

# **Bad Days, Uncertain Prospects: What Now on the Israeli-Palestinian Arena?**

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## **Introduction**

These are bad days for the Palestinians. Hamas has taken over the Gaza Strip, Palestinian Authority President Mahmoud Abbas has dismissed the national unity government and declared a state of emergency, and a new government has been sworn in under Salam Fayyad in Ramallah. The world has immediately embraced Abbas and the newly established government in the West Bank, but Gaza will face a humanitarian disaster if ignored and the political ramifications of a split inside the Palestinian body politic are unclear. For its part, Israel, too, has undergone a political crisis recently, albeit not as radical as the one that is affecting the Palestinian Authority. The harsh indictment of Prime Minister Ehud Olmert by the partial report of the Winograd Commission, which was published on 30 April, has critically weakened the prime minister, and the prospects of early elections loom large. True, the victory of former prime minister Ehud Barak in the Labor Party primaries last week (12 June), and his subsequent appointment as defense minister instead of Amir Peretz, are giving Olmert a grace period of several months. But the final report of the Winograd Commission is scheduled to be published sometime later this year, and many observers are predicting that it will include explicit recommendation for Olmert to step down. Will Olmert do so, and what will be the political ramifications of that? And what will Olmert do, indeed what can Olmert do, in the time being?

## **Bad Days in Palestine**

The military takeover of the Gaza Strip by Hamas was expected but, as always, caught everyone by surprise, perhaps even Hamas itself. As far as can be determined, Hamas's intention was to wage a more limited coup against the security forces of Fatah, but nothing succeeds like success, and the military operation got out of hand. Faced by Hamas's militias, Fatah security forces unexpectedly collapsed or fled, and Hamas found itself filling in the vacuum that was suddenly and surprisingly being created by the disappearance of their chief rival. Against its own design and perhaps even interest, and apparently against the explicit desire and intention of Hamas's senior political leadership both in Gaza and Damascus, Hamas found itself in control of the entire Gaza Strip, and is now facing the political responsibilities that attend military control. In the aftermath of these events, Palestinian Authority President Mahmoud Abbas has dismissed the national unity government and declared a state of emergency, and a new government has been sworn in under Salam Fayyad in Ramallah. And in a dramatic and exceptionally harsh-worded televised speech to the Palestinian people this week (20 June), Abbas criticized the Hamas movement for seizing control in the Gaza Strip and branded its members as "murderous terrorists" who carried out a "coup." In unprecedented language for the Palestinian leader, Abbas warned that Hamas was aiming to replace the Palestinian national project with a "project of darkness," and vowed that there will be "no dialogue with those murderous terrorists." In the meantime, the E.U., the Quartet, and Washington, have all embraced Abbas and the newly established government in the West Bank, promising help and announcing they are lifting the economic boycott of the Palestinian Authority.

These events are all the more dramatic given that only three months ago there was renewed optimism over Palestinian unity. Saudi Arabia hosted the different

Palestinian factions for talks in the holy city of Mecca in early February, and an agreement was reached that was touted as nothing less than historic and, reflecting the location of the talks, even sacred. But the national unity government which was established in the wake of the Mecca Agreement in March was showing signs of strain from the start, and within days the internal power struggle was wreaking havoc on the Palestinian street. As it became clear that despite the formation of a national unity government there was continued disagreement between Fatah and Hamas on several key issues, especially those pertaining to the control over the security forces, the violence escalated and began spilling over into Israel in the form of Qassam rocket attacks against the southern town of Sderot. Israel retaliated, but internal Palestinian fighting overtook even Israel own military operations against Hamas and ultimately resulted in Hamas's takeover of the Gaza Strip.

The interpretations of what triggered the takeover vary. Essentially, two competing versions dominate the thinking on the Palestinian side about the weeks leading to Hamas's takeover. The first describes the escalating violence as an internal rebellion inside Hamas. As such, the escalating violence was aimed not so much at Fatah and certainly not at Israel (although Israel was a convenient cover), but rather at the more moderate forces within Hamas who agreed to the Mecca Agreement. As this version has it, the extremists within Hamas felt that the Mecca Agreement was bad for Hamas and that, unless they forced a showdown now, they stood to lose further ground, especially militarily, to the point of being dangerously weakened vis-à-vis Fatah. The aim of the extremist elements within Hamas was to force the more moderates within the movement, politically headed by Prime Minister Ismail Haniyeh, to call off the Mecca Agreement and return to the negotiations table with Fatah in order to reach a better agreement. By better, they meant two main things: legalizing

the status of the Hamas Executive Force and embarking on a clearer reform plan for the PLO that would open the door to their joining. On the sidelines of these events, new jihadist groups loosely associated with Al Qaeda were also at play. The aim of these jihadist groups, who are not Palestinian, was to ensure the continued disintegration of the Palestinian Authority itself.

The second interpretation of what was going on in the weeks leading to Hamas's takeover focuses rather on an internal power struggle both within Fatah and between Fatah and Hamas. According to this version, it was certain forces within Fatah that were feeling they were losing ground to Hamas and decided to act before they lost further power. Thus they began mounting attacks against Hamas and against the explicit will of Abu Mazen. The trigger to the violence was the resignation of the Interior Minister Hani el-Qawasmeh in mid May. Qawasmeh was a compromise candidate between Fatah and Hamas for interior minister in the national unity government, but he was seen as more affiliated with Hamas. His resignation, therefore, reflected the growing frustration inside Hamas by the lack of security powers invested with Qawasmeh, who had to contend, among other things, with a director-general inside his office who was a close ally of Fatah's leading security leader in Gaza, Mohammed Dahlan. In response to Qawasmeh's resignation, Fatah decided to conduct a show of force on Gaza's streets designed to drive home the point that it was Fatah, not Hamas, which was in control of the different security bodies in Gaza, and that it Fatah was not going to give up this control to Hamas. Unfortunately for Fatah, in the violence that ensued it was Hamas that demonstrated its military superiority vis-à-vis Fatah.

Of course, the root causes of these events are far deeper, and blame should be shared by all those who refused to talk to Hamas after it took power, and by Israel

itself, which refused to negotiate with the Palestinians altogether after the debacle of the Camp David Summit of July 2000 and the subsequent round of talks in Taba in January 2001. In February 2001, Ariel Sharon beat Ehud Barak in the direct elections for prime minister and formed his first government, together with the Labor Party as his senior coalition partner. From that moment on, Israel refused to negotiate with the Palestinians on a permanent-status agreement. Israel's position did not change under the second Sharon government (2003-2005) nor indeed, to this day, under the most recent government headed by Ehud Olmert, which was formed following the elections of March 2006. Worse, when Israel did move on the Palestinian front, it was in the form, most disastrously, of its unilateral withdrawal from the Gaza Strip in the summer of 2005. No single event sowed as much seeds for the eventual takeover by Hamas of Gaza. As Yossi Beilin predicted over the pages of the *International Herald Tribune* in February 2004, a few short weeks after Sharon first introduced his unilateral vision: "The greatest risk underlying unilateral action is the strengthening of extremists. In acting unilaterally, Sharon discounts the value of those Palestinian pragmatists with whom he could have negotiated such a withdrawal. He also proves those extremists right who argued that there was no point in talking to Israel all along; not because Israel would never budge, but because it eventually will without even exacting a price" (*IHT*, 11 February 2004). In January 2006, six months after Israel had completed its unilateral withdrawal from Gaza, Hamas won the elections to the Palestinian Legislative Council, or parliament. And despite the international boycott that ensued, Hamas survived not only politically but, as was demonstrated last week, also militarily.

### **Bad Days in Israel**

The publication on 30 April of the partial report of the Winograd Committee has forced the Israeli political system into a period of uncertainty. The harsh indictment of Prime Minister Ehud Olmert, Defense Minister Amir Peretz, and former chief of staff, Dan Halutz, put an end to months of speculation about whether the report would include a damaging assessment of the leaders themselves, and if so, how damaging. The language of the report, and the conclusions it reached about the personal conduct of these three men, surpassed the expectations of many, and seemed to ensure the end of the current leadership. With Haultz and Peretz already out (Halutz resigned in January, and Peretz lost the leadership of the Labor Party to Ehud Barak earlier this month), the onus to resign, however, remains solely on Olmert. But Olmert has beat all expectations and survived so far, and the conventional political wisdom, according to which Olmert would have to step down, seems less and less wise by the day. The only lingering question mark relates to the final report of the Winograd Commission, which is not expected to come out before sometime next fall or perhaps even early next year. Nevertheless, Olmert is facing other problems. Although recently much less in the news, potentially no less fateful for Olmert are the criminal investigations against him. So that Olmert's remarkable instincts for political survival notwithstanding, his longevity in office remains an open and constant question.

The return of Ehud Barak, who won the the Labor Party primaries earlier this month (12 June), were good news for Olmert. Barak, who has now replaced Amir Peretz as defense minister, clearly wants to maintain the current coalition with Olmert and provides him with much-needed political oxygen. Barak's swift appointment as defense minister suggests, moreover, that he decided not even to put any condition to Olmert. This was not an easy decision for the new Labor leader, who had to take into account a variety of factors. The first and most important question was the degree to

which Olmert would continue appearing to be a liability in the public mind. Sitting in a coalition with a tarnished prime minister is not an easy choice for any party, especially if it is perceived that Labor enjoys a political leverage that could force Olmert to step down. As it happened, by the time Barak won the primaries, however, it was no longer so clear that Olmert continued appearing to be such a political liability, especially with violence raging across the border with Gaza. The continued Qassam rocket attacks on Sderot and the prospects for an escalation in violence shifted public and media attention away from the Winograd report and gave Olmert something of a grace period. As always and everywhere, when there is violence and chaos across the border, the public is in no mood to think of changing its leadership, and despite the lack of credibility from which Olmert continues to suffer, the pressure for him to step down appears to be off for now.

Yet Olmert's troubles were not only from without but also within. In fact, for a while there was speculation whether enough members of the Kadima faction in the Knesset would muster the political courage to collude with Labor in an effort to force their prime minister out. Clearly, this option is off the table as well for now. Although informally the mood in Kadima continues to be very much against Olmert, internal politics within the party hindered any collective move to oust him. The main concern inside Kadima – and what is continuing to deter some in the party from calling for Olmert's resignation – is the question of Olmert's successor. Kadima, whose list was handpicked by Ariel Sharon and later Olmert himself, does not yet have the party institutions that would be charged with selecting an agreed-upon successor. And the contenders are many. Leading the pack is Foreign Minister Tzipi Livni, who is perhaps the most popular member of Kadima but who does not have a strong political base inside the party. Because of her popularity and her relatively young age,

moreover, she is perceived by some of the other contenders as a great threat. On the other hand, because of her rapid rise up the political ladder, she is also perceived as inexperienced and unprepared to assume the position of prime minister. Another contender to succeed Olmert was, until recently, Vice Prime Minister Shimon Peres. But his decision to stand for the presidency, and his election by the Knesset last week to this coveted office (13 June), have removed him as a possible contender to replace Olmert.

As for the prospects of early elections, these too seem to be down. For Barak, early elections are especially unwarranted, since he needs to serve as defense minister for at least a while if he is to rehabilitate his tarnished image with the Israeli public before the next elections. And without the Labor Party, there is unlikely to be a majority in the Knesset who would support early elections. The governing Kadima Party would oppose such a move, since polls predict that their size in the next elections would be cut in two, if not by more. (The political phenomenon of the vanishing party was dramatized to great effect in the last general elections when Shinui, which had won 15 members in the previous elections of 2003 and had become the third-largest party, was wiped off the political map.) The same goes for the Pensioners Party, whose seven members know they won their seats thanks to a political fluke that is unlikely to be repeated in the next elections. Meretz-Yachad, too, is unenthusiastic about early elections, especially since elections are likely to bring to power a center-right coalition. And the various Arab parties are at best indifferent. In short, there is currently not enough support in the Knesset for early elections, and with Barak's Labor staying the course, the current coalition will stay on.

In the absence of any move to oust Olmert, he is likely to stay on until the publication of the final report of the Winograd Commission, which is scheduled for



sometime between late summer and early winter. Paradoxically, the later the final report comes out, the more likely it is to include decisive recommendations against Olmert's staying in office. This is because, for the report to include such recommendations, the Commission will most probably feel compelled to issue warning letters first. And if such letters are issued, the process may well be prolonged into early next year. So Olmert will most likely remain prime minister for the foreseeable future, and many commentators believe that he will not step down before trying to fashion an elegant exit, perhaps in the form of a diplomatic achievement with one of Israel's neighbors. Will Olmert be able to create such an achievement in the months to come? A lot depends on his political courage and skills, but also on his potential partners.

### **Uncertain Prospects**

The events in the Palestinian Authority are raising new questions for Israel. Perhaps the first and most principled question relates to the kind of approach that Israel should adopt vis-à-vis the newly-formed Palestinian entities. For one thing is certain: Israel cannot remain indifferent. Facing two separate Palestinian entities, an extremist one in Gaza and a pragmatic one in the West Bank, Israel is, both literally and figuratively, caught in the middle. But what should Israel do? Should Israel treat the two entities differently? Should it be politically forthcoming with the pragmatic one and hostile to extremist one? Should it encourage the separation between them or rather hope to see their political reunification? Moreover, should Israel strive to reach a ceasefire with Hamas or use its isolation, both physical and political, to fight it?

Some are saying that Israel, together with the international community, should do everything to penalize the Gazans for what has happened, and, more sinisterly still,

drive their misery home by rewarding the population of the West Bank. But should Israel be in the business of teaching lessons, not least when the lessons themselves are not thought out? On the other hand, should Israel take advantage of the moderate government that was suddenly established in Ramallah – the first moderate Palestinian government since Hamas won the elections of January 2006 – and open negotiations on permanent status with the PLO? Would it be wise for Israel to strive toward a final-status agreement given the internal Palestinian rift and the knowledge that, at least as regards Gaza, no agreement with the Palestinians would be complete and, even if signed, its full implementation would not be possible?

There are no easy answers to any of these questions, and more time is needed to assess the reality that has taken shape—and no less important, to see what kind of reality takes shape, since some analysts are already that Fatah and Hamas will resume working together sooner rather than later. Yet fresh as these developments are, there is a growing sense in the Israeli left that Israel should pursue a three-pronged approach, one that encourages and strengthens Mahmoud Abbas in the West Bank, does not further radicalize Hamas, and does not neglect other fronts, principally Syria.

Accordingly, Israel must first reach a ceasefire agreement with Hamas in the Gaza Strip, in which Hamas would commit to halting all forms of violence across the border and – this is crucial – enforce the quiet on all other militias and armed groups in the Gaza Strip. In return, Israel would stop all operations of lethal nature inside the Gaza Strip. Within the framework of this ceasefire, Israel and Hamas would conclude their negotiations on a prisoner swap, which would include the release of Gilad Shalit. Finally, and in order not only to avert a humanitarian disaster but also to disincentivize Hamas from disrupting the quiet in the West Bank, Israel should reach understandings with Hamas on a whole range of issues relating to the daily lives of the Palestinian

population in the Gaza Strip, including arrangements at the border crossings, the question of work permits to Israel, exports from Israel to Gaza and from Gaza through Israel, the supply of electricity and water, and more.

Second, Israel must pursue negotiations with the PLO on final status. This must be done in good faith, and because this is what Israel should have done all along, not in order to draw a penalizing contrast between Gaza and the West Bank. Despite what has happened in Gaza, the PLO remains the sole legitimate representative of the Palestinian people, and Mahmoud Abbas is its chairman. It is hard to judge what the prospects are for an agreement under the present circumstances, but if an agreement is reached, it should encompass both the West Bank and Gaza, even if implementation in Gaza would have to await an internal Palestinian political settlement. The most tangible component of the inclusion of the Gaza Strip within an Israeli-Palestinian agreement would be a safe passage between the two parts of the future Palestinian state.

Third, Israel must probe seriously the prospects of launching negotiations with Syria on a full peace agreement. A full peace agreement with Syria would have far-reaching consequences on the future of Hamas and the status of Hezbollah, and it would check the regional influence of Iran. The price of such an agreement is well known. But even if returning the Golan Heights to Syria would be deemed painful for many Israelis, the benefits of full peace agreement with Syria would far outweigh the cost, and the recent crisis in Gaza should be a wake-up call for Israel to emerge from its slumber and to act by pursuing negotiations with Syria.

Finally, and on a broader level, there are some positive developments that are creating a unique opportunity in the region that should not be missed. Perhaps the most important development has been the re-launching of the Arab Peace Initiative.

The Initiative, which is really a resuscitation of the Arab League Peace Initiative from March 2002, is more of a promise than a plan—a promise to Israel that, if and when it reaches agreement with the Palestinians and Syrians (which would mean withdrawing to new borders on the basis of the 1967 lines), the twenty-two Arab League countries would recognize Israel and establish normal diplomatic relations with it. Fortunately, and in contrast to 2002, the initiative is being vigorously promoted by key Arab states and, significantly, Olmert's government has responded positively so far. Whether or not Olmert's government will know what to do with such an offer, however, remains to be seen. At face level, it seems that Olmert has misunderstood the nature of the initiative, seeing in it a proposal to negotiate directly with the Arab League on ending the Israeli-Palestinian conflict and therefore also a way to bypass the Palestinians, not to mention the Syrians. Olmert's response appears also to have misunderstood the conditionality of the Arab League offer—that is, that the promise of normal relations is conditioned on Israel first reaching an agreement with the Palestinians and the Syrians. Nevertheless, the initiative is instrumental in concretizing for the Israeli public the ultimate fruits of reaching agreements with the Palestinians and Syrians, and may therefore bolster support inside Israel for negotiations. In so doing, the initiative is a crucial development in that it could also compensate for the deep problems underlying the Palestinian partner, offering Israelis a sense of broader security in the face of local uncertainty and doubt.

The other important development has been the unprecedented effort for the part of the Bush Administration to make progress. After six years that were marked by a stubborn refusal to engage in any serious way, Secretary of State Condoleezza Rice is expressing what seems to be a real and determined desire to move things along. That said, if the Secretary will restrict herself to making an occasional visit to Jerusalem and

Ramallah and to requiring Olmert and Abbas to hold biweekly meetings in the meantime, little if any progress should be expected. But if the Secretary's determination is real, then there is hope she will realize the limitations of her current approach and intensify her involvement. And while the backing that Secretary Rice enjoys from the White House is also in question, there is every reason to believe that if she can show success, President Bush will be behind her. Either way, the White House seems already to have positively changed its position on at least one other issue, and that is the Israeli-Syrian track. As Washington is itself entering a dialogue with Damascus on security issues relating to Iraq, it has apparently signaled to Jerusalem that it is withdrawing its reputed objection to Israel negotiating with Assad. Although Bush's most recent statement, on the sidelines of his summit with Olmert (June 19), has been ambiguous ("If the prime minister wants to negotiate with Syria he doesn't need me to mediate ... It's up the prime minister"), the sense is that the matter is at long last in Israel's hands.

The opportunities, in other words, are there. So is the timing. As the region has been marking this month the fortieth anniversary of the 67 war, there is nearly unanimous consensus that the occupation of the Palestinian territories must end and that a Palestinian state must be established alongside Israel. As new regional threats such as jihaddist violence and a potentially nuclearized Iran emerge, moreover, this consensus is attended by a growing sense of urgency. But urgency is not substitute for leadership or wisdom. Whether the Israeli and Palestinian leaderships will be able to overcome the tactical difficulties underlying these bad days and make the strategic choices that will ensure better prospects for the future remains to be seen.

Tel Aviv, 21 June 2007