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# The Palestinian Parliamentary Election and the rise of Hamas

The militant Islamist movement Hamas won a surprise victory in the Palestinian parliamentary election of 25 January 2006 and is in the process of forming a government. This paper examines the background to the election and the various factors behind the Hamas victory, before considering the reaction to the result and the possible implications it may have.

Background on the Arab-Israeli conflict and peace process can be found in Research Paper 05/29, *The Middle East Peace Process: prospects after the Palestinian Presidential Elections*, of 29 March 2005, while a chronology of key events can be found in Standard Note SN/IA/2693, *Middle East Peace Process: a detailed chronology from 1990 to the present*.

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## Summary of main points

The militant Islamist movement, Hamas, emerged as the largest party from the Palestinian parliamentary election of 25 January 2006, winning 74 seats in the 132-seat Legislative Council. The result represents a major shift in the Palestinian political landscape, which has hitherto been dominated by the secular nationalist Fatah faction of the Palestinian Liberation Organisation (PLO).

Hamas had been expected to perform well in its first national elections, but the scale of its victory surprised many observers. The movement's extensive welfare networks and reputation for discipline and integrity gained it support from voters frustrated at the corruption and inefficiency of the Fatah-controlled Palestinian Authority and the slow progress towards statehood.

It is the position adopted by Hamas on the peace process, however, that has caused concern in Israel and internationally. The movement's charter calls for the destruction of the Jewish state and its paramilitary wing has played a leading role in the second Intifada, carrying out numerous suicide bomb attacks and rocket strikes against Israeli civilians. The Israeli Government has said it will not cooperate with a Palestinian administration that includes Hamas, while the Middle East Quartet (UN, EU, Russia and United States) have called on Hamas to renounce violence and to recognise Israel, or face a dramatic cut in aid to the Palestinian Authority. Hamas says it will seek funding from Arab states and other sources to compensate for any shortfall.

The current President, Mahmoud Abbas, who won a convincing election victory of his own in early 2005, confirmed on 18 February that Hamas would form the next government. Hamas officials say they will seek a government of national unity with Fatah and other factions, but will govern alone if coalition talks fail. The movement's nomination for the post of prime minister is Ismail Haniya, who is considered by many to be a relative moderate. As of 14 March, talks between Hamas and President Abbas on the new government's programme are ongoing.

The approach Hamas adopts will have a critical bearing on the prospects for the peace process, as will the outcome of pre-term elections in Israel in late March 2006, following the withdrawal of Prime Minister Ariel Sharon from the political scene.



## CONTENTS

<b>I</b>	<b>Background</b>	<b>7</b>
<b>II</b>	<b>Parliamentary election of 25 January 2005</b>	<b>8</b>
	<b>A. Campaign</b>	<b>8</b>
	<b>B. Results</b>	<b>9</b>
	<b>C. Conduct of the Election</b>	<b>12</b>
<b>III</b>	<b>Reaction to the Result</b>	<b>13</b>
	<b>A. Palestine</b>	<b>13</b>
	<b>B. Israel</b>	<b>14</b>
	<b>C. International Reaction</b>	<b>16</b>
<b>IV</b>	<b>Prospects</b>	<b>19</b>
	<b>A. Renewed Militancy</b>	<b>19</b>
	<b>B. Growing Pragmatism?</b>	<b>20</b>
	<b>C. Parallel Unilateralism?</b>	<b>23</b>
	<b>Appendix 1 – EU and British Assistance to the Palestinian Authority</b>	<b>27</b>



## I Background

The secular nationalist Palestinian Liberation Organisation (PLO) and its main Fatah<sup>1</sup> faction have been the dominant force on the Palestinian political scene for more than four decades, a fact recognised in the Oslo Accords of the 1990s that were negotiated between Israel and the PLO.<sup>2</sup>

Since the late 1980s, however, that dominance has been increasingly challenged by the Islamist movement of Hamas.<sup>3</sup> Through its social programmes in the West Bank and Gaza and participation in the first Palestinian Intifada in the late 1980s, Hamas was able to increase its support in the polls to around 40% by 1991-92.<sup>4</sup> That rise in popularity was reversed, though, by the rapid advances in the peace process after 1993 and the establishment of an autonomous Palestinian government, which helped re-establish the PLO's credibility and saw support for Hamas fall to around 15-20%. In return for Israeli recognition, Fatah was effectively awarded a monopoly on power and armed force, allowing it to exclude its emerging political rivals from the fledgling institutions of government.

As popular disillusionment with the pace of the peace process and the corruption of the Fatah-dominated Palestinian Authority grew after 1996,<sup>5</sup> the PLO's stock began to decline and Hamas again began to benefit. The military wing of Hamas, the Izz al-Din al-Qassam Brigades, also came to prominence in early 1996, as it launched a devastating wave of suicide bomb attacks against Israeli civilians after Israel had assassinated one of its leading operatives.

The peace process entered a period of stagnation after 1996. Palestinians increasingly lost faith in the incremental approach of the Oslo Accords and frustration grew at the continued growth of Jewish settlements, the building of settler-only roads, and what has been described as the "salami-slicing away" of their prospective state.<sup>6</sup>

The collapse of the peace process and the outbreak of the second Palestinian Intifada in September 2000 further bolstered the popular standing of Hamas, allowing it to claim a leading role in fighting the Israeli occupation. A vicious cycle of violence took hold, with Israel carrying out "targeted assassinations" of leading Hamas activists, including its spiritual leader Sheikh Yassin, while Hamas mounted numerous suicide bomb attacks

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<sup>1</sup> The name Fatah is derived from the initials of the Arabic name, *Harakat Tahrir Filistin* (Palestine Liberation Movement).

<sup>2</sup> Background on the Oslo Accords and the peace process can be found in Section II of Library Research Paper 05/29, *The Middle East Peace Process: prospects after the Palestinian Presidential Elections*, of 29 March 2005. A summary of the main agreements from the peace process can be found in Library Standard Note SN/IA/3868, *Israel and its Arab Neighbours: a brief chronology from 1917 to the present*.

<sup>3</sup> Hamas is the acronym for *Harakat al-Muqawama al-Islamiyya* (Islamic Resistance Movement). Its ideology is based on that of the Egyptian Sunni Islamist movement, the Muslim Brotherhood, and incorporates elements of Palestinian nationalism.

<sup>4</sup> Source: *Jane's Terrorism and Insurgency Centre*

<sup>5</sup> The Palestinian attorney general, Ahmed al-Moghani, announced in February 2006 that an estimated US\$700 million (£397million) worth of aid had gone missing under previous leaderships. BBC News website, 6 February 2006, [http://news.bbc.co.uk/2/hi/middle\\_east/4682484.stm](http://news.bbc.co.uk/2/hi/middle_east/4682484.stm)

<sup>6</sup> Alastair Crooke, 'Hamas and the Fatah radicals will transform Palestinian politics', *Prospect*, February 2006

and rocket strikes that left hundreds of Israelis dead. Some believe the shift by Hamas towards political engagement has come in response to the cost the conflict was imposing on the movement's leadership.<sup>7</sup>

The death of Palestinian President Yasser Arafat in November 2004 was followed by a lull in the violence and fresh presidential elections in January 2005. The new president and chairman of the PLO, Mahmoud Abbas,<sup>8</sup> sought to capitalise by securing a period of calm (*tahadieh* in Arabic) from Hamas and other militant groups, halting attacks inside Israel proper.<sup>9</sup> The lull raised hopes that the moribund peace process could be revived, hopes that were bolstered by the Israeli unilateral withdrawal from Gaza in August 2005. The latter did little to boost Fatah, however, in that Hamas was able to argue that Israel had been forced out by its campaign of armed resistance, not as a result of negotiations.<sup>10</sup> The standing of the PLO declined further during the autumn, as internal splits began to emerge, the Palestinian Authority struggled to impose its control over Gaza and the territory descended into lawlessness.

By the beginning of 2006, the situation was in flux on both sides, with Israel coming to terms with the departure from the political scene of Prime Minister Ariel Sharon and the prospect of early Knesset elections in March.

## **II Parliamentary election of 25 January 2005**

### **A. Campaign**

The previous Palestinian Legislative Council election, which Hamas officially boycotted, took place ten years ago in 1996. The Council's four-year term was repeatedly extended by the Palestinian Authority, which claimed that the poor security situation and Israeli military incursions made elections impossible. The most recent postponement came in July 2005, following disputes over a new election law, although some observers suggested that senior members of Fatah had favoured a delay to allow time to address the growing electoral threat posed by the younger, more militant wing of Fatah led by Marwan Barghouti and by Hamas. In municipal council elections in December 2004 and January 2005 Hamas had made major gains, winning 77 of 118 available seats in Gaza and capturing 35% of seats in the West Bank.

Eventual resolution of the dispute over electoral reform led to the introduction of a new mixed system, under which the number of Legislative Council seats was increased from 88 to 132 and the seats were split into two groups; half being elected from constituencies, the other half by party lists.

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<sup>7</sup> See for example Hussein Agha and Robert Malley, 'Hamas steps into a complex landscape', *Guardian*, 24 January 2006

<sup>8</sup> Mr Abbas won 62.3 per cent of the vote. His nearest rival, the human rights activist Mustafa Barghouti, won just under 20 per cent. Turnout was around 63 per cent. Mr Abbas has since said he will not stand for re-election when his four-year term is complete.

<sup>9</sup> The period of calm has been largely observed by Hamas, with one exception.

<sup>10</sup> See Library Standard Note SN/IA/3761, *Development of the Gaza Strip after Disengagement*, for background on the process of disengagement.

The build-up to the January 2006 election took place against a backdrop of inter-factional violence in Gaza and splits within Fatah. These had increased since the death in November 2004 of Yasser Arafat, whose authority and co-option of discontented factions had helped ensure some level of unity. Disputes over party primaries in late 2005 initially led a faction headed by the jailed Marwan Barghouti to register its own list of candidates, although a united list was eventually submitted at the end of December 2005 due to fears that disunity within Fatah would boost Hamas.<sup>11</sup>

Disagreements also arose with Israel over voting rights for Palestinians in East Jerusalem, which Israel claims as part of its own united capital, but which the international community views as occupied territory. President Abbas had threatened to postpone the election if Israel failed to lift a ban on voting in the east of the city, although, in the event, around 6,000 Palestinians were permitted to vote in East Jerusalem. The remaining 100,000 or more had to travel to other polling stations outside the city boundaries to cast their ballots.<sup>12</sup>

## B. Results

As preliminary results came in, it soon became apparent that Hamas had performed far better than most commentators had anticipated. The final distribution of seats showed Hamas (running under the name 'Change and Reform') had won 74 seats in the 132-seat chamber (56% of the seats), with Fatah in second place with 45 (34%).<sup>13</sup> This represented a slight change over the preliminary results, with Fatah gaining an extra two seats in the final count. Turnout was 77%. The final distribution of seats can be seen in the table below:

	Political affiliation	No. of seats in the lists	No. of seats in the districts	Total No. of seats
1	Change and Reform	29	45	74
2	Fatah Movement	28	17	45
3	Martyr Abu Ali Mustafa	3	0	3
4	The Third Way	2	0	2
5	The Alternative	2	0	2
6	Independent Palestine	2	0	2
7	Independents	0	4	4
	<b>Total</b>	<b>66</b>	<b>66</b>	<b>132</b>

Source: Central Election Commission, Palestine

[http://www.elections.ps/pdf/Final\\_Result\\_distribution\\_of\\_PLC\\_seats-EN2.pdf](http://www.elections.ps/pdf/Final_Result_distribution_of_PLC_seats-EN2.pdf)

<sup>11</sup> One commentator described the Fatah primaries as follows: "The primaries were non-binding, and when the old guard saw the landslide in favour of the new generation, they chose simply to ignore it when drawing up the official candidate list—save for the unavoidable inclusion of Barghouti at its head. The younger generation responded with their own list that would have split the Fatah vote. Bitter wrangling followed." Alastair Crooke, 'Hamas and the Fatah radicals will transform Palestinian politics', *Prospect*, February 2006

<sup>12</sup> See Section II C below for more detail on voting in East Jerusalem.

<sup>13</sup> Source: Central Election Commission, Palestine,

[http://www.elections.ps/pdf/Final\\_Result\\_distribution\\_of\\_PLC\\_seats-EN2.pdf](http://www.elections.ps/pdf/Final_Result_distribution_of_PLC_seats-EN2.pdf)

By comparison, the 1996 election results were as follows:

Fatah:	55 seats
Independent Fatah:	7 seats
Independent Islamists:	4 seats
Independent Christians:	3 seats
Independents:	15 seats
Samaritans:	1 seat
Others:	1 seat
Vacant:	2 seats <sup>14</sup>

Some observers highlighted a disparity between the number of seats won by Hamas and the size of its popular vote, with many noting that Hamas did not win a majority in the popular vote. Khalil Shikaki, a leading Palestinian polling expert and director of the Palestinian Center for Policy and Survey Research, argued that:

despite all the hand-wringing over whether Palestinians have suddenly taken a more extremist turn, a closer look at the numbers reveals a more complex picture.

For one thing, Hamas received only 45 percent of the popular vote. The nature of the electoral system, which magnified the existing fragmentation of Hamas's opposition, is what gave the Islamist movement the 58 percent of the seats it won. The divided Fatah and four other secular parties won a majority of the popular vote – 55 percent – but only 39 percent of the seats. (A handful of independent candidates won the rest.)

Hamas's support in the wider population is even lower. To be sure, its popularity has been growing. Five years of intifada, starting in September 2000, bolstered the party's image; many Palestinians supported Hamas's bombing attacks against Israelis, which they viewed as a justified response to Israel's disproportionate use of force against, and collective punishment of, the civilian population. The unfulfilled expectations that followed the election of Mahmoud Abbas as president of the Palestinian Authority last year – for better governance, economic prosperity and progress in the peace process – increased support for Hamas by 40 percent during 2005. Yet even that translated into only 35 percent support among the public at large. Its remarkable showing in the elections demonstrates that its supporters were more determined to vote than Fatah's, and perhaps that some former Fatah supporters were lodging a protest vote.<sup>15</sup>

He concluded that Hamas had offered a clear alternative on the two central issues for voters, namely tackling corruption and the inability of the PA to enforce law and order, adding that the main area of support for Fatah, the peace process, had not featured very high on voters' list of priorities:

the most interesting aspect of the rise of Hamas is that its own voters, as demonstrated in exit polls, do not share its views on the peace process. Three

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<sup>14</sup> BBC News website, [http://news.bbc.co.uk/1/hi/world/middle\\_east/4654306.stm](http://news.bbc.co.uk/1/hi/world/middle_east/4654306.stm)

<sup>15</sup> Khalil Shikaki, 'The Polls: What the Palestinians Really Voted For', *Newsweek*, 6 February 2006

quarters of all Palestinians, including more than 60 percent of Hamas supporters, are willing to support reconciliation between Palestinians and Israelis based on a two-state solution. During the last 10 years, the trend among the Palestinians has been to move away from hard-line attitudes and to embrace moderate ones. Indeed, more than 60 percent of Hamas voters support an immediate return to negotiations with Israel. Had the issue of peace been the most important consideration in these elections, Fatah would certainly have won. But the peace process was the least important issue for the voters.<sup>16</sup>

Jerome Segal of the Center for International and Security Studies and a founder member of Jewish Peace Lobby concurred that the outcome of the election presented a more complex picture than first appeared. In particular, he noted that substantial powers would remain with President Abbas:

it is something of a misunderstanding to say that Hamas won the right to govern the Palestinian Authority. Hamas won 74 out of 132 seats in the Palestinian Parliament; to this they have a right. However, Palestinian governance is split between the president, the prime minister and cabinet, and the parliament. As president, Abbas retains significant governing powers, including: the right to propose legislation; the right to veto legislation (a two-thirds vote of 88 members is required to override a veto); the right to select and remove the prime minister; ultimate authority over the security services; the ability to issue Presidential decrees with the force of law when parliament is not in session; and the ability to declare a state of emergency in which he has yet additional powers.<sup>17</sup>

On 28 January Mr Abbas consolidated presidential control over the security services by revoking his decree from the year before that had placed the Preventative Security Service, the police and civil defence under the command of the Interior Ministry. Additional powers were transferred to the presidency by the outgoing parliament on 13 February, allowing Mr Abbas to appoint a constitutional court that could cancel future legislation. The judges on the court can be appointed by the President, without the need for parliamentary approval.<sup>18</sup> Furthermore, the parliament approved a decree that would automatically make members of the incoming parliament members of the PLO parliament in exile. Unlike the Hamas charter, the PLO charter recognises the state of Israel. Hamas criticised the changes, calling them illegitimate, and said it would seek to overturn them in the new parliament.<sup>19</sup>

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<sup>16</sup> Khalil Shikaki, 'The Polls: What the Palestinians Really Voted For', *Newsweek*, 6 February 2006

<sup>17</sup> Jerome M Segal, 'Common Ground: Last chance to end conflict', *United Press International*, 10 February 2006

<sup>18</sup> Ironically, these changes reversed reforms that had been made in response to concerns raised by the EU and US over the concentration of power of power in the hands of the presidency during the Arafat era.

<sup>19</sup> An attempt by Hamas legislators to revoke the changes during the new parliament's first session on 6 March was opposed by Fatah members, who walked out in protest. As of 14 March the issue has been referred to the Palestinian Supreme Court for a ruling.

## C. Conduct of the Election

International observers, of which there were around 450, noted some irregularities, but declared the elections to have been largely free and fair. The 186-member EU Election Observation Mission, the largest present, said in its preliminary conclusions that:

These elections saw impressive voter participation in an open and fairly-contested electoral process that was efficiently administered by a professional and independent Palestinian Central Elections Commission (CEC).

As with the 2005 presidential election, the Palestinian people have demonstrated an overwhelming commitment to determine their political future via democratic means, in spite of the uncertain conditions in which the elections took place: a background of delay, unacceptable levels of pre-campaign violence and an occupation that placed restrictions on the exercise of fundamental freedoms related to elections.<sup>20</sup>

With regard to irregularities and shortcomings, it reported that:

The instability and inter-factional violence which at times threatened to prevent the holding of elections, especially in Gaza, were unacceptable and have no place in a democratic process. In addition, threats made against international observers limited the levels of deployment that could be undertaken. However, the security situation improved during the two weeks ahead of election day.<sup>21</sup>

It also noted “numerous shortcomings with the voting arrangements in East Jerusalem”, adding that:

restrictions by Israeli forces on the freedom of movement by candidates and voters reduced the scope for genuinely free elections. Arbitrary restrictions on campaigning and the freedom of assembly by candidates in East Jerusalem led to a number of arrests and prevented a proper campaign from taking place in the city. [...]

Despite established precedent and agreement that there is a right to vote by Palestinians resident in East Jerusalem, delays by the Israeli authorities in deciding whether voting would be allowed to take place within the city led to uncertainty which affected the whole election process. Although the decision to allow voting was welcome, it came very late and – as with earlier elections – electoral arrangements failed to provide reasonable, equal or proper conditions for voters from East Jerusalem.<sup>22</sup>

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<sup>20</sup> EU Election Observation Mission West Bank and Gaza 2006, Statement of Preliminary Conclusions and Findings, 26 January 2006, [http://europa.eu.int/comm/external\\_relations/human\\_rights/eu\\_election\\_observ/westbank/legislative/statement\\_260106.pdf](http://europa.eu.int/comm/external_relations/human_rights/eu_election_observ/westbank/legislative/statement_260106.pdf)

<sup>21</sup> *ibid.*

<sup>22</sup> *ibid.*

### III Reaction to the Result

#### A. Palestine

There was widespread surprise in the West Bank and Gaza at the election result. Opinion polls had suggested Hamas would perform strongly, but the majority had predicted a tie with Fatah, at most. Sporadic armed clashes were reported between Hamas and Fatah members in Gaza in the days after the election. Fatah activists demonstrated in Ramallah against the movement's leadership, which they blamed for the defeat.

The new Legislative Council was convened on 18 February when President Abbas confirmed that Hamas would be asked to form the next government. *BBC Monitoring* summarised his address to the new parliament as follows:

He offered his full cooperation and encouragement in [the] task [of forming a new government], expressing the hope that the government would be formed as quickly as possible since it had important tasks ahead. Abbas also outlined his political platform, saying that he was elected on its basis and remained committed to its implementation. He said that both the Presidency and the government remained committed to negotiations as a strategic political option, noting however that in addition to the political option, the Palestinians should continue to develop peaceful forms of popular resistance. He stressed that Israel's "iron-fist policy" would only lead to further deterioration and urged the Quartet and the US Administration to make "serious efforts" to restore peace negotiations. Commenting on the domestic policy, Abbas promised to help and support all reform initiatives which would strengthen the rule of law and order, "one legitimate weapon" and political pluralism.

Concluding his speech, the Palestinian president addressed the Israeli people, stressing that "the age of unilateral solutions is over". He condemned the "dismemberment" of the West Bank, "confiscation" of the Jordan Valley and "isolation" of Jerusalem and pointed out that the Palestinians reject any partial, unilateral or temporary solution.<sup>23</sup>

Aziz Duaiq, an academic linked to Hamas, was confirmed as speaker of the parliament, and the movement formally announced on 20 February that its nomination for the post of prime minister would be Ismail Haniya, a prominent Gaza leader who is viewed by many as a relative pragmatist and moderate.

Hamas officials said they would prefer a government of national unity with Fatah, but that they would govern alone if necessary. Mr Haniya had told supporters earlier that: "When we are calling for unity and partnership it is not because we are afraid or weak or incapable of facing the challenges ahead, but because we believe in unity."<sup>24</sup> Commentators believe Hamas is wary about governing alone, not least because the next

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<sup>23</sup> 'Palestinian president addresses new parliament', *Palestinian TV*, 18 February, translated by *BBC Monitoring*

<sup>24</sup> 'Hamas invited to form government', BBC News website, 27 January 2006, [http://news.bbc.co.uk/2/hi/middle\\_east/4654220.stm](http://news.bbc.co.uk/2/hi/middle_east/4654220.stm)

Palestinian government will face considerable domestic challenges and have only limited resources to tackle them, but also because it would complicate relations with the international community and hamper the delivery of crucial aid.

Mr Abbas indicated in late February that he would resign if he felt unable to pursue his agenda with the new government, warning that:

We could reach a point where I cannot perform my duty. I will not continue sitting in this place, against and in spite of my convictions. If I can do something I will continue, otherwise I won't.<sup>25</sup>

## **B. Israel**

The victory for Hamas initially caught the Israeli Government off guard.<sup>26</sup> Acting Prime Minister Ehud Olmert said on 29 January that Israel would not engage with a Palestinian Authority that included Hamas unless certain conditions were met:

We have made it clear that without giving up its ways of terror, recognizing Israel's right to exist in peace and security, and honouring all the Palestinian [National] Authority accords towards Israel - including, of course, annulling the Hamas charter calling for the destruction of the State of Israel - Israel will not hold any contact with the Palestinians.<sup>27</sup>

In early February the Israeli Government released \$54 million (£31 million) of customs and VAT revenue from the previous month, revenue that Israel collects and transfers to the Palestinian Authority. The formal announcement on 18 February that Hamas had been asked to form the next government, however, prompted the Israeli cabinet to impose a range of sanctions that included withholding future monthly transfers of tax revenue. The cabinet said it would approach the international community to

discontinue all financial assistance to the Palestinian Authority, not including humanitarian assistance provided directly to the Palestinian population. In this regard, Israel will expand its assistance for the operations of humanitarian organizations that work with assisting the Palestinian population.<sup>28</sup>

Other measures were introduced to restrict the movement of Hamas members, including new MPs, through areas under Israeli control, to ban the transfer of equipment to Palestinian security forces, and to strengthen security checks at crossing points from Gaza into Israel.

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<sup>25</sup> Interview with ITN, quoted in 'Palestinian leader issues warning', BBC News website, 26 February 2006

<sup>26</sup> See for example 'Israel's Olmert slams intelligence agencies for failure to predict Hamas victory', Israeli newspaper *Yediot Aharonot*, 27 January 2006, translated by *BBC Monitoring*.

<sup>27</sup> 'Israel acting PM says world accepts conditions for talks with Hamas', Israeli *Ha'aretz* newspaper website, 29 January 2006, carried by *BBC Monitoring*.

<sup>28</sup> Israeli Cabinet Communique, 19 February 2006, <http://www.israel-mfa.gov.il/MFA/Government/Communiques/2006/Cabinet+Communique+19-Feb-2006.htm>

Prime Minister Ehud Olmert declared:

It is clear that in light of the Hamas majority in the PLC and the instructions to form a new government that were given to the head of Hamas, the PA is - in practice - becoming a terrorist authority. Israel will not hold contacts with the administration in which Hamas plays any part – small, large or permanent.<sup>29</sup>

Hamas officials said they regretted the Israeli move. Mr Haniya said Israel “should have responded differently to the democracy expressed by the Palestinian people”, adding that the Palestinians had “lots of alternatives” if Israel and the international community decided to withhold aid.<sup>30</sup>

President Abbas was less sanguine, warning that the PA was in a “real financial crisis”: “The pressures have begun and the support and the aid started to decrease.”<sup>31</sup> It is believed that the 140,000 people employed by the PA (of which at least 58,000 are members of the security forces) are breadwinners for as much as one third of the Palestinian population, so financial restrictions could have a significant social impact in the Palestinian territories.<sup>32</sup>

The UN Special Coordinator for the Middle East Peace Process, Alvaro de Soto, said that the revenues collected were “monies that belong to the Palestinians and should not be withheld”. He also pointed to the Quartet statement, saying that “the formation of a new government and the approval of its programme should be awaited and that actions prior to that would be premature”.<sup>33</sup>

Former US president Jimmy Carter, who led a team of international election observers, also criticised the Israeli measures, saying they would present “significant obstacles” to the effective governance of the Palestinian territories, adding that efforts by Israel or the US to undermine Hamas would only bolster its standing both domestically and internationally.<sup>34</sup>

Opinion polls from late 2005 suggested the Israeli public was more relaxed about establishing official contacts with Hamas, with around 50% saying they would be willing to negotiate with Hamas in order to conclude a peace agreement. Polls also suggested more than half of Israelis would be willing to allow Hamas fighters to join the Palestinian security services in order to disarm the militias.<sup>35</sup>

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<sup>29</sup> BBC News website, 20 February 2006, [http://news.bbc.co.uk/1/hi/world/middle\\_east/4730568.stm](http://news.bbc.co.uk/1/hi/world/middle_east/4730568.stm)

<sup>30</sup> *ibid.*

<sup>31</sup> *ibid.*

<sup>32</sup> Figures from the World Bank quoted in the *Guardian*, 30 January 2006 and *New York Times*, 14 February 2006.

<sup>33</sup> ‘UN criticises Israel's move to withhold Palestinian cash’, *Independent*, 21 February 2006

<sup>34</sup> Jimmy Carter, ‘Don't Punish the Palestinians’, *Washington Post*, 20 February 2006

<sup>35</sup> See for example the Israeli *Ha'aretz* newspaper, 22 December 2005

## C. International Reaction

The international community is faced with a dilemma. It provides crucial financial assistance<sup>36</sup> to the Palestinian Authority and has supported free and fair elections in Palestine, but is now faced with the prospect that Hamas, a movement that both the EU and US view as a terrorist group, will play a major role in the next Palestinian government.<sup>37</sup>

The international approach has been to welcome the conduct of the elections, while reiterating the mantra that violence and terrorism are incompatible with the democratic process. The Middle East Quartet, which comprises the UN, EU, Russia and the United States, has called on Hamas to renounce violence, to recognise the state of Israel, and to respect previous agreements and obligations in the peace process. In a statement issued after its meeting on 30 January, the Quartet

congratulated the Palestinian people on an electoral process that was free, fair and secure. The Quartet believes that the Palestinian people have the right to expect that a new Government will address their aspirations for peace and Statehood, and it welcomed President Abbas' affirmation that the Palestinian Authority is committed to the Road Map, previous agreements and obligations between the parties, and a negotiated two-State solution to the Israeli-Palestinian conflict. It is the view of the Quartet that all members of a future Palestinian Government must be committed to non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Road Map. We urge both parties to respect their existing agreements, including on movement and access. [...]

Mindful of the needs of the Palestinian people, the Quartet discussed the issue of assistance to the Palestinian Authority. First, the Quartet expressed its concern over the fiscal situation of the Palestinian Authority, and urged measures to facilitate the work of the caretaker Government to stabilize public finances, taking into consideration established fiscal accountability and reform benchmarks. Second, the Quartet concluded that it was inevitable that future assistance to any new Government would be reviewed by donors against that Government's commitment to the principles of non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Road Map. The Quartet calls upon the newly elected Palestinian Legislative Council (PLC) to support the formation of a Government committed to these principles, as well as the rule of law, tolerance, reform and sound fiscal management.

Both parties are reminded of their obligations under the Road Map to avoid unilateral actions which prejudice final status issues. The Quartet reiterated its view that settlement expansion must stop, reiterated its concern regarding the

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<sup>36</sup> See Appendix 1 for details of UK and EU funding to the Palestinians.

<sup>37</sup> The EU initially proscribed the military wing of Hamas in 2001, but this was extended to the whole organisation in September 2003. See Council Common Position, 2003/651/CFSP, 12 September 2003, OJL 229, 13 September 2003, <http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:32003E0651:EN:HTML>

route of the barrier, and noted Acting Prime Minister Olmert's recent statements that Israel will continue the process of removing unauthorized outposts. [...]<sup>38</sup>

The EU General Affairs and External Relations Council meeting on 30-31 January endorsed the Quartet statement and stressed

the need for the continuous commitment of all parties to the Palestinian constitutional process and emphasised the central role of President Mahmoud Abbas in ensuring stability in this transitional period. It reiterated its full support for President Abbas' determination to pursue a peaceful solution of the conflict with Israel. The Council underlined that violence and terror are incompatible with democratic processes and urged Hamas and all other factions to renounce violence, to recognise Israel's right to exist, and to disarm.

The Council expects the newly elected PLC to support the formation of a government committed to a peaceful and negotiated solution of the conflict with Israel based on existing agreements and the Roadmap as well as to the rule of law, reform and sound fiscal management. On this basis the European Union stands ready to continue to support Palestinian economic development and democratic state building.<sup>39</sup>

The Bush administration characterised the election as a healthy process that had shaken up the old guard within the PLO, but stressed there would be no contacts with Hamas unless it altered its position substantially. US Secretary of State Condoleezza Rice said:

The US can't fund a government that is run by an organisation that it lists as a terrorist organisation. It's just a practical matter.<sup>40</sup>

Foreign Secretary Jack Straw indicated on 7 February that the EU and its Quartet partners were not expecting a dramatic U-turn by Hamas on long-established positions, but that indications of progress were required:

The ball is in the court of Hamas. We are not expecting it to stand on its head and abandon overnight every position that it has held in the past. We are expecting from it, however, some clear indications of the direction in which it wishes to travel.<sup>41</sup>

Signs of differences of emphasis within the Quartet emerged in the weeks after the elections, with some criticising the EU and US for their refusal to talk directly to the movement.

President Putin, whose government held meetings with Hamas representatives in early March, argued that:

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<sup>38</sup> Statement by Middle East Quartet, 30 January 2006, <http://www.un.org/News/Press/docs/2006/sq2104.doc.htm>

<sup>39</sup> General Affairs and External Relations Council Conclusions, 30-31 January 2006, [http://ue.eu.int/ueDocs/cms\\_Data/docs/pressData/en/gena/88200.pdf](http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/gena/88200.pdf)

<sup>40</sup> *Financial Times*, 31 January 2006

<sup>41</sup> HC Deb 7 February 2006, c737

We need to recognise that Hamas has come to power as a result of a legitimate election and we need to respect the will of the Palestinian people. To burn bridges would be the simplest action, but it lacks perspective.<sup>42</sup>

Alastair Crooke, the Director of Conflicts Forum and a former EU negotiator with the Palestinian factions, commented:

Hamas now has more legitimacy than any ruling government in the Middle East. If you radiate hostility and negativity towards the outcome of the elections it will seem very perverse and it will colour and damage engagement in the Middle East.<sup>43</sup>

Arab governments also expressed their bemusement at the position taken by the EU and US. The Saudi Foreign Minister Prince Saud al-Faisal commented that:

The European Union insisted on having elections in Palestine, and this is the result of what they asked for. Now to come around, and say [they] don't accept the will of the people that was expressed through democratic means, seems an unreasonable position to take.<sup>44</sup>

Arab governments have reportedly been pressuring Hamas privately to moderate its position on the Oslo Accords and the peace process. Egypt and Saudi Arabia, in particular, believe Hamas should accept the Arab League peace initiative from March 2002, which offers full peace and recognition of Israel if it withdraws to its 1967 borders and accepts a just solution to the Palestinian refugee issue in accordance with General Assembly Resolution 194.<sup>45</sup> Adopting that approach would put a Hamas-led Palestinian Authority in line with the Arab League and boost its standing internationally.

The *New York Times* claimed on 14 February that the US and Israeli officials were discussing ways of destabilising the incoming Hamas-led government and securing its early fall, unless Hamas agreed to meet the demands of the international community. The primary means would be to withhold financial support so as to restrict the Government's ability to pay salaries and fulfil its programme. The report suggested the objective was shared by Fatah officials who felt the election result significantly overestimated the level of popular support for Hamas.<sup>46</sup> A US State Department spokesman denied there was a plan to destabilise a future Palestinian government so as to force early elections.<sup>47</sup>

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<sup>42</sup> 'Moscow courts Hamas in effort to revive Middle East influence', *The Times*, 17 February 2006

<sup>43</sup> *Financial Times*, 30 January 2006

<sup>44</sup> 'Hamas rejects 'unfair' aid demand', BBC News, 31 January 2006,  
[http://news.bbc.co.uk/1/hi/world/middle\\_east/4664152.stm](http://news.bbc.co.uk/1/hi/world/middle_east/4664152.stm)

<sup>45</sup> The full text of the Arab League Declaration can be found in a Press Release from the Royal Embassy of Saudi Arabia Information Office, Washington DC, 28 March 2002,  
[http://www.arts.mcgill.ca/MEPP/PRRN/docs/beirut\\_declaration.html](http://www.arts.mcgill.ca/MEPP/PRRN/docs/beirut_declaration.html)

<sup>46</sup> 'U.S and Israelis are said to talk of Hamas ouster', *New York Times*, 14 February 2006

<sup>47</sup> 'U.S. and Israel Deny Plans to Drive Hamas From Power', *New York Times*, 15 February 2006

Hamas has said it will seek other sources of funding to compensate for any shortfall in EU or US funding to the PA, citing the close relationship it enjoys with various governments across the region, from Syria, Qatar and Egypt to Iran.<sup>48</sup>

Egypt and Jordan have concerns of their own about developments in the Palestinian territories and may prove cautious in their assistance to any Hamas-led government for fear of boosting their own Islamist opposition groups. Conversely, groups such as the Muslim Brotherhood in Egypt may see an interest in encouraging moderation from Hamas, believing that Islamist success in the West Bank and Gaza would help demonstrate the credibility and relevance of their political platform.

## IV Prospects

A number of scenarios have been put forward by analysts following the elections. These include pessimistic warnings that Hamas will use its position of power to advance its campaign of violence against Israel and more optimistic prognoses that the realities of government will encourage Hamas to act with restraint and force it to moderate its more militant tendencies. Others suggest that Hamas and Israel will seek to avoid major confrontations so as to allow both sides to act unilaterally in pursuit of their own, sometimes convergent, interests.

### A. Renewed Militancy

The pessimistic view is that Hamas is committed to its militant rhetoric and will use its new powers to build up its military wing and increase its campaign of violence against Israel. According to this interpretation, indications of pragmatism from Hamas officials are just tactical manoeuvrings and the rhetoric calling for the destruction of the state of Israel should be taken at face value. Khaled Duzdar, a Palestinian working for the Israel/Palestine Center for Research & Information, wrote shortly after the election that Hamas was a “rigid fundamental radical theocratic movement” that would be unlikely to renounce or modify its charter. He went on to argue that: “Hamas does not believe it must change; it believes that others have to adjust to Hamas”, adding that it would not be compelled to change or moderate its position:

Hamas believes in one Holy Palestine from the river to sea. It is doubtful they will ever accept any concession on any part of historical Palestine; it is part of their fundamental beliefs.<sup>49</sup>

Some fear Hamas may develop along the lines of the Lebanese Shia group, Hizbollah, unless there is concerted international pressure to renounce violence and to disarm. Joseph Torfstein, an analyst at the Israeli Ministry of Foreign Affairs, argued in January 2006 that:

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<sup>48</sup> For example, see comments by prime minister designate Ismail Haniya, quoted on the BBC News website, 21 February 2006

<sup>49</sup> Khaled Duzdar, ‘Apocalypse Now’, ICPRI website, 12 February 2006, <http://www.ipcri.org/>

The Middle East had already witnessed the dangerous precedent where Hizbullah operates both as a legitimate political party and as an active terrorist organization. Since 1992, when Hizbullah won its first seats in the Lebanese parliament, it has been involved in the murder of hundreds of Israeli and foreign citizens as well as defying the sovereignty of Lebanon. Furthermore, the Syrian and Iranian-sponsored body is supporting terrorist attacks in Iraq against Coalition forces as well as assisting Hamas in obtaining weaponry and funds. For the peace process to have a chance, Hamas must not be allowed to follow the Hizbullah paradigm. The onus is on the international community, especially the UN, the EU and the US, to ensure that this dangerous precedent is not repeated.<sup>50</sup>

The most potent weapon available to the military wing of Hamas is suicide bombings, although their symbolic power can make them a double-edged sword, not least because such attacks undermine its attempts to gain legitimacy internationally and invite reprisals from Israel. In the past, Hamas has been conscious of Palestinian public opinion and has been careful to calibrate its actions so as avoid the blame for any escalation in violence.

It may find its ability to use violence constrained by its new position in government, although observers believe the remaining two militant groups, the al-Aqsa Martyrs' Brigade and Palestinian Islamic Jihad, will continue their attacks on Israel, perhaps with the tacit or active support of Hamas as it seeks to remind Israel that Palestinian resistance has not been quelled.

The Brigades have become a fragmented conglomeration of localised militias and cells, with little operational cohesion. Islamic Jihad, which has close ties to Iran, has rejected the ceasefire and elections and pledged further suicide bombings, although its ability to conduct such operations has been restricted by the security fence around Gaza and the security barrier under construction in the West Bank.

Other weapons are available, such as mortars and Qassam rockets, which continue to be fired from Gaza into Israel, launched mainly, it seems, by Islamic Jihad fighters: more than 130 rockets were fired into Israel during February 2006, an increase from 64 in January. Their comparative inaccuracy and small warheads mean they generally cause little damage and few casualties, although Israel remains concerned that a hit on the Ashkelon industrial zone with its fuel and chemical depots and power station could cause a major disaster.<sup>51</sup>

## **B. Growing Pragmatism?**

Some believe that the decision to participate in the political process is a sign that Hamas is already undergoing fundamental change. Mouin Rabbani of the International Crisis Group wrote in January 2006 that:

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<sup>50</sup> Joseph Torfstein, 'Hamas as an Obstacle to a Palestinian State', *RUSI Newsbrief*, January 2006

<sup>51</sup> Ed Blanche, 'Israelis see Qassams becoming a problem', *Jane's Missiles and Rockets*, 1 April 2006

The only certainty is that Hamas would not have embarked so decisively on the path of political integration if it was unprepared to accept – in substance if not as a matter of official policy – a two-state settlement of the Israeli-Palestinian conflict.<sup>52</sup>

While it may not be able to accede publicly to the demands of Israel and the international community, Hamas may, in practice, comply. According to this view, attention should be paid to the actions of Hamas, rather than focussing purely on its rhetoric. The Israeli commentator Gershon Baskin wrote in mid-March:

The optimistic assessment is that Hamas will enter into a long-term hudna (the Israeli condition of ending terrorism fulfilled), Hamas will support the Arab League peace initiative (granting conditional recognition to Israel), and the Hamas government will deal with Israel on a daily basis (basically working according to the Oslo agreements). Formally, Hamas will not fulfill the Israeli conditions, pragmatically they will.<sup>53</sup>

Hamas has long been critical of the PLO for renouncing violence and recognising Israel in 1993, without securing firm commitments from Israel on what a final peace agreement would involve. Its leadership believes the Palestinians were encouraged to make their greatest concessions early on in the process and received little in return. Consequently, it has resisted pressure to recognise Israel and renounce violence, while indicating in its rhetoric that those positions could change if the occupation came to an end.

The head of Hamas' political bureau, Khaled Meshal, has said that "When countries are free and you are independent, of course democracy does not go with violence. [...] Violence in independent countries is totally rejected", but that: "when there is occupation, there is no contradiction between democracy and what the West calls violence, which is in this case resistance." If there were no occupation, then "We would practise democracy peacefully without violence."<sup>54</sup>

Hamas is under pressure to recognise all existing agreements between Israel and the PA from the Oslo period, to which Mr Meshal has said:

The Oslo accords are over and buried, and everyone has already eulogized them. But we have a [Palestinian] Authority that was established on the basis of Oslo. We will act in keeping with that fact with great realism, but which will not be in contradiction of our people's rights.<sup>55</sup>

Reports suggest a similar position has been put forward by Hamas in the government programme it submitted to President Abbas in early March:

The Palestinian government will address the reality created following previous agreements between the Authority and the occupation and it is the right of the

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<sup>52</sup> Mouin Rabbani, 'Palestinian Dilemmas', *The Nation* (USA), 13 January 2006

<sup>53</sup> Gershon Baskin, 'Hamas the pragmatic', *Jerusalem Post*, 13 March 2006

<sup>54</sup> 'Transcript: Khaled Meshal interview', BBC News website, 8 February 2006, [http://news.bbc.co.uk/2/hi/middle\\_east/4693382.stm](http://news.bbc.co.uk/2/hi/middle_east/4693382.stm)

<sup>55</sup> *Guardian*, 30 January 2006

government to reassess these agreements on the basis of international law and in accordance with the rights of the Palestinian people.<sup>56</sup>

In its election platform, Hamas dropped the call for the destruction of Israel, a move that leading candidates said publicly had been a strategic rather than a tactical decision.

On the question of recognising the state of Israel, Mr Meshal has said:

When Israel says that it ... will withdraw from the West Bank and East Jerusalem, and grant the right of return, stop settlements and recognise the rights of the Palestinians to self-determination, only then Hamas will be ready to take a serious step. There's a problem that happened to the Palestinians. They were a people that used to live on their land, and did not find justice from the international community.

There are roots to the problem, but in reality we now say that if Israel withdraws to the 1967 borders, there could be peace and security in the region, and agreements between the sides, until the international community finds a way to solve everybody's problems.<sup>57</sup>

According to the *Guardian*, the Hamas draft programme submitted in early March said that any recognition of Israel "would be done in consultation with Palestinian organisations and institutions, and the Palestinian people in its entirety".<sup>58</sup> It went on to say that the movement reserved the right to continue "resistance, in all its forms" although it would maintain a ceasefire provided there was "the end of Israeli aggression and release of prisoners".<sup>59</sup>

Some cite the long-standing pledge by Hamas leaders to consider a long-term truce (*hudna* in Arabic), a point that was reiterated by Mr Meshal in late January 2006:

Our message to the Israelis is this: we do not fight you because you belong to a certain faith or culture. [...] Our conflict with you is not religious but political. [...] We shall never recognise the right of any power to rob us of our land and deny us our national rights. We shall never recognise the legitimacy of a Zionist state created on our soil in order to atone for somebody else's sins or solve somebody else's problem. But if you are willing to accept the principle of a long-term truce, we are prepared to negotiate the terms. Hamas is extending the hand of peace to those who are truly interested in a peace based on justice.<sup>60</sup>

Pessimists argue that Hamas is playing a double game, trying to win over the international community with talk of moderation in interviews with foreign media, while continuing to use more militant language domestically.

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<sup>56</sup> *Guardian*, 13 March 2006

<sup>57</sup> 'Transcript: Khaled Meshal interview', BBC News website, 8 February 2006, [http://news.bbc.co.uk/2/hi/middle\\_east/4693382.stm](http://news.bbc.co.uk/2/hi/middle_east/4693382.stm)

<sup>58</sup> *Guardian*, 13 March 2006

<sup>59</sup> *ibid.*

<sup>60</sup> Khalid Mish'al, 'We will not sell out people or principles for foreign aid', *Guardian*, 31 January 2006

Optimists, on the other hand, believe that the obligations of government will encourage greater pragmatism within Hamas as it strives to meet the expectations of its electorate. In particular, they point to the popular desire for domestic reform, as Hanna Siniora, a member of the Palestinian Council and co-head of the Israel/Palestine Center for Research & Information, argues:

Hamas has to concentrate its efforts on the reasons behind their election – people want change, new faces, reform and good governance. The Palestinian people did not elect them to continue the military struggle; the Hamas platform was for change and reform.<sup>61</sup>

Now it is engaged in the political process, Hamas will want to maintain its political momentum and increase its popular support further. As a result, it may temper some of the Islamist elements of its programme, recognising that there is little support among Palestinians for a dramatic shift away from the current secular system.

### C. Parallel Unilateralism?

A third scenario involves what some have called “parallel unilateralism”, perhaps against a background of low-level violence. This would allow Hamas to focus on its many domestic challenges, while Israel continues the process of unilateral withdrawals from the West Bank.

The Israeli acting Prime Minister, Ehud Olmert, whose Kadima party has strong, if declining, support in the polls ahead of the election on 28 March, has said he would be willing to wait a “reasonable time” for Hamas to meet Israel’s conditions, but that if “it becomes clear that the [PA] is not willing to accept these principles, we will need to begin to act”. He has put forward plans for setting Israel’s final borders within four years by means of unilateral separation from the majority of the West Bank Palestinian population,<sup>62</sup> which would involve annexation of most of the large settlement blocs along the Green Line and around Jerusalem.<sup>63</sup>

Jonathan Freedland of the *Guardian* has argued that such unilateral moves on Israel’s part would allow

Hamas to make solo moves of its own. They might simply implement their key election promises: to clean out corruption, to extend their health and education services, to improve Palestinian daily life. Or, to put it more grandly, they might engage in state-building. Which brings us to perhaps the unlikeliest historic parallel of all. Hamas’s best bet might be to learn not from Fatah or the IRA, but from the early Zionist movement. Living under colonial military rule from the 1920s to the 1940s, it focused its energies on building the institutions of statehood: schools, bureaucracy, even an embryonic national health service. When independence came in 1948 they were ready. Israeli rule is not the British

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<sup>61</sup> *Jerusalem Times*, 21 February 2006

<sup>62</sup> ‘Olmert to ‘Post’: Israel to have final borders by 2010’, *The Jerusalem Post*, 9 March 2006, from *BBC Monitoring*

<sup>63</sup> ‘Olmert plans further withdrawals’, *Financial Times*, 8 February 2006

mandate, I know. But there is a lesson there all the same - and Hamas would make a revolution by seizing on it.<sup>64</sup>

One focus for Hamas may be to bring its military wing into the Palestinian Authority's security services, as a means of demilitarising itself rather than disarming. Mr Meshal was reported as saying that Hamas was ready to

unify the weapons of Palestinian factions, with Palestinian consensus, and form an army like any independent state... an army that protects our people against aggression.<sup>65</sup>

Hamas has been careful not to demand direct control of the security forces, in what could be seen as an attempt to assuage foreign concerns. Nonetheless, any changes in that direction are likely to encounter opposition from Fatah, whose members dominate the security forces. Alastair Crooke, the Director of Conflicts Forum, has argued that the process could follow the Israeli model:

The Haganah, which led the struggle against British colonialism, evolved into the Israeli Defence Forces (IDF). The Irgun, which had been responsible for bombing the King David Hotel in Jerusalem, was subsequently absorbed into the IDF; and the Stern Gang, also described as terrorists by the then Israeli leaders, merged in the Lehi, who were also absorbed into the IDF. All kept their weapons.<sup>66</sup>

There are risks involved in unilateralism, particularly when trust and contact between the two sides are minimal. Some argue that unilateral separation may appear attractive to many Israelis, but warn that Israel cannot isolate itself completely from events in the Palestinian territories. Yossi Ben Ari of the Israel-Palestine Center for Research and Information (IPCRI) commented in mid-February that:

There are many Israelis satisfied with the Palestinian election outcome. After years of ambiguity vis-a-vis the Palestinians, the picture, in their opinion, is at last very clear: Israel can fully isolate itself from its surroundings. If the "bad guys" dare to violate its security, there will be no restrictions on crushing the rivals to dust. But, is it really in Israel's best interest to let those unique and limited relations with the Palestinians, so recently constructed, simply evaporate? Can Israel really ignore a potential collapse of Palestinian society and starvation of its population? Won't the repercussions ricochet in a boomerang curve right back at Israel?<sup>67</sup>

Alastair Crooke, who was involved in British intelligence contacts with the Irish Republican Army during the 1970s and 1980s, has warned:

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<sup>64</sup> Jonathan Freedland, 'What Hamas could learn from the early Zionists about state-building', *Guardian*, 1 February 2006

<sup>65</sup> BBC News website, 28 January 2006, [http://news.bbc.co.uk/1/hi/world/middle\\_east/4658872.stm](http://news.bbc.co.uk/1/hi/world/middle_east/4658872.stm)

<sup>66</sup> Alastair Crooke, 'Intolerable Disappointment', *The World Today*, March 2006

<sup>67</sup> Yossi Ben Ari, 'To deal with Hamas, Israel might consider NGOs', *Daily Star* (Lebanon), 21 February 2006

If we insist on isolating such groups [as Hamas] there will be no one to read the signals of change and transformation. At least in the case of Sinn Fein in Northern Ireland, when their public face remained one of defiance, there were those in contact who were able to pick up different signals at other levels of private engagement.<sup>68</sup>

There are various options available to both sides for keeping channels of communication open. Firstly, they could rely on international third parties, such as the United Nations and its various agencies in the region, although certain agencies are not perceived by Israel to be even handed. The United States has served in a link role in other circumstances, but is currently opposed to contacts with Hamas and would probably be perceived by the latter as being too close to Israel. Germany has helped with contacts between Israel and Hizbollah in Lebanon, although like the US, the EU position is to refrain from direct contacts with Hamas unless it indicates a willingness to renounce violence and recognise Israel.

Another option would be to rely on Palestinian intermediaries, drawn from Fatah, if it decides to join the government, or influential individuals from academic or religious circles who enjoy the trust of Hamas. Bilateral intelligence channels, as Alastair Crooke suggests, could also prove useful, as they have in the past, and the confidential nature of such ties could reduce the potential for political embarrassment on both sides. Egypt, through its chief of intelligence, General Omar Suleiman, played a key link role during the Israeli withdrawal from Gaza and its importance could increase further.<sup>69</sup>

A further option being explored by Israel and the international community is to use non-government organisations. Yossi Ben Ari of IPCRI wrote in mid-February:

Some NGOs have dealt with the Israeli-Palestinian conflict for many years and have many advantages. They are deeply familiar with both people's cultures, societies and, most importantly, key individuals. Since they don't represent either party's interests, they are perceived as objective and neutral, and are thus able to gain the trust of political leaders. NGOs represent civil society; they are accepted worldwide and enjoy the sympathy and support of the international community.

And above all, under conditions of political sensitivity, they can be used as the perfect "cover" for participants to deny responsibility for engaging in politically unpopular discourse.<sup>70</sup>

Nonetheless, there would be limitations in terms of the capacity of NGOs to serve effectively, particularly if they were to become a primary conduit for funds. Such an approach would also carry risks for NGOs, as such a role could compromise their political impartiality and leave them open to criticism if contacts break down or become too sensitive politically.

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<sup>68</sup> Alastair Crooke, 'Intolerable Disappointment', *The World Today*, March 2006

<sup>69</sup> 'Egyptian envoy urges Hamas to renounce violence', *Financial Times*, 2 February 2006

<sup>70</sup> 'To deal with Hamas, Israel might consider NGOs', *Daily Star* (Lebanon), 21 February 2006

Without some form of engagement between the two sides, the risk that misunderstandings will arise remains high and the potential for violent confrontation increases, particularly at a time of political change in the both the Palestinian territories and Israel.

## Appendix 1 – EU and British Assistance to the Palestinian Authority<sup>71</sup>

### UK Assistance

The British Department for International Development's (DFID) planned expenditure on its assistance programme for Palestinians is around £60 million in 2005/06. This is made up of around £15 million to the Palestinian Authority, with a further £15 million to the UN agency for Palestinian refugees (the UN Relief and Works Agency – UNRWA). In addition, the value of DFID contributions through its share of European Community assistance was around £30 million.<sup>72</sup> The three main aims of the programme are:<sup>73</sup>

- To support better Palestinian public institutions.
- To deliver humanitarian and development support more effectively.
- To improve the prospects for peace.

A Parliamentary Answer in January 2006 gave details of how DFID aid to the Palestinian Authority was monitored to ensure it was not used to support terrorism:<sup>74</sup>

The UK Government absolutely condemns all acts of terrorism and takes concern over the use of UK aid very seriously. The UK Government are committed to ensuring that all UK development assistance is properly accounted for, used for the intended purposes and represents value for money.

Since 2004, all DFID financial support to the Palestinian Authority (PA) budget has been provided through a Reform Trust Fund managed by the World Bank. Funding is conditional on the achievement of benchmarks for reform, progress against which is carefully monitored. The benchmarks cover the PA's audit and accounting processes as well as issues such as pension reform, the wage bill and the PA's budget process. The benchmarks require that the PA submit its annual financial statements to the Palestinian Legislative Council and be independently audited. This is intended to ensure legitimate usage of PA funds and that taxpayers' funds achieve value for money.

DFID, along with the World Bank, International Monetary Fund (IMF) and other donors that provide budget support, undertake twice-yearly reviews of the PA's progress against its reform benchmarks and maintain close contact with the PA at all times. DFID and other Trust Fund donors have made it clear to the PA that it would be unacceptable if PA budgetary resources were used in any way that supported or condoned terrorism and that budget support would be suspended in such an event.

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<sup>71</sup> This section was provided by Bryn Morgan from the Library's Economic Policy and Statistics Section.

<sup>72</sup> HC Deb 20 July 2005 c1846W

<sup>73</sup> *A better future: DFID's support to Palestinians*, DFID, December 2005, <http://www.dfid.gov.uk/pubs/files/palestinian-prog-brochure.pdf>

<sup>74</sup> HC Deb 23 January 2006 c1744-5W, <http://www.publications.parliament.uk/pa/cm200506/cmhansrd/cm060123/text/60123w12.htm>

Other forms of DFID assistance to the Palestinian people are channelled through organisations whose accounts are independently audited.

## **EU Assistance**

In 2005, European Commission assistance to the Palestinians amounted to €290 million, with the objectives of:<sup>75</sup>

- Addressing immediate needs of the Palestinian population (€ 192 million)
- Establishing an Infrastructure Facility (€40 million)
- Building the institutions of a Palestinian state (€12 million)
- Supporting social services (€35 million)

OLAF, the EU anti-fraud office, investigated EU assistance to the Palestine Authority. The OLAF investigation concluded in March 2005. It found no proof that funds had been used for terrorism:<sup>76</sup>

After extensive investigations, OLAF has arrived at the same conclusion as the European Commission: there is no proof that EU taxpayers' money has been used to fund Palestinian terrorism or other illegal activities. The EU contribution helped to alleviate poverty, and the conditions attached to EU assistance were crucial in bringing about reforms in PA financial control and management, paving the way for statehood. Israel itself and other international donors now pay into the very same Single Treasury Account that EU conditions put in place.

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<sup>75</sup> [http://europa.eu.int/comm/external\\_relations/gaza/intro/](http://europa.eu.int/comm/external_relations/gaza/intro/)

<sup>76</sup> 'OLAF finds "no conclusive evidence" to link EU funds and terrorism: European Commission welcomes final report on assistance to the Palestinian Authority', EC Press Release IP/05/327, 17 March 2005, [http://europa.eu.int/comm/external\\_relations/gaza/news/ip05\\_327.htm](http://europa.eu.int/comm/external_relations/gaza/news/ip05_327.htm)