More than a year after Israel’s Operation Cast Lead against Gaza, and with the crippling siege well into its fourth year, the rule of the Islamic Resistance Movement/Hamas over the narrow strip of territory looks set to endure. Fortuitous circumstances and the mistakes of others, rather than the coherence of its own policies, played a major role in the early consolidation of the “de facto” government headed by Hamas prime minister Ismail Hanieh; but a stable system is emerging nonetheless: one that often proceeds through trial and error, but which also shows considerable adaptability and a marked learning curve. Much of the government’s success in building a functioning public administration is due to its close, in some respects seamless relationship with Hamas, but that relationship also brings unexpected dilemmas and challenges in its wake. Above all, Hamas fears repeating the mistakes of its rival, the long-dominant Fatah, with respect to its symbiotic relationship with the Palestinian Authority: Fatah, it believes, was drawn by the mundane needs of governing daily life and the desire to preserve power into compromising on national goals—and Hamas sees Fatah and the PA as so closely bound together that the fate of the one determines the fortunes of the other.\footnote{The relationship between Hamas and the Hanieh government is a complex one. The assertion of exclusive control over Gaza in June 2007 left Hamas with a clear opportunity to press ahead with its Islamic agenda and to wage}
Yezid Sayigh is Professor of Middle East Studies at King’s College London and Senior Fellow at the Crown Center from 2009-2010.

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unremitting “armed resistance” against Israel—and with no good reason not to do either, as the collapse of the short-lived national unity government with Fatah removed any ostensible constraint. Since then, Hamas has found itself in a subtly ambiguous relationship with respect to its own government: It is not a real opposition—at least in the way opposition is commonly understood—yet it impedes the normalizing tendencies that accompany being in power. For its part, the Hanieh government is caught, like many other governments in the region, between the practical exigencies of governance, on the one hand, and attempting to neutralize internal challenges by upholding both the militant political discourse and the Islamist social ideology of its core constituency, on the other. It seeks to demonstrate a viable model of Islamic government, to which Hamas contributes by empowering its public administration; but nuances and tensions may be discerned in how the Hanieh government and Hamas respectively approach other social and political actors, the desired Islamization of society, and the task of managing the informal, cash-based economy of Gaza.

Constructing a Functioning Public Administration

Gaza ministries and agencies display enviable levels of coordination, information sharing, and mutual support. Their official websites are active and regularly updated; many offer portals enabling user access and submission of service requests, and reveal a remarkable range of ongoing training and institutional development. In many instances the work of ministries and agencies is complemented by the grassroots organizations of Hamas: its Mass Action Apparatus, its neighbourhood reconciliation committees, and its Da’wa (religious proselytization) arm, as well as its security apparatus and its military wing, the Izzedin Qassam Brigades. Local experts confirm that the Shura Council of Hamas in Gaza, which is selected through periodic internal elections (most recently held in 2008), acts as a shadow government, ensuring that government policies are in harmony with the broader agendas of Hamas and overseeing the conduct of internal political debates.

It is largely thanks to this dovetailing that Hamas “succeeded in monopolising control of governance functions in Gaza, including security, economics, welfare, and the public infrastructure,” within six months of its takeover in June 2007. Even so, it would not have been ready to assume the full burden of government were it not for several significant advantages.

First was the decision by the rival West Bank government of Prime Minister Salam Fayyad to order the 70,000 Palestinian Authority employees in Gaza to stay away from work, on penalty of losing their salaries. Paradoxically, this liberated Hamas as much as it burdened it. The tenth and eleventh Palestinian Authority governments headed by Hanieh in 2006–7 had been severely handicapped by the substantial refusal of the Fatah-dominated civil service and security sector to comply with cabinet instructions. Since then, Hamas has enjoyed exclusive and uncontested control over the executive branch of government in Gaza. Furthermore, the no-show policy enabled the Hanieh government to replace thousands of schoolteachers and other public sector employees with Hamas members and sympathizers, thereby considerably expanding the scope of the Islamic social agenda and the pace of its implementation. Both were boosted by the decision of most local judges to adhere to the Supreme Judicial Council based in the West Bank, in response to which the Hanieh government “created its own ad hoc judicial framework and hired its own judges,” many of them from Sharia courts.
Second, the Hanieh government inherited an entire administrative apparatus, complete with a host of managerial and technical skills, procedures, and mechanisms along with regulatory and legislative frameworks, that had been developed by the Fatah-dominated Palestinian Authority since 1994 and had thereafter been diversified beyond recognition—in large measure with the technical and financial assistance of the international donor community—from its origins in the minimalist civil administration bequeathed by the Israeli military government. Furthermore, the Hanieh government has put many of these structures to work with greater coherence, effectiveness, and efficiency than had its predecessors. This was partly achieved with the help of Palestinian Authority personnel who reported for work, but the Hanieh government also drew on the sizeable pool of university graduates among Hamas members and supporters and rapidly launched training programs to develop a new professional cadre. (The Fayyad government’s no-show policy was, moreover, implemented piecemeal, allowing the Hanieh government time to adjust.) This, coupled with a strong work ethic among senior civil servants and police officers and underpinned by a discourse of “serving the people,” has been critical to the Hanieh government’s success since June 2007.

Last but not least, unbroken territorial control over the entirety of the Gaza Strip has allowed the Hanieh government a degree of policy coherence and continuity that can only be envied by the Fayyad government, whose functional jurisdiction and operational capabilities are fundamentally circumscribed by the “Swiss cheese” model of intermeshed Palestinian autonomy areas and Israeli-controlled settlements and military zones throughout the West Bank. The upshot has been that the revenue-strapped Hanieh government is achieving a level of service delivery with 32,000 employees (including 15,000 policemen and other Ministry of Interior personnel) that broadly matches that achieved by the Fatah-dominated Palestinian Authority prior to June 2007—and in areas such as law enforcement greatly exceeds it—despite the massive assistance received by the latter from the international donor community since 1993.

That said, there are inevitable tensions between the dictates and agendas of Hamas as government and Hamas as resistance movement—and these help explain why the Hanieh government proceeds on certain issues (as will be discussed next) based on reactive and uncoordinated decisions rather than deliberate policies. Yet this should not obscure the extent to which Hamas—in both its guises—is capable of strategic thinking. The foremost example is security and law enforcement. Hamas set up shadow internal security agencies as early as three years before its takeover of Gaza; its subsequent approach to policing was informed by a study it commissioned of the mistakes of its predecessors in the Fatah-affiliated Palestinian Authority security agencies. In sharp contrast to the latter, the Hamas-run Ministry of Interior exercises effective control over its operational branches and civilian departments alike, and largely accords its civil police the primacy claimed, but not yet attained, by its West Bank counterpart service. Keenly aware of deep public discontent with the armed lawlessness of the pre-2007 era, the Hanieh government has consistently stressed security as its particular strong suit, and has been notably successful in imposing its overall control and basic law and order (and not merely through intimidation and coercion), as even its critics acknowledge.

Authoritarian Trends or Political Tit for Tat?

Prominent Hamas figures and media are at pains to deny authoritarianism or coercive Islamization. They emphasize that the model of Islamic government that Hamas seeks to emulate is that of Turkey under the AKP, rather than Afghanistan or Al Qaeda. “Erdogan, not Taliban” neatly sums up their worldview. How influential this view is within Hamas is debatable, however, since two of its foremost proponents, Ahmad Yousef and Ghazi Hamad, were dismissed from their posts as advisers to Prime Minister Hanieh in October 2007. Hanieh’s government appears caught between external adversaries and internal contenders, thereby offering an opportunity for more militant factions within Hamas or outside its ranks to pursue more radical agendas. These may not contradict the core beliefs and long-term agendas of the government, but they could push it too far too soon, and upset the careful balance and pragmatic image it seeks to project.

The treatment of NGOs is a case in point. The Hanieh government initially left them alone. When it closed down or restricted a significant number of NGOs from mid-2008 onwards, these were mostly Fatah-affiliated organizations, and the government acted in retaliation for the Palestinian Authority’s closure of hundreds of NGOs in the West Bank believed to be affiliated with Hamas. The Hanieh government shifted gears following Operation Cast Lead, seeking greater control over NGOs by requiring them to re-register with the Ministry of Interior and to obtain prior permission for all activity. Again, this mirrored the new requirements applied by its PA counterpart in the West Bank; and, as there, it offered a means of political vetting. It may also have sought to limit the role of independent NGOs in the reconstruction of Gaza after Operation Cast Lead, so as to “crowd out” political competition with the government. These measures
do not yet amount to a sustained campaign, however: a number of NGOs that refused to comply have not suffered sanctions. It is not clear, however, if police intervention on several occasions to restore NGO premises or equipment seized by unidentified gunmen reflects the government’s commitment to upholding the law, its inability to impose its will on Hamas militants, or a covert division of roles intended to intimidate independent NGOs.\(^\text{13}\)

The restriction of political space on the part of the Hanieh government is driven by two main concerns: to pre-empt or defeat armed challenges, whether from Fatah or from any other domestic opponents, and to exercise political tit for tat in response to arrests, beatings, and NGO closures in the West Bank. This is borne out by the monthly reports of the highly respected Independent Commission for Human Rights: One hundred ninety-five complaints of arbitrary detention were lodged against Palestinian Authority security agencies in the West Bank during January 2010, for example, and were met with a parallel increase in the Gaza Strip, where 72 complaints were lodged. Attacks by Gaza security agencies on peaceful assembly have targeted activities organized by Fatah-affiliated associations, while impromptu public displays of political support for Fatah are swiftly, and harshly, suppressed.\(^\text{14}\)

Authoritarian tendencies may transition into a drive for wider political hegemony. Even the secular, leftwing Popular Front for the Liberation of Palestine, officially aligned with the “resistance” discourse of Hamas, complained at the start of February of the “repressive method that dominates Hamas thinking.” Only two newspapers have enjoyed completely free circulation in Gaza since June 2007: Felesteen, published by Hamas, and al-Istiqlal, published by Palestinian Islamic Jihad.\(^\text{15}\) Notably, however, this is once again a fortuitous result for the Hanieh government of the policies of other actors: In its first year, the Hanieh government occasionally prevented the distribution of the West Bank and East Jerusalem dailies al-Ayyam, al-Hayat al-Jadidah, and al-Quds when it objected to specific content, but since mid-2009 it is Israel that has prevented Palestinian newspapers from entering Gaza. In any case, with an estimated local Internet access rate in Gaza of 70 percent, online editions of all papers are readily available to readers.

**Erdogan or Taliban?**

The Islamization of society, a long-held goal of Hamas, has accelerated in reaction to a domestic challenge, this time posed by Salafist groups. This explains the concerted effort since June 2007, whether by the Hanieh government or by Hamas directly, to control Islamic “infrastructure”—whether that has meant asserting control over mosques, training and appointing their own preachers, taking over zakat (Islamic tithes) committees, or tolerating the growth of the radical but unarmed Hizb ul-Tahrir al-Islami while clashing increasingly frequently with Salafist groups for control over their mosques.\(^\text{16}\) On August 14, 2009, the police moved against one such group, Jund Ansar Allah, when it declared an Islamic “emirate” in the southern city of Rafah, leaving twenty-five dead, including the group’s leader and five officers. Other Salafist groups were targeted in February 2010, amidst government accusations that former Fatah members had joined them to seek revenge against Hamas.\(^\text{17}\)

More worrisome for the Hanieh government, however, and more difficult to confront, is “Jaljalat,” an amorphous network of armed militants believed by Fatah intelligence officers to number some 2,500-3,000, many of them members of the Qassam Brigades.\(^\text{18}\) Jaljalat seeks greater Islamization of society and fears that, by taking on the mundane tasks of government and public service delivery, Hamas has jeopardized its nationalist and Islamic purity and its commitment to armed resistance against Israel.\(^\text{19}\) This fear has a long legacy, framing debates within Hamas about appropriate policies with respect to participation in the Palestinian Authority or in the general elections for the Palestinian Legislative Council in 1996 and 2006.\(^\text{20}\) Jaljalat has attacked several Internet cafés, and one of its leaders was reportedly arrested on February 10, 2010 on suspicion of responsibility for a dozen bombing attacks on Hamas vehicles and security offices over the preceding five weeks.\(^\text{21}\)

A complex power play may be at work here. A letter purportedly written by Qassam commander Ahmad al-Jabari in early March accused Minister of Interior Fathi Hammad, whom it described as close to the Da’wa arm of Hamas, of losing control over internal security, and of building a personal “executive force” by co-opting Qassam members in northern Gaza.\(^\text{22}\) Northern Gaza was also the main area of activity of radical cleric and university professor Nizar Rayyan, a senior Hamas decision-maker who doubled as liaison officer with the Qassam Brigades and as Jaljalat’s mentor until his death in Operation Cast Lead. The suggestion that Jaljalat was at least partly a power base used for internal struggle within Hamas is clear, as is the threat to the unity of both Hamas and the Qassam Brigades.

It is partly to contain this challenge that the Hamas leadership has “promoted”—and in some instances, even encouraged—a broad-based discourse among Hamas’s rank and file, in its broadcast media, and on the Internet, championing the effective Islamization of Gaza society.”\(^\text{23}\) This campaign presumably aims to assure the rank and file that engagement in the mundane demands—

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and privileges—of government has not tarnished the leadership’s Islamist credentials. So although the Hanieh government nominally upholds existing laws that assure freedoms, other bodies, such as the Da’wa arm of Hamas, assertively promote Islamist social and religious agendas. Their activism came to the fore in summer 2008, when they vehemently denounced the United Nations Relief and Works Agency for Palestinian Refugees (UNRWA) for running mixed-gender youth summer camps and organized their own, segregated program in direct competition.24

Maintaining neat distinctions is proving difficult, however, as individual government officials or agencies periodically issue new Islamization guidelines. In the summer of 2009, for example, Minister of Interior Fathi Hammad launched a campaign to impose a “proper” dress code on women; separated unmarried men and women on the beach; and banned women from riding motorcycles.25 In early February 2010, he called for “Da’wa efforts to reach all institutions, not just mosques,” signaling an intent to systematically Islamize government agencies, starting with his own.26 Moreover, it is likely that civil servants who are not themselves beholden to a strict Islamist ideology propose, or seek to implement, Islamization measures as a way of ingratiating themselves with senior, Hamas-affiliated officials and thereby climbing further up the bureaucratic ladder.27 When certain measures cause an outcry, such as requiring female lawyers to wear the hijab in court, the government retreats and takes public steps to control the damage; but this does not end other, more discreet measures. For example, the Internal Security agency has notified NGOs that conducting “joint activities” involving boys and girls will incur an automatic fine.28 Government officials insist that they do no more than “advise” or “recommend” with respect to desired modes of behavior or dress, but many people acquiesce to avoid trouble—as well as the constant attention of Hamas’s Da’wa arm and mosque imams.29

Government pressure may sometimes be subtle or incremental, but the cumulative effect on many is stifling. It may also be true that the generally observant society of Gaza is receptive to Islamization, at least passively so; but the trend is at least as much a function of prolonged isolation from the outside world, going back to the early 1990s, as it is the outcome of a Hamas-inspired campaign. As with authoritarian tendencies generally, prolongation of the status quo is the critical factor in ongoing Islamization. Furthermore, some Islamizing measures, such as the reliance on reconciliation committees affiliated with the Association of Ulema to deliver judicial services, derive directly from the severe disrepair of the criminal justice system under the outgoing Palestinian Authority government—and were already very much in evidence long before Hamas came to power.30 These developments are not all the result of predetermined official policy, therefore, and the Hanieh government appears to chart its course on Islamization relatively gingerly, through a process of trial and error.

Making Ends Meet

Nowhere is trial and error more obvious than in relation to economic and financial management. Gaza has developed a unique economy based on a combination of three main inputs: smuggling (through the tunnels dug under the border with Egypt at Rafah); monthly subventions worth $65 million from the Fayyad government to pay its employees and operate Gaza’s power plant; and the services and salaries provided by international NGOs and, especially, UNRWA.

These inputs relieve the Hanieh government of a considerable burden, much as a considerably greater scale of foreign aid relieves the Fayyad government. At $540 million, the Hanieh government’s declared budget for 2010 is a fraction of the $2.78 billion budget of its West Bank counterpart; but with only 32,000 employees to the latter’s 145,000, its costs are far lower.31 Even so, the Hanieh government is believed to collect no more than $5 million a month in local revenue, or even less, if its own informal figures are to be believed.32 It has avoided taxing the tunnel trade in civilian goods entering from Egypt, with the result that commodity prices have dropped since the start of 2010.33 The bulk of government income derives instead from foreign sources: contributions from the Muslim Brotherhood International (Hamas’s mother organization), collections from zakat committees, and a portion of the assistance believed to reach the Hamas leadership in Damascus from Iran.

Foreign aid does not allow significant investment in public works or infrastructure; but it is sufficient to cover the government’s monthly budget of NIS96 million ($25.5 million): a salary bill of NIS70 million, operating costs of NIS20 million, and NIS6 million in municipal subventions.34 The government has constructed “a fiscally sound administration in the midst of terrible economic devastation and international boycott,” according to one opinion.35 This judgment appears to be borne out by, for example, its avoidance of runaway recruitment—the bane of the Fatah-dominated Palestinian Authority—and by its ability to hire substitute teachers when faced with a Fatah-instigated strike at the start of the 2008–9 school year; to guarantee jobs to university graduates; and to recruit 1,000 extra policemen in February 2010.
Regularizing the Informal Economy

Ironically, Gaza’s markets and cash flow have actually grown since Operation Cast Lead, despite the failure of the international community to deliver the $4.5 billion in post-war reconstruction aid pledged at the Sharm el-Sheikh conference in March 2009. This is entirely owing to the tunnel trade, which accounts for the largest portion by far—perhaps as much as 80 percent—of the territory’s civilian imports. As a result, local bankers estimate, the Tunnels Authority of Hamas earned $150–$200 million in 2009. Hamas also benefits from its monopoly over the import and retail sale of cigarettes, as well as from the newly established al-Multazim insurance company, which was awarded the contract to insure all government cars. The revenues from these various activities and enterprises accrue to Hamas, not to the government treasury.

The “new” economy evolving in Gaza bears an uncanny resemblance to Algeria—where, “[b]enefiting from an increase in return on investments, the informal economy, held for the most part by the Islamists, has been organized into networks and monopolies compensating for the dysfunction of the administered economy.” Since the end of the civil war, Hamas’s Algerian counterparts have also taken over “part of the state apparatus and also part of parliamentary and political forms of representation” and have “developed ties with political parties, the parliament, the courts, the army, the police force, etc. . . . In other words, the informal economy has integrated itself into the system.” The Hanief government faces a similar challenge in Gaza: to regularize an informal economy while ensuring a steady flow of capital.

At a minimum, the Hanief government needs to provide the means for the safe deposit and investment of the large amounts of cash in circulation. The tunnel trade has generated a huge demand for U.S. dollars and Jordanian dinars, the currencies favored by Egyptian suppliers and increasingly used to pay salaries, and as a result left Gaza with an over-supply of New Israeli Shekels. However, with the Palestinian banking system carefully monitored by the Palestinian Monetary Authority headquartered in the West Bank, Hamas has been unable to launder revenue. Attempts by the Hanief government to create a parallel banking system have failed completely; Hamas members and tunnel entrepreneurs deposit their earnings in the newly formed Islamic Bank, but owing to the Palestinian Monetary Authority firewall in place, this bank is little more in reality than a local ATM network. In the absence of a legal means to transfer or invest money abroad, Gaza has experienced a significant shift of investment into real estate, resulting in a sharp rise in land prices.

The opportunities for corruption in a cash-based economy are clearly substantial. Hamas’s detractors claim that senior officials in the movement have amassed vast fortunes running into hundreds of millions of dollars, derived in part by acting as silent partners for tunnel operators; some, it is alleged, were implicated in a Ponzi/pyramid scheme uncovered in early 2009. Yet, local bankers and businessmen who do not sympathize with Hamas argue that its tight organization and internal discipline have greatly limited the scope and scale of irregularities. They moreover confirm that local businesses are not subject to extortion or protection rackets imposed by Hamas militants, in contrast to the predations of Fatah-affiliated militias and security agencies that they experienced prior to June 2007. It is difficult to ascertain the veracity of any these claims, but independent analysts note that allegations of Hamas corruption appear to come almost exclusively from senior leaders in Fatah, and are not yet substantiated or widely believed.

Nonetheless, a new elite does seem to be emerging, comprising senior Hamas figures—including government ministers, members of Parliament, and key administrative or political personnel—along with some 5,000 tunnel owners. While elements of the business community—buffeted or driven into bankruptcy by the ongoing siege since 2006—resent this development, many have become tied to the tunnel economy in their attempt to adapt and survive, and they may also benefit from favors and facilitation extended by Hamas. What is certain is that the “new” economy enables Hamas to look after its own. With members and supporters constituting a high proportion of the 32,000 government employees, another 40,000–50,000 people working in or around the Hamas-regulated tunnel economy, and a network of Hamas-associated Islamic charities and zakat committees complementing social welfare, the movement can rely on a substantial and loyal core constituency.

Time to Recognize the Green Elephant in the Room?

Having toyed initially with the illusion that Fatah could spearhead a forceful takeover of Gaza, building on supposed mass discontent with Hamas, some quarters of the Israeli political and security establishment and its West Bank Palestinian counterpart now expect the Hanief government to crumble under the weight of the continuous siege. However, it is highly doubtful that anybody else still believes that the relentless pressure of sanctions will move the 1.5 million inhabitants of Gaza to open opposition to Hamas rule and trigger its collapse from within. For that to happen, the siege would have to attain truly medieval
proportions—cutting off all supply of food, water, and medicines—an option belied by the obvious acquiescence of all parties in the continued flow of civilian goods from Egypt into Gaza. That said, none of the main parties to the siege—the Government of Israel, the West Bank Palestinian Authority, the United States, the European Union, and Egypt—is likely to be the first to break the formal status quo.

This leaves Hamas in a strategic predicament. It gambles on time to impose a new political reality by means of its successful governance of Gaza, but any expectation that external actors will seek to lift the siege before Hamas undertakes unambiguously to end violence against Israel is no more realistic than the expectation that the siege will eventually force it to capitulate. The Hanieh government may declare its desire to “open up to the world,” but it is unable to grasp, or at any rate endorse, the key requirement for attaining that end. Until then, Gaza remains one huge prison, with massive unemployment and crushing poverty. Hamas has the wherewithal and the stamina to endure as a movement, but it runs the risk that, in promoting a discourse of armed resistance and martyrdom and in encouraging the Islamization of society—as a means both of containing dissent and of deflecting internal pressure to resume active hostilities with Israel—it inadvertently encourages its core constituency to defect to more militant Salafist groups that it does not control, and which increasingly vie for recognition by al-Qaeda as its local affiliates.

The Salafist threat should not be exaggerated, however: Hamas does not perceive itself to be so threatened as to compel it to afford external actors meaningful leverage. More to the point, Islamic radicalization poses no less a threat of blowback to Israel, and to neighboring Arab states. Hamas has demonstrated its ability not merely to survive, but also to rebound and even innovate, keeping itself at the heart of Palestinian national politics and decision-making. Whatever other policy options there may be for dealing with Hamas, the siege of Gaza has run its course: If anything, it helps Hamas consolidate itself as a ruling party and exercise increasingly effective government.

Endnotes

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3 Complementarity is evident from joint activities and from visits reported by various ministries, including Interior, Islamic Endowments and Religious Affairs, Youth and Sports, and Information, and was confirmed by interviews conducted by the author in Gaza in January 2010.
4 The Hamas Politburo, headquartered in Damascus, exercises veto power over key issues, such as the negotiations over Israeli prisoner Corporal Gilad Shalit.
6 Medical staff were exempted from the decision in the public interest, and judges were allowed to continue issuing decisions and presiding court cases, but not to implement them.
8 According to former Fatah security officers interviewed by the author in Gaza and Ramallah in January 2010.
10 This has been confirmed by human rights activists, secular nationalists, and former Fatah security officers interviewed by the author in Gaza and Ramallah in January 2010.
11 Thus, for example, Ahmad Yousef, as interviewed by the author in Gaza on January 9, 2010; and in “Dr. Yousef: We can learn a lot from the experience of ‘Turkey’s Islamists,’” Felesteen (Gaza), February 12, 2010.
15 The Ramallah-based daily al-Ayyam was allowed to resume distribution in Gaza in mid-February 2009, ending a seven-month ban; but it is not distributed regularly.


18 Active and former intelligence officers interviewed by the author in Gaza and Ramallah in January 2010. A recent study that takes note of Jalalat is Yoram Cohen and Matthew Levitt, with Becca Wasser, “Deterred but Determined: Salafi-Jihadi Groups in the Palestinian Arena,” Policy Focus, no. 99, Washington Institute for Near East Policy, January 2010—but the authors emphasize three other groups.


21 Rory McCarthy, “Hamas patrols beaches in Gaza to enforce conservative dress code,” guardian.co.uk, October 18, 2009.


23 This is the assessment of analyst Mouin Rabbani, in e-mail correspondence with the author in February 2010.

24 Confirmed by the head of a major NGO with a branch in Gaza, interviewed by the author in Ramallah in January 2010.


27 This was not the overt aim of the siege, but it was a widely held assumption regarding its real purpose. See discussions by Riad al-Astal, “Where are we heading? What is the future of the Palestinian political system in light of Gaza events?,” al-Iadalah, September 14, 2007, and Martin Kramer, “Israel’s Gaza strategy,” January 4, 2009.


29 This is the assessment of analyst Mouin Rabbani, in e-mail correspondence with the author in February 2010.

30 Gaza banker interviewed by the author in Gaza, January 2010. Deputy Minister of Finance Isma’il Mahfouz is quoted as confirming that the Hanieh government’s domestic revenue represents a mere 5 percent of annual expenditures of NIS1.1bn ($322mn at current exchange rates in mid-February 2010). Cited by Fayez Abu-Shamaleh in “Where Is the People’s Money, Hamas?” posted on the Government Media Office website on November 4, 2009. This estimate of annual spending is significantly less than the approved 2009 budget of $425 million, though the reasons for the discrepancy are not clear.

31 Avi Issacharoff, “Illegal” Gaza tunnel owners suffer as Hamas economy grows,” Ha’aretz, February 17, 2010. There is some confusion over who levies VAT and other fees, such as operating licenses, but it appears that it is Hamas rather than the government that collects the VAT, and the Rafah municipality the licensing fees. (Source: interviews with local bankers, businessmen, and government officials conducted by the author in Gaza in January 2010.) The municipal license fee may have been cancelled in late 2009: See Heather Sharp, “Smuggling fuels Gaza’s stalled economy,” BBC News, December 31, 2009 (last updated at 9:52 a.m. GMT); and Erin Cunningham, “Hamas levies a value-added tax of 14.5 percent on every item that comes through, local shop owners say,” Christian Science Monitor, August 17, 2009.


33 Brown, “Palestine: The Schism Deepens.”


35 “The Office of the Quartet Representative welcomes Israel’s decision to allow the transfer of 282.5 million excess shekels out of Gaza,” February 19, 2010. Document on file with author.

36 Details from the Governor of the Palestinian Authority, Jihad al-Wazir, and from a leading banker, interviewed by the author in Ramallah and Gaza, respectively, in January 2010.

37 This is the assessment of analyst Mouin Rabbani, in e-mail correspondence with the author in February 2010.

38 Details from the Governor of the Palestinian Authority, Jihad al-Wazir, and from a leading banker, interviewed by the author in Ramallah and Gaza, respectively, in January 2010.

39 This was the overt aim of the siege, but it was a widely held assumption regarding its real purpose. See discussions by Riad al-Astal, “Where are we heading? What is the future of the Palestinian political system in light of Gaza events?,” al-Iadalah, September 14, 2007, and Martin Kramer, “Israel’s Gaza strategy,” January 4, 2009.


42 This was not the overt aim of the siege, but it was a widely held assumption regarding its real purpose. See discussions by Riad al-Astal, “Where are we heading? What is the future of the Palestinian political system in light of Gaza events?,” al-Iadalah, September 14, 2007, and Martin Kramer, “Israel’s Gaza strategy,” January 4, 2009.


44 Quotation from “Prime Minister: We Seek to Implement Successful Diplomacy to Open Up to the World,” alRay (government weekly newsletter), no. 42, February 28, 2010, p. 2.
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