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Round Two in Gaza

I. OVERVIEW

Step by methodical step, Hamas is consolidating its control over the Gaza Strip. The latest development followed a 25 July explosion that killed five of the movement's military leaders in addition to a young girl. In response, the Islamist movement mounted a broad campaign during which it overran the Hillis family, one of Gaza's most powerful and which includes prominent Fatah leaders; arrested hundreds of political activists; and raided more than 200 organisations and offices. The campaign largely wiped out the remains of the Palestinian Authority's security services in Gaza, brought families and smaller political factions to heel, further encroached on civil society and crippled Fatah's already limited political and military capacities to mobilise. In Arab capitals, there is continued talk of Palestinian reconciliation. In the U.S., there is discussion of a possible peace agreement between President Abbas and Prime Minister Olmert. On the ground, in both Gaza and the West Bank, events are taking a decisively different turn.

Since Hamas's June 2007 takeover of Gaza, the U.S., Israel, several Arab states and elements within the Palestinian Authority (PA) and Fatah have been counting on a strategy of weakening Hamas by isolating Gaza. That approach lies in tatters. The Islamist movement has scored a series of significant tactical victories. Internally, it has improved security and marginalised political challengers. It has reshaped the bureaucracy and pushed out those still loyal to the Ramallah-based government. Externally, it concluded a ceasefire with Israel, which is shaky but still holding. Hamas is developing its ties with outside actors, most recently Jordan.

It all has come at a price. The movement has acquired a reputation for brutality, and many Gazans are scared, particularly after the assault on the Hillis family. They live under a regime that has yet to complete its transition from militia to civilian rule. The government, by its own admission, is constrained to administering a crisis. The economy is a shambles and the flow through the commercial crossings, the ceasefire agreement notwithstanding, has been disappointingly meagre. Hamas has alienated other Palestinian factions, deepened the chasm with Egypt and reinforced the U.S. and Israeli perception – not yet tested, it must be said – that it would

be an inflexible negotiating partner. Events also have complicated efforts to maintain the movement's unity and discipline, as the leadership in Gaza develops different interests and a new taste for power.

For now, the movement deems the gains worth the costs. Its leaders remain hopeful that greater internal security and improved governance will bolster its domestic popularity and that, as it proves its resilience, international isolation will further erode. It also takes solace from the fate of its domestic foe. The PA and its international allies have yet to turn the West Bank into a model of progress, the likelihood of a comprehensive peace agreement recedes by the day, and President Abbas's legitimacy will be further undermined when his term comes to an end – which, according to some interpretations, is as early as January 2009. Meanwhile, Hamas is turning Gaza into an entirely different kind of model: one of internal security, regime consolidation and refusal to compromise on the movement's basic principles.

Reversing the drift toward greater Palestinian separation, both political and geographic, will be a difficult and, at this point, almost hopeless task. In Gaza, new realities are taking hold; likewise in the West Bank, where some PA and PLO leaders are contemplating cutting all links with Gaza, including ceasing salary payments. Prospects for reconciliation, reunification and a credible peace process seem as distant and illusory as ever.

II. COMPLETING THE TAKEOVER¹

A. THE END OF “FAMILY RULE”?

The June 2007 takeover was decisive but incomplete. Hamas fighters routed forces loyal to Fatah, and in particular to security chief Muhammad Dahlan, while

¹ For recent reporting on the Palestinian division, see Crisis Group Middle East Reports N°79, *Ruling Palestine II: The West Bank Model?*, 17 July 2008; N°73, *Ruling Palestine I: Gaza under Hamas*, 13 March 2008; N°71, *Inside Gaza: The Challenge of Clans and Families*, 20 December 2007; N°68, *After Gaza*, 2 August 2007; and N°62, *After Mecca: Engaging Hamas*, 28 February 2007.

seizing PA institutions, but they failed to establish a monopoly on the use of weapons in Gaza. They did not finish off Fatah forces that sat out the battle, nor were they able to put an immediate end to independent family militias.² The symbiosis of the two posed the main challenge to Hamas's consolidation of authority.³ In early August 2008, Hamas moved more aggressively than it had previously against the strongest of its challengers⁴ and sent a message to others that "the days of family rule are over".⁵ In doing, so, it put an end to speculation that families could play a role in subverting its rule and dealt another harsh blow to Fatah. But the campaign did not stop there.

It unfolded in two phases. The first was an assault against the house of Adil (Abu Ramzi) Hillis, the former head of Preventive Security in Gaza.⁶ The trigger for the assault was the 25 July explosion⁷ that killed

five field commanders of the 'Izz al-Din-al-Qassam Brigades, Hamas's military wing, including the nephew of leading Hamas lawmaker Khalil al-Haya, who were gathered in a beach tent. Another 30 Qassam leaders in a neighbouring tent narrowly escaped harm. Hamas and local observers immediately suspected involvement of the Hillis family, since four of the dead hailed from the Shajaiya neighbourhood of Gaza City (as does the Hillis family) and previously had been involved in clashes with it. That said, the government initially refrained from public comment – a silence that to some indicated confusion within its ranks – and still has not issued a public statement of responsibility.⁸ According to a senior Hamas leader, as the investigation unfolded, monitored phone calls, internet communications and ultimately confessions confirmed the suspicion.⁹

Others, especially Fatah leaders, attributed the bombing to intra-Qassam feuding. That said, there is little evidence to back this claim and the unfolding of events militates against it. Once it began, the Gaza-wide campaign was well coordinated and efficiently, if brutally, carried out – a performance that would have been difficult to achieve had internal relations deteriorated to the point of assassinating five commanders. Still other voices laid blame on the remnants of Muhammad Dahlan's forces or a network of collaborators with Israel.¹⁰ Ultimately, regardless of who was behind the bombing, the Hillis family's decision to shelter Hamas's chief suspect – himself not a member of the family – rendered the assault on the quarter inevitable.¹¹

²These families are sizable, with members, in certain cases, numbering in the tens of thousands. The Hillis family is sometimes called a "clan" by outside observers, though in deference to how most Gazans refer to it ("the Hillis family", *a'ilat hillis*) or "the house of Hillis" (*dar hillis*), this report uses the term "family".

³Crisis Group Report, *Inside Gaza*, op. cit.

⁴Hamas clashed with the Hillis family in September and October 2007 and January 2008. See Crisis Group Report, *Inside Gaza*, op. cit.; and Crisis Group interviews, Hillis family members, Gaza City, August 2008.

⁵Crisis Group interview, government minister, Gaza City, 4 August 2008.

⁶When negotiations between the family and Hamas failed, family head Ahmad Hillis – a leader of Gaza's Al-Aqsa Martyrs' Brigades – joined Adil in his house to fight Hamas. "It was clear that Hamas had taken the decision to take down the family, so Abu Mahir [Ahmad Hillis] stood with Abu Ramzi". Crisis Group interview, Hillis family member, Gaza City, 21 August 2008. Despite the recent tension, senior Hamas and Qassam Brigades members had long enjoyed good relations with the Hillis family. A family member recalled that her family had sheltered the Qassam Brigades' Gaza City commander, Ahmad Jabari, during an Israeli operation. Crisis Group interview, Gaza City, 21 August 2008. Hamas officials note that the family includes some 150 Hamas members, a number of whom serve in the Qassam Brigades and occupy significant positions of authority within the movement. It was in part because of these ties – as well as longstanding Fatah infighting – that the Hillis family did not stand with Muhammad Dahlan and the other PA forces that were routed in June 2007, earning the family the enmity of many in Ramallah. But as Hamas moved to consolidate its control over the part year, families – especially those with prominent Fatah members – emerged as competing power centres that challenged central authority. See Crisis Group, *Inside Gaza*, op. cit.

⁷Two other explosions occurred on that day, but, however improbably, according to Hamas officials neither was connected to the beach attack. One, targeting Marwan Abu Ras,

head of the Palestinian Clerics' League, was perpetrated by an "extremist" who disagreed with one of Abu Ras's religious decrees. According to Abu Ras, his would-be assailant was a disaffected former member of the jihadi group Army of Islam who was trying to provoke a clash between Hamas and his former group. The other, the work of Army of Islam, targeted a café. Neither attack hit its intended target, though at least one and possibly both bombers were killed while planting the bombs. Crisis Group interviews, Marwan Abu Ras and Hamas officials, Gaza City, August-September 2008. Police Chief Tawfiq Jabir said the beach bomb was considerably more sophisticated and quite advanced by local standards. Crisis Group interview, Gaza City, 7 August 2008.

⁸Crisis Group interview, European diplomat, Gaza City, 6 August 2008.

⁹Crisis Group interview, Hamas leader, Gaza City, 7 August 2008.

¹⁰Crisis Group interviews, Hamas leaders, Gaza City, August 2008; international security officials, Jerusalem, August 2008; and Dughmush family elder, Gaza City, September 2008.

¹¹Hillis family members claim the suspect was not actually in Adil Hillis's house, but rather in a rented apartment next door. They do not deny the family protected him. Crisis Group interview, Hillis family members, Gaza City, 21 August 2008.

In the wake of the explosion, Hamas demanded that 40 people in the Hillis quarter, home to thousands, be turned over. During the week of negotiations prior to the assault, this number was reduced to seven. Fatah suggested forming a committee to look into the explosion, a solution that Hamas rejected.¹² All parties agree that Islamic Jihad brokered an agreement to oversee the interrogation of suspects and prevent torture. But whereas Islamic Jihad blames Hamas for reneging on the agreement just hours before the assault,¹³ Hamas claims that Hillis family violated the understanding.¹⁴ In June 2008, Ahmad Hillis told Crisis Group that during a previous round of clashes, Hamas shot his kinsmen despite an earlier agreement.¹⁵

Perhaps for this reason, the wanted men, backed by the Hillis family council, refused to surrender prior to the assault notwithstanding the accord.¹⁶ After the assault, a Hillis family member elaborated, "They had no way of knowing what Hamas would do. They knew that Qassam tortured people and had broken their word before. The men said they would die before surrendering, and Abu Mahir [Ahmad Hillis] said, 'I will stand with you to the death'".¹⁷

With its chief suspect refusing to surrender, the government, in the words of a senior Hamas leader, "decided

to put an end to the Hillis file"¹⁸ after a year of periodic clashes with a family that it viewed as perpetrating a "culture of violence"¹⁹ and threatening public order. "The issue was not Fatah; we are talking about a rebellious family".²⁰ Much of the public viewed the family as "neighbourhood thugs"²¹ and evinced little sympathy for its fate. While many praised it for fighting the Israeli occupation,²² even many harshly critical of Hamas did not hesitate to catalogue its alleged misdeeds – said by some to include drug dealing, weapons trading, theft, extortion, murder and disturbance of public order.²³

That said, for Hamas political considerations were not far behind. Even as government officials claimed that the assault on the quarter was not political, they charged Fatah and the PA with using the families to advance their factional agenda: "Nothing moves in Gaza without a thread leading back to Ramallah".²⁴

The Hamas operation began at five a.m. on 2 August and was over by noon. Twelve Hillis family members and one neighbour were killed;²⁵ two members of Qassam Brigades were killed as they massed outside the quarter before the actual assault began;²⁶ and more

He was critically wounded in the assault and hospitalised in intensive care but then was transferred to a different location and is currently undergoing interrogation. Crisis Group interview, senior Hamas leader, Gaza City, 7 August 2008.

¹² Crisis Group interview, Fatah leader, Gaza City, 5 August 2008.

¹³ Crisis Group interview, Islamic Jihad spokesman Daud Shihab, Gaza City, 7 August 2008.

¹⁴ Crisis Group interview, Hamas leader, August 2008. A Gaza-based Hamas leader engaged in the negotiations described two separate tracks: one through the factions and one directly with the family. The family, he claimed, wanted to dictate where the interrogations would occur and the subjects that would be covered. A government official claimed that the family would acquiesce only to certain members showing up, signing their names and returning home. The official summed up: "No government would have been willing to countenance these limitations on its investigation or actions". Crisis Group interviews, Gaza City, 5 and 7 August 2008. An Islamic Jihad spokesman responded that the conditions might have been unacceptable to other governments, but "Israeli occupation and internal division mean that the government here needs to conduct itself differently. Dialogue, not force, must be the guiding principle for intra-Palestinian disputes". Crisis Group interview, Daud Shihab, Gaza City, 7 August 2008.

¹⁵ Crisis Group interview, Ahmad Hillis, Gaza City, June 2008.

¹⁶ Crisis Group interview, Hillis family member, Gaza City, 6 August 2008.

¹⁷ Ibid.

¹⁸ Crisis Group interview, senior Hamas leader, Gaza City, 7 August 2008.

¹⁹ Crisis Group interview, Gaza police chief Tawfiq Jabir, Gaza City, 7 August 2008.

²⁰ Crisis Group interview, senior Qassam leader, Gaza City, 7 August 2008.

²¹ Crisis Group interview, dismissed PA employee, Gaza City, 7 August 2008.

²² Family head Ahmad Hillis is a leader of the Fatah-affiliated Al-Aqsa Martyrs' Brigades in Gaza and wanted by Israel. At least 25 family members have died fighting Israel, including his son, killed during the second intifada. Crisis Group interview, Shajaiya resident, 5 August 2008. The Hillis family quarter is in the Shajaiya neighbourhood of Gaza City.

²³ The assault on Hillis set off reminiscences of the family's alleged misdeeds. Crisis Group interviews, Gaza City and Khan Yunis residents, August-September 2008. An independent bank manager was glad to see the Hillis family get its comeuppance because earlier this year family members armed with M16s barged into his office and demanded he forgive a loan the bank had extended to the family. A close neighbour complained: "Every time the family had a wedding, the shooting was endless. It was very dangerous, but we could not ask them to stop". A member of the smaller Shawwa family recalled that in 2006 a Hillis family member cut to the front of a long gasoline line and, following an argument, shot her kinsman dead. A member of another small family recounted an instance of land theft. Such examples abound.

²⁴ Crisis Group interview, Hamas government minister, Gaza City, 4 August 2008.

²⁵ Crisis Group interview, Shajaiya residents, 6 August 2008.

²⁶ Crisis Group interviews, Qassam leader, neighbourhood residents, Palestinian journalist, Gaza City, August 2008. Qassam

than 100 people were wounded.²⁷ Unlike previous clashes, in which other families came to Hillis's aid,²⁸ this time the family stood alone, indicating how far the balance of power already had shifted in Gaza. Smaller and weaker families had been victims of Hillis aggression, whereas the larger and more powerful families did not want to cross the government and risk Hamas's wrath. An elder of the Dughmush family – which itself has occasionally clashed with Hamas – bluntly acknowledged: “No family can defeat this government”.²⁹

The assault was brutal. A witness in the quarter reported to Crisis Group that two of the twelve deaths resulted from execution-style gunshots to the head; family members present during the attack saw their relatives shot in the legs, abdomen and spine after surrendering.³⁰ The Gaza police chief claimed the operation was a success: since the quarter was “heavily armed”³¹ and “densely packed with women and chil-

fighters shelled Adil Hillis's house and moved from house to house through the walls to minimise their exposure. The Qassam Brigades had excellent intelligence, in part due to the family members who belong to Hamas and its military wing. For the most part, they did not participate in the assault on their own family, though they relayed information about the quarter. Some – in masks – supposedly did; one allegedly was arrested when he tried to save his brother, who had been wounded. Crisis Group interviews, neighbourhood residents, Qassam leader and Hillis family members, Gaza City, 6-7 August 2008.

²⁷ Palestinian Center for Human Rights press release, 3 August 2008.

²⁸ See Crisis Group Report, *Inside Gaza*, op. cit.

²⁹ Crisis Group interview, Dughmush family elder, Gaza City, 8 September 2008.

³⁰ Crisis Group interviews, neighbourhood residents and Hillis family members, Gaza City, 8 and 21 August 2008. Torture continued after arrest. Family members report beating with iron bars, beards being pulled out and shots to the spine and abdomen.

³¹ Crisis Group interview, Gaza police chief Tawfiq Jabir, Gaza City, 7 August 2008. Jabir also said, “we knew they had a lot of weapons, but when we got into their depots, we were shocked by the amount we found”. Ahmad Hillis amassed much of his supply in his capacity as general secretary of Fatah and a leader of the Al-Aqsa Martyrs' Brigades during the second intifada, though others claim that Adil Hillis absconded with weapons from the Preventive Security headquarters during the June 2007 fighting and that Islamic Jihad stored weapons with, or provided weapons to, the family. A Dughmush elder claimed that the Hillis supply included three million bullets, RPGs, explosives and mortars. Crisis Group interviews, Gaza police chief Tawfiq Jabir, Hillis and Dughmush family members, Hamas leaders, neighbourhood residents and Palestinian journalists, August-September 2008. Crisis Group staff witnessed Qassam members removing

dren”, he had expected more than 100 deaths.³² But a senior Qassam leader seemed to confirm at least some of the charges against his forces when he admitted: “In every operation, mistakes are made”,³³ likewise, a Hamas leader outside Gaza spoke of the “excessive use of force”.³⁴ Some neighbourhood residents claimed that the assault was even more overwhelming than those launched by Israel: “When Israel attacks, we know where to hide, but this time, there was nowhere to go. There was shooting everywhere”.³⁵ After the assault was finished, prisoners were led on foot to the local police station and subjected to further humiliation.

The Qassam Brigades, not the police, carried out the raid on the quarter. In part, this was for technical reasons. They are better trained than the police, a Qassam leader explained: “We could not send in the police. They would have been slaughtered”.³⁶ But professional competence was not the only issue. With the Brigades convinced that the Hillis family lay behind the explosion, the same man said, “the guys were angry after what happened at the beach, and the killing of two more in the quarter sent them over the edge. We could not control them”.³⁷ A Hamas political leader, admitting that the Brigades could not be reined in after the losses it had suffered, stated: “The blood had to be avenged”.³⁸ The ceasefire with Israel also allowed the Brigades to focus on internal matters.³⁹

As the quarter, located several hundred meters from the Nahal Oz border crossing, was overrun, 188 family members fled to Israel. Several, including Ahmad

weapons and explosives from the quarter. Crisis Group site visit, Gaza City, 5 August 2008.

³² Crisis Group interview, Gaza police chief Tawfiq Jabir, Gaza City, 7 August 2008.

³³ Crisis Group interview, senior Qassam leader, Gaza City, 7 August 2008.

³⁴ Crisis Group interview, Hamas leader, August 2008.

³⁵ Crisis Group interview, Shajaiya residents, 6 August 2008.

³⁶ Crisis Group interview, Qassam leader, Gaza City, 7 August 2008.

³⁷ Ibid.

³⁸ Crisis Group interview, senior Hamas leader, Gaza City, 7 August 2008. Even the civilian police seemed nervous about approaching the Qassam Brigades. At the cordon the police maintained around the Hillis quarter, they expressed concern about the Brigades' volatility and urged Crisis Group staff to stay away. Crisis Group interview, police officers, Gaza City, 6 August 2008. A Palestinian political analyst remarked: “At least they could have dressed the Qassam Brigades in police uniforms to make it look like it was a government that was acting. But there's not even the pretence of rule of law. This is pure militia rule”. Crisis Group interview, Gaza City, 6 August 2008.

³⁹ Crisis Group interview, political analyst, Gaza City, 7 August 2008.

Hillis, were wounded as they approached the crossing.⁴⁰ Given the family's history of armed attacks against Israel, many were arrested upon entering; Hamas offered those who were not physical protection were they to return,⁴¹ though its promises carried little weight after the brutality of the assault. PA President Mahmoud Abbas initially asked Israel to facilitate their escape. Subsequently, however, officials in Ramallah changed their mind. Several explanations have been offered. West Bank Fatah leaders might have wished to avoid the flight of their remaining leaders from Gaza, opening them up to charges that the movement had abandoned the area.⁴² In addition, relations between West Bankers and Gazans traditionally have been strained, and officials might have been concerned about how to integrate what many see as a socially disruptive and potentially criminal group.⁴³

Arguably of greatest importance, tensions between Muhammad Dahlan's and Ahmad Hillis's followers (the former accusing the latter of betrayal in the June 2007 events and the latter accusing the former of causing the rift with the Hamas government) led some to fear violence between the two.⁴⁴ The PA leadership, therefore, made an embarrassing about-face and asked Israel to return them to Gaza. However, with a petition by the Association for Civil Rights in Israel pending before the Israeli Supreme Court, and defence officials reportedly concerned about their personal liability should returnees come to harm, the ministry pressed the PA to allow them to enter and remain in the West Bank.⁴⁵ As of late August, 120 were in Jericho

and four in Ramallah (including Adil Hillis), while thirteen, including Ahmad Hillis, were still detained by Israel.⁴⁶

The campaign's message hit home with other families. Mumtaz Dughmush – the leader of the Army of Islam, best known outside Gaza for its March 2007 abduction of British journalist Alan Johnston – had flouted central authority in the weeks preceding the beach explosion;⁴⁷ however, in the wake of the assault, he pledged that henceforth he would “follow the law”⁴⁸ and concluded a six-month “truce” with Hamas that obligates him to abstain from both internal armed action and attacks against Israel. Dughmush elders confirm that they will honour their pledge to turn over all men summoned by Hamas, though if attacked despite their pledged cooperation, they vow not to flee.⁴⁹ According to the police, certain “troublemakers” from both the Hillis and Dughmush families have fled Gaza to Egypt.⁵⁰ Likewise, a delegation of Hillis family members – “those who wear ties, not carry guns” – met with senior Hamas leaders with the aim of “rehabilitating the family name”.⁵¹

B. QUASHING POLITICAL OPPOSITION

The second phase involved a broader campaign against a variety of opposition groups. Whereas Hamas and government officials described the attack on the Adil Hillis quarter as “unanticipated” and even “unplanned”, some going so far as to call it an “explosion” of Qas-sam anger,⁵² the comprehensiveness of the political campaign suggested a high degree of coordination. A Hamas member of the Palestinian Legislative Council

⁴⁰ Hillis family members insist Ahmad Hillis was wounded by Israeli fire; Israel denies the charge. Crisis Group interviews, Hillis family member, Gaza City, 6 August 2008 and Israeli government spokesperson, August 2008.

⁴¹ Crisis Group interview, senior Hamas leader, Damascus, 20 August 2008. A Hamas PLC member characterised Ahmad Hillis's escape as a “loss” for Gaza, because Fatah “needs to be part of the Palestinian political scene” and, therefore, needs an “address” in Gaza. Crisis Group interview, Gaza City, 21 August 2008.

⁴² Crisis Group interview, PA official, Ramallah, 18 August 2008.

⁴³ This helps explain why most of those who ultimately were allowed into the West Bank were sent to Jericho, not Ramallah.

⁴⁴ “It was suggested to integrate them into the security services. That would be a disaster”. Crisis Group interview, international security official, Jerusalem, 9 August 2008. Already tensions are forming in the West Bank. A Hillis family member relayed her relatives' distress at being housed in army barracks in provincial Jericho, while Muhammad Dahlan's men live – rent-free – in apartments in Ramallah, the PA's governmental and cultural centre. Crisis Group interview, Gaza City, 21 August 2008.

⁴⁵ Crisis Group interview, international security official, Jerusalem, 10 August 2008.

⁴⁶ Crisis Group interview, Hillis family members, Gaza City, 21 August 2008.

⁴⁷ The Army of Islam vandalised a pair of banks in Rafah two weeks before the assault on the Hillis quarter. Crisis Group interview, bank manager, Gaza City, 6 August 2008.

⁴⁸ Despite this commitment, a Hamas leader anticipates that a similar action might take place against the Dughmush family “when the moment is right”. Crisis Group interview, Gaza City, 7 August 2008. Just days after the attack, a Palestinian security official noted that a new complaint had been filed against the Dughmush family in Khan Yunis, offering possible grounds for future action. Crisis Group interview, Gaza City, 4 August 2008.

⁴⁹ Crisis Group interview, Dughmush family elder, Gaza City, 8 September 2008.

⁵⁰ Crisis Group interview, Gaza police chief Tawfiq Jabir, Gaza City, 7 August 2008.

⁵¹ Crisis Group interview, senior Hamas leaders, Gaza City, 10 August 2008.

⁵² Crisis Group interviews, Hamas leaders and government officials, Gaza City, August 2008.

(PLC) – who sharply criticised Qassam “abuses” which “reflect negatively on Hamas” – commented: “The arrests and moves against other organisations were a matter of timing and a function of recent events in the West Bank”.⁵³

Seeking to justify these actions, a senior leader of the movement described the campaign as the onset of an effort to protect its members in the West Bank, using deterrence in Gaza. The arrest and imprisonment of Gaza Fatah leader Zakariya al-Agha, he said, was a direct response to the arrest of Hamas PLC members in the West Bank. “The message is that nobody is immune”.⁵⁴ The Hamas government also arrested the PA-affiliated governors of Gaza City, Khan Yunis and Rafah, only the last of whom has been released.⁵⁵

Even before the onset of the assault on the Hillis quarter, the police and Qassam Brigades had begun a mass arrest campaign that at times was targeted and at others appeared indiscriminate.⁵⁶ In some instances, Fatah leaders purportedly were quickly rounded up, hinting at good intelligence on their whereabouts;⁵⁷ in others, masked Qassam members were said to have asked residents to identify any Fatah members present.⁵⁸

In the weeks following the beach explosion, the campaign targeted 205 political, social and cultural offices and organisations which Hamas believed were tied to

Ramallah.⁵⁹ Fatah leaders estimated that in total these brought in over \$10 million monthly for social support in Gaza; they said that approximately 140 of them were civil society organisations, while the rest had some kind of political affiliation.⁶⁰ Justifying the crackdown with the same logic deployed by the PA to shut down Hamas-linked charities in the West Bank, a police official claimed that many were operating without official papers and obeying Ramallah’s regulations, not those of the Gaza interior ministry.⁶¹ Following criticism levelled against the campaign, many of the organisations have since been returned to their owners, except for those in which “Fatah had direct involvement” or about which there were “security concerns”.⁶² The director of a cultural organisation in Khan Yunis said that while she was permitted to resume work, she is still waiting for her furniture and computers to be returned.⁶³

Other, more political voices also were singled out. The offices of independent legislator Ziad Abu Amr – viewed as sympathetic to the authorities in Ramallah even though he had been elected with Hamas support⁶⁴ – and of members of Fatah’s Gaza parliamentary bloc were ransacked;⁶⁵ masked men claiming to be Qassam members but showing no identification carried off documentation, furnishings and office equipment.⁶⁶ Activists of the Popular Front for the Liberation of Palestine (PFLP) were arrested and the

⁵³ Crisis Group interview, Hamas PLC member, Gaza City, 21 August 2008.

⁵⁴ Crisis Group interview, Hamas leader, Gaza City, 7 August 2008. An Islamist leader in the West Bank expressed scepticism that this approach would succeed and said he would prefer Hamas to end all political detentions in Gaza. Crisis Group interview, 8 September 2008.

⁵⁵ Crisis Group interviews, Hamas and Fatah leaders, September 2008.

⁵⁶ The Gaza police chief claimed that “several hundred” were arrested, while Fatah put the number at some 1,300. A human rights worker who visited prisoners in jail put the number arrested at 400-500 and added that it is difficult to come up with precise numbers since many detainees were quickly released. Crisis Group interviews, Gaza police chief Tawfiq Jabir, Gaza City, 7 August 2008; Fatah leader, Gaza City, 6 August 2008; and human rights worker, Gaza City, 20 August 2008. On 8 September, a Fatah leader said about 100 were still in jail. The Hamas government, in what it billed as a goodwill gesture, released 150 prisoners (some of whom had been arrested before the assault on the Hillis family) and another twelve on 8 September. Crisis Group interviews, Fatah and Hamas officials, Gaza City, September 2008.

⁵⁷ Crisis Group interview, Fatah leader, Gaza City, 5 August 2008.

⁵⁸ Crisis Group interview, Gaza City residents, 4-5 August 2008.

⁵⁹ Crisis Group interview, staff member of the Independent Commission for Human Rights (formerly the Palestinian Independent Commission for Citizens’ Rights), Gaza City, 21 August 2008.

⁶⁰ Crisis Group interview, Fatah leader, Gaza City, 5 August and 8 September 2008. Distinguishing political from apolitical organisations can be difficult, since the latter in some cases are run by prominent personalities with known political affiliations. The inflow of Fatah funds posed a challenge to Hamas, especially since some of the Islamist movement’s outreach associations are feeling financially squeezed by the sanctions. Crisis Group interviews, outreach association director, Gaza City, August 2008.

⁶¹ Crisis Group interview, police official, Gaza City, 6 August 2008.

⁶² Crisis Group interview, Hamas PLC member, Gaza City, 21 August 2008. A Fatah official estimated that about half the organisations had been reopened. Crisis Group interview, Gaza City, 8 September 2008.

⁶³ Crisis Group interview, non-governmental organisation director, Khan Yunis, September 2008.

⁶⁴ Crisis Group interview, Hamas leader, Gaza City, May 2008.

⁶⁵ Crisis Group interview, Fatah legislative council members, Gaza City, August 2008.

⁶⁶ Crisis Group interview, non-governmental organisation director, Gaza City, 8 August 2008.

movement's radio station closed.⁶⁷ In the Shaja'iya neighbourhood near the Hillis quarter, two Islamic Jihad mosques were "taken over" by Hamas, meaning that new preachers were appointed, posters celebrating the Qassam Brigades and Hamas were put up and control of summer camps changed hands.⁶⁸

The campaign hit its mark. Fatah, the smaller factions and the families suffered a huge blow. A senior Qassam leader said, "we were sending a message: We are not messing around".⁶⁹ That message has been received loud and clear by the families, factions and general public. Fatah, one of its local leaders said, is "all but finished" in Gaza.⁷⁰ The movement retains political support but lacks leadership and a program around which to mobilise. He lamented the conduct of his movement: "Fatah should have dealt more positively with the unity government and Gaza in general. We might have ended up in the same place" – that is, utterly disempowered – "but at least we would have maintained our presence on the ground".⁷¹ With Fatah's leadership weakened, divided and in flight, it is unclear who could lead the movement's revival. Some regional actors had pinned their hopes on Ahmad Hillis, who had sat out the June 2007 fighting and formerly enjoyed good relations with Hamas.⁷² But today, Fatah's standard bearer has been defeated.

An Islamic Jihad spokesman said that Gaza was "entering a new era" in which it was in the grip of "single-party rule". Hamas, he said, "will not accept anyone holding a different idea". Noting that Hamas had convened only a single meeting of the factions since the ceasefire, he worried that it was moving toward implementing the agreement by force and not consensus. "Let Hamas stop us. They will be seen as taking steps against resistance and lose support in the Arab world".⁷³ In the wake of the Hillis assault, the government has in fact arrested members of the Al-Quds Brigades, Islamic Jihad's military wing, who tried

to launch rockets into Israel in violation of the ceasefire. Hamas also arrested Muhammad Shalah, the brother of Islamic Jihad head Ramadan Shalah, the day before a planned demonstration that he was organising in support of Gaza's striking teachers.⁷⁴ The Army of the Nation (*Jaysh al-Umma*), a jihadi group, expressed alarm at a media report that it had threatened to use force to free its leader, who was arrested by Hamas in early September. A spokesman vehemently denied this and warned that the report might be used as a pretext to go after the group.⁷⁵

The public appears to have understood that at this point there is no space for political opposition. All West Bank newspapers were banned in Gaza in the days after the explosion; today, only *Al-Quds* – seen as relatively apolitical by regional standards – is permitted. Residents fear the presence of what, in local parlance, are referred to as "drones" – jobless young men who are paid informants – and "children of the mosque" – youths who inform to Hamas. Police have shuttered cafés in hard-to-observe locations, forcing them to move to areas better suited for surveillance.⁷⁶ A journalist remarked that since the assault people have been more reticent to speak about political subjects on the phone.⁷⁷ An independent intellectual summed up: "Before, we were just trying to keep our heads down while the two parties attacked each other. Now normal citizens are targeted, too. There is nothing in Gaza except Hamas".⁷⁸

Hamas PLC representatives criticised the "excesses" of the operation during a legislative session, and organisation members levelled "severe" criticism in private

⁶⁷ Crisis Group interview, Popular Front for the Liberation of Palestine (PFLP) activist, Gaza City, August 2008.

⁶⁸ Crisis Group interview, Shajaiya resident, Gaza City, 7 August 2008. According to a Hamas leader, the mosques were taken over because "certain members" of Islamic Jihad had provided assistance, including weapons, to the Hillis family. The leader emphasised that his accusation was not against Islamic Jihad as an organisation. Crisis Group interview, Hamas leader, Gaza City, 1 September 2008.

⁶⁹ Crisis Group interview, Qassam leader, Gaza City, 7 August 2008.

⁷⁰ Crisis Group interview, Fatah leader, Gaza City, 6 August 2008.

⁷¹ Ibid.

⁷² Crisis Group interview, Arab diplomat, Gaza City, July 2008.

⁷³ Crisis Group interview, Daud Shihab, Gaza City, 7 August 2008.

⁷⁴ Hamas forcibly prevented the 6 September protest in front of the PLC building in Gaza City and arrested six organisers. Muhammad Shalah was released after several days' detention. The tension between Hamas and Islamic Jihad is long-standing. Hamas harbours resentment that Islamic Jihad allowed Al-Aqsa Brigades fighters to launch attacks under its banner and sheltered their weapons following the Hamas takeover in June 2007. Islamic Jihad is angered by the arrest of its activists and the mosque takeover during the assault on the Hillis quarter (see fn. 68) and believes Hamas has not responded expeditiously to its attempts to mediate the release of political prisoners. Hamas also destroyed an Islamic Jihad training camp after the 19 June ceasefire. Crisis Group interviews, Hamas and Islamic Jihad leaders, Gaza City, 10 September 2008.

⁷⁵ Crisis Group interview, Army of the Nation spokesman, Gaza City, 8 September 2008.

⁷⁶ Crisis Group interview, Gaza City resident, 4 August 2008.

⁷⁷ Crisis Group interview, Palestinian journalist, Gaza City, 8 September 2008.

⁷⁸ Crisis Group interview, Gaza City, 7 August 2008.

conversations with their leadership.⁷⁹ Hamas leaders of all stripes acknowledge that the movement's popularity has been harmed as a result of the campaign, but many among them consider this a temporary and necessary phase. Quoting the fourteenth-century Arab philosopher Ibn Khaldun, a senior Hamas leader said, "first the sword, then the pen", meaning that once security is established, the people will come to appreciate the government "and forget what happened" along the way. Hamas will continue to consolidate internal security while turning to other aspects of its agenda that it hopes will assuage popular opinion: repairing the damage caused by Israeli incursions (it has promised to dedicate \$2 million to rebuilding houses in northern Gaza) and reducing corruption.⁸⁰

III. GOVERNMENT BUREAUCRACY

The Hamas government has two goals in terms of administration. First, in light of continuing sanctions, it aims in the words of its prime minister, Ismail Haniya, at "administering the crisis".⁸¹ Under current conditions, survival itself seems an accomplishment of which to be proud, and Hamas feels that it has done this and more.⁸² Secondly, given the confrontation with the Ramallah-based authorities, Hamas aims to consolidate administrative control.

In recent months, according to current and former PA employees, Hamas has targeted agencies that previously escaped transformation and deepened its push into ministries that had already seen changes.⁸³ The health and education ministries stand out in this regard: whereas Hamas previously "purged or pushed aside the upper tier of key government departments and public sector institutions of Fatah loyalists",⁸⁴ today the lower tiers – the teachers and healthcare workers themselves – are under pressure. Fatah has facilitated this process by adopting a more aggressive posture – calling for more comprehensive strikes than

in the past,⁸⁵ including refusal of emergency medical care – that signal it has reversed its support for the time being for Gaza's essential services. Hamas also initially adopted a relatively hands-off approach toward the Palestinian Water Authority, which does not answer to the government but rather falls directly under the authority of the PA president's office. However, with the June 2008 takeover of the latter, the only PA entity in Gaza that remains unaffected is the Palestinian Monetary Authority.

Through the 2007-2008 school year, the education ministry in Gaza still coordinated a considerable portion of its work with Ramallah.⁸⁶ Employees reported to work;⁸⁷ the curriculum was unified;⁸⁸ the baccalaureate examination was harmonised;⁸⁹ and teacher appointments were reputed to have been done on a more or less professional basis.⁹⁰ Nevertheless, Fatah-affiliated ministry officials protested administrative modifications in schools and the ministry itself.⁹¹

⁸⁵ See *ibid.*

⁸⁶ Crisis Group interviews, ministry officials, Gaza City, 20 August 2008.

⁸⁷ The ministry had approximately 11,000 employees in June 2007. As of the end of the 2007-2008 school year, 650-700 had seen their salaries cut off by Ramallah for suspected Hamas sympathies. Since the Hamas takeover, Gaza schools have brought on 1,900 employees, virtually all of whom collect their salaries from Ramallah; another 800 were being processed before the strike. Crisis Group interview, education ministry official, Gaza City, 20 August 2008.

⁸⁸ Since Ramallah pays for government school books, it would be costly to radically change the curriculum, which has not been altered since Hamas's takeover. In particular, no religious classes have been added. The last change took place under the national unity government, with the addition of a class in Koranic recitation. Crisis Group interview, education ministry official, Gaza City, 20 August 2008.

⁸⁹ The examination is still coordinated with Ramallah, though reporting of exam results, which used to be done at a simultaneous Gaza-West Bank press conference, no longer is, to the chagrin of ministry officials, who saw the joint announcement as an indication of unity. Crisis Group interview, education ministry official, Gaza City, 20 August 2008. High school degrees signed by Gaza's deputy minister are not considered valid in Ramallah so students wishing to pursue higher education outside Gaza must send their degree to Ramallah to obtain a PA-authorised signature. Crisis Group interview, education ministry official, Gaza City, 20 August 2008.

⁹⁰ A Fatah-affiliated official was unwilling to pronounce the search process completely professional, but admitted she had no knowledge of any improprieties. Crisis Group interview, ministry official, Gaza City, 20 August 2008.

⁹¹ District directors have been sacked. The ministry created a new position of deputy headmaster (*na'ib al-mudir*), with more important responsibilities than the vice-principal (*wakil al-mudir*), the former second-in-charge; the new position is

⁷⁹ Crisis Group interview, Hamas PLC member, Gaza City, 21 August 2008.

⁸⁰ Crisis Group interview, Hamas leader, Gaza City, 10 August 2008.

⁸¹ Crisis Group interview, Prime Minister Ismail Haniya, Gaza City, July 2008.

⁸² See "Accomplishments of the Palestinian Government despite the Obstacles, 15 June 2007-15 June 2008", in Arabic, Palestinian National Authority (Gaza), Gaza, 2008.

⁸³ Crisis Group reported on Hamas's inroads into the bureaucracy, including the health and education sector, in Crisis Group Report, *Ruling Palestine I*, op. cit.

⁸⁴ *Ibid.*

At the beginning of the 2008-09 academic year, the authorities transferred approximately 400 teachers, purportedly to reduce tensions between certain Fatah and Hamas teachers.⁹² While many reportedly were satisfied with their new assignments, which were closer to their homes, others were distressed and considered their displacement to be politically motivated.⁹³ In response, the teacher's union called a strike of Gaza's 9,000 government teachers, starting 24 August; the union subsequently was closed by the Hamas government. Between 75 and 80 per cent of teachers complied.⁹⁴ Since then, the Hamas government has also "temporarily" replaced 4,200 teachers and administrators with substitutes hired on five-month contracts;⁹⁵ many students complained that the new teachers were unqualified.⁹⁶ Within the ministry, the mutual suspicions that arose in the wake of the Hamas takeover have been exacerbated.⁹⁷

The health ministry has been affected as well, though the specialised training required for doctors, nurses and pharmacists poses an obstacle to extensive personnel changes. According to a ministry official, "maybe

often filled according to partisan considerations and the occupant may – depending on affiliation – be more powerful even than the principal. Government schools were the central venue for Islamic summer camp recruiting for the first time in 2008, taking over from the mosques. Parents, some of whom were displeased, reported that teachers pushed the camps hard, resulting in an enrolment of 220,000 students. When students fight, some teachers now send them to mosques for discipline, and some girls have been punished for not wearing a veil. Crisis Group interviews, Fatah-affiliated education ministry official, Gaza City, 20 August 2008; Fatah and Hamas officials, September 2008; and parents of school children, September 2008.

⁹² Crisis Group interview, Fatah leader, Gaza City, 7 September 2008.

⁹³ Ministry officials and Fatah ministry employees agree that 100 to 200 teachers were angered by the decision. Crisis Group interviews, Gaza City, 2-3 September 2008.

⁹⁴ Crisis Group interview, ministry official, Gaza City, September 2008. Those who refuse to strike risk losing their salary and benefits. The strike includes only public school teachers; schools of the United Nations Relief and Works Agency (UNRWA) and private schools have not been affected.

⁹⁵ Asked what will happen to the replacement hires should the strike end, a ministry official replied that they will be retained "as assistant teachers" or the like. Crisis Group interview, ministry official, 3 September 2008.

⁹⁶ Crisis Group interviews, high school students, Gaza City, 1 September 2008.

⁹⁷ Some employees fear that their co-workers will report on them, either to the government in Ramallah, which could cut off their salaries, or to the government in Gaza, which could arrest them. The mutual suspicions, officials and employees of all political stripes agreed, have devastated morale. Crisis Group interviews, Gaza City, August-September 2008.

50 per cent of the ministry's activities" are still coordinated with Ramallah, especially those related to donor-funded projects;⁹⁸ about 900 of 9,000 employees have been replaced.⁹⁹ Over the course of the past year, 40 to 50 healthcare union workers have been fired, though the strike that has gripped the health sector since the Union of Employees in Public Service called a general strike on 30 August was launched in solidarity with education workers and on instruction from the Ramallah government.¹⁰⁰ To the chagrin of many healthcare workers, the strike encompasses emergency services; a significant number of doctors feel this violates their professional ethics and moral duty.¹⁰¹ More broadly, Gaza's Fatah leaders express displeasure that the West Bank ordered the strike without soliciting their input and argue that health and education ought not to be politicised.¹⁰²

To all appearances, the Hamas government was caught off-guard by the number of striking employees. According to some reports, it has reached at least 50 per cent – some estimate 75 per cent – and includes some Hamas sympathisers who worried they might otherwise lose their salaries.¹⁰³ In reaction, and although the Hamas government cannot easily replace health professionals,¹⁰⁴ it has taken a series of steps. It has revoked the medical licenses and closed private clinics of public hospital doctors who joined the strike;¹⁰⁵ organised

⁹⁸ Crisis Group interview, health ministry employee, Gaza City, 7 August 2008.

⁹⁹ Crisis Group interview, health ministry official, Gaza City, 5 August 2008. The official claimed that given retirements and population growth, 500 to 600 new employees would have been required in any event.

¹⁰⁰ Fatah officials in Gaza openly stated that the strike is political. Crisis Group interview, Fatah officials, Gaza City, September 2008.

¹⁰¹ Crisis Group interview, doctors, Gaza City, 1-3 September 2008. While most apparently feel the strike is ill-advised, many are scared to lose the benefits of government employment. One doctor, employed by the health ministry for nearly three decades, said that he is striking – sacrificing his license and private clinic in the process – since his pension and associated benefits are more valuable. But doctors feel ambivalent when their livelihood depends, for instance, on turning away children needing vaccinations.

¹⁰² Crisis Group interview, Fatah leader, Gaza City, 30 August 2008.

¹⁰³ Crisis Group interview, ministry official, Gaza City, 3 September 2008. A small number of doctors have requested police escorts to the hospital, presumably to create the appearance they are working under compulsion and thereby entitled to keep their salaries. Crisis Group interviews, ministry official and doctors, Gaza City, September 2008.

¹⁰⁴ Crisis Group interview, Gaza City, 2 September 2008.

¹⁰⁵ Dia al-Khuzundar, a doctor at Gaza City's Shifa Hospital, claims he found a sign posted on his private clinic: "Murderer

demonstrations of women and children in front of the homes of striking doctors;¹⁰⁶ recruited volunteers among retired medical professionals; and, according to a Hamas spokesman, is planning to resort to the police to force doctors back to work.¹⁰⁷

The Gaza health minister, Basim Naim, said that the Hamas government will also implement less aggressive measures: paying the salaries and pensions of those who return to work, thereby, in his estimation, giving the government a way to assess whether the employees are striking out of fear of losing their salary or out of political conviction.¹⁰⁸ A senior Hamas official said that the “behaviour and qualifications” of anyone striking will be evaluated before he or she returns to the classroom or the clinic; a teacher told Crisis Group that she had been referred for such an examination.¹⁰⁹

The finance ministry remained relatively autonomous until March 2008, when Hamas demanded that its general directors rotate jobs. The directors refused, leading 80 per cent of their 1,000 employees to stay home in solidarity. Hamas filled vacancies with new appointees.¹¹⁰

The Palestinian Water Authority,¹¹¹ as noted, is now in Hamas hands as well. Since it officially answers to the president’s office in Ramallah rather than to a ministry, it was one of the few remaining Gaza addresses for donors who refused to deal with the Islamist movement.¹¹² After months of “indicators”,¹¹³

and mercenary child-killer. Closed by order of the Ministry of Interior”. Crisis Group interview, Dia al-Khuzundar, Gaza City, 2 September 2008.

¹⁰⁶ One such demonstration occurred in Khan Yunis on 2 September 2008. Also in Khan Yunis, a group of clerics prepared a “black list” of striking doctors as a shaming device. Crisis Group interview, adviser to Prime Minister Ismail Haniya, Gaza City, 4 September 2008.

¹⁰⁷ Crisis Group interview, Ismail Radwan, Hamas spokesperson, Gaza City, 2 September 2008.

¹⁰⁸ Crisis Group interview, Minister of Health Basim Naim, Gaza City, 7 September 2008.

¹⁰⁹ Crisis Group interview, senior Hamas official, Gaza City, 7 September 2008 and teacher, 8 September 2008.

¹¹⁰ Crisis Group interview, former finance ministry employees, Gaza City, 5 August 2008.

¹¹¹ The Palestinian Water Authority is a regulatory body that oversees the water and waste-water sector under the PA.

¹¹² With a wink from Israel and donors, the Water Authority would bring in more materials and fuel than needed for Gaza’s water sector and use the excess to supply hospitals and schools. Crisis Group interview, Water Authority official, Ramallah, 31 August 2008.

¹¹³ These included repeated inquiries from the Gaza agriculture ministry, which accused the Water Authority of poor

on 4 June 2008 the Hamas government announced that the authority was in fact subordinate to the agriculture ministry and appointed a new head.¹¹⁴ In response 44 of 48 employees left their positions; the locks were changed; and former workers were not allowed to return, even to collect their personal property. The government appointed fifteen new employees in their stead, who today focus on groundwater licensing, the fees from which provide the government with income. Water service is still handled by municipalities and Gaza’s Coastal Municipalities Water Utility, but they are working less efficiently, since the Authority no longer can coordinate the entry of supplies with Israel.¹¹⁵

In the judicial sector, only one of Gaza’s estimated 57 pre-takeover judges – who is married to a Hamas leader – is still working; Hamas has appointed 25 new ones in their stead. Striking lawyers have returned to work “for the good of our people”, though many feel powerless in the face of changes instituted by the authorities.¹¹⁶ While acknowledging that the Hamas

performance and raised questions about the provenance and use of donor funding. Crisis Group telephone interview, former Palestinian Water Authority employee, 3 September 2008.

¹¹⁴ Crisis Group interview, Yousef Awayes, director general, international coordination unit, Palestinian Water Authority, Ramallah, 1 September 2008.

¹¹⁵ Crisis Group telephone interview, former Palestinian Water Authority employee in Gaza, 3 September 2008.

¹¹⁶ Several lawyers interviewed by Crisis Group, including political independents, claimed that courts discriminate on a political basis. “If you are Hamas, you win; if you are Fatah, you lose”. Crisis Group interview, Salama Bissiso, vice-chair, Palestinian Bar Association, Gaza City, 20 August 2008. They also contended there is creeping Islamisation of the criminal justice system, encompassing both the courts and police. A Gaza judge recently decided against a bank that sued for unpaid interest on a loan, arguing that Islamic law prohibited interest. Police also have at times refused to refer cases for prosecution and instead sent the parties to seek adjudication from Islamic clerics. “It’s one thing if, as happens in the West Bank, the parties voluntarily seek an alternative to the court system. It’s an entirely different matter if the police compel the parties to seek clerical mediation”, *ibid*. The Hamas-appointed chief justice, Abdel Rauf al-Halabi, implicitly endorsed this trend, commenting that judgments should depend not only on black-letter law but also on judges’ beliefs. “The law might be one with the West Bank, but the judges are applying only those parts of it that they believe in”. Crisis Group interview, Gaza City, July 2008. Finally, some lawyers charge that those newly appointed are not qualified. “When Hamas needed to replace the striking lawyers, they went to the lawyers who had been previously frozen out of the system. In terms of judges, the best qualified in Gaza will not accept appointments to the bench, since they know their appointments would be illegal”. *Ibid*. Another lawyer cited the example of a Hamas appointee who works

government faced great obstacles in reviving a paralysed judicial system,¹¹⁷ a politically unaffiliated lawyer called court performance “poor”, in part because the execution of judgments has been hampered by doubts in some quarters about the legality of judicial decisions and the longevity of the Hamas government.¹¹⁸ In other ministries, many longstanding employees who retained their positions have been reassigned and seen their responsibilities curtailed. An information technology manager was relieved of his duties, renamed a “consultant” and, when he refused to divulge system passwords, arrested.¹¹⁹

In the interior ministry, Ramallah’s refusal to deliver passports to the Hamas government led to the sacking of two directors general and the severing of coordination for travel documents. As a result, Palestinians no longer can obtain a new passport in Gaza. Renewals will be handled locally, but while inexpensive in comparison with fees charged in the West Bank, they will not be in accordance with international standards, and the few people still able to leave Gaza fear problems at international crossing points.¹²⁰ A Gazan journalist commented: “I would never travel with a passport renewed here”.¹²¹

Only the banking sector, the Palestine Monetary Authority (PMA) and the banks themselves, has remained relatively immune. Since the U.S. and many other countries classify Hamas as a terrorist organisation, global banks would cut their correspondence links with Gaza branches were the latter to cooperate with the Gaza government. Local banks, therefore, have refused Hamas’s demands for cooperation, and the movement, not wanting to provoke the collapse of the

banking system, thus far has not pressed the issue.¹²² It also has refrained from ordering personnel changes at the civil affairs ministry, most likely in order to allow for continued coordination with Israel.

In practice, Palestinians already have two legislative councils. But the division is likely to grow starker. Gaza’s 29 Hamas legislators convene at the Palestinian Legislative Council in Gaza City, where they allow their imprisoned West Bank colleagues to vote by proxy to ensure a quorum; since November 2007, the Gaza PLC has met as an exclusively Hamas body, since other factions do not recognise its legitimacy. In the West Bank, by contrast, 35-40 PLC members – including representatives of all factions except Hamas – do not hold official sessions, but six unofficial committees meet to monitor government behaviour.

In Gaza, the PLC has passed a number of bills involving military courts and the regulation of associations; it currently is debating criminal law.¹²³ It also has touched on the issues of Jerusalem, refugees and resistance as well as personal status matters.¹²⁴ To date, this has had little concrete impact. Although Hamas legislators claim that under the Basic Law any bill the president neither signs nor vetoes after two months automatically becomes law, and even though Abbas ignores the output of the Gaza PLC, so far Gaza courts have refrained from applying the new laws, purportedly in order “to maintain unity”.¹²⁵

Yet, the PLC’s work may soon no longer be symbolic. Hamas officials and spokesmen have repeatedly stated that they will not recognise President Abbas’s legitimacy after 9 January 2009 when, they claim, his term will expire.¹²⁶ At that point, they assert, the Basic Law

in the morning as a judge and in the afternoon as a lawyer. Crisis Group interview, Gaza City, 8 September 2008.

¹¹⁷ See Crisis Group Report, *Ruling Palestine I*, op. cit.

¹¹⁸ Crisis Group interview, lawyer, Gaza City, 9 September 2008. The lawyer cited judgments involving the sale of land and the transfer of its ownership as especially problematic given the uncertainty surrounding the judicial system.

¹¹⁹ Crisis Group interview, PA employee, Gaza City, 7 August 2008.

¹²⁰ The struggle stemmed from the distribution of blank passports. Ever since Hamas’s takeover, Gaza and Ramallah have jostled over the supply of passports, which have been scarce across the occupied territories. In the latest flare-up, the Ramallah-based government received a shipment of 250,000 passports in May, only 10,000 of which were sent to Gaza. Ramallah promised to ship more but has not done so. Gazans able to get their passports to Ramallah can still have them officially renewed there. Crisis Group interview, Mustafa Ibrahim, political analyst, Gaza City, 20 August 2008.

¹²¹ Crisis Group interview, Gaza journalist, Gaza City, 3 September 2008.

¹²² Hamas called two meetings with the banks at which it demanded to open accounts and collect taxes, both from the banks themselves and on employee salaries. It also offered to provide security guards in branches. All requests were rejected. When complaints are raised against them, banks prefer to settle cases quickly out of the government court system, though they sometimes defend themselves. Hamas officials who were ministers in the national unity government retain their personal accounts, but these are closely monitored to prevent suspicious activity. Crisis Group interview, bank manager, Gaza City, 7 August and 8 September 2008. The PMA’s cars were seized in early August, though they were returned, washed, two hours later. Crisis Group interview, PA finance official, Ramallah, 18 August 2008.

¹²³ Crisis Group interview, Salama Omar Bissiso, vice-chair, Palestinian Bar Association, Gaza City, 20 August 2008.

¹²⁴ Crisis Group interview, senior government official, Gaza City, July 2008.

¹²⁵ Crisis Group interview, Hamas leader, Gaza City, July 2008.

¹²⁶ According to the 2005 Basic Law, Abbas’s four-year term expires 9 January 2009. According to 2005 and 2007 election

passes on his responsibilities to the PLC speaker, Aziz al-Dweik.¹²⁷ Since al-Dweik currently is imprisoned by Israel, the Gaza-based Hamas PLC deputy speaker, Ahmad Bahar, would exercise those functions. Should Bahar sign the waiting legislation, and should the courts implement it, the legislative landscape in Gaza could change rapidly. A senior Hamas official said the government “has not yet taken a decision on how to handle this”.¹²⁸

Balkanised administrative and legal systems will greatly complicate matters if the political will for reconciliation ever materialises. A minister said, “we are trying to keep the changes low profile, with an eye toward eventual reconciliation, but day by day it is getting harder”.¹²⁹ A fired Palestinian Water Authority employee pointed out the worrying political consequences of what on the surface seems to be dry bureaucratic manoeuvring: “If there is reconciliation at some point, who is going to keep his job? Me or the guy who replaced me? Are we going to have two people behind every desk in Gaza signing every piece of paper?”¹³⁰

IV. ECONOMY

With Gaza’s economy paralysed, Hamas’s principal goal in this area as well has been survival. And here, too, its approach has helped reshape business networks and create interests with a stake in perpetuating new realities.

Following Hamas’s takeover in June 2007, Israel severely restricted imports to and exports from Gaza.¹³¹ The closure regime was tightened, with exceptions restricted to a short list of essential humanitarian goods, when Gaza was declared a “hostile entity” in September 2007.¹³² Given its heavy reliance on exports – trade

as a proportion of the gross domestic product was higher in Gaza than in the West Bank – the coastal strip’s economy was particularly vulnerable to such restrictions.¹³³ As a result, Gaza’s private sector has been all but erased; today 98 per cent of all factories are closed.¹³⁴

Hamas pinned much of its hopes for economic revival on the ceasefire,¹³⁵ but the agreement was violated from the outset. Palestinians continued to carry out rocket and mortar fire,¹³⁶ although Hamas appeared to clamp down and, even by Israel’s admission, has kept transgressions relatively low.¹³⁷ Israeli officials also

¹³³ Crisis Group interview, adviser to Prime Minister Fayyad, Jerusalem, 25 August 2008.

¹³⁴ Crisis Group interview, international economic official, Jerusalem, 18 August 2008.

¹³⁵ The ceasefire was Egyptian-brokered, and there is no formal, written record available. According to Egyptian sources involved in the process, it provides for immediate cessation of hostile activities; a limited increase in the amount of goods entering Gaza after three days; and, after ten days, the crossings to be open for all products except materials used in the manufacture of projectiles and explosives. After three weeks, the two sides were to commence negotiations for a prisoner exchange and the opening of the Rafah crossing. Crisis Group interviews, Egyptian officials, Cairo, June 2008.

¹³⁶ As of 2 September 2008, twenty rockets and fifteen mortars had landed in Israel in violation of the 19 June ceasefire. Crisis Group telephone interview, IDF spokesperson, 2 September 2008. Israeli security circles also are particularly worried about continued weapons smuggling, a topic that apparently was not covered by the agreement. Some security officials nevertheless said they believe that the ceasefire works to Israel’s benefit: “We are getting the advantage of calm in the south, while keeping the pressure on Hamas by limiting the flow of goods. Significant amounts of weaponry have already been smuggled in. Even if we have to invade at some point, what is coming in now is not going to significantly complicate the mission”. Crisis Group interview, Israeli security expert, Tel Aviv, 19 August 2008. Other Israeli officials disagreed and maintained that current smuggling poses a serious threat: “Hamas is trying to bring in even more advanced weapons, such as surface-to-air missiles. Israel’s interest is not to ignore but rather neutralise the threat”. Crisis Group interview, former Israeli official still active in government service, 29 August 2008. Minister of Defence Ehud Barak expressed scepticism that an invasion would bring about a lasting cessation of rocket fire. *Haaretz*, 10 August 2008.

¹³⁷ General Security Services head Yuval Diskin reported “a significant drop in Hamas terror activity in the Strip” since the onset of the ceasefire. *Jerusalem Post*, 31 August 2008. The Gaza government took pre-emptive measures to ensure security. A manager at the Karni crossing reports that Interior Minister Said Siyam asked Hamas security personnel to guard the crossings from attack. Siyam requested the names of all drivers, so as “to make sure they don’t have anything to do with rockets”. Crisis Group interview, manager, Karni border crossing, June 2008. In some instances where preven-

laws, the next presidential election ought to be held together with the next PLC elections, justifying Abbas’s remaining in office until January 2010. Arguably, in the event of a contradiction, the Basic Law has supremacy. “When are the next Palestinian elections”, Vladimir Pran, International Foundation for Electoral Systems, May 2008.

¹²⁷ This contention also is debatable, since Article 37 of the Basic Law specifies conditions for the passing of authority.

¹²⁸ Crisis Group interview, Hamas official, Gaza City, July 2008.

¹²⁹ Crisis Group interview, Gaza minister, Gaza City, 4 August 2008.

¹³⁰ Crisis Group interview, PA employee, Gaza City, 7 August 2008.

¹³¹ Even before the takeover – and indeed, even before Hamas won the January 2006 PLC election – exports fell well short of the totals envisioned by the Agreement on Movement and Access, brokered by the U.S. in November 2005.

¹³² Crisis Group Report, *Ruling Palestine I*, op. cit., p. 1.

acknowledge that the flow of goods into Gaza has been less than agreed and that they still limit both the quantity and type of materials.¹³⁸ Currency outflow from Gaza did increase in July 2008, suggesting that pent-up demand was being satisfied.¹³⁹ Moreover, the import of small amounts of raw materials – cement, gravel and metal – has resumed, as has that of clothes, school supplies including pens and rulers (though school bags remain in short supply), shoes, juices, polyvinyl chloride (PVC) pipes, car tires, nylon and cardboard packaging, some spare parts and agricultural material.¹⁴⁰ But this seems the extent of the improvement.

Raw materials entering Gaza are insufficient to restart the private sector.¹⁴¹ Many basic commodities – such as ordinary drinking glasses and other houseware – are in short supply.¹⁴² The number of trucks entering in August 2008 was 33 per cent less than in May 2007, the month before the takeover.¹⁴³ As a result, some Gazans say, the only ones to benefit from the ceasefire are Hamas leaders, who are safe, for now, from the threat of assassination.¹⁴⁴ For these reasons, opening the crossing, through pressure if necessary, has become a priority for Hamas.¹⁴⁵

The crossings have been closed, in part, because of Palestinian ceasefire violations; Israel closed all for five days in response to rocket and mortar fire.¹⁴⁶ Even

on the eve of the ceasefire, however, both Israeli and Egyptian officials said that the two sides' expectations were at serious odds and predicted that the crossings would not be fully open – at least so long as Corporal Gilad Shalit, seized by Palestinian militants in June 2005 and still held by Hamas, were not released.¹⁴⁷

Today, the approximately 75,000 PA salaries paid from Ramallah are the main force moving the Gaza market,¹⁴⁸ which accordingly witnesses most of its activity the week after payday.¹⁴⁹ However, these salaries are of little use if Gaza's banks lack the hard currency necessary for employees to withdraw them from their accounts. For several months, the Palestine Monetary Authority has faced difficulties in providing banks with enough shekels to pay out the 270 million NIS that the PA pays monthly in Gaza for wages,

tion failed, Hamas arrested individuals suspected of launching rockets. See for instance *Yediot Ahronot*, 11 July 2008. Crisis Group staff observed police deployed near the Israeli border to prevent ceasefire violations. Crisis Group site visit, July 2008.

¹³⁸ Crisis Group interview, Israeli official, July 2008. An Israeli security official specified that the quantities of cement in particular have been limited in order to minimise Hamas's ability to construct bunkers. Crisis Group interview, 29 August 2008.

¹³⁹ Crisis Group interview, PA finance official, Ramallah, 18 August 2008.

¹⁴⁰ Crisis Group telephone interview, UN official, 19 August 2008.

¹⁴¹ A Gaza businessman said that the raw materials were enough only for "basic maintenance". Crisis Group interview, Gaza City, 6 August 2008.

¹⁴² Crisis Group interviews, Gaza City residents, 4-7 August 2008.

¹⁴³ Crisis Group telephone interview, UN official, 8 September 2008. The official specified that the number of trucks entering Gaza decreased from 46 per cent of the pre-siege total in July to 33 per cent in August, despite the brief re-opening of the Kerem Shalom crossing.

¹⁴⁴ Crisis Group interview, Rafah residents, July 2008.

¹⁴⁵ Crisis Group interview, Hamas official, Gaza City, 5 August 2008.

¹⁴⁶ Crisis Group telephone interview, Israeli Defence Forces (IDF) spokesperson, 7 September 2008.

¹⁴⁷ Crisis Group interviews, Israeli and Egyptian officials, June 2008. A senior Hamas figure acknowledged disappointment with continued restrictions, yet indicated that the movement remained committed to the ceasefire: "The most important thing right now is that there are neither incursions nor [Israeli] attacks". Crisis Group interview, Gaza City, 7 August 2008. Given Hamas frustration, an Israeli security expert described the ceasefire as "an unstable equilibrium that's better than a crisis". Crisis Group interview, Tel Aviv, 19 August 2008. It is worth noting that even were the agreement to be fully implemented, it would not fully revive Gaza's economy. The ceasefire covers the import of goods into Gaza, not export out of it.

¹⁴⁸ Crisis Group interview, adviser to Prime Minister Fayyad, Jerusalem, 25 August 2008.

¹⁴⁹ There are four categories of expenditure in Gaza today: (a) monthly wage, pension and social support payments which are undertaken by the PA and total about 270 million NIS (equivalent to about \$77 million); (b) wages and spending undertaken by the Hamas government, with a monthly budget of about \$15 million, which includes salaries, ministry expenses, job creation and financial assistance to those who used to work in Israel; (c) spending by the United Nations Relief and Works Agency (UNRWA), which includes \$7 million in salaries plus \$5 million in operational costs; and (d) wages and spending by the private sector, merchants and non-governmental organisation. Palestinian economists and bankers say there are no credible figures on total expenditures in category (d) because of the poor quality of data collected since the Hamas takeover and because there are no credible estimates of the relatively substantial amounts injected through the tunnels. Crisis Group interviews, PA finance official, Ramallah, August-September 2008; bank manager, Gaza City, 7 August 2008; and Hamas official, Gaza City, July 2008. In addition, Hamas as a movement has its own expenditures, which Gazan economists are unable to quantify. Crisis Group interview, bank manager, Gaza City, 7 August 2008.

retirement pensions and social support.¹⁵⁰ In an average month, some 30 per cent of Gaza's shekels migrate to Israel as merchants purchase goods;¹⁵¹ without corresponding inflow, Gaza's banking system is unsustainable.¹⁵² The shekel depletion is already leading merchants to hoard the currency, further imperilling the banks. Jihad al-Wazir, the PMA governor, says, "if the situation persists, the shekel will no longer be a viable currency in Gaza. Israel is pushing Gaza and the West Bank toward economic separation from one another".¹⁵³

With the formal economy in crisis, tunnels between Egypt and Gaza are taking on increasing importance. They supply at least 35 per cent of Gaza's goods,¹⁵⁴ are now regulated by the Hamas government and no longer can be described as part of the "black market" or even the "informal economy". In June 2008, their number reached an estimated 500-600, though Egypt reportedly closed about 150 in July and August.¹⁵⁵ Most are managed by the Tunnel Administration within the interior ministry, and in some cases their construction is governed by legal contracts, which refer to "underground commercial venues", between property owners

and diggers.¹⁵⁶ While tunnel openings formerly were confined to private homes to protect secrecy, today numerous tents adjacent to the Egyptian border are visible.¹⁵⁷ Given the border's short length, proliferation has pushed tunnels closer together – in some places, according to a security expert, only 30 centimetres apart.¹⁵⁸ This, along with the sandy soil and heavy vehicle traffic overhead, makes them vulnerable to collapse. In June and July, 25 people died in accidents.¹⁵⁹

Hamas controls about 90 per cent of the tunnels; the remaining 10 per cent are in the south, near the Kerem Shalom crossing, where Hamas had a harder time operating before the ceasefire given the proximity of Israeli forces. Typically, the government provides smugglers with a list of permitted items, regulates prices and collects taxes (fuel is taxed in kind). Hamas itself requests specific items, especially weapons, spare parts and medicine. The government films tunnel activity and posts monitors, who work eight-hour shifts. Should smugglers cheat, they have to pay a penalty – "or get shot in the legs".¹⁶⁰ Alternatively, Hamas might inform Egypt about the tunnel, which then would likely be destroyed.¹⁶¹

As a result of the siege and tunnel proliferation, old business relationships are breaking down, and new ones are being formed. Those who own land near the border or have close connections with Hamas authorities are taking over distribution networks. Other new business structures are evolving as well,¹⁶² but it is the

¹⁵⁰ The IDF does not prevent currency from flowing into the West Bank, so banks there do not suffer from a shekel shortage.

¹⁵¹ Financial restrictions and specifically the limitations on wire transfers to and from the Gaza Strip increase the rate of currency outflow since all goods must be purchased with cash. 200 businessmen hold special cards from the Israeli government that permit them to take cash out of Gaza through the Erez crossing. Sometimes cash deals are concluded at Sufa crossing. Ironically, financial restrictions meant to deprive Hamas of funds have forced Gaza toward a cash economy, which multiplies the opportunities for the government to levy taxes. Crisis Group interview, PA finance official, Ramallah, 12 August 2008.

¹⁵² Crisis Group interview, Jihad al-Wazir, PMA governor, Ramallah, 18 August 2008. The Israeli military (IDF) has allowed in a portion of the 80 million NIS needed to replace worn notes and, on one occasion, allowed the transfer of shekels from the West Bank. These are insufficient to maintain the system, which requires the regular injection of currency. On the other hand, there are sufficient dollars, which banks used in limited quantities to cover currency shortfalls and purchase shekels on the black market to pay July salaries. Crisis Group interview, bank manager, Gaza City, 7 August 2008.

¹⁵³ Crisis Group interview, Jihad al-Wazir, PMA governor, Ramallah, 18 August 2008.

¹⁵⁴ Crisis Group interview, UN official, Jerusalem, July 2008.

¹⁵⁵ Crisis Group interview, Palestinian security expert, Gaza City, 31 August 2008. An article in the Israeli press estimated a far lower number of tunnels, approximately 200. *Ha'aretz*, 31 August 2008. Some think the number of tunnels that have been closed is exaggerated; see below.

¹⁵⁶ Crisis Group interview, bank manager, Gaza City, 7 August 2008.

¹⁵⁷ Crisis Group site visit, Rafah, July 2008.

¹⁵⁸ The border is approximately 12-km long, but 80 per cent of all tunnels are concentrated in a 3.5-km stretch just north of the Rafah crossing. Crisis Group interview, Palestinian security expert, Gaza City, 31 August 2008.

¹⁵⁹ Crisis Group interview, Palestinian security expert, Gaza City, 6 August 2008. During the last two weeks of August, a dozen more were killed. The high number of deaths has given rise to pervasive though wholly unconfirmed rumours that Egyptians are using gas to close the tunnels. Crisis Group interview, smuggler, Gaza City, 20 August 2008. An Egyptian intelligence official denied the rumour and explained that when detected tunnels are sealed, the fumes from the gasoline and diesel being smuggled in have overwhelmed the smugglers. Crisis Group interview, Gaza City, 9 September 2008.

¹⁶⁰ Crisis Group interview, smuggler, Gaza City, 20 August 2008.

¹⁶¹ Ibid.

¹⁶² For instance, Hamas has pioneered investment schemes that pool small amounts of capital from a large number of people, many of whom have never previously participated in investment activities. Crisis Group interview, Palestinian economist, Gaza City, 5 August 2008.

nouveaux riches who arouse the ire of traditional merchant classes.¹⁶³ The profits earned from the tunnels have political implications as well, tempering south Gaza dissent: Rafah is a heavily Fatah region, but, as one Fatah-linked smuggler said, “business is business. Everyone is so busy making money [in Rafah] that there’s no time for politics”.¹⁶⁴ Moreover, tunnelling is creating new ties between local families and the Hamas government.¹⁶⁵

Egypt is working harder to combat the tunnels than in the past. The initial withholding of \$100 million from U.S. 2008 foreign aid – though reversed by a waiver issued by Secretary of State Condoleezza Rice – and the subsequent set-aside of \$23 million for procuring tunnel detection equipment angered many in Cairo but also spurred more aggressive action against smuggling. Other factors motivating the Egyptian crackdown include alarm at the amount of weapons trafficking during the January border breach, as well as Cairo’s deteriorating relations with Hamas and the desire to show firmness in dealing with the Islamist movement.

At the same time, the U.S. has deepened its own involvement at the border, which began in June and has led to improved anti-smuggling efforts. Since then, 150 tunnels reportedly have been closed, though the figure may be exaggerated, since it does not distinguish between the closing of entry/exit points and the destruction of the tunnel bodies themselves.¹⁶⁶ In addition, Cairo is limiting the quantities of goods allowed into Rafah from Sinai; as a result, prices of smuggled goods in Gaza are up, as is delivery time. One can no longer place an order and expect the goods within two hours.¹⁶⁷

Political and technical issues still stand in the way of more decisive action. Egypt appears reluctant to move too aggressively. It is loath to appear as chief enforcer of the siege; faces unrest in the impoverished Al-Arish region of Sinai, to which the tunnels bring economic benefit; fears reprisal attacks by Sinai Bedouin who are active in smuggling networks; and has a population, especially among the Muslim Brotherhood, that sympathises with Hamas. Technical obstacles remain significant as well. The tunnel bodies, deep underground, have multiple entries and exits that

can be re-dug as needed. Israel’s inability to stop smuggling before it “disengaged” from Gaza in 2005, despite the country’s indisputable political will to do so, suggests that tunnel detection is no mean task.

V. POLITICAL DEVELOPMENTS WITHIN HAMAS

The past year has brought enormous challenges, not only for the Gaza Strip but also for and within Hamas. Most importantly, June 2007 marks the first time in its history that Hamas has controlled territory – albeit subject to considerable limitations and constraints. This is another sea change for the movement, after its decision to enter electoral politics at the national level and to form a government.

Much debate has focused on whether the most recent events have translated into shifts in its internal balance of power. At some level, the answer certainly is “yes”. Control of Gaza logically increased the relative influence of its local leaders vis-à-vis both the West Bank and externally-based leaderships, giving them a strong base of authority and the ability to shape events on the ground. A Qassam leader spoke of his enhanced power, justifying it in terms of the military wing’s achievements and sacrifices and stressing: “We forced Israel to withdrawal in 2005; we drove out Dahlan in 2007; we put an end to the Hillis threat; we forced Israel to agree to a ceasefire. 300 Qassam members have been killed since the capture of [Israeli corporal Gilad] Shalit”.¹⁶⁸

Of necessity, the military wing and the Gaza-based political leaders enjoy an operational autonomy that has allowed them, at least in certain cases, to dictate the tempo of events on the ground. This is acknowledged by the external leadership.¹⁶⁹ The Gaza takeover is an example, as is the assault on the Hillis quarter; in both instances, those in the field arguably resorted to rougher tactics than were deemed appropriate by many on the outside. The military wing also exerts influence in more quotidian ways.¹⁷⁰

¹⁶³ Crisis Group interview, Palestinian businessmen, Gaza City, 6 August 2008.

¹⁶⁴ Crisis Group interview, tunnel owner, Gaza City, 6 August 2008.

¹⁶⁵ Crisis Group interview, Palestinian security expert, Gaza City, 6 August 2008.

¹⁶⁶ Crisis Group interviews, Cairo, 9 September 2008.

¹⁶⁷ Crisis Group interview, Palestinian businessmen, Gaza City, 6 August 2008.

¹⁶⁸ Crisis Group interview, Qassam leader Gaza City, August 2008.

¹⁶⁹ Crisis Group interviews, Hamas leaders in exile, July 2007-August 2008.

¹⁷⁰ One example cited by a Qassam leader was that after the Qassam Brigades’ Gaza City commander, Ahmad Jabari, showed up at a meeting of the civilian police – to which he was not invited – expressed displeasure at police performance and demanded changes in personnel, his wishes were carried out. Crisis Group interview, Gaza City, July 2008.

As a result of the takeover and subsequent developments, the interests of Hamas's leaders in Gaza also likely deviate to a greater extent from those of their colleagues elsewhere. Self-protection and the preservation of what has been gained on the ground logically take precedence over other matters – including the interests of Hamas's West Bank constituency (which suffer whenever Fatah-Hamas relations sour)¹⁷¹ or national reconciliation with Fatah (one of whose inevitable consequences would be the end of Hamas's virtual monopoly in Gaza). While downplaying reports of a split, Khalid Mishal, the Damascus-based head of the Hamas politburo, nonetheless implicitly recognised this dynamic:

Look. I hear such talk as well. But that is a description of some symptoms rather than of the essence of things....Certainly Hamas is a very large movement, and within it you can find a range of voices and concepts – this is part of our diversity....Still, some account should be taken of extreme pressures on the ground in terms of the Israeli occupation and military incursions, not to mention the economic boycott and siege, combined with the deprivation of rights – to the point that the will of the people as expressed in democratic elections has been rejected, with attempts made to overturn the electoral results. Such a situation can occasionally push people to give priority to self-preservation. Such a situation can produce errors and excesses. But this is a reaction, an attempt at self-defence in the face of attack. Oppression and abuse always produce counter-reactions, which can be extreme and which we do not desire.¹⁷²

That said, such dividing lines as exist do not neatly match geography. Rather, with the collapse of the Mecca Agreement¹⁷³ and national unity government and with reconciliation with Fatah seemingly on indefinite hold, Hamas's political centre of gravity has shifted somewhat. Those within the movement – whether in the West Bank, in exile or in Gaza – who banked on electoral politics, on a unity government and on integration within the PLO have been weakened;¹⁷⁴ conversely, events have strengthened elements

who consider control of Gaza a signal achievement, are persuaded that, at this point, there is little room to compromise with President Abbas and are convinced that only by standing firm can Hamas compel Fatah and others to recognise its electoral, political and military might.¹⁷⁵

Those espousing a more cooperative approach, including in Gaza, bemoan the costs associated with Hamas's accomplishment. Anticipating that political circumstances once again will change, a more pragmatic Hamas PLC member remarked: "It is not my time in the movement, but that day will come".¹⁷⁶ Finally, some of the most powerful elements in Gaza's military wing are extremely loyal to the exiled leadership, which therefore retains significant leverage.¹⁷⁷

All in all, it would be highly premature to conclude the movement is deeply divided or on the verge of a crisis. So far, although expressions of disharmony are more frequent and vocal than in the past, and although the situation has complicated efforts at maintaining discipline, Hamas has preserved its cohesion. The leadership in Gaza still depends to a degree on its counterparts elsewhere, whether for financial, diplomatic or other forms of support. Moreover, there is recognition that Hamas's success in Gaza remains mixed and hardly gives its leadership there wide latitude or a clear path forward. As one of its less militant leaders in Gaza said, "there is no economy here, people cannot travel, and we are barely governing. Hamas cannot succeed by persevering in Gaza: it is one big prison".¹⁷⁸

It is worth noting that Hamas recently conducted elections in Gaza for its Shura (Consultative) Council and Administrative Association.¹⁷⁹ These are held every

¹⁷¹ That said, as noted, Hamas leaders in Gaza justify the arrests of Fatah members as a means both of responding to similar actions against Hamas members in the West Bank and deterring further measures.

¹⁷² Interview in Mouin Rabbani, "Khalid Mishal: The Making of a Palestinian Islamic Leader", *Journal of Palestine Studies*, vol 37, no. 1 (Spring 2008), p. 59.

¹⁷³ The February 2007 agreement between Fatah and Hamas was designed to stop clashes, form a national unity government and accelerate PLO reform.

¹⁷⁴ Crisis Group interview, exiled Hamas leader, August 2008.

¹⁷⁵ Crisis Group interview, Hamas leader, Gaza City, 7 August 2008.

¹⁷⁶ Crisis Group interview, Hamas PLC representative, Gaza City, 21 August 2008.

¹⁷⁷ There are reports that some in the military wing are dissatisfied with the ceasefire deal, which they blame on Gaza's political leaders and believe wrested insufficient concessions from Israel. Referring to the orange drink that can now be imported into Gaza, they deride the agreement as "Tapuzina for peace". Crisis Group interview, Qassam leader, Gaza City, 8 August 2008.

¹⁷⁸ Crisis Group interview, Hamas leader, Gaza City, 20 August 2008.

¹⁷⁹ The Shura Council and Administrative Association respectively determine and carry out Hamas policy. Elections were held first in each of Gaza's seven districts for the district Shura Councils and Administrative Associations, after which the chosen district representatives elected Gaza's Shura Council and Administrative Association from among their ranks. The size of any given district's Shura Council depends on

two to three years and results are a tightly held secret. Still, Crisis Group interviews with a former Hamas member suggested – in language that has become current in Gaza – that “hawks” have gained at the expense of “doves”.¹⁸⁰ This victory was in no sense absolute, but rather a practical indication of how, as Hamas leaders admit, the movement’s “centre of gravity” may have shifted.¹⁸¹

VI. CONCLUSION

With Hamas’s takeover of Gaza seemingly complete, the West Bank going its own way and scant prospects for reconciliation in the foreseeable future, the crisis of the Palestinian national movement is only worsening. A neighbourhood elder near the Hillis quarter lamented: “The factions are killing us and have ended our national cause”.¹⁸² After a series of unfruitful ventures – including the Mecca Agreement and national unity government, the Yemeni Initiative and ongoing Egyptian mediation¹⁸³ – the split between Fatah and Hamas as well as that between the West Bank and Gaza seem destined to endure and deepen. Palestinians, fed up with the feuding, look for alternatives to both Hamas and Fatah but find none. In the prevailing atmosphere of hopelessness and frustration, some Gazans have gone so far as to speak nostalgically about the

days of Israeli occupation before the second intifada, when their economic and medical needs were better met, and they could move in and out of Gaza with relative ease.¹⁸⁴

Some in Hamas seek to put on a better face. They argue that the latest crisis, by putting an end to illusions that the Islamist movement might be overthrown from the inside, could push Fatah toward more serious unity talks.¹⁸⁵ A Hamas official said, “reconciliation is bigger than one incident. It has Palestinian, Arab and international dimensions. For those who want dialogue, the clash with the Hillis family could prompt it by demonstrating the absolute necessity of reconciliation”. However, he quickly added, “those who do not want reconciliation will use the incident for incitement, thereby making dialogue less likely”.¹⁸⁶

If the past two years are any guide, pessimism is more warranted than not. Both Hamas and Fatah appear to be seeking to consolidate their gains. In Ramallah, the PA took the Hamas campaign as confirmation that the Islamist movement is intent on firming up its power. In response, it, too, demonstrated its resolve, launching a wave of arrests and announcing that over the past year it had dismissed 1,000 security personnel whose loyalty it deemed suspect.¹⁸⁷ Increasingly, in a sign of fading hopes of reunification, PA and PLO leaders evoke the possibility of cutting all ties to Gaza, most significantly by ceasing salary payments.¹⁸⁸ In Gaza, Hamas leaders are forecasting that reconciliation will need to await leadership transitions in Israel, the U.S. and the PA. Behind closed doors, some are more colourful: “Why would we want reconciliation? Would you want to marry someone who doesn’t want to marry you?”¹⁸⁹

Hamas’s strength in the district and determines in turn the district’s representation in the Gaza Shura Council. The Gaza Political Office, the movement’s executive arm in Gaza, is chosen from the Gaza Shura Council. Sitting government members are not permitted to serve on the Shura Council but can be invited to join the Political Office. The West Bank and external branches are also due for elections, though the situation in the former makes the prospect there unlikely. Crisis Group interviews, Hamas leaders, Gaza, August 2008.

¹⁸⁰ Crisis Group interviews, former Hamas members, Gaza City, August-September 2008.

¹⁸¹ Hamas leaders interviewed by Crisis Group claimed that the list of supposed election winners published by *The Jerusalem Post* on 29 August 2008 was incorrect. Crisis Group interviews, former and current Hamas members, Gaza City, August-September 2008.

¹⁸² Crisis Group interview, Gaza City, 6 August 2008.

¹⁸³ The Yemeni Initiative was a six-point reconciliation plan that led to the Sanaa Document, signed by Fatah and Hamas on 23 March 2008. The document stated in part: “We, the representatives of Fatah and Hamas, agree to the Yemeni initiative as a framework to resume dialogue between the two movements to return the Palestinian situation to what it was before the Gaza incidents”. Within hours, different interpretations and internal dispute within Fatah led to the agreement’s breakdown. Egypt is continuing its reconciliation efforts, inviting each of the Palestinian factions to Cairo for individual consultations.

¹⁸⁴ Crisis Group interviews, banker, Gaza City, 6 August 2008; neighborhood elder, 5 August 2008; and taxi driver, Gaza City, 8 August 2008.

¹⁸⁵ Crisis Group interview, Hamas official, August 2008.

¹⁸⁶ Crisis Group interview, Hamas official, Gaza City, 4 August 2008.

¹⁸⁷ *Yediot Ahronot*, 4 August 2008. The newspaper also reported that the PA stepped up investigations after the recent Hamas campaign in Gaza. Several PA officials criticised their own government’s response. One commented: “We made ourselves look like we’re one party in gang war with Hamas. We should be standing above the fray”. Crisis Group interview, Ramallah, August 2008.

¹⁸⁸ This could coincide with the deepening Fatah/Hamas crisis that is expected to occur in January 2009 when, according to Hamas and others, Abbas’s term is due to expire. Crisis Group interviews, PA and Fatah officials, July-September 2008.

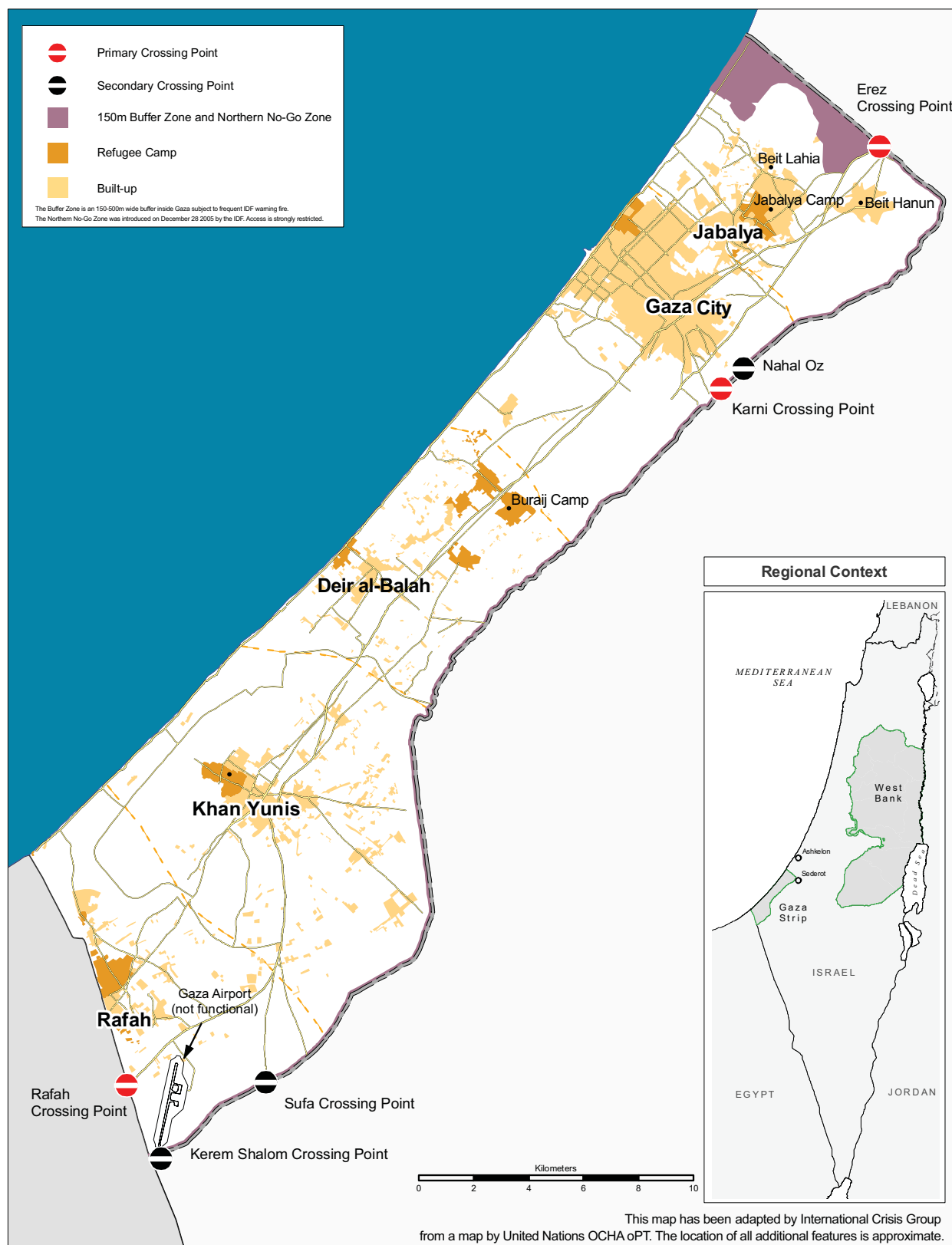
¹⁸⁹ Crisis Group interview, Hamas leader, Gaza City, 7 August 2008.

Should the two parties get used to living separately, marriage – whatever their intentions – would become all the more difficult. A divided Palestinian movement is unlikely to be in a position to make bold decisions. A weak Palestinian counterpart is unlikely to gain Israel's trust or encourage it to compromise. A segregated Palestinian entity is unlikely to become a viable state. Under current conditions, prospects for a genuine and sustainable peace process are bad and getting worse.

**Gaza City/Ramallah/Brussels,
11 September 2008**

APPENDIX A

MAP OF THE GAZA STRIP





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