

RULING PALESTINE I: GAZA UNDER HAMAS

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RULING PALESTINE I: GAZA UNDER HAMAS

EXECUTIVE SUMMARY AND RECOMMENDATIONS

The policy of isolating Hamas and sanctioning Gaza is bankrupt and, by all conceivable measures, has backfired. Violence is rising, harming both Gazans and Israelis. Economic conditions are ruinous, generating anger and despair. The credibility of President Mahmoud Abbas and other pragmatists has been further damaged. The peace process is at a standstill. Meanwhile, Hamas's hold on Gaza, purportedly the policy's principal target, has been consolidated. Various actors, apparently acknowledging the long-term unsustainability of the status quo, are weighing options. Worried at Hamas's growing military arsenal, Israel is considering a more ambitious and bloody military operation. But along with others, it also is tiptoeing around another, wiser course that involves a mutual ceasefire, international efforts to prevent weapons smuggling and an opening of Gaza's crossings and requires compromise by all concerned. Gaza's fate and the future of the peace process hang in the balance.

Since Hamas assumed full control of Gaza in June 2007, the already-tight sanctions imposed following its January 2006 electoral victory have been tightened further. Israel curtailed cross-border traffic, pointing to the absurdity of providing goods to an entity whose rulers fire rockets at its citizens. The West Bank-based Palestinian Authority, seeking to undermine Hamas's standing, has also done its part to cut off Gaza and prevent normal functioning of government; feeble protests aside, the international community (Arab world included) has been at best passive.

The logic behind the policy was to demonstrate to Palestinians that Hamas could not deliver and so ought to be cast aside. The hope was that the West Bank, buoyed by economic growth, a loosening of Israeli security measures and a revived peace process, would be an attractive counter-model. On both counts, the theory has fallen short. Crisis Group's extensive field work in Gaza shows that the Islamist movement has come close to establishing an effective monopoly on the use of force and has a near-monopoly on open political activity. It has refashioned the legal and legislative systems and enjoys freer rein to shape society through management of the health, education and religious sectors.

Those intending to undermine Hamas have instead given it an assist. Persons who support current policy point out that Gazans are turning against the Islamists. There is real distress at economic hardships and anger at the Islamists' brutal behaviour. Hamas's harsh tactics, recourse to violence and curbing of the media and independent activity undoubtedly have generated resentment, disillusionment and fear among many who voted for the Islamists.

But that is only half the story. The flip side of isolation has been the Islamists' ability to rule largely unimpeded. By boycotting the security, judicial and other government sectors and curtailing administrative links with the Hamas government, President Abbas's Palestinian Authority (PA) created a vacuum Hamas filled. The withdrawal of the international community has reduced its leverage. Closure of the crossings has caused the private sector to wither, weakening a constituency traditionally loyal to the PA. Economic punishment designed to hurt the rulers has hurt the ruled. Hamas finds ways to finance its government and can invoke the siege to justify its more ruthless practices. The situation may be catastrophic but, from Hamas's perspective, it is far from desperate. Far less popular regimes have survived more onerous conditions. Moreover, Hamas has had successes. Its new security force gradually restored order as militiamen curbed gunfire and kinsmen reduced inter-clan blood feuds. Criminal activity and mafia feuding have been sharply curbed.

The questions now are familiar: whether to keep pressure on Hamas in the hope of undermining it but at the risk of an explosion; whether to apply heavier, but riskier military force; or whether to try to stabilise the situation by engaging Hamas, opening up Gaza and reaching a ceasefire at the price of providing the Islamists with greater international recognition. The first two options have a rationale: any step toward Hamas and loosening of the sanctions could further entrench its position in Gaza; it could exploit a ceasefire to bolster its forces.

But the counter-arguments are more powerful. Sanctions and military pressure have strengthened Hamas's hold. To the extent the movement has lost some popularity,

the attempt to enfeeble it by squeezing Gaza arguably is working, but the success is meaningless. Hamas's losses are not Fatah's gains; Gazans blame Hamas for being unable to end the siege but also blame Israel for imposing it, the West for supporting it and Fatah for acquiescing in it. Military talk empowers Hamas's more militant, armed elements and boosts the movement's standing. Poverty and hopelessness boost the appeal of jihadi groups, particularly among under-sixteen Gazans — half the population.

Hamas has proved skilful at rewriting the rules through ballots, bullets or breach of the siege. The more pressure on it intensifies and the more polarised the intra-Palestinian conflict becomes, the more it will be tempted to derail negotiations between President Abbas and Prime Minister Ehud Olmert. It has already shown it can disrupt peace talks. Should violence escalate, how long will it be before whatever there is of the peace process collapses? The gravest threat to diplomacy comes not when Hamas has something to gain, but when it concludes it has nothing to lose.

The alternative is not easy. Israel has legitimate concerns about how Hamas might use a ceasefire, as does the PA about how a shift of course would affect its credibility. Hamas will not accept a ceasefire if it remains isolated and Gaza under siege. To address these competing interests, a ceasefire should entail reciprocal commitments to stop all attacks from and against Gaza; an opening of the crossings that alleviates Palestinian suffering in Gaza; and the international community's participation in a credible monitoring effort to prevent smuggling from Egypt into Gaza.

The status quo is not tenable. Israel cannot accept to see its citizens threatened by continued rocket fire. Hamas is unlikely to sit idly by as Gaza is choked. If trends continue, the worst is imaginable: increased firing of rockets against Israeli towns and cities, as well as the resumption of bombings and attacks inside Israel; intensified Israeli military incursions, assassinations and attacks on key installations; the collapse of the peace process, discrediting of pragmatic Palestinian leaders and, potentially, the conflict's spread to the West Bank or Lebanon.

The worst is not yet inevitable but avoiding it depends on Fatah and Hamas beginning reconciliation; a ceasefire agreement that lifts the siege on Gaza and allows Gazans and Israelis near the border to pursue normal lives; and the international community at last playing a constructive part in encouraging the parties to achieve these goals.

A subsequent Crisis Group report will analyse the situation in the West Bank.

RECOMMENDATIONS

To the Islamic Resistance Movement (Hamas) in Gaza, the Palestinian National Liberation Movement (Fatah) and the Palestinian Authority (PA) Presidency and Fayyad Government:

1. Prepare for a dialogue aiming at national reconciliation and take immediate measures to ease tension and rebuild trust, such as
 - (a) ceasing all media attacks and incitement;
 - (b) ceasing harassment and detention of Fatah members in the Gaza Strip and of Hamas members in the West Bank; and
 - (c) agreeing on gestures toward the restitution of symbols of Palestinian unity in the Gaza Strip, including the evacuation by Hamas of the presidential office and other PA headquarters.
2. Pending a national reconciliation agreement, take steps to improve governance in Gaza and alleviate the suffering of its residents, including:
 - (a) for the Hamas government in the Gaza Strip:
 - i. enable public institutions to function free of interference from armed groups and without discrimination against PA civil servants or civil police officers, including those who participated in strikes following the June 2007 takeover;
 - ii. uphold the independence of the judiciary, reinstate public attorneys who were discharged or prevented from performing their duties and comply with legal procedures for detention, arrest and prosecution;
 - iii. control activities of its armed militants and organisations, restrain them from interfering in citizens' daily lives and cease infringement of freedom of association, expression and peaceful political activities; and
 - iv. ensure the impartial delivery of services;
 - (b) for the Palestinian Authority in Ramallah:
 - i. encourage PA civil servants and other public sector employees, including judges, doctors and civil police, to resume full operational duties;

- ii. maintain and, where necessary, reinstate salary payments to civil servants and other public sector employees;
 - iii. continue payment of utilities and basic services in the Gaza Strip; and
 - iv. press for and where possible facilitate the opening of crossings under arrangements described below.
- iii. accept third-party presence, such as UN personnel or private contractors, to help manage crossings and interface between Israel and Hamas;

- (b) as a longer-term solution:
 - i. agree on return of PA border authorities to Gaza's crossings on the basis of existing regulations;
 - ii. agree on return of PA forces inside and in the immediate perimeter of the crossings and redeployment of Hamas forces away from the crossings, with coordination between the two;
 - iii. agree on resumption of European Union Border Assistance Mission (EUBAM) operations at Rafah without interference; and
 - iv. permit use of revenues collected at the crossings to finance Gaza's public expenditures, such as utilities, infrastructure maintenance and running costs of institutions, such as hospitals, schools and ministries.

To the Governments of Israel and Hamas:

3. Halt, immediately and for fifteen days, all attacks by Palestinian factions in the Gaza Strip against Israel and all Israeli attacks against the Palestinian factions in the Gaza Strip to give President Abbas and/or Egyptian mediators time to negotiate understandings allowing a sustained ceasefire that would entail:
 - (a) commitment by Hamas to abstain from attacking any target in Israel and to ensure compliance by other factions and commitment by Israel to abstain from attacking any target in the Gaza Strip;
 - (b) commitment by Hamas to cooperate on preventing smuggling across Gaza's borders;
 - (c) enhanced Egyptian efforts, in coordination with regional and international actors, to prevent smuggling; and
 - (d) third-party monitors inside Gaza and along its borders with Israel and Egypt, mandated to supervise the parties' compliance with their commitments.

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

4. Agree on modalities allowing regular and continued opening of Gaza's crossings with Israel and Egypt, including:
 - (a) as immediate measures:
 - i. permit rapid transit of people in need of medical care, as well as movement of students, merchants and individuals who live in third countries;
 - ii. increase the opening days and hours of Israeli crossings handling commercial traffic, broadening the list of allowed items, restoring fuel and energy supplies to their pre-June 2007 level and permitting exports of commercial supplies; and

To Members of the Quartet (the U.S., European Union (EU), Russian Federation and UN), Egypt and Members of the League of Arab States:

5. Adopt unambiguously the goal of influencing Hamas's conduct rather than defeating it.
6. Identify needs in and increase economic assistance to the Gaza Strip.
7. Pressure all relevant parties to reach agreement on opening the crossings, a ceasefire and a prisoner exchange.
8. Establish a Quartet presence in Gaza to monitor the situation, ensure impartial delivery of international assistance, promote economic recovery and oversee opening of crossings.
9. Revive Arab efforts to achieve reconciliation between Fatah and Hamas, entailing, inter alia, endorsement of the Arab peace initiative; a mandate for the PLO Chairman to negotiate with Israel; integration of Hamas and Islamic Jihad into a reformed PLO; and reform of the security services so that militias and other factional forces can be integrated into a more unified, coherent and disciplined force.

Gaza/Jerusalem/Brussels, 19 March 2008

RULING PALESTINE I: GAZA UNDER HAMAS

I. INTRODUCTION: FROM DESPAIR TO DESTRUCTION

A. GAZA'S GROWING ISOLATION¹

In the wake of the Islamist movement's June 2007 takeover, the sanctions imposed on Gaza since Hamas's January 2006 electoral victory have tightened. Israel dramatically constricted cross-border passenger and goods traffic. Because Gaza's access to the outside world is almost entirely dependent on Israeli entry and exit points, the impact was devastating. Across a border where over 100,000 Gazan labourers used to cross every day into Israel until the 1990s, traffic dwindled to a few dozen. Family visits to relatives in Israeli jails were banned altogether.

Israel stopped goods as well as people. It banned exports from Gaza, sharply scaled back imports and reduced operations at Karni, the main goods crossing point. In September 2007, as militant groups continued to fire Qassam rockets at Israeli population centres and military bases, Israel declared Gaza a "hostile entity" and further

tightened the closure, prohibiting imports of all but eighteen basic goods.² Gaza's merchants complained that Israel had erased them from its register of authorised Palestinian importers,³ leaving millions of dollars of Gaza-bound merchandise stranded at the port of Ashdod.⁴ Israel also restricted truck crossings; with the exception of oil, grain and cash, goods were dumped in pallets in a dusty field on the Palestinian side of Sofa crossing. When that too was intermittently halted, Israel redirected goods to a smaller domestic terminal, Kerem Shalom.⁵ The number of truck-loads has declined from 12,000 per month in March 2005 to 7,000 a year later at the time of Hamas's assumption of office and a mere 2,000 in November 2007.⁶

In November 2007, following intensified rocket fire on Israeli border areas combined with Israeli attacks on Hamas and other armed groups in Gaza, Israel took the closure a step further. It reduced food supplies, hitherto at pre-takeover levels, by half;⁷ slashed fuel imports; and restricted foreign currency supply. An aid worker told Crisis Group: "The tap that was dripping before the declaration has slowed to a trickle. We're now looking under the faucet waiting for the

¹ As *The Economist*, 21 February 2008, noted, "as a people, the Palestinians have lacked many things, but they have never been at a loss for words...But they have yet to coin a term for their present situation". Nor can they agree on terms for their rulers, all variously perceived by one side or the other as illegitimate. Hamas claims the government headed by Ismail Haniya remains the legitimate one, insofar as it reflects electoral and parliamentary realities. Fatah and President Abbas argue that the Gaza authorities are born of an illegal coup, and legitimacy resides in the interim government headed by Salam Fayyad. That government, in turn, is decried as unconstitutional by many who point out it has no basis in the Palestinian Basic Law, since it never was approved by the Legislative Council. In the interest of clarity, this report uses the term "Palestinian Authority" when referring to the PA presidency and its appointed institutions, the "Fayyad government" when referring to the governing authorities based in Ramallah and the "Hamas government" when referring to the governing authorities based in Gaza. These terms are not intended to reflect a position on the constitutional and legal debates surrounding the various governing authorities.

² Permitted items include wheat, flour, sugar, frozen foods (including frozen meats), Israeli dairy products, rice, vegetables, fruits, vegetable oil, medicines and fuel supplies. Banned goods include clothes, shoes, soap, soft drinks, cigarettes, computers, cars, spare parts, cement and raw materials for industry. "Dignity Denied", International Committee for the Red Cross, December 2007.

³ "Israel has erased our records", Crisis Group interview, Palestinian businessman, Gaza City, December 2007.

⁴ Crisis Group interviews, Gaza merchants, Gaza City, February 2008.

⁵ On 28 October 2007, Israel closed Sofa and opened Kerem Shalom, a smaller crossing with transit fees triple the cost of Karni, Crisis Group interview, UN official, Jerusalem, November 2007.

⁶ Crisis Group interview, local aid official, Gaza City, October 2007. See UN OCHA Gaza Humanitarian Fact Sheet, 28 November 2007, at www.ochaopt.org/documents/Gaza_Special_Focus_December_2007.pdf.

⁷ Crisis Group interview, UN official, Jerusalem, November 2007.

next drop”.⁸ Then, on 18 January 2008, in response to a new, larger wave of rocket attacks on the town of Sderot, Israel announced a total blockade, which has since been partially relaxed. As a general matter, Israel justified its siege by pointing to the “absurd position whereby we are allowing goods to come into an entity whose rulers are continually firing rockets at our civilians, and sometimes even using those goods – such as fuel and electricity – to carry on these attacks”.⁹

Ironically, the closure of crossings hurt those most likely to exercise a moderating influence – members of the business community. Gaza’s export harvest rots in containers at crossing points or swamps local markets, sending prices of local produce, especially vegetables, but also income tumbling.¹⁰ Because manufacturing, construction and transport all have been devastated, dozens of businesses have relocated to the West Bank, Jordan or elsewhere.¹¹ By late 2007, all but 35,000 of Gaza’s 110,000 private sector workers had been laid off.¹² Israel’s January 2008 decision to allow only aid agencies to bring goods into Gaza was another blow to the private sector.¹³

The cumulative effect has been dramatic. Poverty and unemployment rates have skyrocketed.¹⁴ Import prices

have soared due to scarcity, global price increases and higher transportation costs. By late 2007, the price of milk and flour had risen some 50 per cent; the cost of chicken was up a third.¹⁵ Banned imports cost even more: used cars doubled, tobacco rose fivefold and cement tenfold. Scarcity spawned a black market; by March 2008, petrol was selling for 25 NIS (\$7) per litre, four times the official market price.¹⁶ Telephone engineers lack wire to install new lines¹⁷ hospitals spare parts for washing machines to clean soiled or bloodied linen¹⁸ and gravediggers cement to cap freshly dug graves.¹⁹

The siege has been accompanied by Israeli military moves aimed at uncovering border fortifications, tunnels and bunkers.²⁰ Observers routinely wonder when Israel will re-enter Gaza, but to a large extent it already is there. It has extended its buffer zone along the entire eastern frontier, with tanks ploughing deep into the Strip.²¹ By November 2007, 17 per cent of Gaza – and 35 per cent of its agricultural land – was inside the buffer zone.²² Israel occasionally strikes Hamas installations from the air, including an interior ministry annex and six police stations.²³

Israel has been far from alone in seeking to isolate Gaza. The West Bank-based Palestinian Authority also embarked on a series of measures to hinder Hamas’s ability to

⁸ Crisis Group interview, aid official, Gaza, October 2007.

⁹ Crisis Group interview, Israeli official, Washington, March 2008. Prime Minister Olmert said, “as far as I’m concerned, the residents of Gaza can walk, and they will not get gasoline because they have a murderous, terrorist regime that does not allow the residents of southern Israel to live in peace”, *The Jerusalem Post*, 21 January 2008.

¹⁰ Crisis Group interview, businessman, Gaza City, February 2008. Twelve kilograms of tomatoes sold for \$1; cows munched export-grade potatoes.

¹¹ Crisis Group interview, businessman, Gaza City, December 2007. A biscuit manufacturer laid off 400 Gazan workers and reopened a new line in Jordan.

¹² “Gaza Special Focus”, UN OCHA, December 2007.

¹³ The private sector accounted for 89 per cent of trucks entering Gaza in 2007, *ibid*.

¹⁴ The World Bank estimates unemployment in Gaza at around 33 per cent, compared to 19 per cent in the West Bank, “Investing in Palestinian Economic Reform and Development”, World Bank, 17 December 2007. The number of functioning factories in Gaza declined from 3,900 in June 2005 (prior to Israel’s withdrawal) to 780 in July 2007 and 195 in December 2007, *ibid*. The dependency ratio in Gaza (breadwinners to dependents) since the June 2007 takeover has increased from 1:8 to 1:12, Crisis Group interview, Ali Abu Shahla, economist, Gaza City, December 2007. Post June-2007 figures should be treated cautiously, however. As a result of isolation, there is far less reliable data. An international aid official said, “hardcore analysis and information is hard to come by. We haven’t trusted the data since June 2007”, Crisis Group interview, Jerusalem, March 2008.

¹⁵ Crisis Group interviews, aid officials, Gaza, December 2007.

¹⁶ Crisis Group interview, garage manager, Gaza City, March 2008.

¹⁷ Crisis Group interview, Paltel official, Gaza City, October 2007.

¹⁸ Crisis Group interview, aid officials and medics, Gaza City, February 2008.

¹⁹ Crisis Group interview, journalist, Gaza City, December 2007.

²⁰ Israel claimed to have uncovered twelve tunnels in 2007, four dug toward Israel, “Palestinian Terrorism in 2007”, Israeli Foreign Ministry, 9 January 2008.

²¹ On 11 October 2007 alone, Israeli bulldozers destroyed 100 dunams (ten hectares) of citrus trees and four water wells, Crisis Group interview, Palestinian observer, Beit Hanun, October 2007.

²² Crisis Group interview, foreign official, Jerusalem, November 2007.

²³ Crisis Group interview, Palestinian security expert, Gaza City, December 2007, and IDF communiqués. Hamas forces perfected rapid evacuations from police stations, enabling them to escape relatively unscathed from Israeli attack. However, prisoners, including militants from the Fatah-affiliated Al-Aqsa Martyrs’ Brigades who were wanted by Israel, also escaped in the process. Crisis Group interview, Al-Aqsa escapee on Israel’s wanted list, Khan Younis, September 2007. Overall, however, Israeli military operations in Gaza declined in 2007: Israeli airstrikes year-on-year dropped 70 per cent, and the number of homes demolished fell from 127 in 2006 to seven in 2007. UN Humanitarian Monitor report, December 2007.

govern in Gaza. It halted the public prosecution service (thereby paralysing the judicial system)²⁴ and severely reduced payments to Gaza's governors, the last vestige of presidential authority in the Strip.²⁵ The PA's law enforcement agencies, along with some others, were ordered not to work;²⁶ PA employees still at work were told not to cooperate with Hamas ministers on penalty of loss of pay. Employees, including doctors and teachers who did not go on strike and those hired after Hamas took office in March 2006, were deemed to be cooperating with Hamas and risked being struck from the payroll.²⁷ The Fayyad government made only intermittent salary payments to such "non-essential staff" as hospital cleaners and municipal workers, thereby affecting service delivery.²⁸

The PA also sought to deny the Hamas government revenues: it declared a tax-holiday across Gaza;²⁹ closed down some PA departments managing finances;³⁰ and occasionally interrupted fuel subsidies after Hamas reportedly sought to collect the VAT on petrol sales.³¹ Although banks were allowed to maintain operations in Gaza, the Palestinian Monetary Authority, the PA's financial regulator, ordered Palestinian banks to halt all

activity with the Hamas authorities and deny them access to PA accounts.³² Senior PA officials also allegedly pressured donors, including the World Bank, to postpone new Gaza projects.³³ All in all, Hamas was left with a dysfunctional PA apparatus in Gaza severed from a semi-functioning PA apparatus in the West Bank.

While at times protesting the boycott, outside actors did little to challenge it.³⁴ Once Gaza fell into Hamas's hands, internationally brokered agreements and monitoring arrangements providing for access and movement came to a halt.³⁵ In the wake of the June 2007 takeover, U.S. Security Coordinator (USSC) General Keith Dayton suspended work on security improvements at and expansion of the Karni crossing,³⁶ while, EUBAM, the European monitoring mission at Rafah, suspended already limited operations in Gaza and remained at its residential base in Ashkelon.³⁷

²⁴ "The attorney general opposed the functioning of Gaza's judiciary under Hamas rule", Crisis Group interview, Bar Council member, Gaza City, September 2007. (He is an activist affiliated with the Third Way, the party of Prime Minister Salam Fayyad).

²⁵ Crisis Group interview, Gaza governor, September 2007. According to a PA official in Ramallah, governors are paid not to work. Crisis Group interview, presidential adviser, Ramallah, 26 November 2007

²⁶ According to the Hamas-appointed police chief, "two days after the rout, PA officials sent orders to every policeman to remain at home. They wanted to destroy civil law and order and create civil war. They wanted to encourage stealing, looting and chaos. They expected we would fall within two or three weeks, but we survived", Crisis Group interview, police chief Tawfiq Jabber, Gaza City, December 2007.

²⁷ PA employees hired in the few months before Hamas took office were also removed from the payroll. European donors had expressed concern at burgeoning public sector employment in the run-up to the January 2006 elections.

²⁸ Crisis Group interviews, health workers and PA officials, Gaza City, February 2008.

²⁹ Ramallah waived payment of income tax for the private sector, VAT, court fees, car licenses and medical expenses. "Ramallah is trying to issue licenses and documents without payment", Crisis Group interview, PA official working for Prime Minister Fayyad's government, Gaza City, December 2007.

³⁰ Crisis Group interview, PA official, Gaza City, October 2007. The Fayyad government allowed some PA finance departments working independently of the Hamas authorities in Gaza to maintain operations. Crisis Group interview, PA finance official, Ramallah, March 2008.

³¹ Crisis Group interview, economist, Gaza City, December 2007. See "Gaza Special Focus", op. cit.

³² Crisis Group interviews, bankers and financial officials, Gaza and Ramallah, November-December 2007 and January 2008. "We can't access 500,000 NIS [\$130,000] of credit, because the banks have frozen our municipal accounts. It's not my money, it belongs to Gaza's citizens. How can Ramallah expect us to deal with the sewage without funds?" Crisis Group interview, Imad Siam, director general Gaza City municipality, Gaza City, December 2007.

³³ Crisis Group interview, Western aid official, Jerusalem, September 2007.

³⁴ The EU's Special Representative to the Middle East peace process said, "Israel's tactics in the Gaza Strip did not work. The blockade and the sanctions against the population failed and only strengthened Hamas and weakened [Prime Minister Salam] Fayyad and [President Mahmoud Abbas] Abu Mazen....The implications of Israeli activity may be that Gaza becomes Somalia", Mark Otte, interviewed in *Haaretz*, 7 February 2008. Yet, even as the EU criticised Israeli sanctions, it kept its own Gaza boycott intact.

³⁵ Under the 15 November 2005 Access and Movement Agreement regulating Gaza's cross-border trade and passenger movement, the EU was to "ensure proper procedures are followed" at Rafah crossing and the U.S Security Coordinator was to "develop operational procedures" to ensure that "the passages will operate continuously" and provide for daily passage of 400 trucks out of Gaza by end-2006.

³⁶ "Until June 2007, the USSC focused on Gaza almost exclusively, but General Dayton has given up its role at the crossings. His instructions are to work on West Bank", Crisis Group interview, Western security official, Jerusalem, October 2007.

³⁷ EUBAM suspended operations on 15 June 2007 on the grounds that its agreement was with the PA, not Gaza's de facto authorities; that Hamas is on its list of terrorist organisations; and that no party was willing to implement its share of the agreement. Crisis Group interview, EUBAM official, Jerusalem, March 2008. Some EUBAM officials protested the move. "We should have pursued all avenues to redeploy at Rafah, but we took no pragmatic steps. EUBAM is a victim of the EU's non-engagement policy", Crisis Group interview, EUBAM

Visiting dignitaries, including Quartet³⁸ envoy Tony Blair, sidestepped the territory, clearly to avoid contact with Hamas officials. In the words of a European official, the EU would be the last political body to engage with Hamas.³⁹

Hamas also accused Egypt of exacerbating Gaza's isolation. An official said,

Egypt and Israel have turned Gaza into a prison. In a prison, only five things are available: air, water, light, food and medicine. That is all Egypt and Israel make available to us. We cannot put Egypt and Israel on a par, but the Egyptians share the responsibility. They are doing nothing, less than nothing if that's possible, and it is a disgrace.⁴⁰

Inside Gaza, Quartet members led Western donors in dramatically winding down development support. Citing a shortage of raw materials, particularly cement, UN agencies cut \$230 million worth of foreign aid projects, including a \$93 million UN program employing 18,000 workers to build 3,500 homes.⁴¹ Many – though by no means all – technical contacts and donor programs with Gaza municipalities were axed.⁴²

Gaza is being pressed almost to the point of collapse, but not quite. Indeed, even as outside actors have intensified their squeeze, they have sought to prevent

official, Jerusalem, November 2007. Israel had repeatedly barred EUBAM, based in Ashkelon, access to Rafah before the takeover, and did so continuously after the takeover. In the twelve months prior to the takeover, the crossing had been closed 78 per cent of the time, Crisis Group interview, EUBAM official, Jerusalem, March 2008.

³⁸ The Quartet, the informal group that seeks to coordinate international efforts to encourage an Israel-Palestinian settlement, is composed of the U.S., EU, Russia and UN, represented by the Secretary-General.

³⁹ Crisis Group interview, European official, Brussels, December 2007.

⁴⁰ Crisis Group interview, Hamas official in exile, November 2007.

⁴¹ Crisis Group interview, UN official, Gaza, October 2007; and the UN under-secretary-general for humanitarian affairs, John Holmes, quoted by IRIN, 19 February 2008.

⁴² The share of USAID's funding for Gaza, which as of June 2007 was 40 per cent of its Palestinian aid program, was cut back to about 10 per cent to avoid any contact with Hamas, which is on the U.S. list of terrorist organisations, Crisis Group interview, Western aid official, January 2008. "USAID-funded projects can no longer deal with municipalities, including Gaza City", Crisis Group interview, international aid official, Tel Aviv, December 2007. However some Europeans continued to maintain their aid programs, Crisis Group interview, European diplomat, Jerusalem, December 2007.

the most catastrophic consequences, including mass starvation and epidemics. Several crucial mitigating factors have done nothing to revive a devastated economy, but they have kept inhabitants afloat. Thus, as noted, Fayyad's West Bank government has continued to pay most public servants, putting more cash in Gazan hands, and maintained basic running costs of the health and education systems. International donors, along with the UN Palestinian refugee agency, UNRWA, also have infused massive amounts of money, substituting humanitarian aid for development assistance, in effect turning most Gazans into wards of the international community.⁴³

Too, Gazans have turned to local alternatives. In the face of the above-ground blockade, they extended the underground maze of cross-border tunnels, expanding the informal economy. With repeated cuts in petrol supplies, they converted cars to run on more plentiful cooking gas⁴⁴ or reverted to using donkeys. In the face of an Israeli ban, a manufacturer devised a means to produce carbon dioxide for soft drinks. Entrepreneurs devised ways of bypassing Israeli restrictions: a merchant shipped a lorry-load of banned powdered cement disguised as flour. Eight-hour power cuts a day have become commonplace in Gaza.⁴⁵ Facing a choice between prioritising fuel for sewage plants or health services,⁴⁶ the authorities opted for the latter and discharged 20,000 litres of raw effluent daily into the Mediterranean.⁴⁷

Given the variety of actors participating in the siege, the sanctions regime covered a host of varying policy objectives, from weakening Hamas, to discrediting or ousting it, to pressuring it to stop the launching of rockets. The end result is captured by Nathan Brown, a political scientist:

Israel and the international community have simultaneously imposed extremely harsh sanctions

⁴³ By the end of 2007, 80 per cent of Gaza's families relied on humanitarian aid, compared to 63 per cent in 2006, "Gaza Special Focus", op. cit. The UN's Palestinian refugee agency, UNRWA, provides food aid to 182,400 families in Gaza (approximately 860,000 people) compared to 16,174 families in 1999. Cited, "The Gaza Strip: A humanitarian implosion", published by five UK aid agencies, 6 March 2008.

⁴⁴ The conversion costs \$250, Crisis Group interviews, Gaza City, December 2007.

⁴⁵ See "Power Shortages in the Gaza Strip", OCHA, 8 January 2008.

⁴⁶ Not everyone agreed with the decision. A water authority official said, "it's a mistake to prioritise the hospitals, because the collapse of the sewage system could spark an epidemic in Gaza", Crisis Group interview, Gaza City, February 2008.

⁴⁷ Crisis Group interview, water authority official, Gaza City, February 2008.

that have driven most Palestinian households below the poverty line and established a host of mechanisms that limit the suffering in Gaza to a point short of starvation....The cumulative effect of these actions has been to convert a densely-populated and poor region to an internationally-supplied welfare project....The result can hardly be described as calibrated pressure; instead, it is better described as an attempt to shut down an economy encompassing a million and a half people combined with an international effort to mitigate the most severe effects of engineered economic collapse.⁴⁸

B. HAMAS'S TWO-FRONT BATTLE

Faced with an increasingly untenable situation, Hamas reacted on two separate fronts – southward, toward Egypt, and northward, toward Israel. First, on 23 January 2008, Gazans, led by Hamas, knocked down the Rafah wall separating them from Egypt. For eleven days, hundreds of thousands went shopping. The fact that a small Egyptian town such as al-Arish should have seemed such luxury signalled how desperate conditions in Gaza had become. The breach, Hamas explained, was simply the “natural consequence of the people’s surge”,⁴⁹ and the choice of Rafah as “the only wall possible” whose breach would address humanitarian needs.⁵⁰

The psychological release was short-lived. Within twelve days, Egypt had reimposed the closure. Egyptian reinforcements sealed the Suez Canal crossings to bar Palestinians access to the Nile Delta. Checkpoints inside the peninsula further contained the human tide. Next, Egypt shut down al-Arish, the capital of the North Sinai governorate, restricting fresh supplies by preventing trucks from crossing into Sinai to replenish stocks, thereby diminishing the incentive for Gazans to travel there. Finally, a border breached with force was restored with force. Subsequent violators, warned Egypt’s foreign minister Ahmad Abul-Gheit, would have their legs broken.⁵¹ Overall, determined to prevent a repeat

occurrence, Egypt fortified its frontier with watchtowers and hundreds of sand-filled containers topped with sandbag positions. It has since begun constructing a more robust wall that is meant to dissuade future violators.⁵² At the same time, Egypt met with Hamas leaders first in Cairo and then in al-Arish to secure their cooperation in reestablishing border controls.

Israel also reacted, cancelling exit permits for Gaza’s traders, businesspeople and local NGO staff. The processing of permits took far longer, with potentially serious consequences for sick Gazans in need of care.⁵³ With the Supreme Court’s approval on 27 January 2008, it further rationed Gaza’s supplies of fuel and electricity. In short, after a brief flurry of access and movement, Gaza once again was isolated and under siege.⁵⁴

Only a few weeks later, a second front exploded with a fierce intensification of the Hamas/Israel confrontation. With its southern border again sealed, Hamas turned to Israel, continuing to shell Sderot. Then, on 27 February, an Israeli helicopter fired at a Hamas base near Khan Younis, killing five militants – three of whom Israel claimed commanded rocket squads.⁵⁵ Hamas responded with over 50 rockets, killing an Israeli student at his college in Sderot. The following day, an Israeli brigade

and the Palestinians as ungrateful and unruly guests. Egyptian General Hussam Sweilem was quoted as saying on Egyptian television, “we allowed them in, but they violated Egypt’s sanctity, and entered our country with bulldozers, and then with men wearing masks from the ‘Izz Al-Din Al-Qassam Brigades....Those are Hamas members, not the Palestinian people. Is this proper Islamic behaviour with which I can sympathise, when they break into homes of women at al-Arish and Rafah and attack Egyptian women for not allowing them to sleep in their homes?” Memri newsletter, 6 February 2008. Jordan’s media joined the campaign, alleging that Hamas had stolen aid trucks authorised by King Abdullah, Petra (Jordanian news agency), 8 February 2008. In response, a Hamas legislator said, “to justify the closure, Egypt had to launch a campaign against us, not as a hungry people but as a threat to its national security. Egypt is more concerned about the security of its borders than even Israel. But the campaign didn’t work. It had to return to dialogue with Hamas. And they couldn’t have closed the borders without our help”, Crisis Group interview, PLC legislator Salah Bardawil, Gaza City, February 2008.

⁵² Crisis Group interview, Egyptian security officials, Cairo, 1 March 2008.

⁵³ Slow processing by the health ministry in Ramallah exacerbated the delay, Crisis Group interview, UN official, Jerusalem, March 2008.

⁵⁴ Hamas officials said that replenished stocks were a stop-gap that would last “days, not weeks”, Crisis Group interview, Hamas government national economy minister Ziad Zaza, Gaza City, February 2008.

⁵⁵ *Yediot Achronot*, 27 February 2008.

⁴⁸ Nathan Brown, “The Road Out of Gaza”, Carnegie Policy Outlook, March 2008.

⁴⁹ Crisis Group interview, Said Siam, Gaza City, February 2008.

⁵⁰ Crisis Group interview, Hamas government national economy minister Ziad Zaza, Gaza City, February 2008.

⁵¹ Agence France-Presse, 7 February 2008. Egypt viewed the action as a potential national security threat. Palestinian gunmen had repeatedly exchanged fire across the border with Egyptian forces, wounding dozens of serving personnel, and Qassam rockets fired from Gaza reportedly landed in Egypt, Agence France-Presse, 17 February 2008. The government waged a media campaign in which Egypt was portrayed as generously inviting Gazans to shop and alleviate the pressures of siege,

moved into urban areas north of Gaza City, as F-16 fighter aircraft and Apache helicopters attacked from the air in the most intense operation since July 2006. The shelling from Gaza intensified anew, subjecting not just Sderot and surrounding inhabitations but also Ashkelon, a port-city of 105,000 people, to sustained fire. In the following five days of fighting, over 100 Gazans, with perhaps as many as half of them civilians,⁵⁶ and three Israelis, including one civilian, were killed.

Gaza's fate seems caught between two competing dynamics: on the one hand, more visible (albeit tentative) efforts to reach at least an informal cessation of hostilities, this time with the tacit acquiescence of the U.S. and sustained engagement by Egypt; on the other hand, more serious planning for a renewed and broader Israeli offensive, this time aimed at destroying the instruments and symbols of Hamas's rule in Gaza.

II. PORTRAIT OF A NEW REGIME

For Hamas leaders in Gaza, the flip side of isolation has been an almost free hand in ruling this 365-square-kilometre piece of land. By boycotting the security, judicial and other government sectors, the PA turned an intended punitive measure into an unintentional gift, creating a vacuum Hamas dutifully filled.⁵⁷ From courts to municipalities, the Islamists asserted control of institutions on which the PA pulled the plug. For its part, Israel's siege gradually eroded Gazans' coping mechanisms, rendering them ever more dependent on the new power. True to form, sanctions and isolation designed to harm the rulers hurt the ruled. Hamas's grip on Gaza has actually tightened.

A. SECURITY CONTROL

Hamas first sought to establish its control over the use of force in a territory hitherto run by a host of competing clans and militias. Within days of Ramallah's order to all PA security forces to cease operating, Hamas's armed wing, the Martyr 'Izz-al-Din al-Qassam Brigades, and its internal police, the Executive Force, seized the opportunity. A Hamas official said, "we have to fill government posts because Fatah is not there".⁵⁸ Their mission was to defend Hamas's territorial gains against both internal and external foes.

1. External security

Gaza's takeover transformed the Qassam Brigades from an underground guerrilla organisation into a uniformed military force designed to protect Gaza from outside attack as well as to establish hegemony over other armed groups.⁵⁹ Boosted by an arsenal captured from the PA's security bases, Hamas's military wing took the shape of a quasi-army. In the words of a Qassam recruit, "in the past we lived underground. We couldn't go out of the house for fear of Fatah and Israel. Now we can go wherever we want from Beit Hanun to Rafah. We're free and in charge".⁶⁰

Hamas's armed forces initially concentrated their military operations either on Israeli incursions into Gaza or on

⁵⁶ Crisis Group interview, UN official, Gaza City, March 2008. Israel's army chief of staff, Lt. Gen. Gabi Ashkenazi, and its chief of military intelligence, Maj. Gen. Amos Yadlin, described 90 per cent of those killed in the Gaza operation as "terrorists", *The New York Times*, 4 March 2008. An Israeli human rights monitor claimed that of the 106 Palestinians killed, 54, including 25 minors, "did not take part in the hostilities", press release, B'tselem, 3 March 2008.

⁵⁷ "Fatah is blind with enmity, but when it opens its eyes, it will realise that its boycott cost it power. Among the thousands of public employees the PA removed from the payroll, most are Fatah", Crisis Group interview, Palestinian journalist, Hebron, October 2007.

⁵⁸ Crisis Group interview, Hamas official, Rafah, October 2007.

⁵⁹ Crisis Group interview, Hamas official, Gaza, September 2007.

⁶⁰ Crisis Group interview, Gaza City, October 2007.

their presence at the crossings.⁶¹ While other armed groups continued to indiscriminately fire rockets, and while Hamas did little to nothing to stop them, the movement scaled down its own use of rockets and resorted instead to mortars, a shorter-range weapon with greater accuracy.⁶² Israeli officials also acknowledge that, by and large, Hamas aimed at military as opposed to civilian targets – though, again, this could not be said of other groups which Hamas allowed to operate with broad impunity.⁶³ Any such restraint ended in January 2008, when an Israeli attack – launched in order “to distance terrorist organizations from the security fence, and in order to prevent Qassam rocket and mortar shell launchings into Israel”⁶⁴ – led to the death of at least eighteen Hamas fighters, including the son of Hamas leader Mahmoud Zahar.

Keen on strengthening its position vis-à-vis Israel and other factions in the Strip, Hamas augmented its military arsenal. It enhanced its rocket production and unveiled a new generation of Qassams that potentially bring up to 250,000 Israelis within range.⁶⁵ These rockets were put

to deadly use at the end of February 2008, when Hamas launched sustained fire on Ashkelon – thereby crossing what many Israelis consider a dangerous red line.⁶⁶ An Israeli official said, “these Grad rockets are very bad. But for all we know, there may be worse to come”.⁶⁷

In a similar vein, Hamas upgraded tunnels used to smuggle weapons from Egypt⁶⁸ and to allow continued force movements should an Israeli offensive drive the Islamists back into hiding. An Israeli general described this evolution: “The first tunnels were dug soon after Israel’s withdrawal from Sinai and were used to smuggle cheese, which is cheaper in Egypt. During the second intifada, they began to be used for weapons. By 2005, smugglers were bringing in RPGs”.⁶⁹ As a means of improving border surveillance and providing cover for snipers, Hamas oversaw the construction of houses near Gaza’s border with Israel.⁷⁰ It also established a quasi-admiralty, based in Khan Younis, which Israel feared was preparing attacks on naval forces enforcing the sea blockade as well as overseeing weapons smuggling by sea.⁷¹

Hamas’s military transformation won grudging Israeli respect. Soldiers returning from the front describe fighting a more disciplined and effective army equipped with night-vision goggles.⁷² A Western military observer

⁶¹ Officials from Hamas and other militant groups justified attacks on crossings on the grounds that they also served as entry-points for Israeli incursions into Gaza. Some Hamas officials also argued that Egypt – not Israel – was the preferred passage abroad. “Hamas calls all the time for Israel to open the crossings, and when they are open they shoot at them”, Crisis Group interview, local observer, Gaza City, March 2008. Some also argued that Israeli crossings were shelled to keep them closed and thereby ensure the tunnels retained their importance, Crisis Group interview, economist, Gaza City, December 2007. After Israel opened the goods crossing of Kerem Shalom near Rafah, shelling intensified until merchants appealed to the Hamas government to hold fire, Crisis Group interview, merchant, Khan Younis, September 2007.

⁶² A Qassam Brigades spokesperson claimed, “for seven months [after the takeover] we stopped launching rockets at the occupation. But after the massacre of Zeitun [a January 2008 Israeli incursion in Gaza City in which at least Hamas fighters were killed], the movement had to respond” Crisis Group interview, Gaza, March 2008. Israeli security experts also said that Hamas had curbed attacks in part because they wanted to ensure continued supplies, Crisis Group interview, security expert, Tel Aviv, October 2007. Mortars have a range of 1-2km. The number fired from Gaza rose from 55 in 2006 to 1,511 in 2007, Israeli foreign ministry report, 9 January 2008.

⁶³ Crisis Group interview, Israeli defence official, Tel Aviv, December 2007.

⁶⁴ IDF spokesperson’s announcement, 15 January 2008; and Reuters, 15 January 2008. Within hours of the attack, Hamas and allied groups had fired over 40 rockets, Crisis Group interview, informed observer, Gaza City, January 2008.

⁶⁵ Israeli internal security minister Avi Dichter, *Yediot Ahronot*, 9 December 2007. In late November, a rocket loaded with lead pellets landed just east of Ashkelon’s city centre, Crisis Group interview, European security official, Jerusalem, December 2007. A month later, a 122-mm rocket travelled 18km, overshooting Ashkelon, Israel Radio, 3 January 2008. “Twenty-two kilometres

is not a ceiling”, Popular Resistance Committees spokesperson Abu Mujahid, quoted, *The Jerusalem Post*, 1 December 2007. The PRC is a composite Gaza militia formed during the second intifada.

⁶⁶ “Prior to 2006, the number of Palestinian rocket attacks rarely reached 50 per month. By early 2008, Palestinian organisation displayed a capability of launching 50 rockets per day”, Dore Gold, “Israel’s War to Halt Palestinian Rocket Attacks”, Jerusalem Center for Public Affairs, 3 March 2008.

⁶⁷ Crisis Group interview, Israeli official, Washington, March 2008.

⁶⁸ Imports included explosives from Sinai’s plentiful obsolete landmines, as well as anti-tank and anti-aircraft artillery, Crisis Group interviews, Abu Taha and Ashur family members, Rafah, May and September 2007.

⁶⁹ Crisis Group interview, senior Israeli general, Jerusalem, November 2007. Another Israeli general claimed that 12,000 rifles, three million ammunition rounds, 190 tons of explosives, and 1,800 anti-aircraft missiles entered Gaza via tunnels in 2006. Presentation by Maj.-Gen. Yom Tov Samiah, former Southern Command chief, attended by Crisis Group, Jerusalem, 22 November 2007.

⁷⁰ Crisis Group interview, Qassam Brigade fighter, Gaza City, November 2007. In June 2006, militants allied to Hamas dug a kilometre-long tunnel, which curled behind Israeli lines, and attacked an Israeli military outpost from the rear, capturing Israeli corporal Gilad Shalit, Crisis Group interview, informed Palestinian observer, Rafah, November 2007.

⁷¹ Crisis Group interviews, Israel security expert and Palestinian observer, Jerusalem and Rafah, March 2008.

⁷² “In all parameters - training, equipment quality, and operational discipline - we are facing an army, not gangs”, paratrooper quoted

visiting Gaza said, “ Hamas is building a Palestinian military organisation in Gaza unprecedented in the occupied territories both in size, training, arming, commando conditions and fight efficiency”.⁷³

Given its ideology and worldview, as well as its history of challenging PA efforts to halt anti-Israeli attacks, Hamas faced a dilemma in its subsidiary aim of imposing overarching control over Gaza’s many armed groups: while long an opponent of plans to disarm militias, their continued operational independence challenged Hamas’s newfound commitment to monopolise the use of force. Unwittingly echoing the words the Fayyad government and Fatah leaders have used and continue to use against Hamas, a Qassam Brigade commander lamented: “One of the main challenges we are confronting is the lawlessness of the factions. Resistance against occupation is the pretext that is used by many factional fighters to maintain their weapons”.⁷⁴ In addition, Hamas officials express concern that uncoordinated paramilitary action could damage their hold on power – by both triggering Israeli reprisals and undermining Israeli confidence in Hamas’s ability to enforce a potential ceasefire. A Hamas official said:

One group wants to fire rockets in response to a West Bank incident, another to a different attack. One group says it is respecting the calm [*tahdi’a*]; the other calls it a betrayal. It’s leading to chaos. There’s not only a political problem, but a resistance problem. We have to organise the resistance. Palestinians are 80 per cent of the problem.⁷⁵

Accordingly, Hamas has sought to subordinate the “resistance” to a joint command. Hamas forces have intervened when armed groups conduct training exercises without permission.⁷⁶ Its leaders have repeatedly summoned commanders from other groups to discuss, among other issues, formation of a joint operations room and factional respect for a possible Hamas-Israel ceasefire. More practically, Hamas has confiscated weapons from groups associated with Fatah and, when used internally, from other factions as well.⁷⁷

by Amos Harel, “IDF reservists: Hamas men fight like soldiers”, *Haaretz*, 8 November 2007.

⁷³ Crisis Group interview, Jerusalem, November 2007.

⁷⁴ Crisis Group interview, Gaza, September 2007.

⁷⁵ Crisis Group interview, Hamas official, Gaza City, October 2007.

⁷⁶ In March 2008 Hamas forces sought to curtail an unauthorised Islamic Jihad training exercise, sparking minor clashes, Crisis Group interview, local observer, Rafah, March 2008.

⁷⁷ “Anyone who uses a weapon in public will have it confiscated, with the exception of resistance organisations. They, too, will lose their weapons if not used for resistance”, Crisis Group

interview, military prosecutor Amin Nofal, Gaza City, October 2007.

It has also sought to monopolise trafficking through the tunnels to Egypt in a bid to control Gaza’s arms supply. And, on occasion, it has used force to thwart efforts to plant explosives or launch rockets. In mid-September 2007, Hamas clashed with Islamic Jihad forces,⁷⁸ purportedly leading to a 5 November agreement committing Islamic Jihad to “stop rocket attacks on Israel” in the event of a ceasefire.⁷⁹ Pending such an eventuality, however, Hamas shied from curbing rocket fire or the Qassam-rocket cottage industry underpinning it.⁸⁰

In December 2007, Hamas leaders in Gaza explained that they were ready to accept and impose a ceasefire with the following three components: an end to all rocket and other attacks from Gaza; an end to all Israeli military attacks in Gaza; and an opening of the crossings.⁸¹ By the same token, they emphasised that without a mutual ceasefire, they simply could not persuade or compel other groups to hold their fire.

We need political capital, something with which to convince the other armed groups. We cannot tell them simply to stop firing rockets. If we have a ceasefire in hand, if we can tell the groups that Israeli attacks and the siege will cease, then we could, and we would be far more effective than Fatah ever was. But we cannot implement a unilateral ceasefire.⁸²

While Hamas can claim to have had greater success than its predecessors in establishing central authority inside Gaza, its claim to be able to curb armed groups fighting Israel remains largely untested. The formation of

interview, military prosecutor Amin Nofal, Gaza City, October 2007.

⁷⁸ Crisis Group interview, Islamic Jihad activists, UN observers, Gaza City, September 2007.

⁷⁹ “We are ready to stop the rocket fire in the general national interest as part of a comprehensive agreement by all the factions when Israel stops its aggression against the Palestinians”, Crisis Group interview, Islamic Jihad spokesperson, Gaza City, November 2007.

⁸⁰ “The factions are manufacturing the rockets themselves. We are asking them to stop”, Crisis Group interview, Qassam Brigade commander, Gaza, September 2007. “There have been no police operations against workshops and storage facilities, even though Hamas knows a lot about where these facilities and groups are”, Crisis Group interview, Israeli analyst, Jerusalem, November 2007.

⁸¹ At the time, they made clear that the ceasefire did not have to apply to the West Bank as well, Crisis Group interviews, Hamas leaders, Gaza City, December 2007.

⁸² Crisis Group interview, senior Hamas leader, Gaza, December 2007.

“a United Resistance Front”⁸³ remains a distant prospect and militant groups have recoiled from Hamas’s occasional demands they obtain prior authorisation before launching operations. Some commanders, particularly those aligned with Fatah, have denounced Hamas’s efforts to control the armed groups as “treachery”: “Hamas won the elections with a whole series of slogans – ‘negotiations are *haram* [forbidden by religion]’; ‘resistance is a sacred right’; ‘Palestinian blood is a red line’ – and then betrayed them”.⁸⁴

2. Internal security

Hamas seized the opportunity of its single-handed rule to transform the internal security force. It replaced a paper payroll of some 50,000 personnel with a more disciplined force a quarter that size. Within three months of Fatah’s rout, Hamas had reorganised its Executive Force – a force set up after its 2006 electoral victory – into three main branches managing Gaza’s internal security:⁸⁵ the Civil Police; the Internal Security Forces (ISF, an intelligence agency modelled on the former Preventative Security organisation);⁸⁶ and the National Security Forces, a border guard which Hamas referred to as its army.⁸⁷ All three, Hamas officials insist, are independent of the Qassam Brigades and operate supposedly as professional, non-partisan forces. PA forces who returned to work despite Ramallah’s orders were integrated into the new command structure and non-Hamas personnel appointed to head two of the three branches. Said Siam, a Hamas leader still referred to by Hamas security officials as interior minister explained:

Our aim is to depoliticise the security services, which is why I appointed Tawfiq Jabber – a

former member of Fatah – as police chief with 12,000 men under his command. There is a complete separation between the Qassam brigades and the police. The Qassam are the military arm of Hamas for resistance against the occupation. They have no internal role. Any member interfering in internal security will be treated as a violator of the law. The police and internal security even arrested some Qassam members when they strayed into internal affairs.⁸⁸

Such claims are strongly disputed by Fatah, the PA and even some Hamas members, and there is no doubt that Hamas controls security despite the apparent affiliation of some officials with other organisations; its personnel predominate in the newly formed Higher Security Council and are answerable to the acting interior minister, Said Siam.⁸⁹ Observers further contend that given the amalgamation of the Executive Force into the police force, police and Qassam operatives are often interchangeable.⁹⁰

⁸³ The term was used by militants following discussions with Hamas regarding ceasefire proposals, Crisis Group interview, PRC spokesperson, Gaza City, October 2007.

⁸⁴ Crisis Group interview, retired PA security official, Gaza City, October 2007. “Hamas says it is not against resistance, but it has seized weapons from many cells of the Aqsa Martyrs’ Brigade”, Crisis Group interview, Fatah militant, Gaza City, October 2007. A spokesperson for the Popular Resistance Committees said, “we sat with [Hamas Prime Minister Ismail] Haniya and didn’t give a response to his proposal for a *tahdi’a* [period of calm] on the crossings”, Crisis Group interview, Alwiyat al-Nasr spokesperson, Gaza, October 2007.

⁸⁵ “The Executive Force no longer exists. They have become the police”, Crisis Group interview, military prosecutor Amin Nofal, Gaza City, October 2007.

⁸⁶ The ISF comprised political intelligence, for surveillance of rival factions; an anti-collaborator division, aimed at uncovering Israeli penetration inside Gaza; and military intelligence, aimed at watching Israeli forces, Crisis Group interviews, Western and Palestinian security officials, Jerusalem and Gaza, October 2007.

⁸⁷ There were three further security divisions: civil defence, the admiralty and protection for dignitaries (*amn wa-himaya*), Maan News, 2 October 2007.

⁸⁸ Crisis Group interview, Said Siam, Gaza City, February 2008. At the time of the amalgamation of the Executive Force with the Palestinian civil police in October 2007, some 1,400 of 10,000 PA police and 400 of some 22,000 PA National Security Forces personnel had returned to work. Other former PA security personnel were also appointed to senior posts, including Hussein Abu ‘Athra as commander of the National Security Forces. Some declined. Following their appointment, Fatah’s Central Committee expelled both men from the movement, Crisis Group interview, Fatah official, Ramallah, March 2008. Jabber had been demoted following a scandal in the late 1990s in which he is alleged to have taken bribes in exchange for helping the entry into Egypt of 300 wealthy Gazans whose access he had earlier obstructed. At the time of the takeover, he was a policeman in Rafah. “Hamas repeatedly offered me my job back. [Qassam Brigades Commander Ahmad] Jabari invited me for coffee and said you’re a military man without corruption. Come and serve the new system”, Crisis Group interview, senior PA officer, Gaza City, October 2007. The new chiefs insist their policing is non-partisan. Sitting beneath a large Arafat portrait, Jabber said, “this is not Hamas rule. It’s a continuation of the same Haniya government as before the takeover. My job is defend civil liberties without reference to any political faction, Hamas or otherwise. If Hamas didn’t believe in power sharing, why would they have put me in charge? Has Fatah ever shown that pluralism and willingness to share?” Crisis Group interview, Tawfiq Jabber, Gaza City, December 2007. The NSF chief is similarly insistent: “I appoint my staff, not Hamas”. Crisis Group interview, Abu ‘Athra, Gaza City, December 2007. Many informed observers in Gaza doubt these claims. “Officially they’re in charge. On the ground, they’re irrelevant”, Crisis Group interview, Gaza City, March 2008.

⁸⁹ Crisis Group interview, Palestinian academic, Gaza City, December 2007.

⁹⁰ Crisis Group interview, Palestinian journalist, Gaza City, February 2008.

The new force registered early successes in restoring order. Drivers heeded directions of traffic police; militiamen curbed gunfire and kinsmen sought to reduce inter-clan blood feuds, the bane of previous administrations.⁹¹ In line with a plan devised by Hani Qawasma, the interior minister in the short-lived national unity government, security forces banned weapons display, even for celebratory fire at weddings, prohibited the wearing of masks and dismantled checkpoints manned by private militias.⁹² Arms bazaars closed shop, triggering a collapse in prices as their merchants hurried to offload stock.⁹³ Hamas's security forces found and hauled back to jail most of the fugitive prisoners who, along with their wardens, had fled prison during the takeover.⁹⁴ A new prison service provided for prisoner transfer to the central prison within 48 hours.

Within three months, Hamas appeared sufficiently confident of its control to withdraw armed personnel from the streets, ministry gates and law courts. After years of chaos, praise for the new order abounds: "I can dial emergency services, and 100 police will come to my rescue", said a shopkeeper.⁹⁵ The ease with which Hamas closed the Rafah border on 6 February 2008 after days of unfettered access bears testimony to their efficacy.

But the new order came at significant cost to ordinary Gazans. Born in internecine bloodshed that took more Palestinian lives in 2007 than did the conflict with Israel, Hamas's takeover has been harsh.⁹⁶ A foreign doctor working in Gaza commented: "In Northern Ireland paramilitaries would shoot twice in the leg. In Gaza, they pumped bullets with machine-guns at close range from the waist down".⁹⁷ During the four-day takeover, he said, Gaza's amputee population doubled. Hamas security forces targeted not only rival security groups but also members of Gaza's civil society. Detentions – often without warrant – are frequent, threatening

and at times brutal.⁹⁸ Crisis Group interviewed former detainees whose backs were scarred with burning iron rods and limbs broken. The ribcage of a twelve-year-old boy had been broken. Some had gun wounds in their legs. Interviewees described how the abuses occurred after their heads were covered with sacks and their arms tied.⁹⁹

Lawyers say they are frequently denied access to prisons,¹⁰⁰ and ex-detainees held in the early months of the takeover claim their releases came only after payment of bail and a pledge not to talk or seek treatment in government hospitals.¹⁰¹ Tales from those emerging from interrogation, though warned not to speak out, have sown fear among politicians and security personnel alike. Some have fled into hiding,¹⁰² fearing a written police summons (*tabligh bil-hedour*), with the implicit threat that "if you don't come, say goodbye to your knee".¹⁰³ Hamas security forces repeatedly summoned political leaders with no history of armed activity, for periods ranging from hours to weeks.¹⁰⁴ Many Gazans avoid mobile phone conversations out of fear of surveillance.

The police treat unlicensed public assembly, particularly if Fatah-organised, as a disturbance to the peace and have quashed it. Shunning such standard crowd-control tools as tear gas and water cannons (which it acquired during its seizure of PA bases), Hamas sometimes has resorted to live ammunition, although security officials insisted they only open fire when under fire.¹⁰⁵ To obstruct a mid-November mass rally, Hamas forces erected dozens of checkpoints for miles before the meeting point and impounded buses. An eyewitness told Crisis Group: "I saw Hamas beating children and old women. They cursed women as belly-dancers for not donning scarves

⁹¹ Kinsmen described how Hamas forces intervened within minutes of armed family clashes and arrested the perpetrators, Crisis Group interviews, September to December 2007.

⁹² Crisis Group interview, military prosecutor Amin Nofal, Gaza City, October 2007.

⁹³ Within four months of the takeover, the cost of an AK-47 automatic rifle fell from \$1,900 to \$1,000, an RPG from \$7,000 to \$4,500 and a bullet from \$4 to \$1, Crisis Group interview, local observers, Gaza City, November 2007.

⁹⁴ Some fearing clan vengeance returned of their own volition, Crisis Group interview, international official, Gaza City, October 2007.

⁹⁵ Crisis Group interview, Gaza City, November 2007.

⁹⁶ In 2007, 302 Gazans were killed as a result of the conflict with Israel while 454 lost their lives in internal violence, UN Humanitarian Monitor report, December 2007.

⁹⁷ Crisis Group interview, foreign medic, Gaza, September 2007.

⁹⁸ "Under Palestinian law you don't need a warrant to search a house or detain", Crisis Group interview, military tribunal justice Amin Nofal, Gaza City, October 2007.

⁹⁹ For a detailed summary, see Palestinian Centre for Human Rights (PCHR) statement, 1 November 2007.

¹⁰⁰ Crisis Group interview, lawyer, Gaza, February 2008.

¹⁰¹ Crisis Group interviews, Khan Younis, Gaza City and Rafah, September-December 2007.

¹⁰² Crisis Group interview, Fatah leader, Gaza City, December 2007.

¹⁰³ Crisis Group interview, Palestinian observer, Gaza City, February 2008.

¹⁰⁴ They included Fatah leaders Zakaria al-Agha, Ibrahim Abu Naja and Hazem Abu Shaneb, Crisis Group interviews, Fatah and international officials, Gaza City, December 2007.

¹⁰⁵ Crisis Group interview, Tawfiq Jabber, Gaza City, December 2007. Some witnesses claim that Hamas forces resorted to less orthodox methods: in an effort to prevent open-air mass prayers, eyewitnesses allege they sprayed waste on the crowds and littered the parks to render them unclean for prayer, Crisis Group interviews, Gaza City, November 2007.

and blocked an ambulance driver from reaching the bleeding”.¹⁰⁶

Smaller acts of dissent are also met with force. Unarmed Gazans in refugee camps caught wearing a Fatah medallion reported being dragged into the street by Hamas forces and beaten with Kalashnikov butts until their limbs broke.¹⁰⁷ Teachers who adhered to Ramallah’s call for wildcat strikes claimed they were beaten in front of their students.¹⁰⁸ Security forces suppressed smaller family gatherings for fear of their political overtones. A resident of a Gaza refugee camp, still on crutches, described his nephew’s wedding in September 2007:

During the wedding, we’d erected a large portrait of [imprisoned Fatah leader Marwan] Barghouti across the back of the podium, and some people were dancing with Fatah flags and singing Fatah anthems. Two nights later, Hamas forces in three police vehicles arrived at our door. Someone fired a Yasin mortar at the top floor; others then broke down the door with iron bars and then used them to hit our heads, arms and backs. The groom’s arms were broken and when my brother drove him to hospital he was detained. As they drove off with another brother, they swerved into my mother, knocking her flat.¹⁰⁹

By year’s end, security forces had largely succeeded in suppressing Gaza’s civil opposition. The sea of Fatah flags so prevalent on rooftops during 2007 had dried up. Following calls for a rally to mark Fatah’s founding on 1 January 2008, Hamas raided many Fatah offices, confiscating their equipment and furniture. It suppressed celebratory fireworks and protests across the Gaza Strip with live fire, killing six, including a twelve-year-old boy shot in the head.¹¹⁰ The main rally never took place.

Hamas also deployed its security apparatus to seize control of PA institutions. Security forces took charge of government hospitals, courts and five Fatah-run municipalities, seized PA-issued cars¹¹¹ and stripped non-government property – including political party headquarters and offices of prisoner welfare groups – of equipment before converting them to police stations.¹¹²

Following a Friday prayers rally in September, Hamas forces temporarily occupied the PLO headquarters in Gaza.

Media has been another target. The authorities closed several radio stations and banned pro-Fatah newspapers. In February 2008, they halted distribution of the Ramallah-based *Al Ayyam*, a daily newspaper close to Fatah, and sentenced its chief editor in absentia, purportedly on account of “its unprofessional ethics” after it ran a negative account of Hamas leader Mahmoud Zahar’s negotiations with Egypt.¹¹³ More generally, security forces are known to have raided media offices;¹¹⁴ stripped photographers of their footage;¹¹⁵ and summoned for interrogation journalists whose reporting purportedly was sympathetic to the PA. In March 2008, the authorities banned two journalists from reporting for the PA’s official Palestine Television.¹¹⁶

Journalists also speak of a creeping climate of self-censorship.¹¹⁷ At the same time, Hamas boosted its own media apparatus, comprising Siraj al-Aqsa, a satellite channel launched in October 2006, several websites, two newspapers and at least one radio station. Given the widespread use of satellite dishes, Gazans have access to outside information but, these broadcasts aside, are subject to an increasingly partisan news diet.

As an opposition movement, Hamas had advocated respect for human rights; eight of the nineteen domestic policy commitments in its 2006 election manifesto concerned civil liberties.¹¹⁸ Now accused of spawning

¹⁰⁶ Crisis Group interview, female demonstrator, Gaza City, 12 November 2007.

¹⁰⁷ Crisis Group interviews, Jabaliya camp, September 2007.

¹⁰⁸ Crisis Group interview, teacher, Gaza City, September 2007.

¹⁰⁹ Crisis Group interview, Khan Younis, September 2007.

¹¹⁰ Crisis Group interviews, Palestinian journalists and human rights monitors, Gaza City, January 2008.

¹¹¹ Crisis Group interview, mayor’s adviser, Gaza City, December 2007.

¹¹² Crisis Group interviews, Palestinian observers, Gaza City, Deir al-Balah and Rafah, December 2007 and March 2008.

¹¹³ Crisis Group interview, Mahmoud Zahar, Gaza City, February 2008. A Gaza court sentenced the editor-in-chief and presidential adviser, Akram Hanya, and two other employees to a steep fine and jail on additional charges, including publishing a cartoon offensive to members of the PLC, Crisis Group interviews, PLC legislator, Palestinian human rights monitor and al-Ayyam journalist, Gaza and Ramallah, March 2008.

¹¹⁴ Raids sometimes take place when office staff are summoned for questioning. Offices subject to raids included the Palestine Cultural and Media Centre (Deir al-Balah, 6 September 2007), Palestine without Borders (3 October 2007) and the Islamic Jihad-affiliated *al-Istiqlal* newspaper (27 September 2007), Crisis Group interview, human rights activist, Gaza City, October 2007.

¹¹⁵ Crisis Group interview, Palestinian journalist, Gaza City, October 2007.

¹¹⁶ Crisis Group interview, Palestinian journalist, Gaza City, March 2008.

¹¹⁷ Crisis Group interview, Palestinian journalist, Gaza City, October 2007.

¹¹⁸ For example, Article 7 called for “prohibiting political detention and rejecting the confiscation of the right to express an opinion”. See Azzam Tamimi, *Hamas: Unwritten Chapters* (London, 2007), appendix vi.

a police state, Hamas cadres oscillated between denial and appeals for understanding. Some denounced the accusations as Fatah- or Israeli-inspired propaganda and denied their veracity: “We asked human rights organisations to check all our prisons. There is not a single political prisoner. There is simply no comparison between the situation now and conditions prevailing before the takeover”.¹¹⁹ Others insisted that whatever abuses have occurred pale in comparison to practices of the Fatah-run security services – whether in the past or currently, in the West Bank¹²⁰ – and the result either of police “inexperience”¹²¹ or of the pressures of siege, Israeli military activity and internal factional or family unrest, sometimes targeting Gaza’s new rulers:

Such things are not planned. But we are establishing a check-and-control system. We don’t accept that such mistakes have become routine. Our people have to respect the law like everybody else, even more than others. It will take time, not years but weeks and perhaps months. It has to be understood that those incidents will continue to happen in the field if the context we live in doesn’t change, meaning the pressures we’re under and Fatah’s constant attempts to stir trouble.¹²²

In response to the criticism, Hamas officials embarked on a public relations drive, attending locally organised human rights conferences and appealing for the European Union (EU) to restore its human rights training for the police and judiciary. Violators, Hamas says, have been brought to justice and in some cases jailed. Officials claimed a few police officers were sentenced in closed courts for “excesses” and punished with relocation, docked pay or 21 days of imprisonment. The authorities also launched an inquiry into the October 2007 killing of four members of the Hillis clan in Gaza and the use of live fire during the November 2007 rally.¹²³ In late October, Hamas legislators grilled police chief Tawfiq Jabber on civil rights abuses – in sharp contrast, they insist, to the situation in the West Bank, where

authorities are not accountable to parliament or to anyone else.¹²⁴

B. LEGISLATIVE AND JUDICIAL CONTROL

Since the June takeover, Gaza’s authorities have sought to transform the judiciary as well as the Palestinian Legislative Council (PLC), on which the government bases its claims to constitutionality. Boycotts of both by the Palestinian Authority had rendered the institutions moribund. To revitalise the PLC and reestablish its legislative majority, Hamas set about finding ways to make up for the 40 parliamentarians Israel detained between June and August 2006. It put pictures of the detainees in the chamber and allowed them to vote by proxy.¹²⁵ On 7 November 2007, the PLC convened for the first time since the takeover as an exclusively Hamas body, bar a single independent legislator. Its first act was to annul the fourteen decrees issued by President Abbas since the takeover. Meeting weekly and only in Gaza, it has passed bills on the formation of a military tribunal and authorisation for women to use their maiden names in the official registry.

While the legislature’s actions were largely rhetorical, that is not the case with the judiciary. In the wake of the takeover, during which Hamas raided the public prosecutor’s premises, the PA suspended its operations. The decision paralysed Gaza’s already oft-dysfunctional criminal justice system: without a state prosecutor, criminal cases could not be presented to court; without a police force, rulings could not be enforced.

Hamas’s initial response was to bypass the courts. Its security officers issued summary justice, sanctioned by clerics, notably an Islamist legislator Marwan Abu Ras, popularly dubbed Hamas’s mufti.¹²⁶ Under Abu Ras’s auspices, the authorities also expanded “Islamic Conciliation Committees” – *lijan al-islah al-islamiya* – Hamas’s longstanding informal alternative to the courts.¹²⁷ To assist public access, the Muslim Scholars

¹¹⁹ Crisis Group interview, Hamas official in exile, November 2007.

¹²⁰ “The PA was worse. They used to open fire on worshippers. In 1995, the PA killed twenty inside [Gaza City’s] Palestine Mosque”, Crisis Group interview, PLC member Marwan Abu Ras, Gaza City, September 2007. The situation in the West Bank will be the subject of a subsequent Crisis Group report.

¹²¹ “The police were mainly Qassam Brigades fighters who knew how to box but had never been trained in policing”, Crisis Group interview, Hamas official, Gaza, March 2008.

¹²² Crisis Group interview, Hamas official, September 2007.

¹²³ Crisis Group interview, senior police official, Gaza City, December 2007.

¹²⁴ “Every policeman infringing human rights is held to account”, Crisis Group interview, Jabber, Gaza City, December 2007.

¹²⁵ Crisis Group interview, PLC legislator Salah Bardawil, Gaza City, February 2008. The PA does not recognise the legality of powers of attorney for legislators.

¹²⁶ Crisis Group interview, PLC member Marwan Abu Ras, Gaza City, September 2007.

¹²⁷ On 22 July 2007, Executive Force spokesperson Islam Shahwan declared the district attorney’s office would be replaced by an *islah* (conciliation) committee. An Islamist arbitration service predates Hamas. Opened in 1973 by Hamas’s founder Shaikh Ahmad Yasin, the *Mujamma al-Islamiya* centre “penetrated Gaza society through mediation and conflict

League, an association of clerics headed by Abu Ras, distributed booklets with the names and mobile phone numbers of committee members across the Gaza Strip.¹²⁸ By September 2007, Hamas was running some 30 committees in its territory which loosely applied Islamic codes. They were, says a judicial official, “a vital stop-gap. We couldn’t leave Gaza without a functioning judiciary”.¹²⁹ In contrast to the formal sector, judgments were quickly rendered and implemented by Hamas’s own forces.¹³⁰ The system operated under Hamas’s executive control, eroding any semblance of judicial independence.

Hamas gradually filled the vacuum in the formal sector. Two months after the takeover, the Haniya government revived military courts, expanding their jurisdiction to cover not only serving personnel but also tens of thousands of PA security personnel who had suspended operations and “anyone who attacks military personnel or installations, including the police”.¹³¹ In January 2008, the tribunal delivered its first death sentence.¹³²

The drive to revive the criminal justice system proved more arduous. Faced with the ongoing boycott of the PA prosecution service, Haniya suspended the attorney general, Ahmad al-Maghani, in August 2007. Hamas forces raided his office, detained him and removed his files. Attempts to stand up new prosecutors were frustrated by Gaza’s judges, who deemed their appointment

unconstitutional and refused to cooperate. As the showdown with judges intensified, Hamas formed a Higher Justice Council in September 2007, assuming the presidential prerogative of replacing independent-minded judges.¹³³ After months of standoff and a paralysed judiciary, the council’s head, Abd al-Raouf al-Halabi, took over the Supreme Court with an armed Hamas escort, declared himself supreme justice and demanded that judges obey his orders. In response, the entire judiciary went on strike. Seizing the opportunity to sweep a recalcitrant judiciary aside, Halabi gave Gaza’s 44 judges a week to return to work or face suspension.¹³⁴ When the threat fell on deaf ears, he appointed replacements.¹³⁵

Fearing a similar fate, the lawyers’ syndicate in January 2008 suspended its strike, paving the way for its 750 members to return to work.¹³⁶ By February 2008, Gaza’s criminal courts were again functioning. They have since enforced rulings more quickly, and judges apparently have been working longer hours than previously, prompting a lawyer to say that “the courts are working better than before the takeover”.¹³⁷ Still, lawyers expressed concern about executive interference, politicisation of the judicial system and the longer-term consequences of separating Gaza’s jurisdiction from Ramallah.¹³⁸ But with legislature and judiciary in hand, Hamas had its own writ.¹³⁹

resolution between feuding clans”, Shaul Mishal and Avraham Sela, *The Palestinian Hamas* (New York, 2000), p. 21. For further background, see Crisis Group Middle East Report N°71, *Inside Gaza: The Challenge of Clans and Families*, 20 December 2007.

¹²⁸ *Dalil Lijan al-Islah*, published by Muslim Scholars League, 2007.

¹²⁹ Crisis Group interview, Supreme Court head Abdel Raouf al-Halabi, Gaza City, February 2008. “The doors have been closed to dialogue. Hamas has no choice but to reorganise life in Gaza”, Crisis Group interview, PLC legislator Salah al-Bardawil, Gaza City, February 2008.

¹³⁰ Crisis Group interview, lawyer, Gaza City, October 2007.

¹³¹ Crisis Group interview, chief military prosecutor Amin Nofal, Gaza City, October 2007. Nofal, a former prosecutor dismissed by the PA in 2006 for Hamas connections, was appointed chief military prosecutor by the Hamas government in August 2007. Their tribunals’ wide-ranging use elicited concern even among Hamas-appointed judges. “The Criminal Code of 1936 should be applied”, one said after Hamas announced Haniya’s alleged would-be assassins would be tried by military tribunal, Crisis Group interview, Khan Younis, February 2008.

¹³² Crisis Group interview, human rights activist, Gaza City, January 2008. The death sentence was not carried out because it required President Abbas’s signature for implementation, Crisis Group interview, Hamas legislator, February 2008.

¹³³ Hamas’s Higher Justice Council was designed to supplant the PA’s Higher Judicial Council, based in Ramallah.

¹³⁴ Crisis Group interview, Palestinian official, Gaza City, December 2007. The Palestinian Bar Association backed the strike.

¹³⁵ By February 2008, Halabi had appointed or promoted 24 new judges, Crisis Group interview, Supreme Court head Abdel Raouf al-Halabi, Gaza City, February 2008.

¹³⁶ “We were not being paid by the Ramallah government: we rely on private clients for our income and so had to go back to work”, Crisis Group interview, lawyer, Deir al-Balah, February 2008.

¹³⁷ Crisis Group interview, Deir al-Balah, February 2008. Some criticised the competence of the new judges while others praised their standards. “Under Fatah, the police would carry out rulings against the poor, not against the rich and powerful. The corruption was terrible. That is changing with Hamas”, Crisis Group interview, lawyer, Gaza City, October 2007. However, other lawyers remain critical. “These courts are Hamas courts not legal ones. They were formed in violation of the law and their judges are breaking the law”, Crisis Group interview, lawyer, Gaza, March 2008.

¹³⁸ Crisis Group interview, senior lawyer, Gaza City, November 2007.

¹³⁹ For many, however, the existence of two rival jurisdictions left Gaza in legal limbo. “The PA’s Higher Judicial Council is not recording any legal rulings, so Gaza’s rulings could be considered null-and void”, Crisis Group interview, Issam Younis, director of al-Mezan Centre for Human Rights,

C. BUREAUCRATIC CONTROL

Gaza's authorities sought to take control of PA bureaucracy, financed and therefore subject to the Fayyad government. Haniya assembled a skeletal administration remarkable for its multitasking. The national economy minister holds four other ministerial portfolios; in his spare time, the health minister also serves as minister of information, youth and prisoner affairs. Focusing on the key service ministries of education, health and religious affairs, ministers purged or pushed aside the upper tiers of key government departments and public sector institutions of Fatah loyalists. In the religious affairs ministry, Hamas dismissed about 300 preachers, 25 per cent of the total, from their mosques, sometimes by force.¹⁴⁰ Many heads of department, including most hospital directors, were eased out, again through relocation, dismissal or retirement. When PA-backed labour unions responded with strike action and protest, the Hamas government seized upon their absence to make further staff changes.

Hamas further pruned its administration to a skeletal bureaucracy of loyalists. Making a virtue out of economic and political necessity, spokespersons celebrated a downsizing rare in the Arab world. While the Fayyad government says it funds 77,000 employees in Gaza, Hamas's runs the territory with a payroll a quarter the size.¹⁴¹ "If you have effective, hard-working employees, you can manage Gaza with 20,000 employees. The old labourers were not productive and were a burden on the government. Now productivity is higher", said a Hamas official.¹⁴²

To compensate for striking bureaucrats, Gaza's authorities recruited volunteers drafted from the ranks of retired PA employees and unemployed university graduates eager to improve their chances of a lucrative

government post.¹⁴³ In the blood bank of Gaza's largest hospital, Shifa, medical officials drafted twenty volunteers to replace 33 of its 50 workers who, as of February 2008, were on strike.¹⁴⁴ Gaza's education ministry held entrance exams to select 2,000 new classroom assistants and deputy head-teachers.¹⁴⁵

That said, serious institutional problems continue to dog Hamas's efforts to establish a parallel bureaucracy. In the hands of trainees, novices and retired state employees, service provision varies widely.¹⁴⁶ A minister said, "we are managing a crisis, not implementing a program. We have no budget".¹⁴⁷ Further complicating the situation, the Fayyad government continues to seek to manage by remote control those remaining public servants who are still working and are on its payroll. Some Hamas ministers run no more than a small annex inside their own ministries, comprised of a retinue of inexperienced bodyguards, independent of the rest of the ministry which is at least nominally loyal to the Fayyad government.

Occasionally competition spurs government output: the Fayyad government's intermittent payment of unemployment benefit prompted Hamas to follow suit, using its own resources.¹⁴⁸ Both raced to get pilgrims to

Gaza City, October 2007. "If someone wins a case in Gaza, the opponent may file another case in Ramallah and may win too", Crisis Group interview, Gaza City, November 2007.

¹⁴⁰ Crisis Group interview, religious endowments ministry employee, Jabaliya, February 2008.

¹⁴¹ Crisis Group interviews, Fatah and Hamas officials, Ramallah and Gaza City, December 2007. In October 2007 Hamas claimed it paid 7,000 civil servants and 9,000 military personnel. Address by Ismail Haniya attended by Crisis Group, Beach Camp Mosque, 11 October 2007. Hamas also alleges that 4,000 municipal workers joined its payroll in December 2007, Crisis Group interview, Ziad Zaza, Gaza City, December 2007. For an analysis of revenue sources, see below.

¹⁴² Crisis Group interview, Ahmad Yusif, Gaza City, February 2008.

¹⁴³ Initially unpaid, by early 2008 volunteers had begun receiving a monthly government stipend of \$100, Crisis Group interviews, volunteers, Gaza City, February 2008.

¹⁴⁴ Crisis Group interview, doctor, Shifa Hospital, Gaza City, February 2008.

¹⁴⁵ Crisis Group interview, education ministry official, Gaza City, February 2008.

¹⁴⁶ Due to lack of funds, many government operations, particularly in the health sector, function solely thanks to foreign government and UN support. Donors, including the UN and Western governments, variously provide medical drugs, capacity building, training, school textbooks and salary support. Asked whether this was consistent with Quartet policy against supporting Hamas, an aid worker said, "it's not legitimate to say that because Hamas is in Gaza we can't do health care", Crisis Group interview, aid worker, Jerusalem, March 2008

¹⁴⁷ Crisis Group interview, Hamas government national economy minister Ziad Zaza, Gaza City, December 2007.

¹⁴⁸ Unemployment benefits, worth \$250 per month prior to the 2006 elections, were paid only occasionally after Hamas took office. This occurred in October 2007, when the Fayyad government also made payments to coincide with the Muslim fasting month of Ramadan. After the June 2007 takeover, budgetary pressures prompted Hamas to seek to purge the register of bogus claimants, cutting its list from 120,000 to 64,000. Hamas-appointed officials insisted beneficiaries were selected on the basis of non-partisan criteria; to qualify, they said, recipients had to be heads of household with three or more children and not simultaneously receiving support from Ramallah, Crisis Group interview, labour ministry official, Gaza City, November 2007.

Mecca.¹⁴⁹ But caught between rival chains of command, governance for the most part is paralysed. Morale has plunged: many employees make only brief appearances at their desks or simply stay home.¹⁵⁰ A civil servant said, “my work’s a fiction. Each day I show my face and then disappear without doing anything. No one can take a decision”.¹⁵¹

D. ISLAMISATION?

Nine months after the takeover, Hamas’s intentions about the kind of social order it intends to create remain unclear. Hamas claims to want to “create an honourable model”¹⁵² and denies any intent of coercively imposing an Islamist entity. It appointed some non-Hamas figures to run its security services¹⁵³ and administer its judiciary.¹⁵⁴ There are no flagrant signs of Islamisation of the courts and schools. The authorities did not alter the PA school curriculum, the PA’s law code or its constitution.¹⁵⁵ In January 2008, in accordance with PA practice but controversial within Islamic tradition,¹⁵⁶ they appointed a woman judge and promoted another to head the Appeals Court.¹⁵⁷ Notably, since August 2007, Hamas has recruited policewomen to fill the gap, attracting them through television and radio stations, as well as

through mosques. Over 100 women have applied.¹⁵⁸ A Hamas official maintained: “The people in Ramallah are trying to stigmatise Hamas as extremist. But an Islamic emirate will not come about in Gaza”.¹⁵⁹

That said, past performance is no guarantee of future conduct, and civil rights groups as well as non-Hamas preachers remain deeply worried, pointing in particular to indirect forms of social pressure.¹⁶⁰ Within Hamas, a more hardline clerical faction insists on a greater role for Sharia (Islamic law). Religious edicts (*fatwas*) – particularly those issued by Marwan Abu Ras – give sanction to Hamas’s more controversial actions: the killing of Samih Madhun, a commander of the Fatah-allied Al-Aqsa Martyrs’ Brigades;¹⁶¹ the suppression of Fatah-organised prayer rallies;¹⁶² the ban on a health workers strike; Abbas’s designation as an apostate for negotiating with Israel;¹⁶³ and approval for the military prosecutor’s rulings.¹⁶⁴

A senior Hamas jurist’s reply was equivocal: “We want the courts to apply Sharia law, but we won’t compel the people”.¹⁶⁵ Yet in some cases, they have done just that. Hamas authorities have issued instructions for weddings, cautioning against mixed dancing and non-Islamic anthems.¹⁶⁶ Lawyers also say that new prosecutors require a certificate of approval from local Hamas authorities (a claim denied by Hamas).¹⁶⁷ Meanwhile, Hamas militants subject mosques to tight control.¹⁶⁸

¹⁴⁹ The Gaza government secured the passage of 2,450 pilgrims from Gaza through the Rafah crossing with Egypt, Crisis Group interview, journalist, Gaza, December 2007. The PA arranged the passage of 920 more via Israel, “Gaza Special Focus”, op. cit.

¹⁵⁰ Less than a third of the 170 employees at Gaza’s labour ministry and a fifth at the transport ministry were at work when Crisis Group visited their premises in October and December 2007.

¹⁵¹ Crisis Group interview, ministry director-general, Gaza City, October 2007.

¹⁵² Crisis Group interview, PLC legislator Salah Bardawil, Gaza City, February 2008.

¹⁵³ Crisis Group interview, Said Siam, Gaza City, February 2008.

¹⁵⁴ “We’ve appointed judges from different factions”, Crisis Group interview, Supreme Court head Abdel Raouf al-Halabi, Gaza City, February 2008. Crisis Group is aware of judges, previously members of other factions, who have been appointed.

¹⁵⁵ Crisis Group interviews, lawyers, judge and senior education ministry official working for the Ramallah government, Gaza, March 2008. “Until now, Hamas is maintaining the separation between religion and regime”, Crisis Group interviews, lawyer, Gaza City, February 2008.

¹⁵⁶ “There are conflicting opinions on women serving as judges. But when we were asked, we replied that this does not violate Islamic law”, Crisis Group interview, Marwan Abu Ras, Gaza City, March 2008.

¹⁵⁷ Crisis Group interviews, Supreme Court head Abdel Raouf al-Halabi and lawyer, Gaza City and Deir al-Balah, February 2008.

¹⁵⁸ Taghreed El-Khodary, “Hamas Police Force Recruits Women in Gaza”, *The New York Times*, 18 January 2008.

¹⁵⁹ Crisis Group interview, Ahmad Yusuf, Gaza City, February 2008.

¹⁶⁰ “Under Hamas, society is becoming evermore conservative”, Crisis Group interview, human rights monitor, Gaza City, February 2008. “The *minbar* [the pulpit] has become politicised. Hamas is turning a religion of tolerance into a religion of terrorists”, Crisis Group interview, preacher, Jabaliya, September 2007.

¹⁶¹ Crisis Group interview, Marwan Abu Ras, Gaza City, September 2007. Madhun’s execution was broadcast in full on al-Aqsa, replete with scenes of him begging for life and a mob dragging his body through the streets.

¹⁶² “Exploiting prayer for *fitna* [civil war] is forbidden”, Crisis Group interview, Abu Ras, Gaza City, September 2007.

¹⁶³ Ibid.

¹⁶⁴ Ibid.

¹⁶⁵ Ibid.

¹⁶⁶ Crisis Group interview, Nofal, Gaza City, October 2007.

¹⁶⁷ Crisis Group interviews, lawyers, Deir al-Balah, February 2008. The claims were denied by Hamas, Crisis Group interview, Supreme Court head Abdel Raouf al-Halabi, Gaza City, February 2008.

¹⁶⁸ Mosques were purged of dissenters. Preachers suspected of non-Hamas loyalties were questioned and sometimes beaten, Crisis Group interview, Khan Younis, September 2007. The home

Moreover, amid Gaza's intensifying isolation and accompanying withdrawal of a Western presence, social mores have grown increasingly conservative and patriarchal – a process that some of Hamas's more zealous militants, particularly within the security forces, have encouraged. The time devoted to religious instruction in schools has increased, and some teachers are known to punish girls who do not wear the veil. Although women continue to walk the streets unveiled, and officials say there has been no ruling on dresscode,¹⁶⁹ Hamas militants are known to have enjoined some women to don scarves.¹⁷⁰ Similarly while Hamas has curbed the killing of women on grounds of immorality, unmarried couples in cars reported some cases of being beaten and detained.¹⁷¹ The rate of attacks on internet cafes – apparently by non-Hamas groups – has begun to climb after a brief lull following the takeover, and Gaza's Christians accuse Hamas forces of doing too little too late to reverse a significant increase in attacks on their community of 3,000, evidence, say some, of the growing influence radical Islamism commands within Hamas ranks.¹⁷²

E. ECONOMIC CONDITIONS

Sanctions and the consequent collapse of the private sector¹⁷³ undoubtedly have taken their toll. Yet, although Gazans face a critical economic situation, several mitigating factors have prevented a complete meltdown.

First, and its hostility notwithstanding, the Fayyad government remains the largest contributor to Gaza's salary bill. Indeed, it has paid salaries – which, it says, amount to a monthly total of \$94 million – to 77,000 PA employees in Gaza hired before December 2005 by transferring money directly to employee bank accounts.¹⁷⁴

of another imam in Jabaliya camp dismissed from the ministry was sprayed with machine-gun fire, Crisis Group interview, imam, Jabaliya camp, September 2007.

¹⁶⁹ Crisis Group interview, police chief Tawfiq Jabber, Gaza City, December 2007.

¹⁷⁰ Crisis Group interview, local UN official, Gaza City, September 2007.

¹⁷¹ Crisis Group interviews, lawyer and UN official, Gaza City, October 2007. "If we find a man and a woman in suspicious circumstances, we inform the woman's family. A woman cannot go with a stranger in a car or on the beach", Crisis Group interview, Abu Ras, Gaza, September 2007.

¹⁷² Crisis Group interviews, members of Christian community and Western diplomats, Gaza City and Jerusalem, October 2007 and February 2008.

¹⁷³ "I used to pay income tax at source for 30 employees. But they've been laid off. Now I just pay for three: myself, my son and my nephew", Crisis Group interview, businessman, Gaza City, December 2007.

¹⁷⁴ Crisis Group interviews, Fatah and Hamas officials, Ramallah and Gaza City, December 2007.

With almost half of Gaza's workforce on government payroll, this is a major and indispensable source of support.¹⁷⁵ Ironically, Hamas's takeover facilitated their pay: without the establishment of a Hamas-free government in Ramallah, Israel would not have resumed the customs transfers that replenished PA coffers. For the first time since Hamas took office in March 2006, public sector employees received full salary payments, together with some back-pay.¹⁷⁶ The injection of capital into the public sector and collapse of the private sector reversed pre-takeover conditions.¹⁷⁷

Secondly, donors, led by the UN's agency for Palestinian refugees, UNRWA, have continued to inject more than \$400 million annually into welfare operations.¹⁷⁸ To compensate for the reduction in development aid, the UN and other international agencies increased their humanitarian assistance to Gaza.

Thirdly, Gaza's authorities have taken their own cost-cutting measures. The Haniya government imposes a 5 per cent tax surcharge, which it deducts at source on the salaries it pays its own 18,000 workers to cover government welfare payments.¹⁷⁹ Newly appointed judges, also paid by the Gaza authorities, had 20 per cent of their salary deducted at source.¹⁸⁰ While committing itself to match salaries paid by Ramallah, the Hamas government has withheld allowances previously paid by the PA and drafted volunteers or assistants at far cheaper rates than standard employees to fill vacant civil service posts.¹⁸¹

The Hamas government sought other ways to generate revenue or cut costs. In the initial months after the takeover, it charged bail of about \$400 for detainees held on suspicion of anti-Hamas activities, such as demonstrations – the equivalent of an average monthly

¹⁷⁵ 47 per cent of Gaza's workforce is employed in the public sector, in contrast to 17 per cent of the West Bank's, Samir Huleileh, "New Realities", *Palestine-Israel Journal*, vol. 14, no. 3 (2007).

¹⁷⁶ "There's civil service salary stability for the first time in eighteen months. Public sector employees are doing fine", Crisis Group interview, senior banker, Gaza City, October 2007.

¹⁷⁷ "Half of Gaza's population is always subsidising the other", Huleileh, "New Realities", op. cit.

¹⁷⁸ In Gaza, UN agencies spent over \$350 million in 2008, Crisis Group interview, international aid official, Jerusalem, March 2008. The UN refugee agency, UNRWA, alone has a budget of \$325 million for 2008-9 supporting more than 11,000 employees. See www.un.org/unrwa/finances/pdf/ProgBudget08-09.pdf.

¹⁷⁹ Crisis Group interview, Palestinian academic, Gaza City, October 2007.

¹⁸⁰ Crisis Group interview, judge, Deir al-Balah, February 2008.

¹⁸¹ Crisis Group interview, Hamas official, Gaza City, February 2008.

salary for PA employees. In so doing, the authorities tapped into the Fayyad government's payments to public sector workers – some of whom felt torn by competing orders from Gaza and Ramallah.¹⁸² Vehicle registration and licensing became a key source of financing: to attract Gazans to pay, the authorities reduced fees and allowed owners of green-and-white license plates (demarcating cars stolen from Israel) to pay for upgrades to standard green plates, thereby legalising their vehicles.¹⁸³ Further encouraging payment and countering PA efforts to waive registration fees, traffic police have seized unlicensed vehicles, charging hefty recovery fines and imposed penalties on expired licenses.¹⁸⁴

To counter the PA's tax-break for Gaza, the Hamas authorities pressured companies and staff working for donor-subsidised aid agencies (one of the Gaza's few growth sectors) to pay local taxes.¹⁸⁵ After Paltel, the national telecom provider, refused to pay taxes, the authorities in November 2007 ordered a 75 per cent cut in telephone charges.¹⁸⁶ A government minister claimed that as a result of such measures, government income rose sharply in the last quarter of 2007.¹⁸⁷

As a result of the Fayyad government's financial restrictions and international sanctions, most banks in Gaza cut ties with the Hamas government.¹⁸⁸ In response,

¹⁸² PA employees complained of a catch-22 situation. "If you don't support the protest, Fatah takes your salary, and if you do, Hamas takes it", Crisis Group interview, PA employee, Khan Younis, September 2007.

¹⁸³ In November 2007, the standard annual car license fee was halved to \$200. Import of thousands of Chinese motorcycles into Gaza during the breach of the Rafah wall in January 2008 provided new revenue opportunities (the authorities threatened to confiscate unregistered vehicles). Crisis Group interview, transport ministry official, Gaza City, February 2008.

¹⁸⁴ "I tell people not to pay, but Hamas's forces stop cars in the street, and if the driver has no license, they take his car. The president is not in Gaza to offer protection", Crisis Group interview, PA employee, Deir al-Balah, September 2007.

¹⁸⁵ Crisis Group interview, aid worker, Gaza City, February 2008.

¹⁸⁶ The authorities threatened to demolish twenty unauthorised antennas erected by the mobile provider, Jawwal. They have suspended implementation of both measures while discussions on tax arrangements continue. Crisis Group interviews, telecommunications company director and communications ministry official, Gaza City, February 2008.

¹⁸⁷ Crisis Group interview, Ziad Zaza, Hamas government national economy minister, Gaza City, February 2008.

¹⁸⁸ "To protect ourselves from international financial sanctions, we do not deal with the authorities in Gaza and since the takeover have barred the Gaza government access to Gaza accounts. The bank's position is that the legitimate government is in Ramallah. Hamas understood that we can't continue our relations with them and the international community. We had

it devised its own financial mechanisms. By September 2007, Hamas had appropriated the post office and converted it into a central clearance bank for payment of its own salary bill and other expenses. As a large importer of (smuggled) dollars, it also increased control over Gaza's money markets, benefiting from sizeable fluctuations in dollar rates.¹⁸⁹ In a further attempt to regulate the formal economy, it established customs offices near the Kerem Shalom and Sofa crossings to levy taxes on incoming merchandise.¹⁹⁰

In addition, Gaza's authorities took over such revenue-earning PA assets and institutions as the courts, which generate legal fees representing 1 per cent of claims.¹⁹¹ In November 2007, Hamas appointed new administrators to previously Fatah-run municipalities and immediately launched a drive for payment of municipal taxes, utility bills and other dues.¹⁹² The new administrator of Gaza City municipality formed "municipal courts" to prosecute defaulters.¹⁹³ The interior ministry sequestered the assets

to choose", Crisis Group interview, senior banker, Gaza City, October 2007.

¹⁸⁹ Fluctuations in the money supply precipitated a substantial divergence between Gaza's exchange rate and those of Israel and the West Bank. "Hamas can sell dollars brought through the tunnels at a higher rate. Hamas has lots of cash, and Hamas is profiting from Israeli policy", Crisis Group interview, Western finance official, Jerusalem, December 2007. Some allege that Hamas "splits the profits" with moneychangers, Crisis Group interview, senior PA financial official, Ramallah, December 2007.

¹⁹⁰ Crisis Group visit, October 2007. "Their customs offices demand that traders submit invoices to see how much tax should be paid", Crisis Group interview, Gaza chamber of commerce member, Gaza City, March 2008.

¹⁹¹ Crisis Group interview, court clerk, Gaza City, February 2008. "If the fees are not paid, the case is dismissed", Crisis Group interview, lawyer, Gaza City, February 2008.

¹⁹² PA municipalities are responsible for collecting utility bills. "We're trying to raise municipal taxes and collect \$40 million back-payments on water, utility and building permit revenues. Nothing had been collected in months, but within the first ten days after we took over the municipality, we raised 300,000 NIS [\$80,000]", Crisis Group interview, Imad Siam, Hamas-appointed Gaza City municipal director-general, Gaza City, December 2007. The municipality's injection of donor capital, in part to support a coastal water management program, and annual budget of NIS 60-80 million [\$16 million to \$21 million] added to the attraction of a takeover. Crisis Group interview, adviser to Mayor Majid Abu Ramadan, Gaza City, December 2007. Gaza residents said the authorities have cut off the water-mains connection for non-payment of utility bills, Crisis Group interview, Gaza City, February 2008.

¹⁹³ The municipality hired a judge and prosecutors but has yet to hold a hearing, Crisis Group interview, Imad Siam, Gaza City, March 2008. Others claimed that Hamas raised revenues by threat of force. "There are no fines, and no courts.

of PA personnel, including a host of associations and a charity, the Palestinian Centre for Human Resources, headed by the wife of former PA security chief Mohammed Dahlan, which ran a hospital, a student centre and a kindergarten.¹⁹⁴ The interior ministry confiscated PA property in the hands of its employees loyal to the Fayyad government, including cars, and reportedly sold or parcelled it out to loyalists.¹⁹⁵ The Hamas government also leased ex-settlement agricultural land, including greenhouses.¹⁹⁶

Fourthly, and though very difficult to track, foreign observers estimate that foreign donations account for a large share of the revenues of the Hamas government, movement and military wing.¹⁹⁷ Iran claims it has made sizeable contributions,¹⁹⁸ and Hamas dispatched senior members to the Arabian Peninsula for fundraising.¹⁹⁹ Proceeds earmarked for Hamas's charitable associations, hitherto the movement's backbone, reportedly have been channelled to the government's budget instead.²⁰⁰ Hamas

also is said to have consolidated its hold over Gaza's Zakat (charitable payments) committees, which receive and distribute donations, seeking to levy 2.5 per cent tithes on Gazans earning over 1,000 Jordanian Dinars (\$1,400).²⁰¹

Fifthly, and importantly, Hamas has benefitted from extensive tunnel smuggling between Gaza and Egypt. Within weeks of the takeover, its military wing had established oversight over much of the tunnel network that extends beneath the Philadelphi Corridor and which prior to that had been operated by disparate clans. An informed observer estimated the number of economically active tunnels had risen from fifteen in June 2007 to 120 by March 2008.²⁰² The control at times is indirect; non-Hamas groups continue to smuggle, but Hamas imposes a tax on certain commodities. Hamas closed tunnels of operators failing to pay the new duties or caught trafficking illegal drugs or weapons to non-Hamas groups.²⁰³ Taxes on sanctions-busting contraband were paid in both kind and cash.²⁰⁴ Prior to the breach of the Rafah wall, excise on cigarettes reportedly earned Hamas millions of dollars a month.²⁰⁵ "Hamas has

People pay out of fear", Crisis Group interview, PA official, Gaza City, December 2007.

¹⁹⁴ Crisis Group interview, Hamas-appointed Fata Rehabilitation Hospital administrator, Gaza City, October 2007.

¹⁹⁵ For instance, in November 2007, police impounded six municipal cars donated by a European aid mission to a middle governorate municipality, Crisis Group interview, European diplomat, Jerusalem, December 2007. Police also seized the cars of PA Gaza Mayor Majid Abu Ramadan and his deputy, Crisis Group interview, mayor's adviser, Gaza City, December 2007.

¹⁹⁶ Crisis Group interviews, planning, transport and labour ministry officials, Gaza City, autumn 2007.

¹⁹⁷ Crisis Group interview, Western diplomat, Jerusalem, December 2007. "Hamas's funds come from two sources: taxes and money provided by Hamas structures outside Palestine", Crisis Group interview, Hamas official in exile, November 2007.

¹⁹⁸ Hamas secures more Iranian funding, Al Jazeera, 6 March 2007. Hamas Politburo Chairman Khalid Mashal said, "we receive funds from one [government] source, Iran. Arabs [states] pay nothing to help the people. Funds from donor states are paid for political purposes and not to help the Palestinian people", *Al-Haqiqa al-Dawaliya*, (Egyptian Islamist weekly), February 2008. PA officials alleged that since the takeover, Iran and other Gulf states have contributed between \$150 million and \$200 million to the Hamas government, with substantial sums flowing to Gaza during the January 2008 Rafah border breach, Crisis Group interviews, PA officials, Ramallah, March 2008.

¹⁹⁹ Crisis Group interview, Al Salah Charitable Association aid worker, Deir al-Balah, December 2007.

²⁰⁰ Crisis Group interview, *daawa* (religious mission) official Hamid Lhamine, Gaza City, October 2007. *Daawa* institutions reported a collapse in revenues after the takeover. Alms distribution at Gaza's Mujamma al-Islamiya, the Muslim Brotherhood complex founded by Ahmad Yasin, purportedly dropped from \$300,000 in 2006 to \$100,000 during the 2007 Ramadan. "We register the names of the needy, and tell them

to wait", Crisis Group interview, Mujamma al-Islamiya director, Gaza City, February 2008.

²⁰¹ Crisis Group interview, Palestinian observer, Rafah, November 2007.

²⁰² Crisis Group interview, local observer, Rafah, March 2008. Much of the operation was spearheaded by the National Security Forces, whose commander, Hussein Abu 'Athra, came from a Bedouin family from Rafah with ties straddling the border, Crisis Group interview, former NSF officer, Gaza City, October 2007. So widespread had tunnel activity become that prior to the breach of the wall in January 2008, the standard cost of a night's rental of a tunnel from its operators had dropped from tens of thousands of dollars prior to the takeover to an estimated \$5,000, Crisis Group interviews, Abu Samhadana clan elder, Rafah, November 2007, and local aid official, Rafah, September 2007.

²⁰³ "If the smugglers don't pay taxes, Hamas destroys their tunnels", Crisis Group interview, Palestinian observer, Rafah, October 2007. "We close down the tunnels when used for drugs and to support a corrupt way of life", Crisis Group interview, Hamas official, Rafah, October 2007. Hamas used municipal bulldozers to destroy tunnels previously operated by Sami Abu Samhadana, a Fatah commander in Gaza prior to the 2007 takeover. Hamas is also said to have supplied Egypt with information on tunnels run by operators who refused to pay taxes, Crisis Group interview, Palestinian observer, Rafah, September 2007.

²⁰⁴ Crisis Group interviews, Abu Samhadana clan elder, Rafah, November 2007, and local aid official, Rafah, September 2007. "We bring in cigarettes, car engines, fertilizer and medicine, including Viagra", smuggler quoted by Nidal al-Mughrabi, "Gazans Dig for Profit", Reuters, 8 October 2007.

²⁰⁵ By late 2007, a cigarette pack costing \$1 in Egypt sold for \$8 in Gaza. Merchants estimated Hamas at times could net

people collecting revenues at the entrance to tunnels. Much of its salary bill is paid from taxes raised there”, according to a Rafah businessman.²⁰⁶ Expansion of the tunnel economy not only raised revenues but also relieved dependence on Israel, a Hamas pre-election goal.²⁰⁷

All told, and despite the PA’s June 2007 waiver of taxation in Gaza, internal tax revenues are estimated by some to have increased under Hamas.²⁰⁸ On the back of such earnings, the authorities claimed they were able to pay in a timely fashion a growing salary bill estimated at \$12 million while simultaneously funding the separate expenses of Hamas’s military wing.²⁰⁹ In March 2008, they also financed payments for repairs of civilian houses damaged in Israeli attacks.²¹⁰

Such palliatives notwithstanding, Gazans are living under conditions of extreme poverty, both physically and economically isolated from the outside world – a humanitarian degradation that is barely sustainable. In reaction, Hamas has been seeking means to restore more normal forms of above-ground commerce and trade. For months, it explored the possibility of puncturing the external siege by focusing on its weakest link, the Egyptian border. In October 2007 Hamas used blowtorches to carve perforations in a five-metre-high iron barrier Israel built along Gaza’s southern rim prior to its 2005 withdrawal and broke through concrete barricades. It thereby gained control of the Philadelphi corridor, the 100-metre-wide buffer separating Gaza from Egypt.²¹¹ Hamas forces stationed

inside the Philadelphi corridor established contact with Egyptian border guards via mobile phone.²¹²

In the weeks that followed, Hamas launched a public campaign to reopen Gaza’s border with Egypt, alternating humanitarian appeals with military pressure.²¹³ The annual pilgrimage (*Hajj*) to Mecca, for instance, gave it the opportunity to test Egyptian resolve: after bussing hundreds of would-be pilgrims to Rafah’s gates, Hamas organised mass prayers at the closed terminal televised across the region. “*Hajj* is an explosive issue. Egypt cannot be seen to hold up the pilgrims”,²¹⁴ warned a Hamas official. Within days, Egyptian border guards had made way, allowing 2,000 pilgrims to transit. Despite Israeli protests, they were allowed back the same way.²¹⁵ Demonstrations by students, patients, parliamentarians and women seeking a way out of Gaza followed.

When Israel declared a total blockade on 18 January 2008 in response to increased rocket fire on Sderot, Hamas sensed a new opportunity. Fanning local, regional and international protest at power cuts resulting from Israel’s interruption of fuel supply,²¹⁶ Hamas’s armed wing and allied militia held a late night press conference on 20 January attended by local UN officials and gave 24-hours’ notice that if Rafah crossing was not open, they would detonate the entire southern wall.²¹⁷

Two days later, thousands of women converged on Rafah crossing, prompting Egyptian forces to fire water

hundreds of thousands of dollars per day in cigarette taxes, or millions per month, Crisis Group interview, businessman, Rafah, December 2007. Nathan Brown, op. cit., p. 2, noted that Hamas “lays claim simultaneously to both Islamic ideological credentials and valid constitutional ones, but it finances itself by taxing smuggling and vice”.

²⁰⁶ Crisis Group interview, Rafah, October 2007. Hamas forces were also said to have set up impromptu flying checkpoints at tunnel exits, detained smugglers arriving with merchandise, taken them to the Rafah terminal to pay customs duties and threatened to impound their goods if they did not, Crisis Group interview, Egyptian security officials, March 2008.

²⁰⁷ Crisis Group interviews, Mahmoud Zahar, Gaza City, December 2005, and national economy minister Ziad Zaza, Gaza City, December 2007.

²⁰⁸ Crisis Group interview, PA finance official, Ramallah, March 2008.

²⁰⁹ Figures derived from an address by Prime Minister Haniya at a Beach Camp mosque, attended by Crisis Group, 11 October 2007 and Crisis Group interviews, police chief Tawfiq Jabber, Gaza City, and European diplomat, Jerusalem, December 2007.

²¹⁰ Crisis Group interview, Palestinian observer, Rafah, March 2008.

²¹¹ Crisis Group visit to the Rafah wall, October 2007.

²¹² “The Egyptians have full coordination with Hamas via the Rafah terminal crossing. Hamas and Egyptian forces are five metres apart. They have each other’s mobile numbers and coordinates”, Crisis Group interview, Palestinian observer, Rafah, October 2007.

²¹³ For instance, on 29 December 2007, some 500 PRC and Islamic Jihad fighters shot into the air at a protest at the Rafah terminal; two bombs were detonated by PRC militants near the boundary wall, Crisis Group interviews, Rafah, December 2007.

²¹⁴ Crisis Group interview, senior Hamas official, Gaza City, December 2007.

²¹⁵ Israeli officials demanded that pilgrims return via their border crossing for vetting and a search for import of cash. However, senior Egyptian officials told Crisis Group Israel disregarded their repeated requests to allow Mecca pilgrims to transit through the Israeli Kerem Shalom crossing without undue delay, Crisis Group interview, Cairo, 15 January 2008.

²¹⁶ Some small rallies and strikes erupted across the West Bank and East Jerusalem, as well as in Cairo and Amman, in solidarity with Gaza. In an East Jerusalem protest viewed by Crisis Group, banners declared “a million Muslims under siege ... where are you, the rulers of the Arabs? Gaza is drowning in oppression”, *Al Quds*, 22 January 2008.

²¹⁷ Crisis Group interview, Gaza journalist, January 2008.

cannons and Hamas forces to shoot into the air.²¹⁸ Just after midnight on 23 January, Hamas began detonating explosives alongside the pre-punctured wall; bulldozers completed the job.²¹⁹ Flush with early payment of salaries and unemployment benefits, Gazans poured through the breach and massively stocked up in Egypt.²²⁰ They replenished supplies of basics they had been denied, such as petrol, clothes, generators and cement as well as more exotic goods such as chocolate, motorbikes and water-buffalo, capturing the imagination of global audiences, including Western, who “could identify with the inalienable right to shop”.²²¹

The some-time battlefield of the Philadelphi corridor was transformed into a huge bazaar. In the opposite direction, Arab Gulf aid missions, Sinai smugglers, Egyptian Islamist politicians and entrepreneurs seeking scrap metal came to Gaza.²²² For the first time since Israel’s withdrawal from Sinai in 1982, Gazans enjoyed the psychological release of unrestricted access across their southern border. In the words of a Gaza businessman, “most Gazans had never left the Strip. This was a huge deal”.²²³

III. DEALING WITH INTERNAL DISSENT

If the opening of the wall was crucial to easing internal pressure, the sight of barbed wire again plugging the breaches and a new round of Israeli electricity and fuel cuts deflated the brief euphoria and brought Gazans back to reality. Admiration for Hamas’s ability to seize the initiative and provide Gazans with various goods competed with concern at the costs of its impetuosity. Both inside and outside Hamas, some questioned the wisdom of the breach, which led to confrontation with Egyptian soldiers²²⁴ and further hurt relations between Hamas and Cairo.²²⁵ A businessman complained, “it was a superficial solution, not a real solution”.²²⁶ Others criticised Hamas’s efforts to shift Gaza’s economy toward Egypt. Businessmen, fearing the loss of their Israeli market, were riled at the planned reorientation of Gaza’s prime trade ties from a first to a third world economy.²²⁷

More broadly, although Gazans credit Hamas with real and unprecedented security improvements, and many take pride in its steadfastness under pressure, there is discontent at the movement’s violent tactics and inability to meet basic needs. A Palestinian aid worker said, “people in Gaza are more concerned with Karni than al-Quds [Jerusalem], with access to medical care than the Dome of the Rock. The frustration is so intense”.²²⁸ Not all – indeed, not even most – of the blame is laid at Hamas’s doorstep, to be sure. For many Gazans, Israel is the main culprit for imposing the siege; the international

²¹⁸ Crisis Group interview, foreign journalist at the scene, Jerusalem, January 2008.

²¹⁹ Crisis Group interview, Palestinian observer, Rafah, January 2008.

²²⁰ Crisis Group interview, Palestinian observer, Gaza City, February 2008. A Hamas spokesperson was quoted as saying the movement had paid 16,000 government employees early and given a stipend to 8,500 farmers to facilitate the shopping spree, *Haaretz*, 24 January 2008.

²²¹ Crisis Group interview, Western journalist covering Rafah, Jerusalem, January 2008.

²²² *Yediot Ahronot*, 28 January 2008.

²²³ Crisis Group interview, businessman, Gaza City, February 2008.

²²⁴ A day after it was sealed, Palestinian gunmen and Egyptian forces exchanged fire at the Gaza-Egypt border, killing one person and wounding 59, including 45 Egyptian security personnel, Reuters, 4 February 2008.

²²⁵ In comments reported by Egypt’s official news agency, Foreign Minister Ahmad Abul-Gheit called Hamas’s fighting “cartoonish” and “comical”, Reuters, 7 February 2008. As the siege again tightened, some complained that Hamas’s actions had exhausted regional and international goodwill: “After they destroyed the wall, no one wanted to know any longer about Gaza’s plight”, Crisis Group interview, Palestinian aid worker, Gaza City, February 2008.

²²⁶ Crisis Group interview, Gaza City, February 2008.

²²⁷ Crisis Group interview, PA official, Rafah, February 2008. Even workers on donor-funded, job creation street-cleaning schemes in Gaza City, they noted, earned many times the average Egyptian wage, Crisis Group interview, Gaza City, February 2008. Businessmen considered the flight of Gazan capital to buy “rubbish – cigarettes, water-pipe tobacco and biscuits past their sell-by date” similarly ill-advised, Crisis Group interview, chamber of commerce member, Gaza City, February 2008.

²²⁸ Crisis Group interview, Palestinian aid worker, Gaza City, December 2007.

community is an accomplice for supporting it; and the PA is an accessory for acquiescing in it and abandoning Gaza. A businessman said, “Abu Mazen should be the president of all the Palestinians. He should serve us all, not just the West Bank. Why should I be the wood for his fire against Hamas?”²²⁹

But Hamas was specifically held to account for having assumed the burden of running Gaza. Even Hamas members spoke of unease. Asked to list the new era’s achievements, a Hamas activist checked a list of accomplishments: the downfall of a corrupt regime and the flight of its leaders; improved security; greater equality following the humbling and containment of clan warlords; and a morality campaign that had cleansed Gaza of alcohol and prostitutes.²³⁰ Set against these achievements however, he counted a tightening siege, rising poverty and unemployment, crumbling infrastructure and no end in sight. Gazans, he acknowledged, were paying a price for the takeover:

People are blaming Hamas – saying “you took responsibility for my life and brought disaster. Hamas can’t solve people’s problems”. They fear it will continue until Hamas accepts the Quartet principles.²³¹

The imposition of indirect taxes has further fed resentment. Some Gazans have come to see Hamas’s elite as increasingly self-serving, materialistic and susceptible to the same trappings of status – cars, mansions and lavishly furnished offices²³² – hitherto cited by Hamas as proof of Fatah’s corruption.²³³ A former PA official argued:

Hamas is losing its values. It shouts resistance, but there’s no resistance. It calls for Islamic values, but is abandoning its anti-corruption campaign, and acts in self-interest. Men are raised to the rank of general whom even [late

Palestinian president Yasir] Arafat suspended for corruption. Hamas should be held to account.²³⁴

Hamas’s strong-arm tactics and monopoly of power provoke equal criticism. A Fatah member who stood on the sidelines during the takeover said, “first they came for Dahlan, then they came for Fatah, then for the PLO, and then all who were not Hamas”.²³⁵ A prominent clan elder with a history of troubled relations with Hamas commented: “People are tired of Hamas, but we are living under military rule and people are afraid”.²³⁶ Gazans seeking treatment for injured relatives shunned hospitals for fear of arrest and looked instead for alternatives – from family, faction and outside donors. Indicative of the despondency, some Gazans referred to Israeli rule with wry nostalgia: “It’s so bloody that people have forgotten there was an Israeli occupation”.²³⁷

Although opinion polls ought to be considered sceptically – virtually none had predicted Hamas’s 2006 victory – there seems little doubt that in the aftermath of the takeover, Hamas lost the support of many who voted for it.²³⁸ The movement’s extraordinary electoral triumph reflected a mix of alienation from Fatah, anger at Israel, faith in the Islamists’ ability to cleanse the government and frustration with both a failed peace process and a patronising world. Two years on, Hamas clearly retains a solid core of loyalists, and renewed confrontation with Israel – coupled with a stagnating peace process in the West Bank – likely has further boosted it.²³⁹ Moreover, Fatah may not have gained much at all – it remains too divided, its leaders are seen as ignoring Gaza, and its performance in the West Bank leaves much to be desired. But at the same time, other Gazans who voted for Hamas have come to question their earlier choice.

In a previous report, Crisis Group discussed the challenge posed to Hamas by clans and families, which stood to

²²⁹ Crisis Group interview, pro-Fatah businessman, Gaza City, December 2007.

²³⁰ A Hamas leader in Gaza listed the movement’s accomplishments since its 2006 election victory as experience of governance; control of the judiciary and municipalities, which would yield future electoral dividends; and “a lot of weapons!” Crisis Group interview, Gaza City, December 2007.

²³¹ Crisis Group interview, Hamas activist, Gaza City, October 2007. For an analysis of the Quartet principles, see Crisis Group Middle East Report N°54, *Palestinians, Israel and the Quartet: Pulling Back From the Brink*, 13 June 2006.

²³² Crisis Group observation in Gaza, August-December 2007.

²³³ The contrast between Hamas in and out of power led some to espouse conspiracy theories. “Hamas took over by international agreement to give Islam a bad name”, Crisis Group interview, student, Rafah, October 2007.

²³⁴ Crisis Group interview, former PA official, Gaza City, October 2007.

²³⁵ Crisis Group interview, former PA official, Deir al-Balah, September 2007.

²³⁶ Crisis Group interview, Gaza City, May 2007.

²³⁷ Crisis Group interview, journalist, Gaza City, December 2007.

²³⁸ A poll recorded Hamas’s Gaza support falling from 29.7 per cent in September 2006 to 19.7 per cent in November 2007. Another poll gave Fatah 40 per cent support in Gaza and Hamas 20 per cent. Gaza monitor, Bulletin 6, Near-East Consulting, January 2008.

²³⁹ According to a recent poll conducted by the Palestinian Centre for Policy and Survey Research, recent IDF attacks in Gaza coupled with the breach of the wall have boosted Hamas’s and Haniya’s popularity. The poll shows that Haniya would receive 47 per cent in a presidential vote compared to 46 per cent for Abbas, Haaretz, 17 March 2008.

lose much from the takeover.²⁴⁰ It concluded that while Hamas's restoration of central authority had significantly reduced the clans' operational space, they could not yet be discounted. Other potential sources of dissent are examined below.

A. FATAH

As many Gazans reacted in shock at Hamas's takeover, Fatah sought to tap into nascent popular discontent through passive disobedience, including wildcat strikes by teachers and doctors and refusal to pay local taxes in accordance with the PA's tax-break for Gaza. Fatah emblems sprouted across Gaza. Teenagers sported medallions adorned with the image of Samih Madhun, a commander of the Fatah-affiliated Al-Aqsa Martyrs' Brigade killed during the takeover. Off public high-roads and city centres, rooftops in many neighbourhoods were a carpet of Fatah flags.²⁴¹ A Fatah supporter boasted: "People can be stronger than force. Those with a conscience stay at home, and boycott Hamas. Hamas won't fall overnight, but it's losing support and is in retreat. People are hungry. Hamas can't feed its people".²⁴²

Passive disobedience was accompanied by grassroots protest. In September 2007, congregants in a Khan Younis mosque forcibly ejected their newly appointed Hamas preacher.²⁴³ Funerals and weddings offered meeting places to circumvent Hamas restrictions on public assembly and resounded with Fatah protest songs. Posters sporting the image of "martyrs" killed by Hamas during the fighting surfaced on street corners. Some youths set fire to tyres and threw stones, and teased approaching Hamas forces with chants of "Shia, Shia", an allusion to their ties to Iran. As protests spread, some went so far as to predict a popular upheaval. A PA employee in the central Gaza Strip told Crisis Group in September, "the mood of the people is against Hamas. There's a popular revolt".²⁴⁴ In mid-August the first rallies erupted in central Gaza City, under the cover of

Friday prayers. On 12 November, Fatah staged a huge demonstration to mark the third anniversary of Yasir Arafat's death.²⁴⁵ Though the turnout masked a range of interests and constituencies, Fatah flags were abundant among the crowd.

Yet, the turnout in many ways was an illusion, masking Fatah's own deep problems. Its summer 2007 rout – and the flight of a whole tier of its leadership²⁴⁶ – left the movement in Gaza rudderless, bitter and divided. While West Bankers mocked Gazans for deserting under fire, many Gazans chided West Bank counterparts for washing their hands of their fate and leaving the Strip almost entirely under Hamas's control. "Instead of capitalising on every asset they have, PA officials have done the reverse and cut themselves out across the board", said a foreign observer in Gaza.²⁴⁷ Surrendering further leverage, the PA cropped thousands of employees from its Gaza payroll, sometimes without prior notification.²⁴⁸

The cuts and continued strike action hurt the morale of Fatah militants in Gaza. The leadership – a nine-man Higher Committee – suspended operations in protest.²⁴⁹

²⁴⁵ Al Jazeera reported that despite many checkpoints, 200,000 participated. Others put attendance at 500,000, Crisis Group interview, Palestinian observer, Gaza City, November 2007.

²⁴⁶ An estimated 500 men fled the takeover, including all but one of Fatah's 40 senior commanders. Former National Security Advisor Mohammed Dahlan, Mohammed al-Masri (head of General Intelligence), General Musbah Buhaisi (Gaza Strip commander of the Presidential Guard) and Tawfiq Abu Khosa (Fatah spokesperson) fled to Ramallah. Others fled to Egypt, sometimes by boat. In the West Bank, 60 were indicted for negligence and face trial; Buhaisi was reduced to the rank of private.

²⁴⁷ Crisis Group interview, foreign observer, Gaza City, February 2008.

²⁴⁸ Of 32,000 employees cut from the total PA payroll of 170,000, some 65 per cent came from Gaza, including 8,000 Hamas security personnel hired by the interior ministry in the previous Haniya government, Crisis Group interview, PA official, Ramallah, March 2008. Armed fighters allied to Fatah also said the Fayyad government had cut their stipends. "The Ramallah government has cut funding [to the al-Aqsa Martyrs Brigade], because they say they are against the resistance", Crisis Group interview, Al-Aqsa Martyrs' Brigade spokesperson, Gaza City, October 2007. Some service delivery workers also lost their income. A Gazan human rights group documented in February 2008 suspended salaries for 698 of 2,800 government health workers, in addition to hundreds of teachers, Crisis Group interview, Al Mezan human rights monitor, Gaza City, February 2008. The cuts targeted key PA employees: those employed by both Fatah and Hamas ministers after December 2005; and those violating strike orders to work with the Hamas authorities, Crisis Group interview, PA official, Gaza City, February 2008. A PA official said the main purpose was cost-cutting.

²⁴⁹ Crisis Group interview, Fatah leader in Gaza, Gaza City, September 2007. Others attribute the resignation to their desire

²⁴⁰ Crisis Group Report, *Inside Gaza*, op. cit.

²⁴¹ Hamas attributed the density, not without reason, to fears the PA might cut payments to households not flying Fatah flags, Crisis Group interview, Hamas official, Gaza City, November 2007.

²⁴² Crisis Group interview, Fatah supporter, Gaza City, October 2007.

²⁴³ Eyewitnesses said Hamas forces responded by opening fire on protesters, wounding twenty, Crisis Group interviews, Palestinian observer, Khan Younis, and Western diplomat, Jerusalem, October 2007.

²⁴⁴ Crisis Group interview, PA employee, Deir al-Balah, September 2007. Leaflets heralding the arrival of the third intifada appeared in the name of groups such as the Samih al-Madhun Brigades.

“Most of those losing their salaries are from Fatah. Sometimes when we protest, Ramallah pays the salaries but then it cuts others off”, said a local Fatah factional leader, who claimed four of his nine employees had had their salaries docked.²⁵⁰ With officials in Ramallah openly looking to cut costs, public employees on strike or working with the Hamas government worried that the PA might target their pay-packets. With Hamas’s security personnel now at their desks, PA security personnel ordered by the presidency to stay home wondered what to do next.²⁵¹ The PA’s draft proposal to sharply reduce the size of security forces in both the West Bank and Gaza offered scant reassurance,²⁵² and Hamas’s threat to bar their return compounded their despondency. For Ahmad Yusif, “we didn’t fire anybody. They fired themselves. But after a year or two, they will no longer be qualified for a job. Palestinian law says that anyone absent without sick leave from work for fifteen days will lose their job, and the law will be applied”.²⁵³

Little by little, the rallies fizzled. As easily as the crowds gathered, they were dispersed. Hamas forces ended the open-air Friday prayers with baton blows; scattered the crowd of hundreds of thousands with bloodshed that killed seven; and pre-empted a New Year’s Day rally to commemorate the founding of Fatah with scores of pinpoint arrests.

Some within Fatah considered armed struggle. Operating underground with a diffuse command, they resorted to tactics seemingly drawn from the first intifada. A graffiti daubed on the walls of the house of one of its cadres torched by Hamas read, “Fatah will not forget the blood of its men”. Acting independently of the formal Fatah leadership in Gaza, some PA security personnel – disgruntled and disbanded – used munitions apparently looted during the takeover to mount a fight against Hamas’s rule.²⁵⁴ On 19 September 2007, the first Hamas officer was shot dead in Gaza City’s Beach Camp. By October, attacks ranging from drive-by shootings of

police stations to the firebombing of Executive Force vehicles were averaging five per day.²⁵⁵ Opponents planted small parcel bombs in restaurants.

At the same time, some apparently adopted a strategy hitherto used by Hamas – targeting Israel in order to provoke a reaction, thereby denying Hamas the benefits of quiet and stability. A security officer abiding by the PA’s strike orders said, “there won’t be a *tahdi’a* [period of calm] with Israel, because the factions won’t accept Hamas’s predominance. Hamas can’t control the other resistance factions”.²⁵⁶ In the words of an-Aqsa militant, “Hamas launched attacks against Israel to undermine Yasir Arafat in 1995; we can do the same to Hamas. Operations against Israel will continue until Hamas reverses its revolution by returning security bases to [Palestinian President] Abu Mazen and ceasing its arrest of Fatah personnel”.²⁵⁷ Hamas is aware of the strategy. “We know that some of the rockets launched against Israel are launched by Fatah militants. The objective is to push Israel to punish Hamas in Gaza”.²⁵⁸

Overall, there is no indication the violent tactics have undermined Hamas’s rule. While exposing some Hamas vulnerabilities – for example, militants planted a bomb outside the Qassam Brigades headquarters in Mukhabarat Street on 5 November - they did not meaningfully affect the Islamists’ grip. As attacks grew, so did the spate of arrests of politicians as well as security personnel and suspected insurgents.²⁵⁹ Many among Fatah’s leadership in Gaza rejected the notion of armed struggle. A Fatah official remarked, “dumping explosives in garbage cans or staging assassinations is not going to help our people. It will just give Hamas more pretexts to search and oppress us. The attacks are not benefiting Fatah. We oppose violence because we oppose civil war”.²⁶⁰ Some of their West Bank counterparts cautioned against the risks of Hamas retaliation there. A Fatah official said that some former members, seeking funding, political cover and

to distance themselves from the first post-takeover killing of a Hamas officer by Fatah militants, Crisis Group interview, diplomat, Jerusalem, September 2007.

²⁵⁰ Crisis Group interview, Fatah official, Gaza City, February 2008.

²⁵¹ Crisis Group interview, National Security Forces officer, Gaza City, February 2008.

²⁵² Those no longer in the security forces would be “pensioned off” and have to find work in the private sector – which in Gaza at least is moribund, Crisis Group interview, PA official, Ramallah, March 2008. For further discussion, see World Bank, *op. cit.*

²⁵³ Crisis Group interview, Ahmad Yusif, Gaza City, February 2008.

²⁵⁴ PA security officials estimate up to 40 per cent of munitions at their bases were looted during the takeover, Crisis Group interviews, Gaza City, October 2007.

²⁵⁵ Crisis Group interviews, Western security officials, Jerusalem, November 2007.

²⁵⁶ Crisis Group interview, PA security official, Gaza City, October 2007.

²⁵⁷ Crisis Group interview, Al-Aqsa militant, Gaza City, October 2007. He added: “Hamas was a resistance organisation; now it’s suppressing the resistance. Hamas is caught on the horns of the same dilemma they posed for Abu Mazen”.

²⁵⁸ Crisis Group interview, Hamas official in exile, November 2007.

²⁵⁹ Following a spate of attacks in Khan Younis in December 2007, Hamas detained 30 Fatah members in one night, Crisis Group interview, Palestinian observer, Khan Younis, December 2007.

²⁶⁰ Crisis Group interview, Fatah official, Gaza, September 2007.

patronage were “leaving the faction for Hizbollah, Hamas and Islamic Jihad”.²⁶¹

B. OTHER ISLAMISTS

Growing poverty, isolation and hopelessness are fuelling alternative forms of dissent, particularly among under-sixteen Gazans who form half of its population.

Islamic Jihad Movement in Palestine

Of all Gaza’s non-Hamas Islamist groups, Palestinian Islamic Jihad is the most prominent. Originating as a splinter group of the Muslim Brotherhood, it was established in Gaza in 1981 before Hamas and grew out of dissatisfaction with the Brotherhood’s reluctance to resort to violence.²⁶² Unlike Hamas, in other words, its sole *raison d’être* has been armed struggle rather than social reform, let alone political leadership. It has no charitable arm, no mass base, did not participate in elections and looks to an armed elite, not community service, as the exclusive means of liberating Palestine.

Jihad also poses a difficult problem for Hamas: unlike its rival, it had no stake in governing Gaza and therefore far less to lose by an escalating conflict with Israel. Moreover, though its ideological differences with the Muslim Brotherhood are longstanding,²⁶³ Jihad’s Islamist and resistance credentials made it harder for Hamas to impugn than Fatah. It shares the same allies (Iran and Syria) and enemies and was equally forceful in its rejection of the Annapolis process. Hamas could not repudiate its leaders on grounds of heresy, collaboration or corruption and – given its own history – could not easily challenge its right to possess and use arms.

Within weeks of the takeover, tensions between the two movements flared into the open. Arguing that Palestinian unity was imperative, Islamic Jihad immediately condemned Hamas’s takeover. A spokesperson said, “we regret the path that Hamas chose. There should have been dialogue within the Palestinian house. We should have focussed on fighting the Jews, not ourselves. There was a peaceful way to

solve the dispute”.²⁶⁴ Soon after, Hamas appealed for support for the principle of a mutual, reciprocal ceasefire with Israel. In response, a Jihad militant told Crisis Group: “The Quds Brigades [the Jihad’s armed wing] can’t talk about a *tahdi’a*, as long as Israel continues its siege, assassination policy against Jihad and operations in the West Bank and Gaza, and refuses to recognise the right of every refugee to return to his home. Without that, we will continue the struggle against the occupier”.²⁶⁵ Jihad forces repeatedly took the lead (and suffered the losses)²⁶⁶ in launching rocket attacks and fighting Israeli incursions. In the aftermath of battles or rocket launches, Jihad distributed sweets to the population, celebrated its feats on loudspeaker and eulogised its martyrs on its al-Quds radio, challenging Hamas as the principal arm of the resistance. A spokesperson explained:

We feel that the Qassam Brigades have lessened their role as a resistance organisation. They used to attack Israel, but today they don’t. Today Jihad is the vanguard of resistance. Haniya and the Qassam Brigades are proposing a *tahdi’a*, but no one has the right to or can restrict resistance operations.²⁶⁷

Hamas’s fears of Islamic Jihad were exacerbated by its apparent marriage of convenience with Fatah’s grassroots. The takeover gave impetus to a longstanding relationship.²⁶⁸ Some Al-Aqsa Brigades militiamen fearful of Hamas reportedly sought refuge in Jihad’s ranks, a safer place to park their weapons and a new source of financial patronage at a time when Fatah’s West Bank branch was of diminishing help.²⁶⁹ Their respective armed wings prepared joint battleplans, including a 6 September 2007 aborted operation to kidnap Israeli

²⁶¹ Crisis Group interview, Fatah official, Gaza City, February 2008.

²⁶² Its founder, Fathi al-Shiqaqi, is said to have been expelled from the Muslim Brotherhood in 1979 while studying in Cairo on the grounds that he had published an article sympathetic to Iran’s Ayatollah Khomeini and because of his support for armed struggle in Palestine, Tamimi, *op. cit.*, p. 43.

²⁶³ “Islamic Jihad perceived the idea of Islamic revolution as a means to promote the armed struggle against Israel rather than to pave the way to the Islamisation of society”, Mishal and Sela, *op. cit.*, p. 33.

²⁶⁴ Crisis Group interview, Palestinian Islamic Jihad spokesperson, Gaza City, October 2007.

²⁶⁵ He added: “Why should I notify Hamas, and why should Hamas arrest me when I’m fighting Israel”, Crisis Group interview, Islamic Jihad spokesperson, Gaza City, October 2007.

²⁶⁶ In December 2007, Israel killed nine Jihadi fighters, including two commanders, Majid Harazin and Karim Duhduh. Jihad spokesperson Abu Hamza insisted there could be no truce until Harazin’s killing was avenged, *Sydney Morning Herald*, 21 December 2007. The same day, Haniya called an Israeli reporter to announce Hamas’s readiness for a ceasefire, Reuters, 19 December 2007.

²⁶⁷ Crisis Group interview, Palestinian Islamic Jihad spokesperson, Gaza City, October 2007.

²⁶⁸ Jihad’s founders were ex-Fatah fighters, Crisis Group interview, Palestinian academic, Gaza City, December 2007.

²⁶⁹ “Al-Aqsa fighters joined Jihad to protect their weapons”, Crisis Group interview, local journalist, Gaza City, November 2007.

soldiers.²⁷⁰ Breaking with its tradition as a secret, armed elite, in October 2007, Islamic Jihad claimed 1,000 Fatah members had joined since the June takeover, substantially boosting its forces.²⁷¹

Jihad grew increasingly brazen vis-à-vis Hamas. In early August, Jihad and Fatah staged a joint rally, carrying arms in public for the first time since the takeover. A Jihad militant said, “we refuse to hand over our weapons to Fatah, the Jews, or Hamas even if it costs us our blood”.²⁷² While Hamas forces were tied down fighting the Hillis clan in Gaza City, Islamic Jihad fighters opened a second front in Rafah, shooting a senior Hamas military commander in the legs.²⁷³ Successive truces, brokered by leaders of both groups in Damascus, unravelled due to enduring animosity on the ground.²⁷⁴ Nervous of the challenge to its religious supremacy, Hamas leaders publicly questioned the credentials of Jihad’s members²⁷⁵ and moved – sometimes forcefully – to control its mosques.²⁷⁶ Hamas also sought to curb Jihad’s celebrations of attacks against Israel, in one instance confiscating an Israeli vehicle Jihad captured to prevent its inclusion in victory parades.²⁷⁷

Other Islamist Groups

Hamas faces challenges from other, more radical jihadi factions. These arguably are little more than clans masquerading as religious groups, yet the fact that they would invoke a jihadi cover is indicative of that

concept’s appeal to a broader public. Thus, the Islamic Army, a several hundred-strong militia led by Mumtaz Dughmush, mixes kin identity with religious creed. After the takeover, his followers defied the Hamas government’s demands to release British journalist Alan Johnston. In its dealings with the movement, Hamas has oscillated between confrontation and accommodation, trading for Johnston in a deal which allowed the militia to keep its arsenal and secure an amnesty in exchange for an undertaking to use its weapons only against Israel.²⁷⁸

Thereafter, the Islamic Army reduced and redirected but did not end its violent activities.²⁷⁹ Its militants have waged a violent campaign against such reputed dens of iniquity as hairdressers, cellphone and photography shops, fast-food outlets, co-ed schools and internet cafes.²⁸⁰ The day U.S. President Bush landed in Israel, the American School in Gaza was struck by an RPG, reportedly launched by the Islamic Army.²⁸¹ Christians also have been the butt of attack. Gaza’s Baptist Church School closed, following the murder of its librarian,²⁸² and on 15 February 2008 suspected Dughmush militants detonated a landmine in the YMCA library, destroying 8,000 books and escaping in the school bus.²⁸³

Other armed Islamist groups reportedly active in Gaza include Siyuf al-Haq (Swords of Righteousness), said to be led by Abu Suheib Al Maqdisi, a former Hamas preacher who split in protest at the movement’s decision to participate in elections, and the Khan Younis-based Moral Defence Group.²⁸⁴ While such Islamist movements appear to have grown in power and influence, their precise allegiance and pedigree remain murky. Some detractors,

²⁷⁰ At least four militants were killed in the attack, Crisis Group interviews, Al-Aqsa Martyrs’ Brigade spokesperson and informed observer, Gaza City, September 2007.

²⁷¹ Crisis Group interview, Jihad spokesperson, Gaza City, October 2007. Estimates of the numbers of Fatah militants who joined Jihad varied from a few hundred to thousands, Crisis Group interviews, Jihad operative, Western diplomat, Israeli expert on Hamas and local observer, Gaza City and Jerusalem, October 2007 and March 2008.

²⁷² Crisis Group interview, Gaza City, October 2007.

²⁷³ Crisis Group interview, Palestinian journalist, Gaza City, November 2007.

²⁷⁴ Two days after agreeing to a November ceasefire between the two groups, Hamas forces opened fire on mourners throwing stones at the funeral of a Jihad fighter who died in earlier clashes; they killed another member in the process, Crisis Group interview, Palestinian observer, Gaza City, November 2007.

²⁷⁵ “Islamic Jihad must investigate the history of each individual [member]. Its acceptance of those with nothing to do with Jihad can harm the Islamic project”, Mahmoud Zahar at a press conference in Gaza City, October 2007, attended by Crisis Group.

²⁷⁶ In October 2007, Hamas stormed Gaza City’s Asqalan Mosque, whose minaret sported a Jihad flag, sparking clashes. “Hamas broke inside and began beating our members”, Crisis Group interview, Jihad spokesperson, Gaza City, October 2007.

²⁷⁷ Crisis Group interview, Palestinian observer, Khan Younis, October 2007.

²⁷⁸ Crisis Group interviews, Amin Nofal, Dughmush mukhtar, and European diplomat, Gaza and Jerusalem, October 2007.

²⁷⁹ In November, Hamas officials claimed the Islamic Army had kidnapped a traffic policeman, Crisis Group interview, Palestinian observer, Gaza, November 2007.

²⁸⁰ Since its emergence in mid-2006, the Islamic Army has torched over 80 internet cafes, Crisis Group interview, international official, Jerusalem, September 2007.

²⁸¹ School buses were torched and leaflets in the name of the Islamic Army left at the site, Crisis Group interview, Palestinian observer, Beit Hanun, January 2008.

²⁸² Crisis Group interview, Palestinian Christian, Gaza City, October 2007. Repeatedly accused of missionary activity, Rami Ayad was shot in the head in October 2007. Community members variously linked a radical group from Rafah, Takfir wal-Hijra, and Hamas puritans to the killing. “Ayad was open about his contempt for Muslims. But the question is, is he the first or the last?”, Crisis Group interview, local priest, Gaza City, October 2007.

²⁸³ Crisis Group interview, Hamas official, Gaza City, February 2008.

²⁸⁴ Crisis Group interviews, local observers, Gaza City and Khan Younis, September 2008. The group allegedly is responsible for a series of attacks on internet cafes as well as an UNRWA school in Rafah in May 2007. See Maan News, 24 April 2007.

including President Abbas, allege that al-Qaeda has established a foothold in Gaza²⁸⁵ and claim its presence was magnified during the breach of the Egyptian border as Arab fighters with links to al-Qaeda purportedly shifted their base north from Sinai.²⁸⁶ Hamas officials deny the charge, although some members of the Hamas military wing admitted foreign Islamists recently arrived in Gaza were under close surveillance.²⁸⁷ Crisis Group observed a new Islamic dress style on Gaza's streets, replete with a black skull-cap as well as long hair dubbed the Zarqawi fashion, a reference to the former leader of al-Qaeda in Iraq.²⁸⁸

Hamas leaders express some concern about the growing appeal of its more jihadi Islamist rivals among a frustrated and disenchanted rank and file. They condemned the video address of Abu Omar al-Baghdadi, leader of the self-styled Islamic State in Iraq, who urged Hamas's military wing to break from a political leadership which is allied with "apostate" regimes in Syria and Egypt, as well as Iran's Shiite rulers, and join the "Salafi Jihad".²⁸⁹ Still, observers and some members of Hamas's political wing note a growing constituency within the Qassam Brigades that opposes Hamas's decision to enter the political fray, acquire the trappings of political power and invest in the PA's governing institutions.²⁹⁰

²⁸⁵ Crisis Group interview, PA official, Ramallah, November 2007. "I can say without doubt that al-Qaeda is present in the Palestinian territories and that this presence – especially in Gaza – is facilitated by Hamas", President Mahmoud Abbas, quoted in *al-Hayat*, 27 February 2008. Israel has described the Islamic Army as "in effect, an operational branch of al-Qaeda in Gaza", foreign ministry report, 9 January 2008. Parallel claims of an Islamic Army link to al-Qaeda have been made by some Hamas sympathisers, who assert Fatah is facilitating the entry of Islamist radicals into Gaza to undermine Hamas, Crisis Group interview, Islamist analyst, October 2007.

²⁸⁶ Crisis Group met with jihadi militants who had entered Gaza from Sinai during the Rafah border breach.

²⁸⁷ "I cannot confirm how many made it through, but there are few. They could be used by Israel or the Army of Islam to harm us", Crisis Group interview, Qassam leader, Gaza, March 2008.

²⁸⁸ Crisis Group observation in Gaza and interview, Palestinian observer, Gaza City, February 2008.

²⁸⁹ "The call is rejected. It came from Iraq and has no basis in Palestinian reality", Crisis Group interview, Qassam Brigades spokesperson, Gaza, March 2008. For al-Baghdadi's address, in which he criticised Hamas's political wing, see www.mnbr2.net/vb/showthread.php?t=3253; and www.nefafoundation.org/miscellaneous/befabaghdadi0208.pdf has an English translation. The video also cited the Islamic Army as a Gaza-based example of the global jihad.

²⁹⁰ Crisis Group interview, Palestinian journalist, Gaza City, October 2007.

IV. TENSIONS WITHIN HAMAS?

Hamas's takeover exacerbated tensions within the movement, which is torn geographically – between Gaza, the West Bank, prisons and exile – and ideologically, between political, military and religious leaderships. While suggestions of a split are a gross overstatement and highly premature, events in Gaza have almost certainly sharpened pre-existing differences.

For the military leadership in Gaza, the takeover was both an act of revenge after years of humiliation at Fatah's hands and a unique opportunity to assert power. For the political leadership, whether in exile, in the West Bank or even in Gaza, it was at best a mixed blessing, possibly an inevitable but also a risky step. Its leaders argue that it was a pre-emptive move, sparked by efforts of some within Fatah – armed and assisted by outsiders – to oust Hamas.²⁹¹ Still, by provoking a popular backlash and bringing the national unity government to an end, it hurt Hamas's domestic standing, set back its efforts to gain regional credibility and undercut its hopes of representing the national movement as a whole by integrating the Palestine Liberation Organisation (PLO). Moreover, it gave Fatah a freer hand in the West Bank to go after Hamas and seek to weaken the movement there. After the takeover, Hamas members in the West Bank lost whatever power they enjoyed as partners in the national unity government and were pursued by both Israel and the Fatah-dominated security apparatus.

Whatever Gaza does, the West Bank pays the price. When [Israeli soldier] Gilad Shalit was abducted in Gaza, our parliamentarians were detained, and now we're paying the price for the takeover. Thousands have been sacked from work, charities have been closed, bank accounts frozen and mosques invaded. Many have been severely tortured. And the few parliamentarians not in jail have been assaulted.²⁹²

For the religious leadership also, which from the start had been uncomfortable with Hamas's attempt to gain and exercise political power, control of Gaza is an awkward gift.

²⁹¹ For background and analysis, see Crisis Group Middle East Report N°68, *After Gaza*, 2 August 2007. For another account on U.S.-led efforts to build an anti-Hamas armed force in Gaza, see David Rose, "The Gaza bombshell", *Vanity Fair*, March 2008.

²⁹² Crisis Group interview, Hamas PLC member, Hebron, October 2007. A Hamas political leader said, "the military wing is always accusing the political wing of telling them what to do and to be quiet even though they are the ones who are sacrificing their lives", Crisis Group interview, Gaza City, March 2008.

These differing perspectives translate into divergent priorities on such matters as a ceasefire with Israel, the need for reconciliation with Abbas and the terms under which PA forces loyal to the president could resume operations in Gaza. Hamas's military wing in Gaza appears chiefly interested in securing its own territory first, even if it means reaching a ceasefire with Israel that would not apply to the West Bank. Speaking in December 2007, one of its leaders said, "today we are talking of a ceasefire in Gaza. At a later stage the ceasefire can be extended elsewhere".²⁹³ More recently, an official observed, "we can only guarantee the security of the area we control. Does Hamas control the West Bank? That's a matter for Abu Mazen".²⁹⁴ Others, principally in the West Bank, were less comfortable with the idea. The call for a separate ceasefire only added to their feeling of abandonment and vulnerability. A Hamas parliamentarian in the West Bank asked, "how can you agree a *tahdi'a* in Gaza when Israel is still in the West Bank and Jerusalem?"²⁹⁵ Instead, they were at times openly critical of the takeover:

I opposed a military takeover. I wanted their people and ours to sit in a closed room and find a Palestinian solution through dialogue, not violence. How can we call for a *hudna* [truce] with Israel and not make a *hudna* with our own people? Is the Palestinian interest served by civil war? Is it served by a Hamas state? Is Fatah Hamas's enemy or is Israel? Fatah is a political rival. It is not an enemy. My plan is for an Islamic project, but the Palestinian project is for all. We fought and we lost the respect of the world.²⁹⁶

West Bank leaders were more eager to patch things up with Abbas, taking strong issue with statements from Gaza suggesting the movement might launch a similar action in the West Bank, and making a public act of contrition, joining Abbas for Friday prayers in his Ramallah compound.²⁹⁷ They spoke more openly about

compromise to return Gaza to normal; but while Hamas associates in the West Bank acknowledged Abbas as the legitimate president,²⁹⁸ Hamas's spokespersons in Gaza issued bellicose statements repeatedly calling for his resignation.

People feel Abbas has been a co-partner with Israel in making us suffer. He will never be a credible Palestinian leader. We've lost confidence in Abu Mazen. He should leave, and make way for someone else with early presidential elections.²⁹⁹

Hamas leaders in Israeli jails, who co-authored the May 2006 Prisoners' Initiative Document which called for a national unity government, expressed similar feelings. An influential Hamas member in prison at the time of the takeover said, "I sent a message that most Hamas prisoners were in favour of dialogue and against a military resolution of differences even though we could understand the military reality in Gaza".³⁰⁰ According to some sources, there was unease – albeit more muted – among the exiled leadership as well.³⁰¹

Over time – and with the evident difficulty of consulting with colleagues unable to travel or communicate freely – the movement narrowed its differences. In December 2007, its leaders claimed they had found ways to confer and, acknowledging the existence of prior differences, had "reached broad agreement";³⁰² in meetings in Gaza with Crisis Group, Hamas officials went out of their way to dispel reports of internal tensions, bringing together representatives of all strands of the movement. Conceding there had been differences of view, they all claimed this was only normal, and they had been resolved "democratically", the view endorsed by the majority now being defended by all, "most strongly by those who initially opposed it".³⁰³ Tellingly, in response to a question about rumoured divisions, a Hamas leader in Gaza said, "wait and see. I cannot promise that Hamas will never split. But political Islamic movements have never split like the secular groups and the PLO".³⁰⁴ As he put it, the notion of the movement being split between "hard" and "soft" liners is:

... a figment of your imagination. You are used to "right" and "left" from your political systems. This distinction is not present within our system. We work by majority decision. There is debate

²⁹³ Crisis Group interview, Hamas PLC member, Gaza City, December 2007. "We used to say a mutual and comprehensive ceasefire including West Bank. Now we say only the Gaza Strip", Crisis Group interview, Hamas official, Gaza City, December 2007.

²⁹⁴ Crisis Group interview, Hamas official, Gaza City, March 2008.

²⁹⁵ Crisis Group interview, Hamas PLC member, Hebron, October 2007.

²⁹⁶ Ibid.

²⁹⁷ "The question is: will what happened to Abu Mazen in Gaza happen in the West bank? Is he able to control it? And if so, until when?" Crisis Group interview, Mahmoud Zahar, Gaza City, October 2007. At a rally in Jabaliya refugee camp in October, Zahar was further quoted as saying, "Israel says that if it will move out of the West bank, Hamas will take control. We say this is true". A military-wing commander at his side, Nizar Rayan, predicted Hamas would capture the Muqata, Abbas's seat in Ramallah, within a year, Agence France-Presse, 30 October 2007.

²⁹⁸ Crisis Group interview, Nablus, February 2008.

²⁹⁹ Crisis Group interview, Hamas official, Gaza, October 2007.

³⁰⁰ Crisis Group interview, Hebron, October 2007.

³⁰¹ Crisis Group interview, Islamist analyst, October 2007.

³⁰² Crisis Group interview, Hamas leader in exile, December 2007.

³⁰³ Crisis Group interview, Hamas leader, Gaza, December 2007.

³⁰⁴ Crisis Group interview, Zahar, Gaza, December 2007.

within the organisation, but this does not mean a split. There are daily developments that provoke discussion; this is normal. Within political cabinets there are always discussions and debates. But we are all operating within the same framework.³⁰⁵

Likewise, the officials were at pains to disprove reports of tensions between Gaza and the outside leadership, offering the unsolicited remark that interlocutors would hear exactly the same thing in Damascus, Beirut and Gaza. A leader in exile, again acknowledging there had been differences, spoke of a common position:

We all agree we can and should talk to Fatah whenever and wherever possible; we will neither say that the takeover was a mistake nor that everything was perfect; and we agree that we can return Abbas's headquarters to him and other security installations to a neutral, non-political security force.³⁰⁶

According to Khalid Mashal, its politburo chairman, Hamas sent Egypt and Saudi Arabia a paper outlining the movement's vision for reconciliation, with proposals for restructuring security services, political partnership and judicial reform and with conditions for a return of security headquarters to PA forces.³⁰⁷

Hamas's leaders in Gaza who initially opposed reopening the Palestinian crossings under the supervision of forces outside their control stated they could accept a compromise under which PA forces (though perhaps not the Presidential Guard)³⁰⁸ could be present so long as Hamas had a role as well.³⁰⁹ The breach of the wall has since altered the balance of power, at least temporarily, as Hamas has sought to establish its own border regime with the equivalent of immigration control and passport stamps and has tried to negotiate a separate agreement with Egypt. Faced with Cairo's rebuff, however, the only option once more seems to lie in a quadripartite arrangement involving Egypt, the PA, Hamas and Israel, perhaps with the participation of international monitors.

³⁰⁵ Ibid.

³⁰⁶ Crisis Group interview, Hamas leader in exile, December 2007.

³⁰⁷ Crisis Group interview, Hamas leaders in exile, December 2007, and Islamist, Nablus, December 2007. A similar proposal was articulated by Ahmad Yusif, a Hamas official in Gaza, Maan News, 24 December 2007.

³⁰⁸ "We can accept any third party, but we have a reservation about the Presidential Guard because of their involvement in the corruption business", Crisis Group interview, Hamas official, Rafah, October 2007. In talks with Egypt, Hamas leaders sought a veto over presidential forces who would be stationed at Rafah, Crisis Group interview, Hamas official, Gaza City, March 2008.

³⁰⁹ Crisis Group interview, Hamas leader, Gaza City, December 2007. However, Hamas leaders are still sending mixed signals on this matter.

V. CONCLUSION: WHAT NEXT?

The recent tragic and dangerous escalation in violence demonstrates once more that Gaza's future remains locked in several competing and to date irreconcilable hands – those of Hamas, Fatah, Israel and the international community. If current trends continue, the worst is imaginable: increased firing of rockets against Israeli towns and cities, which risks killing civilians and jeopardising the safety of tens of thousands, as well as the resumption of bombings and attacks inside Israel, such as was seen in the 6 March 2008 murder of eight students at a Jerusalem religious seminary; intensified Israeli military incursions, targeted assassinations and attacks on key installations that, along with militants, inevitably kill many Palestinian civilians; the collapse of the peace process, discrediting of more pragmatic leaders and, as the vicious cycle continues, potentially the conflict's spread to other arenas, including the West Bank and Lebanon.³¹⁰

Meanwhile, as this report shows, the purported goal of weakening Hamas's hold on Gaza is nowhere near fulfilment. To the contrary: as is often the case with sanctions, the population's suffering increases its dependence on its rulers. An official in Fayyad's government acknowledged: "Sanctions never achieved their political objective. Hamas gets what it wants through the tunnels and is not hurt politically or materially".³¹¹

The most catastrophic scenarios may not yet be likely, but they are becoming increasingly imaginable. Avoiding them ultimately will depend on whether Fatah and Hamas can find a path to reconciliation that reunites Gaza and the West Bank; whether Hamas and Israel can agree on a ceasefire that lifts the siege on Gaza and allows Gazans and Israelis near the border to pursue normal lives; and whether the international community at long last plays a constructive part in encouraging the parties to achieve these goals.

³¹⁰ Zvi Barel wrote in *Haaretz*, 2 March 2008: "The serenity in the West Bank is threatened by only one thing: the war in Gaza... The moment that war begins in the Gaza Strip, it will not be a war against Hamas; it will be seen as a war against the most downtrodden and poor segments of the Palestinian people, against women and children, a war that cannot leave the West Bank indifferent. The opening of a second front, on the east, against Israel, should then come as no surprise".

³¹¹ Crisis Group interview, senior PA official, Ramallah, October 2007. Until recently, Fatah officials had linked reopening of the crossings to restoration of the status quo ante. "Hamas has to give up its revolution for the borders to open", Crisis Group interview, Fatah official, Gaza City, October 2007.

If the objective is to end the violence, avoid a humanitarian catastrophe, promote a genuine political process and maintain the credibility and relevance of pragmatic Palestinian leaders, the following steps would be optimal:

- ❑ intra-Palestinian reconciliation that focuses on creating a professional security force, disbanding militias, reuniting Gaza and the West Bank and integrating the Islamists into the PLO;
- ❑ a ceasefire between Hamas and Israel mediated by Abbas and/or Egypt which includes a cessation of all attacks, prevention of any weapons smuggling into Gaza through more rigorous Egyptian control and multilateral coordination and an opening of the crossings that involves the presence of PA personnel and strict third party monitoring;
- ❑ accelerated peace negotiations between Israel and the PLO for which Hamas will have mandated the PLO chairman, with any agreement to be submitted to a popular referendum; and
- ❑ regional and international acceptance of the Fatah/Hamas agreement.

Short of this preferred outcome – which, alas, appears very distant – the emphasis needs to be on securing a quick ceasefire and halting the slide toward a broader and costlier confrontation. Such a temporary solution could then serve as a prelude to a broader Fatah/Hamas reconciliation.

A. NATIONAL RECONCILIATION

The February 2007 Mecca Agreement and subsequent national unity government offered only a brief respite to the increasingly bitter confrontation between Fatah and Hamas. Neither the agreement nor the unity government addressed two fundamental questions: who would represent the Palestinian national movement and who would control security forces? As a result, the understandings quickly unravelled.

Today, increasing numbers of Palestinians recognise that unity is required. A Hamas official in Gaza said, “Abbas without Hamas is weak, and Hamas without Abbas is weak”.³¹² In the West Bank, Fatah officials – chiefly those associated with imprisoned leader Marwan Barghouti – are more vocally calling for renewed talks, arguing that disunity is harming the Palestinian cause and that seeking a peace agreement while the Palestinian

community is divided is difficult and dangerous. As one put it, “if we hesitate to solve the internal problems between us and Hamas, sooner or later Fatah and PLO will be finished. Time is working for Hamas, not for us. If we bring Hamas into a political framework, it will help us”.³¹³

Yet obstacles are great and made only greater by events surrounding the takeover. On paper, the issue involves Abbas’s insistence that certain preconditions be met before talks resume (a restoration of Gaza to the status quo ante, a Hamas apology, and, more recently, agreement to early elections)³¹⁴ and Hamas’s insistence on unconditional dialogue. But there is more. The rhetorical battle has escalated,³¹⁵ as have skirmishes on the ground, in both cases seemingly encouraged by outside actors (Iran on the one hand, the U.S. and Israel on the other) eager to prevent a rapprochement. Each side has accused the other of plotting to kill key leaders; Abbas reportedly is convinced that Hamas militants were digging a tunnel with the intent of assassinating him on a visit to Gaza,³¹⁶ while Hamas subsequently arrested more than fifteen people who allegedly confessed to receiving orders from Tayib Abd al-Rahim, a senior presidential aide, to assassinate Haniya.³¹⁷

Hamas’s six-week detention of Omar al-Ghoul, a Fayyad adviser visiting family in Gaza, was seen as a warning to Fayyad’s ministers and other senior Fatah officials to keep out. A Hamas official said, “the rift is so big. There’s no confidence between us to relaunch a national dialogue”,³¹⁸ a view echoed by many Fatah officials.³¹⁹

³¹³ Crisis Group interview, Fatah official, Ramallah, January 2008.

³¹⁴ “Hamas has to end its coup in Gaza, accept all international obligations, and accept holding early elections. After that, our hearts are open for any dialogue”, President Mahmoud Abbas, quoted in *Reuters*, 30 January 2008.

³¹⁵ This was evident in the terms used to describe events. What Fatah dubbed an *inqilab* (coup) was hailed by Hamas as a *hasm askari* (military solution); Hamas’s *fatah* (opening) into Egypt and “liberation from the economy of the occupier” was viewed by Fatah as an *iqtilham* (invasion) and reckless alienation of a key ally.

³¹⁶ At a PLO meeting on 20 June 2007, Abbas accused Hamas of trying to assassinate him by using 550 pounds of explosives planted in a tunnel under a road where his motorcade was due to pass, Associated Press, 20 June 2007.

³¹⁷ Crisis Group interview, Hamas official, Gaza City, February 2008.

³¹⁸ *Ibid.*

³¹⁹ Crisis Group interviews, Fatah officials, Ramallah, January 2008.

³¹² Crisis Group interview, Hamas official, Gaza City, February 2008.

To date, every mediation effort undertaken by regional actors has failed.³²⁰

Even Fatah members who favour a dialogue say they cannot overcome Abbas's strong objections. As for Hamas, as time goes by, it inevitably is becoming more difficult to persuade leaders in Gaza to relinquish the perks and privileges of power. As a result, even as both sides publicly clamour for reconciliation, neither appears to be working toward it. "Both Abbas and Hamas think they can wait – Abbas, because he believes in the strategy of sanctions and isolation, Hamas because it believes that time will work in its favour, weakening Abbas and undermining his credibility. So no one is in any hurry".³²¹

Yet, without restored unity, prospects for progress on any front will remain at best fragile, more likely a fantasy. As Hamas's recourse to rocket fire and Israel's military operations show, fighting in Gaza inevitably will impede and perhaps torpedo peace talks. Moreover, without unity, Abbas risks lacking the credibility and authority he needs to deliver a historic agreement and ratify it through a referendum in Gaza, as well as the West Bank. By the same token, time has shown that Hamas will have difficulty easing Gaza's lot unless a unified Palestinian front demands the opening of crossings and agrees on a mechanism for doing so without jeopardising Israel's security. More broadly, as long as Fatah and Hamas remain divided, the West Bank and Gaza will remain split, and the different authorities ruling each will become more entrenched.

The reverse is equally true: just as Abbas could prove useful to Hamas as a conduit for dialogue with Israel and the international community on matters of concern – opening the crossings, reaching a ceasefire and gaining international standing – so, too, a resumption of the mandate Hamas gave Abbas in the Mecca Agreement to negotiate a political agreement with Israel would bolster the president's legitimacy and broaden his margin of manoeuvre.

Modalities of a possible reconciliation will be examined in a forthcoming Crisis Group report, but the two movements could take immediate steps to ease tensions, including by ending mutual attacks and ceasing harassment and detention of each other's members in Gaza and the West Bank. Hamas also should evacuate some buildings that symbolise Palestinian unity, such as the presidential office.

³²⁰ Efforts reportedly have been undertaken by Saudi Arabia, Sudan, Qatar and Yemen, among others, Crisis Group interview, PA official, March 2008.

³²¹ Crisis Group interview, Arab analyst, Washington, March 2008.

B. CEASEFIRE AND BORDER CROSSINGS

The current situation is unsustainable. Israel cannot be expected to endure continued rocket fire. Hamas is unlikely to sit idly by as Gaza is choked.³²² In December 2007, an Israeli defence official, arguing in favour of a policy of military containment, predicted that "Hamas is deterred from shooting more or firing its longer-range weapons given its interest in longer term consolidation of Hamastan".³²³ Subsequent events flatly contradicted this assessment.³²⁴ Deterrence – the notion that Hamas will stop firing if it is forced to pay a price – has not worked. Intensified Israeli attacks have proved at best an imprecise tool to enforce quiet, more often triggering heightened confrontation.³²⁵ There are only two alternatives: significant military escalation to stop the rockets or a ceasefire.

Hamas leaders in Gaza and in exile have stated they are willing to entertain the second option, but only if the halt in hostilities also includes a lifting of the siege. As they see it, a ceasefire must entail an end to rocket launches, a cessation of Israeli military attacks and targeted killings plus an opening of Gaza's crossings to allow the Islamists to govern more successfully. A Gaza leader said, "since Israel withdrew from Gaza, we have no interest in clashes. If Israel stops, and if the siege is lifted, we will stop".³²⁶ As noted above, leaders in Gaza and in exile have not always been

³²² In the words of a Hamas official, "Palestinians cannot absorb the sanctions and do nothing", Crisis Group interview, Ahmad Yusif, Gaza City, February 2008.

³²³ Crisis Group interview, senior Israeli defence official, Tel Aviv, December 2007.

³²⁴ This was true even before the February 2008 escalation. A mid-January 2008 raid deep into Gaza City, which Israeli officials said was designed to curb Gaza's rockets, precipitated what was then Gaza's bloodiest day of violence since the 2005 disengagement. Israel killed at least eighteen militants, including Hamas leader Mahmoud Zahar's son. Over the following four days, Hamas and other armed groups launched over 160 rockets, including the longer-range Grad.

³²⁵ "You can't expect Hamas to sit idle while everyone is trying to slowly suffocate them. They have to do something", Crisis Group interview, Shlomo Brom, former head of the Israeli armed forces' Strategic Planning Division, Tel Aviv, October 2007. In an insightful piece, Brom argued that "deterrence exists when the alternative of inaction is preferred by the party that one seeks to deter from acting. The problem is that from Hamas's point of view, the alternative of inaction offered by Israel is worse than a continued confrontation with Israel, despite the cost", because it means acquiescence in a policy aimed at weakening and toppling it. Brom, "The Real Choice: Ceasefire or Reoccupation", Institute for National Security Studies Policy Brief, 12 March 2008.

³²⁶ Crisis Group interview, Hamas official, Gaza, December 2007.

clear as to whether a ceasefire must include the West Bank as well.³²⁷

Hamas's motivations in Gaza are not hard to divine. Since the takeover and its intensified conflict with Abbas and Prime Minister Fayyad, its principal goals have been to consolidate its hold over the territory, reestablish law and order and prove that it can govern. A severe conflict with Israel threatens the first two objectives; maintenance of the border closures imperils the third. At the same time, Hamas has been eager to dispel any impression it is desperate for a cessation of hostilities, insisting it can withstand Israeli attacks. In words that echo eerily in light of subsequent events and that previewed what Palestinians would say during the February 2008 flare-up, a Hamas leader commented in December 2007:

Sure, we will suffer. But so will Israel. Thousands will be killed and wounded. What do they want? A Holocaust in Gaza? Ok, but then we will fight, and we will survive. What will be the effect? That everyone will support Abbas afterwards? That he will come to take control of Gaza?³²⁸

The February 2008 quantitative and qualitative escalation in rocket attacks – hundreds were launched, including the longer-range Katyusha (Grad) rocket that reached Ashkelon – must be seen in this context. Although it exposed Hamas to far greater risk, as Israel bombed its headquarters and weapons storehouses and killed numerous militants, the Islamists apparently assessed it was worth the cost for several reasons. First, they sought to establish their own form of deterrence and rules of the game, claiming to be responding to an Israeli attack

that had struck five militants.³²⁹ It also arguably was an attempt to break out of the status quo – a renewed siege after a brief interlude when the wall came down – by reminding Israel and the international community of Hamas's spoiling power.³³⁰

In the same vein, the movement may have upped the ante in hopes of compelling a ceasefire on terms it would deem acceptable. Even strong Israeli retaliation is hardly unwelcome from this perspective. Not only does the heavy civilian toll reinject the question of Gaza – and thus of Hamas – into the regional and international equation, it also fundamentally undercuts Abbas's legitimacy and ability to conduct peace talks with Israel. Indeed, with each new, more intense cycle of violence, Israel is drawn ever deeper into Gaza, the Palestinian population sides ever more with the victims in Gaza, Abbas's position becomes increasingly untenable in the Palestinian public's eyes, and the likelihood of the confrontation spreading to the West Bank grows.

To date, Israel's response to Hamas's campaign for a ceasefire has been negative, though not without some self-questioning. The alternative, trying to stop the Qassam-fire through military means, likely would entail reoccupation of most if not all of the Strip in order to both control launch sites and prevent arms smuggling. But neither the defence establishment nor the political leadership is eager to reoccupy a territory from which Israel recently withdrew; they are well aware of the risks of a ground operation and the heavy toll it likely would entail. A former southern commander anticipated fatalities in the thousands³³¹ – a figure that appears far from unrealistic given the death toll in February/March.

Israeli intelligence experts also warn of what might ensue within Gaza: "If the policy is to destroy Hamas as a viable

³²⁷ Ibid; Crisis Group interviews, Hamas leaders in exile, December 2007. Hamas leaders may have concluded that a ceasefire applying to Gaza alone would further embarrass Abbas by showing that the Islamists could obtain for Gaza what he could not in the West Bank, despite his more conciliatory stance, Crisis Group interview, Palestinian analyst, February 2008. That said, leaders in the West Bank remain adamant that a ceasefire include the West Bank, and other Hamas leaders have most recently argued that only a comprehensive ceasefire will do, Crisis Group interview, Hamas official, Gaza City, March 2008. It is at least questionable whether a ceasefire in Gaza alone would be sustainable; the killing of Islamic Jihad militants in the West Bank, for example, could well spark a response from Gaza, as recent events have again confirmed. On 12 March, Haniya said, "we will not abandon you, our people in the West Bank. Aggression against you is aggression against us", *Haaretz*, 12 March 2008.

³²⁸ Crisis Group interview, Hamas leader in exile, December 2007. In February/March 2008, President Abbas and Hamas Politburo Chairman Khalid Mashal both used the word "holocaust" to describe Israel's military attacks in Gaza. Meshal: "Gaza is 'real holocaust'", *Haaretz*, 2 March 2008; Abbas: "Gaza attacks 'a holocaust'", Al Jazeera, 2 March 2008.

³²⁹ On 27 February 2008, Israel launched an aerial strike on a minibus ferrying Hamas fighters to a military-base west of Khan Younis. Five Hamas gunmen were killed, including a rocket-squad commander and a rocket engineer, Crisis Group interview, informed observer, Gaza City, February 2008.

³³⁰ IDF military intelligence chief Amos Yadlin gave some credence to this thesis when he said Hamas had been pressured into deciding "that the situation is intolerable and that the siege must be broken and a different equation forged in the conflict with Israel", *Haaretz*, 3 March 2008.

³³¹ A former senior military man estimated that 5,000 Gazans would be killed in an IDF operation to carve out a 3km buffer zone north of the Rafah crossing, presentation by Maj.-Gen. Yom Tov Samiah, former Southern Command chief, 22 November 2007. Israeli officials note that Hamas has nowhere to go but Gaza, anticipating urban warfare of a type witnessed when in May 2007 Lebanese forces destroyed swathes of Nahr al-Barid camp to uproot 400 fighters, Crisis Group interview, Israeli security official, Jerusalem, November 2007.

political force, you will get warlords. Without Hamas, Gaza will become a no-man's land".³³² Just as importantly, there would be no evident exit strategy. While some have suggested that Israel turn a reoccupied Gaza over to an international trusteeship which would then turn it over to the PA, the idea appears illusory. As an Israeli official said, "who will want to run Gaza under hostile conditions? We will be trapped, having resumed an occupation we desperately wanted to end and that we will be unable to hand over".³³³

Politically, too, there are arguments for a different approach. According to a recent poll, some 64 per cent of the Israeli public favours direct negotiations with Hamas for a ceasefire and the release of Gilad Shalit.³³⁴ So-called doves,³³⁵ but also some of Israel's more hawkish current and former officials, echo that view. They include former National Security Adviser Giora Eiland, former IDF chief of staff and current Transportation Minister Shaul Mofaz and former Mossad chief Efraim Halevy. According to Halevy, "it makes sense to approach a possible initial understanding including Hamas – but not exclusively Hamas – at a time when they are still asking for one. No side will gain from a flare-up leading to Israel's re-entering the Gaza strip".³³⁶

Yet Israeli decision-makers legitimately are worried about potential downsides. To reach a ceasefire with Hamas and loosen the siege would consolidate the movement in Gaza and thus almost certainly undermine Abbas. More importantly, they fear that halting operations in Gaza could give Hamas a freer hand to bolster its military arsenal and improve its capacity in anticipation of the next round. In Israeli eyes, waiting would be tantamount to allowing Hamas to turn into a Hizbollah-like entity, posing a serious long-term threat. As a result, some Israeli commanders have been advocating more robust military action. They have pressed for ever-deeper rolling operations to create two buffer zones: one in the north and east to push rocket fire away from the Israeli border; and one starting at the Philadelphi corridor separating Gaza from Egypt and

extending 3km to the north in order to control smuggling routes.³³⁷

Asked about the possibility of a ceasefire in December 2007, a senior Israeli defence official replied:

Israel's agreement on a real ceasefire depends on the conditions: no build-up, no training, no weapons development. Otherwise, we simply will be giving Hamas the time to consolidate and build its arsenal. These conditions are almost impossible to meet because of Hamas's nature. They are more frightening because they make long-term plans. Hamas has time. They don't need to kill you yesterday; they can kill you tomorrow.³³⁸

The Israeli leadership appears pulled in two competing directions. As Egypt intensified its ceasefire efforts, Israel seemed more open to the notion of an informal arrangement that would halt the violence. The indirect talks between Israel and Hamas this time appeared to have the blessing of the U.S. administration, which, at long last, has recognised that what happens in Gaza automatically affects what will come out of Annapolis and that violence in the former inevitably will scuttle the latter.³³⁹ Yet, at the same time, given growing concern about Hamas's "Hizbollah-isation", Israeli national security officials were preparing for a far more intensive attack on Gaza. Several told Crisis Group that a bigger operation was only a matter of time and that, while it would not entail a long-term presence in Gaza, the goal would be to systematically destroy the instruments and symbols of Hamas's power.³⁴⁰ Defence Minister Ehud Barak in particular reportedly has not entirely given up on the belief that a military operation can oust the Islamists from power.³⁴¹

³³² Crisis Group interview, former senior Israeli intelligence official, Tel Aviv, November 2007.

³³³ Crisis Group interview, Israeli official, March 2008.

³³⁴ 28 per cent opposed, *Haaretz*, 27 February 2008.

³³⁵ In September 2007, Israeli novelists Amos Oz, A.B. Yehoshua, David Grossman and Eli Amir among others signed a petition urging a ceasefire with Hamas. See also the oped by Yossi Beilin in *The Washington Post*, 23 November 2007.

³³⁶ *Mother Jones*, March 2008. National Infrastructure Minister Ben Eliezer said, "if a serious, realistic proposal is put on the table, and Hamas is willing to discuss a long-term ceasefire, stop terror, stop smuggling and open talks on the release of Gilad Shalit, I would go to negotiations", *Haaretz*, 21 December 2007.

³³⁷ "The Philadelphi crossing should be the first thing to occupy, occupy it forever, and clear an area three km to the north. The cost will be very high for Israelis and Palestinians. But we have no other solution", Samiah presentation, op. cit.

³³⁸ Crisis Group interview, senior Israeli defence official, Tel Aviv, December 2007.

³³⁹ Crisis Group interviews, Egyptian diplomat and U.S. officials, Washington DC, March 2008. An Israeli official said, "there is growing recognition in Israel and the U.S. that there is a link between what happens in Gaza and whether the Annapolis process will succeed. It is sinking in. But it has not yet reached the point where policy-makers are willing to change their assumptions regarding Hamas", Crisis Group interview, March 2008. In the words of a U.S. official, "we are not blind. We can see that an escalation of violence hurts the chances of the peace process", Crisis Group interview, Washington DC, March 2008.

³⁴⁰ Crisis Group interviews, Tel Aviv, 7 March 2008.

³⁴¹ Crisis Group interview, former senior Israeli official, March 2008.

Given the various sides' respective needs and interests, a viable ceasefire should include:

- ❑ complete cessation of rocket firings and other military activity by Hamas and enforcement of this decision on all other Palestinian groups;
- ❑ complete cessation of Israeli military activity in Gaza, except in response to an immediate, verifiable threat related to a breach of the above;
- ❑ genuine efforts by Egypt and others to halt the smuggling of weapons to Gaza, which would have to involve more creative solutions than better control of the Philadelphi corridor, since even Israel proved unable to stop the smuggling during its Gaza occupation;³⁴² and
- ❑ opening of both the Rafah crossing between Gaza and Egypt and other crossings between Gaza and Israel to permit the regulated flow of goods.

The crossings issue is not the least complicated. After Israel's September 2005 withdrawal, Rafah and other crossings were regulated by the November 2005 Access and Movement Agreement between Israel, the Palestinian Authority, the EU and the U.S., which provided for European monitors at Rafah to verify, inter alia, Palestinian customs and migration procedures, prevention of weapons and explosives smuggling and coordination with Israel.³⁴³ That arrangement was suspended at the time of Hamas's takeover and would have to be resumed in a way that reflects new realities. Indeed, the very premises of the agreement in Rafah have changed: none of the signatories currently is present at the Rafah border; those who are – Egypt and Hamas – were not parties to it.

Abbas wants a return to the agreement and to send PA security forces to the crossings.³⁴⁴ Israel is demanding

stronger regional guarantees and international enforcement against Hamas arms smuggling.³⁴⁵ Hamas has asked that the entire agreement be overhauled, rejecting any Israeli role or PA security presence at the crossing, insisting that it be Egypt's principal interlocutor and threatening to resort to new forms of action if the closure endures.³⁴⁶ Egypt wants to avoid a repeat of the human waves that crossed into its territory and instability in the border area that could facilitate militant activities.³⁴⁷

work during the day at the Rafah terminal and at night return to Egyptian Rafah", Crisis Group interview, PA official, Ramallah, March 2008.

³⁴⁵ "Israel's readiness to achieve a ceasefire is entirely related to Egypt's readiness to stop arms smuggling", Crisis Group interview, UN official, Jerusalem, March 2008. He described as "a positive sign" reports that Egypt had destroyed a series of tunnels in early March and increased U.S. readiness to help Egypt monitor the border.

³⁴⁶ A senior Hamas official in Gaza told Crisis Group: "Abu Mazen is the president, but we are the government, and it is the government that supervises the border, not the president", Crisis Group interview, Gaza City, January 2008. Likewise, Said Siam said, "we can agree to the return of PA professional workers at the border, but not security personnel. Security is the responsibility of the government of Gaza. The NSF – our army – is stationed at the border. The presidential guard has no presence in Gaza. How could they exercise control by remote control?" Crisis Group interview, Gaza City, February 2008. Hamas officials have also expressed concern the PA might seek to turn the crossings into military bases to "invade from Rafah to Beit Hanun", Crisis Group interview, Hamas official, Gaza City, March 2008. Israel, Siam argued, "cannot assume any role at the border. The Rafah agreement is over. It was imposed. We need an agreement which will affect a new reality. The occupier has left Gaza. Why should it continue to influence the crossing? Rafah is the only border for our people to cross in and out of Gaza. It's an Egyptian-Palestinian border. Israel cannot assume any role at the border". Following closure of the crossing after the breach, Hamas officials in Gaza set a two-month deadline to resolve the Rafah situation, Crisis Group interview, PLC legislator Salah Bardawil, Gaza City, February 2008. Leaders further threatened "an explosion" if nothing were done, Crisis Group interview, Said Siam, Gaza City, February 2008.

³⁴⁷ Some analysts fear that with continued instability, Sinai could become the next theatre for jihadi activists, Crisis Group interviews, Jerusalem, February 2008. Egyptian officials acknowledged they already have a problem there with both radical elements and Bedouins and fear the Gaza situation could exacerbate the risk, Crisis Group interviews, Egyptian security officials, Cairo, 1 March 2008. Some 35 per cent of Gaza's population are Bedouins, who generally maintain close ties with kinsmen straddling the Egyptian border. See Crisis Group Report, *Inside Gaza*, op. cit.; also Crisis Group Middle East Report N°61, *Egypt's Sinai Question*, 30 January 2007. Hamas sought to allay Cairo's fears about any domestic Islamist threat. "Egypt knows we can protect its national security. It's afraid as a regime of the Islamic movement. But we're independent of the Muslim

³⁴² Because the smuggling takes place through tunnels that run from the Egyptian to the Palestinian part of Rafah, and since they often involve members of the same clan or family on both sides of the border, it is hard to stop the smuggling from the Philadelphi corridor itself, Crisis Group interview, former Israeli official, March 2008.

³⁴³ When fully operational, EUBAM maintained a presence at the Rafah Crossing Point, where it monitored Palestinian border guards and immigration offices, as well as alongside Palestinian and Israeli security personnel at the liaison room at Kerem Shalom, from where they could watch camera footage of the crossings, Crisis Group interview, EUBAM official, Jerusalem, March 2008.

³⁴⁴ A PA presence, said Interior Minister Abdel Razeq al-Yahya, would "affirm the legitimacy of the PA over all its territory, until its last inch, Rafah", Crisis Group interview, Ramallah, November 2007. The PA has suggested that members of the Presidential Guard return to the Rafah terminal "from the Egyptian side" to avoid interaction with Hamas. "They can

The objectives of any solution should be to permit a freer flow of goods and commodities while preventing weapons smuggling, giving Hamas a role and stake in stability while ensuring the PA is present at the crossings. While Abbas fears any act that would confer legitimacy on Hamas's power in Gaza, the alternative is unrealistic; sending PA forces to the crossings without consultation and coordination with Hamas would be a recipe for renewed instability, violence and, eventually, closure. A workable solution should include:

- ❑ return of PA forces to border crossings and at their immediate perimeter; repositioning of Hamas forces further from the crossings; and coordination between the two;
- ❑ commitment by Hamas to stop arms smuggling into Gaza and new steps by Egypt, in coordination with regional and international actors, to halt the smuggling; and
- ❑ return of EUBAM to the Rafah crossing point.³⁴⁸

Given the lack of trust between the parties and inherent fragility of any such agreement, a third party presence should be dispatched and stationed inside Gaza, along its borders with Israel and Egypt, mandated to supervise the parties' compliance with their security and other commitments.

Achieving such a solution is likely to take time and require bridging considerable gaps between Israel and Hamas, as well as between Fatah and Hamas among others. But the humanitarian demands are urgent and cannot wait. To address them, the parties should put in place shorter-term measures to significantly increase the flow of goods and allow the quick evacuation of people in need of medical care and the travel of students and

individuals who live in third countries, as well as the delivery of humanitarian assistance from countries which do not maintain relations with Israel. Because Israel will not interact with the Hamas authorities in Gaza, this likely will require the presence of a third party (such as the UN or a private contractor) to interface between the two and help manage the crossings.

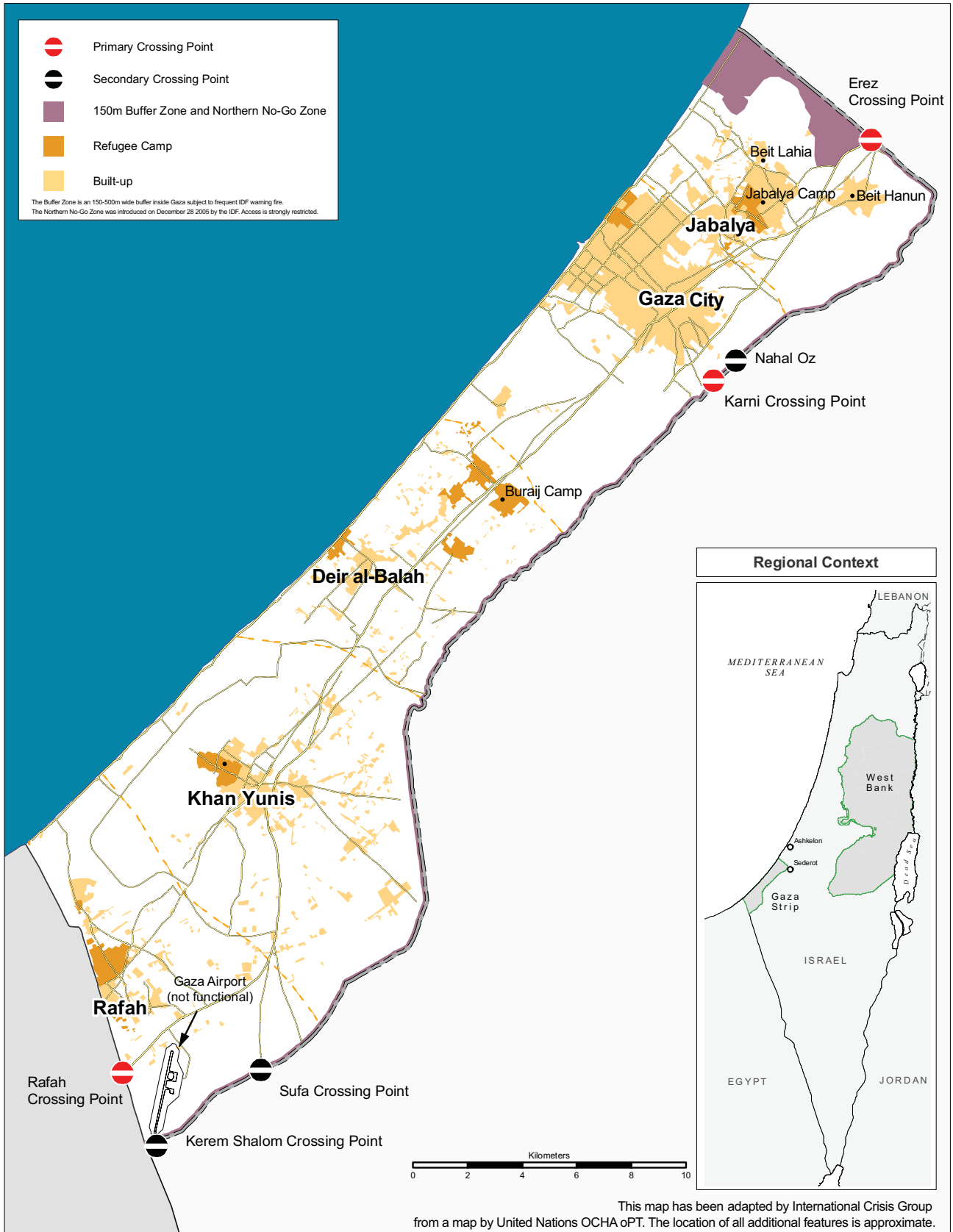
Gaza/Jerusalem/Brussels, 19 March 2008

Brotherhood in Egypt, and we won't interfere", Crisis Group interview, PLC legislator Salah Bardawil, Gaza City, February 2008.

³⁴⁸ Hamas, the PA, Egypt and Israel have all assented to EUBAM's return to Rafah, but differences remain on its location: Israel prefers it remain based in Ashkelon, Hamas insists it relocate to Gaza or al-Arish, Crisis Group interviews, Israeli and Hamas officials, Tel Aviv and Gaza, February 2008. Some Israeli officials have suggested the need for a new agreement augmenting EUBAM so that it could provide a security and anti-smuggling presence along the entire 14km border between Gaza and Egypt. Crisis Group interview, Israeli official, Jerusalem, March 2008. But EU officials have expressed concern that this would require a 1,000-strong force, which could then be drawn into conflict. "The moment we intervene, we're the enemy, the aggressor, the occupier", Crisis Group interview, EUBAM official, Jerusalem, March 2008. For that reason, the EU presence might have to be confined to the crossing itself, with Egyptian forces carrying the bulk of monitoring responsibility along the rest of the border.

APPENDIX A

MAP OF GAZA STRIP



APPENDIX B

ABOUT THE INTERNATIONAL CRISIS GROUP

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