior minister ought to be subject to parliamentary oversight.
- Hamas should support early ratification of the draft Political Parties Law, pursuant to which registered parties must publish organisational structure, names of leaders, and pursue objectives “through lawful and peaceful means”.³³⁵ The EU should announce it will not boycott relations with any registered party verifiably independent of any armed wing. While the EU would continue to boycott Hamas’s leadership, if the Reform and Change Bloc were registered as a party and sever all organisational ties to Hamas, the EU would be able to engage with its members. In so doing, it could strengthen advocates of pragmatism and engagement within Hamas and demonstrate the benefits of such an approach to the movement as a whole.
- Hamas should support early ratification of the Basic Security Law identifying parameters and modalities of eventual disarmament, integration, and demobilisation of members of all armed groups not a part of the security forces, with verifiable international supervision.³³⁶ It also should engage in serious talks with decommissioning authorities set up under this law. The purpose would not

³³⁵ “Draft Political Parties Law Submitted by the Council of Ministers (1998) Concerning Political Parties and the Regulation of Their Activities”. See http://www.pnic.gov.ps/arabic/law/law_b26.html (in Arabic).

³³⁶ Preparations for such a law, funded in part by the UK, already are advanced.

be immediate, total demobilisation, but rather to establish meaningful benchmarks endorsed by Hamas and to which it could be held accountable. Hamas should, for example, announce and abide by a permanent end to all attacks on civilian targets and, six months after entry into force of a comprehensive ceasefire, halt acquisition, manufacture, and testing of weapons and begin decommissioning arms that most threaten maintenance of the ceasefire, such as rockets, and submit to independent international verification. If such steps are taken, the EU and member states would remove Hamas from their list of proscribed terrorist organisations.

- A bigger carrot should be on the horizon: normal dialogue with the EU once Hamas has formally renounced all violence against civilians, dropped opposition to a two-state solution and indicated it will honour a Palestinian-Israeli settlement that is properly endorsed by Palestinian national institutions and people.³³⁷
- And a credible stick should be on the horizon: if Hamas is deemed to have violated the truce, the EU would suspend contacts with the parliamentary faction and local officials; if Hamas-affiliated politicians were in the cabinet, contacts with and assistance to the PA would also be suspended.

Given its relationship with Israel and domestic political constraints, Washington is likely to move significantly slower than the EU in this process. But if Hamas renounces violence against civilians, in effect accepts a two-state solution, and, as part of a comprehensive ceasefire, begins verifiable disarmament, the U.S. should consider removing it from its list of terrorist organisations.

VII. CONCLUSION

Many, including not a few Palestinians, doubt Hamas is ripe for major strategic reorientation. A Fatah official said: "Hamas is trying to replace the PA. Since 1988 their goal has been to replace the PLO. The strategy remains the same but the tactics are different. It's the Muslim Brotherhood strategy of infiltration".³³⁸ Israelis have reason to be sceptical and fear a truce simply would be a chance for Hamas to regroup and bolster political and military capabilities. Obstacles should also be expected from other quarters. Israel may prove unwilling to restrain either its military operations against the movement or its occupation policies in the West Bank and Jerusalem. The PA may lack the muscle, command structure and discipline to enforce non-partisan security legislation, and individual Fatah commanders may balk at integration or promotion of rival Islamists into their privileged preserve. The chaos that has accompanied rehabilitation of the security forces and Fatah militias thus far – including rampages by al-Aqsa gunmen, occupation of PA buildings throughout the West Bank and Gaza Strip, and takeover of Bethlehem's Manger Square shortly before Christmas to highlight demands for jobs and pay – does not bode well.

Yet, the arguments for trying outweigh the doubts. Two years ago, Crisis Group advocated similar steps designed to promote and accompany a Hamas cessation of violence and integration into mainstream political life, arguing that a PA crackdown, however devoutly wished by Israel and the U.S., was out of the question, beyond capacity and will. Specifically, we recommended simultaneous pursuit of a negotiated ceasefire involving the PA, Hamas and Israel, and a new Palestinian political consensus, including Hamas. While dismantling of Hamas's military capacity was out of reach without a comprehensive peace, the movement would have to provide evidence the ceasefire was more than tactical, specifically by ceasing public display of weapons and the acquisition, smuggling, manufacture, and testing of arms. In exchange and upon Hamas's commitment to abide by a settlement endorsed by representative national institutions and the Palestinian people, the movement would be fully and fairly included in PA institutions. As part of this process, Crisis Group advised the EU to keep security contacts with Hamas and, should it comply with the ceasefire and begin disarmament, remove it from its terrorism list.

These recommendations were for the most part ignored. The international community refused to deal in a proactive, coherent fashion with Hamas, and the situation has

³³⁷ Acknowledging that such a step was not in the cards for now, a Hamas leader explained: "...we are interested in a dialogue with Western states. But we are not able to meet their conditions now, before resolving our national cause". Crisis Group interview, Mohammed Ghazal, Nablus, September 2005.

³³⁸ Crisis Group interview, Fatah official, West Bank, June 2005.

worsened. There is no negotiated ceasefire, no initial decommissioning steps, and no Hamas commitment to abide by a negotiated settlement. The PA and Fatah have grown weaker and Hamas stronger; the Islamists are on the verge of reaping the fruits of political integration in exchange for virtually nothing.

Today offers another chance and, based on Hamas's conduct so far, the Islamist movement at least appears interested. Participation in politics has already partially moderated its discourse. In the run-up to elections, it has displayed political common sense and pragmatism. It has largely kept its ceasefire, despite continued Israeli assassinations and mass arrests of members. It has accepted the principle that there is no religious prohibition against negotiating or co-existing with Israel and that the provisions in its charter providing for Israel's destruction are not indelible. Pointing to the irony, a British diplomat remarked: "The international community is acting against the organisation that's behaving – Hamas – and supporting the organisation that is misbehaving – Fatah".³³⁹

Hamas also remains susceptible to public opinion. From the pulpit to the airwaves, it criticised the November 2005 agreement to open the Rafah border as a sell-out because it provided for direct European and indirect Israeli monitoring. But when the agreement gained popular support as the first border-crossing controlled by Palestinians, it changed its tune and even attended the signing ceremony. As a Palestinian economist noted, "Hamas was very stupid in issuing the statement against Rafah. It upset many people, who started saying that Hamas wants to keep us trapped in a prison. People could never tolerate any party that kept them isolated".³⁴⁰ In the end, Hamas was a beneficiary, with several exiled leaders availing themselves of the opportunity to return home.

Assuming outside actors do their part with a mix of carrots and sticks, some observers are convinced the integration strategy can work. "You have to entice Hamas into the political process, in order to isolate and finally disarm them", said a European diplomat. "Just as there is no Provisional IRA any more, so there will be no military wing of Hamas".³⁴¹ Even among U.S. officials, greater openness to Abbas's strategy can be heard. Secretary Rice drew parallels with Sinn Fein:

There are periods of time of transition in which one has to give some space to the participants, in this case the Palestinians, to begin to come to a new national compact....For instance, in the

Good Friday Agreement it was understood that when Sinn Fein came into politics...eventually the IRA would disarm, and perhaps, hopefully, that process is now underway.³⁴²

To be sure, the strategy has a mixed track record in the region. Iraq witnessed an explosion of party militias, and violence after armed groups joined its political process, and the insurgency mushroomed. Hizbollah's entry into the Lebanese government preceded its most intense attack against Israel in five years. Even in Northern Ireland, the IRA embarked on decommissioning only two years and numerous false starts after Sinn Fein entered the Stormont Assembly.

An end to violence cannot be firmly secured solely by putting the Palestinian house in order, for the simple reason that any cessation to violent confrontation remains predicated on a settlement of the conflict with Israel, an end to the occupation, and a two-state solution. But the Palestinian political system is at a critical juncture. As a consequence of elections, Hamas, the polity's best-organised political organisation, soon will be sharing power with Fatah, its largest. Or as Hasan Yousif, a senior Hamas leader in the West Bank, expressed it: "The days are pregnant. And Hamas is a part of the new equation".³⁴³ It is time the PA, Israel and the international community devise more sophisticated, nuanced and productive policies to deal with it.

Amman/Brussels, 18 January 2006

³³⁹ Crisis Group interview, British diplomat, January 2006.

³⁴⁰ Crisis Group interview, Salah Abdel Shafi, World Bank consultant, Gaza City, November 2005.

³⁴¹ Crisis Group interview, EU diplomat, Jerusalem, December 2005.

³⁴² Rice was answering questions at Princeton University, 30 September 2005. The transcript is available at <http://www.state.gov/secretary/rm/2005/54178.htmv>. It has been suggested that once the new government passes the political parties law under which all PLC parties would formally be registered, it would become possible to distinguish Hamas and the Bloc, which would become a separate political party, similar to the relationship between Sinn Fein and the IRA. Hamas could cite the precedent of the Islamic Salvation Party, a political party established in 1996 to test the Islamist movement's entry into the political system. Most of its members have since joined Hamas. Crisis Group interview, Ghazi Hamad, Islamist journalist, Gaza City, November 2005. A journalist reporting on Hamas for the leading Palestinian daily *Al-Ayyam* noted: "Hamas are planning on keeping their secret apparatus, but formalising a public political wing. If they make an internal split between the armed and the civil movement, they will become like Sinn Fein", Crisis Group interview, Khalil Shahn, Ramallah, November 2005.

³⁴³ Crisis Group interview, Hasan Yousif, Hamas leader, Ramallah, August 2005.

APPENDIX A

MAP OF THE OCCUPIED TERRITORIES

MAP OF THE GAZA STRIP



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

MAP OF THE WEST BANK



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

APPENDIX B

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

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

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