



Middle East Institute

7 July 2010

“The Future of Palestine: Current Trends and Future Scenarios”

By Mary E. Stonaker

SINGAPORE - Dr. Rami Nasrallah, speaking with first-hand experience and expertise, reviewed the current state of affairs in Palestine and the Occupied Territories in a seminar held at the Shangri-la Hotel on Wednesday, July 7th, 2010. The seminar, sponsored by the Middle East Institute, allowed the very diverse audience the chance to hear both realistic and hopeful accounts of the issues facing Palestinians today and where those issues may lead.

Examining the “internal political events and dynamics” as they affect the peace process, Dr. Nasrallah began his analysis with the end of the Oslo Peace Process in September 2000 (Second Intifada). The often confusing elements within the different factions of parties seeking to control Palestinian and occupied territories were clarified as Dr. Nasrallah gave a brief overview of internal elements since the First Intifada. The fighters of the First Intifada (1987) became the marginalized of society and started a protest (the Second Intifada) against the corruption of the Palestinian Authority.

The death of Fatah leader Yasser Arafat in November 2004 “was a turning point for Palestinian political parties.” It marked the “end of the classical nationalism liberation movement and it changed the way Palestinians demanded liberation.”

Compelling examples brought new light to the issues which many know of yet few have such a clear understanding as Dr. Nasrallah. These examples include challenging the description of the 2006 election of Hamas as “The Shocking Victory of Hamas.” Dr. Nasrallah held that it was not “shocking” because Hamas had, in fact, “succeeded in local elections throughout 2005.”

While the appointment of Salam Fayyad as Prime Minister of the emergency government of the Palestinian National Authority, centered mostly in the West Bank, promoted a program of state building it should not to be confused with state declaration. If Fayyad were to declare the state, Israel would no doubt annex parts of Palestinian occupied territories. Instead, Fayyad’s program of development aimed

at preparing a foundation of state institutions to operate regardless of independence or recognition from Israel or the international community.

As Hamas continued its toned-town rhetoric after its election in 2006, it did prove to “achieve security and stability after it occupied Gaza in 2007.” Hamas also succeeded in eliminating Fatah from Gaza, not so much as a rival faction but as a form of “revenge.” This revenge stemmed from the jailing of Hamas security, top leaders and activists by Fatah forces in 1996.

The campaign and election of Hamas changed the image of Hamas, particularly in Gaza. The shift away from the armed resistance slogans of the past towards the social welfare, stable governance image established a new Hamas. After its election, it wanted to use “their model of social welfare to spread it beyond Hamas-affiliated networks.”

Subsequent to control gained by Hamas in Gaza in June 2007, they “succeeded to sustain and control governance functions in Gaza including security, economics, public welfare and infrastructure.” *In order to protest Hamas control*, the Gazan Palestinian Authority government ordered its employees (numbering 70,000) to “stay away from work or lose [their] salary.” This gave Hamas the opportunity to establish its own parallel system and set of government employees, numbering 30,000.

Hamas’ annual budget comes mainly from the “tunnel economy,” a network of 5,000 tunnels supplying Gaza with smuggled goods from Egypt. In 2008, local banks estimated that the Hamas tunnel economy earned US\$150-200 million. These ‘tunnel economy’ revenues formed the foundation of its annual budget.

Currently, Dr. Nasrallah witnesses a “changing [of the] rules of the Arab-Israeli conflict” with Salam Fayyad’s strategy taking center stage: the Palestinians will not wait for peace to build their state. First, they will “establish infrastructure to be ready to declare a state and engage in a viable Palestinian state.” The 13th government of the Palestinian Authority adopted a plan to build all essential state infrastructure by August 2011. Dr. Nasrallah emphasized Fayyad’s words in regards to this plan: “We are talking about state building not state declaration.”

The World Bank estimated in 2009 that the economy of the West Bank would increase annually by 5%, that 6,000 new jobs were created since 2008 (a one year span) and that “trade was up 82%, tourism up 94% and Agriculture production up 200%.”



Dr. Rami Nasrallah is a Visiting Research Fellow at the Middle East Institute. He is the founder of IPPC (International Peace and Cooperation Center) in Jerusalem.

The issue, Dr. Nasrallah stressed, is with a lack of strategy. Using the “more dominant factors and trends affecting these things internally,” the speaker outlined three options or futures for Palestine and the Occupied Territories: “Two Heads of the Political System,” “Total Collapse” and “Viable Democratic Palestine.

“Two Heads of the Political System” foresees:

- Hamas retaining control over Gaza;
- The national unity dialogue has failed;
- Israel has eased its siege against/around Gaza;
- The tunnel economy remains to be the main source of income for the Hamas government;
- A new political reality in Gaza – successful governance by Hamas: the ability to provide Palestinians with basic welfare system and respond to the needs of system and provide security.

“Total Collapse” foresees:

- Abbas stepping down after losing his political legitimacy;
- Fatah declares peace process failed to achieve stable conclusion – need to go back to armed resistance;
- “Oslo elite” and internal Hamas leadership (West Bank) dismiss Fayyad’s development plans;
- Collapse of economic and traditional elite in the West Bank (sharing benefits of top level elite);
- Nonfunctional PA – Fatah elements declare PA’s legal entity does not exist anymore, all Palestinians are under direct Israeli occupation;
- International groups reduce their support of PA after failure of peace process;
- Hamas declares that defeated Fatah strategy of peace is actually supporting their argument of resistance strategy – Hamas takes over so there is direction in strategy and governance;
- Unrest encompasses the entire region through war with semiformal military-organized groups from Lebanon, Syria, Iraq and Iran.

“Viable Democratic Palestine” “optimistically” foresees:

- Forces in Hamas that believe in political participation and melding Hamas in political life prefer integrations;
- International groups potentially recognizing Hamas as long as Hamas continues to participate with national forces to maintain calm, security and political stability for the sake of resuming peace process;

- Consensus – a Palestinian agenda based on top level national interests – reform, corruption ending, integrating Hamas security forces within national security forces;
- Hamas accepts establishing Palestine state within June 4th, 1967 borders.

Although Dr. Nasrallah called the “Viable Democratic Palestine” the “naive” scenario, he postulated that it could work only given both or one of two conditions: a comprehensive permanent status agreement or an interim agreement that lasts for the long-term. To this extent, Dr. Nasrallah foresees the use Fayyad’s strategy as two-fold. A permanent status agreement with Israel will be established while also continuing to build a robust set of infrastructure and bureaucracy in a viable and democratic Palestine.

Mary E. Stonaker writes for the Middle East Institute at the National University of Singapore. She may be contacted at marystonaker@nus.edu.sg.