



THE SABAN CENTER  
*for* MIDDLE EAST POLICY  
*at* BROOKINGS

ANALYSIS PAPER

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Number 23, July 2011

THE CHALLENGE OF GAZA:  
POLICY OPTIONS AND BROADER  
IMPLICATIONS

DANIEL BYMAN  
GAD GOLDSTEIN



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## EXECUTIVE SUMMARY

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**A**lthough both the United States and Israel devote tremendous attention to the Middle East peace process, the Gaza Strip and its Hamas government have continued to vex American and Israeli policymakers. With the most recent incarnation of peace talks between the Israeli government and Palestinian Authority at a standstill, and turmoil and political change spreading throughout the Middle East and North Africa, it has become even more important for policymakers in Jerusalem and Washington to understand the factors shaping developments in Gaza. This understanding is critical for policymakers to assess options, determine the benefits and drawbacks of the alternative policies, and make strong, informed decisions.

### FACTORS SHAPING ISRAELI POLICY

The most obvious, and the most immediate, factor shaping Israeli policy toward Gaza is the threat of mortars and rockets fired from Gaza into Israel. Hamas has not only launched these rockets, but has conducted cross-border shootings and kidnappings, and has placed improvised explosive devices near the security barrier along the border. Beyond furthering Hamas's goal of causing pain to Israel, these attacks help Hamas preserve its credentials as the leading Palestinian resistance organization and enable it to retain the loyalty of militant members of its own organization. Rockets are also meant to deter Israel from killing Hamas leaders and pressure Israel into changing its policies to ones Hamas prefers, such as having the border crossings between Israel and the Gaza Strip opened.

Hamas draws on many resources to stay in power. Most notably, Hamas has long exploited its infrastructure of mosques, social services, and community organizations to raise money and attract recruits. Hamas has also constructed a large tunnel network to circumvent the Israeli blockade. In addition to smuggling commercial goods into Gaza, tunnel operators bring in ammunition, rockets, and people, including militants returning from training in Lebanon and Iran. While most of the tunnels run between Gaza and Egypt, Hamas has tried to maintain tunnels into Israel, as the 2006 kidnapping of the Israeli soldier Gilad Shalit demonstrates.

But Hamas's strength is a result of more than its control of smuggling operations and raising of funds. Hamas officials, in contrast to the Palestinian Authority (PA) and Fatah, have an image of honesty among many Palestinians. Moreover, many Palestinians admire the resistance model Hamas champions, believing that the peace process with Israel has not stopped settlements or ended the occupation.

Despite Hamas's strength, Israeli and international economic pressure threaten Hamas's position, as it must provide services and maintain its image in the face of the harsh pressure in order to stave off political foes. Politically, Hamas is beset from all sides. Fatah has been waiting in the wings, and rivals like Palestine Islamic Jihad challenge Hamas by advocating for more attacks against Israel. The emergence in Gaza of jihadists who look to al-Qa'ida for guidance (though they are not directly tied to al-Qa'ida itself) has also increased pressure on Hamas.

In addition to Hamas's poor fiscal and political positions, it is organizationally weak in the West Bank, and does not possess the level of military strength it desires. Indeed, Israel's 2008-2009 Operation Cast Lead humiliated Hamas on the battlefield. Because of the outcome of that war, and because of Gazans' lack of appetite for confrontation with Israel, Hamas has largely stopped rocket attacks in the months following the operation. In other words, for now, Israel's deterrence has proven stronger than Hamas's firepower.

However, Hamas may become stronger in the years to come. The size of Hamas's rocket and mortar arsenal, and the range of its rockets are likely to grow. Hamas is also likely to increase its roster of trained fighters, courtesy of Hizballah and Iran.

In addition to these developments, factors outside of Gaza affect Hamas and the way in which Israel and the United States should deal with the group. The political change sweeping the Middle East and North Africa, particularly the fall of Egyptian leader Hosni Mubarak, has tremendous reverberations in both Gaza and for President Mahmoud Abbas and other Palestinian moderates who seek peace. Though often uneven, Mubarak's moves to keep Hamas's strength in check were a critical part of President Abbas's efforts at challenging the group's rule of Gaza. Because President Abbas and other moderates remain weak, some observers believe that the PA would not be able to squelch a Hamas takeover should Israeli forces depart the West Bank (though successful efforts to improve law and order in the West Bank have begun to bolster moderates there).

The status of the peace process has been and continues to be a fundamental factor in affecting policy toward Gaza. If the peace process is robust, Israel would likely draw down its presence in the West Bank, and the stature of President Abbas and moderate voices would rise. If there is no prospect of a peace deal, many Palestinians would question the legitimacy of those who champion talks.

The relationship that has developed between Tehran and Hamas has had a considerable influence on developments in Gaza. Hamas has turned to Iran in part due to the isolation and financial crisis it faces, and Iran has looked to Hamas as an ally it can cultivate against Israel and use as a bridge to the broader Arab and Sunni world. The danger for Israel is that Iran's growing influence is a force against Hamas's moderation. At the same time, the attitudes of U.S. allies shape events in Gaza; Hamas has made progress in terms of public opinion in Europe, and has improved ties with Russia and Turkey.

## POLICY OPTIONS

No policy option toward Gaza is perfect. This paper presents four "conventional" options and four "outside-of-the-box" ones to consider, each one of which has its strengths and weaknesses. The intention is to show a wide range of policies, the connections of policies to each other, and the tradeoffs that choosing one, or a set, would entail. The following are the conventional policy options:

**A Ceasefire.** With U.S. support, Israel could undertake formal negotiations with Hamas to establish a lasting ceasefire. For Hamas, a ceasefire would give the organization legitimacy and provide a respite from Israeli pressure. A ceasefire would also give Hamas the opportunity to show the world it is capable of governing, not just fighting. For Israel, the end of regular rocket attacks would allow Israelis living near Gaza to resume a normal life, and the ceasefire would reduce international criticism of Israel and free up Israel diplomatically with regard to the peace process.

The downside and risks of this policy option are considerable. Israelis would likely question whether the policy was postponing a fight and allowing Hamas to become stronger in the interim. In fact, Hamas would certainly try to

improve its military forces. In addition, the efforts that are in place to bolster President Abbas by drawing a contrast between Gaza and the comparatively well-governed and more prosperous West Bank would be damaged. This policy option would also harm the prospects of forging a two-state solution since it would contribute to having Gaza's own identity grow distinct from that of the West Bank.

For Hamas, this policy option would be distasteful in several respects. Because Hamas would in essence be cutting a deal with Israel, no amount of rhetoric could hide the fact that it would be making a compromise. As a result, a ceasefire would force a showdown between Hamas and its rivals—and within Hamas itself—something the organization has long tried to avoid. Overall, a ceasefire would pressure Hamas to emphasize governance and strengthen moderates in the organization, and would remove an excuse for it to take up arms against Israel. This might damage Hamas's political credentials as a resistance organization and jeopardize its funding from Iran.

**Reoccupation.** An alternative to a ceasefire would be for Israel to reoccupy either all or part of the Gaza Strip. Reoccupying Gaza would allow the Israel Defense Forces (IDF) to destroy rockets before they were launched. Over time, Israel would be able to arrest or kill much of Hamas's military infrastructure and the infrastructures of other groups as well.

This policy would entail large costs for Israel. Specifically, the initial operation would likely lead to dozens, perhaps more, Israeli casualties, and Hamas attacks would continue during the subsequent occupation. Hamas would also use its operatives in the West Bank to strike Israel, and if President Abbas were seen as complicit, to try to undermine his position there. Even if President Abbas were not seen

as complicit, he would be unable to negotiate with Israel, as doing so while Israel was engaged in military operations against fellow Palestinians would undermine his credibility. Diplomatically, a reoccupation would hurt Israel in its relations with the United States and the international community.

**Limited Military Strikes.** A third policy option is for Israel to employ a limited military campaign by attacking Hamas's rocket facilities, military personnel, and leaders on an occasional basis—something Israel regularly does today. But, because such raids would only manage the problem, Hamas would still be able to improve its forces through training abroad and by smuggling weapons into Gaza. In addition, Hamas and other groups would be able to continue launching rocket attacks—in fact, doing so would be especially appealing since being seen as standing by in the face of Israeli attacks would be politically detrimental to Hamas. Lastly, Israel would be criticized for the inevitable civilian casualties that would occur from this policy.

**Isolation.** Another policy is to isolate Gaza. Israel and the international community currently shun Hamas, and Israel uses its control over Gaza's sea and land access points to put a limited blockade on the area. The blockade reduces Hamas's military capabilities, and makes economic growth impossible, hurting Hamas's popularity.

The blockade has had several negative effects for Israel. Politically, the isolation of Gaza has allowed Hamas to strengthen its position vis-à-vis its rivals. Hamas's ties to Iran have also increased as it has sought increased funding from Tehran. Many Palestinians blame Israel, not Hamas, for their economic problems. Lastly, the blockade generates international criticism of Israel on humanitarian grounds.

Maintaining Gaza's isolation is likely to be far more difficult due to the change in regime in Egypt. Egypt's military still favors isolating Gaza and is sensitive to pressure, from the United States in particular. However, Hamas is ideologically and organizationally linked to the Muslim Brotherhood, perhaps the most important and certainly the best organized Egyptian political movement in the post-Mubarak era. Even putting the Brotherhood aside, economic and political pressure on Gaza is unpopular among the vast majority of Egyptians who see it as hurting ordinary Palestinians at Israel's behest rather than serving Egypt's interests. So any regime that comes to power is likely to try to end or at least reduce isolation.

In addition to the above, there are several unconventional policy options available to Israel and the United States:

**Three-State Solution.** Israel could negotiate with Hamas and President Abbas to create two de facto Palestinian states. For Israel, the same advantages and disadvantages that would apply in the ceasefire scenario would apply here. While Israel would hope that the agreement of a permanent political and recognized status for Gaza would be compelling for Hamas to emphasize governance and economic growth over military action, Hamas would also be in a better position to build up its military forces.

Under current conditions, this scenario would be almost impossible to achieve since it would be difficult for such negotiations to even begin, as both Hamas and President Abbas would fear criticism of abandoning the cause of a united Palestine. Hamas leaders outside of Gaza would also be against this policy, as they are more vested in Hamas's position in the West Bank, and they are more willing than Hamas's Gaza leaders for Gazans to suffer in pursuit of unity. In addition, the recent efforts at

reconciliation by Fatah and Hamas have made it less likely (at least in the near term) that a strategy by Israel to draw a wedge between the two would be successful.

**Replacing Hamas.** Israel, with U.S. support, could try to replace Hamas as the governing entity in Gaza. This policy is fraught with problems because if a new Palestinian leadership were to come to power through an Israeli military campaign, the new leadership would lack legitimacy. Subsequently, if democratic elections were allowed in Gaza, a free vote would probably return Hamas to power. As such, to stay in power, the new government would have to be a military dictatorship, something that would unlikely to take hold, given the recent events in the region. One possible result would be a return of chaos to Gaza as groups would vie for power, with none being strong enough to impose its will. Attacks on Israel would continue, if not rise, as groups would compete to demonstrate their nationalist and militant credibility.

**International Responsibility.** An alternative policy is for an international body—either the United Nations or NATO—to assume administrative control of Gaza. However, Hamas and other groups would likely resist any such force, using the same techniques they would use against Israeli occupiers. They would also likely try to continue attacks against Israel, probably with some success, as a way of demonstrating their resistance credentials and as a way of bringing Israel into conflict with the occupying force.

UN forces are the most plausible though Israel would be suspicious of and likely oppose them, unless they were made up of mostly U.S. soldiers and under U.S. command, believing that many likely member nations would be biased toward Israel. UN forces, though, would likely be far less effective than NATO forces, but NATO forces would be unreal-



istic given that key European countries are already trying to reduce their presences in Iraq and Afghanistan, are participating in actions against Muammar Qadhafi, and are not eager for another military commitment. While the most acceptable force for Israel would be American troops, the United States is already heavily engaged in Afghanistan and Iraq, and even a small additional deployment would be a strain. Moreover, Washington would fear deploying troops to such a politically-charged area, and would be worried that Israeli policies could endanger U.S. troops deployed in Gaza. But, perhaps the biggest challenge to adopting this policy is the new landscape in the region. The United States and Europe have each taken pains to articulate that they will not intervene in the grassroots movements sweeping the Middle East and North Africa, unless there are exigent circumstances, such as in Libya. Sending troops to Gaza would clearly challenge this narrative.

**An Economic Package.** A final possibility is for the international community to provide a

large influx of capital to Gaza. Such a package would give Hamas something to lose if it continued to wage attacks against Israel—the flow of economic aid would stop.

This policy would be difficult to implement because gathering economic aid and capital for Gaza would be challenging. The private sector has shied away from investing there, and Arab states have tended to promise much, but deliver little. More broadly, the linkage between economic prosperity and support for more moderate leaders and policies is not established, so it is unclear if the policy would even achieve the desired results.

The above options illustrate the challenge of devising an effective policy toward Gaza. No option seems promising, but because the peace process, the security of Israel, and regional stability all hinge in part on successfully managing the threat posed by the Hamas regime in Gaza, ignoring Gaza is not an option. Neglecting Gaza risks jeopardizing these interests now and in the years to come.

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# INTRODUCTION

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The United States, Israel, and many in the international community may not like Hamas, but the Palestinian group is here to stay. Hamas has solidified its power in the Gaza Strip, turning the territory into a de facto state. Through its own administrative abilities, and with the assistance of outside patrons, such as Iran, Hamas has established law and order, delivered social services to the population, and built an increasingly functional set of security agencies. Indeed, in many ways Gaza's government is stronger than at any time in its history.

Some Israelis have called for negotiations with Hamas, whereas others have demanded a repeat of the 2008-2009 Operation Cast Lead, saying that this time Israel should finish off Hamas completely. Neither option is politically palatable, so for now, the safe choice is simply to continue the current policy of mixing economic pressure and occasional military raids to keep Hamas weak and isolated.

In the United States, the challenge of Gaza vexes policymakers. American analysts and officials regularly travel to the West Bank and meet with members of the Palestinian Authority (PA) and Palestinian civil society, but access to, and interaction with, the Gaza Strip is limited. As a result, not only is Gaza less on their minds, it is difficult for U.S. policymakers to gain an accurate picture of events on the ground and determine which policies may

have the greatest chance of achieving the desired results. More broadly, the United States is at a loss over what to do when a terrorist group becomes a de facto government: shunning it seems morally appropriate and politically safe, but in the case of Gaza, this option prevents any real progress on the peace process because ultimately a successful deal would need to factor in Hamas.

A sensible U.S. and Israeli policy toward Gaza must consider several factors. First, and most obviously, it must account for the strengths of Hamas and other political actors, and their likely future trajectories. Beyond this, it must also recognize the range of external influences that shape Hamas's decisions and actions in Gaza. In accounting for these, it becomes clear that there are no good policy options toward Gaza, there are simply less-bad ones. But understanding the full menu of policies available is important because what is unwise today may be the best option if circumstances change.

This paper has three sections. The first section describes the short-term and long-term challenges of Gaza, paying particular attention to the dangers it poses to Israel and the ramifications it has on U.S. interests in the Middle East. The second section examines the factors outside Gaza, such as the status of the peace process and the strength of moderate Palestinians in the West Bank, that impact Israeli and U.S. policy options. The third section

examines eight policies, and analyzes the advantages and disadvantages of each one presented. The paper argues that all the policy options are imperfect, and many are seriously flawed, so policymakers should consider them relative to one another when constructing policies toward Gaza, and choose the one that is the lesser of the evils.

It is important to note that this paper is written from an Israeli and American security perspective. It therefore focuses on analyzing policies that advance specific security interests of both countries.

# THE NATURE OF THE CHALLENGE IN GAZA

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From its stronghold in Gaza, Hamas poses many challenges to the United States and Israel.<sup>1</sup> For the United States, the concern is not only about the security of its ally, Israel, but about perceptions of the United States in the Middle East, and the negative ramifications that the spread of Hamas's model of government would have in the region. The most obvious and the most immediate danger to Israel is the threat of mortars and rockets. In addition, Hamas can conduct other forms of terrorism against Israeli targets. But Hamas is not the only threat to Israel in Gaza. Groups like Palestine Islamic Jihad (PIJ), as well as Fatah-linked and Salafi-jihadist terrorist organizations—the latter whose ideology is akin to al-Qa'ida's—operate in Gaza and pose dangers. Because the situation in Gaza is in flux, these factors are likely to change, some becoming worse, in the years to come. While Israel can shape a portion of these threats, others are beyond its control.

## HAMAS'S CAPABILITIES

Hamas's capabilities do not come close to matching those of the Israel Defense Forces (IDF).

Indeed, as Hamas's performance in Operation Cast Lead illustrates, the organization cannot contest the IDF, even on favorable terrain. However, Hamas poses a real and growing asymmetric threat to Israel. Much of Hamas's capabilities stem from the sanctuary it enjoys in Gaza, which allows it freedom of action.

## ROCKETS AND MORTARS

In 2005, Hamas and other Palestinian groups launched over 800 rockets and mortars into Israel. By 2007, the figure had almost doubled. The death toll from these rocket attacks was low, but the psychological effect on Israel's citizenry was considerable. Palestinian groups at times tried to maximize the psychological impact of their attacks by timing the rocket fire into Sderot—an Israeli city alongside the border—to coincide with when Israeli children were going to school. One 2007 study found that over a quarter of adults and between 72 percent and 94 percent of children in Sderot suffered from post-traumatic stress disorder.<sup>2</sup>

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<sup>1</sup> This paper does not address the question of the impact of an Islamist fundamentalist state on the region in the long term.

<sup>2</sup> United Nations Fact Finding Mission on the Gaza Conflict, *Human Rights in Palestine and Other Occupied Arab Territories*, September 15, 2009, p. 32.

## ROCKET AND MORTAR ATTACKS FIRED AT ISRAEL FROM GAZA

Year	Number of Qassam Rockets	Number of Mortar Shells	Number of Israeli Fatalities
2000	0	0	0
2001	0	510	1
2002	17	455	0
2003	123	514	0
2004	276	882	9
2005	286	574	6
2006	1,247	28	2
2007	938	663	2
2008	1,270	912	8 (4 during Operation Cast Lead)
2009	404	197	5 (All soldiers killed from mortar shells during Operation Cast Lead)

*These figures only include rockets and mortars that were discovered after the launching. Israeli radar picked up hundreds more rockets and mortars but their remains fragmented, and they are not part of the official count.<sup>3</sup>*

A disturbing trend is the increase in the range of the rockets coming from Gaza.<sup>4</sup> Israeli officials have become particularly concerned with the security of Tel Aviv, given the city's central role in Israeli commerce, society, and culture. Until 2008, rocket attacks from Gaza affected only the area within close proximity to Gaza—land that is relatively unpopulated. However, Hamas has learned how to triple its rockets' range—in 2008, Hamas employed the 122mm Grad rocket that carries up to twenty-three kilograms of explosives with a maximum range of

forty kilometers. In March 2009, a weapons convoy in Sudan that was transporting Iranian Fajr missiles to Hamas—missiles with the capability of reaching Tel Aviv from Gaza—was destroyed; according to press reports, Israeli forces carried out the raid.<sup>5</sup> Longer-range rockets are also appealing for Hamas because they can be operated from deep within Gaza, making them difficult for the IDF to destroy.<sup>6</sup>

While it appears that the number of longer-range missiles in Hamas's arsenal is limited, the size of the

<sup>3</sup> Israeli Security Agency, "Analysis of Attacks in the Last Decade (2000-2009): Rocket Launching," <<http://www.shabak.gov.il/English/EnTerrorData/decade/Rocket/Pages/default.aspx>>; Israeli Security Agency, "Analysis of Attacks in the Last Decade (2000-2009): Mortar Shell Launching Attacks," <<http://www.shabak.gov.il/English/EnTerrorData/decade/Mortar/Pages/default.aspx>>.

<sup>4</sup> Mortars and rockets are often considered identical with regard to their effects, but there are important distinctions. Mortars are often viewed as less threatening due to their limited range. However, mortars attacks tend to go from launch to impact more quickly, reducing the time individuals have to find shelter before a blast. In addition, for some mortars with larger warheads the explosion is bigger, making the likelihood of casualties greater.

<sup>5</sup> Amos Harel, "In Bombing Sudan, Israel Sends Message to Iran," *Haaretz*, March 26, 2009.

<sup>6</sup> Michael Herzog, "The Hamas Conundrum," *Foreign Affairs*, February 8, 2010.

arsenal, the range of the rockets, and their accuracy will likely increase in the years to come.<sup>7</sup> Indeed, Iran and Hizballah are working with Hamas to design longer-range rockets that can be built with materials readily available in Gaza. Should it develop such a system, Hamas would be able to produce an impressive arsenal in the face of Israeli measures that hinder the smuggling of rockets and the materials traditionally used to construct rockets.

Another important shift is the shelf-life of the rockets that Hamas uses to strike Israel. In part with materials smuggled from Egypt, Hamas has been able to extend the shelf-life of its rockets. This has enabled it to increase its stockpile and maintain the resources it needs to fire at Israel during prolonged confrontations. Importantly, any ceasefire means that Hamas is able to build up a large rocket cache for the next round of combat.

As a result of events in Gaza, in recent years Hamas has increased its focus on its rocket capabilities. Because of the security barrier surrounding Gaza's land borders, and because of Israel's intelligence capabilities, getting a suicide bomber into Israel is an exceptionally difficult task. In addition, Israel's withdrawal from Gaza in 2005 removed two sets of targets that were in close proximity to Hamas: Israeli settlers and the IDF forces that were needed to protect them. Rocket attacks, therefore almost by default, have become the preferred way of striking at Israel and inflicting damage.

#### BENEFITS OF ROCKETS AND MORTARS TO HAMAS

Rocket attacks are not only meant to cause pain to Israel. Rocket attacks help Hamas preserve its political credential as the leading Palestinian resistance organization and enable its leadership to retain the

loyalty of militant members of the organization who oppose any cessation of attacks. Hamas-controlled media outlets use images of Israeli civilians in Sderot taking cover to boast about the fear that the Qassam rockets have created in Israel and to bolster the propaganda and political value of the attacks.<sup>8</sup>

Rockets also are an effective means of deterrence. Hamas and other groups can generate a rocket attack almost immediately, in contrast to suicide bombings or other strikes that can take weeks or longer to plan, organize, and launch (and then which usually fail). As a result, this capability to launch an immediate counterattack to any Israeli operation—such as killing Hamas leaders or other actions against the organization—has made rockets an effective deterrent.

Rockets further enhance deterrence because they give Hamas a wide variety of potential responses. Hamas can strike nearby at Sderot or military areas—targets that historically have prompted only a limited Israeli retaliation. Or, Hamas can escalate and, as it has done in the past, hit Ashkelon, Ashdod, or even Beersheba—much larger population centers. In addition, Hamas can adjust the number of rockets it fires simultaneously, shooting between two or twenty at a time, enabling it to modulate its response even further.

From Hamas's point of view, rockets offer both benefits and risks with regard to unwanted escalation. On the one hand, since rockets usually inflict only limited casualties, Israeli leaders can show restraint and not respond immediately, as they would after a suicide attack against Israelis. Rocket capabilities, therefore, enable Hamas to conduct operations and portray itself as a resistance organization without risking an all-out response from the IDF. On the

<sup>7</sup> The former director of the Shin Bet, Yuval Diskin, estimated that Hamas has 4,000 rockets and PIJ has 1,000. Jonathan Lis, "Shin Bet Chief: Hamas Buying Land Within Jerusalem," *Haaretz*, June 15, 2010.

<sup>8</sup> Itamar Marcus and Barbara Crook, "PA Gloats over Israelis' Fear of Missiles," *Palestinian Media Watch*, May 31, 2007.



other hand, the rockets quicken the pace of the confrontation. If Hamas's arsenal were limited to suicide bombers or improvised explosive devices (IEDs), it would likely take weeks or longer to respond to an Israeli strike, allowing tempers to cool on both sides. However, because Hamas has rocket capabilities, it is more likely to respond immediately, prompting another Israeli strike, which in turn generates more rockets and creates an escalatory spiral.

In addition to retaliating against or provoking Israel, Hamas uses rockets as a tool to pressure Israel to change its policies. For example, Hamas has tried to use rocket attacks to force Israel to open the crossings into Gaza, which Israel has closed to put pressure on Hamas.<sup>9</sup> At times the situation has degenerated into a tit-for-tat: Israel has increased restrictions on crossing points and goods entering Gaza to force Hamas to end its rocket attacks, while Hamas has increased attacks to force Israel to ease the restrictions.

Ultimately, rocket fire is a challenge to Israel's sovereignty, more so than other forms of terrorism. Because rockets are launched from Gaza, where the regime is hostile to Israel, in essence Gaza's government is declaring war on Israel, making it difficult for Israel not to respond. A suicide bomber based in the West Bank, in contrast, might inflict more casualties but is less of a challenge to Israel's sovereignty. Israel's disengagement from Gaza has enhanced the Israeli public's sense that Hamas is in charge in Gaza and thus should be held responsible for all actions that occur and emanate from there.

For Hamas, rockets are a key component to its security strategy, which is modeled after Hizballah's: the rockets are a means of striking Israel, and ground troops are used to make it difficult for the IDF to

take out the rockets. Even if the IDF does attack, the combination of rocket systems and ground troops compels Israel to use more force to defeat the group and, in so doing, invites international criticism.

#### OTHER MEANS OF STRIKING ISRAEL

Many attacks perpetrated by Hamas and groups like PIJ are low level. From the outbreak of the second Intifada in September 2000 through the end of 2009, there were over 5,000 shooting attacks from Palestinians in Gaza against Israelis. The vast majority of these attacks were conducted before Israel withdrew in 2005. But even after the withdrawal, there were seventy-seven shootings in 2006, ninety-eight in 2007, and eighty-two in 2008, though the number dropped off dramatically to four in 2009. (The number of Israeli deaths from shooting attacks from Gaza in 2009—four—was similar to the levels in the previous years following the withdrawal.)<sup>10</sup>

In addition to shooting at Israeli agricultural workers who tend fields near the border, groups in Gaza have placed IEDs on the Gaza side of the security barrier. These IEDs have been powerful enough to endanger IDF personnel patrolling on the Israeli side. But because they are placed on the Gaza side of the barrier, the IDF has to enter Gaza in order to dismantle them.

Gaza's access to the Mediterranean Sea has presented challenges to Israeli security officials as well. For instance, in 2010, Palestinian groups launched six barrels filled with primitive explosives in an attempt to strike Israeli Navy vessels. The barrels missed their intended target and washed up on nearby Israeli beaches. Although there were no Israeli casualties, the episode caused unease and

<sup>9</sup> The security barrier between Israel and Gaza has four crossings: Erez, Karni, Kissufim, and Sufa, although the Kissufim crossing was intended for Israelis when Israel retained control of the Gaza Strip, and is now non-functional.

<sup>10</sup> Israeli Security Agency, "Analysis of Attacks in the Last Decade (2000-2009): Shooting Attacks," available at <[www.shabak.gov.il/English/EnTerrorData/decade/Fatalities/Pages/Shooting.aspx](http://www.shabak.gov.il/English/EnTerrorData/decade/Fatalities/Pages/Shooting.aspx)>.

panic among residents of Israel's southern coast.<sup>11</sup> But this is not the only challenge. Israel is also concerned that Hamas may use its access to the Mediterranean Sea to smuggle people and weapons to and from Gaza.

## TUNNELS

To bring goods and people in and out of Gaza, Hamas has constructed a large tunnel system. Before the outbreak of the second Intifada, Palestinian criminals used tunnels to bring drugs into Gaza, but the role these tunnels played in smuggling both licit and illicit goods grew as Israel tightened the screws on Gaza. Israelis have called the tunnel system the “oxygen pipeline,” as it allows Hamas and Gaza to escape otherwise stifling Israeli economic pressure. The tunnels have been used not only to bring in commercial goods—such as concrete, which Hamas uses to build homes and military buildings—but also people, and ammunition, rockets, and dual-use items (such as fertilizer) that are vital to the civilian economy but that can be used to build weapons. Within all this, the immediate focus for Israel is the smuggling of Hamas military personnel to Lebanon and Iran for advanced training, and the smuggling of rocket parts and ammunition, particularly for long-range rockets that cannot be manufactured in Gaza.

Some tunnels are hundreds of meters long, rest dozens of meters below the ground, and have concealed entrances, ventilation shafts, and even phone lines. Tunnels generally take months to dig, and cost tens of thousands of dollars, with the price having gone up as Israeli demolition efforts have become more effective. A homeowner whose house conceals a tunnel entrance can expect to receive \$20,000—a small fortune in Gaza.<sup>12</sup>

Most of the tunnels are between Gaza and Egypt, but as the 2006 kidnapping of the Israeli Corporal Gilad Shalit indicates, Hamas has also used the tunnels for operations against Israel.<sup>13</sup> Beyond these, Hamas has also built networks of tunnels as part of its military defense of Gaza; like Hizballah, Hamas has established a large underground infrastructure in areas it controls. These tunnels serve several military purposes. Hamas can move supplies and men through the tunnels without interdiction or even detection by Israeli intelligence. In addition, the tunnels enable Hamas to retain command and control if other forms of communication are disrupted in a conflict with Israel.

Tunnels pose a tactical challenge for the IDF if its personnel enter Gaza, as Hamas fighters can appear behind IDF units to launch surprise attacks. (For instance, during Operation Cast Lead, Hamas attempted to conduct a kidnapping by using a tunnel.) Additionally, because Hamas has dug tunnels near the border with Israel, it is difficult for the IDF troops to penetrate Gaza quickly without fear of being attacked from behind. Lastly, as seen, the tunnels can be used to launch attacks against Israel and conduct kidnappings within Israel. The political consequences of a successful attack could be tremendous, as the Shalit kidnapping showed. If such an attack had occurred during Operation Cast Lead, for example, it might have discredited the entire operation among the Israeli public.

## IMPLICATIONS OF THE TUNNELS

While tunnels from Gaza to Israel have had deadly results for Israeli soldiers, the tunnels from Gaza to Egypt are also a key concern for Israeli security officials because almost all of Hamas's weapons come

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<sup>11</sup> Alex Fishman, “Six Barrels and Panic,” *Yedioth Ahronoth*, February 18, 2010.

<sup>12</sup> *Ibid.*

<sup>13</sup> On June 25, 2006 Hamas set in motion what it called operation “Dispelled Illusion”: Palestinian militants from Hamas, the Army of Islam (a Salafi-jihadist group, with an ideology akin to al-Qa'ida's), and the Popular Resistance Committees tunneled out of Gaza almost half a mile to the military base of Kerem Shalom and attacked an IDF post, killing two soldiers (and losing two of their own) and capturing Shalit. This was the first Israeli that a Palestinian group had successfully taken prisoner without being rescued in more than a decade.

through these tunnels. Smuggling has always occurred between Gaza and Egypt, but it increased exponentially after the Hamas takeover in 2007 and Israel's subsequent blockade. In June 2007, there were approximately fifteen tunnels between Gaza and Egypt; nine months later, after Israel closed the crossings, there were 120.<sup>14</sup> While Hamas has used the tunnels between Gaza and Egypt to smuggle weapons and supplies, it has also used them to conduct "U-turns"—having people enter Egypt, and then Israel.

Operatives from Hamas and other groups have used U-turn to smuggle themselves into Egypt, and then, working with Bedouins in the Sinai Peninsula or the Negev, enter Israel, or at times the West Bank. While the Israeli Security Agency (Shin Bet) has thwarted many U-turn attempts, this smuggling tactic has had deadly consequences for Israel: On January 29, 2007, a suicide bomber from Gaza struck a bakery in Eilat, killing three people. Palestine Islamic Jihad and the al-Aqsa Martyrs' Brigade together claimed responsibility. The bomber had gone from Gaza to Egypt and from there to Israel, crossing near Eilat. Preventing these types of attacks has become harder for Israel since it withdrew from Gaza because it now has to pay a higher price—potentially both diplomatic and human—to enter Gaza to disrupt a plot.

Similarly, Israel's efforts at stopping other types of smuggling and its moves to seal the border between Egypt and Gaza have encountered several obstacles. Sealing a border is almost always difficult, especially when people have family on both sides. The Palestinian town of Rafah runs across the Gaza-Egypt border, with many people having family members on either side. This, combined with the fact that smuggling and tunnel construction are vital to the local economies of the Sinai and Gaza, has made efforts to seal the border particularly hard.

The Mubarak government was long afraid that economic problems in Gaza would create unrest in Egypt. But the Mubarak government's efforts at restricting smuggling were uneven because of the political and economic benefits that came with allowing some illicit flow of goods and people (official corruption and incompetence explain part of the problem as well). Therefore, although Egypt did not want to be tethered to Gaza (and did not want ties between Hamas and the Egyptian Muslim Brotherhood to increase), the low-level economic connections that stem from smuggling created a broader economic and political reality.

Despite their security threats, the tunnels were at times politically convenient for Egypt and Israel. Jerusalem could continue to refuse to recognize Hamas and implement policies that isolate Gaza with the understanding that the illicit flow of goods would prevent a humanitarian crisis from developing. Smuggling also serves to hinder Hamas's quest for sovereignty, as the Palestinians' economic needs are met but Hamas does not gain political recognition. The other option—completely shutting down the tunnels—would pose an immediate policy challenge for Israel in terms of how to replace the goods going into Gaza without having to deal with Hamas. Therefore, while smuggling helps Hamas, it does not give the organization the legitimacy it covets.

To block Hamas's access to rockets and prevent terrorists from receiving training outside Gaza, the IDF has tried to destroy tunnels along the Philadelphi Route (the strip that runs along the Gaza-Egypt border) through bombing campaigns and cross-border raids, and by pressing Egypt to stop the smuggling emanating from its side of the border. These measures have increased the risk involved in tunneling, but they have not solved the problem. Indeed, prices on many goods in Gaza have been falling, suggesting the pervasiveness of the tunnels and the increase in

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<sup>14</sup> International Crisis Group, "Ruling Palestine I: Gaza Under Hamas," Middle East Report no. 73, March 19, 2008.

the flow of merchandise into Gaza.<sup>15</sup> Because of the ceasefire in place since Operation Cast Lead ended, Israel has generally not conducted raids in Gaza to destroy the tunnels, allowing Gaza's tunnel infrastructure to develop further.

The change in government in Egypt may have profound effects on the nature of any smuggling from Gaza. It is possible that a new regime may eventually open the border completely with Gaza, making tunnels unnecessary for any licit (and perhaps many illicit) products. A new regime in any event is likely to be more tolerant of smuggling and otherwise seek to avoid the perception that it is serving Israel's security interests and is complicit in the isolation of Gaza.

The tunnel problem may produce escalation between Israel and a new regime in Egypt, as well as complications for the United States. Should smuggling grow and Egypt become a major route for arms, particularly advanced systems, to Hamas, Israel may feel compelled to take direct action. This could place the United States between the security needs of its Israeli ally and its desire to maintain a strong alliance with a new government of Egypt.

### COLLATERAL EFFECTS ON THE UNITED STATES

Some U.S. observers argue that the Israeli blockade of Gaza presents challenges to the United States' policy toward the Muslim world. These policymakers argue that from Morocco to Indonesia, the suffering of people in Gaza—broadcast on Al Jazeera and other media outlets—acts as a radicalizing force. As many Muslims see it, U.S. support of the blockade proves that the United States is anti-Palestinian. Even within the

United States, terrorists such as Major Nidal Hassan, the Fort Hood shooter, and Faisal Shahzad, the Times Square bomber, cite Gaza as justification for their actions. Although the Obama administration successfully pressed Israel to ease the blockade, the continued restrictions and the general sense that the United States is Israel's strongest ally have meant that this perception continues throughout the Muslim world.

Some U.S. officials also believe that hostility toward Israel is causing the U.S. military problems in Afghanistan, Iraq, and elsewhere. One Israeli newspaper reported that in a visit to Israel, Vice President Joe Biden told Prime Minister Netanyahu, "What you're doing here undermines the security of our troops who are fighting in Iraq, Afghanistan and Pakistan. That endangers us and it endangers regional peace."<sup>16</sup> (U.S. administration officials denied this report.)

A counterargument is that the actual impact of anti-U.S. sentiment on people's behavior is debatable. One study argued that despite the low approval ratings that former President George W. Bush held in the Arab world, Arab countries did not cut trade or weapons purchases, their publics still visited the United States and bought U.S. products, and there were few anti-American demonstrations. The study found that regardless of public sentiment, most Arab regimes and many elites still seek good relations with the United States and act accordingly.<sup>17</sup>

Ultimately, though, the United States has an interest in ensuring that Hamas's model does not spread to other countries. Because Hamas is fundamentally opposed to many liberal values pertaining to human rights, and the group opposes U.S. influence in the Middle East, the growth of its attitudes, and spread

<sup>15</sup> As a political gesture, Israel also offered to allow the use of the Kerem Shalom crossing point instead of Rafah. Under this plan, goods would go from Gaza to Israel and then to Egypt and vice-versa, enabling Israel to inspect the goods. Hamas rejected the offer on sovereignty grounds.

<sup>16</sup> Shimon Shiffer, "Biden: You're Jeopardizing Regional Peace," *Yedioth Ahronoth*, March 11, 2010 in Laura Rozen, "What Biden Told Netanyahu Behind Closed Doors: 'This is Starting to get Dangerous for Us,'" *Politico*, March 11, 2010, available at <[http://www.politico.com/blogs/laurarozen/0310/What\\_Biden\\_told\\_Netanyahu\\_behind\\_closed\\_doors\\_This\\_is\\_starting\\_to\\_get\\_dangerous\\_for\\_us.html](http://www.politico.com/blogs/laurarozen/0310/What_Biden_told_Netanyahu_behind_closed_doors_This_is_starting_to_get_dangerous_for_us.html)>.

<sup>17</sup> David Pollack with Cole Bunzel and Curtis Cannon, "Actions, Not Just Attitudes," Washington Institute for Near East Policy, June 2010, available at <<http://www.washingtoninstitute.org/templateC04.php?CID=331>>.

throughout the region, would not be in the United States' interest.

## HAMAS'S POLITICAL STRENGTHS AND WEAKNESSES

In order to construct effective policies toward Hamas, it is important to examine the organization's strengths and weaknesses. While the group benefits from its history of opposing the peace process and from its deep roots in Palestinian welfare organizations, its sudden rise to power has presented several problems for it as well. In fact, Hamas's biggest vulnerability stems from its biggest victory: the takeover of Gaza in 2007.

### HAMAS'S STRENGTHS

Hamas has several strengths that help it stay in power and give it considerable support from people both inside and outside the Gaza Strip. Specifically, Hamas draws strength from the narrative that has emerged (and that it helped build) that the peace process has only served to extract Palestinian concessions and has delivered nothing tangible in return. Other elements also help the group: a fractured PA, public opinion in the Arab world that increasingly favors Islamist groups, and Hamas's own charitable organizations that have established a strong base of support among Palestinians for the group.

Hamas has benefited from the culture of resistance in Palestinian society. For decades, under both PLO and Hamas influence, Palestinian society has glorified struggle and sacrifice in the name of the Palestinian nation, even if that sacrifice produced few practical results and fostered a conflict that has cost thousands of Palestinian lives. Although Israel achieved many successes in physically damaging Hamas, through targeted killings and arrests, Hamas has managed to enhance its credibility

among Palestinians by carrying out attacks against Israel. Fatah, in contrast, has tarnished its resistance credentials by being associated with the failed peace process. As a result, Palestinian society credits Hamas, not Fatah, for having liberated its land—seeing Israel's withdrawal from Gaza as proof that violence and sacrifice, not negotiations, are the key to ending the Israeli occupation.

Overall, breakdowns of the peace process have been beneficial to Hamas. Although Hamas's terrorist attacks played a major role in derailing past peace talks, perhaps ironically, the group did not suffer in the court of public opinion when the talks failed. Instead, the collapse of negotiations discredited moderates like President Abbas (Abu Mazen); many Palestinians believe that the peace process did not stop settlements or end occupation, but only served to force their leaders to make humiliating concessions. While the peace process was supposed to yield success that in turn would build a countervailing, moderate force in Palestinian society, instead it achieved the opposite: moderates looked naïve and even came to be seen as collaborators when they made concessions that seemed to make the occupation grow deeper.

As an opposition force for most of its history, Hamas has also benefited from the domestic failures of Fatah and the Palestinian Authority. Economic problems, the collapse of law and order during the second Intifada, endemic corruption, and other problems within Palestinian society all were laid at the feet of Fatah and the Palestinian Authority. But Hamas not only capitalized on the fact that it was not the PA or Fatah, it actively sought to develop its own, unique image. In contrast to the PA and Fatah, Hamas gained the reputation of being honest and of caring for the well-being of its constituents. One way it did this was by establishing a network of mosques, social service providers, and community organizations—its *dawa* infrastructure.<sup>18</sup> At the

<sup>18</sup> See Israel Security Agency, "'Dawa' – Hamas' Civilian Infrastructure and Its Role in Terror Financing," available at <<http://www.shabak.gov.il/SiteCollectionImages/english/TerrorInfo/dawa-en.pdf>>.

local level in particular, the dawa has directly benefited the lives of many Gazans who are ill-served by the lack of proper government services. Through its control of mosques and schools, Hamas has bolstered its reputation, and expanded its reach into Palestinian society. In effect, the group is using this social service network to raise the next generation of Islamists and gain support for anti-Israel violence. Another way Hamas has differed itself from Fatah has been by attracting competent officials. While Fatah and Palestinian leftist groups often drew the most educated and altruistic to their ranks in the 1970s, in recent years, Hamas has attracted more educated and competent members than Fatah.

Though it built itself and garnered strong support as an opposition group, Hamas has used its transition to a governing entity to its advantage. Hamas has exerted control over jobs, permits, taxation, and law and order to its political advantage, channeling resources to its supporters and restricting its rivals. Hamas has also controlled the border with Israel, enabling it to regulate traffic to prevent its enemies from conducting attacks it opposes or carrying out their own smuggling.

Fatah and the PA have also contributed to Hamas's strength. The PA and Fatah are factionalized, with parts of Fatah in Gaza often aligning more with Hamas than with the Fatah mainstream in the West Bank. In addition, the PA sends money to Gaza in order to maintain part of the infrastructure there and to cover the salaries of PA employees; President Abbas has said these payments account for 58 percent of the overall governing budget of Gaza.<sup>19</sup> For Fatah, this presents a bind: stopping the payments would decrease its influence in Gaza, but continuing with the payments helps prop up Hamas because it allows them to spend money on other projects, including military programs. Add-

ing to the difficulty is the fact that the PA receives donor money to care for all Palestinians; cutting off money to Gaza would risk offending the donors and could jeopardize the revenue.

For a long time, Hamas capitalized on a broad trend in the Arab world: the rise of Islamist parties and the decline of Arab nationalism. Several Arab countries once had robust Arab nationalist political movements, but as the revolutions in the region have illustrated, many citizens came to believe that their autocratic governments mouthed empty nationalist slogans, and maintained rule through a mixture of force, cooptation, and corruption. Islamists, in contrast, were often popular opposition movements, and as mentioned above, were seen as competent and less corrupt than the ruling, autocratic leaders. The Muslim Brotherhood, from which Hamas sprang, is a powerful Islamist movement in several Arab countries, partly because it was seen as acting in an honest fashion in comparison to autocratic leaders.

The challenge of trying to weaken Hamas is that many of the policies meant to cripple the group have the unintended consequence of strengthening it. For instance, Israel has taken a “no prosperity, no development, no humanitarian crisis” approach by putting pressure on Hamas while avoiding actions that would cause starvation or humanitarian crises in Gaza.<sup>20</sup> Israel has restricted items to Gaza that can be used for military purposes, but the list of what is included is long, and many products have legitimate, civilian use. As a result, cutting trade and investment—meant to punish Hamas—has also hurt the small Gazan middle class and others who would otherwise have the resources to stand up to groups like Hamas. Therefore, while Hamas suffers from the import restrictions, so do its rivals.

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<sup>19</sup> David Makovsky, “Mahmoud Abbas Visits Washington: Key Quotes,” Washington Institute for Near East Policy PolicyWatch #1668, June 15, 2010, available at <<http://www.washingtoninstitute.org/templateC05.php?CID=3214>>.

<sup>20</sup> As quoted in Lawrence Wright, “Captives,” *New Yorker*, November 9, 2009.

## HAMAS'S ECONOMIC WEAKNESSES

Hamas faces several challenges in its struggle with Israel. For the most part, its control of territory has been a boon to the organization, enabling its operatives to move with relative impunity and giving it additional resources. However, there is also a downside—Hamas must now govern. Hamas can no longer be just a resistance group, and merely criticize the Palestinian Authority and leaders like President Abbas. Instead, it must take responsibility for hard decisions. But, Hamas's history as an opposition movement did not prepare it to take power, and once it did, it did not have a coherent philosophy of governance.

The menu of difficult decisions that must be made is long, particularly on economic issues, because the move into power negatively affected Hamas's fiscal position, and the isolation of Gaza has put downward pressure on the Palestinian economy. In the past, Hamas's fundraising networks focused on sustaining its mosques, hospitals, personnel, and the militant wing of the organization. Now, Hamas has more financial obligations to meet since it is responsible for all of Gaza, not just its own people and infrastructure. At the same time, growing unrest in Syria has shifted the attention of a key Hamas patron—the Assad government—inward, causing further challenges for the group.

When Gaza came under Palestinian control in 1994, the poverty rate there was 16 percent, barely above the United States' poverty rate. In 2009, according to the United Nations, 70 percent of Gazans were living on less than a dollar a day.<sup>21</sup> A major problem is the fact that Hamas is short on currency, unable to pay the salaries of all its employees or the expenses of its projects, and has had to increase taxation to meet its financial obligations.<sup>22</sup> Part of the

challenge for Hamas is that it is difficult to get currency into Gaza, as it must smuggle it from Egypt, which often stops both the money and the people. Therefore, Hamas has already raised taxes on some goods and is considering levying dramatic taxes on cigarettes, gasoline, propane for cooking, and other basic goods, all of which would dent its popularity. The heady dreams of Islamic revolution have therefore given way to mundane concerns about goods, medicine, and law and order. As one Palestinian aid worker put it, "People in Gaza are more concerned with Karni [the crossing point to Israel] than al-Quds [Jerusalem], with access to medical care than the Dome of the Rock."<sup>23</sup>

## HAMAS'S POLITICAL WEAKNESSES

Hamas's internal cohesion has suffered since taking control of Gaza. Hamas had an institutional system of consultation to ensure consensus on important decisions. Before the Gaza takeover, Hamas's "external" leadership—its senior officials who are not in Gaza or the West Bank—was a critical component of its decision-making process, and all the factions agreed on the importance of prioritizing resistance. Today, however, Hamas officials inside Gaza have grown stronger (unsurprisingly, due to their control of territory). This "internal" group has focused more on conditions on the ground, rather than on broader issues that are important to the movement as a whole. Similarly, the Gaza leadership's focus is much more short term and pragmatic than is the external group's, and it prioritizes issues, such as reconciliation with Fatah, that might improve Hamas's short-term financial situation and ease pressure on Gaza. As a result, deliberative consultation—a practice that was valued—seems to have declined in some cases. In fact, arguably the most important decision that Hamas took since its founding—to seize power in Gaza in 2007—was done without consulting external members.

<sup>21</sup> Wright, "Captives."

<sup>22</sup> See *Calcalist*, April 8, 2010.

<sup>23</sup> International Crisis Group, "Ruling Palestine I: Gaza Under Hamas."

In addition to the political ruptures within the organization, Hamas has faced a fractured political environment in the Palestinian territories. Politically, Hamas in Gaza has been beset from all sides, with Fatah waiting to capitalize on any political opening. Some Fatah elements in Gaza have even worked with Hizballah to smuggle rockets from Egypt into Gaza in order to gain the ability to disrupt the ceasefire with Israel. All this is a result of Hamas's attempt to replace Fatah as the voice of the Palestinian people—a move that has resulted in a zero-sum rivalry between Hamas on the one side and President Abbas and the PA on the other.

Palestine Islamic Jihad, a longtime rival of Hamas, has also presented some difficulties for the group. Although PIJ has worked with Hamas and abides by the Hamas-dictated ceasefire, it has called for more attacks against Israel. Because PIJ operates partly at Iran's behest, and Tehran has sought to prevent a lasting ceasefire between Hamas and Israel from taking hold, PIJ takes a hard-line position against any agreement with Israel. PIJ has recognized that if Hamas becomes amenable to a ceasefire with Israel, then PIJ can claim the mantle of Islamic resistance and gain support from disaffected Hamas members. Perhaps the biggest challenge for Hamas is that PIJ has been trying to build a military infrastructure of its own, which could challenge Hamas's monopoly on force—the heart of its power to govern—and would give PIJ the ability to disrupt any calm. One bright spot for Hamas is that PIJ has been kept in check by several shortcomings: PIJ is less respected than Hamas, it is internally divided, it recognizes that Gazans do not want another round of fighting with the IDF, and it fears going head-to-head with Hamas.

Another growing political challenge for Hamas is the rise of Salafist groups in Gaza. This new challenge reared its head in August 2009 when Abdel Latif Moussa, a Gazan preacher and leader of a Salafist group, declared Gaza an Islamic emirate—in direct challenge to Hamas. Hamas fighters surrounded the mosque in which he was located, and during the shootout that ensued, twenty-eight people were killed, including Moussa.<sup>24</sup> Moussa was part of a growing phenomenon of jihadists who have looked more to al-Qa'ida than to Hamas for guidance, though they are not directly tied to al-Qa'ida itself. For now, these groups are small and disorganized, with even the larger ones like Jaysh al-Umma, Jaysha al-Islam, Jaysh Ansar Allah, and Jaljalat having membership numbering only in the low hundreds.<sup>25</sup> Although these groups remain underground as a result of Hamas's crackdown, they will criticize Hamas vocally if it fails to continue the fight against Israel.

Extreme Islamist positions are worrisome for Hamas because these positions evoke considerable sympathy from Hamas's rank-and-file members, particularly in its armed wing. Al-Qa'ida-style jihadists who criticize Hamas for turning away from the goals of resistance amplify Hamas's concerns because many Palestinians joined the organization to fight Israel and to create an Islamic state. Al-Qa'ida has strongly denounced Hamas, with some of its affiliates calling for God to “destroy the Hamas state.”<sup>26</sup> (These same people also criticize PIJ, even though it is more committed to launching attacks, because of its ties to Iran—what they see as the hated Shi'i power.) Social conditions in Gaza may favor these groups, as Taliban-style dress has become more common.<sup>27</sup>

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<sup>24</sup> Nicolas Pelham and Max Rodenbeck, “Which Way for Hamas?” *New York Review of Books*, November 5, 2009, p. 36.

<sup>25</sup> Yoram Cohen, Matthew Levitt, and Becca Wasser, *Al Qaeda Inspired Groups in Palestine: Determined but in Check* (Washington, DC: Washington Institute for Near East Policy, 2010).

<sup>26</sup> Intelligence and Terrorism Center, “The Struggle between Hamas and Jihadi-Salafist Networks in the Gaza Strip Affiliated with the Global Jihad,” October 4, 2009, available at <[http://www.terrorism-info.org.il/malam\\_multimedia/English/eng\\_n/pdf/hamas\\_e084.pdf](http://www.terrorism-info.org.il/malam_multimedia/English/eng_n/pdf/hamas_e084.pdf)>. For an excellent analysis of this phenomenon, see Cohen, Levitt, and Wasser, *Al Qaeda Inspired Groups in Palestine: Determined but in Check*.

<sup>27</sup> Ibid.



The overall challenge for Hamas is that while it has the security capability to crush the Salafist groups, PIJ, and Fatah extremists, it would be politically costly to do so. Hamas has therefore allowed them to maintain their organizations, but at the same time, has curtailed their activities and prevented them from conducting more than a few token attacks. Hamas thus maintains a difficult balancing act—it controls the groups and tries to avoid unwanted escalation with Israel, but does not push them into a corner.

To bolster its strength and address its financial and weapons shortfall, Hamas has turned increasingly to Tehran for help since 2007. But in doing so, Hamas has tried to avoid the mistakes Fatah and other groups made when they became too dependent on foreign patrons. As a result, while Iran provides training for Hamas fighters—both in Iran and in Lebanon (through Iran’s ally, Hizballah)—as well as tens of millions of dollars to Hamas to combat the revenue shortfall that has resulted from the blockade of Gaza, Hamas has tried not to become too publically attached to Tehran.

Hamas’s challenges extend beyond Gaza—it is organizationally weak in the West Bank. In 2005, Hamas had a robust infrastructure in the West Bank, but just as Hamas cleaned out Fatah from Gaza, so too did Fatah clean out Hamas from the West Bank. Indeed, Hamas’s 2007 takeover of Gaza energized Fatah, and President Abbas’s crackdown was not motivated mainly by a desire to restart the peace process or improve the economy, but rather by political survival.

A big, unexpected challenge for Hamas has been the revolutions sweeping the Middle East and North Africa. The grassroots, secular movements have provided an alternative outlet for people who have been frustrated with the status quo but unwilling to support Islamists. The success of the largely peaceful protests in Tunisia and Egypt in toppling long-standing autocrats has called into question the

narrative advanced by Hamas that violence and religious adherence is the path to a better government.

In the end, all these factors combine to present a difficult environment for Hamas. Hamas suffers from the fact that Israel can deal with the status quo more easily than it can. Therefore, while Israel can live with the current ceasefire even if it involves a rocket attack from time to time, Hamas finds the current situation more precarious.

## THE AFTERMATH OF OPERATION CAST LEAD

Operation Cast Lead provides a valuable case study of the way in which Israel’s policies have interacted with some of Hamas’s strengths and weaknesses. In the months before Israel launched Operation Cast Lead, Hamas experienced setbacks with regard to its ability to coerce Israel and maintain its domestic political position. Hamas ended the six-month ceasefire with Israel that had been in place in order to renegotiate the terms of the ceasefire to include the opening of the Rafah crossing and the cessation of arrests of Hamas personnel in the West Bank. Yet, in resuming rocket attacks, Hamas overestimated its ability to deter the IDF, and ultimately pushed Israel too far. Hamas was tactically surprised and unprepared when Israel invaded Gaza in December 2008, as Israel conducted a disinformation campaign about when its operation would commence.

Operation Cast Lead achieved several things in terms of Israel’s efforts to weaken Hamas. Foremost, the military campaign halted Hamas rocket attacks into Israel. After Operation Cast Lead ended in January 2009, Hamas launched only nine rockets. (This jumped to forty-nine in February and fifty in March but then dropped back down to six, five, and four in the next three months, and continued at low levels throughout the rest of that year.) In total, in the months after Operation Cast Lead ended, Hamas launched 314 rocket and mortar shells from Gaza—a large number, but a fraction

of the almost 4,000 munitions launched in 2008.<sup>28</sup> As Ayman Taha, a former fighter and Hamas leader, noted seven months after Operation Cast Lead had ended: “The current situation required a stoppage of rockets. After the war, the fighters needed a break and the people needed a break.”<sup>29</sup> Indeed, public opinion in Gaza appears firmly against a renewal of rocket attacks, as people fear a return to the devastation that a clash with Israel would bring. Operation Cast Lead therefore helped restore Israel’s deterrence. Hamas, arguably, learned the burden of sovereignty—that it has a responsibility for what occurs in territory under its control (and that its popularity will suffer when the people it governs suffer).

Operation Cast Lead did not topple Hamas but it did chisel away at its popularity. While Hamas’s infrastructure, both civilian and military, took severe hits during the fighting,<sup>30</sup> the organization was deeply entrenched in Gaza, and there was no competing power to threaten its control. Initially, Hamas’s popularity grew at President Abbas’s expense because Palestinians felt sympathetic to the group and because the PA had called for a continuation of the ceasefire. Polls taken after the war indicated that Hamas’s leader, Ismail Haniyeh, would have won a presidential race against President Abbas (before the war, polls showed Haniyeh down ten points).<sup>31</sup> Similarly, Fatah suffered because it sat on the sidelines, in contrast to its participation in almost every other struggle against Israel since the 1967 war. However, as emotions have cooled, and as the West Bank has begun to improve economically, especially relative to Gaza, the popularity of President Abbas and Prime Minister Fayyad has begun to increase at the expense of Hamas’s.

Hamas suffered in the aftermath of Operation Cast Lead because it did not emerge with the aura of victory, as Hizballah did after its 2006 war with Israel. Hamas failed militarily because its strategy was poor, and its implementation was weak. Before the war began, Hamas official Mahmud al-Zahhar warned: “Just let them try to invade Gaza. Gaza will be their new Lebanon.”<sup>32</sup> However, once the fighting started, no Hamas terrorist cells attacked Israel from the West Bank or from within Israel proper. Israel did not lose a tank or a helicopter or suffer a kidnapping, and the possibility of Hamas suicide bombers attacking Israeli soldiers turned out to be a bluff or the attempts were unsuccessful, as no IDF personnel were killed in this manner. While Hamas did manage to continue launching rockets throughout the course of the conflict, the rocket attacks reduced in number as the conflict ended, in contrast to Hizballah’s 2006 clash with Israel when rocket attacks grew in intensity over the duration of the fighting. This was due in part to effective IDF operations that took over launch areas and made it hard for Hamas fighters to fire rockets from other locations without facing grave risk. Perhaps most damaging to Hamas was the fact that its demands—that Israel open the Rafah corridor and not go after Hamas officials in the West Bank—were not met when it ultimately agreed to a ceasefire. Suggesting Hamas’s own displeasure with its performance, several military commanders were fired after the ceasefire was reached.

Hamas’s isolation was evident during Operation Cast Lead, as it received no significant backing from Arab states or even from other resistance groups like Hizballah, whose support was confined to rhetoric only. In the West Bank, President Abbas

<sup>28</sup> Israeli Security Agency, “A Year Since Cast Lead: Sharp Drop in Attacks Alongside Hamas’ Continuous Strengthening,” available at <[www.shabak.gov.il/English/En/TerrorData/Reviews/Pages/CastLead100110.aspx](http://www.shabak.gov.il/English/En/TerrorData/Reviews/Pages/CastLead100110.aspx)>.

<sup>29</sup> Ethan Bronner, “Hamas Shifts from Rockets to Culture War,” *New York Times*, July 23, 2009.

<sup>30</sup> *Ibid.*

<sup>31</sup> Palestinian Center for Policy and Survey Research, “Palestinian Public Opinion Poll Number 31,” March 2009, available at <<http://www.pcpsr.org/survey/polls/2009/p31e.html>>.

<sup>32</sup> Umberto De Giovannangeli, “Hamas’s Al-Zahhar Warns: ‘Gaza Will Be Their New Lebanon,’” *L’Unita*, December 23, 2008, p. 27.

was successful in stopping demonstrations and other signs of support for Hamas. However, as mentioned above, many Palestinians in the West Bank were angered when PA security forces prevented them from marching to show their solidarity with Palestinians in Gaza (PA officials use this as a point of pride in illustrating to U.S. and Israeli officials that they are capable of preventing unrest). After the fighting, Hamas accused Fatah of having spied for Israel, while Fatah claimed that Hamas had rounded up their supporters and imprisoned and tortured them. The Palestinian Center for Human Rights reported that “Hamas operatives killed six members of Fatah” and that another “35 were shot in the knees or beaten.”<sup>33</sup>

#### PREDICTIONS ABOUT HAMAS’S MILITARY STRENGTH

Unless Hamas’s progress is interrupted, in the next five years, Hamas’s capabilities are expected to improve in several ways.

First, Hamas is likely to increase the number of its skilled military personnel. Trainers and other specialists have come to Gaza from Hamas’s organization abroad to help bolster its military capabilities. As noted, Hamas has trained several hundred operatives at a time in Lebanon under the tutelage of Hizballah and Iranian military officials. Training also occurs in Iran and Syria, with hundreds of Palestinians traveling to these countries to learn more advanced fighting techniques.<sup>34</sup> A Hamas commander from within the group’s military wing, the Izz ad-Din al-Qassam Brigades, admitted that the group has a tight military connection with Iran, saying, “We have sent seven ‘courses’ of our fighters to Iran” where they train for between forty-five

days and six months.<sup>35</sup> The same commander said that even more Palestinians train in Syria, explaining that they learn “high-tech capabilities, knowledge about land mines and rockets, sniping, and fighting tactics like the ones used by Hezbollah.”<sup>36</sup> Hamas’s capabilities in this regard are likely to grow exponentially because as Hamas gains a sufficient cadre of well-trained personnel, these fighters can provide advanced training to others, without the need for outside assistance. However, for Hamas to stay funded and armed, it will have to maintain and even deepen its relationship with Iran, giving Tehran a greater say in regional developments, and preventing the group from being truly independent.

Second, as discussed above, the number of tunnels in Gaza is expected to increase. Already, the number has grown exponentially since Hamas took power in 2007. Hamas is likely to try to build even more to smuggle goods and people to Egypt and to conduct attacks against Israel.

Third, as mentioned, Hamas’s missile cache is projected to grow, and the range of the rockets in its arsenal will likely increase. In addition to stepping up its own missile production, Hamas will benefit from Iran’s continued smuggling of missiles and rockets into Gaza. These Iranian shipments are expected to include longer-range systems that can strike deeper into Israel. Hamas has already begun to launch rockets remotely from prepared sites. In the past, Hamas needed a trained person to move with the rocket and launch it manually, but the 2009 cease-fire with Israel has given it the calm it has needed to establish underground, entrenched rocket systems. The benefit of this advancement is clear—Hamas is able to fire its rockets automatically without fear of losing personnel. The tunnels Hamas has built

<sup>33</sup> Shahshank Bengali and Dion Nissenbaum, “Still in Charge,” *Miami Herald*, July 31, 2009.

<sup>34</sup> Intelligence and Terrorism Information Center, “Hamas’s Military Buildup in the Gaza Strip,” April 8, 2008, p. 47; Intelligence and Terrorism Information Center, “Senior Hamas Figure Tells London Sunday Times’ Gaza Strip Correspondent About Iranian and Syria Military Aid,” 2008.

<sup>35</sup> Marie Colvin, “Hamas Wages Iran’s Proxy War on Israel,” *Sunday Times*, March 9, 2009.

<sup>36</sup> *Ibid.*

(and is continuing to build) connect the different prepared sites, allowing Hamas fighters to move ammunition, repair damaged systems, redirect the trajectory of the rockets, and so on.

Fourth, Hamas is likely to develop other capabilities to combat the IDF. Hamas, like Hizballah, is probably pursuing anti-aircraft capabilities in an attempt to reduce Israel's air dominance. (Such systems might also be able to threaten planes flying near the Gaza Strip.) Hamas may also gain anti-tank guided missiles, making it perilous for Israel to use its armored force in and around Gaza, as it did during Operation Cast Lead.

These shifts in Hamas's military strength have several implications for Israel's Gaza policy. Most obviously, the cost of any military operation for Israel—both to its forces and to its civilians in range of Hamas rocket attacks—will continue to rise. In addition, Hamas's growing military strength will only serve to deepen the Fatah-Hamas divide. Hamas has expended tremendous energy and resources acquiring weapons and developing its forces, and it is unlikely that it would readily give them up or subordinate

them to Fatah. For similar reasons, the demilitarization of Gaza—as envisioned by the Oslo Accords—will be difficult to achieve. In addition, should Israel face a crisis outside of Gaza that it must address (such as along the Israel-Lebanon border), it would have to account for the “Gaza front.” In other words, Israel will increasingly need to defend the Gaza border and prepare to act there even if its troops are needed elsewhere. Lastly, any “game changer” weapon that Hamas acquires could get into the “wrong hands.” In other words, the more weapons Hamas smuggles into Gaza, and the more advanced these weapons are, the greater chance other organizations, such as PIJ or Salafi-jihadist groups, will acquire some of them. This situation would no doubt cause greater challenges for Israel.

One silver lining for Israel is that Hamas's military buildup may prove to be an overstretch for the group, given its poor fiscal situation and the weak economy in Gaza. Hamas is spending heavily on arms and military manpower at a time when it is having difficulty meeting many of its fiscal obligations. Gazans may find the spending increasingly frustrating as their economic misery continues.

## FACTORS BEYOND GAZA TO CONSIDER

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Policy toward Gaza is not, and should not be, made in isolation. A number of factors should influence how the United States, Israel, and other interested parties address the problems emerging from the territory. Specifically, developments in the West Bank, Iran, and Egypt, as well as trends in the Arab world, need to be accounted for when formulating policies to address Hamas and Gaza.

### STRENGTH AND ATTITUDES OF PRESIDENT ABBAS AND PALESTINIAN MODERATES

In developing a policy toward Gaza, it is important for Israel and the United States to consider events in the West Bank and the standing of the more moderate Palestinian leadership there. As noted above, the strength of Hamas's rival—the Palestinian Authority—is a factor in driving the group's behavior and its confrontation with Israel. When President Abbas and Prime Minister Fayyad came to power, most Israelis recognized that they sought peace. Yet President Abbas has lacked Yasser Arafat's ability to mobilize the Palestinian people, and as a result, the PA, never a model of efficiency, had become very weak.

Despite the PA's weaknesses, President Abbas has engaged in a crackdown against Hamas in the West Bank since the group's takeover of Gaza. President Abbas has shut down radio and television programs that incited hatred of Israel, and has stated that suicide bombings are harmful to the Palestinian cause rather than heroic.<sup>37</sup> In 2008 and 2009, under Prime Minister Fayyad's leadership, Palestinian police imposed order in the West Bank, and the PA effectively contained unrest, indeed political protest of any sort, during the highly unpopular and emotive Operation Cast Lead in Gaza. This has helped allay some Israeli concerns of whether the PA could prevent a Hamas takeover should Israeli forces depart the West Bank, and has led even skeptical Israelis to admit the PA is aggressively going after the Hamas infrastructure in the West Bank.<sup>38</sup> But the PA has not tried to fully extirpate Hamas from the West Bank, because the PA fears that doing so would cause Hamas to go after Fatah supporters in Gaza.

This situation illustrates the fact that despite signs of some progress, from an Israeli point of view, the PA has a mixed report card. From the police to the courts to the jails, the security system in the West Bank is improving, but it remains corrupt, incompetent, and politicized. When Palestinian security services arrest

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<sup>37</sup> Amos Harel and Avi Issacharoff, *The Seventh War* (Tel Aviv: Yedioth Ahronot, 2004), 21, chapter 15.

<sup>38</sup> Nathan Brown, "Palestine: The Schism Deepens," Carnegie Endowment for International Peace web commentary, August 2009, p. 3; "PA Security Commended for Anti-Hamas/Hiszbollah Actions," *Haaretz.com*, May 5, 2009.

people, they often do so for political reasons and ignore the rule of law.<sup>39</sup> Even more important, because the new Fatah leadership lacks street credibility, it relies on repression to stay in power.

In addition, although President Abbas and Prime Minister Fayyad are building state institutions in the West Bank, at times they have done so without Israel's agreement. For example, the PA has tried to develop capabilities in "Area C"—the part of the West Bank that, under the framework of the Oslo Accords, was under Israeli control—and to bring in Europe to counterbalance U.S. influence. This has caused some concern in Israel over the PA's unilateral steps toward statehood.

Some Israelis are skeptical that President Abbas and Prime Minister Fayyad are truly committed to fighting terrorism. These Israelis believe that the Palestinian leadership in the West Bank is generating as well as channeling Palestinian anger toward Israel. They fear that eventually President Abbas might want to start another intifada if negotiations with Israel do not work out. Other Israelis believe that Prime Minister Fayyad and the PA are taking tough action to uproot Hamas because they fear the organization, not because they are committed to peace with Israel. This may seem like a distinction without a difference—terrorism is fought, either way—but if it is true, and Hamas and Fatah reconcile, the progress the PA has made could disappear overnight and Hamas's influence could grow.

The Palestinian Authority's weakness has harmed its independence—its leadership has come to depend on the IDF, both directly and indirectly. Some Palestinian observers believe that Hamas would win a truly free election, but for now Israeli (and Fatah) pressure on the organization prevent it from

increasing its strength. Hamas leader Khalid Mehal's criticism that "this faction [Fatah] is prepared to ride on the back of an Israeli tank" illustrates the perception among some that the PA and Fatah are only in power because of Israeli support.<sup>40</sup>

This problem of PA weakness is clearly evident in the Gaza Strip, where Fatah historically was weaker and where Hamas's efforts to clean out Fatah loyalists have been somewhat successful. Therefore, for President Abbas to be able to govern Gaza, he would first have to improve his credibility among Palestinians in general by proving that his "model" in the West Bank can provide security, economic growth, and at least some political dignity through autonomy or other changes. Then he must have competent and loyal security forces to be able to suppress Hamas in Gaza and otherwise be able to reach deeply into Gaza to impose his will.

### HAMAS'S INFLUENCE IN THE WEST BANK AND THE IMPACT OF A HYPOTHETICAL HAMAS TAKEOVER THERE

Judging Hamas's strength in the West Bank is difficult. Because of the PA's crackdown, the organization, particularly its military wing, has gone underground. But, overall, the influence of the group is a function of what is occurring in Gaza and the West Bank: if Hamas governs Gaza well, its reputation will improve in the West Bank; on the flip side, if the PA is seen as governing the West Bank well, it will be the one to gain public support.

Politically, the return of a semblance of law and order to the West Bank has improved the standing of the PA, but its legitimacy is still limited, given its reliance on Israel and its continued corruption.<sup>41</sup> A poll taken of Palestinians in both the West Bank

<sup>39</sup> International Crisis Group, "Ruling Palestine II: The West Bank Model?" Middle East Report no. 79, July 17, p. 25.

<sup>40</sup> Mouin Rabbani, "A Hamas Perspective on the Movement's Evolving Role: An Interview with Khalid Mishal: Part II," *Journal of Palestine Studies* 37, no. 4 (2008), p. 71.

<sup>41</sup> Overall, politics in the West Bank has also become more artificial. A significant voice—the Islamist's—still has popular support, but its political organization is weak. (Fatah faces a similar problem in Gaza.)

and Gaza in October 2009 offers a snapshot: it shows that the Palestinian public appreciates the progress on security Prime Minister Fayyad has made, but the overall support for President Abbas is poor—only 12 percent of those polled had confidence in the Abbas government.<sup>42</sup> It is clear that Hamas remains popular with a significant segment of the Palestinian population; Hamas is still admired by many West Bankers for its successes against Israel and because it is seen as more honest and more competent than Fatah. As a result, PA efforts to dismiss pro-Hamas preachers or shut down Hamas's social services infrastructure have been met with criticism and at times protest. Given the often brutal response of the PA to dissent, this is a sign that sentiment is particularly strong.

Current U.S. policy assumes that the Abbas government is stable and would even become stronger after a peace deal with Israel, but the Israeli government is more skeptical and less certain about both these assumptions. The lack of strong public support in the West Bank for President Abbas is troubling for the Israeli government; it fears that any withdrawal from the West Bank could lead to a Hamas takeover. The Israeli government is also concerned that Hamas's presence might grow in the West Bank even without a formal takeover by virtue of a return of Hamas-affiliated refugees; if the PA controls its borders, it would probably be unwilling to stop Palestinians from abroad from returning home, even if they were affiliated with Hamas.

A particularly important question for Israel is whether Hamas could use the West Bank to launch

rockets into Israel. A Hamas report states that eventually Qassam rockets will be available to its operatives in the West Bank and “carry great hope for the future.”<sup>43</sup> The report continues to state that if Israel withdraws partially from cities in the West Bank, then “Afula, Hadera, Beit She’an, Netanya, Tel Aviv, Jerusalem and many other cities would be in the range of the Qassam 1 rocket. [because these cities are so close].”<sup>44</sup>

## IRANIAN INFLUENCE

Hamas has long sought to retain its independence even as it has drawn on states such as Iran and Syria, and individuals in Saudi Arabia and the West for financial and material support. Individuals have contributed tens of millions of dollars to Hamas each year since 2000,<sup>45</sup> and after the Hamas takeover of Gaza, Iran's support of the group has grown exponentially. Iran has sent arms, including the Grad rockets, and has provided roughly \$15 million a month to Hamas in aid.<sup>46</sup> This support has proven particularly important to Hamas, as international economic pressure reduced the resources available to it. When, and how, Iran will collect on this debt is unknown, but given the adversarial relationship between Tehran and Jerusalem, the situation bodes poorly for Israel. While it is true that Hamas is not Iran's puppet, and Hamas's relationship with Tehran is not nearly as strong as Hizballah's, the connection is still strong.

From Tehran's point of view, working with Hamas serves several purposes. Because Tehran sees Israel as a threat, it has an interest in cultivating Israel's

<sup>42</sup> Jerusalem Media & Communication Centre, “Poll No. 69 Part 1: Palestinian opinions on the Goldstone report and the upcoming elections,” October 2009, available at <<http://www.jmcc.org/documentsandmaps.aspx?id=718>>.

<sup>43</sup> *Ma'amar Be-Atar Ha-Internet Shel Ha-Hamas Meshakef Et Hatirat Ha-Tnu'aa Le-Ha'atik Et Yecholot Ha-Yetzoor Shel Tiley Ha-Qassam Le-Yehuda Ve-Shomron....* [An Article on Hamas Website Depicts the Organization's Attempts at Copying the Abilities to Manufacture Qassam Rockets to Judea and Samaria....], Intelligence and Terrorism Information Center at the Israel Intelligence Heritage & Commemoration Center (IICC), June 28, 2005, available at <[http://www.terrorism-info.org.il/malam\\_multimedia/html/final/sp/6\\_05/qasam.htm](http://www.terrorism-info.org.il/malam_multimedia/html/final/sp/6_05/qasam.htm)>.

<sup>44</sup> Ibid.

<sup>45</sup> For a review of fundraising since the outbreak of the second Intifada, see the Israeli Security Agency, “The Union of Good – Analysis and Mapping of Terror Funds Network,” available at <<http://orientemiedo.files.wordpress.com/2011/02/shabak-the-union-of-good-analysis-and-mapping-of-terror-funds-network-2009.pdf>>.

<sup>46</sup> Paul McGeough, *Kill Khalid: The Failed Mossad Assassination of Khalid Mishal and the Rise of Hamas* (New York: The New Press, 2009), p. 366.

enemies, including Hamas. Supporting Hamas is also a way for Tehran to gain goodwill among Sunni Arabs, many of whom may view Shi'i Iran with suspicion, but in contrast to their governments, admire Hamas and its resistance of Israel. Lastly, Iran has long sought to prevent the peace process from succeeding because a successful peace process would further isolate the Islamic Republic and legitimate its bitter enemy, Israel. As a result, Tehran has looked to support not only Hamas, but also other Palestinian militant groups that conduct terrorist attacks, knowing that such attacks can help derail any movement toward peace. Iran has worked closely with Palestinian Islamic Jihad since the mid-1990s to the degree that a bulk of the group's budget is from Iran. PIJ's attacks, though, not only present a challenge to Israel, they present a dilemma for Hamas: if Hamas cracks down on PIJ attacks, it risks damaging its own militant credentials, but if it allows the attacks to go forward, it risks Israeli retaliation against Gaza.

A critical issue for the United States and other parties seeking to promote the Israeli-Palestinian peace process is that as Iran's reputation and influence grow in the region (due to its defiance of the international community over its nuclear program, for instance), its allies, such as Hamas, gain credibility. The failure to contain Iranian influence in the Middle East or combat its narrative of resistance against the West, therefore, will manifest itself in Gaza where Iran may step up financial and military aid to Hamas and PIJ and urge them to be more confrontational with Israel.

## ATTITUDES IN EGYPT

There were contested claims as to whether Egypt under Mubarak did all it could to crack down on Hamas in Gaza; Cairo played somewhat of a balancing act. On the one hand, Egypt increased

border security, and Cairo's construction of a steel barrier along the border—a barrier that also runs deep underground to stop tunnels—marked a significant step forward in that regard. Similarly, Cairo cracked down on smuggling, and media reports indicated that the U.S. Army Corps of Engineers provided Egypt with special equipment and training to help it more effectively locate the tunnels.<sup>47</sup> Mubarak had an interest in restricting Hamas's power in Gaza: he feared Hamas's links to Iran and the growth of a successful Muslim Brotherhood regime on Egypt's doorstep would threaten his government.

Many critics argue that Egypt had, and still has, the capability to stop Hamas's smuggling. The only thing missing is desire. True, Egypt has its own terrorism problem in Sinai and does not have complete mastery over the area. But, not only is the Gaza-Egypt border relatively short, Egypt has experience in successfully crushing a far larger terrorist threat (its own jihadist groups in the 1990s). Part of the problem is that Israel's closure of crossing points to Gaza has meant the rewards of smuggling have skyrocketed, and corruption—namely, turning a blind eye—has become far more lucrative. But also, some Egyptians cooperate with Hamas due to their sympathy with the group's efforts against the Jewish state.

Politically, Cairo had to walk a fine line—the Mubarak government worried about angering the Muslim Brotherhood, which has close ties to Hamas, and angering the parts of its population that support the group. Despite this, Egypt made progress shutting down tunnels since the end of Operation Cast Lead. This improvement is best proven by Hamas's statements, which grew critical of Egypt.<sup>48</sup> In addition, Hamas directly challenged Egypt along the border on a number of occasions. For instance, in January 2008, Palestinians temporarily destroyed

<sup>47</sup> "U.S.-Funded Program Fails to Stop Gaza Tunnels," Associated Press, January 7, 2009.

<sup>48</sup> See Intelligence and Terrorism Information Center, "Tension Between Egypt and Hamas," January 14, 2010.



the wall in Rafah separating Gaza from Egypt, allowing thousands of Palestinians to pour into Egypt. In January 2010, a Palestinian sniper killed an Egyptian soldier along the border.

The nature of Israeli-Egyptian relations is uncertain in the post-Mubarak period. Egypt is a leading Arab state, and its peace with Israel is politically and militarily vital to the Jewish state. Egypt under Mubarak was also a more moderate voice in Arab councils, and its military relationship with the United States also indirectly served Israeli interests. So far, Egypt looks likely to retain its peace treaty with Israel and its relationship with the United States, but the situation is highly fluid and Israelis are concerned that at the very least a new regime will be less pro-Western and at most actively hostile to Israel.

#### ALTERNATIVES TO HAMAS (ABU MAZEN OR BIN LADIN):

As noted, Hamas is pressed from all sides by its rivals. Should the organization lose influence or even power in Gaza, who would benefit? Although it is usually assumed that moderate and more secular Palestinian nationalists would gain, it is also likely that radicals with an ideology more akin to al-Qa'ida would benefit, perhaps more so than would President Abbas. This fact is driven in part by events outside Gaza, and outside the Israel/Palestine area in general. Whether or not al-Qa'ida and other Salafi-jihadist groups and preachers in influential countries like Egypt, Iraq, and Saudi Arabia succeed will shape the trajectory of this movement.

Given the long-standing hostility and rivalry between groups like Hamas and the salafi jihadist movement, it is possible that Israel or other countries would prefer Hamas to the alternatives and perhaps even use it as a bulwark against the salafi jihadists. In addition, since the end of Operation Cast Lead, al-Qa'ida has toned down its criticism of Hamas, choosing instead to praise the steadfastness

of Gazans. Perhaps al-Qa'ida is seeking to keep open relations with Hamas and, in the long term, is hoping to use Hamas's popularity for its own benefit.

Another alternative is a weaker Hamas, perhaps to the point that chaos comparable to what existed in Gaza in 2006 recurs. From an Israeli point of view, chaos is likely to make the operating environment for all groups that seek to strike Israel more permissive, as they will launch rocket and mortar attacks both because of their real hostility to Israel and to try to demonstrate their resistance credentials to recruit and raise money. Such attacks would increase pressure on Israel to respond to the violence. A return of chaos to Gaza would also hurt Hamas's stature and influence outside Gaza: it would lose credibility with international and Palestinian audiences.

#### INTERNATIONAL OPINION

Hamas has been trying to cultivate its relationship with the international community, especially Europe. Talks with European officials or other forms of recognition by European capitals or institutions build Hamas's legitimacy and pave the way for the broader acceptance of its government. Such efforts are galling both to Israel and to PA leaders, such as President Abbas, who believe that these episodes undermine their claim to be the true representative of the Palestinian people.

For the United States, its close relationship with Israel and perceived indifference to the plight of the Palestinians put it at odds with many European allies. So far this has not caused a major transatlantic rift, but the Europeans are far more skeptical of Israeli intentions and less supportive of Israel's use of force than is the United States.

Hamas's ability to gain recognition from European, Arab, and other capitals is beneficial to its legitimacy at home. For instance, in May 2010, exiled Hamas leader Khalid Meshal met with Russia's president, Dmitry Medvedev, when the latter

visited Syria. Also, after the 2010 Mavi Marmara incident, Turkish leaders spoke out in praise of Hamas. Such support allows Hamas to present itself to Palestinians, and to Israelis, as the voice of the Palestinian people, and complicates Israeli responses to the group. Since Israel and Hamas are on opposite sides of the scale, as the organization gains support internationally, Israel's stock naturally goes down.

## THE STATUS OF THE PEACE PROCESS

Israeli policy toward Gaza is linked to the peace process. If the peace process is robust, Israel is likely to draw down its presence in the West Bank—this, coupled with economic development and law and order, would promote the stature of President Abbas and moderate voices; the “model” President Abbas offers Palestinians—negotiations, state-building, and eventually peace—would become more credible and perhaps even gain more adherents in Gaza. Yet, if there is no prospect of a peace deal, the legitimacy of those who champion talks, let alone those who act in concert with the Israelis, would be harmed.

Unfortunately, calls for a renewal of the peace process often neglect what has happened in Gaza since 2007. President Abbas is frequently treated as the sole voice of Palestinians, even though his writ does not extend to Gaza. Hamas, meanwhile, has at times launched rocket attacks and other forms of terrorism, ignoring the demilitarization of Gaza that was agreed to as part of the Oslo Accords.

A key question is whether over the longer term Hamas will try to join the peace process or derail it. Hamas might gain from a peace process, particularly an unsuccessful one. For President Abbas to negotiate and be legitimate, he would have to win some benefits for Gazans, which in turn might

lead to an easing of pressure on Hamas. This would increase the chance that Gaza would improve economically, and Hamas would gain credit for that progress. But progress on the peace process could also widen fissures in the Hamas leadership: the Gaza-based leadership might cautiously support or tolerate talks because it would give them breathing space, whereas the external leadership who are more concerned with refugees and the West Bank, would likely oppose it.

If Hamas opposed the peace process, and talks moved forward, Hamas would likely resume rocket attacks, and may attempt to carry out suicide bombings or other terrorist acts. Hamas may put efforts into launching attacks from the West Bank because doing so would demonstrate President Abbas's lack of control, goad Israel into an aggressive response, and disrupt negotiations (indeed, on August 31, 2010, Hamas operatives killed four Israelis in the West Bank as peace talks in Washington commenced). Attacks from Gaza would make negotiations challenging, as it would be hard for President Abbas to talk peace in the face of an Israeli retaliation (it would be difficult for an Israeli prime minister not to order a tough response because refraining from doing so would likely cause the Israeli public to oppose the talks—a situation that would be politically costly and difficult for a prime minister to maintain).

A particular danger is a peace process that raises Palestinian and Israeli hopes but then fails, as happened with the Oslo talks in the 1990s. Should this happen, Hamas's position—that resistance, not negotiations, is the best way for Palestinians to deal with Israel—would be strengthened. As such, Hamas would likely attract disaffected Palestinian moderates, and leaders like President Abbas would be under pressure from voices within Fatah to resume violence.

# POLICY OPTIONS

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There are a wide range of policy options to consider in dealing with Gaza. Yet, given the breadth of factors discussed above, no single approach is perfect. Rather, they all have their costs and risks that must be weighed against their benefits. Because some options can be implemented simultaneously, they should be seen as overlapping approaches, not distinct choices. Below are eight policies, divided between four “conventional” options and four “out-of-the-box” options.

## CONVENTIONAL OPTIONS

### OPTION ONE: FORMAL ISRAELI NEGOTIATIONS WITH HAMAS OVER A CEASEFIRE

With the help of Egypt and the international community, Israel has negotiated indirectly with Hamas over the release of Gilad Shalit and the reopening of crossing points into Gaza. However, Israel has stopped short of direct talks with Hamas over a ceasefire, demanding that Hamas first accept the Quartet’s conditions: recognition of Israel, renunciation of violence, and adherence to past peace agreements between Israel and the PLO.

With U.S. support, Israel could move away from this position and negotiate directly with Hamas over a ceasefire and other issues. The short-term goal would be to achieve a ceasefire that ends rocket and other attacks against Israel, and the medium-

and long-term goals would be to transform Hamas from a terrorist group into a responsible government. The hope for Israel would be that a ceasefire would induce Hamas to emphasize governance. If this were to occur, moderates in the organization would be strengthened, and the organization as a whole would be reluctant to take up arms against Israel. Hamas’s capabilities might grow, but it would not want to risk any economic improvements in Gaza by sparking another round of fighting. Under such a scenario, Hamas would still almost certainly remain hostile to Israel, but it would focus on establishing a functioning government that provides services and promotes economic growth.

For Israel, negotiations would have the following goals:

- **Cessation of rocket attacks by *all* groups, not just Hamas.** Israel would demand that any truce entail an end to all rocket attacks. For Israelis living near the Gaza Strip, it makes little difference if a rocket launched from Gaza is fired by PIJ or Hamas.
- **Limits on Hamas’s conventional military capabilities.** Israel fears that Hamas would use any ceasefire to develop its conventional military forces; a ceasefire would be a pause to reload, not a true end to the fighting. Therefore, Israel would demand that Hamas

accept limits on its weaponry, such as long-range rockets.

- **An end to tunneling.** Under a ceasefire, the border crossings between Gaza and Israel would be reopened to allow the flow of legitimate goods in and out of the Gaza Strip. For this reason, tunnels would have no purpose except for criminal activity and the smuggling of banned goods. Israel would therefore require Hamas to crack down on the tunnels, as a sign that it is not seeking to bring in weapons in violation of a ceasefire, smuggle in and out members of its military wing for training, or prepare to launch attacks against Israel via the tunnels.

The immediate advantages to both sides of negotiating a ceasefire are straightforward. The direct talks themselves would legitimate Hamas, demonstrating that it is the voice of the Palestinian people in Gaza, and that resistance, not concessions, brought Israel to the negotiating table. The increased legitimacy would yield more aid from organizations and Arab states that have shied away from supporting Hamas due to international pressure. In addition, a ceasefire would be a respite from Israeli pressure and a chance for Hamas to show it can govern, not just fight. For Israel, the regular rocket attacks would end, allowing Israelis living near Gaza to resume a normal life. A ceasefire would also give Israel the opportunity to strengthen its military forces, improve its technology to identify tunnels, and otherwise be better prepared to confront Hamas in the long term.

A ceasefire would yield diplomatic benefits for Israel and the PA. President Abbas would be able to negotiate with less fear of Hamas undermining him, and Israelis could cede more security authority to him because Hamas would be less of a concern.

Internationally, a ceasefire would reduce, though hardly eliminate, some of the anger at Israel for its perceived abusive treatment of the Palestinians in Gaza.

The downside for Israel involves the long term—namely, would negotiating a ceasefire simply postpone an inevitable fight and, in doing so, allow Hamas to become stronger? This is a concern for Israel because between the time Hamas took power in Gaza in 2007 and the start of Operation Cast Lead in late 2008, Hamas tried to build a mini-army, using Hizballah as a model. Similarly, Hamas has been taking steps during the current ceasefire (which has been in place since the end of Operation Cast Lead) to build up its rocket arsenal, dig more tunnels, reorganize and consolidate its military forces, and improve training (often done in Lebanon and Iran), among other things. These steps are signs of Hamas's military professionalism and ambitions—it has not wasted opportunities to bolster its capabilities. While the IDF is also preparing for another round of fighting, and Israel is developing new technologies, such as anti-rocket systems, Hamas probably gains more, in a relative sense, than Israel from any lull, as even limited arms shipments and training would greatly improve the capabilities of its weak armed forces.

In addition, by conducting direct negotiations with Hamas, Israel would risk tacitly sanctioning the creation of a radical Islamist state in the Middle East. Hamas has used its time in power to promote elements of an Islamist agenda in Gaza by stipulating that women dress a certain way (and enforcing this in courts and on television broadcasts) and that there be gender separation in some public areas, among other things. Partly as a result, more men have grown religious beards, veils are more common, and religious observances have increased.<sup>49</sup> These developments not only affect Gaza and the

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<sup>49</sup> Israeli Security Agency "Islamization Processes in the Gaza Strip since Hamas Takeover," available at <[http://www.shabak.gov.il/SiteCollectionImages/english/TerrorInfo/islamization\\_en.pdf](http://www.shabak.gov.il/SiteCollectionImages/english/TerrorInfo/islamization_en.pdf)>.

West Bank, but also other Arab states, specifically Egypt and Jordan, which both have large Islamist parties that are in opposition to the governments and may be emboldened by a recognized Islamist state in Gaza.

Another drawback for Israel is that negotiations with Hamas would force it to give up some of its options in the West Bank. To get Hamas to agree to a ceasefire, Israel would have to reduce its arrests of Hamas activists in the West Bank, and President Abbas would have to follow suit. This would reduce pressure on the Hamas infrastructure there and would tarnish President Abbas's image. Because Israel would open crossings to Gaza, and life there would improve, there would no longer be a stark contrast between Gaza's misery and the better conditions in the West Bank.

As a result, in the long term, a ceasefire would make a two-state solution to the Israeli-Palestinian conflict harder to achieve. Gaza would increasingly become a state of its own, separate from the West Bank with its own identity and ideology. Fatah, already weak in Gaza, would become even weaker, and there would be no single party with whom Israel could negotiate.

A ceasefire is not only risky for Israel, it is politically risky for Hamas as well, as it would force a showdown between Hamas and its rivals—and within the group itself—that Hamas has long tried to avoid. A ceasefire would damage Hamas's credentials as a resistance organization and threaten funding from Iran. Similarly, the pressure that al-Qa'ida-like jihadists, PIJ, and its own military wing put on the group's leadership would make it difficult for it to control any violence aimed at Israel, even temporarily. Unless Hamas were to undertake a harsh crackdown, some splinters from the group's military

wing would emerge, and the al-Qa'ida-like jihadists and PIJ would gain strength. If Hamas nevertheless went through with a deal, it would damage its resistance credentials, proving to its critics that it values a deal more than its principles. A deal would also create a challenge for Hamas in terms of public focus: the public would turn its attention from Israel to Hamas and its governance of Gaza, something that could hurt Hamas's popularity if the economic misery there continues.<sup>50</sup>

Given these challenges to both sides, would it even be possible to successfully negotiate a ceasefire? One factor that would be critical is timing. If negotiations occur when the peace process between Israel and the PA has stalled, then talks between Israel and Hamas would be seen as an alternative avenue for making some progress. For Israel and the international community, this would present a cost: President Abbas's position would be discredited, and militants in Fatah and in the West Bank in general would be strengthened. These parties would point to the negotiations with Hamas as proof that President Abbas's strategy has failed. Indeed, President Abbas would have an incentive in disrupting negotiations between Israel and Hamas.

But in many ways a ceasefire deal between Israel and Hamas would be politically easier to negotiate than the other issues of the conflict. Talks between Israel and Hamas need not resolve Jerusalem, refugees, borders, or other contentious issues. Nor must they necessarily take into account conditions in the West Bank.

Ultimately, ceasefire negotiations would boil down to one issue, an issue that may prove difficult to resolve: Is Hamas ready for a strategic shift in its confrontation with Israel? At different times, Hamas has emphasized its social and political dimensions

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<sup>50</sup> A ceasefire and more time in power might also make Hamas a more corrupt organization and decrease the popular sense of its greater competence as compared to Fatah. Over time, failures in providing services would be laid at Hamas's feet. In addition, the temptations that come with governing may lead some officials to steal, demand bribes, or otherwise govern as Fatah often did in the past.

over its military role, but for most of its history the three went together. For negotiations to be successful, Hamas would have to turn away from the violence that has characterized the movement's rise to power. In addition, Hamas would have to crack down on rival groups like PIJ and the Salafi-jihadists and on militants within its own organization. While Hamas has the military and administrative capabilities to do so, it is unclear if it has the political will.

Under current circumstances, it is unlikely Israel would be willing to recognize Hamas by conducting ceasefire talks with the group. If the United States were interested in promoting such a scenario, its entreaties would likely fall on deaf ears in Jerusalem. The alternative—direct U.S. talks with Hamas—would also be difficult for Washington to achieve. Without tacit Israeli backing, such talks would anger any government in Jerusalem and convince Israelis that the United States is not committed to the country's security. It would also be a coup for Hamas, enabling the organization to claim international recognition. The United States could, however, give political cover to an Israeli government that decided to embrace talks with Hamas, something the Israeli government would need in order to carry out what be a politically difficult step.

#### OPTION TWO: REOCCUPYING GAZA

An alternative policy option for Israel is to reoccupy either all or part of the Gaza Strip. Full reoccupation would entail a military undertaking larger than Operation Cast Lead, with the IDF taking control of Gaza and removing Hamas from power (and thus forcing it underground). A more limited scenario would entail a military occupation of only portions of Gaza.

For Israel, this policy option would be a mixed bag. Conquering Gaza would be a relatively easy task for the IDF, but because Hamas would put up a fight, the initial operation would lead to dozens,

perhaps more, Israeli casualties. In addition, because the kind of urban combat required to take Gaza would be destructive, tragedies—specifically, the killing of Palestinian civilians—would likely occur. For the IDF, the operation would continue long after the initial fighting. Taking down Hamas's infrastructure would take months or perhaps longer and during this time, snipers, IEDs, suicide bombings, ambushes, and other methods would be used to continually harass Israeli soldiers. Hamas would also use its operatives in the West Bank to strike at Israel and, if President Abbas is seen as complicit with the Israeli operation, try to undermine his position there. Hamas's goal would be to make the long-term price of any occupation too high for Israel to sustain, diplomatically, politically, and financially.

Diplomatically, a reoccupation would hurt Israel in its relations with the United States, the international community, and Palestinians in the West Bank. An Israeli military operation in Gaza would clearly poison the environment for any peace negotiations between Israel and the Palestinian Authority. Moderate Palestinian leaders would oppose a reoccupation, even if the eventual goal would be to hand them power—being seen as complicit with any Israeli military move, particularly one that killed Palestinians and involved a further loss of Palestinian sovereignty would be politically toxic. Initially, therefore, it would be hard for President Abbas to negotiate while Israel was engaged in military operations against his fellow Palestinians (though over time this might change).

Security-wise, the occupation might also radicalize Gazans. Hamas, of course, would stop wavering between its various roles and would focus on its military side. Support for violent groups would likely grow, including support for Salafi-jihadists. However, with Hamas focusing on violent resistance, the Salafi-jihadists would no longer be able to criticize Hamas for not fighting and they would probably work more closely with Hamas.

Because of these factors, the United States would not support a major Israeli military operation in Gaza, and the international community would be particularly critical of it. The United States would fear that a reoccupation would radicalize Muslims worldwide and create stability problems for pro-U.S. regimes. Ultimately, Washington would have to oppose the reoccupation in the strongest possible terms and publicly rebuke Israel, because if it did not, much of the world would see Washington as complicit. Because Jerusalem would not want to be too far out of sync with Washington on this issue, U.S. opposition would likely hinder Israel from implementing this policy.

A partial reoccupation might seem to offer fewer risks, but it may fail on its own terms. First, the longer Israel waits, the harder a partial occupation would become, as Hamas is building up both the size of its arsenals and range of its rockets. Second, even without waiting, given the size of Hamas's current arsenal, Hamas would be able to launch rocket attacks and strike at Israelis for many months. Lastly, a partial reoccupation would be hard for Israel to sustain because there would be public pressure on the government to go from a partial to a full occupation if attacks against Israelis continued.

However, despite these downsides, there are benefits for Israel in reoccupying Gaza. A total reoccupation of Gaza would allow the IDF to locate and destroy rockets before they were launched. The Shin Bet would benefit from an improved intelligence environment. As a result, Israel would be able to arrest or kill much of Hamas's military infrastructure and do the same to the infrastructures of other groups. A partial reoccupation would have more limited benefits, but it would enable Israel to reduce smuggling between Gaza and Egypt, reduce the number of rockets in Hamas's possession (in particular the number of long-range systems), and prevent Hamas members from receiving advanced

training in Lebanon and Iran. The ability of Hamas terrorists to infiltrate Israel via Egypt would also decline. Therefore, this policy would destroy the one radical Islamist state in the region, hinder efforts to further Islamicize Gaza, and so on.

If violence from Gaza is high, and if Hamas launches provocative attacks, such as missile strikes on Tel Aviv, Israel might choose to reoccupy Gaza despite the many costs and risks. The eventual hope for Israel would be to hand off governance to a moderate Palestinian entity or perhaps a neighboring state or the international community (see Option Six).

### OPTION THREE: LIMITED BUT REGULAR USE OF FORCE

A more limited military option is for Israel to attack Hamas's rocket facilities, military personnel, and key leaders on an occasional basis. The goal would be to reduce Hamas's ability to harass Israel with rocket strikes and keep its leadership off balance. It is possible that such raids would eventually help convince Hamas that employing attacks against Israel is not in its interest. The benefit of this option is that limited raids would likely be low cost in terms of risk to IDF personnel, and would not complicate Israel's relationship with the United States or negotiations with President Abbas.<sup>51</sup> Thus far, Washington has tacitly approved of this approach, as the Obama administration has not criticized Israeli raids. This might change if the raids were seen as hindering progress on the peace talks, however.

Yet, raids by themselves are not a solution to Israel's problems in Gaza. Rather, they combine well with other policy options, if properly modulated; raids can be implemented with a policy of economic isolation, and even be employed alongside negotiations (though uneasily).

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<sup>51</sup> Raids become more complex when dealing with other Palestinian groups that are distinct from but tolerated by Hamas.

Because raids only manage the problem, Hamas would still be able to improve its forces through training outside of Gaza and by smuggling weapons into its territory. In addition, Hamas and other groups would be able to continue some rocket attacks, albeit at a reduced level. In fact, it would be difficult, politically, for Hamas to accept Israeli attacks and not respond by launching rockets.<sup>52</sup> Lastly, Israel would be criticized for the inevitable civilian casualties that would occur (though the level of criticism would depend on the number and type of civilian casualties).

#### OPTION FOUR: ECONOMIC AND POLITICAL ISOLATION

Israel and most of the international community currently shun Hamas, and Israel uses its control of Gaza's sea and land access points to put a limited blockade on the area. The United States has explicitly supported this policy, emphasizing that Hamas should be isolated until it meets the Quartet's conditions. Even after the Mavi Marmara incident, Washington only pushed for an easing of the Israeli siege, not for an end to it.

Continuing this pressure on Gaza has several advantages for Israel. By imposing strict regulations on the flow of goods into Gaza, Israel can limit the importation of dual-use items that Hamas is looking to acquire so it can build rockets and bolster its military capabilities. More than this, Israel believes that the pressure that stifles economic growth makes Hamas-controlled Gaza look unappealing to Palestinians in comparison to the PA-controlled West Bank.

There are ways to increase pressure on Hamas. For its part, Israel could take Gaza out of its customs envelope.<sup>53</sup> In addition, President Abbas could stop paying Palestinian civil servants in Gaza, something that would decrease his popularity, but would further strain Hamas's finances. By allowing Gaza to go its own way without financial support from the Palestinian Authority, the PA would be drawing a stronger division between Gaza and the West Bank. Washington could back this policy by encouraging U.S. allies and international organizations not to donate to Hamas or to activities in Gaza. U.S. pressure on Gulf states would be particularly important to increasing financial pressure on Hamas.

However, isolating Gaza has its drawbacks, as the negative effects of the current blockade illustrate. The blockade has crushed Gaza's commercial class and has increased the population's dependence on the Hamas-controlled government. As a result, Hamas's power has grown, particularly in relation to that of its rivals who have few economic assets.<sup>54</sup> While the Israeli government believes that over time the public will start to pressure Hamas, for now, Gazans fault Israel for their economic problems.

The blockade has also served to strengthen the Hamas-Iran alliance. Because Hamas is out of money, and the gap between its expenditures and its income is growing, it is in desperate need of funds. This is an important reason why Hamas has turned to Iran and other outside sources for support.

Perhaps the biggest downside to the policy of isolating Gaza is uncertainty. While it is Hamas's top priority to end the blockade, it is unclear how the

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<sup>52</sup> This back and forth—Israel striking at Hamas and Hamas responding and Israel striking back, et cetera—is often difficult to contain. As a result, some form of political agreement is often necessary to prevent raids and the Hamas response from spiraling out of control and leading to more violence on both sides.

<sup>53</sup> The Oslo Accords established Israel, the West Bank, and the Gaza Strip as one customs unit so that items could move between the three territories without being subject to customs checks. If Israel were to remove Gaza from the customs envelope, any good passing through Israel from Gaza to the West Bank, or from the West Bank to Gaza, would be subject to customs costs. See Steven Erlanger, "Hamas Figure Criticizes Israeli Proposals," *New York Times*, February 17, 2006.

<sup>54</sup> See *Calcalist*, April 8, 2010.



group will seek to achieve this outcome. Hamas's desire will only gain urgency if the West Bank begins to take off economically, and the contrast between Hamas and its rivals in the West Bank becomes more acute. This could lead the organization to step up rocket attacks or to go to the negotiating table, but either way the status quo will be difficult to maintain.

The changes sweeping the region, and the new regime in Egypt, add a further element of uncertainty. Isolating Gaza requires the Egyptian regime to play an important role restricting goods into Gaza and aggressively going after Hamas's tunnel network. Any future Egyptian regime is likely to be less supportive than Mubarak was, and as the May 2011 partial opening of the Gaza-Egypt border illustrates, a post-Mubarak Egypt will likely openly work against Gaza's isolation.

## “OUT-OF-THE-BOX” OPTIONS

### OPTION FIVE: A “THREE-STATE” SOLUTION

Given that Hamas is strong in Gaza and President Abbas is consolidating power in the West Bank, Israel could look to negotiate separate peace deals with each of the two parties—a three-state solution. Korea and Germany are examples of twentieth-century nations that were partitioned and went their own way diplomatically. A similar arrangement in Palestine would entail a promise by Palestinians to unify at some unspecified later date (but this would be window dressing only). The West Germany model might be apt here: the hope would be that one side's political system would eventually fail (in this case Hamas's), with reunification occurring when it did.

For this policy to be implemented, the United States would have to accept that its longstanding policy—almost two decades old—of a two-state solution is dead. Instead, Washington would have to work with the Abbas government in the West Bank

and help contain (or try to moderate) the Hamas regime in Gaza. Washington would also have to work to gain the support of Palestinian leaders for this policy. These leaders would not openly endorse such a solution no matter what incentives were offered because they recognize that almost all Palestinians see themselves as one people (though they might go along if they could claim that unification was the eventual goal). Hamas leaders outside of Gaza would likely oppose a three-state solution as well because they are more vested in Hamas's position in the West Bank and among refugees, and are more willing than Hamas's Gaza leaders for Gazans to suffer in pursuit of unity.

For Israel, many of the advantages and disadvantages that would apply under Option One—negotiating a ceasefire with Hamas—would apply here. The hope for Israel in negotiating a three-state solution would be that the prospect of gaining control of a recognized state, as opposed to just achieving a ceasefire, would be compelling for Hamas, and cause it to emphasize governance and economic growth over military action. But the downside would be that Hamas's ability to build its conventional forces would grow because the group would control a state, and there would presumably be fewer restrictions on goods and people going in and out of the territory.

Ultimately, it would be difficult for such negotiations to even move forward, as both Hamas and President Abbas would fear criticism for abandoning the cause of a united Palestine, and both sides have recently worked (albeit with difficulty) to form a unity government. Hamas, in particular, would find it difficult to negotiate an end to hostilities with Israel since it has never openly accepted the principle that Israel has a right to exist inside its pre-1967 boundaries. Overall, the Palestinian public would oppose this scenario because Palestinians in general feel strongly that they are one people and should have one government representing them. Therefore, Washington would have to ensure that

there is language in any three-state deal that promises eventual unity even as reality moved farther away from it.

A key player, Jordan, would likely oppose a three-state solution as well. Amman would worry that the West Bank's dependence on Jordan would grow, and Palestinians' focus eastward could destabilize the regime. Egypt under Mubarak would have also opposed this option, as it would have feared that Gaza, with its impoverished people and radical government, would look to join Egypt. With much of Egypt's focus now inward, it is more uncertain how the country would react to a three-state solution. But, it is safe to say that many of the secular parties vying for power in Egypt would likely oppose a policy that effectively endorses an Islamist state that has close ties to the Muslim Brotherhood on their border. The United States would have to expand economic aid to both governments to mollify their leaders and help them appease popular sentiment.

#### OPTION SIX: AN ALTERNATIVE LEADERSHIP IN GAZA

Another “out-of-the-box” option is leadership change. With U.S. support, Israel could try to replace the Hamas government in Gaza. As part of a military or economic isolation campaign, Israel could remove Hamas and either allow Hamas's rivals to take over or install the rivals itself. This option is clearly fraught with challenges.

If a new Gaza leadership came to power through an Israeli military campaign, it would lack legitimacy. Hamas won power through elections, and it has the support of a significant number of Palestinians. Even if democratic elections were to take place in Gaza after an Israeli military campaign, a truly free vote would probably return Hamas to power. (Indeed, this is one of the risks of U.S. democracy promotion in countries where there is no strong pro-Western party.) Therefore, removing Hamas from power would require broader societal and po-

litical change and would not simply be a matter of extirpating a few leaders.

Even if a new government were in place and were able to promote economic growth and improve conditions in Gaza, the Palestinian public would be unlikely to accept the legitimacy of the government—Palestinians are highly nationalistic, and having a government imposed on them would make them more so. Because of the lack of legitimacy, an Israeli military occupation would have to be imposed to keep the government in power. Over time, the new government could develop its own security forces, but it would essentially be a military dictatorship that would have to use fear and limited cooptation, not popular legitimacy, to stay in power.

A critical problem in pursuing this approach is the lack of any alternative leadership to take power from Hamas. In Gaza, moderate nationalist voices like President Abbas and Prime Minister Fayyad are declining in influence—President Abbas's perceived collaboration with Israel has marginalized him (though if he governs the West Bank well, his stock could rise in Gaza). Because there is no real alternate leadership waiting in the wings, multiple groups would compete for power, with none being strong enough to impose its will. A return of chaos to Gaza, comparable to what existed in 2005 and 2006 after the Israeli pullout but before Hamas consolidated power, is therefore a possibility. Attacks on Israel would continue, as groups would compete to demonstrate their nationalist and militant credibility, and it would be hard for Israel to deter them.

The most beneficial variant of this policy option would be for Israel to hand off power formally to the PA, with the tacit recognition that the PA would not interfere with Hamas's de facto governing authority. This has many advantages: Hamas would gain freedom to demonstrate its competence, the PA would enjoy an improvement in status, and

both sides would prove their commitment to Palestinian unity. Israel, in turn, would have one negotiating partner, simplifying any attempts to forge a peace agreement. Fayyad's current approach of using bottom-up methods to increase the PA's institutional power would work in this variant, and over time could lead to greater PA influence in practice.

Such an arrangement, however, would require many pieces to fall in place. Israel would have to arrange a sustained truce with Hamas in Gaza (Option One, above) and accept the risks inherent in that; Hamas and the PA would have to reconcile; and Israel would have to be sure that the PA would remain stronger than Hamas in the West Bank. Yet, even if it could be worked out in the short term, sustaining a combined leadership would be difficult. Hamas, understandably, would want its members to be part of the security forces of the West Bank, but it would be unlikely that President Abbas would agree to give Hamas any real power there. The U.S. government would find it difficult to provide financial support to the PA if Hamas were indirectly receiving part of the money. Most important, if President Abbas were in charge of Gaza, he would have to deliver on the security front and stop attacks against Israel by Hamas, PIJ, and other groups in Gaza—groups whose military strength has grown tremendously. Since it is unlikely President Abbas would have the ability to do this, Israel would likely launch operations in response to any attacks. These Israeli strikes on areas under President Abbas's control would undermine him politically.

In addition, in order for this policy option to succeed, the United States would have to provide recognition to a new government and encourage American allies to do so as well. Particularly important would be Arab support in order to give the new regime more legitimacy. The United States would also have to increase its programs to train Palestinian security forces and provide more aid in order to help any new regime in Gaza gain popularity. Open U.S. backing, however, would achieve little traction

among Gazans, many of whom would oppose the new government. As a result, while U.S. recognition would be necessary, it would anger many Palestinians.

#### OPTION SEVEN: INTERNATIONAL RESPONSIBILITY FOR GAZA

Israel and much of the international community have opposed Hamas's control of the Gaza Strip. Given this, one policy option is for the international community, through the UN or NATO, to take control of Gaza. This could occur in the aftermath of an Israeli invasion or, less likely, through the collapse of the Hamas government.

Hamas, PIJ, and the Salafi-jihadist groups would likely resist any outside force, using the same techniques they would use against Israeli occupiers. They would also be likely to try to continue attacks on Israel, probably with some success, to demonstrate their resistance credentials and, they would hope, to bring Israel into conflict with the occupying force.

In reality, it would be difficult to marshal any international force to control Gaza. UN forces would be the most plausible (though still unlikely), but they would be largely ineffective, militarily. The reason for this is that UN forces would be reluctant to gather intelligence or try to uproot Hamas or other groups' military infrastructures. It is most likely that they would simply be bystanders while violence in Gaza and against Israel continued (Israel's ability to respond to attacks would be complicated by UN forces on the ground). Similarly, NATO forces would suffer from comparable weaknesses: not only are European countries already trying to reduce the presence of their forces in Iraq and Afghanistan, they are not eager for another military commitment. In addition, it would be almost impossible to get NATO members to accept the aggressive rules of engagement necessary for such a policing mission. Lastly, unless there were a

large U.S. component to the force, Israelis would likely oppose either a NATO or UN force, believing that at least some member countries are biased toward Israel.

While U.S. forces would be most acceptable to Israel, the United States would be unlikely to commit troops. The U.S. military is already heavily engaged in Afghanistan and Iraq, and even a small additional deployment would prove a strain. But this is not the only reason—there would still be reluctance even if more U.S. forces were available. It is not hard to imagine a situation in which U.S. forces were the target of Hamas attacks, particularly if Hamas saw Washington as enforcing Israel's writ rather than being impartial. In addition, from a public relations point of view, U.S. officials would fear images of heavily armed U.S. soldiers imposing order in Palestinian territories, given how emotional the Palestinian issue is for many Arabs and Muslims. Especially in light of recent turmoil in the Arab world and the debate over whether to take military action against Muammar Qadhafi, the United States would be hesitant to send troops to the Gaza Strip. But, perhaps the biggest challenge to adopting this policy is the new landscape in the region. The United States and Europe have each taken pains to articulate that they will not intervene in the grassroots movements sweeping the Middle East and North Africa, unless there are exigent circumstances, such as in Libya. Sending troops to Gaza would clearly challenge this narrative. Lastly, the presence of U.S. forces would likely challenge the United States-Israel relationship. Washington and Jerusalem might disagree over operation specifics or broader strategy in Gaza. The United States might also fear that Israeli policies could endanger the U.S. troops deployed in Gaza.

#### OPTION EIGHT: AN ECONOMIC PACKAGE

A final policy option for addressing the situation in Gaza is to try to bolster Gaza's standard of living. Achieving this aim could involve a series of steps

that include attracting large financial support from the Arab Gulf states or other countries while Israel ends Gaza's isolation and refrains from any military operations there. Under this policy Israel could allow more Gazans to work in Israel and promote trade with the area by partnering with Egypt to build free trade zones in the Sinai and Negev—areas that the Egyptian and Israeli governments are each trying to develop. This policy option would not entail changing the sovereignty or political status of the Gaza Strip, and would have to be implemented by several states in the region to have a meaningful political effect.

The hope of this policy would be that economic benefits would defuse Palestinian anger at Israel and create rival political forces to Hamas. In addition, it would give Hamas something to lose—if it continued attacks on Israel, the economic miracle would end. Such an option could be linked with other carrots and sticks, providing an inducement to Hamas for good behavior.

Gaining economic support for Gaza, however, would be difficult. There would be little enthusiasm from wealthy industrialized countries to give aid to Hamas-dominated Gaza, aside from basic humanitarian support. Similarly, Arab states have tended to be long on promises and short on actual aid when it comes to Gaza. The private sector, understandably, has also shied away from investing in the area, given the political uncertainty and risk of violence there. Moreover, economic aid in general fails when it is not linked to local economic activity: the true long-term generator of wealth is not aid but the development of local industries and services. Aid, ironically, can retard this process by distorting market incentives. Aid would also have the possibility of increasing Hamas's power if given directly to the government. Even if done indirectly, Hamas would still exert tremendous power simply by controlling the territory: it could arrest, undermine, or intimidate aid recipients who do not go along with its goals.

Because this policy option could bolster Hamas, the PA would likely oppose it. Israelis would also question the policy's logic and argue that the money would be wasted. At the same time, the United States, along with its allies, would have to provide much of the funding for such an effort. It would cost billions of dollars each year with no guarantee of success.

## CONCLUSION

None of the policy options presented above are appealing. Even with optimistic assumptions, it is easy to see how many of them can actually strengthen Hamas, lead to a return to fighting, or simply fail, despite the best of intentions and large amounts of funding and resources. For U.S. policymakers, key questions and considerations emerge in considering which policy may be most appropriate:

- **Cost and Time.** How much effort is the United States willing to devote to Gaza, given other U.S. interests?
- **Prioritization.** Although managing Gaza is an important task for policymakers, it must be weighed against other U.S. interests elsewhere in the Middle East and in the world at large. This will determine the resources the United States has to devote to Gaza.
- **Spillover.** There is an active and unresolved debate about whether events in Gaza, and Israeli-Palestinian relations in general, shape perceptions of the United States and, even more important, the actions of terrorist groups and states in the region. If the Obama administration and its successors see the Israeli-Palestinian conflict and Gaza as factors that have a critical influence on other U.S. interests, they will prioritize finding a solution.

- **The Future of Palestinian Politics.** The Hamas-Fatah rivalry has dominated Palestinian politics for over two decades, and Hamas is steadily winning. The United States must decide if it believes that Fatah or a moderate political faction will ultimately prove victorious, or if it should begin to address the inevitability that Hamas may control the political arena.

- **Prospects for Peace.** The success or failure of the peace process depends on many factors, several of which are out of the hands of U.S. policymakers. For example, the United States does not control the leadership of the Palestinian Authority or Israel, let alone Hamas. Washington cannot make the stars align, though it can nudge the parties in the right direction. Yet, even if moderate leaders are willing to move forward, Hamas's ability to play spoiler and the fraught nature of the process are always of concern. If peace, however, proves possible, several of the policy options above should not be adopted.

Many of the problems in each policy option presented stem from the weakness of moderate Palestinians. As the United States has discovered elsewhere in the world, weak allies pose many problems—they cannot crack down on radicals effectively, and they are often unable to take tough political stands. Yet, despite these challenges, a more coherent U.S. policy toward Gaza is vital for U.S. interests in the region. The peace process, the security of Israel, and indeed regional stability all hinge in part on successfully managing the threat the Hamas regime in Gaza poses. Neglecting Gaza risks jeopardizing these interests now and in the years to come.

## THE SABAN CENTER FOR MIDDLE EAST POLICY

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