

David and Goliath



A study of the international sanctions of the Hamas-led Palestinian Authority

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A study of the levels of effectiveness and success of the international sanctions imposed on the Hamas-led Palestinian government in period April 2006 till June 2008.

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Think about how the flowers of the field grow; they do not work or spin. Yet I tell you that not even Solomon in all his glory was clothed like one of these! And if this is how God clothes the wild grass, which is here today and tomorrow is tossed into the fire to heat the oven, won't he clothe you even more, you people of little faith? So then, don't worry saying, 'What will we eat?' or 'What will we drink?' or 'What will we wear?' (Matthew 6 28-31)

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Executive summary

The events of 9/11 have had an impact on the world politics as well as current conflicts, such as the one between Israel and the Palestinians. The international community began to see democratic governance as an important factor for rebuilding failed or weak states. This led to renewed interest in Palestinian state-building by the United States and the European Union after two years of fighting and a deadlock in the peace process.

The support of the United States and the European Union led to some important reforms with the Palestinian Authority and its institution, such as the establishment of the Single Treasury Account and the formation of a Prime Minister's office. The death of Yasser Arafat, the first president of the Palestinian Authority gave the reformers a new impulse leading to the Cairo Agreement. In March 2005, representatives of Hamas and thirteen other organizations signed the Cairo Agreement, concurring on a cease-fire during electoral campaign and the elections, while the President agree to organise municipal and legislative elections which were welcomed by the European Union and the United States.

The outcome of these elections, a victory for Hamas, led to financial and diplomatic sanctions of the Hamas-led

Palestinian government. These sanctions aimed to comply with three principles set by the Quartet, namely to renounce violence, to recognize Israel and to accept previous agreements and obligations.

The success, the level of achievement of stated goals, and effectiveness, level of economic damage done to the target, of these sanctions is explained by using four parameters:

- The costs to the target;
- The costs to the sender;
- The stakes for the target;
- The stakes for the sender.

These parameters are used, because the level of achievement of the stated goals and the economic damage is not enough to define whether sanctions have been successful or not. An important question in the chapter on the success of sanctions is: at what end?

This thesis will show that the international sanctions of the Hamas-led Palestinian Authority although effective, they have not been successful in achieving the state goals while causing enormous disruptions in the Palestinian society leading to further political, geographical and ideological divisions. The sanctions have also had negative influence on the democratization process within Hamas and have deprived the moderates/pragmatics of their credibility.

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Abbreviations and Glossary

EC	European Commission
EU	European Union
GOI	Government of Israel
ICG	International Crisisgroup
IMF	International Monetary Fund
NGO	Non-Governmental organization
PA	Palestinian Authority
PLC	Palestinian Legislative Council
Quartet	Middle Eastern Quartet consisting of European Union, Russia, United States and United Nations
UN	United Nations
UNWRA	United Nations Works and Relief Agency
UNDP	United Nations Development Program
UNHCHR	United Nations High Commissioner for Human Rights
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WB	World Bank Group
WBGS	West Bank and Gaza Strip

Introduction

The events of September 11, 2001, when several hijackers flew two planes into the towers of the World Trade Centre in New York, one into the Pentagon in Washington and crashed one in a field in Pennsylvania, have had a major impact on the world and have increasingly influenced world politics. Since "9/11", world politics have been dominated by a strong focus on international terrorism. The main purpose is to prevent and react to international terrorism and fight actively against terrorism in the world. This terrorism-dominated view has also manifested itself in the way western states look at contemporary internal conflicts, rebellions against the state, and all other protests. Following 9/11 Afghanistan became known as the country where the attacks had been prepared, a country which was led by a Sunni Islamist and Pashtun nationalist movement named Taliban and defined by several western leaders as a "failed" state.¹

This label has led to a global attention concentrated on "failed" or "weak" states, and on the necessity of creating the conditions for sustainable peace and stability within these states.² Despite the fact that the right method for creating sustainable peace in these "failed" states has yet to be created, in recent years the idea has formed among scholars and practitioners that democratic governance plays an important role in the political reconstructions of failed states. The conflict between the Palestinians and Israel is also viewed through the prism of the "war on terror". In June 2002 the American president George W. Bush³ said:

¹ CNN, Afghanistan: Rebuilding a 'failed' state, September 10, 2002 (<http://edition.cnn.com/2002/WORLD/asiapcf/central/09/08/afghan.gov.feet/index.html>) or International Crisisgroup Asia Report 107: i

² Mark Malloch Brown, 'Democratic Governance: Toward a Framework for Sustainable Peace', in: *Global Governance*, Volume: 9, Issue: 2 (April 01, 2003), pp.141

³ Nathan Brown, *Living with Palestinian Democracy* pp. 3

...If liberty can blossom in the rocky soil of the West Bank and Gaza, it will inspire millions of men and woman around the globe who are equally weary of poverty and oppression, equally entitled to the benefits of democratic government.

Between 2002 and 2005 the European Union and the American government have stimulated the reformists within the Palestinian government causing a wave of reform within the Palestinian Authority. This international focus on democratization of the Palestinian Territories has not provided the international community with an outcome that it expected or wanted. The "fair" and "free" elections it asked for has given Hamas, a Palestinian organization labelled by the United States, the European Union and Israel as "terrorist", legitimate access to power.

The reaction of the international community on the results of the legislative elections of January 2006 needs to be viewed through the framework of the "global war on terror". This view had led the international community to impose several restrictive measures on the Palestinian government, led by Hamas. These restrictions aimed at changing Hamas and force it into complying with the demands set by the international community.

The sanctions and their consequences for the Palestinian people, the Palestinian government, but also for the United States and the European Union have led to discussions between the critics and advocates regarding the success or failure of these sanctions.

In light of these discussions, it is relevant to study the levels of success and effectiveness of these sanctions as few have actually compared all the stated goals with the behaviour of Hamas. Furthermore, few have analyzed the effects on Hamas itself, while the sanctions aimed at changing the behaviour of this movement.

Therefore, the objective of this thesis will be to examine the levels of success and effectiveness of the sanctions imposed on the Hamas-led PA by analyzing the consequences of the sanctions on the Palestinian society, the Palestinian government and Hamas. Due to limitations in both time and possibilities the emphasis of my research will be on the analysis and discussion of relevant literature such as reports, articles and books written by politicians, scholars and practitioners supplemented with my own interviews with several Palestinian and Israeli (former) politicians, journalists and people working in Palestinian NGOs conducted during my stay in Jerusalem and the Palestinian Territories in March-April 2008.

I have chosen for these research methods, because it takes several months of preparation and research to examine the situation in the Palestinian Territories and determine the exact consequences of the international sanctions. Regarding Hamas, it takes even more time and thorough knowledge of this organization to analyze the effects of these sanctions on Hamas. As I have had neither enough time nor enough resources to prepare and conduct such a research myself I have chosen to use reliable sources regarding the Palestinian Territories and Hamas as basis for my thesis. As in many other fields, there have been written many books and articles about Hamas and the Palestinian Territories, therefore it is important to be critical of the different authors.

For reasons of limited space it is necessary to restrict the focus to the three main actors, namely the United States, the European Union and Israel, which have imposed sanctions on the Hamas-led Palestinian Authority. Accordingly, the central question of this study is:

Have the international sanctions, imposed by the United States, the European Union and Israel, on the Hamas-led Palestinian Authority, been effective and successful in achieving the goals stated by the three actors in period from February 2006 till June 2008?

To identify the levels of success and effectiveness of the international sanctions, this thesis will investigate the achievement of the different aims defined by the three actors. However, the success of sanctions is not only measured by the number of reached goals, but needs to be explained with due observance of other factors, such as costs to both the sender and the target of the sanctions. Accordingly, the two secondary questions are:

How are sanctions, as a part of foreign policy tools, defined and used?

What are the parameters that are needed to define the levels of success and effectiveness of the sanctions on the Hamas-led PA?

Although the sanctions were imposed on the Palestinian government led by Hamas, they had also effect on the Palestinian people living in the West Bank and in Gaza and on the organization of Hamas itself. As can be read in chapter three, the effects of sanctions are the leverage used to force or persuade the target state or organization to comply with certain demands. Given the relevance of the consequences of sanctions, the third secondary question is:

What are the consequences of the international sanctions, imposed by the United States, the European Union and Israel, on the Hamas-led Palestinian Authority, for the Palestinian Authority, the Palestinian society and Hamas?

I presume that a study of the consequences and subsequently the levels of success and effectiveness of the international sanctions imposed on the Hamas-led Palestinian Authority will lead to a better understanding of both the short-term and long-term effects on the Palestinian Territories and its inhabitants as well as on Hamas. The complexity of the Israeli-Palestinian conflict, the difficulties of the present situation where the West Bank and Gaza have not only been geographically been divided, but also politically, needs a thorough understanding of all effects of a

certain policy to aim for the best possible outcome for all parties involved.

The scientific relevance of this subject of this thesis lies in the fact that the international sanctions of the Hamas-led PA confirm the statements made by Hufbauer, Schott and Elliot (HSE).⁴ In their theory, which is one of most used theories in the field of sanctions, HSE state (2007:178) that senders should “think through their means and objectives *before* taking a final decision to deploy sanctions[...] the sanctions chosen must be appropriate to the circumstances [in order to be a success].” Although this study has been used by many other scholars and politicians, it is not without critiques. In light of these critiques, the fourth secondary question is:

Is Robert A. Pape right in his critique on the study of Hufbauer, Schott and Elliot if you look at the international sanctions of the Hamas-led Palestinian Authority?

This thesis will analyze and discuss the level of success and effectiveness of the international sanctions towards the Hamas-led PA. It will become clear from this study that the sanctions have not been successful in achieving the stated goals, and have caused severe economic damage to the Palestinian society and government. In the final chapter of this thesis I will discuss in what way these sanctions affirm the statements made by HSE and are a contribution to the study of sanctions.

⁴ The first edition was published in 1985, the second edition in 1990 and the third edition, with the contribution of Barbara Oegg, has been published in 2007.

Chapter one summarizes the genesis and history of the Palestinian resistance movement Hamas. It gives an (schematic) overview of the organizational structure of this organization and gives a brief overview of the ideology of Hamas. This chapter has been added to this thesis to enhance the understanding of decisions made by and reactions of Hamas to certain events, i.e. its electoral victory in January 2006 or the international sanctions.

Chapter two is similarly to the first chapter as it summarizes the history of the Palestinian Authority from its establishment following the Oslo Accords signed between 1993 and 1995. It discusses also the events prior and following the legislative elections of 2006. This chapter has been written to provide a better understanding of the Palestinian Authority and its position within the Palestinian society which in turn will help to comprehend the effects of the international sanctions.

Chapter three introduces several theories on sanctions as a foreign policy tool and subsequently will try to answer the first secondary question. In the second part of the chapter the theories on defining success or failure of sanctions will be discussed. This part will lead up to a conceptual model consisting of a number of parameters necessary for answering the main research question.

Chapter four analyses and discusses the sanctions and their aims imposed by the United States, the European Union and Israel. It also gives an overview of the different reactions of the three actors to the Hamas-led government, the National Unity government and the government formed following the events of June 2007 when the West Bank and Gaza become geographically and politically isolated.

Chapter five gives an overview of the role and position of the Palestinian Authority in the Palestinian Territories and society followed by an analysis of the implications

of the different restrictive measures. The second part of this chapter examines the consequences and the effects of the international sanctions for the different elements of the Palestinian society, the Palestinian Authority and its institutions and for Hamas.

Chapter six discusses the findings of the previous chapter by comparing the stated goals and the results of the sanctions. Following the comparison the conceptual model is used to evaluate the results and form an answer to the main research question.

1. Hamas, the Islamic Resistance Movement

1.1 History of Hamas

Hamas is an acronym for *Harakat al-Muqawima al-Islamiyya* (the Islamic Resistance Movement) and means zeal in Arabic. This organization originated out of the Muslim Brotherhood - also known as the Society of Muslim Brothers (al-ikhwan al-Muslimun). The Brotherhood was committed to non-violent opposition to foreign occupation and its main goal was to "transform society to approximate as closely as possible that established by the Prophet Muhammad and his Companions" (Abu-Amr 1993:6). The Muslim Brothers were founded by Hasan al-Banna in 1928 in Egypt and it had its first contacts with Palestine in 1935 when al-Banna sends his brother there. In 1945/46 it established its first branch in Jerusalem and very soon after it had several branches in other Palestinian towns.

1.1.1 1948-1987

After the declaration of the state Israel on 15 May 1948, the Palestinian Brotherhood was divided in two parts; one in the Gaza-strip and the other on the West bank. The part in the Gaza-strip joined the Egyptian branch of the Muslim Brothers, where it had problems with the Egyptian government, as the Muslim Brothers were declared illegal in Egypt in 1948. The Palestinian part of the Brotherhood on the West bank joined the Jordan branch and had an overall good and smooth relationship with the Jordan government. The Palestinian branch of the Muslim Brothers is not known to have participated in the fighting against the British troops in Palestine or against the Jewish settlers or the Israeli occupation.

After the Six-day-war in 1967, due to its non-violent opposition towards Israel, the GOI allowed the Brotherhood to continue to try to transform the Palestinian society by setting up all kinds of social

projects, such as social clubs, religious schools and mosques. However, the population at that time wanted liberation from foreign occupation. As the Muslim Brotherhood did not want to participate in an active resistance against Israeli occupation, the Palestinian national resistance movements were much more appealing for the Palestinian people. In the 1970s the Brotherhood started institution building, by setting up student's organizations and it established the Islamic Association (al-mujamma' al-islamī), which contributed to the strength of the Muslim Brothers.

Besides the growing strength of the Brotherhood, there were also some organizational changes within the Brotherhood in the beginning of the 1970s which coincided with a feeling of disillusionment among the population about the resistance movements in the late 1970s, partly evoked by the Islamic Revolution of 1979 in Iran. Thus people began to be more open to the idea of an alternative ideological or political approach. Secondly, the Israeli government was increasing its efforts to disarm and suppress the national resistance movements. The Muslim Brotherhood was not a resistance movement, so they could go on with their activities and build up their organizational structure without much interference from Israel (ICG 21:6) Although the Brotherhood was gathering support through different social activities and services, such as political activities in the Palestinian universities, or through the use of zakat (religious voluntary taxes, one of the five pillars of the Islam) to help the needy, there were people who were dissatisfied with the non-violent resistance of the organization. Some of these people created the Islamic Jihad movement in the beginning of the 1980s.

In the period from the foundation of the Islamic Jihad until the creation of Hamas in 1987, the Muslim Brotherhood was criticized by some because of its refusal to engage in an active struggle against Israel. Despite these criticisms the Muslim Brothers

refused, until the first Intifada, to be part of active resistance. One of the founding fathers of Hamas, Ismail Abu Shanab, describes this period as follows: “the period 1983-1987 marked the phase of direct preparation for resistance to the occupation, including armed struggle”.⁵

1.1.2 First Intifada and Oslo Accords

As said above, Hamas is an offshoot of the Muslim Brothers and created as a reaction to the eruption of the first Intifada.⁶ According to Hamas itself, the official date of its emergence is December 8, 1987, although its first official communiqué was not published until 14th of December. It would take another couple of months before its name and acronym was officially used.⁷

The first Intifada was triggered by events that followed the escape from prison of six Islamic Jihad members in May 1987. In October of this year Israel killed four of them resulting in public anger which was raised even more when Israeli troops opened fire on students who had gathered on the campus of the Islamic University in Gaza wounding several people. On 6th of December an Israeli settler was stabbed to death by a member of the Islamic Jihad in the Gaza Strip which caused enormous anger among the Israelis resulting in an Israeli truck running down some Palestinian workers on the 8th of December.⁸ On the same day mass demonstrations erupted in Jabaliya, the hometown of some of the killed Palestinian workers. These demonstrations triggered events in other Palestinian cities in the Gaza Strip and eventually also on the

West Bank and became known as the first Intifada.

The reason why Hamas has been created as a reaction to first events of the Intifada is a mix of both internal and external factors. Internally, there was a discussion between people at one side, mainly the older generation, who wanted to continue to educate and teach the Palestine society, and at the other side, the younger generation who wanted to engage in an active struggle against Israel. Externally, the Palestinian people had become more and more frustrated by the continuing Israeli occupation and there was rivalry between the Muslim Brothers and the Islamic Jihad, which did participated in active resistance.

When the Intifada started, the Muslim Brothers saw an opportunity to silence the internal discussion and to prevent the loose of support to the Islamic Jihad by establishing an ostensibly separate movement. If the Intifada would not continue or when it would become a failure then the Muslim Brother could conceal the connection between the two organizations.

During this popular uprising Hamas emerged as a major political force and became a serious opponent to Fatah and the PLO and their already tense relation escalated further, because Hamas presented itself as an Islamic alternative to the PLO where Fatah was the main organization. Hamas gave the Palestinian people an alternative for secular nationalist/political agenda and ideology of the PLO. Furthermore it also challenged the position and status of the PLO as sole representative of the Palestinian people. Hamas was able to do this due to its indigenusness to the WBGS and secondly the support provided by the social institutions built up by the Muslim Brothers (Hroub 2006:47-49).

The activities of Hamas during the Intifada were controlled by Ahmad Yassin, one of the founding fathers of the movement. These activities consisted of issuing leaflets containing different violent

⁵ International Crisis Group 21: 6.

⁶ There is discussion on the question whether the first Intifada erupted spontaneously or if it was planned by the Islamists to give legitimacy to the establishment of Hamas. Whether it was planned or not, many agree that the Intifada started on 8 December 1987 and provided Hamas with a context to become an important political actor (International Crisis group, “Dealing with Hamas”, page 6).

⁷ The movement presented itself as Hamas from February 1988.

and non-violent directives⁹ to the Palestinian people.

The GOI allowed Hamas for more than a year before it labelled Hamas as a terrorist organization in 1989. At time Hamas started to use violence against the Israeli military. Following this decision the GOI tried to eliminate the entire organization of Hamas by arresting, deporting and assassinating several of its important and senior members. In December 1992 the GOI arrested and deported 415 first-, second- and third level leaders of Hamas, Islamic Jihad and the Muslim Brotherhood to South Lebanon. The aim of the GOI was to punish and paralyze these movements, but according to several people it has had contrary effects. Some say that it has given new young leaders, who were less pragmatic than the deportees, the possibility to stand up.¹⁰ Others say that it has strengthened the relationship between Hizbullah and Hamas.¹¹

The first Intifada ended with the Oslo accords, signed on 13 September 1993. Hamas rejected the entire Oslo accords immediately. There were a number of reasons for this rejection. Firstly, in its charter, Hamas defines the Palestinian land as an Islamic waqf (trust), and no part of this land can be relinquished or given away. In the Oslo accords, the PLO agreed to recognize Israel. The recognition of the state of Israel, which occupies part of the indivisible Islamic territory, is against Hamas' principles: "It is not right to give it up nor any part of it...giving up any part of

⁹ In their book Mishal & Sela (2006:60) give a summary of these (non-) violent directives: "[violent actions include] throwing stones and firebombs, building barriers, burning tires, wielding knives and axes, clashing with the Israeli forces, and attacking collaborators. In regard to non-violent activities, the people were asked (1) to sever their economic ties with Israel and develop local institutions that would provide the same public services; (2) to engage in civil disobedience, that is to disobey laws and regulations; and (3) to carry out activities promoting intra-Palestinian solidarity".

¹⁰ Abu-Amr, Ziad, pp. 14

¹¹ "Dealing with Hamas" International Crisis Group, page 8.

Palestine is like giving up a part of its religion" (Maqdsi 1993:125-126). Secondly, Arafat took over the Palestinian Authority (PA) and appointed former PLO exiles in Tunis, who were loyal to him, to key positions within the PA. The discontent could be sensed within the bypassed local elites, but also in the Palestinian community. And thirdly, Hamas does not recognize any kind of peace talks as useful as long as the Palestinians and Israeli are not equal in the negotiation: "Hamas' view has been that Oslo Agreements, and any peace talks for that matter, are worthless as long as their design is built around a balance of power where the fulfilment of Israeli demands tops the agenda" (Hroub 2006:60).

In February 1994 the Israeli Baruch Goldstein killed 29 Palestinians praying in the Ibrahimi Mosque in Hebron and Hamas reacted through a wave of suicide bombings inside Israel consciously attacking both military and civilians for the first time.¹² During the first couple of months of 1996 Hamas engaged in a bloody series of suicide attacks to revenge the assassination of its military leader Yahya Ayyash. The PA reacted with harsh measures by sending its Preventative Security Forces, who did not eschew to torture people, to dismantle Hamas' military wing. The change of Israeli leadership and increasing Palestinian public unrest led the PA to an ease on Hamas. During the second half on the 1990s Hamas remained relatively quiet. The movement gave two reasons for their calmness, namely that the Palestinian people had rejected their policy of suicide bombings and that the new Israeli prime minister, Benjamin Netanyahu,

¹² Although Hamas had established its military wing, Maryr Izz-al-Din al-Qassam brigade, in the beginning of 1992, it had not used suicide bombings before nor had it targeted Israeli civilians. However, Hamas legitimate these attacks based on reciprocity and Hroub offers in his book another explanation, namely that targeting civilians has a negative impact on the image of Israel and make it unattractive for people to live in hopefully leading to a decline of Jews living in Israel.(2000:247).

discredited the Oslo peace process and the PA more than they could do.¹³

1.1.3 Second Intifada

The frustrations about the Oslo peace process, Arafat's takeover of the PA and the declining economic situation were all causes of the second or al-Aqsa Intifada, which was triggered by Ariel Sharon's visit to Haram al-Sharif/Temple Mount in Jerusalem on 28 September 2000. Although this Intifada started like the first Intifada, as a popular uprising without the use of weapons, it soon transformed itself into a violent confrontation between the Palestinians and Israel, in which Hamas showed its military power (Hroub 2006: 48-50). However, this second uprising was not as spontaneously as the first, but much more planned by several by Palestinian leaders following the failure of the Camp David summit in July 2000.¹⁴ It ended with the signing of the Cairo Declaration, 19 March 2005 in Cairo.

All the parties had agreed "to observe unilaterally a period of calm or ceasefire (tahi 'a) through the end of 2005, and the leadership to conduct local and legislative elections..."¹⁵ There were different reasons for Hamas signing this declaration,¹⁶ but in general one could say that the agreement came at the right moment and at the right place for Hamas. Iyad Barghouti¹⁷ describes the reasons for Hamas to participate in these elections as follows:

In 2006 most of Hamas were pro-elections, because they felt strong enough and participation in the political system would give some protection against the decisions of the government (Hamas sees Hizbullah as an example of this). However, Hamas did not expect this percentage of votes, instead they expected to be in the opposition and form a bloc with the other leftist groups against Fatah.

In the four of the five rounds of municipal elections Hamas was very successful and won more votes than expected by anybody - the organization itself, president Abbas and the international community. Especially Israel and the international community started to worry and regretted the fact that no criteria were set for the participation of organizations in the elections in the Cairo Declaration. Several officials of the US and the EU discussed the participation of Hamas in the elections for the legislative council, after which the international community "concluded that to set conditions on Hamas' electoral participation, after Abbas and Hamas had reached agreement and Hamas' role was official, would be seen as an attempt to thwart democracy and could jeopardise the ceasefire."¹⁸

In the 25 January 2006 Palestinian legislative elections Hamas won 44 percent of the votes and 74 of the 132 seats in the Palestinian Legislative Council (PLC).¹⁹ Several authors have given different reasons for this victory.²⁰ First, a part of the people who have voted for Hamas did this, because they believed in its programmes and objectives. Second, many people have held

¹³ "Dealing with Hamas" International Crisis Group, page 10.

¹⁴ See for a summary of the planning of this Intifada at the website of Palestine Facts (http://www.palestinefacts.org/pf_1991to_now_alaksa_start.php accessed at 3-6-08).

¹⁵ "Enter Hamas. The Challenges of Political Integration" International Crisis Group, p. 4.

¹⁶ See Middle East Report No. 49, for more details on the reasons of Hamas to agree with the offer of Mahmoud Abbas.

¹⁷ Interview conducted by the author with Iyad Barghouti on 10th of March 2008 in his office in Ramallah.

¹⁸ "Enter Hamas. The Challenges of Political Integration." International Crisis Group, page 30.

¹⁹ The Palestinian electoral system consists of a mixture of two systems, namely a nationwide proportional representation to fill half of the seats of the PLC, while the other half is to be filled through majority-based elections held in 16 districts.

²⁰ The director of the Palestinian Center for Policy and Survey Research (PCPSR), Khalil Shikaki, has written an interesting article on these elections and Hamas based on several polls conducted by his organization, called "Sweeping victory, uncertain mandate". Furthermore, Khaled Hroub has also written about the reasons of Hamas' electoral victory in his book "Hamas".

Fatah responsible for the failure of the Oslo Peace process. Third, people have punished Fatah for its internal chaos and its failure in the PA, namely corruption and the extravagant lifestyle of some senior PA officials while poverty and unemployment remains high among the Palestinians population. Fifth, Hamas received a

majority of the seats in the PLC while it did not have a majority of the votes, because the pro-Hamas districts contained 43 seats while the pro-Fatah districts contained just 23 seats.

Table 1.1 Results of Palestinian legislative elections January 2006

Alliance or Party	% of PR vote	PR seats	Districts seats	Total seats
Change and Reform (Hamas)	44.45	29	45	74
Fatah	41.43	28	17	45
Popular Front for the liberation of Palestine	4.25	3	0	3
The Alternative	2.92	2	0	2
Independent Palestine	2.72	2	0	2
The third way	2.41	2	0	2
Others	1.81	0	0	0
Independent	--	0	4	4

1.2 Organization of Hamas

Figure 1.1 provides a schematic overview of the organizational structure of Hamas.

Hamas is divided into an inside and an outside branch. The outside part consists of Hamas members mainly in Jordan, Lebanon and Syria, but members can also be found in Iran or Qatar. These members control the financial resources and the external contacts. The external leadership is not democratically chosen, in contrast to the internal leadership, but is formed in consultation with the internal leadership.

The inside part of Hamas is divided into two similar branches, one in the Gaza-strip, which can be considered the strongest, and the other on the West bank. These two branches are governed by the Consultative Council (CC) and the Political Bureau (PB). The members of the CC are chosen by the local Hamas members, strongly represented in the refugee camps and other deprived regions. Furthermore, the CC chooses the members of the PB, which consists both of internal and external members. This council develops the main strategy of Hamas. The PB has 10 to 20 members and it deals with the daily affairs of Hamas. Together with the CC, the PB establishes special committees which are responsible for the various aspects of the activities of Hamas, such as the information office, the prison leadership or committees dealing with education.

The military wing, Izz al-Din al-Qassem, is also controlled by the CC and the PB, but the exact chain of command is not very clear and many political leaders do not have (detailed) information about the military wing. This is for security reasons, both for the political and military leaders. There is discussion about the level of control the political wing, i.e. the CC and the PB, has over the military wing. Some argue that the military wing of Hamas is not within the control of the political wing and others say that the political wing has a firm grip on the military wing " ...it is the political leadership that decides whether at a certain period of time the military wing should

carry on, halt military operations, increase or reduce them" (Hroub 2006:121).

1.2.1 Ideology

At the beginning of the first Intifada Hamas was established as an Islamic and Palestinian nationalist movement.

According to its Charter issued in August 1988, its goal is to "conquer evil, crushing it and defeating it, so that truth may prevail, so that the country [Palestine] may return to its rightful place, and so that the call may be heard from the minarets proclaiming the Islamic state."²¹ Hamas sees the land of Palestine as an Islamic waqf (religious endowment) of which no part can be given away.²² Based on this definition of the Palestinian land the movement defines a peace process as: "contrary to the ideology of the Islamic Resistance Movement, because given up any part of Palestine is like given up part of religion."²³

Furthermore, in this Charter Hamas states that Jihad the only solution to the Palestinian problem and all other initiatives are a waste of time.²⁴

Based on the institutions build by the Muslim Brothers, Hamas is also a social movement which has provided among other things education, health and welfare services and helped the poor and gives great value to the opinion of the Palestinian people. It has been due to this interest in the "Palestinian street",²⁵ its needs and the will to survive the changing political situation that Hamas has become more pragmatic and changed its discourse. Hroub (2006:22) writes:

²¹ Chapter Hamas, article 9, translated by Hroub 2000:272

²² Chapter Hamas, article 11, translated by Hroub 2000:273

²³ Chapter Hamas, article 13, translated by Hroub 2000:274

²⁴ Chapter Hamas, article 13, translated by Hroub 2000:274

²⁵ "Dealing with Hamas" International Crisis Group, page 17.

... Hamas still struggles to keep alive the principles of the 'liberation of Palestine' as a whole, in the mildest way possible, within the context of the immediate challenges faced by the movement and Palestinians at large.

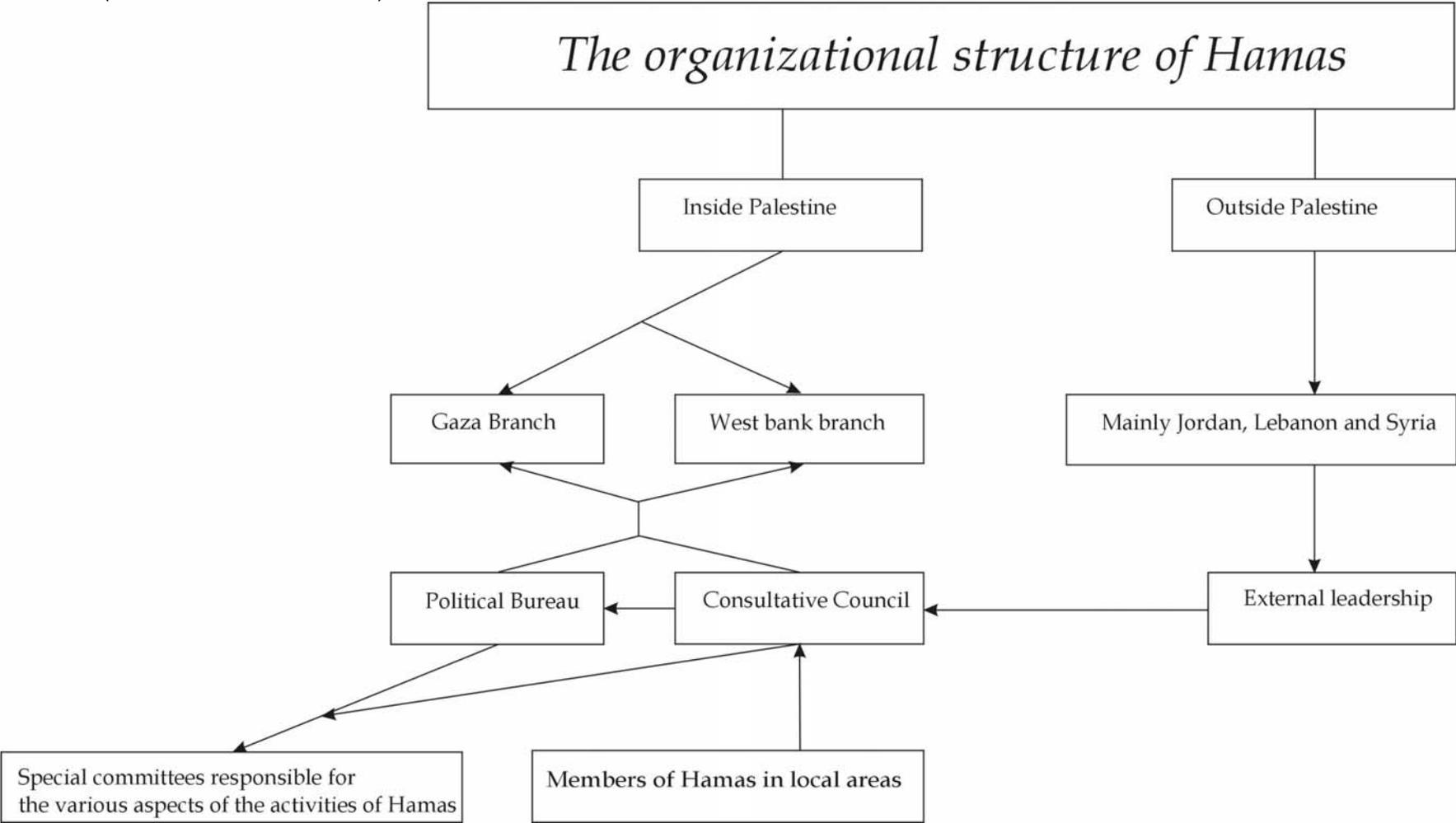
Since 1993 there have been several discussions within Hamas concerning the establishment of a Palestinian state, the participation in (national/ municipal) elections and the use of violence.

Mishal and Sela describe Hamas as follows:

... Adjustment had become the main feature of Hamas's [sic] political conduct. Its strategies of controlled violence, negotiated coexistence, and calculated participation all reflected Hamas's [sic] effort to avoid making a decision about its conflicting commitments to an all-Islamic vision and a Palestinian nation, on the one hand, and to communal interests, on the other. Whereas an all-Islamic vision would mean a strategy of confrontation with Israel, the PLO, and the PA, local communal considerations would encourage Hamas to adjust to the changing circumstances and acquiesce in the political reality.²⁶

²⁶ Mishal & Sela, 2006:147

Figure 1.1 Organizational structure of Hamas (source: Hroub 2006:117-119)



2. The Palestinian Authority

2.1 History of the Palestinian Authority

The Palestinian Authority (PA) has been established on the West Bank and in the Gaza Strip (WBGS) in 1994 as a result of a series of talks between the Palestinians, represented by the Palestinian Liberation Organization (PLO) and the government of Israel (GOI).

2.1.1 1991-1994

The first step towards bilateral negotiations has been the Madrid Conference in 1991, which had been brokered by Secretary of State James Baker and supported by the USSR as a reaction to the Intifada of the preceding years.²⁷ During this conference the GOI not only met with the Palestinians,²⁸ but also with representatives of Lebanon, Syria and Jordan. This conference is seen as the start of the Oslo Peace Process resulting in the signing of the Declaration of Principles (DoP) by Yitzhak Rabin and Yasser Arafat on the lawn of the White House in Washington on September 13, 1993.

The DoP²⁹ provided the guidelines for further negotiations between the two parties with the aim to:

²⁷ This conference is another example in a long row of examples of the influence of international politics on the Israeli-Palestinian conflict. The possibility for this conference was created by the break-up of the Soviet Union and the first Gulf War which both reshaped the political de facto in the Middle East.

²⁸ The GOI did not want to meet with the PLO, because it was labelled as a terrorist organization. Instead they met with independent Palestinians from the Palestinian Territories who were apparently supported by members of the PLO in nearby hotels. See

http://www.palestinefacts.org/pf_1991to_now_madr_id_desc.php (accessed 29-5-2008)

²⁹ Article 1 in Declaration of Principles

... establish a Palestinian Interim Self-Government Authority, the elected Council, for the Palestinian people in the West Bank and the Gaza Strip, for a transitional period not exceeding five years, leading to a permanent settlement based on Security Council resolutions 242 (1967) and 338 (1973)

This declaration was followed by the signing of the Gaza-Jericho Autonomy Agreement, also known as Oslo I, on May 4, 1994. In Oslo I the GOI and the PLO agreed on the first stage of Palestinian autonomy in Gaza and in the Jericho area, namely the redeployment of Israeli military forces and a Palestinian self-government authority.

On the 28th of September 1995 they signed Oslo II or the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip. The second stage of the Palestinian autonomy was agreed on in this document. The autonomy was extended to other parts of the West Bank which was divided in area A (full Palestinian civil jurisdiction and internal security), area B (full Palestinian civil jurisdiction, joint Israeli-Palestinian internal security) and area C (Israeli civil and overall security control).³⁰ The parties also agreed on the election and powers of a Palestinian Legislative Council (PLC).

2.1.2 1994-2002

In July 1994 Arafat and other PLO exiles were allowed to return to the Palestinian Territories where they started to develop the basic structures of what would become an autocratic political system under the leadership of Arafat. This has been the result of a combination of both internal and external factors (Brown 2005:6). First, the PA has inherited civil institutions which have been ruled by several regimes none of which were deeply interested by the voice of the people. Furthermore, these institutions have been further damaged by the first Intifada.

³⁰ See attachment ? Area A consist of 17,2%, area B consist of 23,8% and area C consists of 59% (source: PASSIA diary 2008, pp. 366)

Second, the top functions within the structures of the PA have been mainly dominated by the PLO exiles instead of local elites who were aware of the wishes of the people.

Third, the slogan of the Oslo period “peace now, democracy later” (Brown 2005:22) implied that both Israel and the US focused primarily on security instead of governance. This emphasis led to the establishment of the presidential office and its security apparatus two years before the first elections and the PLC.

The first Palestinian elections for the members of the PLC and for the presidential office were held on January 20, 1996. These elections were boycotted by several (Islamist) parties, such as Hamas, which opposes all Oslo agreements, based on its definition of the land of Palestine as an Islamic waqf from which no part can be renounced.³¹ Yasser Arafat won the presidential elections and his party, Fatah, won the majority of the seats in the PLC.

Although Hamas has never physically attacked the PA, their relation deteriorated in the following years, because of Hamas’ attempts to derail the peace process by suicide attacks in several cities in Israel (Cleveland 2004: 509) and the PA’s attempt to weaken Hamas both pressured by the GOI and by its own ambition to control the WBGs (Hroub 2000: 110-109).

In the years following these first elections the Palestinian political system did not become more democratic, but instead the president and other members of the executive branch acted outside the legal channels when they wanted. Arafat refused to sign several laws, such as the Basic Law, and ignored court orders to release prisoners detained without charges (Brown 2005:8). All this led to a growing group of frustrated people, mostly working within the institutions of the PA, who wanted to reform, but made little progress. Their call for reform became silenced by the eruption of the second Intifada in September 2000.

³¹ See chapter 1 and the Charter of Hamas, article 11

2.1.3 2002-present

After two years of violence from both sides which has resulted in a near collapse of the PA, a reoccupation of the West Bank and a besieged Palestinian president (March 2002), both Palestinian and international actors became (re)interested in reforming the PA.³²

In 2002 and 2003 there have been made some serious accomplishments regarding fiscal and constitutional reform, but when the newly appointed Palestinian Prime Minister, Mahmoud Abbas, resigned at the end of 2003, the reform-movement caved in. The major obstacle to the reforms was President Arafat. The director of the Arab Thought Forum³³ describes Arafat as follows:

Arafat was a symbol, a historical leader and a hero. He knew this and he acted in combination of this. He has made the democratic structure and although he stood behind it, he used his position to influence the decision-makers, but he never imposed his opinion. Most of the members of the government are loyal to him and were convinced by him, but he was not a dictator, because if people were not convinced he accepted it.

³² These international actors were mainly Israel, the US and the EU and both had different motives for their support to reform. Israel and the US supported the reform-movement, because it held Arafat responsible for the second Intifada and the Palestinian domestic problems caused by its authoritarianism. The EU supported the reforms, because it thought that only a functional and capable PA could be a reliable partner in the peace-process (Brown 2007:7).

³³ Interview conducted by the author with the director of the Arab Thought Forum on 24th of March 2008 in his office in Jerusalem.

He had great influence on the people around him. Opponents of Arafat say that he was a dictator. Supporters say that he was a democratic man, but I think he is neither. He was no dictator, but no strong democratic man either, because he used his influence and historical position.

In November 2004, Arafat died in a French hospital in Paris and the former Prime Minister, Abbas, was elected as the new Palestinian president in January 2005.³⁴ This new president did not only revive the reform-movement, Abbas also chose for a different approach towards the Islamists, Israel, the Arab states and the international community. However, Abbas lacked the charisma and influence of Arafat.³⁵ Nevertheless, Abbas offered the Islamists power-sharing in exchange for cooperation which eventually resulted in the signing of the Cairo Declaration by the PA and thirteen political organizations on 19 March 2005.³⁶ The important elements of this document are that all parties agreed to an unilaterally ceasefire (tahdi'a) until the end of 2005 while the PA would organize municipal and legislative elections.

³⁴ There were 7 candidates participating in the elections, namely Mustafa Barghouti, Mahmoud Abbas, Bassam el-Salhi, Tayseer Khalid, Abdel Kareem Shbeir, Abdel Halim al-Ashaqar and al-Said Baraka. Source electronic Intifada (<http://electronicintifada.net/bytopic/306.shtml> accessed at 30-5-08)

³⁵ In Middle East Report n. 49, pp. 3 the Crisis Group describes the differences between Arafat and Abbas, but during my stay in Israel and the Palestinian Territories in spring 2008 I have heard several times that the death of Arafat has caused a vacuum which until now had not been filled by anyone.

³⁶ For the text of the Cairo Declaration see www.palestine-pmc.com/details/asp?cat=2&id=849

2.2 Elections

The municipal elections were conducted in five rounds, the first has been held in December 2004 and the fourth has been held in December 2005, while the fifth which had been planned for January 2006 has never been held due to the electoral victory of Hamas, the subsequent reaction of the international community and the internal strife between Hamas and Fatah.³⁷

The elections for the PLC were scheduled for July 2005, but were postponed to January 2006 by the Palestinian president, because his party, Fatah had lost support due to internal conflict, corruption and failed to live up to the promises of the Oslo period. Abbas and other leaders of Fatah thought that they could regain some of these losses in these six months in order to stand better grounds against Hamas.³⁸

The Islamist movement gained control of several urban areas through the local elections which gave an alarming signal towards Fatah, the GOI and other international actors.

The second Palestinian legislative elections were held on January 25, 2006 and were won by Hamas which received 44% of all votes and subsequently 74 of the 132 seats of the PLC.³⁹ Following the refusal of Fatah to join the government with Hamas, Ismail Haniyah presented to the PLC a cabinet consisting of Hamas and independent members on 29 March 2006. The international reaction to the elections, which were defined as fair and free by international officials, consisted of several restrictive measures, such as the closing of the Israeli-Palestinian border and the withholding of aid.

The following year saw a lot of inter-Palestinian fighting, primarily between members of Hamas and Fatah. On 8

³⁷ See for more information concerning the municipal elections the website of the Palestinian central election commission (<http://www.elections.ps/english.aspx> accessed at 30-5-08)

³⁸ International Crisis Group, Middle East Report n. 49, pp. 1

³⁹ Palestinian Central Election Commission

February 2007 after three days of negotiations between representatives of Hamas and Fatah, mediated by the Saudis, the two parties reached an agreement, known as the Mecca Agreement. In this document the parties agreed on Hamas receiving nine cabinet posts, Fatah six and all the other parties getting one each. It was decided that the sensitive posts, such as minister of internal affairs and finance, should go to independent persons. Haniyya, a member of Hamas, was to stay on as prime-minister and there was to be no explicit recognition of Israel. Five weeks later, on 17 March 2007, the new unity government was inaugurated.

Although the Mecca Agreement seemed promising it did not prevent the violent events in June 2007 from happening. On 10th of June a series of violent attacks started between Hamas and Fatah in the Gaza Strip. By the night of June 14th it was over and Hamas had seized power in the Gaza Strip while Abbas and Fatah remained on the West Bank. The president declared an emergency situation, dissolved Haniyya and his cabinet and appointed a new prime minister who formed a new cabinet which had control over the West Bank, while the Hamas-led cabinet remained in Gaza.⁴⁰

2.3 Structure of Palestinian Authority

The Palestinian President

The president is directly chosen by the people for a period of four years and can not be elected after two consecutive terms. The president is the commander in chief of the armed forces and can declare a state of emergency that can not exceed 30 days without the approval of the PLC. He⁴¹ can veto legislation adopted by the PLC and maintains relationships with foreign countries.

The prime minister

The prime Minister is selected by the ruling party in the PLC and appointed by the president. He forms and manages the Cabinet or Council of Ministers in consultation with the president. This position was created during the wave of reforms in order to redirect some of the powers of the president to the prime minister.

Council of Ministers or Cabinet

The council must receive a vote of confidence by the PLC and consists of 24 members. It drafts and presents laws to the PLC and takes necessary steps to implement the adopted laws. Furthermore, the council prepares the general budget for the PLC and supervises the different ministries.

Palestinian Legislative Council (PLC)

This council consists of 132 members and is directly chosen by the Palestinian people. The council approves the general budget, must approve the nominations for prime minister and the cabinet positions. It is allowed to question the ministers, but not the president. It has two normal sessions a year and decisions are taken by a majority vote. Furthermore, it forms special committees for certain topics.

Palestinian legislative branch

The Palestinian judiciary is an independent branch of the PA and consists of judicial councils and five different courts, namely the magistrate court, districts court, court of appeal, the Supreme Court and the military court.

⁴⁰ This is in violation of the Basic law which states that the president can dissolve the prime minister and the cabinet, but a new cabinet must have been agreed on by the PLC, which until now has not happened.

⁴¹ I use the male pronoun, but this does not imply that the Palestinian president can not be female.

Local government

The Palestinian Territories are divided in 16 administrative districts⁴² headed by a governor appointed by the President. All governorates have to answer to the minister of Local Government and have to cooperate with the mayors and heads of village councils.⁴³ These different councils are relatively decentralized and have taken over the administrative responsibilities of the municipality, such as water, electricity, waste disposal, schools and infrastructure.

⁴² 11 on the West Bank (Jerusalem, Jericho, Bethlehem, Hebron, Nablus, Jenin, Tulkarm, Qalidiya, Tubas, Salfit and Ramallah) and 5 in the Gaza Strip (Gaza North, Gaza City, Deir al Balah, Khan Younis and Rafah). See also appendix **XX**

⁴³ According to PASSIA (pp. 370) in 2005 there were 521 local authorities, 491 in the West Bank and 30 in the Gaza Strip. Furthermore, 107 were municipalities, 11 local councils, 374 village councils or project committees and 29 refugee camp directors.

3. Sanctions

3.1 General theory of sanctions

One of the first known use of sanctions dates back to 432 B.C. when Pericles imposed his Megarian decree forbidding all Megarians to trade or travel on Athenian land. During the following years sanctions continued to be used as a foreign policy instrument.⁴⁴

In the period before World War I sanctions primarily indicated or accompanied warfare. Although after the war the notion became known that sanctions could be an alternative to violence it was not until after the Second World War when sanctions were applied to address foreign policy goals other than warfare or national security. However it was the fall of the Berlin Wall and the end of the Cold War that made sanctions an attractive option for military force which was by then no longer seen as the appropriate tool for conflict resolution.

At the beginning of the 21st century sanctions are still frequently used only not without discussion. The critics question its effectiveness and the costs endured by other countries and the people living in the target countries while its advocates see it as an important tool for foreign policies. There have been several authors and scholars who have tried to contribute to this discussion. Some have tried to explain the reasons behind economic sanctions⁴⁵, while others have analyzed the impact of economic sanctions on international trade⁴⁶ or the conditions under which states will cooperate in imposing economic sanctions.⁴⁷

An important aspect of any analysis of sanctions is its definition and as with

⁴⁴ Hufbauer et al provide an overview of a number of sanctions imposed before World War I, pp. 39-41

⁴⁵ Kaempfer and Lowenberg "International economic sanctions, a public choice perspective"

⁴⁶ Bergeijk "Economic diplomacy, trade and commercial policy"

⁴⁷ Martin "Coercive cooperation"

many other terms different authors use different definitions. Therefore, in this study, based on the definition of Galtung⁴⁸, sanctions will be defined as⁴⁹:

...actions initiated by one or more international actors (the sender) against one or more others (the target) with either or both of two purposes: to punish the target by depriving it of some value and/or to make the target comply with certain norms the sender deem important.

3.2 Types of sanctions

Sanctions can be used in a negative and positive manner. Positive sanctions aims to stimulate the target to make those decisions and implement those policies that are regarded as positive or good by the sender by awarding the target through aid or membership of a certain organization. An example is the membership the EU offers to Serbia in return for the capture and the extradition to the International Criminal Tribunal for the former Yugoslavia of four war criminals.⁵⁰

On the other hand, negative sanctions aim at punishing the target for its policy. A well-known and controversial example is the sanctions of Iraq by the US and the UN following the first Gulf war in 1990. These economic restrictions aimed at the demilitarization - according to some destabilization⁵¹ - of the regime of Sadam Hussein.

In the majority of the literature concerning sanctions, negative sanctions are analyzed and discussing due to the fact that positive sanctions are not as disruptive as

⁴⁸ Galtung, "On the effects of international economic sanctions: with examples from the case of Rhodesia" pp. 379

⁴⁹ The sender is the state or organization which imposes the sanctions on a state or organization, the target.

⁵⁰

<http://www.nytimes.com/2007/11/08/world/europe/08union.html> accessed at 8-6-08

⁵¹ "Sanctions in Iraq hurt the innocent" in Seattle Post-Intelligencer, August 7, 2003 (http://seattlepi.nwsource.com/opinion/133937_sanctions07.html accessed at 12-6-08)

negative sanctions and do not always satisfy the needs behind sanctions.

In their book Hufbauer et al state that the implication of sanctions is not only to punish the target for its actions, but also to make clear to the sender's allies that they will be supported by more than just words and/or to satisfy the internal domestic audience: "The desire to be seen acting forcefully, but not to precipitate bloodshed, can easily overshadow specific foreign policy goals".⁵²

Given the fact that the sanctions imposed on the Hamas-led Palestinian government aimed at punishing Hamas and are thus negative sanctions, the focus of this chapter will be on negative sanctions.⁵³

3.2.1 Negative sanctions

Scholars and policy makers discern three different types of restrictive measures or negative sanctions:

- Communicative sanctions refer to the (partial) disruption of all sorts of communication, such as air, postal or radio;
- Diplomatic sanctions can imply the non recognition of a government or state, the severance of diplomatic relations or denying access to certain people. For example, the Palestinian prime-minister Haniyya was invited to speak at a congress of the Dutch organization the Palestinian Platform for Human Rights and Solidarity (PPMS), but was denied a visa by the Dutch minister of foreign affairs, because Haniyya is the leader of an organization defined by the EU as terrorist, regardless of his political function as Prime Minister of the Palestinian Authority;⁵⁴

⁵² Hufbauer et al pp. 6

⁵³ See for example Nathan Brown, *Living with Palestinian democracy*, June 2006 pp.1

⁵⁴ Benneker, Bas "Hamas premier komt niet naar Nederland" 16 April 2007.

- Economic sanctions, there are three types of economic sanctions:⁵⁵
 - Boycott aims at restricting the import of certain products or goods from the target country. This can be done by governments or international organizations, but also by consumers. A good example of the last is the consumer boycott of Danish products in large parts of the Middle East following the publication of cartoons regarding the Prophet Muhammad.⁵⁶
 - Embargo aims to restrict the exports of certain products to the target country. The weapon embargo on Lebanon following the Israel-Lebanon war during the summer of 2006 is an example of this.⁵⁷
 - Financial restrictions imply the restricting or suspension of loans and investments. It can also imply the freeze of the foreign assets of the target country or individual. An example is the EU counter-terrorism policy: "Such [financial] sanctions comprise both an obligation to freeze all funds and economic resources of the targeted persons and entities and a prohibition on making funds or economic resources available directly or indirectly to or for the benefit of these persons and entities."⁵⁸

⁵⁵ Galtung, "On the effects of international economic sanctions: with examples from the case of Rhodesia" pp. 383

⁵⁶ See "Consumer boycotts sweep Middle-East" (<http://news.bbc.co.uk/2/hi/business/4685628.stm> accessed at 8-6-08)

⁵⁷ See for the decision to implement an arms embargo United Nations resolution 1701 (<http://daccessdds.un.org/doc/UNDOC/GEN/N06/465/03/PDF/N0646503.pdf?OpenElement>)

⁵⁸ See the website of the European Commission on external relations. (http://ec.europa.eu/external_relations/cfsp/sanctions/index.htm)

3.3 The result of sanctions

The result of imposed economic sanctions plays a very important role in the debate on sanctions, because by their result the sanctions can be defined a success or a failure. However what is a successful sanction and how is it determined? As said earlier, sanctions are discussed by both scholars and policy makers and there are different definitions and ways of defining success or failure. However, there is no theory which gives a clear answer to the question why sanctions sometimes are a success and why not. In the pursuit of finding such a theory, authors and scholars have formed several theories that contain lists of factors that influence the outcome of sanctions.

The most detailed, used and cited one of these analysis⁵⁹ of imposed economic sanctions of the last 20 years has been the *Economic sanctions reconsidered* by Hufbauer, Schott and Elliot (HSE).⁶⁰ The main goal of their research is to analyze the conditions that contribute to the achievement of foreign policy goals (HSE 2007:2). In order to answer their main research question HSE have formed a database of 174 cases from the period between 1914 and 2000 and each of them has 14 political and economical variables. One of the most important and most debated outcomes⁶¹ of this study has been the percentage of success, namely 34% of the examined cases are defined as successful (HSE 2007:158).⁶²

In the last chapter of their book HSE have summarized their findings in a number of recommendations for practitioners of sanctions (HSE 2007:155-178). They have concluded, for example, that those sanctions with modest goals are more successful than

those with high policy goals while sanctions targeted against “friends” are much more likely to succeed than directed against “enemies”. Nor does a large coalition of senders lead to a higher success rate. In this last chapter HSE have formed three broad conclusions (HSE 2007:161):

- The relative difficulty of the goal sought is of importance;
- As well as the nature of the target regime and the sender’s relations with it;
- The economic costs imposed by sanctions on the target are among the more statistically significant and robust variables explaining sanctions, success and failure.

Regarding the governments or organizations that impose sanctions, HSE wrote (2007:160) that senders “must evaluate the costs the target will incur by defying sanctions, reflecting the target’s potential vulnerabilities that arise from its existing economic and political situation, as well as the direct costs the sanctions themselves will impose.”

3.3.1 Critique

One of the critics of the study of HSE has been Robert Pape.⁶³ He sees the work of HSE as “the key evidence that sanctions can achieve ambitious foreign policy goals” (1997:91), something Pape tries to prove to be untrue. He does this by reexamining the database of HSE and claiming (1997:93) that of the forty cases that HSE define as a success only 5 are indeed a success due to the fact that HSE do not use the definition of economic sanctions “rigorously enough” and they neglect to acknowledge the role of force in the examined cases (1997:105-106) leading to little or none scientific evidence that sanctions can accomplish major foreign policy goals (1997:106).

⁵⁹ Pape 1997:92 or van Bergeijk 1994:72

⁶⁰ The first edition was published in 1985, the second edition in 1990 and the third edition, with the contribution of Barbara Oegg, has been published in 2007.

⁶¹ See for example Tsebelis (1990:4) or Pape (1997:93).

⁶² This percentage is slightly different in the three editions, but this is due to fact that in the second and third edition more cases have been analyzed.

⁶³ Pape, 1997, “Why economic sanctions do not work” in *International Security*

Kimberley Elliot, one of the authors of this study, has reacted to the critiques of Paper.⁶⁴ She writes that the differences between research questions cause the differences in outcome. She and her colleagues have written this study to determine the circumstances under which economic sanctions could attribute to achieving foreign policy goals, and not to determine whether sanctions alone could achieve these goals(1998:51).

Furthermore regarding the fact that only 5 cases are defined successful Elliot (1998:51) states that “by defining sanctions so narrowly and setting the bar for success so high that, indeed, few cases reach the threshold”.

3.3.2 The parameters to define success

It is not the purpose of this study to analyze and criticize the theories regarding the successes and failures of economic sanctions. Neither to form a general theory to analyze several imposed sanctions. Instead its goal is to analyze the imposed sanctions on the Hamas-led PA and discuss whether they have been successful or effective. In order to achieve this goal I have chosen not to use one particular theory, but to use different elements of different studies and theories.⁶⁵

In this study success will be defined level of achievement of the stated goals in combination with the level of contribution of the sanctions to this achievement. Effectiveness will be defined by the level of economic damage to the target caused by the sanctions.⁶⁶

⁶⁴ Elliot, 1998, “The sanctions glass: half full or completely empty?” in *International Security*

⁶⁵ I have used HSE, because, regardless of the critiques, it has been the leading theory on defining the outcome of sanctions for more than 20 years. Furthermore, I have used the definition of van Bergeijk, because he is one of the few authors who make a clear distinction between success and effectiveness while many use both terms (and other) interchangeably.

⁶⁶ The definition of success is based on the one used in HSE (2007:49-50). The definition of effectiveness is based on the used by van Bergeijk (1994:26).

It is not enough to only if the sanctions were successful in achieving the stated goals. In his article Baldwin asks what does success mean (Baldwin 2000:87). It is not only the results that count, but also other things such as the costs, because otherwise the sender can use any form of leverage to force the target to comply or to punish it. Imagine that the US and the British Commonwealth would have used nuclear weapons to force the government of South Africa to end the Apartheid. Most probably they would have been successful, but at what end?

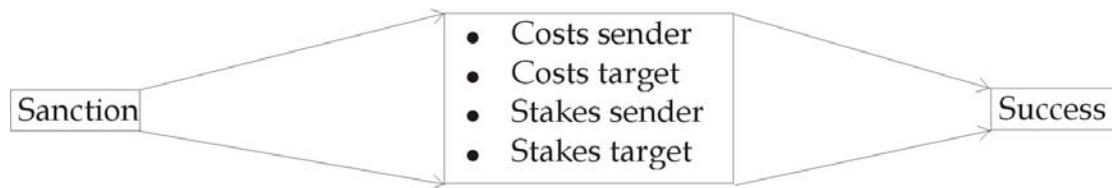
Therefore, the level of success should be explained in the light of certain elements⁶⁷ (Baldwin 2000:90-91):

- Costs to the sender;
- Costs to the target: the level of economic damage to the target economy;
- Stakes for the sender: the value of the contribution must be weighted for the importance of the goal;
- Stakes for the target: when economic sanctions are employed in pursuit of difficult goals, the results should be similarly weighted.

Thus, the level of success of the international sanctions towards the Hamas-led PA will be judged against the above mentioned seven elements in order to define whether these sanctions have been truly a success or not.

⁶⁷ I have used the same elements as Baldwin does, because he presents them in a comprehensive manner, but he does not present anything new. Almost all authors which I have read on (economic) sanctions and their success or failure have used one or more of these elements in their evaluation of sanctions. See van Bergeijk 1994:38 or HSE 2007:55-56. Baldwin acknowledges this by writing: “Although the five dimension of success considered below are not the only ways to subdivide success, together they capture most of what scholars and policymakers want to know about sanctions” (2000:89).

3.3.3 Conceptual model



3.4 Examples

There can be found several examples of both (more or less) successful restrictive measures. I will give three examples of such sanctions.⁶⁸

The first is the threat of the United States to cut the financial aid as part of the European Recovery Plan (Marshall Plan) to the Netherlands in order to force the Dutch government to negotiate with the Indonesian nationalists. These negotiations eventually led to the official independence of Indonesia on 27th of December 1949. The mere threat of imposing financial sanctions – the Marshall Plan was of great importance for the Dutch economy and post-war recovery – and the growing number of casualties persuaded the Dutch government to reconsider alternatives than military operations and to comply with the UN Security Council Resolution 67.⁶⁹

One of the authors⁷⁰ of Hufbauer et al reacts on the critiques – Pape – on the success of this sanction:

...Although Pape is correct that military defeat would likely have produced the same outcome *eventually*, we would regard the acceleration of that outcome – and the accompanying reduction in conflict – as sufficient grounds for counting this case as a success.

The second example concerns the American sanctions imposed on Iran following the taking of hostages in the American embassy in Teheran in November 1979. The American government froze all Iranian assets under US control, restricted exports to Iran, prohibited importing Iranian oil and asked its allies to impose similar sanctions (Carswell 1981:252). Although the Iranian government was deprived of 12 billion American dollars and it had difficulties getting supplies for some of its military units and several of its gas- and oil installations depended on US contractors for construction and maintenance it managed to get what it wanted through middlemen. This changed when the Iraq-Iran war started in 1980 and the Iranian government became in need of the blocked financial assets and exports. Thus, the sanctions can be defined a success, but only partially, because it was not only the sanctions that forced the Iranian government to comply, but also its own decision to go to war with Iraq.

⁶⁸ As defined by Hufbauer et al 3rd edition.

⁶⁹ Security Council Resolution 67 issued on January 28, 1949

(<http://daccessdds.un.org/doc/RESOLUTION/GEN/NR0/055/04/IMG/NR005504.pdf?OpenElement> accessed at 9-7-08)

⁷⁰ Elliot, Kimberley A., "The sanction glass: half full or completely empty?" in *International Security* 1998 23-1:62

The third example is the American sanctions of the government of Laos from 1956 till 1962. These sanctions aimed to destabilize the government and to prevent the communists from taking over. In their book Hufbauer et al (2007:50) have awarded this case a success-score of 9 which means that "sanctions made a substantial contribution to the sender's goals and that the goals were in part realized." In of her articles Elliot (1998:55-56) describes is as follows:

...in cases targeting [...] various governments in Laos, sanctions emboldened the opposition and, by depriving the target government of economic resources, made it more difficult to confront domestic insurgencies. Again, if the economic pressure, in combination with military pressure, contributed to goals being achieved sooner or at lower cost than otherwise, we would regard sanctions as having played a useful role in the outcome.

Thus, the above explained cases can be defined successful, because the goals were (more or less) realized and the sanctions made a significant contribution towards achieving these goals. Furthermore the costs to the target were high, but not to the sender in comparison with other alternatives. However, the sanctions were not the only measure taken by the sender country. For example, the US has tried to release the hostages through a military rescue - but failed- and it had stationed an US carrier in the Indian Ocean (Carswell 1981:248). Furthermore, it was the American government who threatened the Dutch government to stop its financial aid, but the Dutch actions in Indonesia were condemned by a large part of the international community and left the Netherlands politically isolated.⁷¹

⁷¹

<http://www.diplomatiekegeschiedenis.nl/contents/pages/1219/stikker.pdf> (Page 8)

4.

International sanctions of Hamas-led Palestinian Authority

Following the victory of Hamas in the legislative elections, Hamas received the majority of the seats in the Palestinian Legislative Council (PLC) and was allowed to propose a candidate for the post of Prime Minister. It was already in this stage that the Quartet, consisting of the UN, the EU, the US and Russia, issued statements concerning the three demands and reviewing their aid to the PA:⁷²

...The Quartet reiterates its view that there is a fundamental contradiction between armed group and militia activities and the building of a democratic State. A two-State solution to the conflict requires all participants in the democratic process to renounce violence and terror, accept Israel's right to exist, and disarm, as outlined in the Road Map.

Between the Palestinian legislative elections and now there can be discerned three periods, namely the Hamas government from 29th of March 2006 until 15th of February 2007, the Unity Government from 18th of March 2007 until 14th of June 2007 and the current Palestinian government from June 15, 2007. The international reaction towards these three governments changes through time. Below, the actions of the US, the EU and Israel towards the three different governments will be discussed followed by table 4.1 which gives a schematic overview of all sanctions imposed by the three senders.

⁷² Press release of Kofi Annan on behalf of the Quartet, 26 January 2006

4.1 United States

The American sanctions towards the Hamas-led PA consisted of a combination of financial and diplomatic measures. The government decided to halt the budget support and the development aid to the PA from April 7, 2006. However, it continued the humanitarian aid through (international) organizations and NGOs. Furthermore, the government severed all contacts with the PA and its members and it pushed banks not to deal with the PA or organizations affiliated with it. The goals of the US were to isolate and remove Hamas from the PA and to support the moderate (in) Fatah.

When the National Unity Government (NUG) was inaugurated in March 2007 following the Mecca Agreement, the US government expressed its disappointment, because it had not met the demands set by the Quartet. It also continued its sanctions towards the PA. Nevertheless, the US has met with some non-Hamas members of the NUG besides its support to president Abbas.⁷³

Following the violent events of June 2007 the US government condemned the actions taken by Hamas while at the same time commended Abbas for his decision to dismiss Haniyya government and appoint an emergency government led by Salam Fayyad. When the new Fayyad-led government was formed the US lifted all its diplomatic and financial restrictions and gave additional assistance to this Ramallah-based PA, but remained its policy towards the Hamas-led and Gaza-based PA (ICG 68:28-29).

⁷³ CRS Report for Congress, international reaction to the Palestinian Unity Government, May 9, 2007, pp. 3

4.2 European Union

Also the sanctions of the EU consisted of both diplomatic and financial measures. It stopped the budget support and the development aid to the PA, but like the US it continued its humanitarian aid through (international) NGOs. The diplomatic measures consisted of cutting of all contacts with the PA and its members.

The goals of the EU were to avoid funding terrorist activities. However, the EU aimed not to punish the PA or to let it fail, but instead to promote an evolution towards democracy and state-building.⁷⁴

Following the formation of the unity government, the EU decided to renew diplomatic relations with non-Hamas members of the NUG, but wanted to judge the actions of the new government before resuming financial aid.

Like the US, the EU condemned the actions of Hamas which it named a “violent coup” and immediately resumed normal relations with the Fayyad-led PA. Also the EU expressed full support for Abbas and his actions (ICG 58:30).

4.3 Israel

The GOI started its sanctions earlier than the EU and the US. It stopped the transfer of clearance revenues to the PA from mid-February when the new PLC was inaugurated, because it defined the new PLC with a majority of Hamas members as a “terrorist authority”.⁷⁵ The GOI agreed to a package of restrictive measures towards the PA, namely:

- The withholding of clearance revenues collected by the GOI on behalf of the PA;
- Restriction on the movement of people affiliated with Hamas;

- Increasing the controls at the border crossings, especially between Gaza and Israel;
- Preventing the transfer of any means or assistance to the Palestinian security services;
- Severing all contacts with the PA;
- Pressuring all Israeli banks to sever all contacts with banks working in the Gaza Strip or in the West Bank.

The GOI sees the Hamas-led Palestinian government as a “terrorist authority” and needs to be acted against. As long as Hamas does not accept the three demands set by the Quartet, the GOI will continue its restrictive measures. Thus, its goal is to force Hamas to comply.

Although the international community did react to the formation of the NUG, the Israeli government still defined this new PA as a “terrorist” entity, because of the presence of members of Hamas and thus did not change its policy towards it.

An official of the GOI described the events of June 2007 and the new government as “arguably the best we had since the Oslo agreements were signed” (ICG 68:23). Subsequently the GOI lifted all restrictive measures regarding the clearance revenues, movement restrictions and diplomatic relations. It also agreed to release more than 250 mainly Fatah prisoners and it announce to remove an unknown number of roadblocks in the West Bank (ICG 68:23).

⁷⁴ Speech of Ferrero-Waldner, 26 april 2006

⁷⁵ See Israeli Cabinet Communiqué, February 19, 2006 (<http://domino.un.org/UNISPAL.NSF/d80185e9f0c69a7b85256cbf005afeac/f9ed8b7c03116ad48525711b004c5a84!OpenDocument>)

Table 4.1 Restrictive measure towards Hamas-led Palestinian Authority

Israel	United States (US)	European Union (EU)
<ul style="list-style-type: none"> - Withholding of tax and customs revenue collected on behalf of the PA; - Travel restrictions of members of Hamas; - Cutting of all contacts with the PA; - Closures of border crossings between Gaza and Israel for both goods and people; - Pressure on Israeli banks to sever ties with all banks working in the Palestinian Territories; - Prevent the transfer of any means or assistance to the Palestinian security organizations. 	<ul style="list-style-type: none"> - Reduction of aid to the PA by stopping budget support and development aid; - Cutting off all contacts with the PA;¹ - Strict restrictions for NGOs working in the Palestinian Territories; - Prohibiting all transactions with the PA, its employees and relevant institutions. 	<ul style="list-style-type: none"> - Reduction of aid to the PA by stopping budget support and development aid; - Cutting off all contacts with the PA.¹

4.4 TIM

The European Commission (EC) has developed, by request of the Quartet, TIM which channelled aid directly to the Palestinians while bypassing the Hamas-led PA. In March 2008 TIM was replaced by PEGASE.⁷⁶ The objectives⁷⁷ of this mechanism were threefold, namely:

- Relieve the current socio-economic crisis in the Occupied Palestinian Territory;
- Ensure the continued delivery of essential social public services to the Palestinian population;

⁷⁶ See for more details on both TIM and PEGASE the website of the European Commission (http://ec.europa.eu/external_relations/occupied_palestinian_territory/tim/index_en.htm accessed at 2-7-08)

⁷⁷ Temporary International Mechanism fact sheet (online available at http://ec.europa.eu/external_relations/occupied_palestinian_territory/tim/index_en.htm accessed at 2-7-08)

- Facilitate the maximum level of support by international donors and the resumption of Palestinian revenue transfers by Israel.

These objectives were realised by creating three windows. The first window provided funding for the basic resources of hospitals and other health care centres as well as the payment of their running cost. The second window provided financial aid to secure an uninterrupted supply of essential public services, such as fuel and water. The third window provided social allowances for the poorest of the Palestinians and for those people delivering essential public services.⁷⁸ The first payments have been done in June 2006 and the mechanism has been fully implemented since September 2006 and its mandate ended on 31 March 2008 when it was replaced by PEGASE.

⁷⁸ Temporary International Mechanism fact sheet (online available at http://ec.europa.eu/external_relations/occupied_palestinian_territory/tim/index_en.htm accessed at 2-7-08)

The funds for this mechanism were given by the EC, Norway, Australia, Switzerland, Canada and 15 member states. Table 4.2 gives an overview of the contributions made by the donors to the different windows of the TIM.

Table 4.2 Contributions to the TIM⁷⁹

	Window I	Window II	Window III	Total
	(in millions of Euros)			
Australia	2.55	0	0	2.55
Austria	1.0	0	0	1.0
Belgium	2.5	0	0	2.5
Canada	0	0	5.65	5.65
Denmark	0	0	0.8	0.8
European Commission	15.0	131.0	309.5	455.5
Finland	0	0	1.0	1.0
France	3.0	0	11.5	14.5
Germany	0	0	40.0	40.0
Greece	0	0	0.2	0.2
Ireland	0	0	2.0	2.0
Italy	2.3	0	0	2.3
Luxembourg	0	0	2.2	2.2
Malta	0	0	0.03	0.03
The Netherlands	0	0	18.87	18.87
Norway	2.6	0	5.95	8.55
Spain	15.0	0	10.0	25.0
Sweden	4.9	0	4.8	9.7
Switzerland	1.5	0	0	1.5
The United Kingdom	8.9	0	13.19	22.09
Total	59.25	131.00	425.69	615.94

Although PEGASE is a mechanism similar to TIM it does not aim to provide emergency aid, but instead supports the building of the Palestinian state in four different areas through the Palestinian Reform and Development Plan proposed by the PA Prime Minister Salam Fayyad in December 2007. These areas are governance, social development, economic and private sector development and public infrastructure development.⁸⁰

⁷⁹ TIM implementation progress report (online available at http://ec.europa.eu/external_relations/occupied_palestinian_territory/tim/implementation_progress_en.pdf accessed at 2-7-08)

⁸⁰ The PEGASE fact sheet (online available at http://ec.europa.eu/external_relations/occupied_palestinian_territory/tim/pegase_en.pdf accessed at 2-7-08)

estonian_territory/tim/pegase_en.pdf accessed at 2-7-08)

5. Consequences of the international sanctions

It is important to know the situation of the PA and the WBS prior to the sanctions before analyzing the consequences of the international boycott of the Hamas-led PA. Knowing this situation will help to better understand the consequences and impact of these sanctions. The part on the PA will be followed by an overview of the implications of the different sanctions.

5.1. The role of the PA in the Palestinian society

The PA has played a constant growing role in the lives of the Palestinians since its inception in 1994. At the beginning of 2006 some 60% of the PA budget was spent on salaries and this money sustained roughly 29% of the Palestinians living in WBS.⁸¹ Furthermore, in 2005 the PA was responsible for 22 hospitals, 416 primary health clinics and 1600 schools.⁸²

In 2005, the total disbursement of the PA was \$1.92 billion. Almost 42% of this amount was covered by clearance revenues collected by the GOI on behalf of the PA, which amounted to \$814.3 million, and 20% was financed through domestic revenues totalling \$394.29 million (excluding tax refunds). The financing gap of around 38% was bridged by external finance for budgetary support of \$348.5 million, while

the remainder was covered through other sources, such as proceeds from the sale of Palestinian Investment Fund assets, finance from commercial banks, and the transfer of previous clearance revenues.⁸³

As explained above, in 2005 the PA was dependent for almost 80% of its budget of international aid and the GOI. This made the Palestinian economy extremely sensitive to external stimuli, such as reduction of aid or the restriction of Palestinian movement. Furthermore, at the end of 2005 the fiscal situation of the PA had become unsustainable due to increases in wages, social transfers, pensions contributions and the high costs of energy. Even without the international sanctions, the fiscal deficit for 2006 was estimated at close to \$1.0 billion, three times the annual amount of external budget support in 2004 and 2005.⁸⁴

Thus, at the beginning of 2006 Hamas inherited a PA which had become the major employer and spender in the WBS, but was highly dependent on the GOI and international donors and had an unsustainable financial situation.

⁸¹ICG writes that in 2005 the PA had to pay 172.000 employees and estimates that each employee has an average of six dependents which leads to an estimate of 1 million people who are dependent on the PA salaries. International Crisis Group, Middle East Report 54, page 22.

⁸² Ministry of Health (http://moh.ps/data_all_img/1190109759.pdf accessed 29-7-08). In percentages the PA is responsible for 75% of the schools in WBS, educating 70% of the school children, 62% of primary health clinics and 57% of the hospitals beds. 47% of the Palestinian people are dependent of these facilities for their regular health care services. The remainder of both schools and health care is provided by the private sector, local NGOs and the UNRWA (ICG 54:22).

⁸³ World Bank, *Coping with crisis: Palestinian Authority institutional performance*, November 2006, pp. 3 and the ministry of Finance (www.mof.gov.ps)

⁸⁴ IMF, *West Bank and Gaza: fiscal developments in 2006*, August 10, 2006, pp. 1

5.2 Implications of the international sanctions

This chapter discusses the consequences of the international sanctions of the Hamas-led PA for the Palestinian society, the PA itself and Hamas. A thorough understanding of the consequences requires a detailed knowledge of the different sanctions and their implication. Therefore, in following paragraphs the details of three of the four restrictive measures⁸⁵ will be explained.

5.2.1 Clearance revenues

The GOI stopped the transfer of clearance revenues to the PA from mid-February when the new PLC was inaugurated, because it defined the new PLC with a majority of Hamas members as a “terrorist authority”.⁸⁶ In 2006 the GOI collected an estimated \$770 million in clearance revenues, but only \$344 million was released. However, this money was not transferred to the PA’s treasury, but instead used for payments to Israeli utility companies to cover the debts of the Palestinian municipalities.⁸⁷

The GOI continued its policy until June 2007 when a new Palestinian government was formed led by Salam Fayyad following the dismissal of the Haniyyah government by president Abbas. In response to this new government which had no member of Hamas the GOI decided to resume monthly transfers to the PA. The Israeli minister of Finance agreed to release monthly instalments of NIS 370 million (\$106.7 million) until the stock of withheld revenues is fully repaid. These transfers started in early August 2007.⁸⁸

The decision of the GOI to refrain from transferring the money to the PA left it for nearly 18 months deprived of almost two-thirds of its budget revenues.

5.2.2 Access to banks

The decision of the US government to prohibit all contacts and financial transactions with the PA, its employees and affiliated institutions pressured Arab states and private banks to halt all financial contacts with the PA. The IMF/World Bank⁸⁹ describe this “tertiary” boycott as follows: “domestic banks also began to reevaluate their relationship with the PA, initially largely out of concern over the PA’s financial viability, but increasingly also out of fear over possible legal repercussion under foreign [American] anti-terror laws.” This led to the freeze of the PA’s Single Treasury Account (STA) by the Amman-based Arab bank. The STA was considered to be the one of the main achievements of the wave of (fiscal) reforms in 2003-2005 and was used by the PA to collect and disburse its revenues in a transparent way (ICG 54:23).

⁸⁵ The restriction of movement of both goods and people speaks for itself.

⁸⁶ See Israeli Cabinet Communiqué, February 19, 2006 (<http://domino.un.org/UNISPAL.NSF/d80185e9f0c69a7b85256cbf005afeac/f9ed8b7c03116ad48525711b004c5a84!OpenDocument>)

⁸⁷ World Bank, *West Bank and Gaza update*, November 2007, pp.18

⁸⁸ World Bank, *West Bank and Gaza update*, November 2007, pp.18

⁸⁹ World Bank, *West Bank and Gaza update*, September 2006, pp.22

5.2.3 Budget support and development aid

Although the EU and other major donor suspended all aid going directly to the PA, they did not stop the humanitarian and emergence help. According to a report of the IMF⁹⁰ the financial support continued in four different ways (table 5.1).

First, money transmitted through the Temporary International Mechanism (TIM). Second, financial support received from mostly Arab countries and channelled through the office of the Palestinian President. Third, the Hamas-led PA has received direct budget support mostly brought in cash through the Rafah crossing between Egypt and Gaza. An example of financial support to the Hamas-led Palestinian government was Haniyya's attempt to smuggle Iranian money into the Palestinian territories in suitcases.⁹¹ Fourth, the interim government received financial support from several donors to alleviate its financial situation which at that point was already unsustainable.

Thus, following the inauguration of the Palestinian government the PA lost an estimated \$350 million of budget support due to the international boycott. Furthermore, it also lost \$450 million of development aid.

⁹⁰ IMF Middle East and Central Asia Department, *West Bank and Gaza: fiscal performance in 2006*, March 2007, pp. 6 (online available at <http://www.imf.org/external/np/wbg/2007/eng/032607fp.pdf> accessed at 1-7-08)

⁹¹ Jerusalem Post, Keinon, Herb, "Analysis: stopping the Hamas money flow" (Online available at: <http://www.jpost.com/servlet/Satellite?cid=1164881897304&pagename=JPost%2FJPostArticle%2FShowFull>)

Table 5.1 West Bank and Gaza: External Budget Support 2005-06⁹²

	2005		2006			
		Q1	Q2	Q3	Q4	Year
		(in millions of U.S. dollars)				
PA government	349	130	67	3	34	234
Bilateral donors	194	88	66	3	34	191
- Arab countries	194	78	66	3	34	181
- Other countries	0	10	0	0	0	10
Multilateral donors*	155	42	1	0	0	43
Office of the President	...	0	24	235	32	291
- Arab countries	...	0	8	235	32	275
- Other countries	...	0	16	0	0	16
EC Interim Emergency Relief Contribution	...	24	20	6	0	49
Temporary International Mechanism#	60	112	172
Total	349	154	110	305	178	747

*Includes the World Bank's Emergency Services Support Program in Q1 and Q2 2006.

#Includes the World Bank's Emergency Services Support Program in Q3 and Q4 2006.

Table 5.2 West Bank and Gaza: External Budget Support 2007⁹³

	2007				
	Q1	Q2	Q3	Q4	Year
	(in millions of U.S. dollars)				
Qatar	44.7	65.4	0	0	110.1
United Arab Emirates	30.0	80.0	0	0	110.0
Kingdom of Saudi Arabia	47.5	49.9	30.3	0	127.7
Algeria	0	52.8	0	0	52.8
Kuwait	0	0	14.8	18.6	33.4
Iraq	0	0	10.0	0	10.0
France	0	0	20.3	2.9	20.3
Sweden	0	0	0	0	2.9
Norway	0	10.1	0	31.0	41.1
United States of America	0	0	0	4.7	4.7
United Kingdom	0	0	0	6.0	6.0
European Union	0	0	0	7.7	7.7
TIM	106.8	96.9	150.2	142.3	485.3
Total	219.0	355.1	225.6	212.2	1011.9

⁹² IMF Middle East and Central Asia Department, *West Bank and Gaza: fiscal performance in 2006*, March 2007, pp. 6 (online available at <http://www.imf.org/external/np/wbg/2007/eng/032607fp.pdf> accessed at 1-7-08)

⁹³ Ministry of Finance, monthly report on PNA external budget financing, 2007

(online available at

<http://www.pmf.ps/news/plugins/spaw/uploads/files/Table%205%20Monthly%20%20Report%20%202007.pdf>)

The previous paragraphs have described the meaning of stopping aid, withholding clearance revenues or deny the PA access to its treasury. In the following pages the consequences of these measures on the Palestinian society, the Palestinian government and lastly on Hamas will be examined.

5.3 Palestinian society

5.3.1 Economy

The gross revenues collected by the PA dropped by 61% in 2006 as compared to the same period in 2005.⁹⁴ This led to a prioritization of the expenditures giving salaries a high priority followed by social benefits and the payment of utilities and energy. In the period between March 2006 and October 2006 only four partial salary payments have been made to the public sector employees using domestic revenues and funds sent by Arab donors.⁹⁵ In September 2006 the Temporary International Mechanism (TIM) had been fully implemented and paid social allowance to PA employees working in the health sector and social hardship cases.⁹⁶ The fact that almost all government funds were used to pay the salaries led to an

almost full stop of public investment during 2006 and 2007. Also private investment has dropped significant.⁹⁷ The absence of investment in both public infrastructure and private enterprises hollows out the Palestinian productive base and leads to more aid dependency.⁹⁸

The combination of the financial crisis following the international financial restriction in combination with the movement and access restrictions resulted in a decline in economic growth.

The shrinking economy has led to an

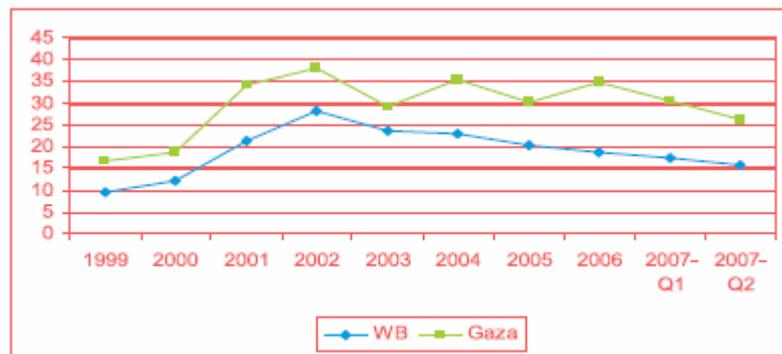


Figure 5.1: Official unemployment in West Bank and Gaza (Source World Bank, *West Bank and Gaza update*, November 2007, pp. 15)

increase in poverty due to the growing unemployment among the Palestinians. The unemployment rate in WBGs has gone up from 10% at the eve of the Second Intifada in 2000 to 22% in 2007 (See figure 5.1). The unemployment rate in Gaza (29%) is higher than in the West Bank (19%) due to the repeated closure of the borders and the restrictions on imports and exports.⁹⁹

⁹⁴ World Bank, *Coping with crisis: authority institutional performance*, pp. 3

⁹⁵ In June the PA paid the employees with an income under 1500 NIS a full salary and those who had an income above this amount were given 1500 NIS. In July the PA employees with an income under 1400 NIS received a full salary, those earning between 1400 and 2800 NIS received 1400 NIS and employees with an income above 2800 NIS received one half of their salary. In August all PA employees received 1500 NIS and in September all employees were given 1500 NIS, except those working in the health sector and social hardship cases, because they received money through TIM. World Bank, *Coping with crisis: Palestine Authority institutional performance*, November 2006, pp. 7

⁹⁶ See for more information on TIM the chapter 4

⁹⁷ World Bank, *West Bank and Gaza update*, March 2008, pp.16. The IMF estimates a drop of 15% in private investment in 2006 and has no evidence that there has been a substantial increase in 2007.

⁹⁸ World Bank, *West Bank and Gaza update*, March 2008, pp.16.

⁹⁹ World Bank, *West Bank and Gaza update*, March 2008, pp.16. The unemployment rate fell in 2007, but according to the World Bank this is misleading. First, employment does not always lead to regular salary payments. Second, the rates in Gaza were moderate by temporary employment projects by (international) NGOs. Third, the unemployment rates do not include unpaid family labour or seasonal jobs. Fourth, the figures do not include discouraged workers who have left the labour market, because they could not find work. If these workers are included unemployment

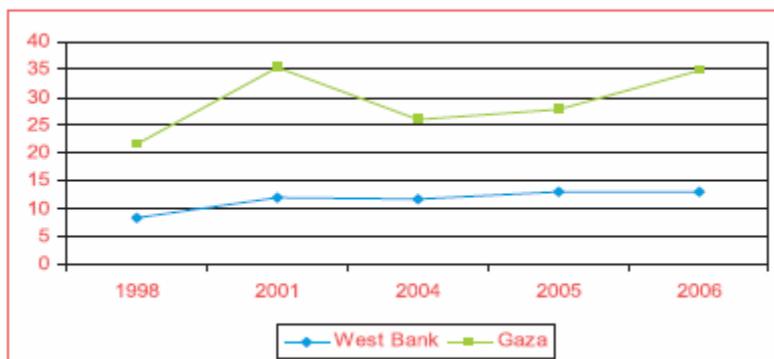


Figure 5.2: Deep poverty 1998-2006 in West Bank and Gaza (Source World Bank, *West Bank and Gaza update*, November 2007, pp. 15)

In the past two years the number of people living in deep poverty¹⁰⁰ has grown dramatically. In 2006 nearly 35% of the people in Gaza lived in deep poverty (see figure 5.2). Due to the negative economic growth and the implementation of even more strict closures on Gaza the poverty rate in 2007 is almost certainly higher. If the food aid and the remittances are not included, then the poverty rate for Gaza is almost 67%. Although the increase in the poverty rate in the West Bank is lower it is still substantial.

Another cause of the decline of the Palestinian economy has been the Israeli restrictions on import and export of both people and goods by closing the borders long periods at a time.

The GOI has issued less and less permits for Palestinians to work in Israel since the Second Intifada resulting in a decline of nearly 55% of Palestinians working in Israel. In 2007 63,000 Palestinians (9.5% of the Palestinian population) worked in Israel who were all from the West Bank as Gaza was closed and no workers are allowed into Israel.¹⁰¹

rates are estimated at 28% in the West Bank and 39% in Gaza (World Bank, *West Bank and Gaza update*, November 2007, pp.15-16)

¹⁰⁰ The World Bank and its source PCBS (Palestinian Central Bureau of Statistics) has defined the deep poverty line a NIS 1,837 for a family of six for food, clothing and housing. World Bank, *West Bank and Gaza update*, November 2007, pp.15

¹⁰¹ International Labour Organization, *Report of the Director-General: Appendix - The situation of workers of the occupied Arab territories*, 15 May 2008, pp. 25

The situation in Gaza has worsened after the Hamas take-over in June 2007.

The unpredictability of the border openings, the inability to import or export materials and products have led to the suspension of 96% of Gaza's industrial operations, the dismissal of more than 30,000 workers and roughly 100 businesses have moved from Gaza to the West Bank in the past

two years (see table 5.3). Furthermore, large amounts of both financial and human capital have fled.¹⁰²

(online available at http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_092729.pdf accessed at 6-8-08)

¹⁰² World Bank, *West Bank and Gaza update*, March 2008, pp.20

Table 5.3 Industrial decline in Gaza

(Source: World Bank, West Bank and Gaza update, March 2008, pp. 20)

	Working Establishments	Working Employees
June 2005 (pre-disengagement)	3900	35.000
July 2007	780	4200
November 2007	250	2000
December 2007	195	1750
January 2008	150	1500

5.3.2 Education

As the PA is responsible for 75% of the schools, the decline in revenues has also effects on the educational system in the WBGS. The most important effect is none or partial payment of the teachers. Although the teachers showed endurance during the first five months of the international boycott, they joined a general strike of PA employees in all public sectors which began on September 2, 2006. Despite the fact that the non-payment of salaries was the major reason to suspend work, underlying political strife between Hamas and Fatah also contributed to the strike in order to undermine the Hamas-led government. However, the World Bank notes that the strike in the West Bank is more noticeable than in Gaza, partly due to political reasons and partly due to better internal mobility.¹⁰³ In the West Bank, the majority of the schools have been closed while the schools in Gaza reopened after a couple of days. The strike of the teachers ended in November 2006 following an agreement between the General Teachers' Union and the PA.¹⁰⁴

Besides the availability of teachers the quality of education is also suffering because of lack of materials, such as textbooks. Furthermore, the restrictions on movement within the West Bank and from Gaza into Israel have withheld students and teachers from reaching their schools and universities.

¹⁰³ World Bank, *Coping with crisis: Palestine Authority institutional performance*, pp. 10

¹⁰⁴ Arab Thought Forum, *Democratic Formation in Palestine*, July 2007, pp. 41

5.3.3 Health

In the health sector the PA is the main financier of hospitals and clinics. The strike among health care personnel has been initiated as a part of the general strike in 2006 and ended in December as the result of an agreement between the Palestinian government and the Health Workers Union.¹⁰⁵ Although health care personnel in both Gaza and the West Bank joined the general strike it did not lead to major disruption in health facilities in Gaza while in the West Bank only emergency services have been working during the strike. The non-payment of employees has also led to a shortness of staff, because the people had problems paying for their transport to their work.

In this sector the financial crisis has also led to a shortage of medicines and medical supplies particularly in the areas of surgery, emergency, intensive care, chronic and non-communicable diseases, and drugs for vulnerable groups, such as pregnant woman and children.¹⁰⁶ Furthermore, the lack of electricity, generators and fuel especially in Gaza hampers the availability of services in clinics and hospitals, because some hospitals had no generator to provide electricity or (enough) fuel for the generator. The lack of fuel led also to a shortness of staff which had difficulties

¹⁰⁵ Arab Thought Forum, *Democratic Formation in Palestine*, July 2007, pp. 35

¹⁰⁶ In August 2006 37% of essential drug items were at a zero-level or less than one month availability, 17% was at less than 3 month stock, 24% of medical supplies and disposables were at a zero-level or less than one month availability, 16% at less than 3 month stock. World Bank, *Coping with crisis: Palestine Authority institutional performance*, pp. 12

reaching the hospitals and clinics because of troubles with their transportation. This situation has worsened even further after the take-over of Hamas of Gaza.

Both in the West Bank and in Gaza people have trouble reaching the hospital or clinic due to the Israeli movement restrictions. Several organizations have

by the strike of the public sector employees and the limited stock of vaccines.¹⁰⁹

I told the Israeli soldiers 'Afaf was about to deliver and that we had to get to the hospital. I argued with them for half an hour, during which 'Afaf felt greater and greater pain. Then two officers came over and asked what the problem was. They took us into a big hall where there were many people waiting to get a permit. 'Afaf's mother was among them, and when she saw us, she shouted at the soldiers, "Here is my daughter, who is about to give birth, and you have been accusing me of lying since the morning." Afaf's pains became intense, and the officers removed me and 'Afaf and her mother from the hall and led us to an empty corridor. When we got there, 'Afaf began to shout that the head of the foetus was coming out. I touched her and felt the newborn's head. I asked 'Afaf to lie on the floor, and I put my bag under her head. Then the baby burst into the world as 'Afaf shouted, and with a few soldiers gathering around us. I shouted at them to move. After a few minutes passed, a person came and lifted up the baby. He wrapped the baby. The umbilical cord was still attached to the mother. We remained there for forty-five minutes, until an Israeli ambulance came with four paramedics. One of the soldiers brought a crossing permit for 'Afaf and her mother, and they went in the ambulance to al-Makassed Hospital.

Source: B'tselem (http://www.btselem.org/Download/200708_Ground_to_a_Halt_Eng.pdf)

reported about women delivering their baby at checkpoints due to long waiting times or about the death of people who were denied medical treatment outside the WBGS in Israel or Egypt.¹⁰⁷

The decline of health care services has a negative influence on the general health of the Palestinian people. For example, it has led to a rise of 31% in chronic diseases since 2005, an increase of malnutrition among children under five and 10% of all children in WBGS are stunted.¹⁰⁸ Furthermore, the immunization of children in WBGS has also been delayed

¹⁰⁷ B'tselem

(http://www.btselem.org/english/Medical_Treatment/Index.asp), World Health Organization, *Health sector surveillance indicator*, issue 24 (April/May 2008), pp. 8

([http://www.emro.who.int/palestine/reports/monitoring/WHO_monthly_monitoring/Monitoring%20the%20health%20sector%20in%20oPt%20\(24th%20Edition-\(April-May08\).pdf](http://www.emro.who.int/palestine/reports/monitoring/WHO_monthly_monitoring/Monitoring%20the%20health%20sector%20in%20oPt%20(24th%20Edition-(April-May08).pdf))

¹⁰⁸ World Bank, *West Bank and Gaza update*, November 2007, pp.17

¹⁰⁹ Unicef, *Palestinian child health still suffers despite end of eight-month strike at clinics*

(http://www.unicef.org/emerg/oPt_40035.html)

5.3.4 Social impacts

The non-payment of PA employees, the growing number of unemployment, poverty and food insecurity has deepened the problems already existing in the WBGS following the events of the second Intifada. The security personnel who have lost their salaries, but not their weapons, are searching for alternative employment both legal and illegal leading to a rise of crime (ICG 54:26). Some security workers even resorted to violence to demand their salaries as the TIM did not provide social allowances for those employed in the Palestinian security services leading to what some called a “tinderbox” and “catastrophic”.¹¹⁰

From the beginning when Hamas became part of the PA, there has been a fight between the president and the cabinet over the command of the Palestinian security forces and the level of political control. The decision of the international community to channel financial aid through Fatah-led institutions has worsened the already tense situation between Fatah and Hamas. The Mecca Agreement of February 2007 collapsed due to conflicting domestic agenda's, but its failure was also the result of the decisions made by primarily the EU and the US. They refused to have contact with the unity government except for some of its non-Hamas members, did not lift the sanctions, and the US gave security assistance to Fatah in order to strengthen it in favour of Hamas (ICG 68:i).

In June 2007 in violent clashes between Hamas militia and PA security forces loyal to Fatah and president Abbas, 160 Palestinians were killed and thousands were wounded. During this year in total 346 Palestinians were killed in intra-Palestinian fighting¹¹¹ which many see as triggered by the international boycott.¹¹²

All the above described consequences of the international restrictive

¹¹⁰ Oxfam Briefing note April 2007, pp. 7.

¹¹¹ B'tselem, Annual Report 2007, pp. 52 (http://www.btselem.org/english/Press_Releases/20071231.asp)

¹¹² Oxfam Briefing note April 2007, pp. 7,

measures have a negative influence on the mental health of the Palestinians. Several NGOs have reported on increasing number of mental problems with the Palestinian people both adults and children.¹¹³

5.3.5 Palestinian democracy

The sanctions had not only effect on the physical wellbeing of the Palestinians or the economy, but it has also affected the way the Palestinian people think and feel about democracy. During my stay in Jerusalem I have visited a Palestinian NGO called the Arab Thought Forum, an organization engaged with Palestinian nation building. I have asked the director what the effects of the international sanctions were for the Palestinian democratization process. He answered as follows:

...The international boycott was very wrong step, because of different things. At the moment there is not such thing as real democracy for the Palestinians, but it is connected with the political situations. Although the international community called for the democracy, they forgot it when it was not what they wanted. The Palestinian people have learned all about democracy, and when they applied it they were punished. The international community has destroyed 10 years of democratization. It will take many more years to get it back. People have lost the faith in democracy. I think it was a very bad decision. Democracy is gone, a not working government and Hamas is still in power. People are dying and nothing has happened. I am not a supporter of Hamas, but I fully believe in democracy. And I am convinced that it could have worked in a democratic way... The Palestinian people have lost thrust in the democracy and the government. Besides economic deprivation, there is also apathy towards the situation, because the common man has only his voice, but when this is also

¹¹³ Doctors without borders, *International activity report 2006/2007*

(<http://www.doctorswithoutborders.org/publications/ar/report.cfm?id=2950>) or the UNRWA

(http://www.unicef.org/infobycountry/oPt_40597.html) or AIDA

(<http://electronicintifada.net/v2/article4684.shtml>)

confiscated than he has nothing left. He becomes a number.¹¹⁴

5.4 Palestinian Authority

Although in the previous paragraphs several consequences of the international sanctions for the PA have been named, such as the reduction of income and subsequent shortness of money for investment and supplies or the public employees strike following several months of non-payments, the sanctions have also effect on the Palestinian government itself.

Besides the lack of financial resources which the arrest and confinement of both members of the PLC and of ministers as well as the destruction of ministry buildings in Gaza has restricted the possibilities of the PA to pursue new policies or to initiate (major) reforms. Although the PLC and the Cabinet is able to have regular meetings – sometimes through videoconference – but those decisions made have involved routine business.¹¹⁵ In addition, the internal rivalries between Fatah and Hamas have further paralyzed the PA and its institutions, especially since the majority of the public employees are affiliated with Fatah while the ministers are from Hamas. These tensions eventually led to a strike in the second half of 2006 further paralyzing an already weak and “crumbling” PA.¹¹⁶

Despite the fact that the increased emergency aid has prevented a total collapse of the PA and the Palestinian society, it has reversed several steps made during the reforms in 2002-2005 and made the Palestinian territories look like a “semi-international protectorate, in which Palestinian institutions function predominantly as a skeleton allowing the

international community to deliver aid to the population under occupation.”¹¹⁷

One of these achievements was the STA in order to provide more transparency and oversight in the finances of the PA. The STA and all other financial transaction were handled by the ministry of Finance which came under control of Hamas after the elections. As donors sought for alternatives to this Hamas-led ministry they channelled their money through the office of president Abbas instead of the STA or the ministry of finance. This led to an increasingly unaccountable and obscure management of the available PA funds with for example no or less frequent financial (budget) reports.¹¹⁸

¹¹⁴ Author’s own interview with the director of the Arab Thought Forum, East-Jerusalem 24 March 2008.

¹¹⁵ World Bank, *Coping with Crisis*, October 2006, pp. 4.

¹¹⁶ N. Tocci, *the impact of western policies towards Hamas and Hezbollah: what went wrong?*, 2007, pp. 144.

See for more details on the tensions between Hamas and Fatah the paragraphs below on the consequences of the international sanctions on Hamas.

¹¹⁷ N. Tocci, *the impact of western policies towards Hamas and Hezbollah: what went wrong?*, 2007, pp. 145

¹¹⁸ See N. Tocci, *the impact of western policies towards Hamas and Hezbollah: what went wrong?*, 2007, pp. 145 or World Bank, *Coping with Crisis*, October 2006, pp. 5 and pp. 9

5.5 Hamas

The organization of Hamas has within its ranks different opinions geographically and ideologically divided between Gaza, the West Bank, prisons and exile and between religious, political and military leaderships. These differences have until now not led to a split-up nor do experts expect it.¹¹⁹ Between March 2005 and June 2006, the pragmatists had gained credibility over the radical wing. Hamas decided to join the municipal and legislative elections while upholding a (unilateral) ceasefire by its military wing, the Qassam Brigades and it agreed to join the PLO.¹²⁰ At first, the electoral victory gave the pragmatists additional arguments for their decision to choose politics over violence. However the reaction of the international community and the GOI has renewed the discussion between the pragmatists and the hardliners in favour of the latter (ICG 73:34).¹²¹

Besides renewed tension between the pragmatists and the more radicals the sanctions regime has also exacerbated the (already tense) relationship between Hamas and Fatah by dealing exclusively with Fatah while isolating Hamas. Following Hamas' electoral victory Fatah refused to pass power to the new Hamas-led government especially control over the security forces. In turn, Hamas established its own security forces linked to the Qassam Brigades which had regular clashes with the presidential guard.¹²² As president Abbas did not help

¹¹⁹ During my stay in Jerusalem and the West Bank in March/April 2008 I have spoken with several Palestinians on the differences of opinion within Hamas. Although all acknowledge these differences none foresees a break-up of Hamas in the near future.

¹²⁰ According to Khalid Hroub these decisions were indicators of Hamas becoming a more politicized movement instead of being a religion/military one (Daily Star, Commentary (Lebanon), October 26, 2006).

¹²¹ See also N. Tocci 2007: 142 or Kh. Hroub in the Daily Star, Commentary (Lebanon), October 26, 2006.

¹²² The presidential guard was led by Muhammad Dahlan, a Fatah-leader in Gaza, who arrested several members of Hamas following the wave of suicide bombings after the Hebron massacre in 1996. This made Dahlan the "head of the snake" in the eyes of

Hamas during the sanctions, they see Fatah as a part of the boycott.¹²³

The economic sanctions aimed at isolating Hamas financially and economically in order to force it to comply with the three demands set by the Quartet. However Hamas was economically not affected by these sanctions, because of the smuggling through the tunnels between Gaza and Egypt and the donations from Iran and others states.¹²⁴ On the other hand, Hamas was politically affected by the sanctions, because the Hamas ministers and PLC members have severely restricted in their movement, arrested and since June 2007 not even allowed leaving or entering Gaza. Furthermore, Hamas was not recognized although democratically elected in elections which were internationally acknowledged as fair and free.¹²⁵ The director of Panorama Center Jerusalem says: "Hamas got bitterness in its heart: Why are we not recognized while we walked the democratic path?"¹²⁶ These political consequences have stopped or altered in a negative way the democratic transition within Hamas, as well as its position towards the Israeli-Palestinian peace process and the democratic process as a whole.¹²⁷

many Hamas members. The presidential guard was also linked to Fatah's military wing, the al-Aqsa Martyrs Brigades (ICG 68:8 and Tocci 2007:152).

¹²³ Author's own interview with Iyad Barghourti, Ramallah, 10 March 2008.

¹²⁴ Author's own interview with the director of Panorama Center East-Jerusalem (now center for democracy and community development), East Jerusalem, 4 April 2008, an interview with a businessman from Gaza and ICG 73:28.

¹²⁵ See for example JPost (<http://www.jpost.com/servlet/Satellite?pagename=JPost%2FJPArticle%2FShowFull&cid=1137605924691>) or the Guardian (<http://www.guardian.co.uk/world/2006/jan/27/israel.guardianleaders>)

¹²⁶ Author's own interview with the director of Panorama Center East-Jerusalem (now center for democracy and community development), East Jerusalem, 4 April 2008

¹²⁷ Author's own interview with a researcher of Palestinian Center for Policy & Survey research, 10 March 2008.

Instead of weakening Hamas the sanctions, the clashes with Fatah, the Israeli restrictions on movement and military operations inside WBGS have resulted in a growing self-confidence within Hamas, because the movement has survived them all and the Palestinian people still have not stand up against Hamas although critics of the Hamas-led government and its policies can be found easily (ICG 62:28). Nathan Brown¹²⁸ describes it as follows: “The stern international measures actually play to Hamas’s [sic] mastery of nationalist symbols; it is already waving the flags of steadfastness and self-sacrifice and ostentatiously displaying frugality.” Instead of blaming Hamas for their poverty and hardship, the Palestinians people generally hold the US and Europe responsible for their situation.¹²⁹

During my stay in Jerusalem I have met with a Palestinian journalist¹³⁰ who is considered to be close to Hamas. When I asked him about the consequences of the international sanctions on Hamas, he answered the following:

...Hamas is part of the Palestinian people. The Palestinian people have survived spite history. Hamas people are different than Fatah people. Hamas people can lead simple life. As long as these people stay alive they will not eradicate. These are religious people and can live without modern things prevalent in the West. Hamas members are affected, but they have astounding ability to withstand pressure. The Israeli [government] know this also. Hamas members foremost rely on God en their religion and the right of their cause. The more pressure of Israeli [government] on Hamas and the Palestinian the stronger they got en the more confidence they got. The Israeli [government] tried all kinds of suppression, but the Palestinians have also found ways to circumvent this.

¹²⁸ Nathan Brown, June 2006, *Living with Palestinian democracy*, pp. 2

¹²⁹ Nathan Brown, June 2006, *Living with Palestinian democracy*, pp. 2

¹³⁰ An interview through the phone on March 26, 2008.

6. Discussion

In this chapter the level of success and effectiveness of the international sanctions to the Hamas-led PA will be analyzed and discussed. First, a short overview of the different issues that were made obligatory on Hamas in order to lift the sanctions followed by an analysis of the compliance of Hamas with these issues.

Second, the conceptual model will be presented which will be used to explain the level of success on the basis of four elements. This analysis should provide a more thorough assessment of the sanctions' success than based solely on the level of achievement of the stated goals.

Third, the level of effectiveness will be analyzed by reviewing the consequences of the sanctions for the Palestinian economy. In this study effectiveness is defined by the level of economic damage done to the target.

6.1 Success

The international sanctions were imposed to try and force Hamas to comply with nine different issues, namely

- to accept Israel;
- to renounce violence;
- to accept previous agreements;
- to strengthen Abbas and Fatah;
- to weaken and isolate Hamas;
- to remove Hamas from its place within the PA;
- to promote democratization within Hamas;
- to promote Palestinian state-building;
- to avoid funding terrorist activities.

As can be read in chapter four the overall goals of the US, the EU and Israel have been the three principles set by the Quartet, namely to renounce violence, recognition of Israel and to accept previous agreements between the PLO

and Israel. Furthermore, the US government aimed also to isolate and remove Hamas while strengthening Fatah to return to power.

The EU imposed the sanctions because it did not want to fund any terrorist activities and aimed to promote democratization of Hamas and the Palestinian state-building.

6.1.1 United States

The US policy towards Hamas following the legislative elections aimed to weaken its position in the Palestinian society by economically and politically isolating Hamas.

As can be read in chapter five the sanctions almost did not affect Hamas economically, while it did isolate Hamas politically. The organization did not receive the (international) recognition following its electoral victory, few politicians or governments wanted to speak with members of Hamas and the GOI has arrested several PLC members or ministers affiliated with Hamas.

However this political isolation did not lead to a significant decline in (popular) support for Hamas¹³¹ instead the fact that Hamas managed to survive the international sanctions, the Israeli policy towards Hamas and the (violent) conflict with Fatah has made Hamas more self-confident (ICG 62:28).

I have spoken with a researcher of the Palestinian Center Policy & Survey Research (PSR) and when I asked him about the popular support of Hamas, he answered:

¹³¹ There can be found several both Palestinian, Israeli and "foreign" authors who support this statement, such as Nathan Brown, *Living with Palestinian Democracy* pp. 2 or Paul Morro in a briefing towards the American Congress, *International reaction to Palestinian Unity Government*, pp. 1 or N. Tocci, *Impact of western policies towards Hamas and Hezbollah: what went wrong?*, pp. 136 or ICG 54:32 footnote 259

...Before 1987 the Muslim Brothers have enjoyed support due to their building of several social institutions. The support of Hamas only started to rise after the 2nd Intifada. During the 90s up to the Camp David agreements and during the years of peace agreements the support of Hamas declined, because the Palestinian people had hope for real negotiations and/or peace with Israel. The support of Hamas has increased during and after the 2nd Intifada, because of the armed resistance against Israel and of the complete refusal of the entire peace process. Hamas has had its highest support (49%) after the elections in 2006, although its support declined after the military take-over of Gaza, but is had gained support recently.

Thus, those who argued that the sanctions did work in weakening the support for Hamas are not completely wrong, but the fact remains that Hamas was not nearly weakened enough to be removed.

Additionally one can doubt whether this decline of support was the result of the sanctions or the result of the actions of Hamas. Nevertheless, if it would have been substantially weakened there would have been no legal means "to throw them out", because the Basic Law - the Palestinian constitution - does not provide for a possibility to have early elections. The Cabinet can be dismissed by the president, but the outgoing Cabinet would have to continue until the new one had been designated and approved by the Hamas-dominated parliament.¹³²

Secondly, the US government aimed to strengthen Fatah in order for it to return to power. The US has tried to strengthen Fatah by providing financial aid to president Abbas and by giving training and assistance to security forces under the authority of the president (ICG 68:9). However, until now Fatah has not made the necessary internal reforms nor addressed the issues of intra-Fatah power struggles and lawless militias. These reforms would probably give back the support of the Palestinians that Fatah lost

¹³² Nathan Brown, *Living with Palestinian Democracy* pp. 2-3

during the municipal en legislative elections as a result of its ill-governance, corruption and the failure of the peace process with Israel (ICG 54:32).

Thus, although the US has supported Fatah through a variety of means which probably have strengthened certain elements of Fatah, it is not strong enough to take-over control as wished by the US. This is acknowledged by both Palestinian and American officials:¹³³

...there is little reason to question the assessment of many independent analysts and also Palestinian politicians that the result of any new elections, though they may reflect decreasing levels of support for Hamas, are unlikely to differ substantially from the last ones...[Washington] doesn't think Fatah is going to be in a position to confront Hamas electorally or military for at least another year [November 2006]"

To conclude on the level of achievement of the goals of the American government: the imposed sanctions have failed to reach the goals set by the US, because the position of Hamas has not been weakened enough to remove it nor is Fatah strong enough to replace Hamas.¹³⁴

6.1.2 European Union

The EU policy towards Hamas was partially a continuation of the policy before the elections when Hamas was already labelled a terrorist organization. The EU counter-terrorism policy aims among other things, to create a "hostile operating environment" for terrorist by cutting off of terrorist funding.¹³⁵ Its second goal was to promote the democratization process within Hamas and Palestinian state-building.

Regarding cutting of aid in order to prevent it from being used for terrorist

¹³³ International Crisisgroup 62, pp. 29

¹³⁴ See also N. Tocci, *Impact of western policies towards Hamas and Hezbollah: what went wrong?*, pp.141

¹³⁵ The European Union counter-terrorism strategy, 30 November 2005, article 22-30

activities, the British development minister, Hilary Benn, has stated that there is no evidence that Hamas has used aid money to fund any terrorist activities.¹³⁶

Furthermore, the financial restrictions have not led to a decline in (terrorist) activities by Hamas,¹³⁷ as since April 2006 the frequency of firing Qassam rockets has risen resulting in 783 fired rockets in 2007.¹³⁸

The second goal of the EU was to promote the democratization process within Hamas. The decision of Hamas to participate in the legislative and municipal elections, join the PLO and cease all suicide attacks until after the elections was the outcome of an already existing democratization process within Hamas.¹³⁹ The victory in these elections gave the moderates/pragmatics within Hamas enough credibility to continue this trend leading to inviting Fatah to join the new unity government and signing the Prisoners' Document in June 2006.

Despite the fact that the EU aimed at promoting democratization within Hamas, its policy towards it did not result in a promoting but rather in reversing steps already made by Hamas while deprive the moderate voices of their credibility and strengthening the more radical and militant wing.¹⁴⁰

¹³⁶ See question 284 in "Development assistance and the Occupied Territories Vol II", London: House of Commons, pp. 60

(<http://www.flwi.ugent.be/cie/documenten/114ii.pdf>)

¹³⁷ The definition of terrorism is far from clear or beyond discussion, but in this study terrorist activities are the firing of Qassam rockets or other attacks on non-military targets.

¹³⁸ BBC, *Gaza's rocket threat to Israel*, January 28, 2008 (http://news.bbc.co.uk/2/hi/middle_east/3702088.stm)

¹³⁹ Hroub, *Hamas is being punished for moderate behaviour* in Daily Star, Commentary (Lebanon), October 26, 2006 and International Crisisgroup 62:30.

¹⁴⁰ Hroub, *Hamas is being punished for moderate behaviour* in Daily Star, Commentary (Lebanon), October 26, 2006 or Jeroen Cunning, *Hamas: talk to them*, April 18, 2008 op Open Democracy (<http://www.opendemocracy.net/article/conflicts>

The third goal was to stimulate Palestinian state-building. In the period since the inception of the PA several institutions have been established, such as the parliament, the office of the prime minister and a division between the three powers, but also the creation of the Single Treasury Account (STA) which provides more transparency in the financial transactions of the PA.¹⁴¹

The decision of the EU to channel financial aid exclusively through the office of the president while bypassing all other PA institutions has backtracked instead of stimulated the PA.¹⁴²

Thus, the EU has not been successful in achieving in at least two of three of its stated goals. The third, the preventing financial aid being used to fund terrorist activities, can be said to be partially achieved, because if the EU does not give any money to Hamas or the Hamas-led PA, it can not be used to fund activities defined by the EU as terrorist. However the ban on financial aid has not led to a decline in "terrorist" activities carried out by Hamas.

6.1.3 Quartet's principles

The first principle stated by the Quartet has been to renounce violence. Until now Hamas or a Hamas-led government has not renounced violence nor is it very likely to do so in the near future.

There can be discerned two main reasons for its refusal, namely the GOI's use of violence towards Hamas and the Palestinians and armed struggle is the reason of existence of Hamas. Yet, it must be said that Hamas had adhered itself to (unilateral) ceasefires in 2003 and 2005, and has offered the GOI several times to

[/middle_east/hamas_talk_to_them](#)) or International Crisisgroup 62:34

¹⁴¹ Author's own interview with the director of the Arab Thought Forum, March 24, 2008 Jerusalem

¹⁴² See chapter XX for a detailed overview of the consequences of the international sanctions for the PA.

cease fire, which the GOI declined for different reasons.

The second principle is the recognition of Israel. Hamas has not recognized Israel as have been done by several states, such as the Netherlands or Jordan. However, in the Mecca Agreement signed by Fatah and Hamas, both parties accepted a two-state solution within the borders of 1967 and gave president Abbas the mandate to negotiate with the GOI to reach such an agreement which would be submitted to the Palestinians through a national referendum. Hamas has also admitted to accept the de-facto existence of Israel and to deal with in day-to-day matters (ICG 62:30).

The third principle is the acceptance of previous agreements. In March 2005 representatives of Hamas and thirteen other parties signed the Cairo Agreement. In this agreement Hamas did not only agreed to join the elections or to cease fire until after the elections, it would also join the PLO. The decision of Hamas to become a part of the PLO meant that it implicitly accepted previous PLO accords.

Furthermore, Hamas has also agreed to adopt more “consensual international” positions hoping to persuade the international community to ease its restrictions (ICG 62:29-30). Thus one could say that the sanctions contributed to the change within Hamas. Be that as it may, as Hamas was already on the path of evolution, it is likely that dialogue and careful engagement would have given the same result.

Ziad Abu Amr, an independent member of the PLC and minister of Foreign Affairs in the NUG, says regarding the changes within Hamas:

...Hamas made a lot of concessions in a short time. They have accepted a state within the 1967 boundaries, Arab and international legitimacy, UN General Assembly Resolution 194, the PLO as the sole legitimate representative of the Palestinian people, and committed to honour existing agreements. Hamas is not obstructing, but the extent of the transition some want in such a short period of

time is beyond the capabilities of a movement whose *raison d'être* is resistance. It would be too much to handle and risk internal splits. Considering the principles on which it was established Hamas is – from their perspective and mine – moving very fast. What they have done in six months took the PLO decades. The challenge is how to transform without risking splits, polarisation, or loss of credibility (ICG 62:30).

To conclude on level of achievement of the three goals of the Quartet, the sanctions have not been successful, because Hamas or the Hamas-led government has not renounced violence, recognized Israel and only agreed to respect previous Israeli-Palestinians agreements.

Nevertheless, Hamas has accepted a two-state solution as well as international law and legitimacy¹⁴³. The discussion remains whether the sanctions have contributed to this outcome or has it been the result of an evolution within Hamas which has began long before the international sanctions and even before the elections of January 2006.

Hence, on the level of success on achieving the goals of the international sanctions: five of the stated goals have not been met (strengthening Fatah, to renounce violence, removing Hamas, promoting democratization of Hamas and Palestinian state-building), three are partially reached (isolating Hamas (politically), accepting previous agreements and the recognition of Israel), but the contribution of the sanctions is not beyond discussion and one is reached (avoid funding terrorist activities), but it can be discussed whether this is relevant, as Hamas continues the firing of Qassam rockets into Israel.

¹⁴³ See the summary of the Palestinian National Conciliation Document in ICG 57: 3

6.2 Conceptual model

As said earlier, the conceptual model is used to give a more comprehensive estimate of the sanctions' success.

6.2.1 Costs to sender

The costs to the three main senders can be divided in two parts, financial and non-financial costs. In 2005 the PA received \$ 349 million of budgetary support of external donors of which the EU was the main contributor. Although the EU and other donors halted their budgetary support and development aid to the PA in April 2006, the amount of financial aid has more than doubled in 2006 and tripled in 2007.¹⁴⁴ The Special Coordinator for the Middle East Peace Process, Alvaro de Soto, has described this situation: "Europeans have spent more money in boycotting the PA than what they previously spent in supporting it".¹⁴⁵

The non-financial "costs" refer to consequences of the sanctions for the reputation of, primarily, the US and the EU, regarding democracy and the peace process. The international reaction has discredited the Western commitment to democracy in the Middle East (ICG 62:i)¹⁴⁶ and many have started to doubt the sincerity of Western actors towards the Palestinian-Israeli situation.

6.2.2 Costs to target

Chapter XX describes the consequences of the international sanctions for different elements and institutions of the

¹⁴⁴ See chapter XXX. In 2006 the PA received \$738 million of external financial aid and in 2007 \$1012 million.

¹⁴⁵ Quoted in N. Tocci, *Impact of western policies towards Hamas and Hezbollah: what went wrong?*, pp.145

¹⁴⁶ Brown writes: "If the United States reacts to the first electoral defeat of a governing Arab party by working to overturn the results, the message will reverberate around the region almost as loudly as what is happening in Iraq". Nathan Brown, *Living with Palestinian Democracy* pp. 1

Palestinian society, the PA and Hamas. To summarize, the sanctions led to a paralyze of the PA, brought the WBS to the brink from which it was pulled back by the TIM causing a further deteriorating of the PA and its institutions, as the money was channelled exclusively through the office of the Palestinian president. Although intended to weaken and isolate Hamas it stimulated Hamas its steadfastness and it did not lead to compliance with the three principles set by the Quartet.

6.2.3 Stakes for the sender

Given the fact that the PA is one of the most aid-dependent states in the world (ICG 54:22-23) it must be no surprise that depriving it of its main income would have grave consequences for the PA, but also for the people depending on the government for example for their income, health services or education. As sanctions were the only instrument used by the international community to force Hamas to change and comply with the principles it was important that these sanctions were successful. The international community expected a success in short-term, but it did not think (carefully) about the long-term effects. It was poverty and desperation with their situation that led the Palestinians to choose for Hamas. How can the same circumstances lead to the empowerment of Fatah?¹⁴⁷

6.2.4 Stakes for target

The compliance of Hamas with principles stated by the Quartet is not an easy goal, because it requires substantial change within an organization that started out aiming to destroy Israel.¹⁴⁸ Given this difficulty, it is important to study whether the sanctions have contribution to any change or not. As note above, Hamas has agreed to respect previous agreements,

¹⁴⁷ International Crisisgroup 54:ii

¹⁴⁸ See chapter XX for more details on the ideology of Hamas.

accepted the existence of Israel and agreed to a two-state solution. The decisions have been the outcome of a change within Hamas, which started before the elections. The first visible sign of this change has been the signing of the Cairo Agreement in March 2005. It is very likely that the sanctions have accelerated this process which made Hamas agree on certain issues sooner than without the sanctions in order to relax the tight situation in the Palestinian Territories. However, several politicians, scholars and experts believe that these results would also have happened in a less hostile environment and that present transformations is as far Hamas will go for now, because otherwise it will lose its credibility or it will cause a split within Hamas.¹⁴⁹

In this study the decision of Hamas to respect previous agreements, accept a two-state solution as well as the existence of Israel is not without discussion regarding the contribution of the sanctions. Nevertheless, the Quartet did not see these decisions as enough to lift (a part of) the sanctions.

6.3 Effectiveness

In 2005 the growth of the real GDP (Gross Domestic Product) for the WBGs stood at five percent. Following the sanctions the real GDP contracted by nearly five percent in 2006 and had a growth of zero percent in 2007 due to the lift of the sanctions towards the Fayyad-government and the isolation of Gaza. It is expected that with current policy expectations the real GDP growth will be three percent in 2008.¹⁵⁰

¹⁴⁹ International Crisisgroup 62:30 or Hroub, *Hamas is being punished for moderate behaviour* in Daily Star, Commentary (Lebanon), October 26, 2006 or Jeroen Cunning, *Hamas: talk to them*, April 18, 2008 on Open Democracy

¹⁵⁰ IMF, *Regional economic outlook: Middle East and Central Asia*, May 2008, pp 31-32 (<http://www.imf.org/external/pubs/ft/reo/2008/mcd/eng/mreo0508.pdf>)

The decline in economic growth has had devastating effects on the levels of unemployment and poverty. The World Bank¹⁵¹ describes the results of the sanctions regime in one of its reports:

...The past two years have witnessed a sequence of events that have at best retarded – and a worst, reversed – the precarious course of Palestinian institutional development and economic growth.

Thus, the international sanctions imposed on the Hamas-led Palestinian government have been very effective.

To conclude, the sanctions have not been very successful as the majority of the goals have not been reached and those that are partially achieved are not beyond doubt regarding the contribution of the sanctions as it is very likely that a similar outcome would have been reached through dialogue or more stimulating measures instead of negative sanctions. This level of success must be seen and explained against the background of costs and stakes both to the sender (US, EU and Israel) and the target. On the other hand, these sanctions have been very effective in causing economic damage, but the question remains: at what end?

¹⁵¹ World Bank, *West Bank and Gaza update*, November 2007, pp. 14

7. Conclusion

When Hamas agreed to participate in the Palestinian municipal and legislative elections nobody, including Hamas itself, expected it to win. Hamas wanted to be in the opposition, form a bloc with other parties against Fatah and to give itself some protection against decisions made by the government, like Hezbollah in Lebanon. However, Hamas won 44% of the votes leading to a majority of the seats in the Legislative Council and the Prime Minister's office. Although several international actors have congratulated the Palestinian people with the "free" and "fair" elections few, if any, were as delighted about the outcome of the elections. It was within four days after the elections that the Quartet issued a statement which praised the course of the elections while at the same time stating the three principles - to renounce violence, to recognize Israel and to accept previous agreements and obligations - by which aid to the PA would be reviewed.

As the first Hamas-led PA did not comply with these principles, the members of the Quartet halted their development aid and budgetary support while the GOI stopped the monthly transfer of clearance revenues collected by the GOI on behalf of the PA. Besides the withholding of financial aid, the US forced American banks to freeze all PA funds while compelling other non-American banks to do the same. Several states and organizations also froze their (diplomatic) contacts and projects involving members of Hamas. The GOI increased the restrictions on movement of both people and goods in and out of the Palestinian Territories.

All these restrictive measures had a devastating effect on the Palestinians living in the WBGS, on the PA and on Hamas. The Palestinians, especially those living in Gaza and after the violent events of June 2007, experienced an increase in unemployment, (deep) poverty, food insecurity, but also a decline in medical care and education. The

reaction of "West" on Hamas' victory in the legislative elections leads many Palestinians to lose faith in the democratic principle and its intentions. People working in the field of Palestinian institution and state-building have seen 10 years of work being destroyed or at least severely hampered.

The international sanctions have had also effects on Hamas. When it gained its victory Hamas hoped for (international) recognition of being democratically elected in "fair" and "free" elections. Instead it experienced several difficulties both from within (Fatah which did not want to accept its loss of power) and from outside.

The electoral victory gave the moderates/pragmatics within Hamas enough credibility to continue the line of political engagement. Notwithstanding, the international pressure on Hamas to fail through sanctions and financial aid and technical assistance to Fatah, and the escalating relation with Fatah, made the alternative of the radical/militant wing more attractive.

Chapter six has discussed the levels of success and effectiveness explained against the four parameters of the conceptual model. Although the international sanctions have been effective in causing economic damage to the Palestinian society and economy, they have not been so successful.

The level of success on achieving the goals of the international sanctions is:

- Five of the stated goals have not been met (strengthening Fatah, to renounce violence, removing Hamas, promoting democratization of Hamas and Palestinian state-building);
- Three are partially reached (isolating Hamas (politically), accepting previous agreements and the recognition of Israel), but the contribution of the sanctions is not beyond discussion;
- One is reached (avoid funding terrorist activities), but it can be discussed whether this is relevant, as Hamas continues the firing of Qassam rockets into Israel.

These results must be explained against the costs to both the target and the senders, as it has damaged the credibility of the “West” in the entire Middle East regarding democracy and the peace process, and has brought the Palestinian society almost to the brink. The stakes for both the senders and the target is also of importance, as the principles set by the Quartet requires drastic changes within Hamas and can not be expected to happen within weeks or months.

Hence, this all leads to an answer to the questions stated at the beginning of this thesis:

How are sanctions, as a part of foreign policy tools, defined and used?

Sanctions are actions used by states or organizations to punish or force it to comply with certain demands. Sanctions can be either positive, awarding the target for its actions, or negative, punishing it for its behaviour.

What are the parameters that are needed to define the levels of success and effectiveness of the sanctions on the Hamas-led PA?

The levels of success and effectiveness are defined by four parameters, namely the costs to sender and target, and the stakes for sender and target.

Is Robert A. Pape right in his critique on the study of Hufbauer, Schott and Elliot if you look at the international sanctions of the Hamas-led Palestinian Authority?

The case of the international sanctions of the Hamas-led PA proves Pape’s statement that sanctions cannot achieve major foreign policy goals. However this case does not support him in his critique of the study of HSE, because the authors have never claimed to want to prove such a statement.

And the central question of this thesis:

Have the international sanctions, imposed by the United States, the European Union and Israel, on

the Hamas-led Palestinian Authority, been effective and successful in achieving the goals stated by the three actors in period from February 2006 till June 2008?

The international sanctions, imposed on the Hamas-led Palestinian authority by the United States, the European Union and Israel have been effective in causing economic damage, but the sanctions have not been successful in forcing Hamas to comply with the three principles set by the Quartet. This failure has come with grave consequences for all levels of the Palestinian society in both West Bank and Gaza.

As the situation in Gaza further deteriorates due to the full closure of the border by the GOI and the political division between the West Bank and Gaza continues more and more people start to question the policy of isolating Hamas. It is my opinion that this should have been done much earlier, but as they say “better late than never”. However, the international community must be careful not to make the same mistake twice, by dealing directly with Hamas while bypassing the Palestinian president and creating further division in an already divided PA. At this point it is important to promote sincere reconciliation between Hamas and Fatah in order to reunite the Palestinian Territories politically. Regarding Hamas, the international community should adopt a policy of promoting instead of punishing behaviour, because Hamas knows how to survive and use difficult circumstances in its own advantage. It should also be careful not to see Hamas only as a victim of the events of the last two years, but also as a perpetrator. To conclude a quote of an author¹⁵² of the Palestine-Israel Journal who writes:

...All this [internal Fatah-Hamas struggle, international sanctions, arrests of PLC members and ministers] is true. But where are the political flexibility and creativity with which Hamas was

¹⁵² Qaymari, Ata, ‘Hamas between hope and disillusionment’ in *Palestine-Israel Journal of politics, economics, and culture* Vol. 13, No. 3, pp. 59

associated? Where are the responsibility and ambition, the steadfastness, and the staying in power? And where are the achievements and the self-elevation and the elevation of the Palestinian people to greater heights of progress and advancement? [...] To invoke external pressures as an excuse is not justification enough for failure.

In their study of sanctions HSE has formed seven recommendations that should help the practitioners of sanctions, but they (HSE 2007:178) conclude by saying that “like a fine suit, sanctions should be carefully tailored to the shape of the objective”. The United States, Israel and the European Union have not “carefully tailored” their sanctions towards the PA by looking at the specific characteristics of the Palestinian society and Hamas, as can be seen in the first warnings on rising poverty, food insecurity and other negative consequences of these sanctions which appeared already in April 2006.¹⁵³ It was also known that the financial situation of the PA was already unsustainable before the legislative elections while a large part of the Palestinian people depended on it for their income. A careful analysis of the (financial) situation both in the PA as within Hamas would have led to a better understanding of the situation and to a better suited policy.

The case of sanctions of the Hamas-led PA has not only been an example of the findings done by HSE, but it also underlines the importance of thoroughly analyzing the circumstances in the target country and determining the possible consequences of the sanctions. Imposing sanctions without looking carefully at the situation will not only diminish the chances of success but also will have grave consequences for the target government and its people.

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<http://www.eufunding.org.uk/accountability/FiscalCrisis.html> (visited 04-11-2008)

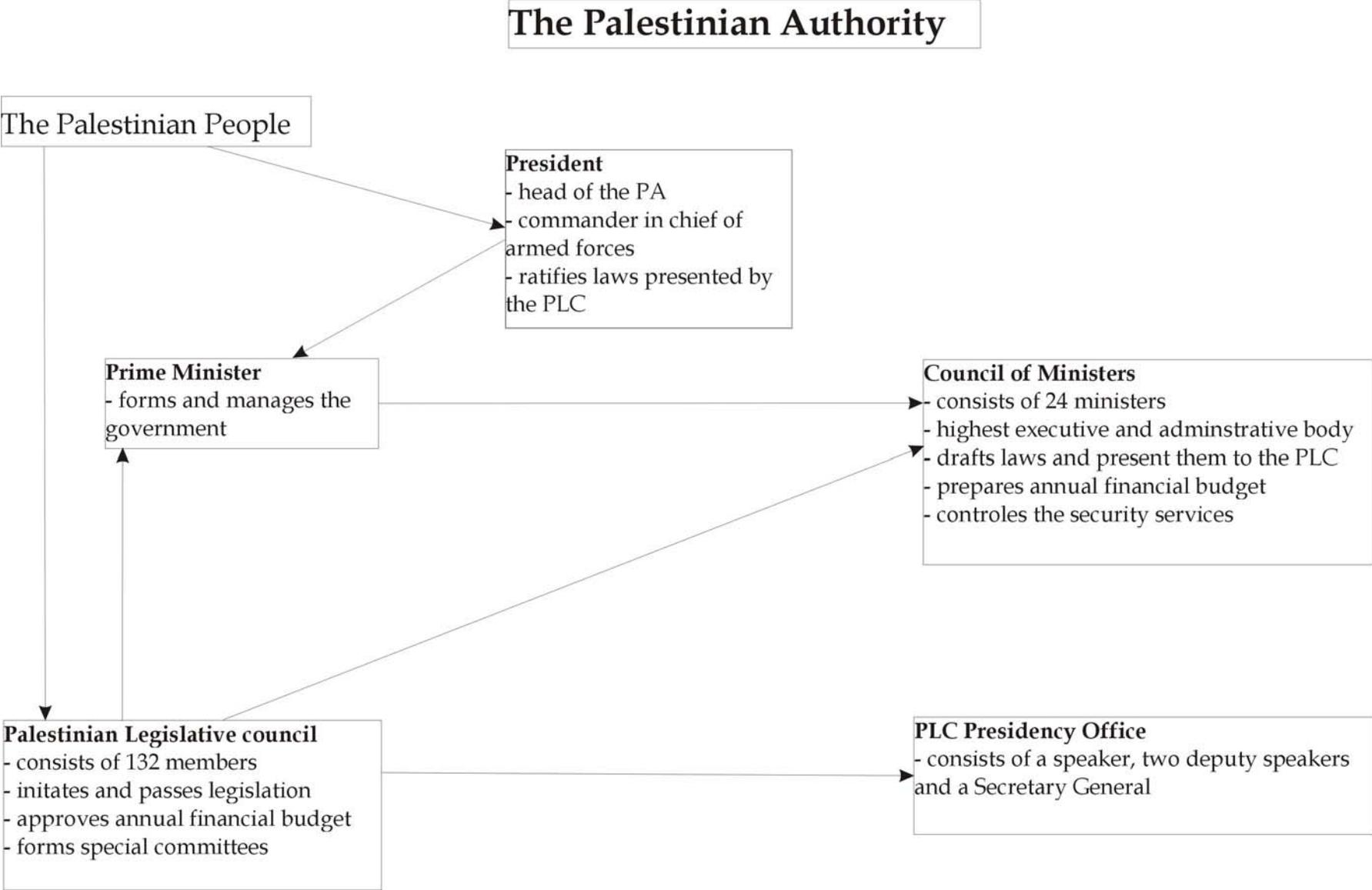
Appendix I.
Overview of distribution of
ministerial posts

Ministry Cabinet	March 2006	June 2007
Prime Minister	Ismail Haniyeh	<u>Salam Khaled Fayyad</u>
Higher Education	Naser Eldeen Alshaer	<u>Lamis Al-Alami</u>
Labour	Mohammad Barghouthi	<u>Samir Abdullah</u>
Tourism and Archaeology	--	<u>Khulud Duwaibis</u>
External Affairs	Mahmoud al-Zahar	<u>Salam Khaled Fayyad</u>
Health	Basem Naiem	Fathi Abdullah Abu Murghli
Local Government	Aisa Aljabari	<u>Ziad Abdullah al-Bandak</u>
Economy	Ala' Aldeen Alaraj	<u>Mohammed Kamal</u> Ibrahim Hassouna
Transportation& Communication	Abelrahman Zedan	<u>Mashhur Mohammed Abu</u> <u>Daqqa</u>
Interior	Saied Siam	<u>Abd al-Razzaq Mahmoud</u> al-Yahya
Telecommunications and information	Jamal Alkhudari	<u>Riyad Najib al-Maliki</u>
Youth and Sports	Ismaeil Haniyeh	<u>Ashraf Eid al-Ajrami</u>
Minister of State	Atef Odwan	--
Secretary- General of the Council of Ministries	Mohammad Awad	--
Vice Prime Minister	Naser Eldeen Alshaer	--
Woman Affairs	Mariam Saleh	<u>Khulud Duwaibis</u>
Finance	Salam Faiad	<u>Salam Khaled Fayyad</u>
Culture	Atallah Abu Alsubuh	<u>Lamis Al-Alami</u>
Social Affairs	Fakhri Turukman	<u>Jamal Mohammed</u>
Planning	Sameer Addallah Abu Aisha	--
Jerusalem	Khaled Abu Arafah	--
Justice	Ahmad Alkhalidi	<u>Riyad Najib al-Maliki</u>
Waqf and Religious Affairs	Naief Alrjoub	<u>Jamal Mohammed</u>
Public works	Ziad Thatha	<u>Mohammed Kamal</u> Ibrahim Hassouna
Agriculture	Mohammad Agha	<u>Ziad Abdullah al-Bandak</u>
Prisoner Affairs	Wasfi Kabha	<u>Ashraf Eid al-Ajrami</u>

Appendix II.
 Map of Israel and the Palestinian Territories



Appendix III.
Overview of the structure of Palestinian Authority



Appendix IV.

Timeline for infighting between Fatah and Hamas in the Gaza Strip¹⁵⁴

Sunday June 10th 2007: Fighting resumes between Fatah and Hamas in the Gaza Strip.

- **Hamas** captures a number of Fatah members in Gaza and throws Mohammed Sweirki, an officer in the Palestinian Presidential Guard, off the tallest building in Gaza.
- **Fatah** kills the imam of the largest mosque in Gaza, Mohammed al-Rifati.
- **Fatah** throws a Hamas militant off the top of a building.

Monday June 11th 2007: Leaders of both groups targeted.

- **Hamas** executes Fatah Secretary General Jamal Abu al-Jadiyn in Beit Lahiya.
- **Hamas** kills Yasir Baker of Fatah intelligence.
- **Fatah** and **Hamas** forces clash at Shifa Hospital in Gaza City.
- **Hamas** affiliated Executive Force and the **Fatah** affiliated al-Masri clan clash with each other at the Beit Hanoun Hospital. Eid Mahmoud al-Masri, his son Ibrahim and nephew Faraj are killed.
- **Hamas** opens fire at the residence of Fatah PA President, Mahmoud Abbas in Gaza.
- **Fatah** also shells the home of Hamas PA Prime Minister, Ismail Haniyeh in Gaza.
- **Hamas** and **Fatah** fighting ensues overnight in Gaza City at the al-Shati refugee camp and the al-Maqqousi housing project.

Tuesday June 12th 2007: Hamas takes the advantage in Gaza while Fatah reaffirms its presence in the West Bank.

- **Fatah** takes control of a Hamas controlled TV station in the West Bank city of Ramallah.
- **Hamas** militant wing, al-Qassam, takes five strategic points in Khan Yunis. 90 Fatah members surrender.
- **Hamas** militant wing, al-Qassam, also takes key headquarters in Gaza City deeming the area a 'closed military zone'.
- **Hamas** seizes control of a Fatah base in the northern town of Jabaliya.
- **Fatah** President Mahmoud Abbas calls for forces to value 'national interests over personal ones' while Hamas leader Haniyeh urges an 'end to fighting'.
- **Hamas** besieges Fatah spokesman, Maher Miqdad in Gaza City.
- **Fatah** suspends Hamas members from Parliament in the West Bank.
- **Fatah** kills the nephew of Abdel Aziz Rantessi, a senior Hamas leader assassinated by Israel in April 2003.
- **Hamas** takes charge of refugee camps Maghazi, Brej and Nuseirat in Central Gaza.

Wednesday June 13th 2007: Hamas consolidates their position.

- **Hamas** eventually overpowers resistance at Maher Miqdad's house in Gaza City.
- **Hamas** defeats the Fatah-controlled National Security Forces in northern Gaza.
- **Fatah** militants kill three Hamas members outside a mosque in the West Bank city of Nablus.
- **Hamas** destroys a Fatah outpost monitoring Gaza's main north-south road.
- **Hamas** demolishes the Fatah affiliated Preventive Security force in Khan Yunis.

¹⁵⁴ The Palestinian initiative for the promotion of global dialogue and democracy (MIFTAH) online available at <http://www.miftah.org/display.cfm?DocId=14207&CategoryId=4> (accessed at 20-08-08)

- **Hamas** claims to have taken two crucial positions near the border with Israel in Central Gaza.

Thursday June 14th 2007: Hamas asserts their complete control over the Gaza Strip.

- **Hamas** executes Fatah member Samih al-Madhoun in Nuseirat.
- **Fatah** kills Hamas member Anis al-Sullus in the West Bank city of Nablus.
- **Hamas** completes their occupation of the main symbol of Fatah authority in the Gaza Strip – the Palestinian Preventive Security Service headquarters identified with Fatah enforcer Mohammed Dahlan.
- **Hamas** celebrates their ‘victory’ by waving the green flag of the movement from the top of buildings parading through the streets and setting fire to the [Preventive Security] compound claiming it was supplied by the US and Israel.
- **Hamas** changes the name of the area from ‘Tel al-Hawa’ to ‘Tel al-Islam’.
- **Fatah** reportedly blows up their positions in Gaza City and retreats to avoid the humiliation of having to surrender to Hamas.
- **Fatah** members ransack the offices of Hamas politicians with four surrendering.
- **Hamas** in the late afternoon, captures Rafah in the south of the Strip and a border with Egypt monitored by Israeli, Palestinian and EU security forces.
- **Fatah** forces surrender in Gaza City.

Friday June 15th 2007: Hamas claims to have complete control over Gaza. Meanwhile in the West Bank, President Abbas announces the dissolution of the current unity government and declares a state of emergency amidst cries of foul play by Hamas, who regard themselves as the legitimate governing body.

Sunday June 17th 2007: A day after Fatah’s military wing, the Aqsa Martyrs’ Brigades, loot the Hamas governed parliament in Ramallah, new Prime Minister, Salam Fayyad, upon appointment by President Abbas, installs his emergency government to act for the next thirty days.

Over one hundred Palestinians were killed in five days of fighting.

An estimated 600 Gazans have attempted to escape into Israel by the Erez crossing in northern Gaza.

There are approximately 2,500 Palestinians in Rafah and Al Arish trying to escape from the south of Gaza.

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