

# Buying Time? Money, Guns and Politics in the West Bank

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International Crisis Group Headquarters
Avenue Louise 149
1050 Brussels, Belgium
Tel: +32 2 502 90 38
Fax: +32 2 502 50 38
brussels@crisisgroup.org

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# Executive Summary

Prime Minister Salam Fayyad's resignation has pushed questions of West Bank economic, political and security stability back to the fore. Even under Fayyad, the last year has been the most tumultuous since Hamas seized Gaza in 2007. The Palestinian Authority (PA) found itself in a financial crisis, unable to pay salaries or halt economic decline. Fatah, resentful of marginalisation, exploited the resulting economic-cumpolitical protests, which quickly escaped its control. Escalating Israeli-Palestinian clashes gave rise to predictions of a third intifada. For now, though rates of violence remain comparatively high, the general mood has quieted; U.S. Secretary of State John Kerry's diplomatic initiative faces myriad obstacles, but a sustained uprising is unlikely to be among them. There are ways to further insulate the West Bank against instability, but if the interested parties do not get beyond managing conflict triggers to addressing root issues, today's relative calm could well be fleeting.

Protests over the economy (at their largest in September 2012) and prisoners detained by Israel (February and April 2013) led many to wonder if another major eruption, or even the end of the PA, might be on the horizon. Despite the ferment, the preponderance of evidence indicates that such fears — or what for others are hopes — were overblown. As of yet, there is no indication that a critical mass of Palestinians will push their political system to the boiling point or move sharply into confrontation with Israel, which is trying to avoid just such an eventuality by keeping the PA's economy afloat and limiting Palestinian causalities and especially fatalities, without which protests fade quickly. With no unified Palestinian leadership, no strategy and the people themselves divided and exhausted, an uprising possesses limited popular appeal.

Questions of finances and prisoners, or even demonstrations at checkpoints or settlement outposts, are unlikely in themselves to tip the balance in the current context. True, the economy, Fayyad's trump card as prime minister, in 2012 became his Achilles heel. Though he survived years of political paralysis, months of late and partial salary payments destabilised his position. Owing to plummeting donor support, future interruptions cannot be excluded, nor can the expected tumult they would create. True, prisoners have long played a critical role in the national imagination, where they have been accorded pride of place; the demonstrations in early 2013 certainly were not the last on their behalf.

Paradoxically, however, that PA finances and hunger-striking prisoners were the issues that galvanised large protests illustrates the timidity and limited horizons of Palestinian politics. While both are vital for individuals and in national life, there are reasons political activity crystallised around them. They excite little dissent or rancour (beyond that directed at Fayyad). Both are non-partisan and tangential to the fundamental, strategic issues – the Gaza-West Bank division and Israel's occupation – that Palestinians confront. Relatively secondary issues have traction precisely because it is only there that the major factions allow mobilisation and that ordinary Palestinians feel empowered to demand change. Once protests threatened to exceed the boundaries the leadership had set, they were reined back in. These were tactical actions with limited goals; they were not bids for a strategic readjustment internally or vis-à-vis Israel.

Some Palestinians would want to use them as triggers for greater change, but relatively few seem willing to leap into the unknown. They are concerned about what radical changes to the PA would mean for both their national movement and themselves. Those who champion "ending Oslo" – whatever that would mean – have been unable to convince their compatriots to act, in part because it is unclear what that might entail, but also since there is no guarantee it would solve their problems.

For this reason, reports of the PA's imminent death seem exaggerated. Israel has shown that it considers the PA's existence, if not its flourishing, to be in its own national interest. The divide between Fatah and Hamas remains deep, giving the former an incentive to maintain the PA, its strongest institution. Western diplomats and many Palestinians believe that, for the foreseeable future, enough money will continue to flow to keep the PA alive, and President Abbas will stick around and do what he can to delay much-feared steps toward confrontation with Israel. Aid to Palestinians, and particularly to the PA, still literally buys time.

And yet: a page is being turned. Palestinian politics and the PA already are being fundamentally transformed. Succession talk no longer is taboo, suggesting the West Bank is entering the transition many are trying to postpone. When Abbas departs, an era will end for the national movement; he is the last leader, of national stature and possessed of historical legitimacy, truly committed to the kind of negotiated settlement the world favours. The "collapse" of the PA is less likely to be a discrete event, and its "dissolution" less a matter of conscious intent, than a process: the gradual hollowing out of institutions that were never particularly strong. The chronic strikes that encumber lives, the increased absenteeism, the drag that PA debt has imposed on the private sector all indicate that the perpetual crisis the quasi-government faces is weakening the entire system. PA dissolution is less threat or political option than evolving reality.

These transformations are traceable not only to PA anaemia but also to that of the Palestinian political system and, perhaps most fundamentally, to its absence of legitimacy, which – within the context of occupation – presents the greatest threat to West Bank stability. A legitimate system can bear significant strain; one that does not command genuine allegiance can bear very little. Buying time through technical solutions would serve a purpose and might postpone disintegration but ultimately would be of limited effect. And managing potential triggers of conflict increasingly would be akin to playing a game of whack-a-mole.

Too, because Palestinians have not shown much appetite for escalation does not mean it will not happen. In Israel/Palestine, events with potentially major consequences are frequent; with the system so brittle, virtually any substantial shock could have significant repercussions: Abbas's departure and the attendant succession battle; intensified settler violence; large clashes on Jerusalem's Holy Esplanade; the death of a hunger striking prisoner; or an act of spectacular political violence by either side that spins out of control. Already, a new Palestinian generation, one with little memory of the second intifada, is coming of age. Some of its members have begun referring to their parents' generation as traitors.

Two immediate types of adjustments ought to be made. In the short run, the PA needs to be shielded from the vagaries of Israeli-Palestinian political relations and the kinds of shocks that could set off a chain reaction within the brittle system:

- □ On the economic side, tax clearance revenues collected by Israel could be passed to a third party that would pass them to the PA. Israel is unlikely to readily accept such a deal, because it wants to maintain leverage over the Palestinians, so the U.S. and Europe would need to press.
- □ On the security side, Israel should do more to rein in settlers whose attacks on Palestinians, many Israeli security officials believe, could precipitate the next uprising. It also should end incursions into Palestinian areas and arrests of security personnel, except in the most unavoidable circumstances, since these could start an escalatory cycle.
- □ The resumption of negotiations could help postpone a crisis not because Palestinians have much faith in what they might deliver, but because they would give the leadership a reason to delay moves that could precipitate an escalatory dynamic, such as steps at the International Criminal Court (ICC) or other international bodies, and because they might convince some in the security forces that the PA has not yet run its course as a national project. In this sense, a settlement freeze or prisoner release, insofar as they would facilitate renewed negotiations, likewise could buy time. The corollary, however, is that a breakdown in the talks risks accelerating the very dynamics they are meant to forestall, and thus that negotiations for the sake of negotiations risk doing more harm than good.

However thick the insulation, it is doubtful it can withstand the test of time or the pressures of mounting frustration. Many conditions for an uprising are objectively in place: political discontent, lack of hope, economic fragility, increased violence and an overwhelming sense that security cooperation serves an Israeli – not Palestinian – interest. At some point – and triggered by an unexpected event – Palestinians may well decide their long-run well-being would be better served by instability, and only by rocking the boat might they come closer to their desired destination. The result likely will differ from the second intifada, as the second differed markedly from the first. But short of steps to unify and reinforce the legitimacy of Palestinian institutions and move Israelis and Palestinians toward a comprehensive peace, another destabilising event sooner or later is inevitable. In buying time, aid dollars go only so far.

Jerusalem/Ramallah/Brussels, 29 May 2013

# Buying Time? Money, Guns and Politics in the West Bank

# I. Introduction

As the U.S. exerts new efforts to restart a long-stalled peace process against the backdrop of mounting regional tension, policymakers will be forced to confront a series of questions about the stability of the West Bank and the state of its politics. How much public support and manoeuvring room do President Mahmoud Abbas and his Fatah party enjoy? What does Prime Minister Salam Fayyad's resignation portend? How serious are risks of instability in the West Bank and what can be done to minimise them? At the heart of these questions, particularly in the wake of Fayyad's most recent, seemingly definitive resignation, is the future of the perpetually beleaguered Palestinian Authority (PA) and its relationship with Israel: are the doubts about West Bank stability real, or are we witnessing another of the periodic alarms that tend to surface at moments of political despair?

While the biggest and most violent of the protests in the West Bank now have calmed, ferment lurks near the surface. Many expect tensions to continue to grow over the succeeding months and year, a prospect that could become sharper if negotiations restart, then break down or should Israel become embroiled in a conflict with Syria, Hizbollah or Iran.

Risks seem particularly acute on the security level. Demonstrations in solidarity with Palestinian prisoners have escalated; clashes between Palestinians and Israeli soldiers and settlers have increased; Palestinian protesters have thrown firebombs on Jerusalem's Holy Esplanade for the first time in recent memory; Israeli security services say they have seen a sharp rise in attempted kidnappings of soldiers by West Bank Palestinians; and, for the first time in a year and a half, a Palestinian killed a West Bank settler. Meanwhile, the number of weekly Palestinian injuries caused by

<sup>&</sup>lt;sup>1</sup> Fayyad has formally resigned once before and has publicly and privately spoken of his intention to do so on several other occasions. See "Palestinian PM resigns but Abbas asks him to continue", Reuters, 8 March 2009; "Palestinian PM Salam Fayyad once again offers to resign", *Haaretz*, 31 October 2012. He also has repeatedly announced his willingness to resign if it would facilitate the formation of a national unity government agreed upon by Hamas and Fatah. See "Palestinian premier offers to resign for unity", Ynet.com, 21 June 2011.

<sup>&</sup>lt;sup>2</sup> So far in 2013 nine Palestinians have been killed by Israeli forces, compared to three for the same period in 2012. "Protection of Civilians – Weekly Report", UN Office for the Coordination of Humanitarian Affairs (OCHA), occupied Palestinian territory, 14-20 May 2013, www.ochaopt.org/documents/ocha\_opt\_protection\_of\_civilians\_weekly\_report\_2013\_05\_24\_english.pdf.

<sup>&</sup>lt;sup>3</sup> "Palestinians throw petrol bombs at cops from inside Temple Mount mosque", *Times of Israel*, 8 March 2013.

<sup>&</sup>lt;sup>4</sup> The Israel Security Service said it had thwarted 33 kidnappings so far in 2013, compared to 24 in all of 2012. "Sharp rise in Hamas attempts to abduct soldiers", Ynet.com, 12 April 2013.

<sup>&</sup>lt;sup>5</sup> "Israeli civilians killed by Palestinians in the West Bank", B'Tselem – The Israeli Information Center for Human Rights in the Occupied Territories, on 12 May 2013, www.btselem.org/statistics/fatalities/any/by-date-of-death/westbank/israeli-civilians-killed-by-palestinians.

Israeli forces is more than twice what it was in 2012, and West Bank attacks by Palestinians in the past three months have more than tripled over 2011 levels.<sup>6</sup>

In the face of this deterioration, settlers have protested at their decreased security (made possible, in part, by the removal of checkpoints over the past few years), Israeli newspapers have run a series of articles about soldiers in the West Bank who feel their rules of engagement are excessively restrictive, and a number of members of the Palestinian security forces have reported lowered morale in their ranks. Polls corroborate what such observations suggest: that, frustrated by a stalled diplomatic agenda, Palestinians increasingly are willing to adopt violence – a development that has led to talk of a third intifada.

Ferment is palpable, too, on the socio-economic level. Until the U.S. released frozen 2012 aid ahead of President Obama's March 2013 visit, government salaries had not been paid on time or in full for months. Strikes by unions and public employees had become a near weekly occurrence. The PA's financial crisis, already acute in 2012, had worsened. To top it off, long-simmering tensions between the president and prime minister – whose excellent relations with the donor community served as a guarantor of assistance – strongly contributed to the latter's resignation on 13 April, adding to concerns about the PA's future financial stability.

<sup>&</sup>lt;sup>6</sup> Palestinian injuries reported are as of 20 May 2013. See "Protection of Civilians – Weekly Report", UN OCHA, op. cit. "Monthly Summary", Israel Security Agency, January 2011-April 2013. The most recent monthly report is available at www.shabak.gov.il/SiteCollectionImages/english/TerrorInfo/reports/april13report-en.pdf. To cite one point of friction, Israeli army and border police officials recently told a Knesset committee that in the previous three months some 200 firebombs and 80 explosive devices had been thrown at Jewish worshippers and Israeli soldiers at Rachel's Tomb, outside Bethlehem. "200 firebombs thrown at Rachel's Tomb in past three months", *Israel Hayom*, 21 May 2013. See also Section IV.A below.

<sup>&</sup>lt;sup>7</sup> "Settlers demand IDF ease rules of engagement in West Bank", *Haaretz*, 24 May 2013. "Combatant: We Were Taught To Be Fighters, We Weren't Taught To Be Sitting Ducks", *Ma'ariv*, 17 May 2013. Crisis Group interviews, Palestinian political analysts, PA security officers, Nablus, Ramallah, March 2013.

<sup>&</sup>lt;sup>8</sup> At the end of March, more than 40 per cent of Palestinian respondents told pollsters they supported a return to armed resistance, an increase over previous years, though a decrease from a short spike – just after Operation Pillar of Cloud in November 2012 – when over 50 per cent said they did. "Palestinian Public Opinion Poll no. 47", Palestinian Centre for Policy and Survey Research, 28-30 March 2013, www.pcpsr.org/survey/polls/2013/p47e.html; also ibid, no. 46, 13 January 2013, www.pcpsr.org/survey/polls/2012/p46e.html.

<sup>&</sup>lt;sup>9</sup> Strikes have lessened but not ended since the PA resumed regular payment of salaries in April 2013. Since then there have been strikes by university staff and municipality employees, eg, "Employees at Bethlehem, Hebron municipalities to strike", Ma'an News Agency, 5 May 2013.

<sup>&</sup>lt;sup>10</sup> Financial pressures on the government were lessened with Israel's 25 March 2013 announcement it would resume regular transfers of tax revenue. (In January and February 2013, revenues had been transferred supposedly as one-time exceptions). In addition, the U.S. released PA assistance that, according to the Congressional Research Service (CRS), had been subject to informal Congressional holds largely as "a response to and [in] anticipation of Palestine Liberation Organization (PLO) initiatives in the United Nations and other international forums aimed at increasing international recognition of Palestinian statehood outside of negotiations with Israel". Jim Zanotti, "U.S. Foreign Aid to the Palestinians", CRS, 18 January 2013. The aid released the month before President Obama's March 2013 visit to Israel and the PA included \$195.7 million for humanitarian and development assistance and \$100 million to support rule of law programs and the Palestinian security forces. In late February 2013, the State Department notified Congress of its intent to provide an additional \$200 million in FY 2013 direct budgetary assistance. "Daily Press Briefing", U.S. Department of State, 15 March 2013.

Ferment is also noticeable on the political level, where belief in the possibility of a negotiated settlement to the conflict has all but disappeared, despite a renewed and energetic U.S. attempt to restart talks. Palestinian commentators are close to unanimous in their opposition to renewed negotiations under current circumstances, and the Ramallah leadership, which may well soon resume talks notwithstanding such opposition, understands its credibility and popular legitimacy hardly could be lower.

Beneath these stirrings lies a simple truth: in the past several years, not much has changed in the West Bank. People are frustrated, the mood is bitter, and hopes have dimmed. But the overwhelming – and understandable – sense among Palestinians is that their politics are in a state of almost unshakeable stagnation, a recognition that tempers their inclination to take proactive moves. The West Bank and Gaza are as politically, socially and economically separated as ever. Prospects of reconciliation between Hamas and Fatah have not truly brightened.

After the UN General Assembly vote upgrading the status of the Palestine Liberation Organisation (PLO) to non-member state, the Palestinians' efforts on nearly every front hit pause: the Ramallah leadership has committed to freeze efforts at joining treaties or international agencies to give U.S. Secretary of State John Kerry a chance to restart talks; leaders pay no more than lip-service to Prime Minister Fayyad's 2009 state-building program that, nearly two years after its official expiration, is still referred to, though primarily for lack of any alternative; periodic reconciliation talks are met with a yawn; and even incidents of Israeli-Palestinian confrontation appear routinised, be they the more than five-year-old weekly protests against land confiscation and the separation barrier, occasional upsurges in clashes with Israeli security services that quickly are contained or small-scale violence involving Israeli settlers that, though painful for those involved, remains at levels low enough not to generate serious alarm.

Ordinary Palestinians, PA leaders and local diplomats have long held that the situation is "unsustainable" and that a PA collapse or new intifada is around the corner.

<sup>&</sup>lt;sup>11</sup> For more on Palestinian strategic stagnation, see Nathan Thrall, "Palestine After Fayyad: The Choice Between Cooperation and Conflict", *Foreign Affairs*, 18 April 2013.

<sup>&</sup>lt;sup>12</sup> In the wake of Fayyad's resignation, many political leaders from Hamas, Fatah and other factions urged Abbas to appoint himself prime minister and form a unity government, as outlined in the February 2012 (Doha) reconciliation agreement. Abbas demanded that elections take place three months after formation of such a government; Hamas insisted the parties follow the most recent reconciliation agreement, a May 2012 amendment to Doha that, according to lead Fatah negotiator Azzam al-Ahmed, specifies "the period of the new government that, in accordance with the Doha announcement, President Abbas would head would be six months, after which presidential, legislative, and PNC elections would be held", Al-Ayyam, 21 May 2012. On 14 May 2013, Hamas and Fatah forged a new agreement - albeit one that senior officials in both parties hastened to say they doubted would be implemented. It stipulates that President Abbas will issue simultaneous decrees, the first forming a national unity government, the second setting a date for elections in three months. Before this is to occur, however, the following conditions must be fulfilled: a new Palestinian National Council (PNC) election law is drafted, presented to the PLO Executive Committee and passed within one week; a PNC election committee is formed; a PNC election court is formed; within one month of 14 May 2013, the two parties begin discussing the formation of a national unity government and finalise these discussions within three months of their commencement. Senior Hamas leaders said Abbas had insisted on the clause stipulating that the government last no more than three months, and they had agreed with the knowledge that the other prerequisites would not be fulfilled. Crisis Group interviews, Cairo, May 2013. For further detail on the Doha and May 2012 agreements, see Crisis Group Middle East Report N°129, Light at the End of their Tunnels? Hamas & the Arab Uprisings, 14 August 2012, pp. 21-24.

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Reality thus far has belied their prophecies. Virtually every element of the Palestinian political agenda – be it reconciliation, internationalisation or popular protest – today is either dormant or shows scant probability of becoming a strategic option fully backed by the leadership. The possible resumption of negotiations would be an exception, but it would take much to convince a sceptical public that these are more than a pretence, a means to gain time even as the status quo endures. Yet it is equally true that collective sentiment and material realities are shifting and that the regional temperature, with which Palestine's tends to track, could increase sharply. At what point will perpetual threats materialise?

 $<sup>^{13}</sup>$  For background, see Crisis Group Middle East Report N°122, *The Emperor Has No Clothes: Palestinians and the End of the Peace Process*, 7 May 2012.

# II. Underlying the Unrest, a Crisis of Legitimacy

Recent months have seen more concerns over an imminent third intifada than at any time since the second one, which began tapering off nearly a decade ago. The immediate cause of this widespread alarm was a series of escalating protests in February 2013 in solidarity with hunger-striking Palestinian prisoners in Israeli jails. Demonstrations swelled in the fourth week of February, when a prisoner died of unknown causes just as popular protests had reached a new peak. They subsided in the period preceding President Obama's 20-22 March visit, then picked up again in early April, after a terminally ill prisoner, awaiting a decision regarding his early release, died in custody.<sup>14</sup>

There is an understandable tendency among both Israeli and Palestinian officials to focus narrowly on potential triggers that might transform protests into a mass uprising. Those triggers, as elaborated below, could turn out to be enormously consequential. Yet reasons for the unrest are not solely the hunger striking prisoners or the high cost of living or the death of several Palestinians from live Israeli fire in January – just as the underlying cause of the first intifada was not an 8 December 1987 traffic accident in the Gaza Strip's Jabalya camp, and the fundamental motivation behind the second was not Israeli Prime Minister Ariel Sharon's 28 September 2000 visit to the Holy Esplanade.

Rather, the latest demonstrations are a symptom of a much longer-term trend of Palestinian frustration with the absence of a political horizon – with the seeming interminability of an occupation soon to enter its 46th year and the sense that they have been cheated by the Oslo framework that many initially believed would bring about statehood. In the words of a veteran PA minister, reflecting the negative appraisal of the so-called peace process now felt throughout Palestinian society, "the project of national liberation died on the day the PA was created". <sup>15</sup> In parcelling out condemnations, a Fatah youth protesting on behalf of prisoners was no less harsh on his own leaders than he was on Israel:

The demonstrations are not only because of the prisoners; they are also because people are very tired, and they feel they are living in a big prison. After waiting for twenty years to be released from it, they found that it has shrunk, and it is shrinking even more. There is no way out. On the one hand, there is the PA and its malfunctioning economic, political and security policies, and the strikes of the health, education and public employees – all these elements are creating huge pressure on the people. On the other hand, we face Israel's freezes of tax revenue transfers to the PA, its policies against the prisoners and the settlers' daily attacks on villagers and theft of their lands. In short, we live under two huge pressures: from our leadership and from the Israelis.<sup>16</sup>

<sup>&</sup>lt;sup>14</sup> The PA prisoners' affairs minister accused Israel of medically neglecting the prisoner and being responsible for the spread of his cancer, not diagnosed until months after he had complained of ill health. "Palestinian prisoners in Israeli jails stage hunger strike after inmate dies", *The Guardian*, 2 April 2013.

 $<sup>^{15}</sup>$  Crisis Group interview, Ramallah, October 2012.

<sup>&</sup>lt;sup>16</sup> Crisis Group interview, Ramallah, 28 February 2013.

These complaints are magnified by the absence of any effective way to deal with them, for lack of a unified Palestinian movement and a looming succession crisis for leadership of Fatah, the PA presidency and the chairmanship of the PLO. As a result, Palestinians have had the sense that they have been "headed toward an explosion" for some time. <sup>17</sup> Their leaders today have an additional concern: whether this explosion would be directed against Israel or, as a PLO Executive Committee member said, "at us". <sup>18</sup>

Since its inception in 1994, the PA, originally intended as a self-governing body subordinate to the PLO, slowly replaced it as the most coherent national institution and patronage machine, distributing jobs, services and weapons to security forces tasked with keeping the peace in the West Bank and Gaza. The vast majority in the West Bank accepted the arrangement, enjoying security, a range of services and a stable public sector that reliably paid wages. But over the past year, the deepening financial crisis and concomitant inability to provide salaries regularly – particularly against the backdrop of the Arab uprisings, in which state failure to provide for their citizens played a major role – changed the terms of the deal.

In 2006-2007, Palestinians by and large tolerated delays when the Hamas-led government was unable to pay salaries owing to a boycott by the U.S., European Union (EU) and Israel, whereas West Bankers now are much less forgiving. At that time, even if Palestinians did not receive salaries, their government at least had delivered democratic elections that conferred legitimacy and offered the promise of political renewal; today, the political system is stagnant. In 2006, many Palestinians saw their government as a victim of international hypocrisy; today, they are more likely to see their government as a party to it.

This leaves West Bank Palestinians deeply ambivalent about the PA and the role it plays on the Palestinian national scene.<sup>19</sup> On the one hand, they are well aware that it is the largest employer, by far, and its salaries undergird the entire Palestinian economy. On the other, they increasingly see dependency on their occupier and its allies as a shameful constraint on national strategy.

While activists and intellectuals have been most outspoken, they articulate sentiments felt far beyond their relatively narrow circles; chants against Oslo and the

<sup>&</sup>lt;sup>17</sup> Crisis Group interview, Fatah Central Committee member, Ramallah, September 2012. In October 2012, a Fatah Central Committee member said, "what we have been experiencing for more than a year now are tremors before the earthquake". Crisis Group interview, Jericho, October 2012. In September 2012, an Israeli foreign ministry official said, "we don't know what to do, but we see the storm coming". Crisis Group interview, Jerusalem, September 2012.

<sup>&</sup>lt;sup>18</sup> Crisis Group interview, Ramallah, October 2012. A Fatah member reported that in a closed meeting between Fayyad and Fatah at the end of December 2012, Fayyad "warned the audience that an intifada is coming in years, months or even days. 'This uprising will be against us', he said, 'because it will be the 'Hunger Uprising'". Crisis Group interview, Ramallah, 27 December 2012. Qadura Fares, head of the Palestinian Prisoners' Society, argued that protest against the PA would morph into protest against Israel: "At first people will be upset with the Authority, but afterward they will discover the problem is not with the Authority, it's with the occupation". "Palestinians Await More Aid", *The Wall Street Journal*, 18 March 2013.

<sup>&</sup>lt;sup>19</sup> A Palestinian analyst recently wrote: "Ask any middle-aged Palestinian whether they felt more represented by the PNC [Palestinian National Council, the PLO's unelected parliament] in 1985 or the PLC [Palestinian Legislative Council, the PA's elected parliament] to-day. I suspect even some current PLC members would respond that the PNC was more up to the task". Mouin Rabbani, "The Pitfalls of Democratic Elections in Palestine", Masarat – Palestinian Center for Policy Research and Strategic Studies, 4 April 2013.

Palestinian leadership have been a prominent feature of recent economic protests, which, though still far from the size of demonstrations during the first and second intifadas, have been among the largest since, attracting, in addition to the familiar political activists, working-class Palestinians and youth. <sup>20</sup> A PLO Executive Committee member said, "there is a huge gap between Palestinians and their leaders. So the people are beginning to take things into their own hands". <sup>21</sup>

 $<sup>^{\</sup>rm 20}$  Crisis Group observations, Hebron, Nablus, Ramallah, Jenin, September 2012-March 2013.

 $<sup>^{21}</sup>$  Crisis Group interview, Ramallah, November 2012.

#### III. A Downward Slide

#### A. From Financial Crisis ...

While the deep roots of rising West Bank instability lie in political stagnation, economics have loomed large in the recent unrest. The Ramallah-based PA has been suffering perhaps its most severe crisis since losing control of Gaza in June 2007. Donor support, particularly from Arab states, has plummeted.<sup>22</sup> Expenditures continue to rise, while the Authority's deficit has soared.<sup>23</sup> Government debts to local banks and the private sector have ballooned, approaching the limit the banking sector can sustain.<sup>24</sup> During much of 2012 and early 2013, the PA did not pay salaries on time or in full.<sup>25</sup> Growth has slowed.<sup>26</sup> Poverty levels and unemployment rates, particularly among youth, have steadily increased, as have prices of basic goods.<sup>27</sup> Real wages in the public and private sectors have declined.<sup>28</sup> In early January 2013, the prime minister claimed the PA was close to bankruptcy.<sup>29</sup>

In 2012, PA expenditures were roughly \$3.5 billion, while revenues (of which more than two-thirds come from taxes collected by Israel and transferred to the Au-

<sup>&</sup>lt;sup>22</sup> In 2012, donor support was less than half that of 2008. For an overview of PA finances, see "Fiscal Challenges and Long Term Economic Costs: Economic Monitoring Report to the Ad Hoc Liaison Committee", World Bank, 19 March 2013; also "Palestinian Economic Bulletin", Issue 76, The Portland Trust, January 2013, www.portlandtrust.org/sites/default/files/peb/ issue76\_jan\_2013.pdf. <sup>23</sup> In 2012, the PA's year-end recurrent deficit was 55 per cent above the budgeted target amount. World Bank, op. cit.

<sup>&</sup>lt;sup>24</sup> The March 2013 World Bank report to the Ad Hoc Liaison Committee (AHLC) stated: "the PA's stock of debt to local banks has been on the rise since 2008 and is becoming a source of concern. Domestic credit facilities to the PA were around US\$0.5 billion in 2008. This figure, however, has risen to around US\$1.4 billion as of December 2012 – about 14 per cent of the sector's total assets and 112 per cent of its equity. Credit to the public sector and PA employees, combined, represented around 50 per cent of the sector's gross credit, as of December 2012". Ibid.

<sup>&</sup>lt;sup>25</sup> "West Bank workers strike over unpaid salaries", Al Jazeera, 19 December 2012. Since the U.S. released frozen aid in February 2013 and Israel resumed regular transfer of tax revenues collected on the PA's behalf in late March 2013, salaries have been paid on time again.

<sup>26</sup> See World Bank, op. cit.

<sup>&</sup>lt;sup>27</sup> According to the International Monetary Fund (IMF), "[i]n the West Bank, unemployment increased to 18 per cent in the fourth quarter of 2012, from 17 per cent in 2010 and 2011. Youth unemployment in the West Bank in the fourth quarter of 2012 increased to 28 per cent from 26 per cent in 2006-2011". "Recent Experience and Prospect of the Economy of the West Bank and Gaza -Staff Report Prepared for the Meeting of the AHLC", IMF, 19 March 2013. A World Bank report adds: "The severity of the lack of jobs becomes more acute when one observes the labour force participation rate data, which shows that as many as 57 per cent of individuals over the age of 15 are outside the labour force. Labour force participation rate for females is abysmally low at a mere 17 per cent". World Bank report, op. cit. In the past two years, bank lending for personal consumption has increased fivefold as a result. "Palestinian banks weather crisis but govt debt is threat", Reuters, 23 January 2013. The consumer price index in the West Bank has been rising steadily over the past decade. The cost of fresh vegetables, among the commodities whose prices rose most markedly, increased more than 15 per cent between 2011 and 2012. See "The Consumer Price Index During 2012", Palestinian Central Bureau of Statistics, 14 January 2013, at www.pcbs.gov.ps/portals/\_pcbs/ PressRelease/Press\_En\_CPI2012E.pdf. Since 2009, the overall consumer price index in the West Bank has risen by 13 per cent, while wages increased by only 1.5 per cent. See "Palestinian Economic Bulletin", Issue 72, The Portland Trust, September 2012, www.portlandtrust.org/sites/default/ files/peb/bulletin\_72\_d4\_a4.pdf.

<sup>&</sup>lt;sup>28</sup> Real wages in the private sector declined by 8 per cent between 2008 and 2011, and in the public sector by 9 per cent. "West Bank and Gaza", IMF, op. cit.

<sup>&</sup>lt;sup>29</sup> *Al-Quds*, 8 January 2013.

thority each month)<sup>30</sup> were just over \$2 billion, leaving a gap of some \$1.5 billion (or \$1.7 billion if one includes development expenditures in addition to recurrent budget expense). In theory, this was to be filled by donor assistance, but this has dropped precipitously, from a high of \$2 billion in 2008 to roughly \$930 million four years later, leaving the PA in 2012 with less than half the amount needed to bridge its budgetary gap.<sup>31</sup> A leader of the Democratic Front for the Liberation of Palestine (DFLP), a leftist PLO faction, said, "one-third of our budget is missing, so full salaries cannot be paid. The rest is noise".<sup>32</sup>

The repercussions are far from trivial. Some members of the National Security Forces, whose training largely has been U.S.-funded, reportedly have not shown up for work during periods when their salaries were not paid because they lacked money for transportation to their bases. A senior PA intelligence officer said members of the security forces in Nablus had purchased bread from a local bakery on credit. Strikes by teachers unions and PA employees continue, although at lesser levels than before the cash infusion that preceded President Obama's March 2013 visit. This, combined with absenteeism due to unpaid salaries, resulted in the PA owing large debts to East Jerusalem hospitals, to which 45 per cent of PA health ministry referrals are sent, and in general operating at well below its normal capacity. That this did not bring about a significant decline in services has only fuelled scepticism about the PA's state-building project.

Concerns in late summer 2012 that the financial crisis could trigger West Bank instability help explain why Israel advanced a series of tax revenue transfers to the PA;<sup>37</sup>

<sup>&</sup>lt;sup>30</sup> According to the Palestinian finance ministry, in 2012 taxes collected by Israel and transferred to the PA accounted for 70 per cent of PA revenues, not including donor assistance. "Fiscal Operations – Revenues, Expenditures and Financing Sources", December 2012, www.pmof.ps/documents/10180/246009/december\_2012.pdf.

<sup>&</sup>lt;sup>31</sup> According to the Palestinian finance ministry, non-development expenditures in 2012 were about 13.6 billion shekels (today, roughly \$3.8 billion); revenues were nearly eight billion shekels (\$2.2 billion). After adding development expenditures – 6.5 billion shekels (\$1.8 billion) – total expenditures were 14.5 billion shekels (\$4 billion), leaving a budget gap of 6.5 billion shekels (\$1.8 billion). Ibid. For more detail, see "Recent Experience and Prospects of the Economy of the West Bank and Gaza: Staff Report Prepared for the Meeting of the Ad Hoc Liaison Committee", IMF, 19 March 2013. For 2008 figures, see "Macroeconomic and Fiscal Framework for the West Bank and Gaza: Staff Report for the Meeting of the Ad Hoc Liaison Committee", IMF, 13 April 2011.

 $<sup>^{32}</sup>$  Crisis Group interview, Ramallah, September 2012.

<sup>&</sup>lt;sup>33</sup> However, most who lacked money for transportation were able to carpool or arrange pick up. Crisis Group interviews, PA and Western security officials, Jerusalem, Nablus, January 2013.

<sup>&</sup>lt;sup>34</sup> He added that several young men recently had travelled to the Hawara checkpoint – outside Nablus, on the main road connecting the city to Ramallah – holding nothing but bullets in their hands, with the intention of being arrested by Israel, in whose jails they hoped to receive regular food. Israel handed them over to the PA security forces. "I was thinking of giving them 200 shekels [\$56] each but decided against it because the next day I would find twenty of their friends at Hawara". Crisis Group interview, Nablus, January 2013.

<sup>&</sup>lt;sup>35</sup> "Urgent appeal: Growing Palestinian Authority debt to East Jerusalem hospitals", World Health Organisation, 25 March 2013. A European diplomat estimated the PA was operating at 70-75 per cent capacity. Crisis Group interview, Jerusalem, 22 January 2013.

<sup>&</sup>lt;sup>36</sup> A Palestinian analyst remarked: "An unintended consequence of the strikes has been to demonstrate just how little the PA does; when half your employees aren't showing up, and it doesn't make much of a difference, there is a problem – namely, that the government is primarily an apparatus of welfare provision". Crisis Group interview, Ramallah, January 2013.

<sup>&</sup>lt;sup>37</sup> In July 2012, just before Ramadan, when expenditures of Palestinian families tend to increase, Israel advanced 180 million NIS [\$50 million] in tax revenues to the PA. On 11 September 2012, at

its monthly transfers of approximately \$120 million are used to pay over one-third of the PA's monthly expenditures, half of which (\$159 million) is spent on wages.<sup>38</sup> That Israel did this at a time when nearly all others had ignored the PA leadership's pleas for help had a flip side, strengthening the argument in the Palestinian media that the interests served by a functioning PA are primarily Israeli.<sup>39</sup>

#### B. ... to Street Protests

In September 2012, the instability that Israel had feared seemed to materialise: protests broke out when the PA increased value added taxes (VAT) beyond the legally required minimum just as international fuel prices raised the price of gasoline and other petroleum derivatives. <sup>40</sup> While the immediate spark was economic, the demonstrations quickly came to focus on other issues and were linked with political concerns.

Steered partly by Fatah members<sup>41</sup> agitating against the independent, technocratic prime minister – whom they resent as a rival who took over PA resources – protests quickly grew beyond Fatah's control, expanding from limited demands directed against Fayyad and his government's economic policies to larger political and strategic grievances.<sup>42</sup> These included dissatisfaction with Israel-PA economic arrangements enshrined in the 1994 Paris Protocol;<sup>43</sup> opposition to the Oslo Accords, security cooperation with Israel and the PA's very existence; and, finally, anger at Abbas, the

the height of anti-PA protests in the West Bank, Israel advanced 250 million NIS [\$70 million] in tax revenues. See "Measures Taken by Israel in Support of Developing the Palestinian Economy and Socio-Economic Structure, Report of the Government of Israel to the Ad Hoc Liaison Committee", foreign ministry, 23 September 2012.

- <sup>38</sup> In 2012, PA wage expenditures were 6.8 billion shekels (roughly \$1.9 billion).
- <sup>39</sup> An analyst quipped, "and I had thought subcontractor for the occupation was a metaphor". Crisis Group interview, Ramallah, September 2012. Crisis Group interviews, Palestinian analysts, youth activists, Ramallah, September-October 2012.
- <sup>40</sup> "Palestinian PM slashes fuel prices, VAT after protests", Agence France-Presse, 11 September 2012. See "Palestinian Economic Bulletin", Issue 72, op. cit.
- <sup>41</sup> Fatah Central Committee members and union leaders readily admitted to their critical role in the protests. Crisis Group interviews, Ramallah, Jericho, September-October 2012. A Fatah Central Committee member said, "Fatah led the protests. All the unions are Fatah!" Crisis Group interview, Ramallah, September 2012.
- <sup>42</sup> Crisis Group interviews, Fatah leaders, Ramallah, September 2012. A Fayyad adviser asserted that Fatah leaders fuelling the protests also sought to mobilise its members ahead of municipal elections scheduled for the next month. Crisis Group interview, Ramallah, October 2012. A Hamas leader listed other possible motives to expand the protests: "There were three main reasons that Fatah participated in the protests: it was an effort to get back in touch with society and the people, demonstrating their solidarity with them ahead of the municipal elections; it sent a message to Fayyad: 'We are here; we have the upper hand; we can control the street'; and it sent another message to the donor community: 'If you don't support us the way we want, the whole PA is going to fall apart'". Crisis Group interview, Nablus, 8 November 2012. A union leader directing protests against Fayyad asserted: "Salam Fayyad says, 'Fatah does not want me'. But who put you there if not Fatah!? The only thing keeping Fayyad in place is Abbas. If Abbas goes, Fayyad can't walk in the street". Crisis Group interview, Ramallah, October 2012.
- <sup>43</sup> Formally titled "Protocol on Economic Relations between the Government of the State of Israel and the P.L.O.", the Paris Protocol is an annex to the Gaza-Jericho agreement outlining the terms of Palestinian self-rule under Oslo. Among other things, it links fuel and VAT tax rates in Israel to those in the West Bank and Gaza and regulates Israel's collection of taxes on the PA's behalf. A rise in Israel's VAT forced the PA to raise its own, though it was criticised for choosing to increase it more than the minimum required.

PA president and PLO chairman, who initially had cheered on the protesters with the words, "the Palestinian spring has begun".<sup>44</sup>

Many heard the president's words as a not-so-subtle swipe at his prime minister, with whom his relations have long been tense. A number of observers said the protests grew after Fatah co-opted them — and particularly after the transport workers union shut down several West Bank cities — in order to damage Fayyad. <sup>45</sup> Many youth activists, despite great sympathy for the demonstrators' message, initially refused to participate because they did not want to be drafted by Fatah into an underhanded effort to weaken him. In front of the prime minister's office, a group of protestors led by the head of the government employees' union, Bassem Zakarneh, declared that he and the protesters were with Abbas and against Fayyad. <sup>46</sup>

As protests grew, the president himself became a target. Although Zakarneh's union lauded Abbas and attacked Fayyad, an opposing group, led by the Palestine General Federation of Trade Unions (which includes the transport workers), booed, saying they were against not just Fayyad but the entire government and PA. Youth activists joined and launched particularly daring protests that escaped Fatah's control; some later were arrested by the PA.<sup>47</sup>

Even more pointedly, youth activists led a demonstration directly to the president's office. Echoing the slogans of the Arab Spring, they chanted: "The people demand the fall of Oslo"; "Get out Abbas"; "Our government is made up of traitors"; "The people demand the toppling of the regime"; "Get out, Fayyad", among other harsh words. 48 Several Palestinian leaders observed that Abbas had recently vowed to resign if even two people protested against him and asked that he step down; 49 in September there were hundreds.

Fatah's lack of internal cohesion and inability to control its ranks was on open display. It failed to stop its members from participating in the September protests even after the leadership came to view them as dangerous; over the succeeding months, it failed to prevent recurrent strikes by health, education and public employee unions it was thought largely to control.<sup>50</sup> Mid-level Fatah leaders, some of them heads of

<sup>&</sup>lt;sup>44</sup> Crisis Group observations, Ramallah, Hebron, Nablus, September 2012. "Palestinian PM says willing to resign over economic protests", Reuters, 6 September 2012.

<sup>&</sup>lt;sup>45</sup> Crisis Group interview, Palestinian analyst, Ramallah, 7 September 2011. However, a Fayyad adviser claimed Fatah orchestrated the protests from the beginning. Crisis Group interview, Ramallah, September 2012.

<sup>&</sup>lt;sup>46</sup> Crisis Group interviews, youth activists, Hebron, Ramallah, September 2012; observations, Ramallah, September 2012.

<sup>&</sup>lt;sup>47</sup> Crisis Group observations, Ramallah, September 2012; interviews, human rights researchers, youth activists, Ramallah, October 2012. A Palestinian human rights researcher said the security forces' heavy-handed approach was undermining the PA: "The PA security forces do not respect human rights, and there is no accountability for wrongdoing. In September, they arrested over 100 people, most of them Hamas members but also some youth activists who had demonstrated against the PA. They interrogated many of them about whom they would vote for in the municipal elections and whether Hamas had a plan to support some of the candidates. If these things continue, then what happened in other countries in the region will happen here too". Crisis Group interview, Ramallah, November 2012.

<sup>&</sup>lt;sup>48</sup> Crisis Group observation, Ramallah, September 2012.

<sup>&</sup>lt;sup>49</sup> Crisis Group interviews, PLO Executive Committee member, Fatah leaders, September 2012. Abbas's statement was made in a 20 June 2011 interview on LBC TV with Marcel Ghanem. It can be found at www.youtube.com/watch?v=Q-dkP7r29Xk.

<sup>&</sup>lt;sup>50</sup> In October, Fatah failed to prevent its members from competing on rival lists in the 2012 municipal elections. Many in Fatah perceived the elections as a defeat, since its official candidates did

the transport unions whose strikes were so critical to the swelling of the protests, refused at first to listen to demands by their leadership to bring the demonstrations to a close. <sup>51</sup> Some – expressing nostalgia for the pre-Oslo days, when they believed the line between occupier and occupied was far clearer – claimed they were prepared to witness the collapse of the PA, despite Abbas's wishes. <sup>52</sup>

The biggest of the protests ultimately quieted after Fayyad announced several concessions — most notably undoing half (0.5 per cent) of the VAT increase to the legal minimum of 15 per cent; bringing fuel prices to their August 2012 levels; and partially paying overdue salaries to civil servants. $^{53}$ 

The September protests were something of a wake-up call, for the Palestinian leadership in particular. Even though at their peak no more than several thousand West Bankers were in the streets on a given day, they were significantly larger than demonstrations of recent years and deeply unsettling to the leadership, which worried that they were a harbinger of greater instability. <sup>54</sup> They demonstrated the ease and rapidity with which economic concerns can be linked to politics. They publicly targeted and vilified Fayyad in an unprecedented way, a campaign that played a large part in his April decision to resign. <sup>55</sup> He was their chief victim but not necessarily their last: they demonstrated that they could not easily be controlled and that Abbas could turn out to be their victim as well.

Donors shared much of the West Bank leadership's alarm, despite awareness that a degree of exaggeration helps the PA elicit financial support. <sup>56</sup> Senior members of several PLO factions were somewhat more circumspect, saying conditions did not yet seem ripe for a large-scale uprising, but that the ground seemed to be shifting and one was inevitable in the long run. <sup>57</sup> From their perch in the West Bank, they saw a series of crises facing the PA, which, though still very far from threatening its existence, are growing in size and number.

The demonstrations that flared anew in December also had their roots in the PA's financial woes, this time resulting from the 29 November 2012 upgrade of Palestine's

poorly in many locations, despite a Hamas boycott that ensured Fatah ran only against small leftist factions and its own members. Crisis Group interviews, Fatah Central Committee members, Ramallah, October 2012. "Blow to Fatah in West Bank local elections", BBC, 22 October 2012. A Fatah Central Committee member said, "the problem is us – not Israel, not the U.S.". Crisis Group interview, Ramallah, October 2012.

 $<sup>^{51}</sup>$  Crisis Group interviews, transport union leaders, October 2012.

<sup>&</sup>lt;sup>52</sup> Crisis Group interviews, senior union officials, Ramallah, Nablus, Hebron, September-October 2012. One said, "I don't care if the PA continues. Many in the PA work for Israel. I am Fatah, and many of my friends in Fatah are working to help Israel fight Hamas. If we return to the [pre-Oslo rule by Israel's] civil administration, we will go back to thinking of our freedom". Crisis Group interview, Ramallah, October 2012.

<sup>&</sup>lt;sup>53</sup> The PA is required by the Paris Protocol to keep VAT within 2 per cent of Israel's rate, which was raised to 17 per cent in September 2012. "Palestinian PM slashes fuel prices, VAT after protests", *Al Ahram*, 11 September 2012.

<sup>&</sup>lt;sup>54</sup> Most of the protests were much smaller, ranging from several dozen to several hundred in a given place. Crisis Group observations, Ramallah, Hebron, Nablus, September 2012. At their height, an adviser to Fayyad said he estimated there was a "50-50 chance the PA would collapse in the coming week". Crisis Group interview, Ramallah, September 2012.

<sup>&</sup>lt;sup>55</sup> In April 2013, a Fayyad adviser said his boss' resignation in effect had been decided at the time of the September 2012 protests. Crisis Group interview, Ramallah, April 2013.

<sup>&</sup>lt;sup>56</sup> Crisis Group interviews, European diplomats, Jerusalem, September 2012-January 2013.

<sup>&</sup>lt;sup>57</sup> Crisis Group interviews, Popular Front for the Liberation of Palestine (PFLP), DFLP, Palestinian People's Party, Fatah leaders, Ramallah, September-October 2012.

status in the General Assembly to non-member state. Fayyad had warned that the move was premature, as it would result in punitive measures not compensated by adequate gain. <sup>58</sup> As he predicted, it led Israel to freeze the monthly transfer of tax revenues and divert them toward payment of large PA debts to Israel's government-owned electric corporation. As the financial situation worsened, strikes and anti-PA demonstrations resumed almost immediately. <sup>59</sup> When the PA cancelled electricity debts in refugee camps, protests were ignited by those not granted amnesty, forcing the government to extend the cancellations to all West Bank Palestinian residents. <sup>60</sup> The PA appeared to be in a state of schizophrenia, its leaders proclaiming on one hand that it had achieved statehood, on the other that it was at the brink of collapse. <sup>61</sup>

For all the alarm and political contestation occasioned by the economy, the protests and their denouement demonstrated that so far and for the foreseeable future, economic protests will be self-limiting. Fatah, to the extent its leaders can still make collective decisions, is unwilling to risk a confrontation with Israel or the blowback they themselves could suffer should the protests turn against them. Many Palestinians understand that the PA, for all its deficiencies, is not ultimately its own master and cannot pull money that does not exist out of a hat. <sup>62</sup> Most importantly, the protests ultimately were brought under control by reopening the financial taps. This is the lesson that Israel, and particularly its security officials, have taken away from the events of the past year or so: that the continued advance of tax revenue transfers can quell unrest. <sup>63</sup>

Israel's conduct has shown that the PA's collapse, if it is to come, almost certainly will occur due to a miscalculation – despite Israeli intentions, not because of them.  $^{64}$  Still, there is a risk of miscalculation. Fatah leaders involved in their own power struggle – and thus potentially tempted by more popular, hard-line stances – could

<sup>&</sup>lt;sup>58</sup> Fayyad reportedly broke a bone in his hand when slamming his fist on the table in anger that he would likely bear the negative consequences of a UN bid he believed ill-timed. Crisis Group interviews, Palestinian officials, Ramallah, November 2012; Western diplomats, Jerusalem, Ramallah, November-December 2012.

<sup>&</sup>lt;sup>59</sup> "West Bank Workers Strike Amid Financial Woes", *al-Akhbar*, 21 December 2012; "West Bank Palestinians strike as Israeli sanctions bite", Reuters, 19 December 2012.

<sup>&</sup>lt;sup>60</sup> "PA Cancels Electricity Debts in West Bank", Palestine News Network, 5 January 2013. The initial, limited cancellation was part of a deal intended to end rampant non-payment of electric bills by getting camp residents to agree to installation of pre-paid metres outside their homes.

<sup>61</sup> "We now have a state", Abbas declared on return to Ramallah. "Abbas returns home to hero's

<sup>&</sup>lt;sup>61</sup> "We now have a state", Abbas declared on return to Ramallah. "Abbas returns home to hero's welcome, but faces fresh punishment from Israel", *The Washington Post*, 2 December 2012.

<sup>&</sup>lt;sup>62</sup> Crisis Group interviews, youth activists, union leaders, Hebron, Nablus, Ramallah, September 2012.

<sup>&</sup>lt;sup>63</sup> Israeli security officials typically have been less in favour of financial sanctions against the PA than political leaders. "At times our security people are more alarmist than is warranted, which can be useful, as it helps get the political echelon to move toward restoring payments to the PA". Crisis Group interview, senior Israeli security official, Jerusalem, February 2013.

<sup>&</sup>lt;sup>64</sup> Crisis Group interviews, senior Israeli security official, Jerusalem, February 2013; Israeli foreign ministry official, Jerusalem, September 2012. That said, more hawkish Israeli policymakers say they are ready to meet a PA collapse with equanimity. Claiming that Israel was prepared to bring about a collapse if Palestinians pushed too far for membership in international institutions (meaning, especially, the International Criminal Court), a security official said, "we are not more interested in the existence of the PA than the Palestinians are. If the PA ceases to exist, that's okay with us. We can deal with it. We can continue working with the security forces. And perhaps there will be a system where we deal with people locally". Crisis Group interview, Jerusalem, 14 November 2012. Most Israeli officials interviewed believe the current PA leadership will do all it can prevent its collapse.

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miscalculate. The Palestinian budget deficit could exceed the resources of cash-strapped or unwilling donors. Should the PA make moves at the International Criminal Court (ICC) or Palestinian groups mobilise en masse, domestic pressure in Israel could push the government into punitive actions. Any of these could result in prolonged late- and non-payment of salaries, which could bring about a series of protests that, once they build momentum, even large infusions of cash to the treasury might not be able to control.

# IV. West Bank Security

# A. A New Uprising?

West Bank instability over the past year has not been solely a function of PA insolvency and internal political competition. The security environment, too, began to show signs of slow deterioration. Israeli commentators, citing unnamed IDF officials, retired security officials such as former Israel Security Agency head Yuval Diskin and prominent politicians such as former Prime Minister Ehud Olmert, for months evoked a third intifada's imminence. In late May, Prime Minister Netanyahu's former spokesman, Yoaz Hendel, wrote: "The numbers in the security establishment's possession indicate that a third Intifada is already here". Western officials working closely with Palestinian security forces also expressed concern the West Bank might soon implode.

Many Palestinian leaders echoed the alarmist talk, some from sincere concern, others believing it would pressure Israel to release frozen tax transfers, persuade donors to increase support and help reinforce the notion that the status quo is unsustainable. <sup>67</sup> While apocalyptic forecasts are standard fare in this conflict, a European official indicated the degree of alarm within diplomatic circles when he dramatically

 $^{65}$  In early January 2013, Diskin said, "the main thing that causes an intifada, in my experience, is immense frustration in the public, with a sense of hopelessness and no way out. That is what gave rise to intifadas in the past, and that is what created the Arab Spring. When people on the Palestinian street begin to lose hope – when there is no peace process, when the economic situation deteriorates, there is no freedom of movement, and there are more and more settlements - it creates a sense of a dead end, and this is what generates the most pressure. Conversely, I will remind you that the Palestinians also see what happened in the Arab states in which the Arab Spring broke out, and they understand that an attempt can be made to emulate this model. For this reason, I believe that the concentration of gasoline fumes in the air is very high at the present time. And now there is the question of what will be the spark that will cause them to ignite. Sometimes it is one spark, and sometimes it is a series of sparks that causes an explosion. I speak to Palestinians, and I feel that this process began long ago. I feel the frustration, their lack of hope that anything can be changed with our current government and coalition. I don't know how long the deterioration process will last, meaning when it will start to gain stronger momentum, and I don't want to say that it is irreversible, I actually think that it is still reversible. The question is what we will do to make it reversible". "Diskin: Netanyahu is afraid, zigzags, and doesn't take responsibility", Yedioth Ahronoth, 4 January 2013. "Olmert: We're on verge of 3rd intifada", Ynet.com, 26 December 2012. See, eg, "From the Bank to the Tank", Yedioth Ahronoth, 30 January 2013; "The Dilemma of the Prisoner", Maariv, 22 February 2013. Others disagreed that a third intifada was coming, pointing out that such claims grew in the run-up to Israel's 22 January 2013 elections and served the interests of those wishing to criticise Netanyahu's security record. Amos Harel, "A third Palestinian intifada is more evident in headlines than in reality", Haaretz, 4 January 2013.

<sup>&</sup>lt;sup>66</sup> Yoaz Hendel, "The Strategic Stone", *Yedioth Ahronoth*, 21 May 2013. Crisis Group interviews, Jerusalem, January-February 2013.

<sup>&</sup>lt;sup>67</sup> A Western security official said PA security officers had deliberately exaggerated the extent of West Bank crime and instability in the belief it would help them secure more security program funding. Crisis Group interview, Jerusalem, April 2013. In February, the head of the political party Al-Mubadara, Mustafa Barghouti, declared: "The protests on Friday [15 February] were similar to protests held during the first intifada. Should anything bad happen to [the prisoner Samer] Issawi, I predict that the entire West Bank will rise up and a new, non-violent intifada will break out". "Palestinian MP: New intifada if prisoners harmed", Ynet.com, 21 February 2013. Some Fatah leaders fear protests quickly would turn violent – a development they believe would be to Israel's advantage. Crisis Group interviews, Amman, February 2013.

estimated in January that the PA had less than six months left.<sup>68</sup> An Arab diplomat agreed, saying, "2013 is the year of the end of the PA".<sup>69</sup>

Such predictions grew in force when on a single day, 23 February 2013, two Palestinian villagers in Qusra, near Nablus, were wounded by gunfire during clashes with Israeli settlers and a 30-year-old prisoner, Arafat Jaradat, died after being interrogated, allegedly for throwing rocks at Israeli vehicles near the settlement of Kiryat Arba, next to Hebron, during Operation Pillar of Cloud in November 2012. Protests across the West Bank against Jaradat's death raised fears of a third uprising to new heights. Several rockets were fired from Gaza, breaking the longest calm Israel had enjoyed from there since the end of Operation Cast Lead, the 2008-2009 Gaza war. Nearly all the roughly 4,700 Palestinian security detainees and prisoners in Israeli jails launched a hunger strike. Some 10,000 Palestinians attended his funeral, at which masked members of the Fatah-affiliated Al-Aqsa Martyrs' Brigades (Jaradat and his brother reportedly were members) fired guns in the air and vowed to avenge his death.

Those sounding the alarm about West Bank instability could point to a small but perceptible rise in several insecurity indices. Cooperation between Israeli and PA forces, though still strong, lessened in the wake of Israel's November military operation (Pillar of Cloud) in Gaza, the UN upgrade and the exacerbation of the PA's financial

<sup>&</sup>lt;sup>68</sup> Crisis Group interview, Jerusalem, 22 January 2013.

 $<sup>^{69}</sup>$  Crisis Group interview, Ramallah, November 2012.

<sup>&</sup>lt;sup>70</sup> "Israeli settlers shoot 2 Palestinian protesters in West Bank", Associated Press, 23 February 2013. Palestinians in Hebron claimed Jaradat had also been attempting to set up a new militant cell within the Al-Aqsa Martyrs' Brigades. Crisis Group interviews, residents, Hebron, 26 February 2013. The PA detainee affairs minister said the autopsy "corroborates our suspicion that Mr Jaradat died as a result of torture". His lawyer claimed torture. Israel denied the charges, saying he had no signs of external trauma, save for a small graze on his chest and two broken ribs that may have resulted from resuscitation efforts. "Egypt condemns Israel for prisoner's death", *Times of Israel*, 25 February 2013; "Prisoner was tortured before dying in Israeli jail, says Palestinian Authority", *The Guardian*, 24 February 2013. Operation Pillar of Cloud was the name given by Israel to the eight-day escalation in November 2012 with Hamas and other militant groups in Gaza. In the Englishlanguage press, it is often referred to as Operation Pillar of Defence.

<sup>&</sup>lt;sup>71</sup> Qadura Fares, president of the Palestinian Prisoners Society and a former Fatah PLC member, said, "we're facing an Intifada. The hunger-striking prisoners and the tense demonstrations, the violent clashes during which Palestinian civilians are killed, and the frozen peace process – all indicate that we're sitting on a barrel of dynamite. It may very well be that Jaradat's death will turn out to have been the match that lit it". "PA Officials: The Stage is Set for A Third Intifada", *Maariv*, 24 February 2013.

<sup>&</sup>lt;sup>72</sup> Days before Jaradat's death, Islamic Jihad threatened to end the Gaza ceasefire in place since November 2012 if a hunger striker died. "Pressure mounts on Israel over hunger strike of prisoners", Reuters, 20 February 2013. The Al-Aqsa Martyrs' Brigades, nominally Fatah affiliated, called Jaradat's death the beginning of a third intifada and declared that it had fired a rocket from Gaza in retaliation; several more rockets were fired in the following days. "Gaza rocket lands near Ashkelon in southern Israel", BBC, 27 February 2013.

<sup>&</sup>lt;sup>73</sup> The Israeli human rights organisation B'Tselem said there were 4,713 Palestinian security detainees and prisoners from the West Bank and Gaza in Israeli jails at the end of February, not including 1,465 held for entering Israel illegally. "Statistics on Palestinians in the custody of the Israeli security forces", B'Tselem, April 2013, www.btselem.org/statistics/detainees\_and\_prisoners. "Explosive Autopsy", *Yedioth Ahronoth*, 25 February 2013.

<sup>&</sup>lt;sup>74</sup> "Fatah Al-Aqsa Martyrs Brigades vow to avenge Palestinian prisoner death", Agence France-Presse, 25 February 2013.

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crisis.<sup>75</sup> Rank-and-file Palestinian security forces exhibited relatively greater laxity toward what the Israeli defence forces consider threats;<sup>76</sup> tellingly, Israeli arrests of PA security personnel increased somewhat, as did raids of homes of security force members and confiscations of their registered weapons.<sup>77</sup> The number of Palestinians killed and injured by Israeli forces has risen significantly in 2013,<sup>78</sup> and Israeli forces have met greater resistance from West Bank villagers.<sup>79</sup> Palestinian attacks against soldiers and settlers have more than tripled over 2011 levels.<sup>80</sup> Home demolitions and displacements sharply increased at the beginning of 2013, then died down and "price-tag" attacks by settlers against Palestinians and their property occur regularly, frequently going unpunished.<sup>81</sup>

<sup>&</sup>lt;sup>75</sup> Crisis Group interviews, Western, Israeli, and Palestinian security officials, Jerusalem, Ramallah, December 2012-February 2013.

<sup>&</sup>lt;sup>76</sup> What began as a prudent PA security forces effort not to appear to be working with Israel in suppressing protests during Operation Pillar of Cloud seemed to spill over to their behaviour in its wake. Crisis Group interviews, senior Israeli security official, Western security official, Palestinian intelligence officer, Jerusalem, Ramallah, February 2013. By May, Western security officers serving in the U.S.-led security assistance program said coordination had returned to the high levels pre-Operation Pillar of Cloud. Crisis Group interviews, Jerusalem, May 2013.

<sup>&</sup>lt;sup>77</sup> Major General Adnan Damiri, spokesman for the Palestinian Security Forces, complained of increased Israeli detentions of its members and said, "the Israelis are trying to drag the Palestinian people into an armed confrontation". *Al-Quds al-Arabi*, 4 January 2013.

<sup>&</sup>lt;sup>78</sup> So far in 2013, nine Palestinians have been killed by Israeli forces compared to three during the same period in 2012. Weekly Palestinian injuries by Israeli forces (124) have been more than double the rate in 2012 (58). "Protection of Civilians – Weekly Report", UN OCHA, 14-20 May 2013, op. cit. Five Palestinians died from Israeli fire in January 2013, a noticeable increase over previous months. "Five Palestinian civilians fatally shot by Israeli military in January 2013", B'Tselem, 30 January 2013. That same month, Palestinian police used live fire against residents of a Ramallah refugee camp, Amari, who were protesting in solidarity with Palestinian prisoners. "PA police use live fire to disperse demonstrators after coming under assault from stone-throwing youths", *Times of Israel*, 21 January 2013.

<sup>&</sup>lt;sup>79</sup> Footage of Israeli soldiers fleeing from rock-throwing crowds led a number of Israeli commentators to lament the army's loss of deterrence. "Video shows IDF soldiers outmatched by rock-slinging Palestinians", *Times of Israel*, 9 December 2012; "An IDF soldier's honorable retreat", *Haaretz*, 13 December 2012. An Israeli army spokesman said that during an operation in Jenin in January 2013, a group of some 500 residents hurled rocks and firebombs at Israeli troops. *Haaretz*, 3 January 2013; also Palestine News Network, 17 January 2013. Settlers, too, have encountered unusually large protests. Most recently, on 26 April 2013, some 500 Palestinian villagers marched from Deir Jareer to a new outpost, Netzach Binyamin, just beyond the Amona outpost, considered illegal under Israel's laws. "IDF breaks up Palestinian march toward West Bank settlement", Reuters, 26 April 2013.

<sup>&</sup>lt;sup>80</sup> In 2011, the Israel Security Agency reported a monthly average of 29 attacks by Palestinians in the West Bank. In 2012, during the ten months preceding Operation Pillar of Cloud, the monthly average rose to 37.3. In the six months since, the average was 91.66 and in the past three months alone, the average was 97. Israel Security Agency, op. cit.

<sup>&</sup>lt;sup>81</sup> According to data compiled by OCHA, twelve structures per week have been demolished in 2013, the same as in 2012; 22 people have been displaced per week, compared to seventeen in 2012. "Protection of Civilians – Weekly Report", UN OCHA, 14-20 May 2013, op. cit. Lara Friedman, "'Price Tag' Escalation Timeline: Jan 1, 2011 – present", Americans for Peace Now, 14 February 2013. Price-tag attacks are so named because settlers who commit them will often spray-paint the words "price tag" in Hebrew on mosques or other Palestinian property they have vandalised or destroyed. The idea is that Palestinians will pay a price for actions – including those taken by the Israeli government, such as outpost evacuations – that settlers oppose. Of 869 investigations of attacks by Israeli civilians against Palestinian residents of the West Bank monitored by the Israeli human rights organisation Yesh Din since 2005, 62 – less than 9 per cent of all investigations in which a decision

Crisis Group Middle East Report N°142, 29 May 2013

These are signs not so much of a total breakdown or imminent collapse but rather of a slow deterioration in security resulting largely from the weakening of the cash-strapped PA as well as widespread frustration with the leadership and its lack of a political program.

Political dissatisfaction and intra-factional competition reverberate immediately within the security structure because security forces still are dominated by Fatah, if to a lesser degree than in the past. Until the September protests, most presumed that Fatah had the ability to keep the West Bank quiet. Yet as the chants in September against security cooperation became louder, senior PA security officers reported a notable drop in morale. The head of a Palestinian intelligence service in a major West Bank governorate said, "of course the Palestinian security forces are not comfortable with the situation they are in. We're morally suffering but committed to the decisions of the political leadership. But it can't continue like this forever". 82

For several years, members of the Palestinian security forces have made such declamations of ambivalence, which can be seen as a means of seeking absolution given their controversial cooperation with Israel. But this arguably could change. In September, credible reports emerged that security personnel, including from Fatah, took part in demonstrations, although reasons for their participation, and the roles they played, were ambiguous. On the one hand, many protesters claimed that plainclothes officers had been responsible for much of the vandalism and violence, possibly in an attempt to turn the public against the protests. <sup>83</sup> On the other, a powerful Fatah-affiliated union leader asserted he had been approached in September by senior security officers supportive of the strikes against their own government. <sup>84</sup>

The protests showed that as Fatah leaders try to best their rivals and outbid each other, the security establishment will have trouble controlling the rank-and-file. A Fatah-affiliated officer in General Intelligence said:

Abbas is depending on the security services more than on Fatah to control the street. He is very wrong to do so, because the gap between the top-level leadership and the people is now very wide. The security sector doesn't have influence on the people like the Fatah cadres do; the security services fear the protesters,

was made – resulted in an indictment. "Indictment: settlers attacked Palestinian boy, beat him, threw stones at him and set their dog on him", Yesh Din, 19 February 2013, www.yesh-din.org/infoitem. asp?infocatid=272. None of 240 complaints regarding alleged abuse by Israeli soldiers against Palestinian civilians that were submitted in 2012 resulted in an indictment, www.yesh-din.org/user files/file/datasheets/Law%20Enforcement%20upon%20-%202012.pdf.

<sup>82</sup> Crisis Group interview, January 2013. A respected Palestinian journalist said top PA security officers regularly tell him: "We feel like traitors most of the time, but we don't say it to Abbas". Crisis Group interview, Jerusalem, 2 November 2012. That said, Western military officers involved in training the Palestinian security forces say the units they work with – the Presidential Guard and National Security Forces – continue to believe their work serves the national interest. Crisis Group interviews, Jerusalem, April 2013.

<sup>83</sup> Some speculated that members of the security forces were attempting to scare the public into staying away from the protests to reduce their size. Others believed they were acting at the behest of Fatah leaders who hoped the protests would harm Fayyad. Crisis Group interviews, Hamas leaders, youth activists, Nablus, Hebron, September-October 2012. A Palestinian human rights researcher said some PA security forces members protested in September because of late payment of salaries, while others were helping Fatah undermine Fayyad. "The escalation with rocks and fires was mainly from people close to the PA and Fatah". Crisis Group interview, Ramallah, November 2012.

<sup>84</sup> Members of the security forces are legally prohibited from forming or joining unions. Crisis Group interview, Ramallah, September 2012.

while Fatah is part of them. Fatah Central Committee members are now part of the problem. They are adhering to the proverb: A drowning man will grasp at a straw. That is, they jump on each initiative of the Fatah youth just because they want to show that they are doing something. But instead of leading the cadres they are following them". 85

Renegade elements within Fatah pose a particular challenge. In the past year the PA has arrested hundreds of members of its own security forces, <sup>86</sup> mainly former militants from the Al-Aqsa Martyrs' Brigades who had fought against Israel in the second intifada, then against Hamas in 2006-2007, and were later absorbed into the security forces and granted amnesty from Israel's wanted list. They claimed to have been humiliated and tortured by their colleagues in the security forces and placed in cells with Hamas members against whom they had fought years earlier. Palestinian security officials indicated that the campaign against their own renegade elements was long overdue and could no longer be postponed after they challenged the PA's authority, though with many of those allegedly tortured and mistreated having vowed revenge, the full ramifications may not yet have been felt.<sup>87</sup>

Fatah's internal disarray notwithstanding, senior Israeli security officials maintain that security cooperation remains extremely tight at the highest levels. <sup>88</sup> Western security officers training the National Security Forces and Presidential Guard agreed, offering an unequivocally positive appraisal of their work. <sup>89</sup> In the words of the head of the Israeli Defence Forces (IDF) Central Command, with responsibility for the West Bank, "our professional analysis is that there is no third intifada. There is a certain escalation". <sup>90</sup>

<sup>&</sup>lt;sup>85</sup> Crisis Group interview, 27 February 2013.

<sup>&</sup>lt;sup>86</sup> The campaign began after the home of Qaddura Musa, then governor of Jenin, was fired upon in May 2012, leading to his death from a heart attack. A PA security chief in Jenin was fired after blaming Fatah elements. "PA chief fired after blaming Fatah for Jenin chaos", *The Jerusalem Post*, 11 May 2012. The PA arrested local members of the security forces in connection with Musa's death, and a big PA security crackdown ensued, directed largely at PA security forces members. Two months later, a Jenin Palestinian Legislative Council member from Fatah, Shami al-Shami, was wounded by gunfire in what he called an attempted murder; his associate, deputy head of the Preventive Security Organisation in Jenin, Hisham al-Rikh, was assassinated two months later; in February 2013, the car of one of Rikh's Preventive Security colleagues was fired at. Crisis Group interviews, Fatah officials, Jenin Governorate officials, ex-Al-Aqsa militiamen, Balata, Jenin, September, October 2012. A Fatah Central Committee member said 470 people were arrested in the crackdown. Crisis Group interview, Ramallah, October 2012.

<sup>&</sup>lt;sup>87</sup> Crisis Group interviews, Jenin, Nablus, October 2012-January 2013. After their release, some wore masks and fired assault rifles in the air as they marched through the Balata refugee camp, demanding Abbas launch an investigation into "the security forces' operation that targeted hundreds of Fatah men in the West Bank". Many have vowed to seek revenge. Crisis Group interviews, Balata refugee camp, October 2012, January 2013. A Fatah Central Committee Member who visited some of the detained Al-Aqsa members in jail said he objected to the arrests because most were "pure nationalists" who had used their guns only against Israel. "Those who were arrested and tortured will seek revenge. One told his interrogators, 'I will sell my watch and my wife to get another gun after I am released'. It is the security forces who will one day take down the PA". Crisis Group interview, Ramallah, October 2012.

<sup>&</sup>lt;sup>88</sup> Crisis Group interviews, Jerusalem, Tel Aviv, February-April 2013.

 $<sup>^{89}</sup>$  Crisis Group interviews, Jerusalem, March-April 2013.

<sup>&</sup>lt;sup>90</sup> "There is an escalation. This is not an intifada", *Maariv*, 29 March 2013. As noted above, this differed from the assessments of other Israeli officials, as well as Palestinian ones.

In the long run, however, few believe that tight security cooperation can be maintained in the absence of a belief among Palestinians that this work is advancing their national interests, rather than helping Israel to preserve quiet for quiet's sake. Each passing day that the status quo is preserved helps undermine the notion that the West Bank leadership's peaceful political program will bear fruit. The head of the IDF's Central Command, while stressing that a new intifada was not breaking out, also maintained that significant changes were coming. Asked when it was that he began to feel that four years of West Bank quiet were coming to an end, he answered:

I noticed this already in my final days [in October 2011] as commander of the Judea and Samaria Division. Two to three months before I was appointed to [C]entral Command I invested a lot of time in studying the situation in the territories and in analysing the strategic situation. According to the analysis, it's likely that we are on the verge of a change on a strategic level, influenced by the regional upheaval and the rise of the Muslim Brotherhood.<sup>91</sup>

Recent events, both regional and domestic, clearly show that the stability of the past few years is not to be taken for granted. But the speed with which these flare-ups have been quelled, as well as the small number (hundreds, rather than thousands) of people at most of the demonstrations of recent months, are an indication that the status quo will not be easily overturned.

## B. The Sources of West Bank Stability

Mass uprisings typically are unpredictable events, their immediate spark identifiable only in hindsight. Among Palestinians one can hear two contradictory views regarding the likelihood of an uprising, either against Israel or the PA. The first is that such an outcome requires the sort of mass mobilisation that only the two largest movements, Hamas and Fatah, can provide, and that since both appear reluctant to do away with the PA or risk being blamed for causing a return to the violence and misery of the second intifada, for now that likelihood is slim. <sup>92</sup> In the words of a West Bank businessman, "an intifada requires leadership. We have none". <sup>93</sup>

Moreover, this argument holds, divisions between Hamas and Fatah ensure that popular mobilisation will be regarded with suspicion in both the West Bank and Gaza, where the factions ruling each territory will act against any protests that they might fear are disguised attempts to threaten their rule. A Hamas leader in Gaza remarked: "People in the West Bank are ready for an uprising. But they are in a state of paralysis, because the PA's leaders are part of the occupation. They are reluctant to rise up against it and be perceived as supporters of Hamas". 94 Fatah leaders,

<sup>&</sup>lt;sup>91</sup> Ibid.

<sup>92</sup> Crisis Group interview, PA minister, Ramallah, September 2012.

<sup>&</sup>lt;sup>93</sup> Crisis Group interview, Ramallah, 20 January 2013. See also, "The Rise and Fall Of the Palestinian Left", Al-Monitor.com, 22 February 2013.

<sup>&</sup>lt;sup>94</sup> He added: "Another element of the paralysis in the West Bank is that people are waiting for two things: first, a change in leadership and the departure of Abbas, for whatever reason. Secondly, they are waiting for changes in the region, which as time passes are weakening Fatah and strengthening Hamas". Crisis Group interview, Gaza City, 24 February 2013. Youth activists in the West Bank agree that the Fatah-Hamas division makes popular protest much more difficult to organise; some also express frustration that Hamas appears not to want to start an uprising in the West Bank. Crisis Group interviews, Hebron, Ramallah, October 2012-January 2013.

meanwhile, were quick to claim that it was Gaza that was most ripe for an uprising, pointing to the hundreds of thousands who attended a Fatah anniversary rally in Gaza city in early January 2013.

There is a contrary view. According to youth activists, intellectuals and Palestinian leaders defending it, the September protests reflect a new dynamic, that of protesters filling a void left by the two main factions, neither of which offered credible strategies for achieving prosperity or national unity, much less national liberation. <sup>96</sup> They also argue that the Arab uprisings have proven that the support of large political parties is not necessary to bring about upheaval. On what basis, they ask, can there be confidence that popular protests would sweep the region and skip Palestine, which has far more experience with mass revolts than its neighbours? <sup>97</sup> As a Fatah leader put it, "it's not the leadership that creates the event, it's the event that creates the leadership". <sup>98</sup>

Regardless of which theory is more accurate, several factors militate against an imminent intifada. First, the corollary to the fact that reductions in donor aid had such a large role in bringing about unrest is that increased aid can restore a measure of stability, even if it cannot address underlying causes, such as the absence of a political horizon. First recent resumption of tax transfers and the delivery of several hundred million dollars of U.S. aid that had been frozen also helped calm jangled nerves. Fig. 100

Secondly, though security cooperation indeed has decreased, it still is on the whole very tight, according to both Palestinian and Israeli security officials. <sup>101</sup> Thirdly, though Palestinian demonstrations have acquired new energy, particularly with the adoption of novel tactics, such as the raising of tent encampments, protests remain relatively small, typically comprising dozens or a few hundred activists, and their organisers and participants are mostly the same individuals who for more than five years have been leading weekly demonstrations in such villages as Ni'lin and Bil'in. <sup>102</sup>

Such protests have become so routine that journalists and even the activists themselves make jokes about their scripted nature; <sup>103</sup> Israeli soldiers refer to them as "charades". <sup>104</sup> Complicating matters for the youth activists are attempts by Palestinian politicians to gain publicity and street credibility by seeking to coopt them. An Israeli reservist tasked with dismantling a planned tent encampment in February 2013 described what he viewed as a comical scene:

Our guys show up to the site where the peace activists plan to erect the tents, but the protesters haven't put them up yet. It's a lot of work putting up the tents, and we can see they're just standing there waiting for us, hoping we'll arrest or evict

<sup>95</sup> Crisis Group interview, Fatah Central Committee member, Ramallah, January 2013.

<sup>&</sup>lt;sup>96</sup> Crisis Group interview, PLO Executive Committee member, youth activists, DFLP leader, PFLP leader, PLC member, political analyst, Nablus, Ramallah, September 2012-March 2013.

<sup>&</sup>lt;sup>97</sup> Crisis Group interview, DFLP leader, Ramallah, October 2012.

<sup>&</sup>lt;sup>98</sup> Crisis Group interview, Ramallah, December 2012.

<sup>&</sup>lt;sup>99</sup> Once Israel released the PA's frozen December tax revenues at the end of January 2013, the same diplomats who had claimed the PA was on the brink of collapse changed their tune, saying it could limp along like this for "another five years". Crisis Group interview, Jerusalem, February 2013. <sup>100</sup> See fn. 10 above.

<sup>&</sup>lt;sup>101</sup> Crisis Group interviews, Jerusalem, Nablus, Ramallah, January-February 2013.

<sup>&</sup>lt;sup>102</sup> Crisis Group interviews, Palestinian youth activists, Ramallah, 17 February 2013.

<sup>103</sup> Ibid.

<sup>&</sup>lt;sup>104</sup> Crisis Group interview, Israeli officer, Jerusalem, July 2012.

them in front of the cameras and save them the effort. Some of my fellow reservists are leftists, but they have no sympathy for these activists. They see these demonstrations as pointless and are mainly annoyed. We wanted to wait out the activists and force them to put up the tents, but we were overruled: once the tents are up it requires some sort of demolition order to act.<sup>105</sup>

#### A PA minister likewise saw the protest movement as feeble:

The whole notion of a Palestinian spring is a farce. Yes, the security forces suppress a few demonstrations, but 61 per cent of the West Bank is Area C,<sup>106</sup> where the PA security forces can't go [without prior coordination]. And we don't see protests there, either. Salam Fayyad and Abu Mazen [President Abbas] aren't preventing thousands from going to the checkpoints or settlements or even to the Manara [Ramallah's central square] every day. To create the PA was to create a monster: dependency. And it grows every year. It creates passivity among the people.<sup>107</sup>

Within a day of the funeral of Arafat Jaradat, the prisoner whose death had so heightened fears of a third intifada, Israeli security officials said they expected the protests to subside. <sup>108</sup> Weeks earlier, a senior Israeli security official predicted that the West Bank's stability would not easily be overturned, pointing to underlying causes that did not seem likely to soon disappear: relatively fresh memories of the insecurity suffered by Palestinians during the second intifada; cooperation between Israel and the PA, which continues to ensure that Hamas's capabilities in the West Bank are quite weak; the rise of a new generation of mid- and top-level PA security force officers with allegiance less to the whimsy of political factions than to the PA itself; the dependence of a large portion of West Bank families on the PA for salaries

<sup>105</sup> The same person said a disproportionate amount of his unit's time was spent chasing after left-wing Israeli activists. "Listening to my radio, I would have thought Ezra Nawi [a prominent Israeli activist] was the IDF's primary threat in south Hebron". Crisis Group interview, Jerusalem, 9 February 2013.

106 Under the Oslo Accords, all West Bank land, excluding East Jerusalem, falls into one of three categories: Area A (currently 18 per cent) in theory is under full PA security and civil control, though there are frequent Israeli incursions; Area B (currently 21 per cent) is under mixed PA/Israeli (mostly Israeli) security control and PA civil control; and Area C (currently 61 per cent) is under full Israeli control of security, planning and building, with the PA controlling, for the non-Israeli population, non-land civil matters. See "Israel Seeks Army Use of West Bank Area", *The New York Times*, 23 July 2012. Estimates vary of how many Palestinians live in Area C. In 2010, the UN estimated there were 150,000. "Area C Humanitarian Response Plan Faction Sheet", UN OCHA, August 2012, unispal.un.org/UNISPAL.NSF/0/59AE27FDECB034 BD85257793004D5541.

<sup>107</sup> Crisis Group interview, Ramallah, September 2012. The same minister was dismissive of the possibility of dissolving the PA, a course he claims to favour: "The PA is not salvageable, but none of its leaders will dismantle it. Even without dependency on the donors – with no foreign aid at all and total self-sufficiency – the entire class of Palestinian leaders would not get rid of the PA. All you need for proof is to look at 2002 and 2003, the height of the second intifada, when there was so much less foreign aid, so many fewer employees, when there was a different leader in charge, when there was every reason to get rid of the PA, and still no one dissolved it. And all this talk of 'changing the functions' of the PA or of 'ending Oslo' is empty talk. What does it mean to end Oslo if not to dissolve the Authority? But I assure you the leadership is not considering ending the Authority. No one in the political leadership has any intention of doing so. Their interest is in preserving it, in enjoying their rule under occupation".

 $^{108}$  "IDF Optimistic: Riots in Judea and Samaria Will Gradually Abate",  $\it Maariv$  , 26 February 2013.

used to pay mortgages and rising living expenses; the decline in visible corruption; and the lack of mass support or mobilisation for protests against Israel. He added:

The causes of the quiet we have seen over the last several years are very deep. The picture of a seething West Bank society that the PA security forces and government are "barely keeping a lid on" is wrong. What you have in terms of confrontations with Israel are two things. First, the weekly theatrical, kabuki-like exercises at such villages as Ni'lin and Bil'in, which serve both our interests and theirs; without them, god forbid, PA leaders would look like collaborators. Secondly, and this is more serious, the attacks [on Palestinians] by a group of settlers who are genuinely radical and need eventually to be dealt with one way or another. 109

Rather than offering a lesson in how quickly a PA financial crisis can develop into demonstrations against Israel, the September protests taught at least one senior Israeli security official that Palestinian discontent is not deep seated:

What we learned from the September protests is how quickly they died down. As soon as we injected the money [Israel's advance on monthly tax revenue transfers], it was over. And this confirms that the sources of instability in the West Bank are not at all deeply rooted. The unions played a major role in September, and typically unions are easy to deal with by greasing the wheels. 110

<sup>&</sup>lt;sup>109</sup> Crisis Group interview, senior Israeli security official, Jerusalem, 4 February 2013.

<sup>&</sup>lt;sup>110</sup> Crisis Group interview, senior Israeli security official, Jerusalem, February 2013.

#### V. Conclusion

That Palestinian protests typically subsided quickly and that West Bankers on the whole seem unwilling to risk a return to the misery that accompanied and then followed the second intifada is all true. The alarmist talk heard not long ago, in this sense, almost certainly was exaggerated. But it would be equally misguided to assume the converse: that stability is guaranteed in the short to medium term and that economic well-being is the West Bank's principal preoccupation.

Palestinians tick off several reasons why there probably will not be an uprising in the short term: the Hamas-Fatah split has rendered popular mobilisation dangerous to both the West Bank and Gaza regimes; with their leadership lacking credibility, Palestinians aren't willing to lay their lives on the line; and they remain, years later, still tired from the consequences of the second intifada. Too, with so much frustration focused on economic matters, another lesson might be drawn from this series of events, namely that money can go a long way toward quelling unrest.

Still, what is missing in all this is any sense of where the situation will lead in the longer term, particularly as clashes continue at much higher rates than during the past two years. In combination with other factors, aid has gone far in reshaping the West Bank's political economy and in giving most of its residents a stake in the system. But if money has bought time, time has not changed the nature of the Israeli-Palestinian conflict, cannot provide insurance against a deteriorating political-security situation and cannot purchase the kind of legitimacy the Palestinian leadership will need to control and guide its people. In this sense, the time that money buys comes at a price, since the progressive atrophy of the political system inescapably will make any future peace process both less legitimate and more fragile.

Back in February 2013, a Palestinian analyst commented:

Around the West Bank, the fires that have to be put out are increasing. September 2012 more than before; now more than September; next time more than this week. For now the arsonists are still relatively few, and there are enough fire fighters to do the job. But at some point there are going to be too many fires at the same time to extinguish them all.<sup>111</sup>

It is to those fires that Israelis, Palestinians and the international community as a whole need to pay heed lest that prophecy come true.

Jerusalem/Ramallah/Brussels, 29 May 2013

<sup>&</sup>lt;sup>111</sup> Crisis Group interview, Amman, 27 February 2013.

# Appendix A: Map of Israel/Gaza/West Bank



# Appendix B: About the International Crisis Group

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 150 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is chaired by former U.S. Undersecretary of State and Ambassador Thomas Pickering. Its President and Chief Executive since July 2009 has been Louise Arbour, former UN High Commissioner for Human Rights and Chief Prosecutor for the International Criminal Tribunals for the former Yugoslavia and for Rwanda.

Crisis Group's international headquarters is in Brussels, and the organisation has offices or representation in 34 locations: Abuja, Bangkok, Beijing, Beirut, Bishkek, Bogotá, Bujumbura, Cairo, Dakar, Damascus, Dubai, Gaza, Guatemala City, Islamabad, Istanbul, Jakarta, Jerusalem, Johannesburg, Kabul, Kathmandu, London, Moscow, Nairobi, New York, Pristina, Rabat, Sanaa, Sarajevo, Seoul, Tbilisi, Tripoli, Tunis and Washington DC. Crisis Group currently covers some 70 areas of actual or potential conflict across four continents. In Africa, this includes, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Nigeria, Sierra Leone, Somalia, South Sudan, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Burma/Myanmar, Indonesia, Kashmir, Kazakhstan, Kyrgyzstan, Malaysia, Nepal, North Korea, Pakistan, Philippines, Sri Lanka, Taiwan Strait, Tajikistan, Thailand, Timor-Leste, Turkmenistan and Uzbekistan; in Europe, Armenia, Azerbaijan, Bosnia and Herzegovina, Cyprus, Georgia, Kosovo, Macedonia, North Caucasus, Serbia and Turkey; in the Middle East and North Africa, Algeria, Bahrain, Egypt, Iran, Iraq, Israel-Palestine, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia, Western Sahara and Yemen; and in Latin America and the Caribbean, Colombia, Guatemala and Venezuela.

Crisis Group receives financial support from a wide range of governments, institutional foundations, and private sources. The following governmental departments and agencies have provided funding in recent years: Australian Agency for International Development, Austrian Development Agency, Belgian Ministry of Foreign Affairs, Canadian International Development Agency, Canadian International Development Research Centre, Royal Danish Ministry of Foreign Affairs, Dutch Ministry of Foreign Affairs, European Union Instrument for Stability, Finnish Ministry of Foreign Affairs, German Federal Foreign Office, Irish Aid, Principality of Liechtenstein, Luxembourg Ministry of Foreign Affairs, New Zealand Agency for International Development, Royal Norwegian Ministry of Foreign Affairs, Swedish International Development Cooperation Agency, Swedish Ministry of Foreign Affairs, Swiss Federal Department of Foreign Affairs, Turkish Ministry of Foreign Affairs, United Kingdom Department for International Development, U.S. Agency for International Development.

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# Appendix C: Reports and Briefings on the Middle East and North Africa since 2010

#### Israel/Palestine

- Tipping Point? Palestinians and the Search for a New Strategy, Middle East Report N°95, 26 April 2010 (also available in Arabic and Hebrew).
- Drums of War: Israel and the "Axis of Resistance", Middle East Report N°97, 2 August 2010 (also available in Hebrew and Arabic).
- Squaring the Circle: Palestinian Security Reform under Occupation, Middle East Report N°98, 7 September 2010 (also available in Arabic and Hebrew).
- Gaza: The Next Israeli-Palestinian War?, Middle East Briefing N°30, 24 March 2011 (also available in Hebrew and Arabic).
- Radical Islam in Gaza, Middle East/North Africa Briefing N°104, 29 March 2011 (also available in Arabic and Hebrew).
- Palestinian Reconciliation: Plus Ça Change ..., Middle East Report N°110, 20 July 2011 (also available in Arabic and Hebrew).
- Curb Your Enthusiasm: Israel and Palestine after the UN, Middle East Report N°112, 12 September 2011 (also available in Arabic and Hebrew).
- Back to Basics: Israel's Arab Minority and the Israeli-Palestinian Conflict, Middle East Report N°119, 14 March 2012 (also available in Arabic).
- The Emperor Has No Clothes: Palestinians and the End of the Peace Process, Middle East Report N°122, 7 May 2012 (also available in Arabic).
- Light at the End of their Tunnels? Hamas & the Arab Uprisings, Middle East Report N°129, 14 August 2012 (also available in Arabic).
- Israel and Hamas: Fire and Ceasefire in a New Middle East, Middle East Report N°133, 22 November 2012 (also available in Arabic).
- Extreme Makeover? (I): Israel's Politics of Land and Faith in East Jerusalem, Middle East Report N°134, 20 December 2012 (also available in Arabic and Hebrew).
- Extreme Makeover? (II): The Withering of Arab Jerusalem, Middle East Report N°135, 20 December 2012 (also available in Arabic and Hebrew).

#### Egypt/Syria/Lebanon

- Lebanon's Politics: The Sunni Community and Hariri's Future Current, Middle East Report N°96, 26 May 2010 (also available in Arabic).
- New Crisis, Old Demons in Lebanon: The Forgotten Lessons of Bab-Tebbaneh/Jabal Mohsen, Middle East Briefing N°29, 14 October 2010 (only available in French and Arabic).

- Trial by Fire: The Politics of the Special Tribunal for Lebanon, Middle East Report N°100, 2 December 2010.
- Popular Protest in North Africa and the Middle East (I): Egypt Victorious?, Middle East/North Africa Report N°101, 24 February 2011 (also available in Arabic).
- Uncharted Waters: Thinking Through Syria's Dynamics, Middle East Briefing N°31, 24 November 2011 (also available in Arabic).
- Popular Protest in North Africa and the Middle East (VI): The Syrian People's Slow-motion Revolution, Middle East Report N°108, 6 July 2011 (also available in Arabic).
- Popular Protest in North Africa and the Middle East (VII): The Syrian Regime's Slow-motion Suicide, Middle East Report N°109, 13 July 2011 (also available in Arabic).
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