POLICY NOTES

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THE EVENTS of the "March of Return" and the kite terror in recent weeks are a grim reminder of the complex and explosive reality in the Gaza Strip. The sixth attempt at reconciliation between Fatah and Hamas, mediated by Egypt in October 2017, failed miserably. For the near future, we will have to live with the reality that Hamas controls the Gaza Strip. Hamas, however, is unable to meet the challenging needs of some two million people, and the Palestinian Authority (PA) is unwilling to deal with civil problems without complete security control.

Gaza has long been an extreme example of a population's hopelessness and a source of insecurity for Israel's southern border. This paper examines the circumstances that make the Gaza dilemma so difficult for Israel and presents four possible policy options. The first two models seek to change the reality and the second two aim to contain the reality as best possible:

- End Hamas rule by military intervention.
- End Hamas rule by encouraging an internal crisis.
- Use economic development to manage the conflict.
- Preserve the existing situation.

This paper concludes by recommending the most viable option for minimizing the risks to Israel while improving the situation in Gaza.

The Gaza Strip

Since the establishment of the Egyptian-controlled Palestinian enclave around Gaza City in 1948, Gaza has been the focus of socioeconomic distress and a source of military instability. The Arab coastal cities of Gaza, Khan Yunis, and Rafah were focal points for the Palestinian refugees who fled the battles in southern and central Israel, especially from the coastal plain. The Gaza Strip we know today was born at a time when the original population of 70,000 was joined by a refugee population of almost double the size that had no economic basis and no social or political ties.

The Egyptian military occupation of Gaza, especially in the 1950s, took advantage of this opportunity to turn Gaza into an effective terrorist platform against Israel. Gaza's geographical location allowed easy and convenient infiltration into the heart of Israel for criminal and terrorist purposes. More strategically, Gaza reflected a potential security threat to Israel by being the spring-board for the Egyptian army—the largest Arab army in the region—no more than 60 km from Tel Aviv.

Gaza, then, is not a new problem for Israel. In fact, it was identified as an insurmountable challenge even after the Six-Day War in 1967, when the seizure of Gaza by the Israel Defense Forces (IDF) was seen as essential to remove the Egyptian army's threat from the country's borders.

Until 1967, Egypt ruled Gaza, though it did not annex its territory or attempt to solve its problems. In the peace

agreement between Israel and Egypt, President Sadat insisted on not taking responsibility for Gaza, thereby effectively splitting the city of Rafah in two. Similarly, during the 2005 disengagement plan, it was crucial for Egypt that Gaza remain "connected and dependent" on Israel rather than Egypt.

Today, seventy years after its creation, what are the issues that make Gaza a ticking bomb? The reasons fall roughly into two main areas: socioeconomic and political.

SOCIOECONOMIC FACTORS

The Gaza Strip is a tiny enclave, 40 km long and 5 to 12 km wide. Nearly two million people inhabit the 365-km² swath of land, and approximately half are descendants of refugees from 1948–49. UNRWA¹ continues to grant refugee rights to the third- and fourth-generation descendants, a policy not applied to any other population in the world. Although this affords Gaza significant welfare and education benefits, it perpetuates a narrative of victimhood and a culture of dependence on external economic aid that has historically prevented the rehabilitation of refugees and the establishment of a viable local economy.

Gaza is extremely poor and densely populated, yet population growth is about 3.3% per year. Over half the population is under the age of 30, and at the current rate, Gaza's population will increase by about 25 percent—approximately 500,000 people—in the next decade. The rapid population growth over the years has turned Gaza into a densely built-up area at the expense of the agricultural sector. Once the traditional livelihood of Gazans, agriculture has become a shrinking industry, and food shortages affect more than half the population.

Gaza has always been dependent on capital import and labor export, and external infrastructure such as seaports and airfields. With an unemployment rate of about 45% (over 60% among young people aged 20–24) and consequent low purchasing power, the economy is paralyzed. Furthermore, as the population density has increased, infrastructure such as sewage and water plants has collapsed and water sources have diminished, leading to overpumping of the shared coastal aquifer, increasing its salinity and eventually rendering it undrinkable. On top of this, the infiltration

^{1.} The United Nations Relief and Works Agency for Palestine Refugees in the Near East

of seawater into depleted reservoirs has caused further salination of the groundwater, already polluted by sewage. Every crisis, it seems, causes another.

Gaza is undoubtedly a multidimensional problem. With only a few hours of electricity per day, a GNP that has plummeted to less than \$1,000 a year (compared with a moderate growth of \$2,267 per capita in the Judea and Samaria Area),² and a shortage of tens of thousands of housing units, it seems that no area exists where it is not on the precipice. Hamas's policy is primarily responsible for this state of affairs and has proven to be a recipe for despair and poverty.

CURRENT POLITICAL FACTORS

In the decade following the Oslo Accords, Israel employed two distinct strategies to face the waves of Palestinian terrorism. In 2002, Israel was forced to retake Palestinian cities in the Judea and Samaria Area in order to uproot and dismantle terrorist infrastructure and retain a presence on the ground even after the area's return to PA control. In Gaza, however, Israel took a different approach, deciding in 2005 to disengage militarily, economically, and legally by withdrawing all Israeli citizens and closing off the Strip behind a sturdy security fence. At that point, the movement of workers from Gaza to Israel ceased completely and, within a short period, so did the operation of industrial zones along the border.

In less than two years, Hamas—seeing Gaza as a platform for taking over the PA territories and Israel as a whole—expelled the PA by force. For the first time, a completely independent Palestinian regime controlled Palestinian territory in a gambit perceived by Israel, Egypt, and the PA as a major threat to their security.

As in other radical regimes, the population's economic distress has not prevented Hamas from exploiting all available resources to build its military force. But unique to Gaza, the vital needs of the population are primarily supplied by those whom Hamas defines as its enemies. All goods entering Gaza come from Israel's border crossings and, to a much lesser extent, from the border with Egypt. Local power generation, fueled by Israeli gasoline, provides insufficient electricity for the Strip and has to be supplemented by electricity from Israel and Egypt.

Gaza's economy relies heavily on UNRWA's humanitarian assistance. Additionally, the economy's dependence on the salaries the PA transfers to its state employees is highly problematic, and the PA continues to pay the electricity bill as well. Thus, as Israel and Hamas clashed in the bitter summer battles of 2014, trucks loaded with goods crossed into Gaza from Israel, electricity flowed from Israel to Gaza, and the PA paid the salaries of Gaza's civil servants, feeding an economy that supported continued subversion in the PA-controlled Judea and Samaria Area.

The PA and Hamas have attempted to reconcile six times in the past twelve years: the May 2006 Palestine Prisoners National Conciliation Document (basis of the National Accord Document), the August 2007 Mecca Document, the March 2008 Sana'a Declaration, the April 2011 Cairo Agreement, the April 2014 Reconciliation Agreement, and the December 2017 Reconciliation Agreement. That these attempts failed is no coincidence. The conflict between Hamas and Fatah/PA is rooted in the long-standing competition for Palestinian national hegemony. An abysmal ideological gap exists between the two factions, as well as hatred stemming from a 2007 coup in Gaza where Hamas brutally killed more than 200 PA officials and civilians.

In summary, the Hamas regime is hostile and threatens all its neighbors, yet depends entirely on the practical support of its enemies. Israel, Egypt, and the PA, in turn, are forced to choose between providing material and practical support for a declared enemy or dealing a mortal blow to a vast population.

From its birth as an enclave between Israel and Egypt, Gaza has faced a bleak future. The Hamas takeover, however, propelled Gaza into a platform for terrorism and regional subversion. Supporting Gaza's economy intensifies this threat and jeopardizes the PA's stability in the Judea and Samaria Area by legitimizing the Hamas model of Islamic rule. A lack of improvement in Gaza's economy, on the other hand, means that economic pressures will contribute to a new outbreak of violence, as in 2009, 2012, and again in 2014. Thus, it may be in the interests of Israel and other neighbors that Hamas survive but not thrive.

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Judea and Samaria Area is the Israeli government term for the geographic locale encompassing the West Bank, excluding East Jerusalem.

Dealing with the Challenge

During summer 2005, the Israeli government forcibly removed 8,600 Israeli settlers residing mostly in isolated enclaves in the heart of the Gaza Strip, turning it into the first sizeable Palestinian territory with no Israeli civilian or military presence. In light of this strategy of disengagement and separation from Gaza, Israel's interests include the following:

- maintaining a normal lifestyle for residents of Israel
- limiting military buildup in Gaza
- rehabilitating Gaza to prevent a humanitarian crisis
- promoting a responsible, centralized authority over
 Gaza without significant military capability
- preserving Israel's military freedom of action and the legitimacy of its actions regarding Gaza
- reducing the influence of Iranian extremist elements and radical Islam
- maintaining relations with Egypt to ensure that Cairo continues to honor its commitments to Israel in the context of security and stability in the Gaza Strip

Having defined Israel's interests and the necessary conditions that dictate its maneuvering space in dealing with the Gaza Strip, the following sections will analyze the aforementioned policy options for maximizing Israeli security interests:

- End Hamas rule by military intervention.
- End Hamas rule by encouraging an internal crisis.
- Use economic development to manage the conflict.
- Preserve the existing situation.

MODEL 1 End Hamas Rule by Military Intervention

Several factors—political paralysis, a humanitarian crisis in Gaza, a military threat to the stability of Israel or the PA, a Hamas attempt to take over the PA or initiate an operation against Israel—could impel Israel to respond militarily.

Even assuming optimistically that an Israeli military

operation in Gaza would proceed without major complications such as a regional war on the Lebanese or Syrian fronts, how would such a move serve Israeli interests?

ADVANTAGES

Direct contribution to Israel's security. A military operation, despite the expected high number of casualties, could significantly reduce Hamas's military capabilities.

Strategic flexibility. After such an operation, Israel could choose whether to control Gaza itself or allow the PA to return. Israel will be able to charge an appropriate political price for Gaza's return to PA control in compensation for the cost of military intervention.

Rebuilding Gaza and alleviating economic pressure.

With full control over Gaza, Israel can determine its own security arrangements—without Hamas taking resources from the population. With economic growth no longer subsidizing Hamas's military power, a recovery program could encompass importing and exporting of goods, issuing permits to Gazans to work in Israel, and renovating Gaza's industrial zones.

Regional influence. Removing the Muslim Brotherhood (whose local branch is Hamas) from Gaza will convey an encouraging message to moderate Middle East countries that there is no right to exist under radical Islamic rule.

Strengthening the stability of the PA. Removal of Hamas from power will considerably reduce the threat that Hamas poses to the PA, which continues to be unpopular among Palestinians themselves.

Deterrence. A large and decisive military move would strengthen the deterrence of Israel in relation to other organizations in the region.

RISKS AND DISADVANTAGES

As with any significant war, a military operation would also be fraught with risks and strategic uncertainties.

Complications in the operation. Gaza overflows with military threats, and an operation in Gaza would be lengthy and complex. Strategically it could entail dangerous instability in the Judea and Samaria Area as well as the possibility of war against Hezbollah and Iranian forces on the Lebanese and Syrian borders. Striving for a military solution could lead Israel to a much more dangerous security situation, combined with a real threat to

the legitimacy of the PA in the Judea and Samaria Area and a dangerous war in the north.

Direct responsibility for Gaza. Israel could find itself in a situation where the PA has no interest in military or political responsibility for Gaza. Because Israel has not had direct civil control over the vast majority of Palestinians for 25 years, assuming control over 1.9 million desperate Gazans would exact what could be a disastrous toll on the Israeli economy and society. An exit option without a governmental alternative could obviate these costs, but nonetheless lead to anarchy in Gaza. Indeed, lacking a central authority with even minimal responsibility, Gaza governance will almost undoubtedly deteriorate into chaotic small terror cells with no defining logic.

Turning Gaza into a political burden for future negotiations. Once the goal of eliminating the terror infrastructure is completed, Israel will want to leave the Gaza Strip and transfer control to the PA. Since all regional players understand that control of the Gaza Strip is a huge burden, a political situation may arise in which the countries of the region and the PA politically "extort" Israel to accept renewed Palestinian control over the Strip. In other words, Israel could find itself renewing the political process with the PA from a weaker bargaining position, despite the hefty price paid in human life for defeating the PA's most serious enemy.

Political price of reversing the strategic vector. For three decades, Israel's political direction in the region was clear—even if faltering and hesitant. Israel strove to reach agreements with its neighbors and reduce its control over areas that have clear Arab majorities. An operation to oust Hamas through military force is a sharp, blatant, and violent reversal of this policy, one that is liable to have serious international implications for Israel or even challenge the existing peace agreements.

SUMMARY

The likelihood that one or more of these four risks will materialize is very high. If the risks are realized, the advantages of the military move are negligible. Israel's inclination to solve the Gaza problem by military force is, therefore, minimal. It is no coincidence that despite three large-scale military operations during the first seven years of Hamas rule in Gaza, managed and led by two prime ministers (Ehud Olmert, Benjamin Netanyahu), two defense ministers (Ehud Barak, Moshe

Yaalon), two chiefs of staff (Gabi Ashkenazi, Benny Gantz), and three commanders of the Southern Command, (Yoav Galant, Tal Russo, the author) no one has yet recommended military seizure of Gaza.

MODEL 2 End Hamas Rule by Encouraging an Internal Crisis

Hamas has been in control of Gaza Strip for 11 years, during which civilian living conditions have deteriorated considerably. Yet despite this economic distress, Hamas has managed to control the Strip without significant domestic challenges. The public is deferent to Hamas primarily out of fear of its use of force against the population and its success in presenting itself not as the cause but the solution to Gaza's problems. At the same time, it is important to note that the population is mostly young and frustrated: a relatively large percentage is highly educated, yet finds it difficult to secure commensurate jobs. Feeling trapped and without a future, this group constitutes fertile ground for a violent struggle against Hamas rule.

As discussed in the first option, Israel may view the cessation of Hamas rule as the only practical way to break through Gaza's policy paralysis, the constant military threat, and the ongoing humanitarian crisis. However, rather than intervening militarily, Israel could try to undermine the regime by encouraging internal resistance and covertly fostering alternative power elements that threaten its stability.

ADVANTAGES:

Defeating the main threat to Israel and the PA. Hamas is the only Palestinian military movement that truly threatens the security of Israeli citizens, but it is also the only political and ideological alternative to control of the PA by Fatah. Its disappearance by means of an internal Palestinian uprising would constitute a tremendous security relief for both Israel and the PA.

Avoiding war. Internal Palestinian forces in Gaza would carry out the overthrow of Hamas, thus preventing a risky, high-cost military confrontation for Israel.

Possibility of alternative moderate governance. Defeat of Hamas could pave the way for a more moderate governing authority in the Strip.

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RISKS AND DISADVANTAGES:

Civil collapse. To bring Hamas to the brink of collapse, Israel would have to encourage complete deterioration of Gaza's already unbearable socioeconomic situation. This would unfortunately also act as collective punishment, a policy that Israel should try to avoid.

Military eruption. Accelerated socioeconomic collapse could impel Hamas toward a military confrontation with Israel before it results in Gazan civil unrest against the regime. This was the case in the 2009, 2012, and 2014 confrontations, which were attributed in part to economic pressure in Gaza. Israeli sources predict similar dynamics in a future confrontation.

Possibility of splintered extremist governance. If the Hamas regime collapses from within, it will likely not be Fatah's doing, as the group suffers from a corrupt and hated image in Gaza; furthermore, Fatah is politically repressed by the Hamas authorities. A more likely scenario is the rise of various radical-extremist local organizations that will dominate different areas of the Strip. Israel could find itself facing a failed state only a few kilometers from the city of Ashkelon, where the local forces have a preexisting tunnel infrastructure and rocket capability, as well as no incentive for restraint.

Outbreak of a crisis against Israel. The human, economic, political, and national pressure this model would bear on Gaza would likely initiate spontaneous popular outbursts against Israel. The waves of African and Middle Eastern refugees that crashed onto Europe's shores portend a similar, if simpler, scenario for Israel. Hundreds of thousands of desperate Gazans could march toward Israel's border fence, either in political protest or in search of refuge in Israel.

Transfer of Gaza's economic problems to Israel. Gaza could become a massive financial and humanitarian burden on Israel.

SUMMARY

The chances for transformation of power into the hands of a more moderate government are very low. Most transfers of power in the Arab world have taken place by surprise, without any prior assessment of the nature and meaning of the change; these have usually worsened the conditions. Although social tensions exist in the Gaza Strip, it does not appear that any

political force threatens the Hamas regime at present. Moreover, Hamas does not control the Gaza Strip exclusively through force and intimidation. In contrast to Syria's Assad regime or Egypt's Mubarak regime, Hamas is still perceived as a legitimate popular movement.

If this option fails to produce a transformation of power, two outcomes are possible. The more desirable one is that the ongoing internal civil war will cause Hamas to prioritize the needs of the civilian population over the needs of the military. The less desirable but more likely outcome, however, would be an escalation of Gaza's economic and security problems; the possibility of Gaza deteriorating into chaos and extremist groups battling on the border is the worst possible scenario for Israel. If this happens, it could drag Israel into a level of direct involvement or direct control, the very situation this model aims to avoid.

MODEL 3 Use Economic Development to Manage the Conflict

This model assumes that Gaza's economic conditions are a dominant factor in its instability, with the understanding that the economy is not the sole cause of Gaza's violence: extremist ideologies and the belief that the use of force can change Israel's calculus play a big role. However, the possibility that Hamas can successfully bend Israel to its will is not borne out by recent experience, and the Hamas leadership in Gaza seems to have accepted this conclusion following Operation Protective Edge. This is therefore an opportune time to try another route to deliver for their people. Based on this assumption, Israel would work with the international community to significantly improve Gaza's economy by improving its electrical and water infrastructure, encouraging foreign investment, and allowing significant numbers of workers into Israel, while bypassing the Hamas regime.

ADVANTAGES:

Severs the link between economics and politics. While ideally the PA would manage investments, separating the economic and political elements could allow Gaza to benefit from international investments and donations.

Creates opportunities for moderation and stability. Hamas is not expected to give up its ideological vision of Israel's destruction nor its efforts to build a military force to effect it. Nevertheless, the more that Gaza enjoys improvements in the standard of living, or even the chance of such improvements in the near future, the more difficult it will be for Hamas to initiate military escalation. It seems that the PA's fear of a flourishing Gaza Strip is in itself a significant incentive for Hamas. If the Muslim Brotherhood in Gaza presents a reasonable and sustainable government model, it will set a precedent in the Arab world for successful Muslim Brotherhood rule.

Could spur competitive economic development in the Judea and Samaria Area. Much has been said about the threat a successful Hamas regime in Gaza poses to the PA. Not enough has been written, though, about the possibility that the PA might be forced to act more vigorously to reduce internal corruption and accelerate economic growth in the Judea and Samaria Area. The improved purchasing power of residents of the Territories and Gaza will contribute not only to stability and security but also to the Israeli economy.

Demonstrates to Gazans that Hamas, or its use of force, does not advance their interests. The improved finances of Gaza residents are a result of foreign projects and employment in Israel will underscore the positive role played by Israel and investors in contrast to the negative economic role played by Hamas.

Improves Israel's international image. Criticism of Israel will be derailed if, despite the hostility of the Hamas regime, Israel plays a significant role in mobilizing and reorganizing resources for and investments in Gaza.

Creates distance between Hamas and Iran. Hamas turns to Iran whenever it feels isolated and in dire economic need. If the Strip is under less economic strain, a natural distance will be created between Hamas and Iran, pushing Iran back from at least one of Israel's borders.

RISKS AND DISADVANTAGES:

Hamas may use the improved economic situation to develop its military capabilities. The past decade has shown that Gaza's economy primarily serves the military needs of Hamas. Thus, improved economic prosperity means increased taxation of Gaza residents that will immediately lead to a steep rise in Hamas's military investments. Most foreign investment in Gaza could become an investment in terror capability directed against Israel.

Economic development in Gaza may simply not be feasible. Although many Arab countries pledged large-scale investments in Gaza Strip at the end of the 2014 war, only a small percentage materialized. The Palestinians, in general, and Gaza, in particular, are low in the world's priorities, even in the Arab world.

Resistance of the Palestinian Authority. The PA views investments in Gaza as undermining its sovereign authority and a real threat to its stability in the Judea and Samaria Area as well.

A better economy in Gaza could inadvertently legitimize Hamas rule and ideology. This is perhaps at the core of all the previous pitfalls. A better economy equates to success of the Hamas model in the Gaza Strip. Such success is a threat to not only the PA but also moderate Sunni states.

SUMMARY

Investment in Gaza could potentially afford Hamas political success in the Judea and Samaria Area as well; a buildup of Hamas's military and terror capabilities could result in a takeover of the PA. If internal Palestinian ideology and politics make a future confrontation with Hamas inevitable, some will argue that it is better for Israel to fight a resource-starved organization than a well-funded and well-equipped one.

MODEL 4 Preserve the Existing Situation

Israel would preserve the economy of Gaza in its present state—while preventing a humanitarian crisis—to maintain a centralized authority that is (1) sufficiently deterred by the IDF from attacking Israel and (2) responsible for any attacks from other Islamist groups, thereby maintaining security for Israeli citizens on the Gaza border. It is not clear whether this is the intention of Israel's current policy, but it is certainly its outcome.

ADVANTAGES

Demonstrates that Hamas cannot govern. As the economy of Gaza sinks, the Hamas model of government will be seen as a failure by its citizens and the world.

Strengthens the status of the Palestinian Authority. As time passes, Gaza will become a cautionary lesson

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for the Judea and Samaria Area on the advantages of PA governance despite its shortcomings and corruption. The Area enjoys moderate growth rates, a growing middle class, improved freedom of movement, and reduced friction with IDF forces. As long as the Judea and Samaria Area compared its standard of living with that of Israel, the gap was frustrating and encouraged violent resistance. However, once Gaza effectively left the PA, it created another avenue of comparison. Gaza is a daily reminder that the situation could be much worse. Thus, the difficult life in Gaza is helping to create stability in the Territories.

Diminishes resources for Hamas. Since the extent of possible Hamas military buildup depends on the health of Gaza's economy, a weak economy means more limited military empowerment.

RISKS AND DISADVANTAGES

The disadvantage of this model is, simply, that it is temporary. Ostensibly, this is the model used currently by Israel, but rather than reflecting conscious strategy, it reflects a general paralysis in the face of Gaza's severe social and economic problems. Although it is possible to calculate and meet basic subsistence needs of the populace, the accumulation of humiliation, hopelessness, and rage beneath the surface—in conjunction with Hamas's Islamist ideology—remains invisible until the moment of eruption into violence.

SUMMARY

There is no "equilibrium" in the Gaza Strip, and the economic data published from time to time, to the extent that it is accurate, indicates that the status quo will eventually yield to widespread unrest—the situation identified with the second model. Therefore, the risks this model entails are actually the same as those of the second model—though such unrest could create an opportunity to rally the international community behind a strategic plan to deal with the fundamental problems facing Gaza.

What These Models Can Teach Us

Israel currently has no good options vis-a-vis the Gaza Strip. Any attempt to resolve the situation by undermining the Hamas regime poses grave risks to security and stability. Because Hamas is an intelligent adversary that will try to thwart Israel's strategy to topple it, it is highly

likely that stability and security will suffer at the expense of any significant positive change.

The fourth model is an illusion, similar to the story of the man falling from the tenth floor, who, as he passes the sixth floor, says, "So far so good." The relative quiet of the past four years is not a stable situation but a mere quiet before the next escalation.

Thus the only viable model is the third one: improving Gaza's economic situation. An international coalition should organize to deal with the Gaza crisis, encouraging, but not conditional on, the PA's return to the Strip. This model has clear and obvious risks, but in comparison to the other options, the risks are manageable.

Opting for the model of economic improvement should not be construed as Israel taking responsibility for Gaza's decades-long experience of severe hardships. Rather, this text has made clear that, by investing the few resources available in tunnels, rockets, and other military capability at the expense of social welfare, Hamas is responsible. Nor should promoting this model be construed as fear of another war with Hamas. In the Middle East, it is wrong to act only out of a fear of war-for fear perpetuates it. The readiness and willingness of the Israeli army and society to defend their home, coupled with the reality that the main losers would be Hamas and the residents of Gaza, should deter Hamas from military escalation. In the 51 days of Operation Protective Edge, Hamas did not succeed in achieving any benefits for the residents of Gaza; rather, the problems were compounded to the point where Hamas was forced to admit failure in its efforts to govern the Strip and attempted to relinquish its responsibility as a civilian authority.

Israel has an interest in being part of such an international initiative, in order to enhance its own security, ensure the economic well-being of its own people and those of Gaza, and to preserve its international image.

Israel has disengaged from Gaza, but Gaza has not disengaged from Israel, and the problems engendered by any extreme situation in Gaza ultimately land on Israel's doorstep.

A Plan for Implementing Model 3

Common sense dictates that any Israeli initiative to better the lives of Gazans must be conditional on the demilitarization of Hamas. Given the current situation, however, Israel could begin economic assistance on the condition that Hamas ceases military buildup, with demilitarization to follow. This gradual approach would bolster Israeli security in the long term, given that the only way to guarantee demilitarization in the short term is through the risky military operation outlined in the first model. If Hamas is truly interested in the prosperity of the Gazan people, its only recourse is demilitarization. If this is not set as the goal, Israel will not hesitate to halt the delivery of aid and the implementation of measures essential to Gaza's development.

The plan effectively takes a "tongs" approach, limiting Hamas's maneuvering space and forcing it to eliminate the threat towards Israel while benefiting Gaza's economy. It embraces two areas:

- Security: minimizing the Hamas threat with a capability developed to address the Hamas military offensive capabilities, and by developing better offensive capabilities.
- Economic: creating a better economic environment for the Gazan people and make it more difficult for Hamas to escalate into another round of violence.

Together, these two measures will reduce the motivation for the use of force. In other words, disarming the will as well as the capability.

FIRST PHASE: NEUTRALIZE HAMAS'S MILITARY POTENTIAL

Since the 1980s, Israel has been dealing with a wave of Islamist organizations in the political and military spheres. In order to better adjust to these more recent threats, the IDF has used its extensive experience in dealing with organizations such as Hamas and Hezbollah to develop a concept of military transformation suited to the unique challenges it faces.

The technology available to Israel today is unprecedented in innovation and diversity. Development and use of this technological infrastructure, along with the Iron Dome and an underground barrier to address the subterranean tunnel threat, will allow IDF forces a more accurate assessment of offensive capabilities.

Effective military capability against the threats beyond the Gaza fence will enable Israel to assist in the development of Gaza's economy and prevent a situation in which this development endangers the security interests of both Israel and the Palestinian Authority. Hamas will remain a political authority in the Gaza

Strip, but it will find itself captive to the growing public interest in maximizing economic welfare and reducing military instability. Hamas will decline in relevance, not only as a military force but also as a political force that, in the face of the external economic assistance to Gaza, does not de facto influence Gazan lives

The risk here lies, as always, in the enemy's ability to adapt, employ new technologies, and thwart Israel's new superiority. Nonetheless, as long as Israel continues to have ultimate security control over Gaza, and continues cooperation with the Egyptian military in the Sinai, this possibility will be particularly difficult for Hamas to actualize, and would, at the very least, be long and protracted.

SECOND PHASE: STRENGTHEN GAZA'S ECONOMY

The second phase calls for building real, durable economic infrastructure in Gaza and increasing economic power while employing political levers to overcome obstacles.

Economic aspect. In the past, international donations to support Gaza often landed in the wrong hands, did not serve to complete a project, or even if they did, the project would be destroyed by the next operation. Under the proposed model, an international coalition will pledge money into specific projects, already specified by the UN; in other words, the donations will not go directly to Gaza but to the implementing international organization. These 'donations' can also be seen as investments, for which there will be returns. This arrangement will reduce Hamas's capability to reallocate resources from the economic to the military sectors. In addition, to address the concern regarding destruction of projects, Israel would commit not to harm specific projects as long as no terrorist activity originates from them.

Political aspect. This involves building an international coalition that includes pragmatic Arab states (Egypt, Saudi, UAE, and Jordan) who will pressure the PA and Hamas to implement this plan. It is important that the PA take as central a role as possible in Gaza.

A third party will need to manage the projects as an effective control mechanism. For example, in the aftermath of Operation Protective Edge, control by the Gaza Reconstruction Mechanism guaranteed that the cement entering Gaza Strip went only to civilian reconstruction initiatives and not to the buildup of military power.

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THIRD PHASE: STRENGTHEN THE PA ECONOMY

If the GNP per capita in the Judea and Samaria Area currently stands at \$2,300 per year (compared to less than \$1,000 in Gaza and close to \$38,000 per capita in Israel in 2016), each increase in Gaza must be accompanied by equal or better growth in the Judea and Samaria Area. This means that Israel should assist in an international dual investment plan in Gaza and in the Judea and Samaria Area. To help balance the donors and investors, Israel must mobilize the European Union and the U.S. government to significantly reduce PA corruption.

The extent of growth in the Judea and Samaria Area is important, but no more than the reality that along-side the growing middle class, a swath of Palestinians has been left behind. To encourage investment in Gaza and the territories, Israel will continue to reduce IDF presence in the daily life of the Palestinian public in the Judea and Samaria Area. While Israel has been leading this effort for several years, it must be reinforced by construction of independent unregulated connecting roads between Palestinian communities, allowing the populace maximum freedom of movement. This move will not only reduce Palestinian bitterness but also serve the long-term Israeli interests.

FOURTH PHASE: POTENTIALLY ELIMINATE THE SECURITY THREAT TO ISRAEL

At its earlier stages as solely a resistance organization, Hamas saw the use of military force as necessary to achieve its goals as an organization, that is, to self-realize by putting into effect its jihadi ideology. However, now that Hamas is in power as a government, it has adopted the Hobbesian principle that the ruler is the one who has monopoly over the use of force. Therefore, a scenario is possible whereby economic prosper-

ity in the Strip would ultimately allow Hamas to deem the holding or use of military force as unnecessary for self-actualization. If Gazans are enjoying economic prosperity, military power could become completely irrelevant, since Hamas would no longer need it to govern. Of course, this will not necessarily be the case, and Israel is fully prepared for all other scenarios.

Conclusion

Four different models—none of them ideal—constitute Israel's current strategic choices. However, the third option—effecting a substantial improvement in Gaza's economy—is the most humane and has the potential to evolve into a desirable outcome for Israel. For this to happen, Israel would need to implement this model in four comprehensive phases:

- Military transformation that will enable the IDF to provide an optimal security response to developing Hamas threats with minimal impact on the Israeli home front
- Targeted economic investment and employment of political levers on the local Palestinian actors to implement the projects and spur economic development
- 3. Creation of a parallel economic and infrastructure booms in Gaza and the Judea and Samaria Area
- 4. Elimination of Israel's security risk from Hamas

These four phases, together with a constant Israeli deterrence policy, will improve both Gaza's economic conditions and Israel's security situation. If all actors decide to stand behind this initiative, it could become a reality.



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