With Hamas in Power:
Impact of Palestinian Domestic Developments on Options for the Peace Process

Dr. Khalil Shikaki

Brandeis University   Crown Center
for Middle East Studies

Crown Center
for Middle East Studies

Crown Center Working Papers

The Crown Center Working Papers provides timely research on the contemporary Middle East by Center associates and guest researchers. Reader comments are most welcome and can by submitted by email to crowncenter@brandeis.edu.

About the Author

Dr. Khalil Shikaki is the director of the Palestinian Center for Policy and Survey Research in Ramallah and a Senior Fellow at the Crown Center for Middle East Studies. Shikaki has conducted more than one hundred polls among Palestinians in the West Bank and Gaza Strip since 1993. A world-renowned expert on Palestinian public opinion and a widely published author, he has taught at several institutions, including Birzeit University, An-Najah National University, the University of Wisconsin in Milwaukee, and the University of South Florida. He also was a visiting fellow at the Brookings Institution in Washington, D.C., in 2002.

Contents

Introduction

The January 2006 Palestinian elections were expected to stabilize highly negative domestic dynamics and bring Israelis and Palestinians back to the negotiating table. Instead, Hamas, the Islamist group, won 44% of the national vote and 56% of the seats of the Palestinian Legislative Council (PLC) to the nationalist Fatah's 41% of the national vote but only 36% of the seats. One of the immediate consequences of the elections has been further deterioration in internal Palestinian conditions and the collapse of any hopes for immediate resumption of Palestinian-Israeli negotiations. Concern grew over the potential for major internal violence and for a resumption of open warfare between Palestinians and Israelis. Indeed, the year 2006 witnessed a significant increase in Israeli-Palestinian violence despite the agreement in December on a cease-fire in the Gaza Strip. Similarly, intra-Palestinian violence threatened to escalate into civil war in the Gaza Strip despite the continued efforts of Fatah and Hamas to put together a national unity government. While these efforts seem to have failed in 2006, leading Palestinian President Mahmud Abbas to threaten in mid-December to hold early elections, it remains unclear what impact a national unity government would have on domestic conditions or on the chances for a resumption of the peace process.

Have Palestinian domestic developments in 2006 shattered the chances of reviving the stagnated political process between Israelis and Palestinians? Will the formation of a Palestinian national unity government make any difference, or will the logic of domestic rivalry and the dynamics of violent escalation prevail, leading to the collapse of the Palestinian Authority (PA), civil war, and the end of the peace process? Is there room in this environment for possible Palestinian-Israeli stabilization—or even for an agreement that might restore some confidence in the peace process?

In trying to answer these questions, this paper will also seek to explore other issues. Was it a mistake for the Palestinians to proceed to elections without first putting an end to violence and anarchy? What went wrong and led to Hamas's electoral victory? Why was the policy of isolating Hamas adopted by the U.S. and the international community, and has that policy succeeded? What factors make internal Palestinian violence and a wider Israeli-Palestinian confrontation more likely? Which might lead to internal unity and Palestinian-Israeli stabilization?

This paper gives primacy to domestic developments in explaining possible future directions in Palestinian-Israeli relations. It particular, it examines the impact of Palestinian domestic developments on the various possible options with respect to the peace process. Among these are an agreement on an extended cessation of violence, a negotiated Israeli "disengagement" in the West Bank, the establishment of a Palestinian state with no provision for an "end of conflict," and a permanent peace *including* agreement on an "end of conflict."[1] Needless to say, however, even if domestic Palestinian conditions were to become ideal, developments in Israel alone could prevent any conceivable progress.

Background

Two vital needs have shaped Palestinian politics during the last thirteen years since the establishment of the PA: ending the Israeli occupation that began in 1967, and building a sovereign state based on the principles of good governance. Four events shaped, and in turn were shaped by, Palestinian domestic outcomes during those years: the Oslo peace process, which began in 1993; the second intifada, which began in September 2000; the passing of

Yassir Arafat in November 2004; and the Israeli disengagement from Gaza in September 2005. For Palestinians, Oslo promised the gradual end of occupation and the launching of a state-building process. Owing to Oslo's open-ended nature, however, its postponement of the resolution of the most important dimensions of the conflict, the ultimate emphasis it placed on short-term security requirements, and the PLO's own authoritarian legacy, the Oslo process failed to deliver either of these two vital needs. Some Palestinian groups continued to perpetuate violence against Israelis, and Israel consolidated its occupation by doubling the size of its settlement enterprise within seven years after the launching of the Oslo process. Gradually, the Palestinian public came to perceive the PA, created by the Oslo process, as authoritarian and corrupt. In the eyes of the Palestinians, the collapse of the Camp David permanent status talks in the fall of 2000 ended the Oslo era.

From a Palestinian perspective, the second intifada, which erupted only two months after the failed Camp David negotiations, aimed at addressing some of the shortcomings of the Oslo process. The results were dismal, however. The intifada and the Israeli response to it generated great Palestinian pain and suffering. This increased threat perception of the Palestinian public and lead to a dramatic rise in public demand for violence against Israelis. For the Palestinian economy, the intifada had nothing but devastating consequences, increasing the level of poverty in Palestinian society to more than 50%. The intifada also engendered greater fragmentation within the ruling party, Fatah, the largest faction in the Palestinian national movement. This fragmentation was accompanied by the rise of Hamas, an Islamist faction strongly opposed to the Oslo peace process and to permanent peace with Israel.[2]

Fatah's fragmentation and the rise of Hamas contributed greatly to the collapse of law and order in areas controlled by the PA. The PA's ability to deliver badly needed basic social and economic services was negatively affected. A few years into the intifada, the whole political order began to lose its legitimacy and was on the verge of collapse.

The psychological environment of the Palestinians was dominated by deep pessimism about the future of the peace process, with most believing that the future would continue to see violence, with no hope of a return to negotiations. Support for violence continued to rise, with more than two-thirds of Palestinians in the West Bank, Gaza, and East Jerusalem believing that violence paid, and that it was contributing to achieving national rights in ways that negotiations could not.[3]

With the PA gradually losing control over events; internal division, anarchy and lawlessness prevailing; and violence dominating Palestinian-Israeli relations, the peace process was virtually suspended. Beginning in the second half of 2002, PA efforts, encouraged and supported by the international community and by the launching of the Road Map (by the United States, in cooperation with Russia, the European Union, and the UN—the so-called Quartet), have been focused on four goals: (1) regaining PA control of the street and asserting its monopoly of force; (2) reforming and strengthening public institutions and opening the political system to greater and more inclusive participation; (3) reducing or eliminating violence directed at Israelis; and (4) returning to negotiations with Israel, with the goal of implementing the Road Map and entering permanent status talks.[4]

But until the death of Yassir Arafat in November 2004, little progress was made in achieving these goals. With Arafat out of the way, progress became possible. The passing of the PA president affected the Palestinian domestic environment in ways that significantly altered the

dynamics unleashed by the intifada. Five particular changes had direct implications for the peace process: The political system became more open; optimism regarding the future increased; economic conditions improved; public willingness to accept compromise in a political settlement with Israel increased; and the order of Palestinian priorities changed.

The opening up of the political system after Arafat's death allowed the integration of Hamas into the political process and facilitated the holding of local elections beginning in December 2004, followed by presidential elections in January 2005. In March 2005, a nationalist-Islamist agreement brokered by Egypt and known as the Cairo Declaration[5] was reached. In return for the nationalists agreeing to hold parliamentary elections, in which Hamas would take part, in 2005 (later postponed to January 2006); adopting a new electoral system; and inviting Hamas to join the PLO, Hamas agreed to a cease-fire. The holding of elections in January 2006 should be seen as the culmination of two processes. The first was the gradual weakening of the formal political center in the Palestinian political system—the PA and its formal pubic institutions—and the emergence of informal but powerful rival centers: both nationalist, such as Fatah's al-Aqsa Brigades, and Islamist, such as Hamas and its armed wing, the al-Qassam Brigades. These forces took the initiative when the formal center became paralyzed and thus could not or would not do so. By their suicide attacks against Israelis and their total disregard for law and order in PA-controlled areas, they not only dictated the agenda for the Palestinians, but also for Israel and the U.S.

The second was the gradual opening of the Palestinian political system to wider participation in the post-Arafat period. With Arafat out of the picture, the new nationalist leadership under the newly elected president, Mahmud Abbas, sought to gain approval from all groups in the hope of avoiding infighting while trying to put in place a tentative cease-fire with the Israelis.

This analysis makes clear that the holding of elections in January 2006 was not a matter of choice; it was the only possible way to prevent the formal political center in the Palestinian political system from utterly collapsing. The elections aimed at strengthening that center by according it popular legitimacy, in the hope that such legitimacy would enable it to acquire the necessary political will to act internally in a decisive and forceful manner so as to restore law and order and assert its monopoly of force. The required trade-off—in which the nationalist Fatah, headed by the newly elected president, Mahmud Abbas, agreed to Hamas's participation in the elections in return for Hamas's cessation of violence against Israelis—was intended to facilitate the holding of Palestinian-Israeli negotiations. Fatah and Abbas hoped that the success of these negotiations would help empower the president and ensure an electoral victory for Fatah in the elections.

Fatah and Abbas were also encouraged by the great optimism that prevailed at the time.[6] With increasing confidence in the future, support for violence dropped significantly; the popularity of Fatah increased and that of Hamas decreased. This was accompanied by a reduction in the level of unemployment in the West Bank—by 10% in the first six months of 2005—and a dramatic rise in the value of shares in the Palestinian stock market, reflecting the business community's confidence in the future of the Palestinian economy. Indeed, according the World Bank, the real GDP growth of the Palestinian areas reached 8-9 percent in 2005.[7]

These positive changes led to similar changes in public attitudes regarding a possible compromise with Israel. For the first time since the beginning of the peace process in the mid-1990s, a majority of Palestinians indicated in December 2004 a willingness to support a package deal on permanent status that was similar to the agreements outlined in the Clinton Parameters of December 2000, the Taba talks of January 2001, and the Geneva Document of November 2003. (At the time, a majority of Israelis supported an identical package deal.) One reason for this change was a change in the order of priorities of the Palestinian public. Instead of focusing on the end of occupation, more attention was now being paid to economic and state-building issues. Alleviating poverty and unemployment and fighting corruption had become high-priority concerns.[8]

While highly significant, these positive changes remained fragile and highly dependent on the performance of Fatah and Abbas and on short-term progress in the peace process. Indeed, by the end of 2005, Fatah's fragmentation had become worse. Abbas was much weaker than Arafat in dealing with the frictions and rivalries between Fatah's "old guard" and "young guard." Fatah's "young guard" remained leaderless, with their most senior leader, Marwan Barghouti, in prison in Israel. Despite tremendous public demand for the enforcement of law and order and for fighting corruption in the PA, Abbas was unable to take the initiative in any significant way, leading to further anarchy and to a growing public perception that the PA under Fatah had become incurably corrupt.

Moreover, with Arafat out of the picture and the political system now open to its involvement, Hamas capitalized on the opportunity to translate its popularity in the Palestinian street into formal political power by agreeing to participate in local and national elections and to be integrated, under certain conditions into the PLO. Capitalizing on the perceived corruption and the lack of law and order, Hamas sought to control the political system from within by replacing Fatah as the ruling party. Widespread public belief that Israeli disengagement from Gaza had constituted a victory for violence served Hamas's interests well, as the public gave it credit for forcing the Israelis out of Gaza "under fire."

Hamas's rise did not result from some sudden shift in Palestinian political opinion but was, rather, the culmination of a decade-long process of alienation, both from Israel and from a Fatah leadership that had failed to deliver results in every sphere. Yet, Hamas's ability to win more support than Fatah was also influenced by developments that took place in the last few months before the elections. These included the failure of the PA to "control the narrative" regarding Israel's disengagement and/or to ensure that it could transform Gaza into a prospering entity rather than, in effect, a big jail. Within 12 months, between December 2004 and December 2005, Hamas's popularity increased by 55%.[9]

The rise of Hamas throughout 2005, coupled with Fatah's failure to deal with its fragmentation and with PA corruption, dealt a severe blow to Abbas's efforts to take advantage of the cease-fire in order to formulate a national security policy and to effectively engage Israel and the U.S. Neither Israel nor the U.S. was interested in serious engagement with a leader who had failed to take charge of the PA. The peace process remained stagnated throughout 2005. Abbas's gamble—linking Hamas's participation in PA elections to a cease-fire—proved to have been an error, but it was too late to be undone. A retreat from the March 2005 deal with Hamas by canceling elections would have resulted in a civil war.

Domestic Changes since Hamas's Victory

Hamas's electoral victory was immediately followed by a Quartet statement conditioning recognition of a Hamas government and continued financial support to the PA government on Hamas's meeting three requirements: recognition of Israel, acceptance of previous agreements signed by the PA and the PLO, and renunciation of violence. Hamas was quick to reject all three. Once a Hamas government was in place, Israel stopped all revenue transfers to the PA.

Since the creation of the PA, Israel had transferred to it revenues it collected on its behalf from Palestinians at Israeli ports and other points of entry. With the Israeli decision to stop such transfers, the PA lost 60% of its domestic revenues, about $55 million per month. Fatah, now in the opposition, refused to join a coalition with Hamas unless the latter agreed to come unconditionally under the PLO umbrella and to accept all previous PLO obligations under agreements with Israel. Lacking international or Israeli engagement, suffering from financial sanctions as well as diplomatic isolation, and with Fatah playing the role of the domestic opposition, the Hamas government was unable to govern effectively or to deliver many of the basic social services that the public had come to expect.

The international financial sanctions and diplomatic boycott imposed on the Palestinian government were aimed at moderating Hamas's positions; failing that, it was hoped that Hamas's failure to govern or deliver services would turn Palestinians against it. Fatah hoped to be the beneficiary of such a development, believing that it would regain its lost popularity once the public became disillusioned with Hamas. In such a case, it was thought that the PA president, frustrated with Hamas, would call for new elections that Fatah would win.

Thus, while the political system had become more inclusive than ever, it also became highly dysfunctional as well as divisive. Conditions on the ground deteriorated almost immediately, as Fatah did not take defeat easily. Fatah-Hamas tensions were expressed in a significant deterioration of law and order, and incidences of open violence between the two groups led to dozens of deaths, particularly in the Gaza Strip. In September 2006, with Fatah support, the public sector, which had hardly been paid since March, went on strike. The Hamas government established a new security service, the Executive Force, under the direct control of the minister of interior. Tensions between the new force and the regular security services, most of which are under the control of the PA president, led to additional armed clashes and deaths.

With Hamas refusing to meet the conditions of the international community and the situation on the ground continuing to deteriorate, the public grew impatient and dissatisfied with Hamas's performance. A survey conducted by the **Palestinian Center for Policy and Survey Research** (PSR) in September 2006 found that 69% of the public disapproved of the performance of Hamas in the economic realm, while 54% expressed overall dissatisfaction with the Hamas government. Most importantly, however, as most people did not blame Hamas for its poor performance, the survey showed no reduction in the level of support for Hamas if new elections were held.[10]

The public's unhappiness did lead a majority to support the formation of a national unity government that was not under the full control of Hamas—with the largest percentage supporting the formation of a government in which Hamas and Fatah would share power

equally. Yet Fatah did not benefit from Hamas's poor performance, and its popularity remained essentially unchanged since the elections of January 2006.

Equally significantly, the survey found that two-thirds of the public did not believe that Hamas should recognize Israel, as required by the international donor community.[11] If new elections were held then (in September 2006), the survey found, Fatah would win 41% of the national vote, Hamas 38%, and third parties 8%; 12% of potential voters were undecided. In the January 2006 elections, none of the undecided vote went to Fatah; instead, most went to Hamas and the rest to third parties. Assuming this remained the case, this means that if new elections had been held in late 2006 the outcome would have been identical to that of the elections held in January.

One reason for Fatah's inability to attract voters is its failure to put its own house in order. The fragmentation that characterized Fatah during the last six years—and was responsible for its loss, in the last elections, of some 16 seats in the electoral districts, where a "winner takes all" system was used—remains a major impediment to its return to power.[12]

Two problems impede Fatah's ability to unify its ranks today. The first is the division between its "old guard," led by Mahmud Abbas and other "founding fathers" of the national movement, who lived most of their lives in exile, and the "young guard" led by Marwan Barghouti, who currently is serving a life sentence in an Israeli prison. The "young guard" considers the "old guard" corrupt and inept and blames it for Fatah's defeat in the elections. It wants Abbas to play the role of a transitional leader and to help transfer power in the party to it. The "old guard," however, has little or no respect for the ability of the young guard to lead the party or to successfully manage relations with Israel and the international community. Further undermining the unity of Fatah is the lack of leadership *within* the "young guard"—which, despite the popularity and respect enjoyed by Barghouti, remains fragmented, based on geographic and sociopolitical lines and loyalties.[13]

Hamas's victory added to Fatah's divisions, with most of the "young guard" supporting the acceptance of Hamas's victory and calling for a coalition with it. These "inclusionists" are led by Marwan Barghouti, who initiated the Prisoners' Document, later modified and renamed National Conciliation Document.[14] They publicly sought to forge a broad coalition with Hamas: a coalition that, they believed, would build stronger and less corrupt state institutions while presenting the Israelis with a credible negotiating partner—one that would be more effective in stopping the violence as Israel ended its occupation of more Palestinian territory and allowed the establishment of a sovereign Palestinian state.

The Prisoners' Document was a genuine attempt by the "inclusionists" to help Hamas become more moderate, so that a coalition would become possible. Fatah's "old guard," on the other hand, wanted to exclude Hamas from the political process, by ensuring its failure. These "exclusionists," such as Ahmad Qurai, Nabil Amr, Azzam al Ahmad, and al-Tayyib Abdul Rahim, sought to isolate and discredit Hamas immediately after its victory in the elections, hoping that its failure to govern would allow Fatah to regain the power it had lost through the electoral process. President Abbas, whose ability to govern depended on Hamas's cooperation, sided with the "inclusionists," thus opening the door for a possible national unity government.

Hamas, meanwhile, was undergoing a similar process. Its unexpected victory caught the Islamist movement by surprise. Its more moderate leaders—such as Abdul Khaliq al-Natche,

who signed the Prisoners' Document on behalf of Hamas prisoners, and most of the elected figures in the West Bank and the Gaza Strip, including the prime minister, Ismail Hanieh—saw in the election victory an opportunity for state-building, with a focus on eradicating corruption and building state institutions. To make that possible, they were willing to moderate their views by accepting the PLO umbrella, supporting the establishment of a Palestinian state in the West Bank and Gaza Strip, and restricting violence against Israelis to the occupied territories, in exchange for Arab and international "legitimacy."

Yet the more hard-line leaders, such as Khalid Mishaal, the head of Hamas's Political Bureau, and Mahmud al-Zahhar, Hamas's minister of foreign affairs, who viewed the original Prisoners' Document as a sellout and a betrayal of the Hamas constituency, saw in the election outcome an opportunity to consolidate the gains made in the Israeli disengagement by using the same violent methods that in their view had proved successful in driving the Israelis out of the Gaza Strip.

Both Fatah and Hamas have reason to be concerned. Their relationship has deteriorated considerably during the last nine months, and the threat of civil strife hangs over their heads even as they try to negotiate the formation of a joint governing coalition. If civil war erupts, it will not be restricted to the Gaza Strip. Despite the fact that Hamas is strong in the Gaza Strip and weak in the West Bank, violence could easily spread into cities like Nablus, Jenin, and Hebron.

The trigger for this violence could be attempts by Abbas to bypass the Parliament and the cabinet. One way he might try to do that is by empowering the presidency beyond the limits set by the Palestinian Constitution or Basic Law, by chipping away at the powers and responsibilities of the cabinet. Another is by acting in his capacity as chairman of the PLO Executive Committee to assert supremacy over the formal institutions of the Palestinian Authority. Such efforts might take several forms. Abbas might dismiss the cabinet and appoint a new prime minister, leading to paralysis when the Parliament refuses to grant the new cabinet a vote of confidence. Or he might declare a state of emergency and form an emergency government that he might not bring before the Parliament for approval. He might also seek to dismiss the Parliament altogether and call for new elections.

Indeed, in mid-December 2006, Abbas announced his intention to call early elections in the near future if efforts to form a national unity government failed. The declaration triggered more armed clashes between Fatah and Hamas, leading to dozens of dead and wounded in the Gaza Strip.

While some of the steps Abbas could take—such as the dismissal of the prime minister or the declaration of a state of emergency—might be constitutional, the Palestinian public would most likely view them as attempts to subvert the outcome of the January 2006 elections. Indeed, the results of PSR's exit poll conducted on the day of the 2006 legislative elections clearly show that the public wants the Palestinian system to become more parliamentarian, with critical decisions placed in the hands of the Parliament and the cabinet, not the president. Moreover, the overwhelming majority of voters wanted those decisions to remain in the hands of PA, not PLO, institutions.[15]

With the public on its side, Hamas will most likely resist—violently if necessary—attempts by Fatah and the president to usurp power. By deploying its 3,000-man armed Executive

Force in May 2006, Hamas signaled its determination to protect the constitutional powers of the cabinet. The few days of confrontation following this initial deployment led to the death of about a dozen Palestinians, some of them civilian bystanders.

While confident of public support in its struggle for power with the president, Hamas nevertheless recognizes that it has a problem with the public at large, and even with its own constituency, with regard to its position on the peace process. In September 2006, according to a PSR poll, two-thirds of Palestinians, including 51% of Hamas supporters, favored a political settlement with Israel that would lead to the establishment of two states, in which Palestinians would recognize Israel as the state for the Jewish people and Israel would recognize Palestine as the state for the Palestinian people.[16] In March 2006, according to an earlier survey, 59% of Palestinians favored a comprehensive approach to the settlement of the Israeli-Palestinian conflict, while only 31% favored the phase-by-phase approach advocated by Hamas. Indeed, an even greater percentage of Hamas supporters (64%) favored the comprehensive approach, with only 27% favoring the gradual option.[17]

The March 2006 survey also found the overwhelming majority of Palestinians (82%), including 81% of Hamas supporters, favoring agreements negotiated with Israel as the preferred means of solving problems; only 14% favored solving problems unilaterally. In that survey, 71% of Hamas supporters and 80% of Fatah's wanted Hamas to negotiate peace with Israel, a position Hamas publicly rejects. These attitudes compel Hamas to contemplate ways of meeting its public's expectations, such as the formation of a national unity government made up of professionals and technocrats rather than top political leaders, even if the movement finds it unthinkable at the moment to make a strategic shift in its core policies regarding the peace process.

Fatah's recognition of its own failings, along with the constitutional limits that tie Abbas's hands in his efforts to weaken Hamas, has compelled it to seriously consider the option of joining Hamas in a national unity government. Setting aside its initial belief that if left alone, Hamas would fail in meeting Palestinian expectations, Fatah entered into serious negotiations with Hamas over the formation of a joint coalition that would enable the lifting of international diplomatic and financial sanctions. Although these efforts failed in 2006 and despite Abbas's threat to call early elections, he continues to view this as the most desirable option.

Once a national unity government stabilizing domestic conditions on the ground is formed, Fatah will try to put its own house in order. A consensus prevails today among Fatah's rank and file that two things need to happen in order for this to take place. First, President Abbas needs to build bridges with the "young guard" and to establish a relationship of trust and personal confidence with Marwan Barghouti. He needs to send signals to the "young guard" that he does not see its leaders as a threat and that he is willing to work with them.

Second, as part of the transfer of leadership to the young guard, Fatah needs to hold its Sixth Convention—a convention it is supposed to hold every four years but has failed to hold during the last 16 years—during which a new leadership has traditionally been elected. Such elections would also help Fatah get rid of the most corrupt members of its top ranks and to present itself as honest, and as eager to serve the public.

In order to facilitate Fatah's task, Israel needs to release Barghouti as part of a large package of prisoner releases that aims at improving relations with the Palestinians and that helps empower Abbas and Fatah. With Barghouti out of jail, he can start the difficult task of unifying the "young guard" under his leadership while cementing his relationship with Abbas.

Israeli-Palestinian Relations after Hamas's Victory

The current impasse in Palestinian-Israeli relations is not the result of the Palestinian and Israeli publics' refusal to compromise; on the contrary, the two publics have never been as willing to compromise as they are today.[18] Rather, at the heart of the problem is both sides' deep-seated suspicion and pessimism with respect to the feasibility and usefulness of bilateral negotiations.[19] This aversion to negotiations is pushing the Israelis toward unilateralism and the Palestinians toward violence. And the two trends are mutually reinforcing.

Instead of boosting forces of moderation among Palestinians, Israeli unilateral disengagement from the Gaza Strip in September 2005 contributed to a rise in radicalism. Viewed by the overwhelming majority of Palestinians as a response to Palestinian violence, Israel's unilateral withdrawal led to greater appreciation and support for the role of violence among Palestinians—to the belief that violence pays, and that the Israelis were "running under fire." Many Palestinians gave credit to Hamas for ending the occupation of Gaza by force, leading to a surge in its popularity just before the January elections. In turn, Palestinian violence and the electoral victory of Hamas—a victory that was unintentionally helped by the Israeli turn to unilateralism—helped consolidate the Israeli perception that there was no Palestinian interlocutor.

Unilateralism also robbed Fatah of its greatest advantage over Hamas—its presumed ability to negotiate an end to Israeli occupation and build a state. Finally, unilateralism reduced public willingness to compromise, as more and more Palestinians began to ask themselves: Why compromise, when Israel is willing to end its occupation without extracting any cost from the Palestinians?

While the war in Lebanon may have reduced Israeli enthusiasm for unilateralism, Israel has not yet changed its views with respect to whether there is a Palestinian partner for negotiations. Israel does not view Abbas as effective or as a credible interlocutor, since he is viewed as lacking the capacity to confront Hamas and to implement any agreements he might reach with Israel. On the other hand, although Israel views Hamas as a potentially more credible Palestinian address, it is not willing to negotiate with it, since Hamas refuses to meet the conditions of the Quartet.

Needless to say, Hamas's victory has complicated Palestinian-Israeli negotiations: The policy of isolation and sanctions applied against the Hamas government has not succeeded in breaking Hamas and forcing it to make a strategic shift. Hamas's acceptance of the Quartet's three conditions would be seen by its core constituency as a deviation from the principles that have guided the movement since its founding; such a strategic shift, if made suddenly, could potentially undermine the group's internal cohesiveness. Hence, Hamas could hardly undertake such a shift without inviting internal schisms and fragmentation, leading to the emergence of highly radicalized splinter groups that would no longer view the movement as a representative of "true Islam." Thus, avoiding recognition of Israel remains an organizational imperative for Hamas no less than an ideological commitment.

But important elements in Hamas have been willing to moderate its positions. For example, whereas Hamas insists that it can only agree to a "hudna"—a truce or armistice with Israel that would not rule out a return to violence in the future—some of its leaders have not ruled out conducting negotiations over a permanent peace once a hudna is in place.[20] On the question of the recognition of Israel, Hamas has consistently denied Israel's legitimate right to exist but has not rejected the acceptance of Israel as a reality and a "fact on the ground." And even while denying Israel legitimacy, under the conditions of a hudna, Hamas is willing to allow a Palestinian state to engage in normal relations with the State of Israel. Finally, Hamas today rejects an agreement that would end the conflict with Israel, as it seeks to keep some issues on the table, such as the refugees' Right of Return. Nonetheless, Hamas does not rule out the possibility that the severity of conflict over these issues might diminish over time.[21]

In sum, although Hamas is unwilling to make a strategic shift, it nonetheless has expressed a willingness to moderate its views and to change its behavior, particularly regarding violence and normal day-to-day contacts with Israel.[22] The group is not a homogeneous one. Moderate leaders and a more moderate constituency provide the movement with an opportunity to change.

Yet even the most moderate Hamas leaders find themselves at odds with the negotiating strategy of President Abbas. While Hamas prefers a partial settlement that leaves issues like the refugees open to future negotiations, Abbas seeks a comprehensive agreement that ends the conflict. Hence, while Abbas is strongly opposed to the Road Map's option of a Palestinian state with provisional borders, Hamas is not.[23] This puts Abbas, the man Israel wishes to see gain power and wants to engage, far from Israel's own position, which precludes permanent status negotiations for the time being. Ironically, the position of Hamas, the group Israel *refuses* to engage, looks closer to its own. Moreover, while Israel does not want to pay the price of a permanent settlement now, it demands a much higher price than what Hamas can afford for a settlement that both see as desirable.

If isolation has not worked and engagement is not pursued, violence becomes the "default option"—even more so in the aftermath of the war in Lebanon. In light of the Lebanon war, Israel has become much more wary of the potentially lethal threat represented by Hamas's control over the Gaza Strip, let alone the West Bank, given Hamas's stockpiles of rockets that could hit Israeli population centers much closer to those areas than were available to Hezbollah from South Lebanon. This is the reason why the Olmert government has decided to reevaluate its plan of unilateral "realignment" (withdrawal) in the West Bank.

For Hamas, the lesson of the Lebanon war has been the effectiveness of its locally produced rockets in creating a strategic balance with Israel. While Hamas will, accordingly, most likely seek to invest greater resources in its rocket capacity, Israel will probably show much less tolerance of such a development than it has done up to now. In this case, greater levels of violence will dominate Israeli-Palestinian relations for some time to come.

Four Options for the Peace Process

Fatah and Hamas are unable, when each acts alone, to deliver either governance or peace. Only a broad coalition of nationalists and Islamists would make both goals achievable. The most immediate objective of such a coalition would be the prevention of a slide toward civil war. To be able to accomplish more—from some stabilization of Palestinian-Israeli relations

to a permanent peace—this coalition alone will not suffice; Israeli and American engagement would be essential.

Once a Fatah-Hamas coalition is created, four possible options for organizing Palestinian-Israeli relations will become possible. Two of these options—an extended cease-fire and a negotiated Israeli disengagement from most of the West Bank—will immediately open up, and will not require a strategic shift on the part of either member of the new Palestinian coalition or a significant change in Israel's position. The other two options—a Palestinian state in the West Bank and the Gaza Strip with no "end of conflict" and a permanent peace *with* an "end of conflict"—will each require both a strategic shift on the part of Hamas and a significant change on Israel's part.

1.   An Extended Cessation of Violence

An extended cessation of violence would isolate the issue of violence from the larger question of peacemaking by addressing it separately. Hamas and Fatah might be interested in this option in order to enable them to put their own houses in order. Working together, the two would be able "to deliver," as small groups fall into line. Israel might also find this option attractive, since it does not require a significant political price in return for a quiet that would allow it to address the question of Iran. While the Palestinian coalition would be required to ensure compliance by all groups, Israel would have to reciprocate by observing the cease-fire, releasing many Palestinian prisoners, and ending the closure regime.[24]

In December 2006, even in the absence of a national unity government, Fatah and Hamas agreed to a cease-fire with Israel. The agreement, however, was restricted to the Gaza Strip, and in the absence of a national unity government, Hamas alone could not enforce the agreement on other factions, such as Islamic Jihad, that continued to violate it. But even if a cease-fire was comprehensive and enforceable, this option could not last for long. Within six months to a year, the two sides would need to move beyond the cease-fire and embrace one of the other options discussed below. Failure to do so would inevitably lead to the gradual erosion of the cease-fire and a return to greater levels of violence. Furthermore, stockpiles of arms produced in Palestinian areas or smuggled into Gaza from Egypt would likely be used in a new round of violence; Israel would find that it was confronting another Hezbollah on its border with Gaza. Palestinian rocket production capacity might also be transferred to the West Bank.

2.   A Negotiated "Disengagement" in the West Bank

Under this option, Olmert's "realignment" plan would become a subject of Palestinian-Israeli negotiations, or at least coordination. Israel would evacuate most settlements in the West Bank and withdraw its military forces to new lines, close to the separation barrier. Palestinian control would extend over 80 to 90% of the West Bank, including shared control over the borders and border crossings with Jordan. An international presence would be deployed at the crossings along the Jordan River, and perhaps along the entire border between the PA and Jordan.

If this option could assure Israeli security, the Olmert government might find it ideal. Despite Israel's interest in strengthening the PA president, as can be seen in Olmert's meeting with Abbas in December 2006, the Israeli government continues to view him as weak, and unable to deliver on any significant long-term commitments. In a speech at Tel Aviv University, Haim

Ramon, a former Israeli justice minister and one of the architects of "realignment," stated that Abbas "cannot be a negotiating partner since he has no control over the Palestinian Authority." But maintaining the status quo, Ramon said, constituted a "de facto annexation of the West Bank, leading to demands of one man–one vote and the end of the Jewish state or a pariah state."[25] Despite the heavy blow delivered to Israeli unilateralism by the Israel-Hezbollah war, continued Israeli belief that Abbas is not a viable or long-term partner may renew Israeli interest in "realignment," albeit a coordinated one.

While on a de facto basis this option would afford the PA significant additional powers and responsibilities, the de jure status of the PA would not change. But a de facto state with provisional borders would emerge only if the arrangement would also allow Palestinian control over some Jerusalem neighborhoods—where a permanent capital might gradually emerge—as well as over the international crossings with Jordan. In this case, Palestinians would unilaterally take steps to assert sovereignty that Israel would not or could not oppose.

Most of the objections to declaring a de jure state would come from Fatah and other nationalists, who are likely to fear that such arrangements could easily become permanent. Hamas, on the other hand, might find it beneficial to establish a Palestinian state as soon as possible, in the hope that such a state—rather than the PLO, over which Hamas has little or no control—would become the sole decision maker for the Palestinians and that the PLO would lose its responsibility for negotiating with Israel.

If a realignment were negotiated, Palestinians would likely present two demands as conditions for their consent: that settlers from evacuated settlements not be relocated to other settlements in the West Bank, and that the route of the separation barrier be modified so that it not include Arab neighborhoods in East Jerusalem, Ariel, and the area around Ma'aleh Adumim (the so-call E-1 area).

Two other options, much more ambitious than the previous two, can also be contemplated, even if they clearly seem much harder to achieve.

3.   *A Palestinian State with No "End of Conflict"*

Under this option, the two sides would have to agree on three issues: first, the final boundaries of a Palestinian state—even if Israel's withdrawal to these boundaries was phased in over several years—including an agreement on a possible territorial swap and on the nature of the link between the West Bank and the Gaza Strip; second, Israeli withdrawal from the Arab neighborhoods in East Jerusalem, wherein would be located the capital of the Palestinian state; and third, the creation of a state with full attributes of sovereignty, including control over its external borders and over its economic and immigration policies, but with limits on its arms. A date would be set for final status negotiations in accordance with the Quartet's Road Map.

An agreement on final borders would essentially remove nationalist opposition to such an interim agreement; but Hamas would most likely reject Israel's demand that the Palestinian state recognize Israel and that there be no future resort to violence to resolve remaining issues such as refugees. Instead, Hamas would seek public support for its concept of a long-term hudna. Its rejection might doom this option unless Fatah succeeded in building an internal public consensus that Hamas would not be able to ignore—in which case, Hamas might allow

the process to move forward by rejecting the deal but without using its parliamentary majority to block it.

Hamas argues that since Israel is unlikely to agree to all the terms of a "permanent status" agreement as endorsed by the Palestinian "consensus"—for example, by refusing to allow a return of refugees—no end of conflict is possible even if the Palestinian side shows flexibility on recognition of Israel and on reaching a permanent peace agreement, rather than merely a hudna. If so, resolution of some major issues between Israel and the Palestinians—including refugees, recognition of Israel, and an end to the conflict—would have to be postponed.

Israel might still find this option attractive, if the creation of a de jure Palestinian state is seen as a top priority. The nature of Olmert's coalition, which might prevent him from seeking a permanent settlement—and/or his belief that Abbas is not a reliable partner for final status negotiations—might encourage him to explore this interim option. This option might be difficult to market to the Israeli public, however, without Hamas making the aforementioned strategic shift. Nonetheless, if Abbas proves able to obtain Hamas's acquiescence, Israel might reconsider this option. In June 2006, Foreign Minister Tzipi Livni confirmed to *Haaretz* that she had told senior ministry officials that "currently, Abu Mazen is not a partner for a final-status agreement, but he could be a partner for other arrangements, on the basis of the Road Map's phased process." One participant in this meeting said that Livni spoke explicitly about an agreement to establish a Palestinian state with provisional borders.[26]

4. *Permanent Peace and "End of Conflict"*

Under this option, all issues would be resolved, including the most sensitive ones: the Right of Return and control of the holy places. Compromises that were reflected in the Clinton Parameters of December 2000, the Taba negotiations of January 2001, and the Geneva Initiative of November 2003 would be formalized in an official agreement. Fatah would presumably fully endorse such an agreement, but Hamas would have difficulty agreeing to it for two reasons: It wants a state of conflict to continue; and in the meanwhile, it wants to avoid recognition of Israel or renunciation of violence.

Public opinion polls among Palestinians and Israelis during the last three years indicate that the two publics would have a hard time swallowing some of the necessary compromises, particularly regarding refugees and control over the holy places, but they are likely nonetheless to support the package. If Hamas decides to sabotage the process, however, it will be able to frame such an agreement in a manner that would make it difficult if not impossible for Abbas to sell it to the Palestinian public. In any case, it is highly likely that, as part of any national unity framework, Hamas would seek to ensure that a Palestinian Legislative Council vote will be required to ratify any final status agreement.

Given the lack of flexibility on the part of Hamas, including many of its moderates, regarding the possibility of officially and explicitly accepting the legitimacy of the State of Israel and agreeing to put a permanent end to the conflict—as well as its preference for a long-term hudna—and given the Israeli government's view that permanent status negotiations are not to be discussed with Abbas, let alone Hamas, it is highly unlikely that this option will be adopted by the parties in the near future.

Conclusion

The Israeli and Western response to the electoral victory of Hamas failed to see the advantages in encouraging the forging of a Palestinian coalition spearheaded by Fatah's "inclusionists" and Hamas's moderates. Instead, working closely with Fatah's "exclusionists," the response of Israel and the international community has so far focused on isolating Hamas and imposing financial sanctions on its government. This was done in the hope of forcing the Islamist movement to make fundamental changes in its ideological and political positions. But Hamas is highly unlikely to make such a strategic shift in the near future.

Nonetheless, a need to engage Hamas exists. Such an engagement would seek to create a nationalist-Islamist coalition, one that would create a strong central government able to enforce law and order, protect and indeed consolidate the nascent democratic experiment, put an end to the violence against Israel, and engage Israel in serious negotiations.

Moderate forces within Hamas are seeking to find ways to align the group with the Palestinian and international consensus on the question of the peace process. However, these moderates cannot achieve more than small and gradual progress on their own. Engaging Hamas would help these moderate forces accelerate the process of change and would increase the possibility of achieving a permanent peace.

A viable negotiating option for a nationalist-Islamist coalition would be one that seeks to end the violence and the occupation while enabling the creation of a sovereign Palestinian state that is not at the mercy of Israel's good will. Given Hamas's ideological views, an end to the conflict is not feasible for now. Since this is also the preference of the current Israeli government, an interim settlement, while not ideal, is the most feasible option at this time.

Endnotes

1. Shai Feldman and Khalil Shikaki, "Palestinian and Israeli Policy Options: Implications for U.S. Diplomacy," December 2005, *Middle East Brief* 1.*

2. For more details on the fragmentation of the nationalists, see Khalil Shikaki, "Palestinians Divided," *Foreign Affairs* (January–February 2002).

3. See Palestinian Center for Policy and Survey Research (PSR)* polls during the period 2001–2004. These polls measure, among other things, attitudinal trends among Palestinians regarding peace and violence.

4. For details on this period, see Khalil Shikaki, "The Future of Palestine," *Foreign Affairs* (November–December 2004).

5. A good analysis of the Cairo Declaration can be found in Graham Usher, "The Calm before the Storm?" *Al-Ahram Weekly* (Cairo), March 24–30, 2005.

6. For details, see PSR poll #14, "First Signs of Optimism since the Start of the Intifada," December 1–5, 2004.*

7. World Bank, "The Palestinian Economy and the PA's Fiscal Situation: Current Status," February 2, 2006.* For more details, see, World Bank - West Bank and Gaza, Economic Monitoring Report to the Ad Hoc Liaison Committee, "The Palestinian Economy and the Prospects for its Recovery," Number 1, December 2005.*

8. For more details on public opinion trends among Palestinians during the years of the peace process between 2003 and 2005, see Khalil Shikaki, "Willing to Compromise: Palestinian Public Opinion and the Peace Process," *Special Report*, United States Institute of Peace, Washington, D.C., (January 2006).

9. See PSR poll #18, "Findings Show That One Year After the Death of Yasir Arafat and Completion of the Israeli Unilateral Disengagement From the Gaza Strip, Support for a Permanent Settlement Along the Clinton Parameters and the Geneva Initiative Drops, but a Large Majority Continues to Support the Hudna and Fateh's Popularity Increases," December 6–8, 2005.*

10. PSR poll #21, "Despite Dissatisfaction with the Performance of the Hamas Government, Especially Regarding Salaries, and Despite Public Preference for a National Unity Government in which Fateh and Hamas are Equal, Hamas' Popularity Remains Largely Unchanged and the Majority does not Think it Should Recognize Israel," September 14–16, 2006.*

11. Ibid.

12. For more details on the impact of both Fatah's fragmentation and the nature of the electoral system on the outcome of the January 2006 elections, see Khalil Shikaki, "The Palestinian Elections: Sweeping Victory, Uncertain Mandate," *Journal of Democracy* 17, no. 3 (July 2006).

13. See Shikaki, "Palestinians Divided."

14. The document in question was drafted by prisoners from Hamas and Fatah, including some of the most senior leaders but without consultation with Hamas's leadership in the West Bank and the Gaza Strip—and, most importantly, without consultation with Hamas's top leaders abroad, who control the top decision-making body in the organization under the leadership of Khalid Mishaal.

15. The exit poll findings were that while only 16% of respondents believed that critical decisions should be left in the hands of the president, 55% believed they should remain with the Palestinian Legislative Council (PLC). Moreover, while only 11% wanted the president to have powers superior to those of the legislature, 54% wanted the PLC to have powers superior to those of the president. See PSR Exit Poll, "On the Election Day for the Second Palestinian Parliament:A Crumpling Peace Process and a Greater Public Complaint of Corruption and Chaos Gave Hamas a limited Advantage Over Fateh, but Fragmentation within Fateh Turned that Advantage into an Overwhelming Victory," January 25, 2006.*

16. See PSR Poll # 21. Palestinian support for a two-state solution in which Israel is recognized as a Jewish state should not be confused with a willingness to forgo the principle of the Right of Return for Palestinian refugees. However, previous PSR surveys among refugees show that while the overwhelming majority insist on Israeli recognition of the Right of Return, only a small minority (10%) want to exercise the right by actually returning to Israel. For more details, see PSR Polls among Palestinian Refugees, "Results of PSR Refugees' Polls in the West Bank/Gaza Strip. Jordan and Lebanon: On Refugees' Preferences and Behavior in a Palestinian-Israeli Permanent Refugee Agreement," July 18 2003.*

17. PSR Poll # 19, "On The Eve of the Formation of the New Palestinian Government, Hamas' Popularity Increases and Fateh's Decreases, but a Majority of the Palestinians Wants the Continuation of the Peace Process and the Implementation of the Road Map and Supports a New Negotiated, rather than a Unilateral, Israeli Disengagement in the West Bank," March 16–18, 2006.*

18. For trends among Palestinians, see Shikaki, "Willing to Compromise."

19. In September 2006, while 75% of the Palestinian public, including 64% of Hamas supporters, wanted President Abbas to enter into immediate negotiations with Israeli prime minister Ehud Olmert, only 46% expected such negotiations to succeed. If Hamas were to enter into negotiations with Israel now, only 36% expect success. See PSR PSR Poll # 21.*

20. See, for example, Scott Atran, "Is Hamas Ready to Deal?" *New York Times*, August 17, 2006.

21. One of the most articulate moderates in Hamas is a senior advisor to Prime Minister Hanieh, Ahmad Yusuf; see his Op-Ed piece in the *New York Times*, November 1, 2006. Similar views have been expressed by Hanieh himself in an Op-Ed piece in the *Washington Post*, July 11, 2006. In his Op-Ed, Hanieh raised the possibility of a permanent peace: "We present this clear message: If Israel will not allow Palestinians to live in peace, dignity and national integrity, Israelis themselves will not be able to enjoy those same rights. Meanwhile, our right to defend ourselves from occupying soldiers and aggression is a matter of law, as settled in the Fourth Geneva Convention. If Israel is prepared to negotiate seriously and fairly, and resolve the core 1948 issues, rather than the secondary ones from 1967, a fair and permanent peace is possible." In an interview with the Israeli daily *Haaretz*, Ahmad Yusuf told the paper that while Hamas would not recognize Israel as part of an agreement to establish a Palestinian state, it would leave open the possibility of an Israeli-Palestinian peace agreement in the distant future. See Avi Issacharoff, "Haniyeh Aide: Attacks on Israel Don't Serve Hamas," *Haaretz*, June 14, 2006.

22. One of the first Hamas cabinet decisions mandated all ministers to contact their Israeli counterparts so as to coordinate relations between the two sides regarding common day-to-day issues. Hamas also repeatedly called for an immediate mutual cessation of violence. In his interview with *Haaretz* (see footnote 21), Ahmad Yusuf indicated that violence against Israel did not serve the interests of Hamas.

23. See Nahum Barnea in *Yedioth Ahronoth*, December 22, 2006 commenting on the "Proposal for Creating Suitable Conditions for Ending the Conflict," a draft document that Hamas has been considering during talks with Europeans from Switzerland, Britain and Norway.

24. For details and updates on the Israeli closure regime, see reports issued by the Office for the Coordination of Humanitarian Affairs (OCHA).*

25. *Jerusalem Post*, June 28, 2006.

26. *Haaretz*, June 14, 2006.

About the Crown Center

The Crown Center for Middle East Studies at Brandeis Univeristy is committed to producing balanced, objective, and dispassionate research regarding all aspects of the contemporary Middle East.

The Center's research staff reflects its broad geopolitical focus. During its two years of operation, experienced researchers with high-level expertise about Egypt, Israel, Palestine, Turkey, Iraq, Iran and Saudi Arabia conducted research for the Center. The Center's activities include conducting conferences, seminars, and workshops. In addition to publishing basic research in the form of books and monographs, the Center has created tools for "real-time" distribution of analyses regarding current developments and events in the Middle East with the Middle East Brief. In addition to their research activities, the Center's staff teaches undergraduate- and graduate-level courses at Brandeis University. With a commitment to objective research and such a wide array of activities, the Crown Center is taking its place as a leading university research center for the study of the Middle East.

For more information, please visit www.brandeis.edu/crowncenter

Crown Center *Middle East Briefs*

15. *Moscow's Iranian Policies: Opportunities and Dangers* (C. Saivetz, January 2007).

14. *The Kurds and Regional Security: An Evaluation of Developments since the Iraq War* (J. Shifrinson, December 2006).

13. *The United States and the Israel-Hezbollah War* (J. Pressman, November 2006).

12. *Gaza Economic Predicament One Year After Disengagement: What Went Wrong?* (M. Samhouri, November 2006).

11. *The Sixth Arab-Israeli War: An Arab Perspective* (A. M. Said Aly, October 2006).

10. *The Hezbollah-Israel War: A Preliminary Assessment* (S. Feldman, September 2006).

9. *Are Former Enemies Becoming Allies? Turkey's Changing Relations with Syria, Iran, and Israel Since the 2003 Iraqi War* (B. Eligur, August 2006).

8. *The Decline of the PLO and the Rise of the PNA* (D. Zeevi, June 2006).

7. *United States' Policy Toward Hamas: An Initial Assessment* (J. Pressman, June 2006).

6. *Turkish-American Relations Since the 2003 Iraqi War: A Troubled Partnership* (B. Eligur, May 2006).

5. *Nuclear Decision-Making in Iran: A Rare Glimpse* (C. Kane, May 2006).

4. *Conservatives, Neoconservatives and Reformists: Iran after the Election of Mahmud Ahmadinejad* (N. Sohrabi, April 2006).

3. *What Do Palestinians Really Want? The Social Implications of the Hamas Victory* (D. Zeevi, March 2006).

2. *Prelude to Change: Egyptian Democratization, 2005* (A.M. Said Aly, January 2006).

1. *Palestinian and Israeli Policy Options: Implications for U.S. Diplomacy* (S. Feldman and K. Shikaki, December 2005).

All Crown Center publications are available online at www.brandeis.edu/crowncenter