



Hamas Triumphant

Implications for Security, Politics,
Economy, and Strategy

Robert Satloff, Editor

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Front cover: A Palestinian youth celebrates the victory of Hamas in parliamentary elections, January 26, 2006. The Palestinian flag he waves contains the Islamic affirmation of faith: "There is no god but Allah, and Muhammad is his Prophet." Copyright AP Wide World Photos/Mohammed Ballas

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Introduction

THE VICTORY OF the Islamic Resistance Movement— Hamas—in Palestinian Legislative Council elections on January 25, 2006, unleashed a political tsunami throughout the Middle East and beyond. After forty years of undisputed dominance in Palestinian politics, the secular, nationalist Fatah—the party of Yasser Arafat and Mahmoud Abbas, the party of both the Oslo Accords with Israel and violent uprisings against Israel—had been displaced by a radical Islamist upstart that has deep roots but was itself founded less than two decades ago. Hamas’s success has compelled all regional and international actors to undertake a wholesale review of the assumptions that have long guided their policies in the Arab-Israeli and even wider Muslim arenas.

At this moment of transition, there are more questions than answers about such issues as the resilience of Palestinian president Mahmoud Abbas, the adroitness of the emerging Hamas, the fortunes of the deflated Fatah, the vigilance of the members of the Quartet, the clarity of Israel’s approach, and the opportunism of regional spoilers such as Iran. At this moment, when U.S. policymakers are considering their own strategic response to the changed circumstances wrought by the Hamas victory, The Washington Institute presents this collection of essays to shed light on this murky situation.

The purpose of this collection is to inform policy in the very near term. Drafted within days of the Hamas victory, these essays are designed to explain who Hamas is, what the implications are of its electoral success for politics and security in the Arab-Israeli arena, and how the United States and its international partners can best respond to this new challenge. In the months to come, ample time will be available to assess longer-term implications, including the dangerous impact that the empowerment of Hamas could have on the ambitions of Islamist movements throughout the region and the importance of

recalibrating how America pursues its still-worthy objective of promoting democracy in the broader Middle East. But first things first—at the current moment, it is essential to understand who Hamas is and what its victory means for the pursuit of security and peace in a region of vital U.S. interest.

The Washington Institute is fortunate to have a group of outstanding scholars, experts, and practitioners who could be enlisted at short notice to address specific aspects of the Hamas question. The eleven contributors to this collection hail from the United States, Britain, Turkey, Israel, and the West Bank; they range across disciplines, including diplomats, generals, historians, journalists, economists, and law enforcement personnel.

By its very nature, this collection is neither an exhaustive nor a comprehensive assessment of Hamas and the predicament its electoral victory poses. In our haste to produce it, no doubt some issues are left unaddressed and some questions still unanswered; also, some overlap between essays is likely as experts examine the various strategic, political, military, and economic issues at play. But on balance, at this moment of uncertainty, we offer these essays in the belief that the process of devising policies to deal with the Hamas challenge is strengthened by the insights and analysis they present.

This collection does not represent the full range of Washington Institute analysis on the Hamas challenge. Additional Policy Watch essays, reprints of newspaper op-eds authored by Institute scholars, and summaries of Policy Forum presentations on this topic can be found at the Institute’s award-winning website, www.washingtoninstitute.org. As the situation in the Arab-Israeli arena evolves, please check the site on a regular basis to find the freshest and most up-to-date analysis our experts have to offer.

Robert Satloff
Executive Director

PART I

The Strategy and Tactics of Hamas

A Primer on Hamas: Origins, Tactics, Strategy, and Response

By Robert Satloff

HAMAS, THE ARABIC WORD for zeal, is the acronym of al-Harakat al-Muqawwama al-Islamiyya—the Islamic Resistance Movement. The group was established by the Palestinian branch of the Muslim Brotherhood (MB) at the outset of the first Palestinian uprising in late 1987, in order to provide a vehicle for the MB's participation in the violent confrontation against Israel without exposing the Brotherhood and its wide network of social welfare and religious institutions to Israeli retaliation.

What Is Hamas's Mission?

As outlined in its 1988 charter (www.yale.edu/law-web/avalon/mideast/hamas.htm), Hamas's principal objective is the confrontation of Israel, which it considers a foreign cancer on sacred Muslim land. Indeed, without this mission, Hamas has no reason to exist; it would simply revert to being the Muslim Brotherhood. Numerous routes exist for achieving this goal, ranging from the evolutionary Islamization of Palestinian society, which would overwhelm Israel through demography, to the armed struggle against the Jewish state.

Who Are Its Leaders?

Hamas has three circles of leadership. The first circle consists of local leaders inside the West Bank and Gaza. The most famous of these—Sheikh Ahmed Yassin and Abdul Aziz Rantisi—were killed by Israel in recent years; their place has been filled by others, such as Mahmoud al-Zahar and Ismail Haniyeh. The second circle includes Hamas's external leadership, a “political bureau” that includes Khaled Mashal and Mousa Abu Marzouk. The third circle consists of the international leadership of the global Muslim Brotherhood movement, which includes respected Brotherhood figures such as Muhammad Akef, head of the Egyptian MB, and Yusuf al-Qaradawi, the Qatari-based Muslim scholar cum television star.

These three circles each have different spheres of responsibility. Considerable evidence indicates that both the insiders and the outsiders play a central role in the determination of Hamas strategy on terrorist operations against Israel and the solicitation and disbursement of funds for that purpose. In other arenas, the inner circle is more responsive to the daily concerns of Palestinian life and builds up Hamas's political standing in the territories through its fight against corruption and its support of social welfare activities; the outer circle maintains contact with Hamas's international supporters and funders, including leadership of other terrorist organizations and Iran. As for the outermost circle of global MB leaders, they are likely to begin to exert greater authority over the strategic direction Hamas takes now that Hamas has registered such a historic achievement for the global Islamist cause.

Can Hamas Moderate?

Hamas is sure to evince tactical flexibility in its approach to governance, but it is highly unlikely to change any aspect of its fundamental strategy. If Hamas succeeds in convincing Abbas that it has put its violent intentions on hold in the pursuit of a good-governance platform, it will likely form a cabinet of “clean” technocrats that preserves the independence and flexibility of the traditional leadership. It will focus its early time in power on fighting corruption; improving social services; and gradually Islamizing social, cultural, and education life of the Palestinian society. Nevertheless, none of this activity should be confused with strategic moderation or a fundamental change in Hamas's long-term goal of eradicating Israel. Indeed, even in a post-election article he wrote for the Los Angeles Times and the Guardian (London), Khaled Mashal stated without equivocation Hamas's principled rejection of the right of Israel to exist—in any size, in any borders. In assessing Hamas's likely performance in power, understanding the following ideas is important.

Hamas is not in a hurry. Organizationally, Hamas's immediate objective is to deepen and broaden its levers of control over all aspects of Palestinian society. This control is the foundation of its long-term strategy to confront Israel. Hamas is fearful of a misstep that could threaten to abort its experiment at political power. Such a misstep could take the form of support for terrorist activity that is so brazen that it invites massive Israeli military retaliation or of puerile pursuit of unpopular domestic measures, such as banning rock music or ending mixed swimming at Gaza beaches, that invites public ridicule and political backlash. In this respect, Hamas will draw lessons from the experience of the Muslim Brotherhood in Jordan, which was awarded by King Hussein with five cabinet portfolios in 1990 only to leave office in disgrace several months later after a ham-handed attempt to implement unpopular aspects of its Islamist social agenda. To avoid that fate, Hamas will avoid that mistake.

Hamas will talk truce but not peace. Hamas will deign to talk with Israel and even be willing to work out various de facto relationships with Israeli government agencies (municipalities, ministries, and agencies responsible for transport, customs, provision of water and electricity, and the like). In Hamas's worldview, such cooperation is a necessity of life that does not constitute diplomatic or official recognition. Hamas officials have even talked of reaching a long-term hudna (truce) with Israel, based on the latter's withdrawal to the 1967 borders, agreement to a sovereign land bridge between the West Bank and Gaza, release of all Palestinian prisoners, and commitment to end all attacks on Palestinian targets. To reach this accord, Hamas is likely to agree to negotiate with the Jewish state. However tantalizing a long-term period of calm may be, the prospect of a hudna should not be mistaken for renunciation by Hamas of its strategic objective of the eradication of Israel. On the contrary, a hudna to which Israel agrees would provide Hamas with international political legitimacy to stamp out the secular nationalist movement (asserting that only the Islamists were able to achieve Israeli withdrawal to the 1967 borders and succeeded in doing so without giving peace

in return) and with clear dominance on the domestic political scene. This consolidation of its authority, in turn, would be a prelude to Hamas's preparation for the next stage in the battle against the Jewish state, which would be fought from a much stronger position (diplomatically, politically, and militarily) than the one Hamas occupies today.

What Is the Legal Status of a Hamas-led Palestinian Authority?

This status is unclear, because the legal status of the territories themselves is murky. Since 1967, the West Bank and Gaza have been under Israeli control, implemented through Israel's military government which most international actors have termed as "occupation." (Traditionally, the government of Israel disputed this characterization of its control over the territories as "occupation," with its attendant legal implications, though Ariel Sharon used the word in a speech to the UN General Assembly. His spokesman later explained he was referring to the occupation of people, rather than of territories.) The Oslo Accords—agreements signed between the State of Israel and the Palestine Liberation Organization (PLO)—established a Palestinian Authority (PA) responsible for civil and security affairs in areas under its control. One institution created by those accords was the Palestinian Legislative Council (PLC), a representative body of all Palestinians resident in the territories (including formerly Jordan-held Jerusalem, whose Palestinian residents were permitted to vote in the recent PLC election). Most international law experts argue that the establishment of the PA did not derogate either Israel's rights or its responsibilities as the occupying power, though in practical terms the establishment of the PA changed the situation.

The withdrawal of Israeli forces and civilians from Gaza in mid-2005 added a further complication. That withdrawal met the strict language of UN Security Council Resolution 242 vis-à-vis the Gaza front (that resolution called for "withdrawal of Israeli armed forces from territories occupied in the recent conflict"), a fact recognized in statements by Palestinian president Mahmoud Abbas. Nevertheless, no state or international institution recognizes Israeli withdrawal as fulfilling its

Resolution 242 obligations vis-à-vis Gaza and, at least technically, Israel remains the occupying power, despite the total control of Gaza by Palestinian authorities.

With Hamas's election, the situation enters an especially murky legal arena because Hamas is not a constituent group of the PLO and does not consider itself bound by any agreements reached between the PLO and Israel, including the Oslo Accords. Nevertheless, the Oslo Accords provide the legal authority for the PA and the PLC. In essence, Hamas ran for elected office in institutions it never before considered legal or legitimate. If the process of its empowerment proceeds, it will take over a governing authority whose legitimacy it does not accept in territory that, technically at least, remains fully under Israeli occupation. Of course, Hamas has in the past declared its desire to enter the PLO framework, if it receives a suitably large slice of authority within the PLO, in order to change the organization's character from within. Now it is in a better position than ever before to demand a preeminent role within the organization that claims to be "the sole, legitimate representative of the Palestinian people," with all that will imply for the future direction of the Palestinian national movement.

One unilateral change in the current legal status that Israel may consider is to sever its customs union with the PA, at least in Gaza, which is governed by an economic agreement reach with the PLO known as the Paris Protocol. The practical implication of the severance of this accord would be to end the process by which Palestinian imports and exports come through Israeli ports, with Israeli authorities collecting customs and other taxes on behalf of the PA. In this circumstance, all Gaza trade would have to pass through Egypt. On the plus side for Israel, it would be relieved of the awkward responsibility of providing the economic lifeline to a PA led by a party bent on Israel's destruction; the most serious downside would be Israel's loss of any control over the flow of goods—including, potentially, weaponry, through the Egypt-Gaza border, with responsibility left in the hands of the Egyptians. At the same time, Palestinians would suffer because access through Egypt is much less efficient and much more costly than access through Israel.

In an ironic twist, the trend inside Israel toward unilateral disengagement meshes quite nicely with Hamas's strategy, because unilateralism changes the status quo without having to reach a negotiated agreement with the other side. Although powerful reasons exist for Israelis to pursue a unilateralist path, the fact cannot be avoided that Israeli unilateralism also complements Hamas's objective to create its own self-contained Islamist state without any connection to Israel.

Does Hamas's Victory Have a 'Silver Lining'?

No. The emergence of an armed, radical Islamist government in the heart of the Arab-Israeli arena—especially one that came to power through an allegedly democratic process blessed by the international community—has negative repercussions for Israel, for moderate Arab states, and for a wide range of U.S. policies, including the goal of advancing democracy as the long-term response to the systemic problems of Arab and Islamic societies. This view does not mean that victory for the secular nationalist alternative to Hamas, the long-governing Fatah movement, would have been a happy outcome; Fatah had proven itself corrupt, incompetent and—at best—ambivalent about its renunciation of terrorism. Nevertheless, the international community has a stake in the success of the secular, nationalist model, despite the deep flaws in the party that represented that model.

The following three schools of thought advocate the idea that Hamas's victory has a positive side:

Citing the fact that the majority of Palestinians voted for secular nationalist parties as well as poll results suggesting that 60 percent of voters still subscribe to the two-state solution, advocates of the first school suggest that Hamas's victory is not representative of the mainstream of Palestinian politics. However, by any international standard, Hamas's sizable plurality vote in a multiparty legislative election constitutes an overwhelming landslide. Moreover, given the presence of other parties on the ballot who ran on a platform emphasizing law and order, the fight against corruption, and promises to improve the economic situation, Hamas voters clearly knew they were

voting for the one major party that rejected any form of peace process with Israel. It is condescending to argue that Palestinians were somehow unaware that they were casting ballots for the party that advocates violent jihad as the preferred form of achieving Palestinian legitimate rights.

The second school of optimists points to the experience of other Islamist parties (in Turkey, for example) to suggest that Hamas stands a good chance of eventually moderating its currently intransigent views. However, this view overlooks the absence of key factors that made possible the co-optation or moderation of those parties. The record shows that the few examples of co-optation of Islamic parties occurred only after decades of evolution in countries that enjoyed strong institutions, powerful security apparatuses, and a supreme guarantor of the sanctity of the political system (for example, the army in Turkey, or the king in Jordan or Morocco). Regrettably, the Palestinian case lacks all these attributes.

The third school describes the election results as useful for unmasking the true political leanings of the Palestinian populace; exposing the hollow political support among Palestinians for moderate politics, secular nationalism, or a negotiated two-state solution; and generally injecting a salutary dose of clarity into the Arab-Israeli arena. This group usually advocates permitting Hamas to take the reins of power, confident that it will fail in government, thereby undermining the appeal of the Islamist model. However, this view overlooks the potential for a radical Islamist party, once in power, to maintain its grip despite political failure. It could do so through undemocratic means, such as suspending elections in the event of “national emergency,” or by rigging the vote, through outright vote-stealing or with an Iranian-style election engineering that permits only a limited slice of candidates to even appear on the ballot. Notably, failing at government does not necessarily produce the collapse of a regime; such has been the case in Iran, currently celebrating its twenty-seventh year in power despite having cost millions of lives and lowered living standards for tens of millions of Iranians. And should Hamas totter on the verge of losing power, it is most likely to lash out against Israel

through violence and terrorism. Whatever benefits can be derived from the academic knowledge of the true political affinity of Palestinian voters are outweighed by the negative repercussions of playing with the lives of millions of people—Palestinians, Israelis, and others throughout Arab and Muslim societies who will suffer because of the muscle-flexing of radical Islamists and the likely timorous reaction of regional states.

How Should the World Respond to a Hamas-led Government?

In strategic terms, the emergence of a Hamas-led government in the West Bank and Gaza constitutes a “democratic coup” against the institutions of peace-making and a fillip to radical Islamists everywhere. It must be recalled that the entire purpose of the peace process is to provide a diplomatic means to ensure Israel’s security and enable Palestinians to enjoy their legitimate rights; a process that gives birth to a Palestinian government whose *raison d’être* is Israel’s destruction is, by its very nature, illegitimate.

More generally, the Hamas victory has had the effect of both internationalizing and Islamizing a conflict that had become a local, national dispute between Israelis and Palestinians. However bloody the Palestinian uprising of 2000–2005 had been, one of its most notable aspects was that no other Arab state actively sided with the Palestinians or even was affected by the violence. The great fear that historically motivated international interest in the Arab-Israeli peace process—that the conflict between Israelis and Palestinians could ignite regional and even international conflagration—proved to be *passé*. Indeed, over time, this dispute had become localized (if intensely lethal). However, the Hamas victory changed all that. Overnight, the Israel-PA border became the front line of the great international contest between radical Islamists and the West, with the world’s most radical actors—Iran, al-Qaeda, and Hizballah—chomping at the bit to exploit this opportunity to carry their battle to the gates of Jerusalem.

A “solution” to this problem can only be achieved by either preventing the assumption of power by a Hamas-led regime or, once in office, ensuring its swift-

est possible collapse, through means that are as non-violent as possible. Only the speedy collapse of this government—achieved through an effective quarantine of international economic aid and diplomatic support—will erode the appeal of the radical Islamist model, both among Palestinians and more widely in

Arab and Muslim societies. The longer a Hamas-led government stays in power, the greater the chance that it will deepen its hold on Palestinian institutions (including the military), welcome the contribution of radical Islamist opportunists, and prepare for the eventual resumption of the armed struggle against Israel.

Understanding the Hamas Agenda

By Mohammed Yaghi

PALESTINIAN PRESIDENT Mahmoud Abbas's strategy of integrating Hamas into the Palestinian political system backfired with Hamas's sweeping electoral victory in the legislative elections. Abbas had hoped that Hamas, as a minority party in the Palestinian Legislative Council (PLC), could be tamed by its acceptance of the rules that it had consistently flouted since rejecting the establishment of the Palestinian Authority (PA); he thought he could disarm Hamas through democratic means. But with Hamas's winning majority control of the PLC, a chance no longer exists to dictate terms to it.

Already, Hamas's leaders have said they will not compromise their core principles, even if it means a cutoff of international aid to the PA. Khaled Mashal, the Damascus-based chief of Hamas's political bureau, announced: "Hamas will manage and the Arab countries and Muslims won't let the Palestinians down. Hamas will not trade its political program for money from the international community." In this context, it is important to understand what Hamas's political program will be, including its domestic priorities, international policies, and strategy toward Israel.

Hamas's Strategy toward Israel

In a January 29 press conference broadcast on al-Jazeera, Mashal said Hamas is willing to negotiate a long-term truce, or *hudna*, with Israel in return for a complete Israeli withdrawal to the pre-1967 lines, creation of linkage between Gaza and the West Bank, and release of all Palestinian prisoners. Mashal, however, suggested that the door would remain open when he said, "When Israel proposes a genuine offer, we will look into it, but right now there is nothing on the table to discuss." As for the Quartet's Roadmap to Peace, Mashal denounced it as "Sharon's map, and Hamas will never accept it." Hamas thus wants to replace the concept of a comprehensive peace agreement based on the idea of mutual recognition and a two-state solution in finalized borders with a long-term, indefinite cessation of hostilities.

Hamas's rejection of a two-state solution and its preference for a long-term truce stem from three factors. First, Hamas's Islamic ideology believes that any part of the Muslim land is an Islamic endowment, or *waqf*, and no Muslim has the right to give up ownership of the land. Historic Palestine is an especially significant *waqf* in as much as it contains the Haram al-Sharif in Jerusalem—the first Kiblah, or object of Muslim prayers.

Second, Hamas's religious connection to the land coincides with its role in the wider Muslim Brotherhood movement, which values the essential importance of establishing Islamic regimes throughout the region as prerequisite to liberating historic Palestine. Recognizing Israel's right to exist is thus anathema to Hamas's Islamic identity and its identity within the Muslim Brotherhood.

Third, Hamas also derives the concept of *hudna* from Muslim tradition, where the Sunnah of the Prophet Muhammad teaches that seeking a truce with enemies is legitimate as a practical measure whenever Muslims are not in a position either to conquer their foes or to impose their demands on them. The Prophet himself arranged such a truce with his rivals in Mecca before conquering them two years later after they violated the agreement. For Hamas, the *hudna* represents an opportunity to rest and rebuild. A truce is not, by any means, a final resolution of the conflict, unlike the "end of conflict" agreement envisaged in both the Oslo process and the roadmap. For now, Hamas says it will respect existing agreements between the PA and Israel, but this approach is limited only to resolving issues of daily life rather than applied to forging a longer-term peace.

Hamas's long-term intentions can also be gleaned from its desire to join a "wider resistance front comprised of Iran, Syria, and Hizballah," according to Mashal, and its refusal to consider disarming its Izz al-Din al-Qassam Brigades. A more formal alliance with Iran and Hizballah, which could include increased Iranian financial support of a Hamas-controlled PA,

might lead Hamas to launch attacks against Israel in response to international pressure against Iran to halt its nuclear program. In order to maintain such a weapon, Hamas will not disarm or disband the Qas-sam Brigades, whose role Mashal noted is to “confront the occupation.” Hamas may even merge its military arm with those of other factions to form a more official “popular army” with the mission of defending Palestinians and liberating their land.

Hamas’s Domestic Priorities

Hamas has denied being surprised by its victory in the legislative elections, only admitting that it had not anticipated the margin by which it won. Indeed, Hamas wanted to secure at least some domestic authority through the elections, which was the very reason why it accepted the *tabdiyya* from Abbas in March 2005 in exchange for ensuring elections would proceed. And while Hamas was using the last year to prepare its election campaign, Fatah was descending into chaos and disarray.

Within the PA, Hamas will attempt to produce what Abbas failed to do in his first year in office. It will focus on securing law and order, primarily in Gaza, by confronting local armed gangs responsible for kidnapping foreigners and fomenting chaos in the past months. Hamas will attempt to purge corruption from the PA by prosecuting those responsible for embezzlement and misuse of funds and by publicly disclosing such activities. Based on the precedent of how it has run the municipalities it has taken over in the past year, Hamas will trim government spending and try to create an environment more conducive to economic investment and growth.

Politically, Hamas will begin to widen its base of support and firm up the allegiance of those who voted for its candidates in the districts. It will also try to isolate Fatah’s leadership from its base by reaching out to Fatah’s militant groups and those employed by the bureaucracy of the PA. The most difficult institution for Hamas to co-opt will be the security forces, the vast majority of whom are Fatah members who voted for Fatah in the election. Hamas will face a great challenge trying to use these forces to keep internal order, par-

ticularly in the West Bank, and will need to ensure they are not working against Hamas’s own interests. It will try to reach a modus vivendi with the security services either by buying the allegiance of specific commanders or by appealing directly to individual soldiers to gain their loyalty.

Hamas will also seek integration into the formal institutions of the Palestine Liberation Organization (PLO), a process suggested in the March 2005 Cairo Agreement between Abbas and the Palestinian factions. The newly elected legislative council members will automatically be considered part of the PLO’s broader representative base, the Palestinian National Council. Hamas will try to use the precedent of elections to propel more of its members from outside the PA into the ranks of the Palestinian National Council. Because the PLO remains the “sole legal representative” of the Palestinian people and the PLO, not the PA, retains foreign recognition by more than 100 states, Hamas views joining the PLO as a means of obtaining international legitimacy. Furthermore, now that Hamas has supplanted Fatah in the PA, its next step will be to accomplish the same objective in the PLO—the very strategy Fatah itself employed in 1965 when it seized control of the PLO.

Hamas and Violence

Hamas will retain the potential of attacking Israeli targets as a means of securing its domestic control over Palestinian politics. Initially, Hamas has no interest in resuming violence because it can most easily begin to achieve its “change and reform” agenda when it is not at war with Israel. But should Hamas face a drastic reduction in international aid and determine that it will not be able to deliver the services and good governance promised during its campaign, it may choose to provoke violence with Israel in order to rally Palestinians around a national agenda. Hamas may also use violence against Israel as a means of preempting an internal confrontation with Fatah should Fatah resist the transfer of power when the next government is formed, or if the security forces begin to obstruct Hamas’s agenda. Finally, Hamas may play the card of violence to pressure Abbas to appoint a prime minister acceptable to Hamas if the

president attempts to challenge Hamas's political ascendancy. In all scenarios, violence against Israel will remain an integral component of Hamas's arsenal.

Hamas will not want to appear to grow soft and allow other groups, such as Palestinian Islamic Jihad (PIJ) or the al-Aqsa Martyrs Brigades, to assume a more prominent role in the resistance. In the past year, PIJ was responsible for almost all of the suicide bombings in Israel, and Hamas limited its attacks as part of its effort to ensure elections would proceed. However, depending on the seriousness of the "Resistance Front" described by Mashal, PIJ—influenced by Iranian and Syrian pressure—may possibly suspend its activities in the short term to allow Hamas the space to achieve its domestic agenda. Hamas will also attempt to gain the allegiance of the al-Aqsa brigades, a process it began months before the election.

Hamas's Approach to the Cabinet

The margin of Hamas's victory in the legislative council gave its bloc more than enough votes to approve the next cabinet, assuming Abbas cooperates by nominating a prime minister to Hamas's liking. But in order to manage the transition of power, Hamas prefers a unity government with Fatah for three reasons. First, Fatah's presence in the government will increase the likelihood that international donors will not cut off aid to the PA. Second, Hamas wants to ensure the loyalty

of Fatah's own base in the aftermath of the elections and hopes to minimize the possibility of civil disorder. Moreover, by offering Fatah partial responsibility for the government, Hamas will maintain the political weakness and divisions within Fatah and prevent Fatah from uniting in opposition. And finally, Fatah's presence in the government may enable Hamas to oversee limited negotiations with Israel on issues concerning Palestinian life without its members having to deal directly with the Israelis.

If Fatah refuses to join a Hamas-led government, then Hamas will likely try to gain the allegiance of the smaller Palestinian parties in order to isolate Fatah in opposition. Under any scenario, Hamas will insist on controlling the ministries of health, education, and social welfare in order to expand its already prominent role as provider of social services to the Palestinian people.

Conclusion

Since its founding in 1987, Hamas has shown patience, strategic acumen, and organizational discipline. As it approaches the issues of internal governance and relations with the outside world—including the question of violence toward Israel—Hamas can be expected to evince these same characteristics that have enabled it to displace Fatah and emerge as the dominant player on the Palestinian political landscape.

PART II

**Political Implications of
 Hamas's Victory**

Israeli Policy and Politics in the Wake of Hamas's Victory

By David Makovsky

HAMAS'S PARLIAMENTARY victory in the West Bank and Gaza has momentous policy implications for Israel, given that an organization sworn to Israel's destruction has been legitimately empowered. Moreover, Hamas's victory comes as Israel is in the midst of an election season. The Hamas election could affect the Israeli elections, but even more important, it is likely to shape the choices that Israeli political leaders make beyond the elections.

Policy Stakes and Debates for Israel

Hamas's victory in the recent parliamentary elections creates enormously high policy stakes for Israel. Israel has several fears about the formation of a Hamas-led Palestinian Authority (PA).

First, Israel worries that a Hamas government could radicalize Palestinian society beyond its current state. Over time, this process would translate into greater terror and violence, plus the injection of resources from inside and outside the West Bank to indoctrinate the Palestinians along the path of greater radicalization. PA territories could be a haven to radicals of all stripes and attract support from extremist regimes in the region, most notably Iran. Left in power, Hamas not only may wage war against Israel but also might even succeed in killing the idea of a secular, nationalist alternative to the Islamist model.

Second, the success of Hamas could ripple across the Arab world and affect the stability of Arab regimes on Israel's border, such as Egypt and Jordan. Over time, Israel's peace treaties with Egypt and Jordan could come under increasing pressure, with the possible return to active confrontation on Israel's eastern and southern fronts, a nightmare scenario.

Third, a radicalization of the Palestinians in the West Bank and Gaza could also accentuate such trends among Israel's own Muslim minority.

Fourth, a Hamas victory could have an internationally corrosive impact. Hamas rejects peacemaking as

defined by recognition of Israel and a two-state solution. Israel will fear a creeping international acquiescence to a Hamas government that, should it occur, would set back peacemaking by decades and delegitimize Israel in the process.

Fifth, Israel is dealt an unenviable hand on how to apply the considerable economic leverage it wields over the Palestinians. If it does not use enough leverage, it fears that it will be responsible for Hamas's remaining in power. If it applies too much, it risks a backlash, with Hamas seeking to galvanize public support in the West Bank and Gaza against a putative campaign by Israel to bring the PA to its knees. After all, Israel would like to create as much political distance as possible between the leadership and the public, many whom may not share Hamas's objectives. Although applying the right level of leverage is critical, there is no doubt that Israel has more economic leverage than any other actor in the world today. Virtually all Palestinian imports come either from or through Israel. Most Palestinian exports go to Israel, and Israel transfers \$750 million per year in customs and value-added tax on behalf of the Palestinians. This figure alone equals more than a third of the PA budget. According to the World Bank, Palestinian employment in Israel, while reduced from the late 1990s, still numbers 65,000 people.

Israel will view leverage of multiple sorts as critical in trying to isolate Hamas, because Israel is profoundly skeptical that mere experience in government will produce a more moderate Hamas anytime in the foreseeable future. Instead, most Israelis believe that hatred of Israel stands at Hamas's ideological core, meaning that virtually no likelihood exists that Hamas will moderate its core belief about the illegitimacy of Israel; in return, Israel would find accommodating Hamas in any way impossible. According to this view, Hamas's theocratic commitments exceed its democratic ones, meaning that Hamas may even cancel future elections to retain its hold on power. Israel's objective will not be to per-

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suade the ideological hard core, but rather to focus on those “protest” voters against Fatah—who supported Hamas for reasons other than ideology—or those who did not vote for Hamas at all. Given the stakes, Israel’s objective will be to use its leverage to isolate the regime while avoiding blame for its downfall. Israel wants to send a message to the plurality of Palestinians who voted for Hamas that policy consequences follow casting ballots for a party committed to Israel’s destruction. Israel believes that external pressure to compel political change within Palestinian politics is essential; left alone, Israelis assess, Palestinians will find a way to avoid making clear choices on these core issues.

With such high stakes, Israelis are concerned about the policy options at their disposal. Yet Israel has constraints on its course of action. Specifically, three factors are likely to weigh upon Israel: a desire to maintain the international consensus as expressed by the Quartet, the potentially murky composition of the next Palestinian government, and the political needs of the upcoming Israeli elections. It is hard to imagine pivotal decisions being made without considering all three factors.

Israeli officials want to maintain an international consensus on conditions for dealing with Hamas. They are keen to ensure that the international resolve to demand that Hamas meets strict requirements for any international aid does not weaken. Both Washington and Jerusalem were pleased by the decision of the Quartet in London in the wake of the Palestinian election according to which PA funding “would be reviewed by donors against [the] government’s commitment to the principles of nonviolence, recognition of Israel and acceptance of previous agreements and obligations including the road map [to peace].”¹ The key here is to link funding to Hamas’s unambiguous acceptance of conditions that would render it worthy of receiving international support. Those conditions are recognition of Israel’s right to exist; acceptance of the continued applicability of existing Israeli-Palestinian agreements (the Oslo Accords and its follow-on agreements); and

a renunciation of violence, including the disarming of unlawful militias and terrorist groups. Israel puts a high premium on the international commitment to these conditions, since most of the expenditure of the PA comes from the international community.

Because maintaining international consensus is essential if Palestinians are to be compelled to make tough choices, Israel is worried about the formation of a Palestinian cabinet that masks the real weight of Hamas and thereby offers a way for some countries to declare their recognition of a new Palestinian government. In this regard, the most pessimistic scenario (an avowedly radical, Hamas-led PA) is not necessarily the most dangerous (a Hamas-controlled government with a more mild and moderate public face). The latter could take several forms: a government of ostensible non-Hamas technocrats; the Hizballah model, in which Hamas has a minority stake in the government but retains its independent terror capabilities, perhaps under the cloak of “national resistance”; or a Sinn Fein situation, whereby the “Change and Reform” banner under which Hamas campaigned actually evolves to the “Change and Reform” party, a political entity that claims a separate identity from Hamas. The key will be not only whether Hamas holds the reins of power in practice but also whether the international community chooses to see through various facades and remain vigilant in enforcing its conditions.

Some Israelis welcome the prospect that Hamas might be brazen enough to demand the creation of an openly Hamas-led PA. In that situation, the Palestinian public would not be spared the consequences of its choice. At some point, even a weak-kneed international community is likely to remain firm and deny assistance to a government so openly defiant of international norms. In such a scenario, Israel retains maximum diplomatic maneuverability on the international stage and maximum “clarity” both at home and abroad.

Yet that approach is not without risks. First, even with the most incendiary Hamas leadership in power, some European states might still let their sympathy

1. UN Press Release, January 30, 2006.

for the Palestinian cause lead to an unraveling of the international consensus. They could do so especially if a humanitarian crisis emerged in the West Bank and Gaza. The second risk of welcoming the clarity that would come with an openly Hamas-led PA is the potential for escalation. In such circumstances, Israel is likely to want the United States to declare the PA a "terrorist entity," with all the political, diplomatic, and economic implications that status entails. Such a designation is, in turn, likely to bring an early end to whatever calm (*tahdiyya*) Hamas wants to maintain for its own tactical reasons. The probable result will be a return to military confrontation, precisely at the moment when Israel has successfully rebounded from the economic shock of the post-Camp David summit Palestinian uprising. This approach does not mean that Israel seeks military confrontation with Hamas, at least not now. Acting Prime Minister Ehud Olmert, also serving as finance minister, said, "We will not play into the hands of extremists who want to create a nonstop war here."² Olmert prefers a strategy toward Hamas that complements his own preference for disengaging from most of the West Bank (see below). Conflict would mean deeper Israeli involvement in the territories, not the reverse, and might even compel Israel to resume full responsibility for the welfare of the Palestinian people. Therefore, Olmert seems to prefer a strategy of containing a Hamas-led PA and denying it international aid and legitimacy over a strategy of actively pursuing its collapse.

Israel can afford a calibrated economic policy. Even if Hamas receives humanitarian provisions, Hamas is very likely to fail. The current Fatah government is leaving Hamas a \$750 million deficit out of a \$2 billion budget. Foreign investment is unlikely in such a shaky situation, and Iran is unlikely to be able to make up a budgetary shortfall that would require many multiples of

aid beyond even what Tehran provides its favorite ally, Hizballah. Therefore, Israel has said that even if it were to implement measures against a Hamas-led PA, it would take care to ensure such measures do not trigger a humanitarian crisis. Beyond this assurance, Israel needs to hold discussions with the United States and other Quartet countries about a variety of economic-related issues to maximize prospects that Hamas is held accountable by the Palestinian people for its nonperformance in government: (1) Nonfungible humanitarian provisions outside the PA budget need to be defined, including offsetting nongovernmental aid through the U.S. Agency for International Development, the United Nations, and the European Union humanitarian arm. (2) There is a need to deal with massive Palestinian unemployment, which could result if budgetary assistance is not forthcoming for many of the PA's 155,000 employees. Different forms of transitional funding need to be considered to prevent major chaos, which could trigger unrest. (3) There may be a need to enable more low-security-risk older workers to work inside Israel. The bottom line is that Hamas should be seen as not delivering the goods, while at the same time, the Palestinian public does not endure a traumatic 40 percent decline in national income—as it did during the 2000–2004 intifada when suicide bombing was very high. Hamas should be blamed for its failure, not Israel. A calibrated policy could achieve this result and limit prospects of unintended consequences.

Impact of the Hamas Victory on the Political Platforms of Israeli Parties

All Israeli Zionist parties reject any political dialogue with Hamas, based on the principle that Israel has nothing to talk about with a movement pledged to Israel's destruction. Shortly after Hamas's victory, Acting Prime Minister Ehud Olmert labeled Hamas "irrelevant," a term that Ariel Sharon used for Yasser

2. Aluf Benn, "Olmert 'Israel Will Deal with a Hamas-Free PA,'" *Haaretz* website, February 6, 2006. Olmert said such moves should not be interpreted as weakness, saying "anyone who tries to carry out terror attacks, fire Qassams, send suicide bombers—we will reach him wherever he is and strike him everywhere." A day earlier, he declared, "We have no intention, in any constellation, of maintaining contacts with Hamas. Nor will members of parliament from Hamas enjoy any privileges, because someone who belongs to a terrorist organization remains as such even if he is elected to the Palestinian parliament. All Hamas members, everywhere and at every level, are members of a terrorist organization, and that is how they should be treated. Anyone involved in terror is a target, and we must act against him as we have to date. There are no limitations on the operational echelon," he said, referring to the Israeli security services. (Aluf Benn, "PA to Israel: I Keep the Powers," *Haaretz* (Tel Aviv), February 6, 2006.)

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Arafat at the height of the Palestinian uprising. In the policy debate over whether Israel can or cannot work with Hamas, the refusal of Zionist parties to negotiate reflects universal opposition to any formal relationship with the terrorist group.

The unanimity of Israeli parties toward a ban on political dialogue with Hamas masks the contrasting views toward Israeli unilateralism, at least in the medium term. The three major parties running in this election have expressed different stances: Labor has explicitly voiced support for unilateralism, Kadima has broadly hinted at it, and Likud has opposed it. The Hamas victory has changed Labor's position, which was previously based on the idea of bilateral negotiations with the Palestinians. So far, it has not affected the positions of the other two, but it could lead to a twist in the definition of unilateralism.

Olmert recently laid out the position of the new Kadima party, which was founded in late 2005 as a result of Sharon's dissatisfaction with Likud's position on Gaza disengagement. In comments made at the Herzliya Conference just one day before the Hamas election, Olmert said, "We would prefer an agreement. If our expected partners in the negotiations in the framework of the Roadmap do not uphold their commitments, we will preserve the Israeli interest in every way."³ "Every way" is interpreted by Israelis to mean that Israel could opt for unilateral separation. Although not using the word *unilateral*, Olmert broadly hinted that this indeed was his direction. In his first major interview since coming to office, Olmert delineated the settlement blocs that he wanted to keep. "Israel will separate from most of the Palestinian population that lives in the West Bank and that will obligate us to separate as well from territories where the State of Israel currently is."⁴ A *Haaretz* article published immediately after the Palestinian election, which cited Israeli defense minister Shaul Mofaz

as favoring a unilateral disengagement from the West Bank, reinforced this theme.⁵ The argument underlying this unilateralist position is that the Palestinian side is either dysfunctional, malicious, or both. If Israel holds itself hostage to Palestinian irresponsibility, it will be putting its future on hold and perpetuating the state of limbo it has been in since 1967. Instead, so this argument goes, Israel should take its future into its own hands and shape its borders in the West Bank—working as much as possible in consultation with the Bush administration.

Although Hamas's electoral success may be pinned to public outrage with the corruption, excesses, and misrule of Fatah, the rationale for voting Hamas is less important than the outcome: the empowerment of the most radical elements of Palestinian society in a position of legitimacy and authority. With Hamas in power, Israeli skepticism about Palestinian intentions has increased and popular commitment to negotiations has shrunk. Even on the eve of elections, a much publicized Dahaf poll revealed that 77 percent of Israelis were pessimistic about prospects to end the conflict with the Palestinians.⁶ The sense that negotiations are futile could propel unilateralism, but probably not along the Gaza model, in which Israel removed both its military and civilian (settler) presence. Instead, the model of the northern West Bank—in which settlements were removed but Israel Defense Forces remain deployed—might be a more attractive way to disengage from the Palestinians in the West Bank without turning the territory over to Israel's enemies to use as a base for the next war.

Labor's standard-bearer, Amir Peretz, who earlier favored a comprehensive peace agreement with the Palestinians, has altered his stance to support unilateralism. In his speech to the Herzliya Conference, Peretz said, "If we have to, we will implement unilateral moves. We will not agree to a diplomatic stalemate. The changes in the

3. Speech of Olmert at Herzliya Conference, January 24, 2006.

4. Aluf Benn, "Olmert: Israel Will Separate from Most Palestinians," *Haaretz* (Tel Aviv), February 8, 2006. From a Channel 2 interview aired February 7. Olmert continued "The direction is clear," adding "we are moving towards separation from the Palestinians towards setting Israel's permanent border."

5. Amos Harel, "Mofaz Allows for Unilateral Withdrawal," *Haaretz* (Tel Aviv), January 31, 2006. It is not surprising that Mofaz is a stalking horse for Olmert. Because Olmert is not a general like Sharon, nor does he have Sharon's credentials in fighting terrorism, Olmert will need to demonstrate that he has the support of two key figures who are senior in his party: Mofaz and former head of the Shin Bet, Avi Dichter. Olmert will need to demonstrate before and after the elections that they are part of the leadership.

6. Amiram Barkat, "Poll: Israelis Downbeat about Chances for Middle East Peace," *Haaretz* (Tel Aviv), January 24, 2006.

Palestinian Authority will not hold us hostage.”⁷ Peretz, whose party is polling in the low twenties for seats in the next Knesset, said that if Hamas won the Palestinian election, Israel would not accept political deadlock and would instead examine the possibility of “physical, political and military separation” between Israel and the Palestinians.⁸

The opposing view is put forward by Likud's Benjamin Netanyahu, who believes Israel should make territorial concessions only if it receives in return corresponding Palestinian security concessions. This view is sometimes called “reciprocity,” whereby Israel waits years until a responsible Palestinian partner for negotiations materializes. Likud, which is currently projected to win fewer than fifteen seats, believes disengagement sends the wrong message, that is, retreat. Although many believe that Hamas defeated Fatah because of internal Palestinian issues, Netanyahu puts the blame at Olmert's doorstep, insisting that the Gaza disengagement was interpreted as weakness by Palestinians and in turn emboldened Hamas, which viewed withdrawal as a victory achieved through the armed struggle of suicide bombers.

Impact of Hamas Victory on Contours of Israeli Election Race

Kadima is betting that the general contours of the Knesset race will not change with the Hamas victory. A *Haaretz* poll conducted a week after Hamas's success so far validates that view.⁹ Kadima is polling at 43 of the Knesset's 120 seats. Kadima is counting on Hamas's victory confirming a sense of futility that the Palestinians will be a partner for peace anytime soon and, therefore, that further West Bank disengagement is more important than ever. Moreover, this view discounts the theme of mutuality favored by Netanyahu, because mutuality suggests a pretense of partnership that Israelis seem to be saying does not exist. In this case, Kadima is likely to view the Likud

position either as futile or as a ruse or both. Moreover, Israel's security barrier, whose construction Olmert has accelerated (with completion due by the end of 2006), reinforces Israel's psychological disengagement from the Palestinians.

Nevertheless, the Hamas victory has clearly energized Netanyahu. An agile campaigner, the Likud leader immediately shifted from his current campaign slogan of “Forward (Kadima) to 1967,” a reference to his claim that Olmert will yield the entire West Bank, and replaced it with “Strong against Hamas: Only Likud/Netanyahu.”¹⁰ Likud is hoping the Israeli public will see Netanyahu as the natural successor to Sharon—a leader who will be tough against Hamas. However, indications are that Kadima will seek to counter this strategy by pointing out that it was Netanyahu who was compelled to release jailed Hamas leader Sheikh Ahmed Yassin from prison in 1997 in the aftermath of a bungled effort by Israel to assassinate senior Hamas official Khaled Mashal.

Trailing badly in the polls, Likud may be focusing on second place. If it can edge out Labor and woo some disaffected Likud voters back from Kadima, Netanyahu's strategy may be to outvote Labor and force Olmert into a center-right coalition with Likud, instead of Olmert's likely preference for a center-left government with Labor. A third-place finish for Netanyahu will bring calls for his resignation or replacement as party leader.

Some believe that only a rash of terrorist attacks could shake up the race and topple Kadima from its commanding lead. In 1996, four Hamas bombings in nine days changed the contour of that election, as Netanyahu shot up about twelve points and ultimately edged out Labor leader Shimon Peres.¹¹ So far, Hamas has kept its commitment to the calm, but the situation could change in the event that more-radical groups (like the Iran-backed Palestinian Islamic Jihad) begin to unleash widespread terrorist attacks or if Hamas reaches the conclusion that a resumption of

7. Gil Hoffman, “Politics: Podium Platforms,” *Jerusalem Post*, January 26, 2006.

8. Ibid.

9. Yossi Verter, “Poll: Hamas Victory Did Not Affect Kadima, but Weakened Likud,” *Haaretz* (Tel Aviv), February 1, 2006.

10. Gil Hoffman, “Likud Accentuates the Positive,” *Jerusalem Post*, January 31, 2006.

11. Asher Arian and Michal Shamir, eds., *The Elections in Israel: 1996* (State University of New York Press, 1999), p. 11.

terror could somehow be used as a lever to intimidate the international community into maintaining aid flows to the PA.

Conclusion

Israel under Kadima would like to synchronize its approach to a Hamas-led PA with its preference for unilateral disengagement. Its objective is to ensure international vigilance in support of the principle of conditionality for a Hamas-led PA to gain aid and legitimacy. In the event Hamas does not meet those terms,

the alternative is containment, which Israel believes does not necessarily have to descend into armed confrontation—though that possibility certainly exists. Preventing a humanitarian crisis within the context of containment is key to maintaining that international consensus. In short, Israel appears to be attempting a balancing act whereby its policy objectives are designed to project firmness and clarity without sidetracking the potential for further disengagement. Numerous challenges from many directions will determine whether Israel can maintain that balance in the months ahead.

Hamas, Fatah, and Palestinian Politics after January 25

By Ben Fishman

DESPITE HAMAS'S decisive victory in the January 25 legislative elections, Palestinian politics will remain in flux until several issues surrounding the transition of power are resolved among President Mahmoud Abbas, the leadership of Hamas, and those elements of Fatah that currently hold the reins of the Palestinian Authority (PA). Looking beyond short-term politics, the election results may themselves trigger the much-needed transition of Fatah into a more modern, responsive political party—attributes the party sorely lacked on election day. Given Fatah's past performance and the existing fissures within the movement, such a future will require a wholesale makeover whose likelihood is not great. However, a chance exists that Hamas's political triumph may shock the system so much that it gives rise to a liberal, secular, grassroots political movement that advocates what neither Hamas nor Fatah offered voters—the option of tolerance, peace, and good governance.

The Role of President Abbas

Because of the vagueness of the Amended Palestinian Basic Law, the first key decision for the transfer of power after a legislative election resides with the president, who has a great deal of flexibility in timing that step. According to the law, Abbas has the responsibility of nominating a prime minister, who is then charged with forming a government that itself needs to win parliament's confidence. But no timeframe is specified by which the president must decide on the appointment, and no criteria specify whom he can nominate. The prime minister does not have to come from the party with the greatest number of seats, nor must that individual even be a member of parliament. The prime minister's only requirement is to gain approval of the next government in three weeks, with the possibility of a two-week extension. If five weeks pass after the prime minister's nomination without the Palestinian Legislative Council's approval of the government, then the

president can start the process over by nominating a different prime minister.

Abbas thus has more leverage over the formation of the next government than would be expected of a president whose party just suffered a major electoral defeat. Despite winning more than enough seats to approve the next government on its own, Hamas still requires the collaboration of the president to form the next government. Abbas, therefore, retains considerable ability to dictate the terms under which he will nominate a prime minister.

To date, Abbas has been consistent, though not explicit, in declaring that any new government must be based on acceptance of the Oslo agreements and the internationally backed Roadmap to Peace, both of which imply de facto recognition of Israel's right to exist and endorsement of a two-state solution. He first spelled out those conditions in a January 14 interview on al-Jazeera. In a press conference following the announcement of the official election results on January 26, he reiterated, "I am committed to the implementation of the platform according to which you elected me, which is a program that the world and all those around us understand. It is a program that is based on the policy of negotiations and a peaceful solution to the conflict with Israel." But the most explicit set of criteria demanded of Hamas in order for Abbas to agree to a government were detailed not by the president himself but by the frequent troubleshooter on Palestinian-related affairs, Egyptian intelligence chief Omar Suleiman. After meeting Abbas in Cairo, Suleiman announced, "Hamas has to be committed to three issues—first, to stop violence, this should be its doctrine; second, to be committed to all the agreements signed with Israel; third, to recognize the existence of Israel. If they don't do this, Abu Mazen will not ask them to form the government ... If they don't accept to commit themselves to these issues, nobody will deal with them."

Abbas has the legal authority to force this formula on Hamas. Moreover, he can limit the authority of the

next legislative council when it is seated by rewriting any proposed legislation that violates his own program. Procedurally, the president's objections to any legislation become law unless the Palestinian Legislative Council (PLC) overturns them with a two-thirds vote, and Hamas's seventy-eight-seat bloc, including four affiliated independents, is ten votes short of such a mandate. Abbas and his associates are well aware of this dynamic. Nabil Sha'ath, the former deputy prime minister, has noted that Abbas "has the power to obstruct any law approved in parliament and he has to make sure that any constitutional change is voted by at least two-thirds of parliamentarians, a quorum that Hamas does not have. Thus any attempt to Islamize our society will see the president strongly opposed to such a move." Abbas is also the commander in chief of Palestinian security forces; so he has the legal standing to enforce his decisions through the use of force, though it would be out of character both for him to pursue a military option and for security forces to respond to his orders.

Strategically, Abbas must decide whether he wants to exert his legal authority as president and define the limits of Hamas's influence or whether he will accommodate himself to the new political reality of Hamas's ascendancy. Should he choose to wield his powers as president in a way he has not done since assuming office, he would need to convince all parties involved—including Hamas, Israel, and the international community—of the seriousness of his commitment. Given the credibility deficit he earned for himself after a troubled year in office and his many threats of resignation, gaining the confidence and respect of all those actors will be an uphill battle.

What Will Hamas Decide?

Regardless of Hamas's long-term intentions, it, too, will be forced in coming days to make several key decisions that will signal the extent of its role in the next Palestinian government. Will Hamas insist on assuming a leading position in the next cabinet, or will it agree to name loosely affiliated technocrats to head Palestinian ministries and assume the premiership? How quickly, if at all, will Hamas attempt to dislodge Fatah from the bureaucracy of the PA and from the ranks of the secu-

urity services? How will Hamas deal with the threat of losing international aid? And will Hamas find a way to blur its ideological rejection of Israel in order to win favor from Arab and international actors without alienating its core constituency or losing its basic identity?

How Hamas responds to these questions may be a function of which branch of the organization emerges with the most influence, the extent to which those factions agree, and how Hamas forges a consensus among its leaders. For example, tension may exist between the newly elected PLC representatives, who will want to deliver tangible improvements to their constituents, and the commanders of Hamas's terrorist apparatus, whose sole agenda is to wage war on Israel. Hamas will need to reconcile such competing priorities in order to deliver the improved governance promised during the campaign.

Fatah's Response to the Elections

After suffering a resounding defeat in the elections, Fatah must decide the extent to which it will cooperate with Hamas and facilitate a smooth transition of power. That decision will be compounded by the fact that Fatah is even more divided than it was before the elections. Although most of Fatah appears to recognize the validity of the election results, whether it will yield control of the PA's bureaucracy, especially the security forces, remains to be seen.

Much of Fatah's authority over the last decade stemmed from patronage, either by directly employing loyal members in the public sector or by using the resources of the PA to provide benefits to Fatah's base. Over the past decade, Fatah members have grown used to receiving regular paychecks, and those hoping to cling to their spoils may do everything possible to prevent Hamas from taking over. Already, hundreds of Fatah members have led public demonstrations in the aftermath of the election, a possible precursor to further civil disorder that can be expected if Hamas moves too quickly to sweep Fatah cadres out of their jobs and perquisites.

More significant is the question of how Hamas will be able to impose law and order on a lawless situation when the Palestinian security services are controlled by Fatah

bosses. Jibril Rajoub, the former head of Preventive Security in the West Bank and a losing candidate in the legislative elections from the Hebron district, declared bluntly, “ Hamas has no power to meddle with the security forces.” Similarly, Gaza police chief Ala Hosni said, “ The security institution is a red line. We will not allow anyone to tamper with it.” Fatah’s domination of the security forces is problematic to Hamas’s rule on several levels, not the least of which is the expense of their salaries. Hamas will have to choose whether it wants a slimmer budget or whether it will risk facing the ire of thousands of armed Fatah members. And although Hamas may have a smaller but highly motivated organized “ popular army” to defend its interests in Gaza, it lacks similar resources in the West Bank.

Politically, Fatah will have to decide whether it wants to regroup and revitalize its base in opposition or whether it wants to retain some of its control of the PA by joining a power-sharing government with Hamas. Instinctively, most Fatah leaders rejected the possibility of a unity government, but when individuals are actually presented with the option of controlling a ministry or facing joblessness for the indefinite future, they may see the matter differently. Moreover, Fatah’s organizational leadership has suffered a significant internal defeat as a result of the election, with several Fatah leaders calling for the resignation of the governing central committee and revolutionary council. Without a unifying organizational body to retain party discipline, decisionmaking will shift increasingly to individuals and factions.

Although Fatah is even more divided now than before the election, the crushing defeat by Hamas may eventually spur a revitalization of the movement and force it to enact the thorough reforms and top-to-bottom kinds of housecleaning it neglected before the elections. The main vehicle for such rejuvenation may be the convening of the long-overdue Sixth General Conference, a meeting of Fatah delegates representing members both inside and outside the PA that sets the policies, direction, and leadership of the Fatah movement. However, holding this conference would require reaching agreement on everything from the agenda to the distribution of delegates, a complicated process

that has delayed the conference for months. Moreover, the external leadership of the movement, residing in Amman, Beirut, Tunis, and elsewhere, is sure to obstruct the reformist tendencies of the internal Fatah leadership since their influence will weaken as part of any restructuring.

If Fatah’s internal members are serious about redefining and revitalizing the movement after their election defeat, they must take the initiative on their own; purge corrupt officials from their midst; and define a new secular, nationalist agenda for the Palestinian people in the territories. Absent such a serious effort to redefine its mission, identity, and leadership, Fatah is unlikely to regain the confidence of the Palestinian public, and its factions will only grow increasingly divided—and irrelevant.

Developing a ‘Third Way’?

What Palestinian voters lacked in the January election was an organized, liberal, secular alternative to the corrupt and inept rule of Fatah and the radical, Islamist agenda of Hamas—both of which advocated violence to achieve political ends. True, a “Third Way” list existed, headed by the respected former finance minister Salam Fayad, but it gained fewer than 24,000 votes nationally and fielded no candidates in the districts. Most important, the “Third Way” lacked a grassroots network of Palestinians advocating the values of peace, tolerance, and good governance, with credible local candidates taking this message to the streets. But after the public disgrace of Fatah, and with Hamas facing numerous practical challenges as it attempts to translate its slogan of “change and reform” into policy, an opportunity exists to mobilize Palestinians who are both disillusioned with Fatah’s rule and opposed to Hamas’s Islamist agenda.

Though an imperfect measurement of Palestinian preferences, opinion polls suggest that Palestinians place the establishment of honest and good government at the top of their agenda rather than a particular ideology, and a majority favors an “end of conflict” final status peace agreement with Israel—an approach antithetical to Hamas’s beliefs. A political movement committed to such goals would likely find a natural constituency among those who object to Hamas’s hard-

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line ideology now that Fatah will no longer monopolize the political space. The most difficult, but critical, task will be organizing and mobilizing such a base as Hamas attempts to establish a government and Fatah struggles with its revitalization.

If the international community wants to help spur a long-term political transformation in Palestinian society that moves Palestinians away from both the dysfunctionality of Fatah and the rejectionism of Hamas, it could invest new efforts in cultivating the missing third way—a network of moderate, liberal voices in the West Bank and Gaza capable of connecting with communities throughout the PA and attracting energized

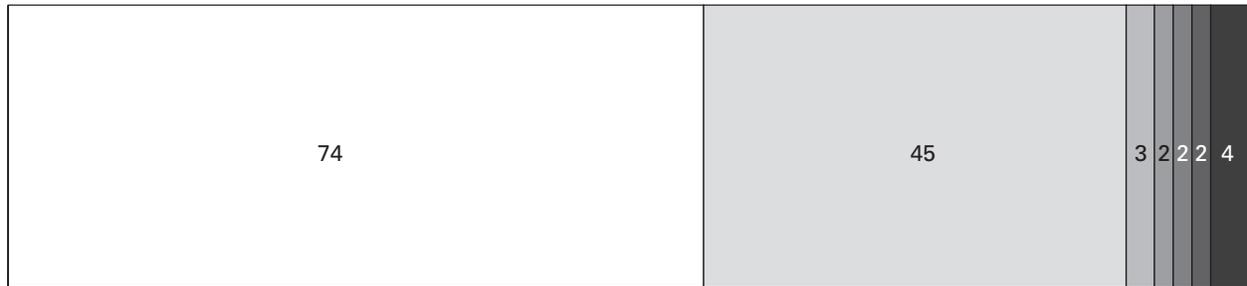
followers. Palestinians have many vibrant, forward-thinking civil society organizations that benefit from the largesse of international aid, particularly American economic assistance, but these nongovernmental organizations have yet to coalesce into a real political movement. As donors reevaluate their aid programs to Palestinians in the aftermath of Hamas's victory, one option for them to consider is leveraging their assistance to upgrade these nascent civil society bodies into a defined political movement that advocates those moderate, peaceful, and progressive values, policies, and political programs that reverberate ever so faintly on the Palestinian political scene today.

Final Results of 2006 Palestinian Legislative Elections

ELECTORAL LIST	NUMBER OF NATIONAL VOTES	PERCENTAGE OF NATIONAL VOTES	NUMBER OF SEATS FROM NATIONAL LIST	NUMBER OF DISTRICT SEATS	TOTAL SEATS
Change and Reform (Hamas)	440,409	44.45%	29	45	74
Fatah	410,554	41.43%	28	17	45
Martyr Abu Ali Mustafa (PFLP)	42,101	4.25%	3	0	3
The Alternative (DFLP, People's Party, FIDA)	28,973	2.92%	2	0	2
Independent Palestine (Headed by Mustafa Barghouti)	26,909	2.72%	2	0	2
The Third Way (Headed by Salam Fayad)	23,862	2.41%	2	0	2
Remaining five lists	18,065	1.82%	0	0	0
Independents from districts	—	—	0	4	4
TOTAL	990,873	100%	66	66	132

Distribution of Seats by Party

132 Total Seats



- Change and Reform (Hamas)
- Fatah
- Martyr Abu Ali Mustafa (PFLP)
- The Third Way (Headed by Salam Fayad)
- The Alternative (DFLP, People's Party, and FIDA)
- Independent Palestine (Headed by Mustafa Barghouti)
- Independents from districts

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Distribution of Seats by District

District	Seats Available	CHANGE AND REFORM (HAMAS)		FATAH		INDEPENDENTS	
		Candidates	Winners	Candidates	Winners	Candidates	Winners
Jerusalem	6	4	4	6	2*	29	0
Jenin	4	4	2	4	2	24	0
Tulkarem	3	2	2	3	0	12	1
Tubas	1	1	1	1	0	7	0
Nablus	6	5	5	6	1	19	0
Qalqilya	2	2	0	2	2	6	0
Salfit	1	1	1	1	0	9	0
Ramallah	5	4	4	5	1*	25	0
Jericho	1	1	0	1	1	3	0
Bethlehem	4	2	2	4	2*	26	0
Hebron	9	9	9	9	0	28	0
North Gaza	5	5	5	5	0	17	0
Gaza City	8	5	5	8	0	36	3
Deir al-Balah	3	3	2	3	1	12	0
Khan Younis	5	5	3	5	2	33	0
Rafah	3	3	0	3	3	6	0
Total	66	56	45	66	17	294	4

*Christian Quota

Responses to Hamas's Victory from Israel's Arab and Muslim Neighborhood

By Soner Cagaptay

RESPONSES OF ARAB and Muslim countries to Hamas's victory in the Palestinian elections ranged from Turkish, Jordanian, and Egyptian calls for integrating Hamas into the Palestinian political system to caution from Saudi Arabia and jubilation in Syria and Iran.¹

Turkey: 'AKP Sees Its Past in Hamas'

Following Hamas's sweep of Palestinian parliamentary elections, Turkey's prime minister and leader of the ruling Justice and Development Party (AKP), Recep Tayyip Erdogan, maintained that the international community must respect the decision of the Palestinian people. Inferring from Turkey's past experience with Islamist parties coming to power through elections, including the experience of his own party, Erdogan said, "The choice of the people must be respected, whether or not one likes it . . . If we were to act with prejudice, that would harm democracy."² In placing Hamas in the context of the AKP's model of the path to power, however, Erdogan overlooked a significant difference between Hamas and Turkey's Islamist parties: Hamas specifically advocates violence to achieve its strategic aims, whereas Turkish parties operate solely within democratic politics. Indeed, despite insisting that the Palestinian vote must be respected, Erdogan called on Hamas to recognize Israel, give up its weapons, and renounce violence in the hopes of reinvigorating an Israeli-Palestinian dialogue. "We have also emphasized the importance of leaving some of the old habits, in order for the democratic process to take its course," said Erdogan. "We have talked about the importance of the acceptance of the existence of an Israeli state, as well as a Palestinian state in the region."³

Erdogan also suggested that Turkey has a special role

in its ability to "mediate between the sides," because "Turkey has always had good relations with both Israel and Palestine."⁴ On January 31, 2006, Turkey's popular centrist daily *Hurriyet* criticized Erdogan's proposal, citing it as premature: "For some reason, at every opportunity in recent times, we have been putting ourselves forward as mediators and nothing very important has ensued. In diplomacy, always jumping forward is not invariably useful; it can backfire."⁵

Most Turkish newspapers suggested that Hamas's victory cannot be ignored. Whereas centrist daily *Milliyet* wrote that "if the West were to cut economic aid to punish Hamas, Hamas will turn to Iran and Tehran will use this as an opportunity to increase its influence in the region,"⁶ pro-AKP *Yeni Safak* found Hamas's rise promising. On January 31, the paper argued that "since the period when the Palestine Liberation Organization [PLO] sat at the peace table with Israel, the ideological line that Hamas represents has been a rising trend. Don't worry about the international system sending many threats [against Hamas] now. The PLO's and Arafat's image in the West was no different from the one Hamas has now when the international system began diplomatic contacts with them, first in secret then openly . . ."⁷

Jordan: 'Support a Two-State Solution, but Watch Hamas'

After Hamas's victory, Jordan underscored the strategic objective of pursuing the peace process toward a two-state solution of the Israeli-Palestinian conflict. On January 27, King Abdallah said that the outcome of the elections does not alter the fact the "two-state solution

1. This article was prepared with assistance from research assistants Mark Nakhla and Navid Samadani-McQuirk and research intern Daniel Fink.
2. Associated Press, January 27, 2006.
3. Ibid.
4. BBC Monitoring Europe, January 27, 2006.
5. *Hurriyet*, January 31, 2006.
6. *Milliyet*, January 31, 2006.
7. *Yeni Safak*, January 31, 2006.

will remain the logical and reasonable settlement to realize stability and security in the region.”⁸

Jordan also inserted a caveat to cooperation with a Hamas-led Palestinian government. Recently appointed Prime Minister Marouf Bakhit said Jordan’s relations with Hamas would “depend on the agenda of the future Palestinian government,” and that Jordan would “thoroughly analyze the Palestinian government’s program, to see how harmonious it is with Jordan’s higher interests and future cooperation will be dictated accordingly.”⁹

Meanwhile, Hamas received an unqualified vote of support from the controller-general of the Jordanian Muslim Brotherhood, Abd-al-Majid al-Dhunaybat, who declared that “the leaders of Hamas are now the leaders of the Palestinian people in light of the democratic choice which the people opted for.”¹⁰

In contrast with most media reportage throughout the region, which characterized the Hamas victory as a vote against America and Israel, the *Jordan Times* wrote that the elections were “first and foremost a vote for clean leadership. It was a vote against a leadership that had burnt its bridges to its people by failing to address the widespread perception of misadministration and cronyism, placing narrow self-interest over national interest.”¹¹ The newspaper added: “If Hamas proves itself to be a liberal and moderate force, it will be a successful example for others in the region and a serious challenge to extremists who have painted Islamic political movements in only one color.”¹²

Egypt: ‘Include Hamas in the Political Process’

On January 22, Egyptian foreign minister Ahmed Abu al-Ghayt expressed the hopeful view that “Hamas’s

inclusion in the political process will lead to a radical change in its thinking and ideology.” Abu al-Ghayt reasoned that “when a resistance movement joins political and parliamentary work, this leads to radical changes within it.”¹³ Abu al-Ghayt also prophesied that “Hamas will recognize Israel” since “Hamas has already agreed to a cooling off period with Israel in order to negotiate.”¹⁴

Egypt’s Prime Minister Ahmed Nazif echoed Abu al-Ghayt’s argument: “The first thing is to make sure that [Hamas] will work within that framework: the Oslo agreements, the Roadmap, the idea of two states living in peace.”¹⁵ Just like Erdogan, who offered Turkish services as a mediator, Nazif suggested, “Egypt can play an important role, because probably Egypt is one of the few countries in the world today who can talk to the Israelis and talk to the Palestinians in that format.”¹⁶

Syria: ‘Hail to Hamas’

Syria’s responded to Hamas’s victory with unabashed glee, coupled with strong condemnation of a U.S.-led peace process that had gone so far off course that numerous Palestinians had cast ballots against it. As Syrian Arab Republic Radio, the official radio station of the Syrian government, said on January 27, “Hamas’s victory raises a question, namely, the way the peace process attempted to impose unrealistic facts.”¹⁷

Along similar lines, *al-Ba’th*, the newspaper of the ruling Baath Party, said Hamas’s victory “created a new reality in the region that Israel, the United States, and the rest of the world will have to accept and deal with.”¹⁸ Making no reference to the corruption issue in explaining Hamas’s victory, the newspaper added that Hamas’s “steadfastness, sacrifices, and adherence to the resistance option were among the direct reasons for its success in

8. *Al-Ra’y*, January 27, 2006.

9. *Al-Ra’y*, February 1, 2006.

10. *Al-Dustur* (Amman), January 29, 2006.

11. “Revolution by Ballot,” *Jordan Times*, January 29, 2006.

12. *Ibid.*

13. *Ash-Sharq al-Awsat*, January 22, 2006.

14. *Ibid.*

15. *Newsweek*, January 22, 2006.

16. *Ibid.*

17. Syrian Arab Republic Radio, 1215 GMT News program, January 27, 2006.

18. *Al-Ba’th*, January 27, 2006.

winning a high percentage of the vote.”¹⁹ The paper also suggested that “those who are interested in stability in the region . . . need to deal with this new situation and the challenges it might produce, especially since Hamas expressed willingness to engage in political work based on the higher interests of the Palestinian people . . . represented by the rejection of the occupation and the need to remove it and establish the independent Palestinian state with Jerusalem as its capital.”²⁰

Iran: ‘Another Victory against America’

Iran emerged as one of Hamas's strongest backers after the group's electoral victory. On January 26, the Iranian government issued a foreign ministry statement on the election results that congratulated the Palestinian people and Muslims everywhere and stated that the Hamas victory would bring hope and solutions to the problems facing Palestine. Tehran also argued that the world “must face reality and accept the legitimacy of the ruling Hamas party.”²¹

In addition to the foreign ministry statement, the state-controlled media ran many news stories on the topic. By January 28, almost every major newspaper was carrying the Hamas victory as its most prominent headline story. *Kayhan*, the semi-official newspaper run by Supreme Leader Ali Khamenei, asserted that the Hamas victory was the “fourth in a series of Islamic fundamentalist victories worldwide this year: the others being Iran, Afghanistan and Iraq, leading to a defeat of American dreams for an American Greater Middle East.” It also urged the Palestinians not to fall for plots to force them to recognize Israel or lay down arms.²²

Mehdi Mohammadi, a member of *Kayhan's* editorial board, noted that the “Hamas election victory is

part of a ‘second wave’ of fundamentalism and anti-Americanism, the first wave being the Iranian revolution.” Mohammadi added that anti-American forces are now using the Iranian revolution as a model and that Iran should “become stronger in order to inspire and continue the second wave.” In another article, *Kayhan* pointed out the need for Palestinian Islamic Jihad to “step up its anti-Zionist attacks to give Hamas the chance to effectively manage the political scene and improve the lives of the Palestinian people.”²³ Another newspaper, *Jomhuri Islami*, said that the United States and Israel must “accept reality” and submit to the wishes of the Palestinian nation.²⁴

Saudi Arabia: ‘Will Hamas Back Away from Militancy?’

Unlike the case of Syria and Iran, Saudi Arabia's response to Hamas victory has been rather cool and conditional.

In an interview with (Lebanese) LBC TV, Prince Turki al-Faysal, Saudi ambassador to the United States and former head of Saudi intelligence, said that “the Palestinians have expressed their opinion and have chosen who will represent them.” However, Turki also added that now the Palestinians “have to deal with the responsibility and the consequences of their choice. Those who were chosen for power must also live up to their responsibility toward the Palestinian people.”²⁵

Along similar lines, on January 27, semi-official Saudi daily *Arab News* said that Hamas “faces a momentous challenge: can it deliver peace and good government to the Palestinians? Opinion polls in the run-up to the election showed that the majority of Palestinians support a peace deal with Israel; Hamas most certainly does not.”²⁶ Shying away from the rhetoric of resistance

19. Ibid.

20. Ibid.

21. “Iran welcomes Hamas's success (translation from Farsi), BBC Persian (available online at www.bbc.co.uk/persian/iran/story/2006/01/060126_mf_iran_hamas.shtml).

22. Palestine votes for the Intifada (translation from Farsi), *Kayhan*, January 28, 2006 (available online at www.kayhannews.ir/841108/16.htm).

23. Mehdi Mohammadi, “The Second Wave of Fundamentalism” (translation from Farsi), *Kayhan News*, January 31, 2006 (available online at www.kayhannews.ir/841111/2.htm).

24. “Hamas's Victory Song” (translation from Farsi), *Jomhuri Islami*, January 28, 2006 (available online at www.jomhourieslami.com/1384/13841108/index.html).

25. Interview with LBC, January 29, 2006.

26. *Arab News*, January 27, 2006.

Hamas Triumphant: Implications for Security, Politics, Economy, and Strategy

in explaining Hamas’s victory, the paper added that Palestinians voted against Fatah “because they had had enough of the cronyism, corruption and incompetence over which it presided. In that sense, this was an anti-vote; Palestinians voted against Fatah rather than for Hamas.” Then, the paper asked whether “Hamas in

government will back away from militancy once faced with the responsibility of office.” The paper added that “at the moment, it [Hamas] insists there will be no change. That is not surprising. No one would expect it to do so overnight. But if it does not, the consequences could be frightening.”²⁷

27. Ibid.

PART III

**Security Implications
of Hamas's Victory**

The New Palestinian Political Map and Its Security Implications

By Michael Herzog

WITH HAMAS'S VICTORY in legislative elections, the Palestinian Authority (PA) has entered a murky period of transition that could last from several weeks to several months, during which uncertainty will be the order of the day. As Hamas gains power and both the incumbent president and his Fatah party lose it, the result of this reshuffling of the Palestinian political desk is likely to be even greater chaos and institutional fragmentation than ever before.

Divisions of Power and Responsibilities

The parliamentary elections left two official sources of authority in the PA, advocating conflicting and contradictory policies. On the one hand, Hamas's parliamentary majority will enable it to enact legislation and will earn it the right to form a government. When it holds the levers of political power, it will gain control over—or at least access to—the security agencies, the PA budget, and the educational and social welfare services. Hamas also has plans to extend its reach by joining the Palestine Liberation Organization (PLO)—the pivotal source of authority on core political issues with Israel and for diaspora Palestinians—claiming its rightful share of power within the PLO structure and steering it toward a new direction from its new base within the organization.

On the other hand, Mahmoud Abbas retains considerable powers under the Palestinian basic law, even after a Hamas victory. Only he can nominate a prime minister, who can be anyone he wishes; he has the power to sack a government, issue decrees, and amend and veto laws—that can only be overridden by a two-thirds vote in parliament (which Hamas does not have). The president is also the commander in chief of all Palestinian armed forces and can declare a state of emergency when national security is threatened. Finally, Abbas carries the overall responsibility for all matters of an international nature, including the shaping and execution of foreign policy and relations

(including negotiations) with Israel. He has added weight in this regard given his status as chairman of the executive committee of the PLO, which is the signatory on all peace agreements.

Further complicating this picture is the declining fortune of the once dominant Fatah movement, which still controls most of the apparatus and bureaucracy of the government, including the security services (Fatah won over 85 percent of the votes in the security services). Divided and in disarray, Fatah leadership and its rank and file will not give up easily on their perquisites and benefits. So far, Fatah has officially declined Hamas's invitation to join in a coalition government, and most Fatah leaders believe it is in their interest to position themselves as the opposition to Hamas.

Abbas and Hamas present platforms conflicting with each other on three primary issues: the relationship with Israel, the use of violence against Israel, and the status of and control over armed capabilities within the PA.

Abbas bases his policy on mutual recognition with Israel, existing Palestinian-Israeli agreements, the Quartet's roadmap to peace, and the vision of a two-state solution. He has emphasized the need to pursue diplomacy, not violence, as a means of dealing with Israel and achieving Palestinian national political goals. Furthermore, Abbas has emphasized the necessity for the PA to enjoy a monopoly on the possession and use of arms.

In contrast, Hamas refuses to recognize Israel's right to exist. Following its electoral victory, it has expressed willingness to engage Israel through a third party and even reach a long-term ceasefire (*hudna*) along the 1967 borders, but without ever recognizing Israel's right to exist or giving up on the ultimate goal of its eradication. Hamas further contends that violence is a legitimate political tool and should be the primary means for dealing with Israel, thereby justifying Hamas's armed militia and asserting that it should be maintained and recognized as a legitimate "resistance" force serving the greater national cause.

In the immediate postelection period, Abbas can draw strength from the initial confusion of Hamas's victory. Almost all elements—both domestic and international—currently need him. Hamas wants to exploit him as the PA's moderate face to the outside world, especially to handle necessary dealings with Israel and to secure international economic assistance. Fatah needs him to protect jobs, benefits, and assets. The international community needs him to block the full takeover of the PA by Hamas and is urging him to hold fast and not resign in the face of the massive popular rejection of his platform and party. If he ultimately does resign, Hamas could win the presidency and take a giant leap toward a more effective control over the PA and its security services.

Abbas has announced that he will allow Hamas to form a government only after it meets three conditions: it recognizes Israel, accepts all signed agreements with Israel, and renounces violence. The international community as well as some Arab states (Egypt and Jordan) has offered public backing for those conditions. Abbas may ultimately succumb to pressure by agreeing to circumvent his conditions through such measures as the formation of a government of technocrats, the ostensible separation of Hamas's political and military wings, or even verbal acrobatics, but at least a chance exists that he will hold his ground and compel Hamas to make a decision. That scenario depends also on the international community holding firm on these conditions. Should Hamas, in that case, reject these conditions, Abbas may turn to non-Hamas supporters to form a government. If he fails to form an alternative government (it requires a parliamentary vote of confidence by an absolute majority, which Hamas can block), Abbas may call for new elections. Deprived of the fruits of its electoral victory, Hamas is likely to react by exhibiting its muscle domestically and by abandoning the *tabdiyya* (partial and temporary ceasefire) and launching a new terror offensive against Israel.

Evaluating Security Implications

The possibility of Hamas control over the security services is raising considerable domestic tensions. Following the election, Abbas informed the heads of Pal-

estinian security services that he remains their commander in chief and they should report only to him. Many Fatah activists within the leadership of the security services made it clear that they will not take orders from any Hamas government officials. In response, one of Hamas's senior leaders, Ismail Haniyeh, stated that Hamas will not give up control over the security services after it forms a government, much as Abbas himself had insisted when he was prime minister under Arafat in 2003.

Following these initial stated positions, the parties began discussing the possibility of dividing control over the security services. Abbas proposed that Hamas assume the day-to-day responsibility for public law and order, a difficult task under any circumstances and one in which Hamas will be continually tested by the populace. At the same time, Abbas suggested that he retain control over the services tasked with checking terror activities. A key variable to watch is whether Abbas cedes any control over the Preventive Security Service, which collects critical information in both spheres of security responsibility and which has always been the official spearhead confronting Hamas. Such action may indicate an inclination on Abbas's part to compromise on the basic conditions he himself outlined.

Evaluating the security implications of Hamas's electoral victory cannot, therefore, be separated from the background of an ongoing domestic power struggle and of the current dilapidated state of the Palestinian security services. Abbas failed to deliver on his promises, which sometimes were translated into ineffectual decrees, to consolidate and reform the corrupt and ineffective Palestinian security services. Currently, numerous forces still exist with no clear protocol or established hierarchal authority and institutional loyalties. Furthermore, an inflated roster of some 76,000 individuals are on the official security payroll, amounting to about 50 percent of the public sector. In practice, most of these people perform no actual service and simply benefit from an employment program operating under the guise of "security." Any Hamas government will have to face this corrupt reality when striving to deliver on its promise to reform

the Palestinian system, rid it of corruption, and stamp out lawlessness.

Hamas's first and main goal will be to legitimize its armed forces through the enactment of a new law recognizing and granting legal status to all "resistance forces" and incorporating them into the official security services. It is fair to assume that Hamas will want to legitimize its Popular Army (Murabitoun) militia force as well as part of its terror arm—Izz al-Din al-Qassam Brigades—while maintaining part of its terror arm for any future independent use against Israel. Chances of passing such a law are high; even some Fatah parliamentarians may support it. The practical result would be to add several thousand men to the payroll of the security services.

However, a Hamas government will face a severe challenge assuming effective control of and enacting reforms within the security services. Taking over command and control, cutting the number of forces, restructuring the organizational system, and firing significant numbers of servicemen are likely to spark violent reactions by the affected members of the services, mostly Fatah supporters and loyalists. For Hamas, the alternative is also unpleasant: If Hamas chooses to leave the security services intact, it will find itself running a government without controlling most of its security services and without holding true to its platform of reform.

In any case, Hamas alone will not be able to rein in chaos and lawlessness, which itself is likely to increase when disgruntled Fatah activists begin to flex their muscles. Hamas does not have enough forces of its own and cannot rely on the official forces to do so. The problem will be compounded in the West Bank where the official forces are even weaker than in Gaza and where much of Hamas's infrastructure was dismantled by Israel.

Terrorism

As much as it is committed to a violent jihad against Israel, Hamas needs a protracted period of calm to form a government, set up its administration, enact reforms, and earn a measure of political legitimacy from outside powers. When it is in government, Hamas is likely to extend the *tabdiyya*, perhaps with some added

restraint. Given its discipline and ability to control its cadres, Hamas will probably not initiate direct attacks, most significantly suicide bombings and attacks inside Israel, but from time to time may allow or even subcontract attacks to other Palestinian terror groups, as it has done during the past year.

When Hamas is in power it is likely to seek agreement with other terrorist groups to subscribe to the *tabdiyya*, at least in de facto terms. Success in these efforts is not guaranteed, especially given the tensions between Hamas and Fatah's al-Aqsa Martyrs Brigades and the external fueling of terror by Iran—directly (primarily through the Palestinian Islamic Jihad, which rejects the *tabdiyya*) and indirectly (through Hizballah). Tensions that emerge between Hamas and those groups will be quickly submerged; Hamas will not publicly condemn other groups for launching attacks on Israel, prevent them from such attacks, nor punish them for these actions. As long as Hamas does not fully control the security services, it will absolve itself of responsibility for dealing with violations of the ceasefire; when Israel responds to terror attacks, Hamas will use that action to justify rocket and other attacks of its own, claiming that Israel violated the ceasefire and asserting its responsibility to defend the populace against the aggressor. Furthermore, one can be sure that Hamas will use the *tabdiyya* to smuggle, manufacture, and improve its weaponry in order to prepare for violent confrontation with Israel in the future.

Although a Hamas-controlled security apparatus will end whatever remains of Israeli-Palestinian security coordination (primarily designed to tackle the threats of terrorism) and sever any links with the U.S. security mission (currently headed by a three-star U.S. army general), one can expect a Hamas-led PA to establish security relations with Iran. Such ties could take the form of Iranian financial support for security purposes, intelligence exchange and cooperation, training and the supply of technical know-how, and possible the smuggling of weapon systems. Iran will be delighted at the prospect of enhancing its influence in this important arena and of compounding the threat to Israel from yet another front (added to Hizballah's rockets in Lebanon) by introducing new and dangerous weapon systems to the Palestin-

ian scene, such as longer-range rockets and anti-air missiles. Iranian support to a Hamas-run PA will not come without a price, however, including pressure tactics to call for terror activities against Israel, at least by groups other than Hamas.

Practical security contact with Iran could be maintained through the Hamas external leadership in Damascus and the use of the land strip and the Rafah crossing on the Gaza-Egypt border, which are now free of Israeli control. The Egyptians have a key role to play in blocking the running of such a channel through their territory and border, and they should be encouraged to do so.

For its part, Israel—currently in its own election season—will most likely refuse to engage a Hamas-led or even a Hamas-tinged PA at least as long as Hamas refuses to recognize Israel's right to exist and to renounce violence in real terms. Israel will instead focus on its own security interests in the territories, including fighting against terror, increasing the pace of construction of the security barrier, restricting movement between the Gaza Strip and the West Bank, and further closing Israel to the Gaza Strip. But Israel, too, will face both strategic and practical dilemmas: Can Israel effectively isolate a Hamas-led PA, thereby undermining Hamas's hold on power, or will it have to consider more aggressive and intrusive means to that end? Will it decide to actively support and embolden anti-Hamas Palestinian elements? Will Israel's response to the absence of a peace and security partner be to secure strategic interests in the territories through additional unilateral disengagement measures in the West Bank or to hold onto the area in full so that unilateral withdrawal is not construed as further victory for the Islamists? Whatever the future

Israeli government decides on this question, it is unlikely to relinquish Israeli security control over the West Bank, lest it open the way to the launching of a full-scale terror offensive from the West Bank into the vital heartland of Israel.

On a practical level, Israel needs to figure out how to prevent funds from reaching a Hamas-led PA but not trigger a humanitarian crisis for which it will be held responsible in both political and practical terms (averting a humanitarian crisis will necessitate Israeli-Palestinian contacts in the municipal and local levels); what is the best way to defend its security interests in the face of a buildup of Hamas's armed capabilities under the cover of *tahdiyya*; and whether Hamas's status as governing party affects the Israeli policy of targeting its activists involved in terrorism. (In principle, say the Israelis, no one involved in terrorism will enjoy impunity. In practice, targeted killing of involved governmental figures will have to be considered carefully).

Conclusion

This analysis suggests that even if Hamas does form a government and assumes control over the institutions of the PA, one can expect a period of instability both within the Palestinian arena and in Israeli-Palestinian relations. A dysfunctional PA governed by Hamas may replace a dysfunctional PA run by Fatah, only with poisoned relations with Israel and warmer ties with Iran. In the face of this grim reality, it is therefore essential that the international community and key Arab states (Egypt, Jordan, and Saudi Arabia) remain vigilant in keeping their conditions for recognizing or dealing with a Hamas-run government—both before and after its formation. A failure of common resolve—sustained over time—will only bolster Hamas.

Maintaining the Tahdiyya: Hurdles for Hamas's Postelection Military Strategy

By Christopher Hamilton, Jamie Chosak, and Joseph Solomon

SINCE HAMAS'S VICTORY in the Palestinian elections, the rhetoric of the Hamas leadership suggests they have concluded that a resumption of military violence on a scale of the past is to be avoided. For example, two of Hamas's senior leaders, Khaled Mashal and Mahmoud al-Zahar, have both made it known that Hamas is interested not just in maintaining a tahdiyya (calm) with Israel, but also in reaching a long-term hudna (truce) with the Jewish state. Of course, this decision on the part of Hamas is merely pragmatic; its long-term goal—the destruction of Israel—has not changed. But given the problems that continued terrorist violence would bring to the new regime, a temporary reduction in violence is clearly in its short-term interest. To implement a truce successfully, Hamas leaders will have to restrict not only the military activities of their own Izz al-Din al-Qassam Brigades, but also other terrorist groups in the region, most notably, Palestinian rejectionist groups such as al-Qaeda and Hizballah. Given the history of this conflict, little reason exists to believe Hamas will succeed in this effort, even if it wanted to, particularly in light of the assertiveness of Iran's new leadership.

Controlling the Qassam Brigades

With the exception of one attack in August 2005, which Israeli authorities do not believe was sanctioned by Hamas's military leadership in Damascus, Hamas has adhered to the *tahdiyya* begun in March 2005. Although reports have indicated that some military cells were unhappy with the ceasefire, they have elected either to leave the Hamas organization to join other groups or to remain in Hamas and toe the line. The maintenance of this *tahdiyya* bolsters the perception that Hamas is a disciplined political and military machine. The election victory will undoubtedly further strengthen the status of the organization among its peers in the Middle East and, as a result, will further increase the group's internal cohesion. This reasoning

suggests that whatever problems the new Hamas government encounters in the maintenance of the *tahdiyya* are likely to come from outside the Hamas framework, rather than from among Hamas cadres themselves. For a number of reasons, Hamas will likely give these other groups somewhat more freedom to operate than it will permit the Qassam Brigades, though Hamas will, at the same time, extol the virtues of a cease fire.

Control over other Palestinian Groups

In the past, Palestinian terrorist organizations have given operational commanders tactical leeway to determine exact timing and location of attacks, both as a practical matter and to preserve some measure of deniability by political leadership. In a Hamas-led Palestinian Authority (PA), this pattern will change. If Hamas wants to prevent leadership attrition by means of Israel's policy of targeted killings or even a reoccupation of the territories by the Israel Defense Forces, Hamas will be required to demand greater scrutiny of its fellow terrorist organizations. In particular, the new Hamas government will need to significantly moderate the military operations of its two main terrorist allies in the conflict, Palestinian Islamic Jihad (PIJ) and Fatah's al-Aqsa Martyrs Brigades (AAB), at least in the initial phases of its administration.

Unlike Hamas, each of these organizations has been conducting periodic terrorist attacks against Israeli targets during the present ceasefire. With regard to AAB, Hamas cadres have maintained good relations at the lower echelons, which has led to some joint operations in the past. At the more-senior management level, however, relations have lately been contentious because of AAB's affiliation with Fatah. Additionally, AAB is well known to be partially funded by and, therefore, partially controlled by, Iran. Given AAB's frequent violations of the *tahdiyya* and its refusal to conform to the dictates of the previous Fatah-led government, and given the influence Iran has on AAB's strategy, this

group appears less likely to readily adhere to requests for a ceasefire from Hamas.

Hamas's relations with PIJ have traditionally been more cordial, and joint operations have been ongoing since the mid-1990s. However, PIJ is unlikely to conform to a demand by a Hamas-led PA to suspend attacks against Israel, especially since PIJ, like AAB, is heavily funded and influenced by Iran.

An additional factor in Hamas's ability to control internal groups has to do with the inherently violent nature of these terrorist organizations. Unlike Hamas, other Palestinian terrorist groups are for the most part military in orientation and lack a robust, and often moderating, political element, closely attuned to popular moods and political winds. This sort of organization is compelled to conduct terrorist operations or risk losing funding and new recruits to other groups.

Hamas may not demand a total suspension of violence, however. A certain, controlled level of attacks—both in terms of scale and frequency—may be viewed by Hamas as desirable. Specifically, if attacks can be maintained below a threshold that invites Israeli reoccupation but still at a sufficiently high level to demonstrate that terrorist attacks by groups other than Hamas are a possibility, then Hamas leaders may allow other groups wider tactical flexibility. The outcome may ultimately be a replication in the West Bank and Gaza of the standoff that exists on Israel's northern border with Lebanon and the Hizballah militia. If such a configuration were to emerge, albeit now in the form of a three-sided stalemate among Hamas, the Palestinian groups supported by Iran, and the Israeli security services, it would be exceedingly complex to maintain and inherently unstable. Whether Hamas leaders have the resources, experience, and capabilities necessary to maintain such a strategy within both the West Bank and Gaza and among a wider variety of groups is very much in doubt.

The Iranians

Hamas's success in supplanting the secular, nationalist Fatah movement represents an alluring strategic opportunity for Iran to extend its sphere of influence into areas close to Israel. In January 2006, the Shiite Iran

and the Sunni Hamas declared that they represented a united front against their common enemy Israel, whom both said they wish to “wipe off the map.”

Iran clearly has an incentive to provide additional funding and logistical support to Hamas, which may be looking for new donors to replace aid suspended by Western and moderate Arab governments. Iranian connections with Hamas have been well documented. As recently as 2003, the Israeli government estimated that Iran contributes approximately \$3 million per year to Hamas, while the Canadian Secret Intelligence Service asserts that Palestinian police found documents that attest to the transfer of \$35 million from the Iranian Intelligence Service (MOIS) to Hamas in 1999. The peak of Iranian support for Hamas was reportedly between 1995 and 1996, during which time Tehran gave Hamas between \$25 million and \$50 million.

The funding from Iran to the Palestinian groups will not come without strings attached. Of particular concern is the fact that, since the election of Mahmoud Ahmadinejad, Iran's foreign policy has become increasingly belligerent, especially toward Israel and the United States. It can therefore be assumed that Iran will exert pressure on Hamas and other Palestinian groups to institute an aggressive military strategy, much as it has done with Hizballah. Because future cooperation is in the mutual interest of both Hamas and Iran, the new Hamas leadership is unlikely to want to risk an early crisis with Tehran by refusing to acquiesce in violent, anti-Israel activities.

The Al-Qaeda Network

Although recent reports say that al-Qaeda has established a base in Gaza and that, moreover, the two organizations have established a strategic alliance, at present sufficient credible intelligence does not exist to verify either of these assertions. No terrorist attacks, for example, have yet been claimed by Gaza-based al-Qaeda cells. Additionally, Hamas activists are not yet known to have planned or conducted joint operations with al-Qaeda as they have done with other Palestinian terrorist groups. In fact, the two organizations seem to have chosen to keep each other at arm's length. At least two reasons exist for this strategy.

First, although the political cultures of both al-Qaeda and Hamas are each based on Islamist principles, Hamas's strategy is distinctively nationalist in focus, whereas that of al-Qaeda is global. As the Hamas covenant states, its immediate objective is the dismantlement of Israel and the installation of an Islamic state on the territory taken by Israel in 1948 and 1967 (what it calls the "near jihad"). For this reason, Hamas, unlike the Palestine Liberation Organization in the past, has avoided conducting terrorist operations internationally, believing that such tactics divert resources from its ultimate objective. Al-Qaeda, in contrast, in opting for a global strategy, has directed its terrorist attacks toward the United States, Europe, and Asia (the "far jihad").

Evidence of Hamas's opposition to the far jihad strategy is abundant. For example, both Hamas and its parent organization, the Muslim Brotherhood, have openly criticized al-Qaeda's terrorist attacks in Saudi Arabia in 2003, in London in 2004, and in Amman in 2005.

Differing perceptions of the United States also highlight the cleavages that exist between Hamas and al-Qaeda. Following the recent elections, Hamas's leader in Gaza, Mahmoud al-Zahar, stated that George W. Bush "has the key to achieve peace in the region" and that "[Hamas is] not considering America as [its] enemy." No two statements could more clearly demonstrate the strategic and ideological distance that separates Hamas and al-Qaeda.

The differences are not one sided. In January, Abu Musab al-Zarqawi, leader of al-Qaeda in Iraq, posted a message on a jihadist website that condemned the Muslim Brotherhood, the parent organization of Hamas, for pursuing what he called a peaceful jihad through elections. In another instance, Ayman al-Zawahiri, the number-two leader in al-Qaeda, accused the Muslim Brotherhood of serving Washington's interests. This belligerent rhetoric, all of which is very recent, indicates that fundamental differences continue to plague the Hamas and al-Qaeda relationship not only in the military sphere, but also in the political sphere.

Second, as the dominant terrorist organization in the Israeli-Palestinian conflict, Hamas is loath to sur-

render any tactical or strategic decisionmaking authority to al-Qaeda, which it believes to be a relative late-comer to the Palestinian cause.

These two sets of circumstances demonstrate that while significant centrifugal forces exist within this relationship, forces favoring rapprochement also exist. They include the need for Hamas to replenish leadership cadres lost in Israeli attacks in 2003 and 2004; an abundance of trained and experienced al-Qaeda operatives returning from Iraq and the Afghanistan; the strategically vital geopolitical locus of the Palestinian territories relative to al-Qaeda's grand strategy; and the vacuum resulting from Israel's disengagement from Gaza. Clearly, a closer relationship between the Hamas and al-Qaeda organizations would create synergies that would be mutually advantageous to both organizations. The history of the Middle East is replete with examples of such unlikely strategic alliances, suggesting that it is clearly a possibility. In view of the threat an alliance between Hamas and al-Qaeda would pose, the potential for this scenario cannot be ignored.

Summary

Of the four problems confronting Hamas in terms of how it manages its military strategy once in power, the challenge from Iran is likely to be the most difficult. Although Hamas has successfully resisted pressure from Iran in the past, the new circumstances will make this task problematic. The close connections between Iran and other Palestinian groups, such as PIJ and AAB, may render it all but impossible. If Hamas indeed wants to maintain the *tahdiyya* for its own purposes, it would first need to reach a consensus with its fellow Palestinian groups and, in so doing, negate any influence the Iranians have on those groups. Regarding Hamas's relationship with al-Qaeda, available indications are that significant differences in military strategy and tactics separate them and that an immediate alliance is less likely. Even this scenario, however, should not be totally discounted.

As Hamas tries to take the reins of power in the PA, it will find itself in a position not unlike that of other revolutionary governments that, at the moment of their first political success, find themselves vulnerable to disruptive

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forces originating from deep within the revolution itself. Hamas may find its ability to maintain political power depends upon the willingness of its erstwhile allies in the Islamist revolution to compromise on the underly-

ing principles of their cause. Whether Hamas succeeds in reaching a consensus on the *tabdiyya*—and, equally important, whether it can enforce it—will be among the first major tests of its experiment at government.

Regional Security Implications of the Hamas Electoral Victory

By Michael Eisenstadt

THE ECHOES OF the Hamas electoral victory are likely to reverberate well beyond the West Bank and Gaza. Indeed, Hamas's success at the polls could have long-term implications for the domestic balance of power in Jordan and Egypt, efforts by al-Qaeda and its affiliates to establish a base of operations in the Palestinian territories, the simmering confrontation between Syria and the West, and Iran's role in the Israeli-Palestinian conflict.

Headaches for Egypt and Jordan?

As a branch of the international Muslim Brotherhood movement, the Hamas victory is likely to energize and embolden fellow Brotherhood organizations in neighboring Jordan and Egypt. And should Hamas's experiment in Islamic governance be seen as a success, it is likely to enhance the appeal of the Islamic model in other Arab and Muslim countries.

In Egypt, the Brotherhood is outlawed, though members have run for parliament as independents, increasing their share of seats from 17 of 444 in 2000 to 88 of 454 in the November–December 2005 elections. The Hamas victory is likely to intensify pressure on the Mubarak regime to recognize the Muslim Brotherhood as a legal party. Ironically, Cairo finds itself in the uncomfortable situation of urging the world to deal with Hamas (widely recognized as a terrorist group) while it refuses to accept the legality of the Egyptian Brotherhood (which it acknowledges has not engaged in terror or violence for more than three decades).

In Jordan, the Brotherhood is represented in politics by the Islamic Action Front (IAF), which garnered 17 of 104 seats in 2003 elections. (Those numbers probably understate the IAF's popular appeal; Jordan's election laws favor tribal candidates and independents over Islamists and Palestinians, who constitute a major share of the IAF's voting bloc.) The Hamas victory is likely to embolden the more radical, Palestinian wing of the

IAF, which has largely displaced the traditionalist, East Bank wing from the party leadership. The IAF is liable to demand electoral reforms that would enhance its political clout while seeking to broaden and deepen its ties with Hamas. (In the past, the IAF is believed to have provided logistical assistance to Hamas and to have facilitated communications between that organization's internal leadership in the West Bank and Gaza, and its external leadership in Damascus.)

The Egyptian and Jordanian Brotherhoods might also press their governments to increase direct aid to the PA, should the United States or Europe reduce or suspend financial assistance. Because of their special relationship with Hamas, the Egyptian and Jordanian Brotherhoods will ensure that developments in the West Bank and Gaza receive greater attention in Egypt and Jordan than they have in recent years, potentially inflaming public opinion and complicating U.S. relations with Cairo and Amman.

Finally, the Hamas victory might spur Cairo to rethink security cooperation with the PA and its security posture along the Egypt-Gaza border. On the one hand, Cairo might recall its thirty or so officers that are training Palestinian security forces in Gaza to avoid accusations that by assisting a Hamas-led PA, it is aiding a terrorist organization. On the other hand, Cairo might finally get serious about border security in order to prevent the smuggling of weapons by radical Islamists and disrupt efforts by al-Qaeda or its local affiliates to sink roots in the Sinai peninsula and Gaza.

Opportunities for Al-Qaeda?

Al-Qaeda has long had a foothold in Lebanon through its local, largely Palestinian affiliate, 'Asbat al-Ansar, whose activities have generally been confined to the Lebanese arena. In recent years, however, al-Qaeda, its affiliates, and local groups inspired by al-Qaeda have become increasingly active in Syria, Jordan, and Egypt.

- In October 2002, Syria-based members of the Abu Musab al-Zarqawi group assassinated U.S. Agency for International Development official Lawrence Foley in Amman, Jordan. In April 2004, gunmen set off a bomb and had a running gun battle with police in a residential neighborhood of Damascus, Syria. Although no group took responsibility for the latter operation, suspicions focused on a local al-Qaeda affiliate, Jund Muhammad (Army of Muhammad).
- In April 2004, an attempted attack by the Zarqawi group on Jordanian intelligence headquarters was thwarted by Jordanian security; in August 2005, al-Qaeda in Iraq (the Zarqawi group's new moniker) launched a rocket attack that targeted U.S. naval vessels docked in Aqaba, Jordan, and Eilat airport in Israel; and in November 2005, the Zarqawi group conducted simultaneous suicide bombings of three hotels in Amman, killing dozens of Jordanians.
- In October 2004 and July 2005, a local bedouin-Palestinian jihadist cell based in the Sinai set off a series of car bombs in the Egyptian Red Sea resorts of Taba and Sharm al-Sheikh, killing more than 100 Egyptians and foreigners. Although no evidence exists of a formal al-Qaeda link, the group is believed to have been inspired by al-Qaeda and its ideology of global Jihad.
- In December 2005, al-Qaeda in Iraq took credit for the launch of ten katyusha rockets into the northern Israel town of Kiryat Shemona.

In the past year, signs have indicated that al-Qaeda may be interested in setting up in Gaza in order to open a new front against Israel. A new al-Qaeda affiliate, Jundallah (Army of God) has reportedly been formed in the Gaza strip by former Hamas and Palestinian Islamic Jihad (PIJ) activists disillusioned by the strategic pragmatism of those groups, while a series of rocket attacks on Israeli villages prior to the disengagement from Gaza were claimed by Palestinians in the name of al-Qaeda. Finally, Israeli officials have claimed that al-Qaeda operatives infiltrated into Gaza through a

breach in the border barrier created by Palestinian gunmen following the Israeli withdrawal from Gaza.

How a Hamas government might affect the prospects of al-Qaeda is unclear. Continued chaos and violence in Gaza and the West Bank are likely to create conditions conducive to the growth of al-Qaeda (as it did in Afghanistan, and as it has in Iraq's Sunni Triangle). The failure of the PA or Egyptian government to secure the border with Gaza from infiltration from the Sinai (though both have good reason to do so) could likewise create conditions favorable to the growth of al-Qaeda in Gaza. Finally, should Hamas continue the *tabdiyya* (the lull in terrorist attacks against Israel to which it agreed in early 2005) in order to garner international recognition and financial assistance, some of its more radical members might join the nascent al-Qaeda organization in Gaza in order to continue along the jihadist path. For a variety of reasons, then, conditions in Gaza are likely to favor the further development of al-Qaeda there.

A Lever for Syria?

Syria has traditionally sought a central role in Palestinian politics to prevent Palestinian actions that could harm Syrian interests (for example, provoking a war or concluding a separate peace with Israel) and to advance its interests in the Levant and in pan-Arab forums. Syria has traditionally supported those Palestinian groups that reject peace with Israel, including Hamas, whose external leadership is currently based in Damascus. For both Syria and Hamas, the relationship was borne of tactical necessity and not necessarily of a common strategy or goals.

Does the Hamas electoral victory provide Syria with new leverage in its ongoing confrontation with the international community over Lebanon or with Israel over the Golan? On the one hand, given Syria's political isolation and military weakness, and conditions in the Palestinian territories, it is hard to see how the Hamas connection provides Syria with the leverage needed to compel Israel to restart negotiations over the Golan or to parry international calls to investigate the murder of the late Lebanese prime minister Rafiq Hariri. Were Syria to close down the Hamas headquarters in Damascus, the organization's activities in the West Bank and

Gaza would not be significantly affected. Moreover, Syria lacks the ability to goad Hamas into actions that run counter to its vital interests. On the other hand, the likelihood that Syria will emerge as the Arab state with the warmest relations with a Hamas-led PA will likely boost Damascus's regional and international influence and standing at a moment when it is almost friendless in the global arena.

An Opening for Iran?

To preserve its autonomy, Hamas has always maintained a discreet distance from Tehran, even when it has cooperated with the Islamic Republic. Initial contacts between Hamas and the Islamic Republic date to the late 1980s; in the early 1990s, Hamas personnel began attending Lebanese Hizballah and Iranian Revolutionary Guard training camps in Lebanon and Iran. As part of its efforts to undermine the Oslo process, Iran compensated the families of suicide bombers and transferred to Hamas cash bonuses worth tens of thousands of dollars for each successful terrorist attack against Israel (in addition to providing millions of dollars' worth of financial assistance to Hamas annually). Those efforts culminated in a series of suicide bombings in the first three months of 1996 (three by Hamas, two by PIJ) that left more than eighty Israelis dead and hundreds wounded. Those attacks further complicated Israeli-Palestinian negotiations and contributed to the defeat of the Israeli Labor government and the triumph of the Likud in elections in May of that year.

Following the outbreak of the Palestinian uprising in September 2000, Iran abandoned its policy of hostility toward Yasser Arafat's PA and—working with the Lebanese Hizballah—sought to fan the flames of violence by arming the PA. Iran also sought to exploit the financial hardships created by the uprising by recruiting and co-opting cash-strapped members of the violent, radical arms of Arafat's Fatah movement, the Fatah Tanzim and the al-Aqsa Martyrs Brigades. More recently, Iran and Hizballah have had some success recruiting members of Hamas, which was financially hard pressed as a result of U.S. and Saudi efforts following the September 11, 2001, attacks to

halt Hamas's fundraising in the Persian Gulf and elsewhere. Hizballah has also helped Hamas develop and extend the range and capability of its Qassam family of homemade rockets, so that it could threaten major population centers in Israel. Finally, Iran has attempted to recruit Hamas and PIJ militants to conduct mortar and rocket attacks against Israel from Jordan, though Jordanian security has repeatedly disrupted these efforts.

With its victory at the polls, Hamas stands to become a major beneficiary of Iranian largesse. Should international financial assistance to the PA dry up, Iran is liable to become the major financial backer of a Hamas-run PA (for details, see the Clawson essay). Under such conditions, Hamas might abandon its aversion to working too closely with Tehran in order to ensure its survival as a political movement and avoid failing in its first chance at governing. Hamas's short-term interest in preserving relative calm, however, might clash with efforts by Iran and Hizballah to ratchet up the pressure on Israel, leading to tensions in the relationship and perhaps opportunities for Iran and Hizballah to recruit disaffected ultra-radical members of Hamas. Conversely, Iran and Hizballah may view the potential embodied by a Hamas victory as so great—offering a historic opportunity to advance the anti-Zionist cause—that they may be willing to offer financial support to Hamas without strings attached. This outcome could, in the long run, strengthen Hamas and further entrench the influence of Hizballah and Iran within the Palestinian territories. And it could add an additional source of uncertainty and risk for the region, should Iran eventually acquire nuclear weapons.

Conclusion

Although the success of a Hamas-led PA could embolden Islamists in neighboring states and enhance the appeal of their Islamist message, failure could benefit the extremists waiting in the wings—al-Qaeda, Hizballah, and Iran. In either case, the coming period is likely to witness increased instability in the Palestinian areas and beyond, a situation that will pose difficult challenges to Israel, its partners in peace—Egypt and Jordan, and the United States.

PART IV

Responding to Hamas's Victory: Options for External Actors

From Washington to Hamas: Change or Fail

By Dennis Ross

HAMAS'S STUNNING SUCCESS in the Palestinian elections promises to redefine the Israeli-Palestinian relationship even as it confronts the United States with hard questions about its policy toward the broader Middle East.

On the most strategic level, the Hamas victory should compel Washington to reconsider its current approach to promoting democracy in the Middle East. At present, the administration clearly needs to take more account of the potential for antidemocratic groups to use democratic forms and mechanisms to seize power, especially in environments where existing regimes are corrupt and despised and where Islamists are the only organized alternative. Democracy promotion should remain a leading U.S. objective for the Middle East. But clearly much more emphasis needs to be placed on building the conditions for secular, liberal, or moderate alternatives to emerge—and trying to enhance their capabilities—than on continuing to focus such a heavy share of our effort on holding elections as a priority. Such an approach applies throughout the broader Middle East and goes well beyond what the administration must now consider as it deals with the Israelis and Palestinians.

On the Israeli-Palestinian front, the administration's policy has, since 2003, been defined by the "Roadmap to Middle East Peace." The Hamas victory makes this a problematic basis for shaping policy now. After all, the roadmap was designed to move from the existing reality to President Bush's vision of two states, Israel and Palestine, coexisting side by side in peace and security. Hamas not only rejects a two-state solution and Israel's right to exist, but it is also highly unlikely to dismantle its own infrastructure as mandated by the roadmap. Although value certainly exists in retaining the rhetorical guideposts embodied in the roadmap, it is probably time to admit what has long been the case: the roadmap is, at most, a declaratory posture offering general guidelines for behavior; it is not an operational plan.

Should the Bush administration develop an operational plan? Perhaps, but the starting point for such an action-oriented policy needs to be an understanding

of the realities we now face with both the Israelis and Palestinians.

Competing Political Earthquakes

Both Israelis and Palestinians are going through political transformations. In Israel, a new political center (the Kadima party) has emerged that threatens to displace the parties that have traditionally dominated Israel's politics. The Hamas electoral victory is creating a parallel reality for the Palestinians by sweeping aside Fatah, the predominantly secular national movement that defined politics. These twin political earthquakes, though equally momentous, appear to be leading the two sides in very different directions.

For probably the first time since David Ben-Gurion served as prime minister, Israel has a broad centrist consensus, particularly on how to deal with the Palestinians. The public appears ready to disengage from the Palestinians, withdraw extensively from the West Bank, and get out of Palestinian lives. Ariel Sharon both shaped and reflected this consensus and was determined to act on it. And, even though Sharon is now incapacitated, his political heirs—led by Ehud Olmert—appear determined to follow in his footsteps.

By contrast, the Palestinians have now voted to remake the Palestinian Authority (PA) by electing Hamas, a group that rejects the very concept of peace with Israel. Indeed, Hamas may even reject a "negotiated divorce" of Israel from the territories, which is how many Israelis view the essence of disengagement. Does the Hamas election mean a consensus exists among Palestinians on how to deal with Israel—or, more likely, not deal with Israel? No one can answer that question with certainty. Many observers will argue with some justification that the Palestinian elections were about corruption, lawlessness, chaos, joblessness, and the overall fecklessness of Fatah—a movement that was not responsive to the Palestinian public's needs and paid the price for its disdain of the electorate. But although Hamas campaigned under the banner of reform and change, it never hid its basic principle of resistance to and rejection of Israel.

In effect, we now face the paradox of having an Israeli consensus for taking far-reaching steps to remove themselves from controlling Palestinians, which is certainly what most Palestinians want, while at the same time, on the Palestinian side, a dominant political force is emerging that seeks not Israel's removal from Palestinian life, but Israel's eventual eradication.

Will the Hamas election alter the Israeli consensus? This outcome is unlikely; consider that just prior to the Palestinian election, 77 percent of Israelis told pollsters that there was no Palestinian partner for peace. Hamas's victory is likely to cement that belief and reinforce the Israeli impulse toward unilateral separation. The problem, of course, is that separation or disengagement is not a simple proposition, especially when it comes to the West Bank. Unlike the situation with Gaza, where the distances from major Israeli cities were significant, in the West Bank, proximity will breed Israeli security concerns. For example, can Israel count on short-range Qassam rockets not being fired from the West Bank at Israeli cities and communities after Israel disengages? Even if Israel takes the painful step of evacuating settlements from a significant part of the West Bank, will it feel the need to preserve a military presence to prevent the firing of rockets? Will it also feel compelled to control access into the West Bank to prevent smuggling of more dangerous weapons into the territory? If so, to what extent will these requirements limit the practical and political impact of disengagement?

Even though no simple answers exist to these questions, the Israelis are likely in time to proceed with separation as a strategic option, given their widespread popular desire to address the growing demographic challenge to Israel's character as a Jewish democratic state posed by continued control over the Palestinian population of the West Bank. A large majority of Israelis want to define their borders and the country's future without letting either be held hostage to Palestinian dysfunction or outright rejection.

Hamas's Dilemma

Although, given its rejection of Israel, Hamas's instinct may be to avoid any cooperation with it, Hamas will find that governing presents dilemmas. As much as

Hamas may not want to deal with Israel, the reality of the situation is that Israel supplies much of the Palestinian electricity and water and collects taxes and customs revenues that have provided much of the money for meeting the costs of the Palestinian administration. And outside of the Rafah passage to Egypt, Israel controls access into and out of Palestinian areas.

Hamas must face one other reality when in power: It ran on a platform of reform and change. To the extent that Palestinians voted for those twin concepts, their presumption is that their quality of life would improve under a Hamas government. But life is unlikely to improve unless Hamas has the quiet it needs to reconstruct society. From dealing with chronic corruption and lawlessness to providing social services, to developing an economy that offers jobs and promise for the future, Hamas needs calm, not confrontation with Israel. When Hamas leaders, including Mahmoud al-Zahar and Ismail Haniyeh declare that Hamas will create a new social policy, a new health policy, and a new economic and industrial policy, they raise expectations. Can they deliver on those expectations if they are at war with Israel?

The irony is that Hamas needs quiet for the near term in order to cement its political victory at the polls with popular success in government. On the one hand, Hamas's external leaders, like Khaled Mashal and Mousa Abu Marzouk in Damascus, will push for a return to violence soon, especially with their backers in Iran urging this action and perhaps tying increased funding to it. On the other hand, internal leaders like Zahar and Haniyeh, who live in Gaza and have to deal with the daily realities of life, may have different priorities. They will be no different than the external leaders in their rejection of Israel, but they may seek at least an indirect dialogue with the Israelis on preserving calm. As Zahar has already said, "If Israel has anything to bring the Palestinian people, we will consider this. But we are not going to give anything for free."

The Israeli position and that of the United States and the international community should be a mirror of that posture: Hamas gets nothing for free. Hamas should be forced to prove it has changed fundamental aspects of its policy at a time when its leaders will go

to great lengths to avoid any such change. Hamas may want quiet for its own needs, but it will try to trade calm for recognition from the outside and a de facto relationship with the Israelis.

Again, one other irony in the current situation is that both Hamas and Israel may see the utility of such a relationship. Israel gains calm and proceeds to complete the separation barrier. Hamas tolerates that situation so that it has the freedom to focus on internal reform and reconstruction. Although such a de facto arrangement sounds logical, it will only be sustainable if Hamas is, at the same time, actively preventing terror attacks by the Palestinian Islamic Jihad or the al-Aqsa Martyrs Brigades, stopping the smuggling of qualitatively new weapons into Gaza and the West Bank, and not building and amassing its own Qassam rockets and bombs.

Israel will not go along with a calm with Hamas that gives the latter all the benefits and yet requires nothing of it. Calm punctuated by acts of terror (or a buildup of capabilities for even greater acts of terror later on) will mean no calm to the Israelis, and they will act to preempt both the attacks and the buildup of the terror infrastructure. Whether one is talking about a de facto relationship that has functional value for both sides or broader policy changes that Hamas is asked to adopt, one can assume that Hamas will not only seek to do the minimum and gain the maximum, but also that it will offer clever formulations of moderation that suggest peaceful intent without actually committing the group to a change in its fundamental rejection of Israel's right to exist.

One of the greatest mistakes would be to set up a diplomacy that provides Hamas with a way to escape making choices. At some point, Israel may let some non-Hamas Palestinians act as a go-between to determine whether a de facto relationship is possible, but Israel's terms will be clear, particularly on security.

U.S. Responses and Options

Given Hamas's near-term priorities, the United States must be no less clear on what Hamas must do if a Hamas-run PA is to have a relationship with the international community. Hamas will seek to have it both

ways, wanting relations while avoiding any change in its fundamental strategy of rejection of Israel and support for violence. On this score, Washington needs to be vigilant: No half-measures or vague formulations should be acceptable. Hamas must unconditionally recognize Israel's right to exist as a Jewish state, reject violence, end all acts of terror, and agree to disarm and dismantle its military/terrorist infrastructure; if the international community permits Hamas to escape accountability, its political doctrine acquires legitimacy, and the building blocks for coexistence will disappear.

Already, the United States has worked with the other members of the Quartet (the European Union, Russia, and the UN) to insist that Hamas "be committed to nonviolence, recognize Israel, and accept the previous agreements and commitments" like the Oslo agreements and the roadmap. That is a good starting point, but the central issue of conditioning assistance to the PA has essentially been deferred pending the selection of a new prime minister, the formation of a new cabinet, and their approval by the new, Hamas-dominated Palestinian Legislative Council (PLC).

The easy choice is the one in which Hamas officials become prime minister and fill out the cabinet positions. This choice is "easy" because if they do not meet Quartet conditions for a relationship—at a minimum, recognition of Israel and rejection of violence—the United States should be able to lead an international consensus to break ties and cut off assistance to the Hamas-led PA.

But Hamas is unlikely to make the choice easy. Hamas leaders are more likely to support candidates for prime minister and other cabinet posts who are not formally affiliated with Hamas. In this way, non-Hamas officials who ostensibly agree to Quartet conditions would be the public face of the PA, while Hamas pulls the political strings and shapes policy from the PLC—and, of course, preserves its purity and its attachment to its principles of rejection and violence. In this circumstance, one option for the United States would be to mobilize the international community to insist that relations with, and continuing assistance to, the PA will depend on the prime minister and his cabinet committing themselves to a platform that embodies internationally recognized principles of a two-state solution

and rejection of violence—and the PLC must vote to confirm the government on that basis.

To make this decision appear more Palestinian and less as an imposition from the outside, President Mahmoud Abbas could say that he will only appoint a prime minister who accepts his platform of recognition of Israel, rejection of violence, and adherence to all previous agreements made with Israel and endorsed by the international community. (In fact, as of this writing, that is what Abbas has publicly announced—going so far as to say in Cairo that Hamas must accept these conditions or he will not ask them to form a government.) One way or the other, Hamas must be put in a position in which it must acknowledge these conditions, directly with Abbas and also in the PLC when the prime minister and his cabinet are explicitly confirmed on this basis.

To be sure, Hamas may seek to limit the scope of the platform and make it more ambiguous. Such an approach would permit Abbas to claim that Hamas accepted his conditions and Hamas leaders to claim they did not change their posture on Israel. (For example, what if the platform makes a vague reference to Oslo and simply refers to acceptance of the principle of negotiations with Israel? Hamas might claim it has never opposed negotiations with Israel, particularly if designed to meet only Hamas objectives.)

No doubt, many in the international community will look for a face-saving way to permit relations and assistance to continue to flow to the PA without Hamas being forced to openly embrace the principles of peace and coexistence that it rejects. Already, Russian president Vladimir Putin has declared that aid to the Palestinians should not be cut off regardless of the Hamas position, and notwithstanding the Quartet statement, Russia has announced it will invite Hamas leaders to Moscow. Regardless of what the Russians say in the meeting, the meeting itself sends a message that the Russians, at least, will deal with a Hamas-led government. The Japanese, too, have reportedly conveyed to the Palestinians that they will not stop assistance in any circumstances.

For its part, the Bush administration should make it as hard as possible for Hamas to avoid choices and

hide behind fictions. Hamas must be seen as adjusting to the world and not the other way around. For those who believe that Hamas can be transformed, the only possibility will be for pressures from within it and from Fatah and independents to grow to the point where Hamas changes, splits, or discredits itself before the Palestinian public. Only clear and consistent conditions imposed from the outside, specifying what Hamas must do, have any chance of building the necessary pressures from the inside.

Here again, much may depend on whether a Palestinian alternative to Hamas exists that preserves pressure on it. Today, such pressure exists, insofar as the president of the PA has considerable power both to initiate and to block actions. The administration has called on Abbas to stay on. So far, he has resisted any deal-making with Hamas leaders and has been clear on what Hamas must do to form the government. In the transitional period before Hamas forms a government, when Abbas remains the undisputed source of authority in the PA, the international community should work with him to find ways of providing financial assistance to him, with appropriate safeguards and auditing procedures to ensure transparency on how the money will be spent. One other condition for donors providing money directly to Abbas must be the creation of implementing structures within the office of the presidency to carry out his decisions.

To date, Abbas has not distinguished himself by making decisions. But now with his strategy of co-optation of Hamas having failed, perhaps he will be more demanding. He has already been more assertive with the security forces, emphasizing that he is commander in chief and that they will take orders from him and not Hamas. If the United States and others want him to play that role, they must be prepared to support him practically and not just rhetorically. They must find ways to meet his needs—where necessary, financially—and also enable him to show he is delivering for the Palestinian people in contrast with Hamas, which can only produce isolation of the Palestinians.

Such support for Abbas, however, must be tightly conditioned on his sticking to the demands he makes of Hamas, on his following through on the decisions

he makes, and on his not becoming a front for Hamas. The worst possible outcome now would be for Hamas to have a veneer of legitimacy that allows it to avoid choice and preserve its doctrine so that, as Mahmoud al-Zahar has said, Hamas precepts are taught in the schools, permeate every ministry, and shape the public Palestinian discourse.

So what must the Bush administration do now? First, its policy should be to work intensively to maintain a common front on the international and regional scene to require Hamas or a Hamas-led PA to meet clear conditions for any contact, relationship, or assistance. Given the Russian defection on meeting Hamas, the administration must redouble its efforts to hold the line internationally—and make clear to the Russians that if they want to remain a member of the Quartet, they will stick to the policy adopted by it. Second, Washington should make sure that the Saudis and other Gulf states maintain strict controls on charities and nongovernmental organizations to prevent so-called private monies and unofficial finan-

cial assistance from flowing to Hamas, and, thereby, enabling it to guide the PA and its functioning without transforming its posture. Third, the Bush administration should coordinate closely with the Egyptians and Jordanians to ensure that they reinforce Abbas's demands on Hamas and also reinforce our messages to the Gulf states on the consequences of providing even indirect financial assistance to Hamas. Fourth, the administration should assertively support liberal or moderate Palestinian groups as alternatives to Hamas to show a readiness exists to engage and help Palestinians who believe in coexistence and nonviolence. Finally, if Israel, in time, proceeds with separation, the United States needs to be clear that it will back Israel's needs if Hamas has made meaningful negotiations impossible.

Ultimately, if any hope is to exist for the Israelis and Palestinians in the future, U.S. policy must be guided by the principle that either Hamas must fundamentally transform itself and its program or we will do all we can to isolate it and ensure it fails.

European Policy Options toward a Hamas-Led Palestinian Authority

By Simon Henderson

THE EUROPEAN UNION (EU) was particularly shocked by the January victory of Hamas in the elections for the Palestinian Legislative Council. The Middle East peace process has been a key part of the EU's collective foreign policy strategy, putting the EU on an equal footing with the United States in the so-called Quartet, along with the United Nations and Russia. The key to this policy was a two-state solution. Hamas's rejection of that vision, repeated after the results were announced, jeopardizes years of careful and persistent diplomacy.

Nevertheless, the EU's role could be salvaged, at least in part. The electoral success of Hamas, for which the notion of two states is simply a transitory stage before the establishment of an Islamic state in all of historic Palestine, is, at least in the near term, a different policy crisis for the EU than it is for the United States and Israel. Unlike Washington and Jerusalem, the EU considers only the military wing of Hamas—the Izz al-Din al-Qassam Brigades—as a terrorist organization. (The EU's 2002 decision also included Palestinian Islamic Jihad, the terrorist group that, unlike Hamas, makes no attempt to run a parallel social, charitable, and political organization.)

While the United States and Israel have been trying to isolate Hamas, the EU (the twenty-five countries of western and central Europe, except Norway and Switzerland) has been trying to bring it into the mainstream, based on the fact that its reputation was growing among Palestinians in the West Bank and Gaza, particularly among the young. The EU realizes, however, that having Hamas in power is different from having Hamas with a significant but minority representation in government. Following the election result, EU foreign policy chief Javier Solana (who was criticized in 2004 for authorizing clandestine EU contacts with Hamas), said it could take three months for a new Palestinian government to be formed, and by then he hoped to see progress by Hamas in terms of meeting conditions for engagement, including recognition of

Israel's right to exist. "If these conditions are met then we stand ready to continue [to fund the Palestinian Authority]. If [Hamas] do[es] not change, then it will be very difficult."

History: Seizing a Role

Europe's involvement in the Middle East peace process dates back to 1980, when its leadership (then representing just nine countries) met in Venice just over a year after the U.S.-orchestrated Camp David accords between Israel and Egypt. The region was in turmoil: the Soviets had invaded Afghanistan, Islamic fanatics had taken over the Grand Mosque in Mecca, and oil prices were soaring. Noting "growing tensions . . . render[ing] a comprehensive solution . . . more necessary and pressing than ever," the European Community (as it was then called) considered that "traditional ties and common interests . . . oblige them to play a special role." The so-called Venice Declaration was particularly notable for recognizing the right of Palestinian "self-determination", that is, a state, and that the Palestine Liberation Organization should have a role in the negotiations.

By the EU's own account (http://europa.eu.int/comm/external_relations/mepp/index.htm), some of its declarations and ideas are regarded as milestones in the peace process and developing relations with the Israelis and the Palestinians:

- The Essen Declaration of 1994 stated Israel should enjoy special status in its relations with the EU.
- The Berlin Declaration of 1999 introduced the notion of a viable Palestinian state.
- The Seville Declaration of 2002 said "a settlement can be achieved through negotiation and only negotiation . . . on the basis of the 1967 borders . . . with minor adjustments agreed by the parties."

The EU's growing influence has not been without institutional setbacks. Spain (in its own right, though it was already an EU member) hosted the 1991 Madrid peace conference, sponsored by the United States and the then Soviet Union. The conference tried to push for diplomatic progress after the expulsion of Iraqi forces from Kuwait. Again, in 1993, Norway (not an EU member) facilitated the Oslo Accords.

Since 1996, however, an EU Special Representative for the Middle East Peace Process has existed. (It is presently Marc Otte, who has had the role since 2003.) The EU was also represented (by Solana) on the Mitchell Commission, the body established by President Clinton under the chairmanship of former Senator George Mitchell after the Palestinian uprising erupted in September 2000. EU aid to the Palestinians now far exceeds what the United States gives. In 2005, the relative figures were \$600 million from the EU and EU member states, compared with \$400 million from the United States. This approximate ratio has existed since 2003.

The EU is also proud of establishing the so-called Barcelona Process. Following a conference of foreign ministers in 1995, Barcelona was established to form a "wide" framework of political, economic, and social relations between EU members and "partners" of the southern Mediterranean. Currently, there are ten partners: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Authority (PA), Syria, Tunisia, and Turkey. Libya has had observer status since 1999. The Barcelona Declaration has three main objectives: establishing a common area of peace and stability through the reinforcement of a political and security dialogue, creating a zone of economic prosperity leading to gradual establishment of a free trade area, and encouraging understanding between cultures and exchanges between civil societies. It is the only multilateral forum in the world, apart from the United Nations, in which the different parties can all meet. The potential for progress from such a low base is arguably all upward—or at least it was until the recalibration of expectations caused by Hamas's victory.

Immediate Reaction Is Indicative

The caution expressed by EU foreign policy chief Solana is salutary. By chance timing, within three days

of the result, senior ministerial-level representatives of Britain, China, France, Germany, Russia, and the United States were meeting in London, along with UN officials, to discuss Iran's nuclear program. They took the opportunity to issue a statement on Hamas's victory, read, significantly, by UN Secretary-General Kofi Annan himself: "The Quartet reiterates its view that there is a fundamental contradiction between armed group and militia activities and the building of a democratic state. A two-state solution to the conflict requires all participants in the democratic process to renounce violence and terror, accept Israel's right to exist, and disarm, as outlined in the Road Map."

British prime minister Tony Blair has been equally clear. Quoted in *The Independent* on January 27, 2006, he said: "I think it is also important for Hamas to understand that there comes a point, and that point is now, following that strong showing, where they have to decide between a path of democracy or a path of violence."

A second chance timing was the visit to Israel and the Palestinian territories, three days after the polls, by the new German chancellor, Angela Merkel. She said that "[continuing financial] support for the Palestinian Authority was possible if the EU's conditions were met." Her comments were echoed in Brussels at a meeting of EU foreign ministers. Merkel's words carry significant weight as a leader of one of the acknowledged main countries of the EU (the others are Britain and France). Although leading a coalition, Merkel has already taken a stand much more supportive of Israel than that of the previous German government.

Limited Options, Possibly Some Time to Spare

The EU's financial commitment to the PA is so large that ceasing to fund it would have an immediate effect. Initially, however, the political impact would be as much or greater on Palestinian president Mahmoud Abbas as it would be on Hamas. This consequence would not necessarily be desirable, especially if it brought about the resignation of Abbas with Hamas filling the political vacuum.

EU aid is diverse, however, so possibilities exist that the tap could be turned off for some commitments

while others continued. Indeed, EU budgetary support for the PA stopped in 2005 after the PA increased salaries of some of its staff by up to 50 percent, breaking a commitment to fiscal restraint. The additional salary payments and hiring of even more staff were reportedly a preelection inducement, ultimately unsuccessful, to win votes for Fatah candidates.

A crucial area of EU support is the Palestinian security forces. It encompasses training and operational support, including a British intelligence service presence in both the West Bank and Gaza at security headquarters where cooperation to prevent suicide bombers is attempted. If Abbas and his loyalists lose control of Palestinian security units to Hamas, then this assistance would presumably come to a speedy halt. Indeed, EU security personnel on attachment would themselves probably be at risk of their lives if they remained within the Palestinian territories. (When EU observers, monitoring the immigration control center at the Egyptian-Gaza border, found themselves threatened in December 2005, they quickly fled into Israeli territory for temporary sanctuary.)

EU Decisionmaking

Initial reports suggest that Abbas will delay, as he has done in the past, any confrontation with Hamas. He will also seek to put the best gloss on Hamas statements so as to avoid the need to respond in words or action. Hamas itself appears anxious not to provoke any major cutoff aid from the EU and elsewhere, using the time to seek alternative sources. The crucial question for EU decisionmakers and others would appear to be: when does the PA become Hamas-led?

In gauging its response, the EU is likely to monitor carefully the words and actions of senior U.S. and Israeli officials, so EU action or inaction cannot be regarded as unilateral. The Quartet's statement commits the EU not to aid Hamas but leaves open the possibility of help to other Palestinian bodies and nongovernmental organizations.

External factors could complicate the crisis. In the week after the elections, the EU faced an unanticipated problem when several European newspapers published controversial cartoons depicting

the Prophet Muhammad. A row had been steadily developing since a Danish newspaper carried twelve different cartoons depicting the Prophet in September 2005, an act offensive to many Muslims because Islamic tradition bans depictions of the Prophet. The initial publication prompted a diplomatic protest by Saudi Arabia, calls for a boycott of Danish goods, and demonstrations by Muslims. On February 2, after the widespread publication of the cartoons by European newspapers arguing a right of free speech, unidentified gunmen in Gaza surrounded the local EU office, demanding an apology. Non-EU member Norway was reported to have shut its aid office in the West Bank after receiving threats. Embassies of Denmark and several other European countries were subsequently attacked in incidents across the Middle East.

The cartoon row could have the effect of making Europe's dilemma over its relations with Hamas into a domestic political issue for individual EU states. Comparisons have been made with the controversy surrounding the 1988 publication of *The Satanic Verses* by Salman Rushdie. This controversy could alter the policy of individual countries toward assistance for the PA, even though the European Commission, the Brussels-based bureaucracy of the EU, would still control over half the annual total of aid.

The overall initial effect of the Hamas victory, viewed from Europe, is that it represents a significant development with potentially huge and largely unpredictable consequences. Such challenges are difficult for the EU to deal with as an institution. Ultimately, the EU problem will have to be resolved by discussion at the level of national political leadership. In reality, any united front is likely to splinter, perhaps from pressures of national nongovernmental organizations. Before the controversy over the publication of cartoons of the Prophet Muhammad by a Danish newspaper, the Nordic EU members (Denmark, Sweden, and Finland) might have been the weakest links. In other times, France could be expected to maximize any U.S. discomfort but this time might be constrained by not wanting to boost President Assad of Syria, who though ousted from Lebanon, still provides sanctuary for Hamas leaders in exile. Britain, which normally

hews close to the United States on peace process issues, has hinted of a softer approach, with Foreign Secretary Jack Straw telling parliament, “We are not expecting them [Hamas] to stand on their heads and abandon every position they have held in the past overnight.”

The EU’s uncertainty provides opportunities for U.S. diplomacy. Once again, therefore, the key question for international diplomacy is whether Washington has the ideas, the focus, and the stamina both to lead and to follow through.

Pressing the Palestinian Authority Financially: Not as Easy as It Looks

By Patrick Clawson

AT FIRST GLANCE, Palestinian Authority (PA) finances seem remarkably subject to foreign pressure. After all, the PA collects only \$40 million per month in revenue on its own, while it spends \$190 million per month.¹ That leaves a gap of \$150 million per month that has to be filled with funds from elsewhere—suggesting that the PA could quickly be brought to its financial knees. In fact, the \$40 million per month the PA collects is nowhere near enough to pay its \$100 million monthly wages; without foreign funds, the PA could not even meet its payroll.

Problems with Pressing the PA

Nevertheless, using financial pressure on the PA will in fact be harder than it appears. Several reasons explain the PA's likely resilience.

Reform could generate substantial savings. PA expenses are ridiculously high for the quality of the services delivered. The International Monetary Fund (IMF) had recommended that the PA cut expenditures and increase revenue collection by a total of \$20 million per month, which does not seem particularly ambitious. Consider the \$40 million a month spent on the 76,000 security personnel receiving wages. Indeed, in his June 30, 2005, testimony to the Senate Foreign Relations Committee, U.S. security envoy Lieutenant-General William Ward asserted that of the 58,000-plus employees on the PA security payroll at the time, only 20,000–22,000 actually show up for work on a daily basis. The PA's program with the IMF calls for "retrenching 10,000 inactive security employees in 2006"; quite possibly many of those 10,000 names are fictitious, with some higher-up pocketing the salary. An all-out mobilization for election day produced 13,000 security personnel on active duty; even the PA acknowledges that 16,000 never

show up for work—not surprising, given that many have fictitious names. From the point of view of good governance, much room exists to increase the savings on the security wages from the \$7 million a month proposed in the IMF program.

To be sure, Hamas would have to pay a political cost for economic reform. The main cost would come from the dismissed personnel, who would presumably be the Fatah supporters who make up the overwhelming majority of the security forces. Although their opposition might be tempered if they received pensions, many of those dismissed could be unhappy at losing the social prestige that comes with having a regular job—one that often authorizes carrying a gun, no less. Hamas may well prefer to avoid confrontation with the Fatah-dominated security forces, even if that reluctance complicates the PA's financial picture.

An additional financial pressure will come from Hamas supporters who want to share in the budget pie through both jobs and greater social services. Absorbing the existing Hamas personnel into the PA's budget would not be that much of a strain, however, because Hamas's structures are quite small. For instance, a generous estimate for all Hamas fighters would be 3,000, which is a small figure compared with the existing 76,000 personnel on the PA security payroll.

Furthermore, most U.S. and Israeli estimates of Hamas's existing budget for social services range from \$40 million to \$75 million per year; including military action does not appear to bring the total to more than \$10 million a month. A Hamas-led PA government could have leeway to dispense favors to Hamas supporters well in excess of what Hamas on its own could previously afford, even if at the same time that government cut the PA budget from \$190 million a month to \$160 million a month.

1. On an annual basis, the International Monetary Fund forecast for 2006 under current policies is \$0.46 billion in domestic revenue and \$2.24 billion in expenditure and net lending, for a \$1.78 billion gap.

Arab donors are unlikely to cancel aid. Arab donors provided the PA with \$17 million per month in budget support in 2004, according to the IMF. The proposition that they will cut back in response to Western pressure is, at best, arguable. Indeed, domestic pressure may exist in those countries to increase aid, especially given the flush financial situation in the oil-rich countries (Saudi Arabia has reported that its budget surplus in 2005 was \$57 billion, on revenues of \$148 billion; its \$46 million aid to the PA budget was equal to 0.03 percent of its revenue). Press reports suggest that Saudi Arabia and Qatar have pledged additional donations of \$33 million so the caretaker PA government still under the total control of President Mahmoud Abbas could meet its payroll costs for January, although the record to date suggests that skepticism is in order about whether promised aid will actually be paid.

Israel could face dilemmas in using economic leverage. By the IMF's estimate, Israel owes the PA \$70 million a month from tax money that Israel collects on behalf of the PA—customs duties, value-added tax, and tax deductions from the salaries of Palestinians working in Israel (this latter component was once much more important but has shrunk in line with the reduced numbers of Palestinian workers in Israel). This monetary control would seem to give Israel considerable leverage over the PA, but Israel would face two significant problems in using that leverage.

First, Israel already withholds much of the money to cover bills the PA does not pay. Almost \$30 million is deducted each month to cover what the PA owes Israel for items like electricity, water, and health care—services that Israel has not proposed cutting off, even in the advent of a Hamas-led government, because of the immediate humanitarian crisis and international outrage that would ensue. As part of its economic reforms, the PA was supposed to start paying for these services by forcing consumers to pay their bills, which they rarely do. What little is collected is not enough to repair the electrical and water distribution systems in the West Bank and Gaza, much less to pay the Israeli suppliers. Not surprisingly, the PA has been uninterested in collecting from hard-pressed Palestinian

consumers. The Israel Electric Corporation reports that the PA owes it \$47 million. The bills are likely to remain unpaid, leading Israel to continue making the substantial deductions from the \$70 million a month it collects on behalf of the PA. The IMF estimates that, in the absence of policy changes, Israel's cash transfer in 2006 would average \$42 million a month.

The second problem is the political repercussions from halting the cash transfers. Such a cutoff would violate the Paris Protocol regulating economic relations between Israel and the PA, an integral part of the Oslo Accords. When Israel suspended the transfer of funds to the PA after the violent uprisings that began in late 2000, the reaction from the international community, including the United States, was sharply negative. European countries stepped in to fill much of the gap left by the shortfall in Israeli transfers. The argument was made that the money belonged to the PA rather than to Israel, and Israel's interests were not well served by undermining the Oslo Accords when it wanted the PA to live up to its obligations under those same accords.

During the 2000–2002 suspension of transfers, Israel was able to counterargue that PA corruption and lax financial procedures meant that some of the transferred money was being diverted into bank accounts controlled by Yasser Arafat personally. Indeed, Israel agreed to end the suspension only in late 2002, when Arafat appointed as finance minister a widely respected former IMF official, Salam Fayad, with broad authority to impose strict financial controls. Fayad resigned in November 2005, upset that the PA was violating its financial agreements with the World Bank and IMF—a step that led the World Bank to suspend its aid to the PA budget in November 2005 and the European Union to withhold \$42 million in January 2006, before the Hamas election victory. As long as the World Bank suspends its aid to the PA for economic reasons, Israel has a better argument for why it also is suspending its cash transfers. The challenge for a new Hamas-led government would be to return to the kind of strict financial controls and sound economic policies implemented by Fayyad. Were it do so, then Israel would have more difficulty justifying suspension of its cash transfers.

Iran may fill the financing gap. If Arab aid continues at present levels and the PA carries through with the \$20 million per month in savings envisaged in the IMF program, the remaining financing gap would be \$85 million per month without Israeli cash transfers, or \$43 million per month with Israeli cash transfers.

The obvious candidate to fill the remaining gap would be Iran. To date, Iran has not provided aid to the PA. The amount of aid the PA needs is extremely small relative to the Iranian economy. Even \$85 million a month is equivalent to only eighty cents on each barrel of oil Iran exports—not exactly a crushing burden. Another telling comparison is that Iran has more than \$30 billion in foreign exchange reserves, which is enough to provide \$85 million per month for thirty years. And Iran has provided considerable funding for anti-Israel movements, including at least \$10 million a month to Hizballah. To be sure, Iran is under considerable budget pressures from the populist spending promised by President Mahmoud Ahmadinejad, and Iran has historically not financed movements outside of its tight grip. But powerful political pressure would exist inside Iran for it to fund a Hamas-led PA. Not only does the Ahmadinejad faction put great importance on opposing Zionism and supporting Palestine, but the Hamas election victory also has been greeted by Iranian hardliners as another indication the Muslim world is experiencing a new wave of Islamic revolution.

In 2003, the Israeli government estimated that Iran provided Hamas with \$3 million and individual Arab donors in Gulf countries provided an additional \$12 million, in addition to what Hamas raised in the West Bank and Gaza and from other sources, such as donations from individuals in the West or criminal activity. Presumably Hamas would continue to raise and spend money on its own, outside of the PA budget.

Aid to Palestinians Rather than to the PA

Part of the reason the PA is not as vulnerable to foreign financial pressure as is commonly thought is that most aid donors long ago gave up on the PA and have instead sent their aid to Palestinians through other channels, such as nongovernmental organizations (NGOs).

Many reports confuse aid to the Palestinians with aid to the PA. To make an analogy: Katrina victims in New Orleans are grateful for the aid they get from the Red Cross, or for that matter from the U.S. government, but that aid does nothing to pay the bills of the city of New Orleans. When foreign donors provide funding for NGOs to build schools or run day care centers in Gaza and the West Bank, that aid is a boon to Palestinians, but it does nothing to help the PA meet its payroll. To be sure, if foreign donors fund maternity health-care clinics, that financing reduces the pressure on the PA to provide the same service, but foreign support for the clinics does nothing to help the PA pay the salaries of its own hospitals, schools, and police.

In their respective reports to the December 2005 donors' conference, the World Bank estimated that in 2005, aid to Palestinians from foreign governments (that is, excluding aid from foreign individuals) was \$1.1 billion and the IMF estimated aid to the PA was \$362 million—suggesting that \$738 million in aid went to NGOs or was directly distributed by donors. Those figures may actually understate how much aid is distributed outside the PA's budget, because the World Bank figures do not include all of the several hundred millions dollars per year spent by the UN Relief and Works Agency (UNRWA) in the West Bank and Gaza.

U.S. aid has only under the most limited circumstances gone directly to the PA. Since 1993 the United States has provided \$2.5 billion for aid to Palestinians (although some of the \$1.2 billion given to UNRWA was spent for refugees in Jordan, Lebanon, and Syria rather than in the West Bank and Gaza). Of that, only \$80 million has been available for the PA budget directly: \$20 million in 1994 (\$10 million for the World Bank's Holst Fund, \$5 million for police salaries, and \$5 million worth of weapons donated to the police); \$20 million in summer 2003 (of which \$9 million was for utility bills owed to Israel); and \$20 million in December 2004 (all for utility bills owed to Israel). In August 2005, the U.S. Agency for International Development agreed to let the PA administer a \$50 million program to build housing, which was a sign of confidence in the PA but did nothing to help the PA meet its payroll or other current expenses.

Some of the aid to NGOs is likely to continue flowing despite the new Hamas government. In part, the donors fund what are traditionally called humanitarian activities, such as UNRWA's food assistance to the poor. A strong international consensus exists that such aid should be maintained, irrespective of the nature of the government ruling an area. Thus, for instance, the United States long provided food aid to North Korea, stopping only when Washington became worried the food was not reaching the intended recipients. On the basis of its record to date in running charitable activities, every reason exists to think that Hamas would let the humanitarian aid flow to recipients. In this circumstance, a cutoff of international humanitarian aid is highly unlikely.

Foreign donors also fund what are usually called development activities, such as building schools and digging wells. Donors are more ready to cut such activities if they disapprove of the policies of the host government. But the usual approach is to look at each project on a case-by-case basis. Indeed, statements by U.S., European, and World Bank officials since the Hamas election victory emphasize the importance of continuing with aid that benefits the Palestinian people—which suggests that many of these projects may well continue.

In practice, the European and American decision about whether to keep funding development projects implemented by NGOs is likely to be influenced by whether Israel keeps up the cash transfers to the PA. No matter how much lawyers and diplomats argue that Israel's cash transfers are different from aid—that is, that the transferred money belongs to the PA and Israel has a treaty obligation to make the transfers—if Israel transfers tax revenues to the PA, then politicians and the general public are more likely to ask why the West should be tougher on the Hamas-governed PA than the Israelis are.

How Much Does Aid Matter?

But all this analysis on aid may miss the point. Palestinian popular attitudes toward a Hamas-led government may be shaped more by how well the economy performs than by how much aid flows. Even despite the

extraordinary aid flows that the West Bank and Gaza enjoy, most Palestinians work for private businesses, not the PA or aid-supported NGOs.

The most likely outcome is that a Hamas-led government will be a disaster for the economy. The principal problems facing the Palestinian economy have been the rampant insecurity and the Israeli-imposed barriers to free movement of people and goods, which are made necessary because the PA has not closed down the terrorist infrastructure. It would take great optimism to think those problems will attenuate under a Hamas-led government. The most likely prospect is for tension between the Hamas-led government and the Fatah followers who predominate in the security services—meaning that insecurity will continue to prevail, with armed gangs preventing any regular rule of law. Add to that scenario the likelihood that Hamas will take little action to rein in terrorists and that Palestinian Islamic Jihad and the Fatah-linked al-Aqsa Martyrs Brigades may wish to show that they are at least as militant as Hamas—which means that Israel may have every reason periodically to impose security-related closures. With a dysfunctional police and legal system plus periodic Israeli closures, businesses are not likely to risk major new investments.

One development that would particularly hurt the Palestinian economy would be an end to the customs union with Israel, which Hamas has called for and Israel might also find attractive to implement unilaterally. Ending the customs union would mean that Palestinians would face more problems exporting to the large Israeli market. At least initially, Palestinian imports would have to come through far-off ports in Jordan and Egypt, where bureaucratic tangles can raise costs substantially. It would take years and hundreds of millions of dollars to build a commercial port in Gaza of any size and quality, rather than the small port planned now, and the port would operate at high cost. A Gaza airport would make more economic sense, but air transport is prohibitively expensive for almost all goods.

A sudden end to the customs union, rather than one phased in over years, would throw trade patterns into disarray. The dislocation could be bad enough to cause

humanitarian problems. If no customs union existed, presumably Gaza trade would go through Egypt, but arranging that trade would require whole new networks of importers, wholesalers, and truckers that would take many months to put in place even if all the bureaucratic arrangements with the Egyptian authorities were smoothly handled, which is not likely. Meanwhile, West Bank trade would presumably go through Jordan. Israel would want to inspect this trade, as it does at present, if for no other reason than to prevent arms imports. But unless Israel dramatically increases resources devoted to inspection—which to date it has had greatly difficulty organizing itself to do—or the trade process is dramatically changed, there could be a serious problem: Israel is not set up to inspect enough trucks to bring in the minimal humanitarian needs.

Ending the customs union would pose several serious problems for Israel as well as Palestinians:

- Israel would have great difficulties exercising any control over Gaza's trade with Egypt. Israel would have no means in practice, or reason that would withstand international scrutiny, to control the trade. Indeed, without a customs union, it is difficult to see the European Union agreeing to stay as observers. Under those circumstances, Egypt would be responsible for controlling trade on its side of the border, which may become so porous that the PA (or others) could easily traffic in arms; indeed, the PA might begin to import its own heavy weapons, such as antiaircraft missiles or long-range rockets.
- In the past, Israel has strongly opposed the prospect of Palestinians importing into the West Bank tax-

free goods that can then be smuggled into Israel; this scenario could become a multibillion-dollar business with huge profits for Palestinian criminal gangs or terrorist groups. Just the easy-to-smuggle, high-duty items like alcohol and cigarettes could produce tens of millions of dollars in profits a year—not to mention income from smuggling electronics such as televisions. Plus, smuggling in cheap goods now kept out by trade restrictions (for example, clothing) could negatively affect Israeli employment.

- In the absence of the customs union, the taxes Israel would withhold from the paychecks of Palestinian workers inside Israel would be insufficient to cover the cost of electricity, water, and health services Israel now provides to Palestinians. Furthermore, the absence of trading relations could poison the economic atmosphere, leading the PA to cut off payment for such services. Israel could face the difficult choice of either providing the services free to the PA; cutting the services off, which would generate a humanitarian crisis; or asking the United States to foot the bill, which in effect would mean that the United States finances the PA by paying its bills to Israel.

In short, the West Bank/Gaza economic situation is likely to be worse under a new, Hamas-led government than it was in the last year, irrespective of aid flows. Presumably, Hamas will blame the economic deterioration on Israel and the West. To the extent that the importance of aid for the West Bank/Gaza economy is exaggerated, that argument will help Hamas pin the blame for economic problems on foreigners rather than on its own weaknesses and shortcomings.

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