



# The Palestinians: Background and U.S. Relations

**Jim Zanotti**

Analyst in Middle Eastern Affairs

August 30, 2011

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

RL34074

## Summary

This report provides an overview of current issues in U.S.-Palestinian relations. It also contains an overview of Palestinian society and politics and descriptions of key Palestinian individuals and groups—chiefly the Palestine Liberation Organization (PLO), the Palestinian Authority (PA), Fatah, Hamas, and the Palestinian refugee population. For more information, see the following: CRS Report RS22967, *U.S. Foreign Aid to the Palestinians*; CRS Report R41514, *Hamas: Background and Issues for Congress*; and CRS Report R40092, *Israel and the Palestinians: Prospects for a Two-State Solution*, all by Jim Zanotti.

The “Palestinian question” is important not only to Palestinians, Israelis, and their Arab state neighbors, but to many countries and non-state actors in the region and around the world—including the United States—for a variety of religious, cultural, and political reasons. U.S. policy toward the Palestinians since the advent of the Oslo process in the early 1990s has been marked by efforts to establish a Palestinian state through a negotiated two-state solution to the Israeli-Palestinian conflict; counter Palestinian terrorist groups; and establish norms of democracy, accountability, and good governance within the PA. Congressional views of the issue have reflected concern that U.S. bilateral assistance not detrimentally affect Israel’s security by falling into the hands of Palestinian rejectionists who advocate terrorism and violence against Israelis.

Among the current issues in U.S.-Palestinian relations is how to deal with the political leadership of Palestinian society, which is divided between the PA in parts of the West Bank and Hamas, a State Department-designated Foreign Terrorist Organization, in the Gaza Strip. Following Hamas’s takeover of Gaza in June 2007, the United States and the other members of the international Quartet (the European Union, the United Nations, and Russia) have sought to bolster the West Bank-based PA, led by President Mahmoud Abbas and Prime Minister Salam Fayyad.

After attempts to revive Israeli-Palestinian negotiations stalled in 2010, however, Abbas in 2011 has actively worked to obtain more widespread international recognition of Palestinian statehood and is considering having the PLO/PA petition the United Nations for full membership or at least an upgraded status. The potential ramifications of these developments, including possible U.N. Security Council and/or General Assembly votes in the fall of 2011, have contributed to a climate of regional and international uncertainty, particularly amid ongoing and widespread political change and unrest in the Arab Middle East. The United States and Israel are concerned that Palestinian recourse to international forums and methods could circumvent—and thus undermine—the U.S.-mediated negotiating process and possibly stoke populist sentiment, leading to potentially destabilizing nonviolent or violent action in the West Bank and Gaza and throughout the region.

The Gaza situation also presents a dilemma. Humanitarian and economic problems persist, but the United States, Israel, and other international actors are reluctant to do more than provide basic humanitarian assistance because of legal barriers to dealing with Hamas and/or potentially negative political and strategic consequences that might follow from any such dealings. The May 2011 power-sharing arrangement among Palestinian factions that would allow for presidential and legislative elections and reunified PA rule over Gaza and parts of the West Bank remains unimplemented. Since the signing of the Oslo Accord in 1993, Congress has committed more than \$4 billion in bilateral assistance to the Palestinians, over half of it since mid-2007—including \$800 million in direct budgetary assistance to the PA and approximately \$550 million to strengthen and reform PA security forces and the criminal justice system in the West Bank.

## Contents

Issues for Congress .....	1
2011 Developments .....	2
Palestinian Statehood—U.N. and Other International or Unilateral Action .....	2
Possible Fatah-Hamas Power Sharing .....	4
Historical Background and Palestinian Identity .....	6
Demographic and Economic Statistics .....	9
Key Issues .....	11
U.S. and International Assistance .....	11
Gaza: Hamas and the Status Quo .....	12
Terrorism and Militancy .....	14
Future Leadership and Direction of the PLO and PA .....	16
The Regional Context .....	16
Palestine Liberation Organization (PLO) .....	17
Palestinian Authority (PA) .....	18
General Profile .....	18
Prime Minister Salam Fayyad .....	20
West Bank Governance Under Israeli Occupation .....	21
Fatah and Other PLO Factions .....	23
Fatah: General Profile .....	23
Key Fatah Leaders .....	24
Mahmoud Abbas (aka “Abu Mazen”) .....	24
Marwan Barghouti .....	25
Other PLO Factions and Leaders .....	26
Non-PLO Factions .....	26
Hamas .....	26
Other Rejectionist/Terrorist Groups .....	28
Palestinian Refugees .....	29
U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) .....	30
Profile .....	30
Congressional Concerns .....	30
Economic Issues and Trends .....	31

## Figures

Figure 1. Map of Gaza Strip .....	13
Figure 2. Map of West Bank .....	22

## Tables

Table 1. Estimated Palestinian Population Worldwide .....	9
---	---

Table 2. Basic Facts for the West Bank and Gaza Strip ..... 10  
Table 3. U.S. Bilateral Assistance to the Palestinians, FY2005-FY2012 ..... 11

**Contacts**

Author Contact Information..... 33

## Issues for Congress

Congress plays a significant role in U.S. policy toward the Palestinians. It has approved expanded levels of aid (a total of more than \$2 billion) to the Palestinians since Palestinian Authority (PA) President Mahmoud Abbas appointed the politically independent technocrat Salam Fayyad as PA prime minister and dismissed Hamas from government shortly following its takeover of Gaza in 2007 (see **Table 3** for a chart of recent U.S. aid). This increased U.S. assistance supports internationally sponsored programs of PA security and economic reform and development—mainly in the West Bank—and humanitarian efforts in the Gaza Strip.

With prospects existing in 2011 for both a Fatah-Hamas power-sharing arrangement within the PA (which was announced in April 2011 but is still pending implementation) and a Palestine Liberation Organization (PLO)/PA effort to have the United Nations adopt a resolution on Palestinian statehood outside of the U.S.-mediated negotiating process with Israel expected in September 2011, some Members of Congress are questioning the continuation of U.S. budgetary, security, and/or developmental assistance to the Palestinians due to uncertainty over these possible contingencies. Both the House (H.Res. 268) and Senate (S.Res. 185) passed resolutions in the summer of 2011 questioning the continuation of U.S. aid to a PA government that includes Hamas,<sup>1</sup> and to the PA or to Palestinians in general in the event the PLO/PA seeks to circumvent negotiations with Israel through appeals to the United Nations, other international bodies or forums, and/or foreign governments for recognition of statehood or similar diplomatic support.<sup>2</sup>

Concern about the impact of these possible developments has been heightened by the political change and unrest that has spread throughout much of the Arab world in 2011. As Members and committees of Congress closely and continually gauge both (1) the potential political value of U.S. aid and (2) the direct outcomes of current U.S. assistance programs, they might consider the following:

- Long-term prospects for a negotiated two-state solution—both in the case a U.N. resolution on Palestinian statehood passes and in the case it does not.
- Prospects for Palestinian leadership and power-sharing among and within the PLO, the PA, Fatah, Hamas, and other Palestinian factions.
- The desirability and probability of holding PA presidential and legislative elections in the near future, and the potential consequences of *not* holding them.
- Progress on security, governance, rule of law, and economic development in the West Bank.

---

<sup>1</sup> H.Res. 268 passed on July 7, 2011, by a vote of 407-6, and S.Res. 185 passed on June 28, 2011, by unanimous consent. Both resolutions' ninth "resolved" clauses support "the position taken by Secretary of State Hillary Clinton on April 22, 2009, that the United States 'will not deal with or in any way fund a Palestinian government that includes Hamas unless and until Hamas has renounced violence, recognized Israel and agreed to follow the previous obligations of the Palestinian Authority.'"

<sup>2</sup> The eighth "resolved" clause in H.Res. 268 "affirms that Palestinian efforts to circumvent direct negotiations and pursue recognition of statehood prior to agreement with Israel will harm United States-Palestinian relations and will have serious implications for the United States assistance programs for the Palestinians and the Palestinians [sic] Authority." The eighth "resolved" clause in S.Res. 185 reads that the Senate would "consider restrictions on aid to the Palestinian Authority should it persist in efforts to circumvent direct negotiations by turning to the United Nations or other international bodies."

- Mutual threats posed by Hamas, other Palestinian militants, the PLO/PA, and Israel, along with options (military, political, economic) to address these threats.
- The nature of the de facto Hamas regime and its relationship in Gaza to (1) the population, (2) commerce, (3) performance of public functions, and (4) provision of humanitarian services.
- Palestinian public opinion and civil society activities (in the West Bank, the Gaza Strip, and East Jerusalem, and among the Palestinian refugee population and diaspora).
- Political currents in the United States, the Middle East, and the international community.

A more detailed discussion of issues such as (1) the role of Hamas and (2) factors to consider when evaluating U.S. assistance to the Palestinians is found throughout this report and in CRS Report RS22967, *U.S. Foreign Aid to the Palestinians*, by Jim Zanotti; CRS Report R41514, *Hamas: Background and Issues for Congress*, by Jim Zanotti; and CRS Report R40092, *Israel and the Palestinians: Prospects for a Two-State Solution*, by Jim Zanotti.

## 2011 Developments

### **Palestinian Statehood—U.N. and Other International or Unilateral Action**

Lack of progress on the peace process with Israel has led PA President Mahmoud Abbas, who also chairs the PLO, and his colleagues to consider alternative pathways toward a Palestinian state. In recent months, PLO and PA officials have actively worked to obtain more widespread international recognition of Palestinian statehood in the West Bank (including East Jerusalem) and the Gaza Strip. Over 100 countries have recognized the state of Palestine that was declared by the PLO in 1988, but none yet in the North American and Western European countries that are the PA's main financial patrons and exercise considerable political influence in the region.

Reports indicate that the PLO/PA plans to pursue a resolution in the United Nations aimed at solidifying international support for Palestinian statehood. The resolution is expected to be submitted in September 2011 and could lead to votes in both the Security Council and the General Assembly. Under one scenario, Abbas would submit an application for Palestine's full membership to the U.N. Secretary-General, and the Security Council would vote on whether to recommend membership (requiring 9 "yes" votes out of 15 and no vetoes by any of the 5 permanent U.N. Security Council members). In the unlikely event the Security Council makes a positive recommendation,<sup>3</sup> a two-thirds majority would be required in the General Assembly to admit a Palestinian state to the United Nations.

---

<sup>3</sup> Given the U.S. veto in the Security Council, and multiple statements from the Obama Administration—including the President's May 19, 2011, speech on the Middle East—opposing the use of the United Nations or other international forums or methods to compel a resolution of issues disputed by Israelis and Palestinians, most observers believe that—after all options to prevent a Security Council vote on the subject had been exhausted—the United States would veto a recommendation for a Palestinian state's admission as a full U.N. member.

Under another scenario, including in the event the PLO/PA might want to avoid a Security Council vote, an Arab state would sponsor a resolution in the General Assembly aimed at recommending the recognition of a Palestinian state based on the “1967 borders” (demarcated by the 1949-1967 armistice line—also known as the Green Line) and at changing Palestine’s permanent observer status in the United Nations from that of an “entity” to that of a “non-member state.”<sup>4</sup> Such an upgrade could make it easier for the Palestinians to bring claims and propose action in the General Assembly and related U.N. and other international agencies and courts against what many Palestinians perceive to be Israeli violations of various international laws and norms regarding the treatment of people and property in the West Bank and Gaza Strip.<sup>5</sup>

Abbas insists that he still favors a U.S.-led negotiating process under the right conditions, but continued pursuit of international support for Palestinian statehood outside of negotiations could be interpreted as Palestinian rejection of the United States as an “honest broker” and guarantor of the peace process. Some analysts warn that formal Palestinian sovereignty gained through unilateral or international means is unlikely to change Israel’s control of the situation on the ground, and might even serve Israeli interests by relieving the sense of international urgency for action on the issue.<sup>6</sup> Other analysts believe, and Abbas himself has hinted, that Palestinian sovereignty could help negotiations by bringing Israel and the Palestinians to the bargaining table on a more equal footing.<sup>7</sup> It is unclear what effects the recent unrest in Egypt and Syria and changes in global perspectives about the stability of the region as a result of the so-called “Arab Spring” will have on the PLO/PA’s continued pursuit of international recognition or the timing of any potential unilateral declaration of statehood.

It is also unclear whether these developments, taken together, might stimulate popular Palestinian protests or even large-scale violence against Israeli, PA, or Hamas authorities in the West Bank, Gaza Strip, and Jerusalem. Israeli concerns about political transition in Egypt and the transitional government’s ability to control the Sinai Peninsula that borders Israel and the Gaza Strip have grown in the wake of Palestinian terrorists’ probable use of the Sinai to access Israeli targets and repeated attacks by Egyptian groups on the natural gas pipeline that provides Israel with approximately one-third of its electricity supply.<sup>8</sup>

---

<sup>4</sup> This status would be akin to that currently held by the Holy See (Vatican City), as documented in U.N. General Assembly Resolution 58/314, available at <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N03/514/70/PDF/N0351470.pdf?OpenElement>.

<sup>5</sup> See, e.g., Al-Haq (a private Palestinian human rights organization), “Questions & Answers on Palestine’s September Initiatives at the United Nations,” July 20, 2011, available at [http://www.alhaq.org/pdfs/qa\\_July\\_2011.pdf](http://www.alhaq.org/pdfs/qa_July_2011.pdf).

<sup>6</sup> Hussein Agha and Robert Malley, “Who’s Afraid of the Palestinians?,” *New York Review of Books*, February 10, 2011.

<sup>7</sup> See Mahmoud Abbas, “The Long-Overdue Palestinian State,” *New York Times*, May 16, 2011; Yossi Alpher, “An opportunity for Israel,” *bitterlemons.org*, January 10, 2011.

<sup>8</sup> Palestinian violence and Israeli reprisals related to the rocket threat from Gaza began to escalate in March and April 2011 before subsiding, then recurred in August 2011 following a terrorist raid in southern Israel against Israeli buses, cars, and military vehicles—reportedly involving Palestinian militants from Gaza (according to many reports, from the Popular Resistance Committees) entering Israel through Egypt’s Sinai Peninsula. The August violence increased tension between Israel and Egypt because of Israeli perceptions that Egypt is not able to control its territory and border and Egyptian consternation at allegations that Israeli forces killed Egyptian soldiers while pursuing the raiding Palestinian militants back over the Egyptian border. See Jeffrey White and Ehud Yaari, “Implications of the Negev Terrorist Incident,” Washington Institute for Near East Policy, PolicyWatch #1841, August 19, 2011, available at <http://www.washingtoninstitute.org/templateC05.php?CID=3394>.

On February 18, 2011, the United States vetoed a U.N. Security Council draft resolution that would have condemned continued Israeli construction in the West Bank and some areas of Jerusalem and designated such construction as “illegal settlements.”<sup>9</sup> Arab governments and publics criticized the U.S. veto. This draft resolution was widely seen as a trial run by PLO/PA officials for a possible draft U.N. resolution on Palestinian statehood. The United Kingdom, France, and Germany supported the February draft resolution on settlements in the Security Council, and the PLO and PA are trying to gain similar support from Western European states with economic and political leverage for a resolution on statehood.

Current U.S. and international efforts to convince Israel and the PLO to return to talks based on concepts of negotiating borders and security according to the 1967 borders—articulated in President Barack Obama’s May 19, 2011, speech—reflect concerns over the possibility that the PLO/PA may use the United Nations and other international forums and diplomatic means to circumvent the U.S.-led negotiating process. Yet, President Obama’s Special Envoy for Middle East Peace, former Senator George Mitchell, resigned in May, and most observers are skeptical that the conditions for a resolution exist. These conditions—seen as unlikely—include Israeli willingness to negotiate directly with Hamas, Hamas’s willingness to renounce violence, Palestinians’ willingness to recognize Israel as a Jewish state, and both sides’ willingness to compromise conflicting positions concerning the claims of Palestinian refugees and the status of Jerusalem.

A compromise U.N. resolution that sets forth parameters for future Israeli-Palestinian negotiations but stops short of addressing the question of Palestinian statehood could prevent the United States from feeling compelled to oppose a U.N. resolution on Palestinian statehood and risk losing significant goodwill among the Palestinian people. On the other hand, such a compromise resolution, if perceived by Palestinians as U.S.- or Israeli-engineered coercion of PLO/PA leadership, could lead to an even more negative Palestinian popular reaction than U.S. opposition to a statehood resolution.

## **Possible Fatah-Hamas Power Sharing**

Largely to present a united Palestinian front to bolster efforts to increase international recognition of Palestinian statehood through action at the United Nations and otherwise, Abbas’s Fatah movement and Hamas signed a power-sharing agreement on May 4 that envisions an interim Palestinian Authority (PA) government of non-aligned “technocrats” for a year until presidential and legislative elections can permanently bridge the West Bank/Gaza Strip divide that has persisted since 2007. The agreement is vague on most points, which has prompted vigorous debate about its implementation, especially with regard to security and counterterrorism. It is unclear to what extent Fatah and Hamas are waiting for the ramifications of the possible U.N. action in September 2011 before deciding on their commitment to a power-sharing arrangement and to elections.

Residents of the Gaza Strip and, to a lesser extent, the West Bank had publicly protested in favor of Palestinian unity. Whether the possible benefits to Palestinians of fully implementing a power-sharing deal can persuade Fatah and Hamas to overcome their deep differences and distrust of one another, along with their reluctance to risk their respective power bases and claims to legitimacy,

---

<sup>9</sup> “Security Council Fails to Adopt Text Demanding that Israel Halt Settlements,” SC/10178, available online at <http://www.un.org/News/Press/docs/2011/sc10178.doc.htm>.



is unclear, as is whether any such deal might meet the conditions of the United States and other members of the international Quartet (European Union, United Nations, Russia) regarding international dealings with and aid to a Palestinian entity that includes Hamas in some manner.<sup>10</sup> Concerns about potential Hamas involvement in a PA government without sufficient acknowledgment of Israel's right to exist or its legitimate security needs has led some officials in Israel and the United States to propose suspending or terminating transfer payments or aid to the PA if such potential Hamas involvement materializes. Fatah-Hamas disagreement over the possible continuation of Salam Fayyad as PA prime minister (Fatah supports it, Hamas opposes it) has delayed the formation of a power-sharing government and caused some observers to doubt its likelihood.

Egypt's transitional government brokered the Fatah-Hamas agreement based on terms the Mubarak government had initially proposed in 2009 but had been rejected by Hamas. Some explanations that could at least partly explain Hamas's willingness to accept very similar terms in 2011 are

- Egypt's offer to open its Gaza border crossing at Rafah to unlimited passage for persons with visas;
- Hamas's concern that the safe haven for its political leadership in Syria could be endangered by the ongoing popular uprising against the regime of President Bashar al Asad; and
- Hamas's perception that political developments—including the so-called “Arab Spring,” the loosening of restrictions on political participation for Egypt's Muslim Brotherhood, and continuing stalemate in the Israeli-Palestinian peace process—could redound to its benefit vis-à-vis Israel and Fatah.

It is possible that even following the May 2011 power-sharing agreement, both factions remain content to preserve the status quo, with each hoping that developments—such as a possible U.N. resolution on Palestinian statehood and its domestic and international reception—will strengthen its legitimacy and popularity vis-à-vis the other. Polls generally seem to indicate an advantage for Abbas and Fatah,<sup>11</sup> but most polls failed to forecast Hamas's victory in 2006. Abbas still appears to hope that the Obama Administration and other international actors will help him show progress to Palestinians on the PA's West Bank reform, security, and development goals and, perhaps more importantly, on finding a realistic, peaceful pathway to a Palestinian state.

Hamas, on the other hand, might believe that time will show Palestinians that little is to be gained through reliance on the West or through preserving the option for talks with Israel, particularly under current Prime Minister Binyamin Netanyahu. Hamas argues that Abbas's peaceful engagement plays into the hands of an Israel that seeks to weaken the Palestinians by sowing division through the false hope of a future state. By making the case to Palestinians that it would not be a pushover for Israel, while simultaneously encouraging the post-Gaza-conflict sentiment

---

<sup>10</sup> Those conditions are that Hamas members of a Palestinian power-sharing government (1) recognize Israel's right to exist, (2) renounce violence, and (3) accept previous Israeli-Palestinian agreements. For additional information on legal conditions on U.S. aid to a PA power-sharing government, see CRS Report RS22967, *U.S. Foreign Aid to the Palestinians*, by Jim Zanotti.

<sup>11</sup> Major surveyors of Palestinian public opinion include the Palestinian Center for Policy and Survey Research (<http://www.pcpsr.org/>) and Arab World for Research and Development (<http://www.awrad.org/>).

among some in the West (Europe especially<sup>12</sup>) and Muslim-majority states that it might be an indispensable and a rational actor,<sup>13</sup> Hamas could argue that it should at least share (if not inherit) the mantle of Palestinian leadership. Reportedly, its leaders covet the prospect of becoming a member of and potentially supplanting Fatah as the dominant faction in the PLO.<sup>14</sup>

Reluctance by Abbas to share power with Hamas may be explained by regional trends signaling the possible political ascendancy of nationalist movements featuring Islamist elements at the expense of those featuring secular and/or pan-Arab elements. Some have theorized that these trends are likely to lead to the decline of Abbas's secular Fatah movement—and, along with it, the official PLO position of peaceful engagement with Israel—and to the continuing rise of Hamas and other Islamists. Some, including Khaled Meshaal (chief of Hamas's political bureau), assert that secular nationalism is a passing phase nestled within a broader era of Islamist renewal—stating that the historical narrative locating the rise of Palestinian nationalism within secular politics overlooks that many of the first generation of self-consciously Palestinian leaders began their political careers within the Muslim Brotherhood.<sup>15</sup> Others contest that reference to such trends is too simplistic and does not sufficiently account for the many variables (actors, events, ideas) that influence Palestinian politics. Lack of Fatah-Hamas accommodation could fuel further cultural and political separation between Palestinians in the West Bank and in Gaza.<sup>16</sup>

## Historical Background and Palestinian Identity

The Palestinians are Arabs who live in the geographical area that constitutes present-day Israel, the West Bank, and the Gaza Strip, or who have historical and/or cultural ties to that area. Historians have noted that the concept of Palestinian national identity is a relatively recent phenomenon and in large part grew from the challenge posed by increased Jewish migration to the region during the eras of Ottoman and British control in the first half of the 20<sup>th</sup> century.<sup>17</sup> Palestinian identity emerged during the British Mandate period, began to crystallize with the 1947 United Nations partition plan (General Assembly Resolution 181), and grew stronger following Israel's conquest of the West Bank and Gaza Strip in 1967. Although in 1947 the United Nations intended to create two states in Palestine—one Jewish and one Arab—only the Jewish state came into being. Varying explanations for the failure to found an Arab state alongside a Jewish state in mandatory Palestine place blame on the British, the Zionists, neighboring Arab states, the Palestinians themselves, or some combination of these groups.

---

<sup>12</sup> Legislators from various EU countries have met publicly with Hamas politburo chief Khaled Meshaal and other Hamas leaders, and Hamas representatives claim that high-ranking European officials—including ambassadors—are talking regularly to them. See Andrew Rettman, "EU Countries Practice 'Secret' Diplomacy, Hamas Says," *euobserver.com*, September 14, 2009.

<sup>13</sup> See, e.g., Taghreed El-Khodary and Ethan Bronner, "Addressing U.S., Hamas Says It Grounded Rockets," *New York Times*, May 4, 2009.

<sup>14</sup> For more information, see CRS Report R41514, *Hamas: Background and Issues for Congress*, by Jim Zanotti.

<sup>15</sup> Paul McGeough, *Kill Khalid: Mossad's Failed Hit ... and the Rise of Hamas*, Crows Nest, Australia: Allen & Unwin, 2009, p. 53, quoting Meshaal as saying, "We're the root; Fatah is a mere branch."

<sup>16</sup> This separation may be partially explained by the lack of a territorial link between the two Palestinian territories, and partially explained by geography and recent history linking the Gaza Strip with Egypt and the West Bank with Jordan. For further information on the Gaza/West Bank divide and on the territories' respective ties with Egypt and Jordan, see CRS Report R40092, *Israel and the Palestinians: Prospects for a Two-State Solution*, by Jim Zanotti.

<sup>17</sup> See Rashid Khalidi, *Palestinian Identity: The Construction of Modern National Consciousness*, New York: Columbia Univ. Press, 1997.

As the state of Israel won its independence in 1947-1949, roughly 700,000 Palestinians were driven or fled from their homes, an occurrence Palestinians call the *nakba* (“catastrophe”). Many from the diaspora ended up in neighboring states (Egypt, Syria, Lebanon, and Jordan) or in Gulf states such as Kuwait. Palestinians remaining in Israel became Israeli citizens. Those who were in the West Bank (including East Jerusalem) and Gaza were subject to Jordanian and Egyptian administration, respectively. With their population in disarray, and no clear hierarchical structure or polity to govern their affairs, Palestinians’ interests were largely represented by Arab states (during the high-water mark of pan-Arab, Nasserite sentiment) with conflicting internal and external interests.

1967 was a watershed year for the Palestinians. In the June Six-Day War, Israel decisively defeated the Arab states who had styled themselves as the Palestinians’ protectors, seizing East Jerusalem, the West Bank, and the Gaza Strip (as well as the Sinai Peninsula from Egypt and the Golan Heights from Syria). Thus, Israel gained control over the entire area that constituted Palestine under the British Mandate. Israel’s territorial gains provided buffer zones between Israel’s main Jewish population centers and its traditional Arab state antagonists. These buffer zones remain an important part of the Israeli strategic calculus to this day.

Although Israel ultimately annexed only East Jerusalem (as well as the Golan Heights), leaving the West Bank and Gaza under military occupation, Israel and the occupied Palestinian territories became increasingly economically interdependent, and Israel presided over the settlement of thousands of Jewish civilians in both territories (although many more in the West Bank than Gaza)—particularly when the Likud Party, with its vision of a “Greater Israel” extending from the Mediterranean Sea to the Jordan River, took power in 1977. This presented some economic and cultural opportunities for Palestinians, but also new challenges to their identity, property rights, civil liberties, morale, political cohesion, and territorial contiguity that persist to this day and have since intensified.

With the Arab states’ humiliation in 1967, and Israeli rule and settlement of the West Bank and Gaza, space was opened for the Palestine Liberation Organization (PLO) to emerge as the representative of Palestinian national aspirations. Founded in 1964 as an umbrella organization of Palestinian factions and militias in exile under the aegis of the League of Arab States, the PLO asserted its own identity after the Six-Day War by waging a war of attrition against Israel from Jordanian territory. Yasser Arafat and his Fatah movement gained leadership of the PLO in 1969, and the PLO subsequently achieved international prominence on behalf of the Palestinian national cause—representing both the refugees and those subjected to Israeli rule in occupied territories—although often this prominence came infamously from Palestinian acts of terrorism and militancy.

Although Jordan forced the PLO to relocate to Lebanon in the early 1970s, and Israel forced it to move from Lebanon to Tunisia in 1982, the organization and its cause survived. In 1987, Palestinians inside the West Bank and Gaza rose up in opposition to Israeli occupation (the first *intifada*, or uprising), leading to increased international attention and sympathy for the Palestinians’ situation. In December 1988, as the *intifada* continued, Arafat initiated dialogue with the United States by renouncing violence, promising to recognize Israel’s right to exist, and accepting the “land-for-peace” principle embodied in U.N. Security Council Resolution 242.<sup>18</sup>

---

<sup>18</sup> UNSCR 242, adopted in 1967 shortly after the Six-Day War, calls for a “just and lasting peace in the Middle East” based on (1) “Withdrawal of Israeli armed forces from territories occupied in the [1967 Six-Day War]” and (2) “Termination of all claims or states of belligerency and respect for and acknowledgement of the sovereignty, territorial integrity and political independence of every State in the area and their right to live in peace within secure and (continued...)”

Many analysts believe that Arafat's turn to diplomacy with the United States and Israel was at least partly motivated by concerns that if the PLO's leadership could not be repatriated from exile, its legitimacy with Palestinians might be overtaken by local leaders of the intifada in the West Bank and Gaza (which included Hamas). These concerns intensified when Arafat lost much of his Arab state support following his support for Saddam Hussein's 1990 invasion of Kuwait (which was later reversed by a U.S.-led coalition in the 1991 Gulf War).

After direct secret diplomacy with Israel brokered by Norway, the PLO recognized Israel's right to exist in 1993, and through a succession of agreements (known as the "Oslo Accords"), gained limited self-rule for Palestinians in Gaza and parts of the West Bank—complete with democratic mechanisms; security forces; and executive, legislative, and judicial organs of governance. The Oslo Accords were gradually and partially implemented during the 1990s, but the expectation that they would lead to a final-status peace agreement establishing a Palestinian state has not been realized. Many factors—including violence, leadership changes and shortcomings, rejectionist movements with sizeable popular followings (particularly Hamas on the Palestinian side), continued Israeli occupation or control, expanded Israeli settlement of the West Bank and East Jerusalem, and international involvement—have contributed to the failure. The limited self-rule regime of the Palestinian Authority (PA) was undermined by Hamas's takeover of Gaza in 2007, lending further confusion to questions regarding Palestinian leadership, territorial contiguity, and prospects for statehood. Along with the Palestinians of Israel, the West Bank, Gaza, and East Jerusalem (which include approximately 2 million refugees), approximately 2.8 million Palestinian refugees outside these territories, in addition to a wider diaspora, await a permanent resolution of their situation.

Today, the public's desire to establish a state of its own on at least some portion of historic Palestine is the dominant political issue among Palestinians. How that state should be established and its nature, however, continue to divide Palestinian society. Fatah and Hamas are the largest political movements and reflect the two basic cleavages in Palestinian society: (1) between those who seek to establish a Palestinian state by nonviolent means—negotiations, international diplomacy, civil disobedience—and those who insist on maintaining violence as an option; and (2) between those who favor a secular model of governance and those who seek a society governed more by Islamic norms.

Many Palestinians now perceive U.S. policy to reflect a pro-Israel bias and a lack of sensitivity to PA President/PLO Chairman Mahmoud Abbas's domestic political concerns vis-à-vis Hamas and other rivals. This perception has been amplified by U.S. efforts to prioritize the resumption of Israeli-Palestinian final-status negotiations over a full settlement freeze and a unwelcoming U.S. response to Palestinian attempts to have United Nations bodies censure Israel for settlement activity and other actions.

The "Palestinian question" is important not only to Palestinians, Israelis, and their Arab state neighbors, but to many countries and non-state actors in the region and around the world—including the United States—for a variety of religious, cultural, and political reasons. Over the past 60-plus years, the issue has been one of the most provocative in the international arena. Al Qaeda and its affiliates, Iran, and others seeking to garner support for and/or mobilize Arab and

---

(...continued)

recognized boundaries free from threats or acts of force." See text at <http://www.mfa.gov.il/MFA/Peace%20Process/Guide%20to%20the%20Peace%20Process/UN%20Security%20Council%20Resolution%20242>.

Muslim sentiment against the United States, Israel, and/or other Western nations routinely use the Palestinian cause as a touchstone for their stances and grievances. Analysts often debate whether the Palestinian question is truly central to the region's and world's problems, and whether it is more often than not used by actors as a pretext to deflect attention from matters more central to their interests.

## Demographic and Economic Statistics

There are an estimated 4.1 million Palestinians living in the West Bank, Gaza Strip, and East Jerusalem (2.5 million in the West Bank and East Jerusalem, and 1.6 million in Gaza).<sup>19</sup> Of these, approximately 2 million are refugees (in their own right or as descendants of the original refugees) from the 1947-1949 Arab-Israeli war. (In addition, approximately 450,000 Jewish Israeli citizens live in the West Bank and East Jerusalem.) Another some 2.8 million Palestinians live as refugees in Jordan, Lebanon, and Syria, in addition to non-refugees living in these states and elsewhere around the world.

**Table I. Estimated Palestinian Population Worldwide**

Country or Region	Population
West Bank, Gaza Strip, and East Jerusalem	4,100,000
Israel	1,300,000
Arab states	4,800,000
Other states	625,000
<b>Total</b>	<b>10,825,000</b>

**Source:** Palestinian Central Bureau of Statistics, 2010.

West Bank Palestinians generally are wealthier, better educated, and more secular than their Gazan counterparts. The Palestinian population in the territories has one of the highest growth rates in the world and is disproportionately young. According to the Palestinian Central Bureau of Statistics, 41% of the Palestinians in the territories as of 2010 were less than 15 years old. The youth bulge ensures that the population growth rate will remain high even as fertility rates decline. Possible implications were summarized thusly in a March 2009 Brookings Institution report:

If young people are engaged in productive roles, the Palestinian youth bulge can be a positive factor in economic development. Human capital is the main comparative advantage that Palestinian Territories have over naturally resource-rich countries in the Middle East. Yet, as in any economy, a large cohort of young Palestinians will continue to exert pressure on the education system and labor markets.<sup>20</sup>

<sup>19</sup> See Central Intelligence Agency, *The World Factbook*: "West Bank" and "Gaza Strip," available at [https://www.cia.gov/library/publications/the-world-factbook/wfbExt/region\\_mde.html](https://www.cia.gov/library/publications/the-world-factbook/wfbExt/region_mde.html). According to the Palestinian Central Bureau of Statistics as of 2010, an additional 1.3 million Palestinians live inside Israel proper as Arab citizens of Israel.

<sup>20</sup> Nawtej Dhillon, "Beyond Reconstruction: What Lies Ahead for Young Palestinians," Brookings Institution, March 2009, available at [http://www.brookings.edu/opinions/2009/0310\\_west\\_bank\\_gaza\\_dhillon.aspx](http://www.brookings.edu/opinions/2009/0310_west_bank_gaza_dhillon.aspx).

Palestinians are well educated relative to other Arab countries with an adult literacy rate of 94% and 75% of school-age children enrolled in school. (Jordan, by comparison, has a 92% adult literacy rate and a 99% enrollment rate, while Egypt has a 66% adult literacy rate and an 94% enrollment rate.)<sup>21</sup> The Palestinian population is 98% Sunni Muslim; just under 2% are Christians of various denominations.

**Table 2. Basic Facts for the West Bank and Gaza Strip**

<b>Statistic</b>	<b>West Bank</b>	<b>Gaza Strip</b>	<b>Combined</b>
Population (2010 est.)	2,500,000	1,600,000	4,100,000
Refugees (2011 est.)	690,000	1,100,000	1,790,000
Median age (2011 est.)	21.3	17.7	-
Population growth rate (2011 est.)	2.1%	3.2%	-
GDP growth rate (2010 est.)	-	-	9.3%
GDP per capita (purchasing power parity) (2008 est.)		-	\$2,900
Unemployment rate (2010 est.)	17.2%	37.8%	23.7%
Inflation rate (2010 est.)	-	-	3.5%
Population below poverty line	16% (2009 est.)	33% (2009 est.)	-
Exports (2009 est.)	\$518 mil	-	-
Export commodities	olives, fruit, vegetables, limestone	citrus, flowers, textiles	-
Export partners (2008 est.)	-	-	Israel 88.9%, Arab states 6.8%, Europe 3.5%
Imports (2009 est.)	-	-	\$3.6 bil
Import commodities	food, consumer goods, construction materials	food, consumer goods, construction materials	-
Import partners (2009 est.)	-	-	Israel 73.6%, Europe 9.6%, Arab states 2.5%

**Sources:** Central Intelligence Agency, Palestinian Central Bureau of Statistics, World Bank, *Economist Intelligence Unit*, UNRWA.

**Notes:** Figures exclude Israeli settlers.

<sup>21</sup> UNICEF data, <http://www.unicef.org/infobycountry/northafrica.html>.

## Key Issues

### U.S. and International Assistance

The PA's dependence on foreign assistance is acute—largely a result of the distortion of the West Bank/Gaza economy in the 40 years since Israeli occupation began and of the bloat of the PA's payroll since its inception 15 years ago. Facing a regular annual budget deficit of over \$1 billion, PA Prime Minister Salam Fayyad spends much of his time seeking aid from the United States and other international sources. Absent major structural changes in revenue and expenses, which do not appear likely in the near term despite robust economic growth projections, this dependence will likely continue.

Since the installation of Salam Fayyad as prime minister in mid-2007, the PA has committed itself to reforming PA institutions across the board. The United States has appropriated or reprogrammed over \$2 billion since 2007 in support of these programs, including \$800 million for direct budgetary assistance to the PA and nearly \$550 million (toward training, non-lethal equipment, infrastructure, strategic planning, and administration) for strengthening and reforming PA security forces and criminal justice systems in the West Bank. The remainder is for USAID-administered programs implemented by non-governmental organizations in humanitarian assistance, economic development, democratic reform, improving water access and other infrastructure, health care, education, and vocational training.

**Table 3. U.S. Bilateral Assistance to the Palestinians, FY2005-FY2012**  
(regular and supplemental appropriations; current year \$ in millions)

Account	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012 <sup>a</sup>
ESF	224.4	148.5	50.0	389.5	776.0	400.4	400.4	400.4
P.L. 480 Title II (Food Aid)	6.0	4.4	19.488	-	20.715	-	-	-
INCLE <sup>b</sup>	-	-	-	25.0	184.0	100.0	150.0	113.0
<b>Total</b>	<b>230.4</b>	<b>153.243</b>	<b>69.488</b>	<b>414.5</b>	<b>980.715</b>	<b>500.4</b>	<b>550.4</b>	<b>513.4</b>

**Sources:** U.S. State Department, USAID.

**Notes:** All amounts are approximate; for purposes of this table and this report, “bilateral assistance” does not include U.S. contributions to UNRWA or other international organizations from the Migration and Refugee Assistance (MRA) or Emergency Refugee and Migration Assistance (ERMA) accounts, regardless of how the term is defined in legislation.

- a. Amounts stated for FY2012 have been requested but not yet appropriated.
- b. INCLE stands for International Narcotics Control and Law Enforcement. INCLE figures do not include \$86.362 million of FY2006 ESF funds reprogrammed into the INCLE account by President Bush in January 2007.

Security and criminal justice assistance and reform receive a great deal of political attention, both because of their linkage with prospects for diplomatic progress, and because of the sensitivities they inevitably raise given the often conflicting priorities they address. These include (1) Israeli determination to neutralize terrorist threats; (2) Palestinian uncertainty over whether a strong national force should be more intent on (a) helping end Israeli occupation or (b) countering

factional militias (such as Hamas's); and (3) international insistence on the criminal justice system's legality, transparency, and respect for human rights norms. Various three-star generals have served as the U.S. Security Coordinator for Israel and the Palestinian Authority (USSC) since 2005 with a multi-national staff of Americans, Canadians, Britons, and Turks based in Jerusalem and Ramallah. Funding for the American USSC staff members and for security assistance activities in Jordan and the West Bank comes from the State Department's Bureau of International Narcotics and Law Enforcement Affairs (commonly known as the INL Bureau). INL also funds small projects in the PA criminal justice sector.

The effectiveness of U.S. assistance is challenged, logistically and strategically, not only by the Israelis, the PLO, the PA, Fatah, Hamas, and their shifting and often conflicting interests, but also by the U.S. interagency process and by the need to coordinate activities and assistance with European states, Arab states, Russia, Japan, Canada and Turkey, among others; and with international organizations and coordinating mechanisms such as the European Union, United Nations,<sup>22</sup> World Bank, the Office of the Quartet Representative, and the Ad Hoc Liaison Committee,<sup>23</sup> among others. Ensuring that international assistance complements U.S. objectives can be difficult or even untenable depending on the circumstances.

## **Gaza: Hamas and the Status Quo**

Following the December 2008-January 2009 conflict in Gaza (code-named "Operation Cast Lead" by Israel), very little reconstruction has taken place. For most of the time since Hamas's forcible takeover of the Gaza Strip in June 2007,<sup>24</sup> most of Gaza's border crossings have been closed to everything but a minimum of goods deemed necessary to meet basic humanitarian needs. This is ostensibly to deny Hamas materials to reconstitute its military capabilities, but it also prevents progress toward reinstating pre-2007 living and working conditions—raising concerns for the future. In many respects, the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and other international organizations and non-governmental organizations take care of the day-to-day humanitarian needs of many of Gaza's 1.6 million residents.

The militant Islamist group Hamas emerged from the 2008-2009 conflict still in control of Gaza. It has bypassed the border closure regime to some extent by encouraging and facilitating the expansion of a network of smuggling tunnels leading into Gaza from Egypt's Sinai Peninsula. Since the conflict's end, Hamas has generally adhered to and enforced a de facto cease-fire with Israel. The quiet has allowed Hamas to rearm through Gaza's smuggling network—with much of its money, weapons, and other supplies reportedly originating in Iran.<sup>25</sup> Israeli officials are

---

<sup>22</sup> Over the years, U.N. organs have set up a number of bodies or offices, as well as five U.N. peacekeeping operations, which had mandates or functions directly related to Palestine or the Arab-Israeli dispute.

<sup>23</sup> The Ad Hoc Liaison Committee is a coordinating mechanism for Israel, the PA, and all major international actors providing assistance to the Palestinians that was established in the mid-1990s to facilitate reform and development in the West Bank and Gaza in connection with the Oslo process. Norway permanently chairs the committee, which meets periodically in various international venues and is divided into sectors with their own heads for discrete issue areas such as economic development, security and justice, and civil society.

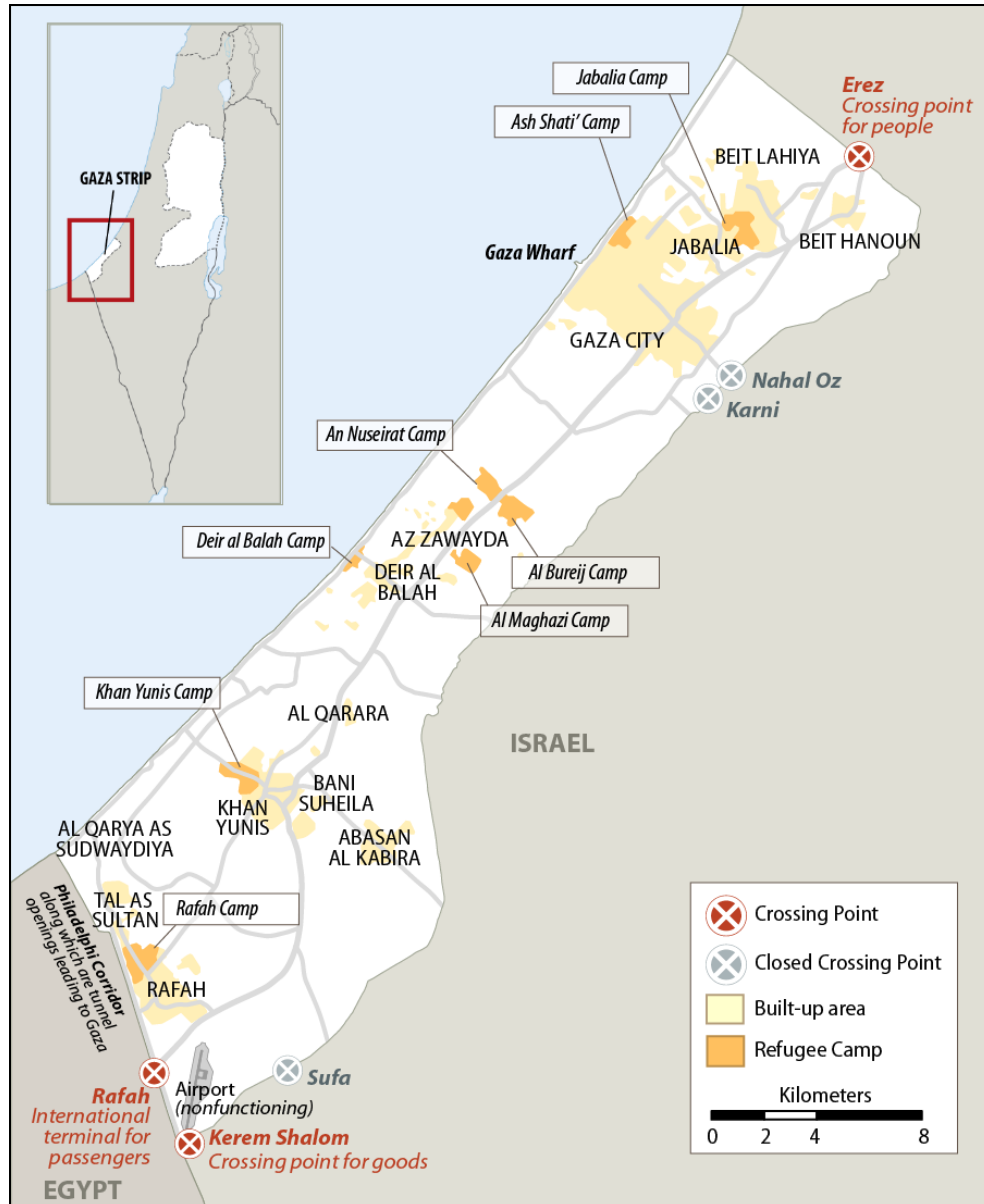
<sup>24</sup> In November 2005, Israel and the PA signed an Agreement on Movement and Access, featuring U.S. and EU participation in the travel and commerce regime that was suppose to emerge post-Gaza disengagement, but this agreement was never fully implemented. In September 2007, three months after Hamas's takeover of Gaza, the closure regime was further formalized when Israel declared Gaza to be a "hostile entity."

<sup>25</sup> However, *Reuters* reported in August 2011 that Iran may have stopped funding Hamas—at least temporarily—in the (continued...)



concerned that Hamas’s rockets might be increasing in range to where they endanger the outskirts of Tel Aviv and other major Israeli population centers.<sup>26</sup>

Figure 1. Map of Gaza Strip



**Source:** U.N. Office for the Coordination of Humanitarian Affairs and UNOSAT, with additional data from UNRWA; adapted by CRS.

(...continued)

summer of 2011—possibly causing budgetary problems for Hamas in Gaza—because of Hamas’s supposed unwillingness to proactively rally support for Iran’s Syrian ally Bashar al Asad and his regime. Nidal al-Mughrabi, “Foreign Funds for Hamas Hit by Syria Unrest-Diplomats,” *Reuters*, August 21, 2011.

<sup>26</sup> For further information and a rocket range map, see CRS Report R41514, *Hamas: Background and Issues for Congress*, by Jim Zanotti.

Hamas's control of Gaza presents a conundrum for the PA, Israel, and the international community. No one has figured out how to assist Gaza's population without bolstering Hamas, and thus aside from humanitarian assistance, the issue has been largely ignored, despite aspirational pledges otherwise.<sup>27</sup> Political pressure resulting from demands raised by Turkey in the wake of the so-called Gaza flotilla incident in May 2010—in which nine Turkish citizens were killed in an Israeli commando raid on the private ship *Mavi Marmara* in international waters that took place because of concerns that the *Mavi Marmara* would otherwise have broken the Israeli naval blockade on Gaza—has contributed to partial Israeli relaxation of prior restrictions on the volume and type of items allowed to be imported into Gaza.

Breaking the political deadlock on Gaza could include one or more of the following: (1) actually implementing a political reunification of Gaza with the West Bank under a Palestinian factional power-sharing arrangement, (2) a general opening of Gaza's borders, (3) a formal Hamas-Israel cease-fire, and (4) a prisoner exchange deal involving captured Israeli soldier Gilad Shalit. There are concerns that if the status quo holds, the massive unemployment and dispiriting living conditions that have persisted and at points worsened since Israel's withdrawal in 2005 could contribute to further radicalization of the population, decreasing prospects for peace with Israel and for Palestinian unity and increasing the potential for future violence. It is unclear if the new Egyptian government's policy regarding freer access for properly documented passengers in and out of Gaza through the Rafah crossing will prefigure serious change to the overall border closure regime.

## **Terrorism and Militancy**

Along with Hamas, six other Palestinian groups have been designated Foreign Terrorist Organizations (FTOs) by the State Department: Abu Nidal Organization, Al Aqsa Martyrs' Brigades, Palestine Liberation Front, Palestinian Islamic Jihad, Popular Front for the Liberation of Palestine, and Popular Front for the Liberation of Palestine-General Command. Most Palestinian militant groups claim that they are opposed to peace with Israel on principle, but some—such as the Fatah-affiliated Al Aqsa Martyrs' Brigades—view militancy and terror as tactics that can be used to improve the Palestinians' negotiating position. Since Oslo, these groups have engaged in a variety of methods of violence, killing approximately 1,350 Israelis (over 900 civilians—including Jewish settlers in the Palestinian territories—and 450 security force personnel).<sup>28</sup> Palestinians who insist that they are engaging in asymmetric warfare with a stronger enemy point to the approximately 7,000 deaths inflicted on Palestinians by Israelis during the same period,<sup>29</sup> some through acts of terrorism aimed at civilians.<sup>30</sup>

---

<sup>27</sup> See, e.g., *Failing Gaza: No Rebuilding, No Recovery, No More Excuses (A Report One Year after Operation Cast Lead)*, Amnesty International UK, et al., December 2009, available at [http://www.amnesty.org.uk/uploads/documents/doc\\_20012.pdf](http://www.amnesty.org.uk/uploads/documents/doc_20012.pdf).

<sup>28</sup> Statistics culled from B'Tselem (The Israeli Information Center for Human Rights in the Occupied Territories) website at <http://www.btselem.org/english/Statistics/Casualties.asp> and [http://www.btselem.org/English/Statistics/First\\_Intifada\\_Tables.asp](http://www.btselem.org/English/Statistics/First_Intifada_Tables.asp).

<sup>29</sup> Ibid.

<sup>30</sup> The most prominent attack by an Israeli against Palestinians was the killing of at least 29 Palestinians (and possibly between 10 to 23 more) and the wounding of about 150 more by Israeli settler Baruch Goldstein (a Brooklyn-born former military doctor) at the Ibrahim Mosque (Mosque of Abraham) in the Cave of the Patriarchs in Hebron on February 25, 1994 (the Jewish holy day of Purim) while the victims were at prayer. See George J. Church, "When Fury Rules," *Time*, March 7, 1994. This incident has been cited by many analysts as a provocation for the Palestinian suicide bombing campaign that followed.

Although damage is difficult to measure qualitatively, suicide bombings have constituted a fearsome means of attack, claiming approximately 700 Israeli lives (mostly civilians within Israel proper).<sup>31</sup> After peaking during the second intifada years of 2001-2003, suicide bombings have largely ceased (two occurrences and four deaths since early 2006). Many attribute the drop-off to enhanced Israeli security measures—the withdrawal from Gaza and general closure of its borders, the West Bank separation barrier and tightening of border checkpoints—but Hamas’s entry into a position of responsibility and political power, the strengthening of PA security forces in the West Bank, and general Palestinian exhaustion with violence have been posited as contributing factors as well. Some analysts believe that militant West Bank organizations and cells are dormant, not extinct,<sup>32</sup> and Israeli officials claim that they continue to foil plots aimed at striking within Israel proper.

Isolated attacks still occur within Israel, often perpetrated by Palestinians using small arms or vehicles as weapons. Militants also stage attacks and attempt to capture Israeli soldiers at or near Gaza border crossings. Antipathy between Jewish settlers and Palestinian residents in the West Bank leads to occasional attacks on both sides—particularly in Hebron and in the northern West Bank near Nablus.

The most pronounced trend since Israel’s disengagement from Gaza in 2005 has been an increased firing of rockets and mortars from the territory Hamas now controls. Tunnels leading from Egypt’s Sinai Peninsula into Gaza allow militants to smuggle raw materials used to make crude, short-range explosives (commonly known as “Qassam rockets”), as well as 122mm Grad-style rockets (thought to come from Iran) that have ranges of at least 40 kilometers. The approximately 9,000 rockets, mortars, and anti-tank missiles fired by Palestinians since 2001 have killed at least 30 Israelis and wounded hundreds.<sup>33</sup> The persistent threat of rocket fire has had a broader negative psychological effect on Israelis living in targeted communities.<sup>34</sup> Because rockets are fired indiscriminately without regard for avoiding these communities, most neutral observers view this as tantamount to intentional targeting of civilians.

Israel has developed the “Iron Dome” missile defense system, and is co-developing the “David’s Sling” (aka “Magic Wand”) system with the United States, in response to the rocket threat.<sup>35</sup> Israel deployed Iron Dome for the first time in 2011 and it has reportedly intercepted a high percentage of rockets heading for Israeli population centers such as Ashkelon and Beersheba.<sup>36</sup> Israel also is seeking U.S. and international help to slow or stop the Gaza smuggling network, out of concern that Palestinian militants might soon acquire longer-range rockets and precision

---

<sup>31</sup> Suicide bombing figures culled from Israel Ministry of Foreign Affairs website at <http://www.mfa.gov.il/MFA/Terrorism-+Obstacle+to+Peace/Palestinian+terror+before+2000/Suicide%20and%20Other%20Bombing%20Attacks%20in%20Israel%20Since>.

<sup>32</sup> Matthew Levitt, “Hamas’s Ideological Crisis,” *Current Trends in Islamist Ideology* (Hudson Institute), November 6, 2009, available at <http://www.currenttrends.org/research/detail/hamass-ideological-crisis>.

<sup>33</sup> Figures as of January 2009 were provided in “Q&A: Gaza conflict,” *BBC News*, January 18, 2009, available at [http://news.bbc.co.uk/2/hi/middle\\_east/7818022.stm](http://news.bbc.co.uk/2/hi/middle_east/7818022.stm). Since then, projectiles from Gaza have killed at least two additional Israelis.

<sup>34</sup> Toni O’Loughlin and Hazem Balousha, “News: Air Strikes on Gaza,” *The Observer* (UK), December 28, 2008; David Isby, “Effective Anti-Qassam Defence Could Be More Than Six Years Away,” *Jane’s Missiles and Rockets*, January 1, 2007.

<sup>35</sup> For more information on these two systems and U.S. contributions to both, see CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp.

<sup>36</sup> Ori Lewis, “Israel lauds success of Iron Dome missile interceptor,” *Reuters*, August 22, 2011.

targeting capabilities that would increase the danger to larger population centers such as Tel Aviv. The possibility that a far more dangerous rocket threat could emerge in the West Bank underlies Israeli reluctance to consider withdrawal without copious security guarantees. The possibility also exists of a coordinated or simultaneous rocket attack by Palestinian militants from Gaza and by the militant Lebanese Shiite group Hezbollah.

## **Future Leadership and Direction of the PLO and PA**

The future of Palestinian leadership is in question because PA President Mahmoud Abbas has said that he will not stand for reelection. The possibility of a leadership crisis or even the complete dissolution of the PA if President Abbas steps down, combined with the lack of a clear successor, has led many to speculate about who or what might replace him, and about the consequences for stability within the West Bank. The International Foundation for Electoral Systems (IFES) reported in December 2009 that Abbas confirmed that he would remain in office until a successor is elected.<sup>37</sup> Later that month, the PLO's Central Council extended Abbas's term and that of the Palestinian Legislative Council (PLC) indefinitely until elections can be held.

## **The Regional Context**

Without sovereignty or a self-sufficient economy, Palestinians' fortunes depend to a large degree on the policies of other countries and international organizations with influence in the surrounding region. Almost every aspect of Palestinian existence has some connection with Israel given its occupation of the West Bank and East Jerusalem and its large measure of control over borders, resources, and trade in both the West Bank and Gaza. U.S. priorities continue to shape the framework within which Israeli-Palestinian issues are treated. Some observers believe that the Israeli-Palestinian conflict commands less U.S. attention than it deserves because issues in Afghanistan, Pakistan, Iraq, and Iran distract attention from it. Others suggest that U.S. involvement with and support to the Palestinians, particularly since Yasser Arafat's death in 2004, demonstrates that the United States does accord the conflict priority status despite the many other existing global concerns.

Arab states (especially Gulf states) provided large amounts of aid to the PA in 2006-2007 after the United States and European Union withdrew their aid in the wake of Hamas's legislative victory,<sup>38</sup> but following the reinstatement of U.S. and EU aid in mid-2007 (upon Hamas's dismissal from the PA government following its takeover of the Gaza Strip), most of them reduced contributions.<sup>39</sup> Routinely, they make generous pledges of aid to the Palestinians, but often fulfill them only in part and after significant delay. Their reluctance to fulfill pledges may stem from misgivings over "picking sides" in Palestinian factional disputes and from concerns that without imminent prospects either for domestic political unity or for progress on the Israeli-Palestinian peace process, any money contributed could be wasted. On the part of the Gulf states in particular, reluctance may also stem from a feeling that they are less responsible historically for

---

<sup>37</sup> Palestinian Electoral Environment Update from International Foundation for Electoral Systems, December 7, 2009.

<sup>38</sup> Before 2006, Saudi Arabian support to the PA was estimated at \$80 million to \$100 million per year. After Hamas came to power in 2006, Saudi support was channeled through the office of President Abbas.

<sup>39</sup> See Glenn Kessler, "Arab Aid to Palestinians Often Doesn't Fulfill Pledges," *Washington Post*, July 27, 2008; "Falling Short," *Washington Post*, July 27, 2008, available at <http://www.washingtonpost.com/wp-dyn/content/graphic/2008/07/27/GR2008072700095.html?sid=ST2008072700226>.

the Palestinians' situation than Israel, the United States, and Europe.<sup>40</sup> Some observers believe that Arab states have been historically complicit in prolonging the plight of the Palestinians (and Palestinian refugees in particular) because it pressures Israel and serves Arab states' domestic interests by deflecting attention from their leaders' shortcomings and by avoiding difficulties that might result from assimilating the refugees into their societies.

As mentioned above, it is unclear what effect the "Arab Spring" will have on the Palestinian question and on Israeli reactions. A more populist form of Arab state support for redress of Palestinian grievances and fulfillment of Palestinian aspirations could lead to greater Israeli flexibility in negotiations, or it could have the opposite effect if Israelis feel encircled or skeptical about Arab leaders' ability to honor agreements with Israel in the face of potentially widespread and concerted popular opposition to such agreements.

## **Palestine Liberation Organization (PLO)**

The Palestine Liberation Organization (PLO) is recognized by the United Nations (including Israel since 1993) as the legitimate representative of the Palestinian people, wherever they may reside. It is an umbrella organization that includes 10 Palestinian factions (but not Hamas or other Islamist rejectionist groups). As described in "Historical Background and Palestinian Identity" above, the PLO was founded in 1964, and, since 1969, has been dominated by the secular nationalist Fatah movement.

Organizationally, the PLO consists of an Executive Committee, the Palestinian National Council (or PNC, its legislature), and a Central Council.<sup>41</sup> The PNC is supposed to meet every two years to conduct business, and consists of approximately 700 members, a majority of whom are from the diaspora. The PNC elects the 18 members of the Executive Committee, who function as a cabinet—with each member assuming discrete responsibilities—and the Executive Committee elects its own chairperson. In August 2009, the PNC convened for the first time since 1998 when Mahmoud Abbas (Chairman of the PLO Executive Committee) called an extraordinary session in Ramallah to hold new Executive Committee elections.<sup>42</sup> The Central Council is chaired by the PNC president and has over 100 members—consisting of the entire Executive Committee, plus (among others) representatives from Fatah and other PLO factions, the Palestinian Legislative Council, and prominent interest groups and professions. The Central Council functions as a link between the Executive Committee and the PNC that makes policy decisions between PNC sessions.

After waging guerrilla warfare against Israel throughout the 1970s and 1980s under the leadership of the late Yasser Arafat from exile in Jordan, Lebanon, and Tunisia, the PNC declared Palestinian independence and statehood in 1988 at a point roughly coinciding with the PLO's decision to

---

<sup>40</sup> Some believe that Gulf states remain hardened to the plight of Palestinian refugees at least partly because of lingering resentment from Yasser Arafat's support for Saddam Hussein's 1990 invasion of Kuwait (which was reversed by a U.S.-led coalition during the 1991 Gulf War), after which thousands of Palestinians were expelled from these states.

<sup>41</sup> See "Palestinian Organizations and Parties," *MidEastWeb*, available at <http://www.mideastweb.org/palestinianparties.htm#PLO>, as a source for much of the PLO organizational information in this paragraph.

<sup>42</sup> In addition to Abbas, the PLO Executive Committee includes such figures as Yasser Abed Rabbo, Saeb Erekat, Ahmed Qurei, and Hanan Ashrawi. A full listing can be found in "Abbas shuffles PLO Executive Committee, ousts Qaddoumi," *Ma'an*, September 14, 2009.

publicly accept the “land-for-peace” principle of U.N. Security Council Resolution 242 and to contemplate recognizing Israel’s right to exist. The declaration had little practical effect, however, because the PLO was in exile in Tunisia and did not define the territorial scope of its state.<sup>43</sup> Nevertheless, according to information the PLO/PA provided to CRS in June 2011, approximately 120 countries have recognized the state of Palestine, including Russia and China,<sup>44</sup> and the PLO refers to its Executive Committee chairman as the “President of the State of Palestine.”

The PLO recognized the right of Israel to exist in 1993. In 1996, Arafat was elected as the first president of the Palestinian National Authority (or Palestinian Authority, hereinafter PA) that was granted limited rule (under supervening Israeli occupational authority) in the Gaza Strip and parts of the West Bank in the mid-1990s pursuant to the Oslo Accords.

While the PA administers the territories over which Israel has granted it jurisdiction, the PLO remains the representative of the Palestinian people in negotiations with Israel and with other international actors. The PLO has a representative in Washington, DC (although it is not considered a formal diplomatic mission), maintains a permanent observer mission to the United Nations in New York and in Geneva (under the name “Palestine”), and has missions and embassies in other countries—some with full diplomatic status. It is a full member of both the League of Arab States and the Organization of Islamic Cooperation.

## **Palestinian Authority (PA)**

### **General Profile**

The PA, although not a state, is organized like one—complete with democratic mechanisms; security forces; and executive, legislative, and judicial organs of governance. As mentioned above, the PA was organized in the mid-1990s to administer the Gaza Strip and specified areas within the West Bank.<sup>45</sup> Ramallah is its de facto seat, but is not considered to be the PA capital because of Palestinian determination to make Jerusalem (or at least the part east of the “Green Line”) the capital of a Palestinian state. The executive branch has both a president and a prime minister-led cabinet, the Palestinian Legislative Council (PLC) is its legislature, and the judicial branch has separate high courts to decide substantive disputes and to settle constitutional controversies, as well as a High Judicial Council.<sup>46</sup> The electoral base of the PA is composed of

---

<sup>43</sup> The declaration included the phrase: “The State of Palestine is the state of Palestinians wherever they may be.” The text is available at <http://www.mideastweb.org/plc1988.htm>.

<sup>44</sup> A cached PA website lists 94 of the countries the Palestinians claim have recognized a Palestinian state at [http://web.archive.org/web/20060404211437/http://www.pna.gov.ps/Government/gov/recognition\\_of\\_the\\_State\\_of\\_Palestine.asp](http://web.archive.org/web/20060404211437/http://www.pna.gov.ps/Government/gov/recognition_of_the_State_of_Palestine.asp). In conversation with CRS in August 2011, PLO representatives asserted that 123 countries currently recognize a Palestinian state.

<sup>45</sup> The relevant Israel-PLO agreements that created the PA and established its parameters were the Agreement on the Gaza Strip and the Jericho Area, dated May 4, 1994, text available at <http://www.mfa.gov.il/MFA/Peace+Process/Guide+to+the+Peace+Process/Agreement+on+Gaza+Strip+and+Jericho+Area.htm#articlev>; and the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip, dated September 28, 1995, available at <http://www.jewishvirtuallibrary.org/jsource/Peace/interim.html>.

<sup>46</sup> See U.N. Development Programme—Programme on Governance in the Arab Region website at <http://www.pogar.org/countries/country.aspx?cid=14>. However, human rights groups have voiced concern that the PA executive continues to circumvent civilian courts that might check its power by employing military courts on a wider range of matters than the civilian courts deem proper. See The Goldstone Report, dated September 25, 2009, pp. 337-(continued...)

Palestinians from the West Bank, Jerusalem, and the Gaza Strip. Direct U.S. assistance to Palestinian governing institutions from the State Department and the U.S. Agency for International Development (USAID) has been provided through the PA, not through the PLO or Palestinian factions.

The first PA elections were held January 20, 1996, in accordance with the Oslo Accords. Yasser Arafat was elected president with 88% of the vote and Fatah won 55 of the then-88 seats in the Palestinian Legislative Council (PLC). After stalling repeatedly, Arafat ratified a Basic Law to function as the PA's charter in 2002 pending a permanent constitution for a Palestinian state. Largely criticized by the United States and Israel for his complicity in Palestinian violence during the second intifada, or for his inability to stanch it, Arafat—under pressure from both countries—had the Basic Law amended in March 2003 to create the office of prime minister to oversee the ministries that had originally been in Arafat's domain as PA president.<sup>47</sup> This formality, however, did not substantially alter Arafat's overarching control over the PA.

Following Arafat's death in November 2004, Mahmoud Abbas was elected PA president in January 2005. However, polling data between 1996 and 2004 showed a significant drop in support for Fatah against a backdrop of widespread political alienation. Most observers believe Fatah's decline was due to the public's perception that the PA was rife with corruption, out of touch with the populace, and had failed to achieve progress toward statehood or provide law and order.

In January 2006 legislative elections, Hamas won 74 of the 132 seats in the PLC,<sup>48</sup> Fatah won 45 seats, and smaller parties claimed the remainder. Hamas's margin of victory in the popular vote was far narrower—44% to Fatah's 41%. Most observers believe that the Hamas victory was a function of several factors, including (1) a complicated, mixed electoral system that rewarded Hamas's better organization and party discipline; (2) disaffection among younger, marginalized political activists; and (3) a general disenchantment with Fatah over its inability to deliver peace and good governance.<sup>49</sup> In several electoral districts, moreover, multiple candidates divided the Fatah vote while Hamas ran only one candidate.

After Hamas won the 2006 legislative elections, the United States and the European Union halted direct aid to the PA. The factional standoff between Fatah and Hamas that persisted with Abbas as PA president and Hamas controlling the PLC and the government ministries<sup>50</sup> was only temporarily eased by a February 2007 Hamas-Fatah "unity agreement" brokered by Saudi Arabia (known as the Mecca Accord). These tensions produced fighting between Hamas and Fatah that led to Hamas's forcible takeover of the Gaza Strip in June 2007. In response to the Hamas takeover, PA President Abbas dissolved the Hamas-led government and appointed a "caretaker" technocratic PA government in the West Bank (led by Prime Minister Salam Fayyad, a former

---

(...continued)

338, available at <http://www2.ohchr.org/english/bodies/hrcouncil/specialsession/9/FactFindingMission.htm>.

<sup>47</sup> The Basic Law was further amended in August 2005. The text is available at <http://www.palestinianbasiclaw.org/>.

<sup>48</sup> The PLC amended the Electoral Law in 2005, expanding the PLC from 88 to 132 seats.

<sup>49</sup> For a fuller discussion of the implications of the 2006 PLC election, see Riad Malki, "Beyond Hamas and Fatah," *Journal of Democracy*, Vol. 17, No. 3, July 2006.

<sup>50</sup> This time, the United States and Israel supported increasing the power of the PA presidency at the expense of the Hamas prime minister and cabinet—a turnabout from their 2003 approach to the organs of PA governance when Arafat was PA president.

World Bank and International Monetary Fund official), leading to renewed U.S. and international assistance for the PA in the West Bank that prompted Hamas to further tighten its grip on Gaza.

The PLC is currently sidelined due to its lack of a quorum caused by the West Bank/Gaza split. However, Hamas uses its 2006 electoral mandate as an argument—along with the argument that Abbas used extra-legal means to dismiss its government—to legitimize its rule over Gaza.

Because some PA leaders hold overlapping leadership roles within the PLO and various factions, it is sometimes difficult to gauge the degree to which Palestinians consider the PA truly authoritative even within the West Bank. For example, until his death in 2004, Yasser Arafat served as PA president, PLO chairman, and head of Fatah, and following Arafat's death, Mahmoud Abbas has succeeded him in each of these roles. Many observers wonder how the PLO and PA will coordinate their functions and be regarded by the Palestinian people at a future point when the leadership of the two institutions and of Fatah might be different. Some speculate that the PA could somehow forge an identity completely independent from (and perhaps in competition with) the PLO, or, alternatively, that the PLO might attempt to restructure or dissolve the PA (either in concert with Israel or unilaterally) pursuant to the claim that the PA is a constitutional creature of PLO agreements with Israel and was only meant to be a temporary, transitional mechanism for the five-year period prescribed for final-status negotiations, and not an indefinite administrative authority.

## **Prime Minister Salam Fayyad**

Salam Fayyad is the PA prime minister and finance minister. He is not a member of either Fatah or Hamas, although PA President Mahmoud Abbas (of Fatah) appointed him to his current position. Many believe that U.S. and international confidence in Fayyad is the primary reason he obtained and maintains his position. The two-year institution-building, reform, and development plan for “de facto Palestinian statehood” that Fayyad unveiled in summer 2009 is the subject of much interest in policy and analytical circles.<sup>51</sup>

Born in 1952 in the West Bank, Fayyad received a Ph.D. in economics from the University of Texas, and has worked with the World Bank, the International Monetary Fund, and the Arab Bank. He was elected to the PLC in 2006 as a member of the small centrist Third Way Party that also includes the prominent female leader Hanan Ashrawi. He served as finance minister from 2002-2005 and again in the national unity government (including both Hamas and Fatah) from March to June 2007, and has served as PA prime minister and finance minister since President Abbas's dismissal of Hamas from the government in response to Hamas's Gaza takeover in June 2007. Fayyad formed his second government, which includes members of Fatah and other PLO factions, in May 2009.

Fayyad has been attacked as an illegitimate political actor by Hamas and others because his appointment by Abbas as prime minister was made without legislative backing. He also has faced resistance from Fatah loyalists for actions that some might describe as independent in the face of an entrenched patronage-based system and others might characterize as political opportunism aimed at expanding his currently small political base. He has been careful in his public

---

<sup>51</sup> Palestinian National Authority, *Palestine: Ending the Occupation, Establishing the State: Program of the Thirteenth Government*, August 2009, available at <http://www.jmcc.org/documents/Fayyadplan.pdf>.



pronouncements to support the concept of Palestinian unity, even though a consensus Fatah-Hamas PA government could lead to the end of his term in office.

## **West Bank Governance Under Israeli Occupation**

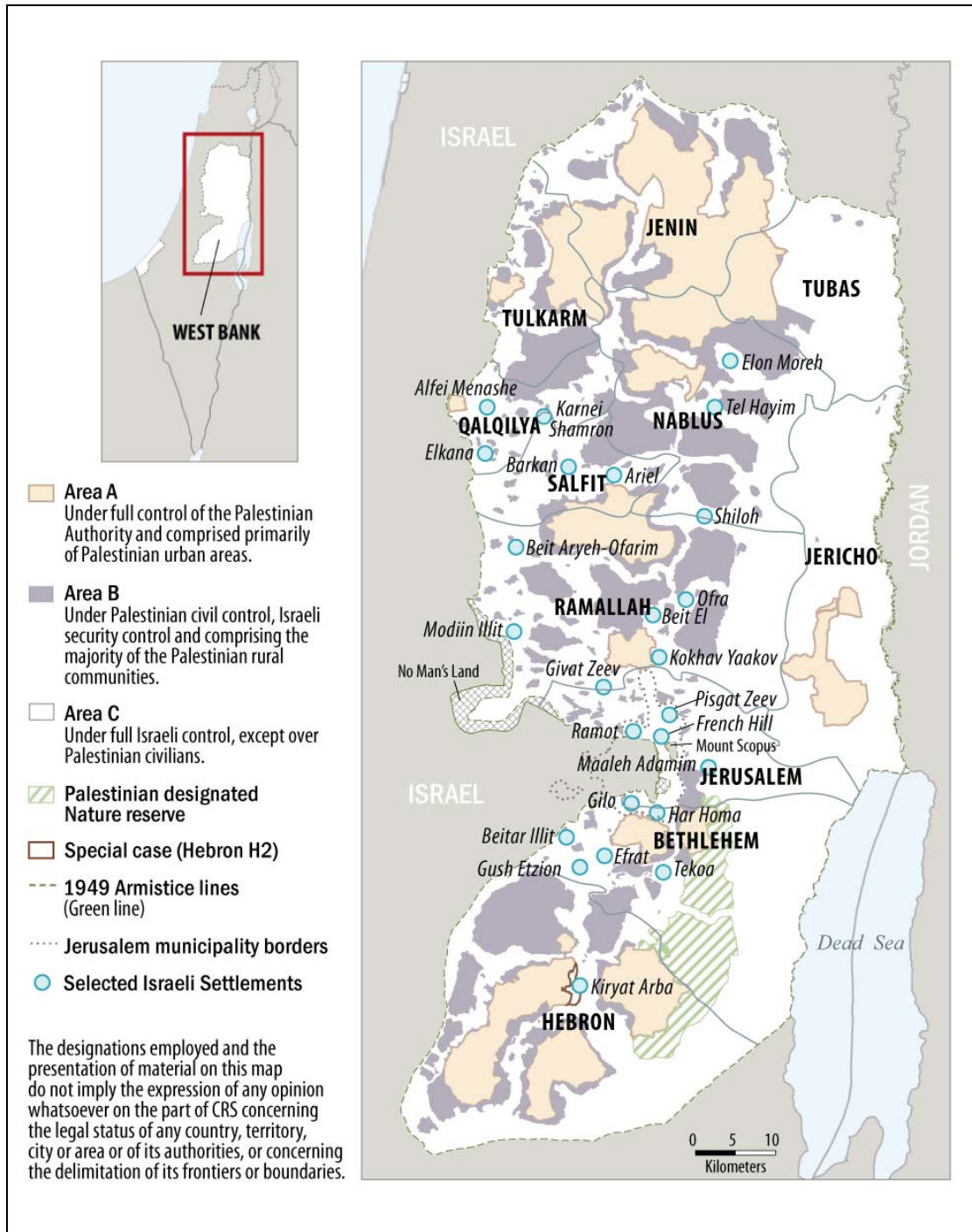
The Palestinian Authority administers densely populated Palestinian areas in the West Bank subject to supervening Israeli control of the West Bank under the Oslo agreements (see **Figure 2** below for map).<sup>52</sup> Israel Defense Forces (IDF) soldiers regularly mount arrest operations to apprehend wanted Palestinians or foil terrorist plots, and maintain permanent posts throughout the West Bank and along the West Bank's borders with Israel and Jordan to protect Jewish settlers and for broader security reasons.

---

<sup>52</sup> The two agreements that define respective Israeli and PA zones of control are (1) the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip, dated September 28, 1995, available at <http://www.jewishvirtuallibrary.org/jsource/Peace/interim.html>; and the Protocol Concerning the Redeployment in Hebron, dated January 17, 1997, available at <http://www.yale.edu/lawweb/avalon/mideast/hebron.htm>. East Jerusalem is excluded from these agreements, as Israel has annexed it.

**Figure 2. Map of West Bank**

PA Governorates; Areas A, B, and C; and Selected Israeli Settlements



**Source:** CRS, adapted from the U.N. Office for the Coordination of Humanitarian Affairs.

**Notes:** All boundaries and depictions are approximate. Areas A, B, and C were designated pursuant to the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip, dated September 28, 1995. H2 was designated pursuant to the Protocol Concerning the Redeployment in Hebron, dated January 17, 1997. Additional Israeli settlements exist within Area C but are not denoted, particularly a group of settlements with small populations located along the Jordanian border (the Jordan Valley).

Coordination between Israeli and PA authorities generally takes place on a case-by-case basis and usually discreetly, given the political sensitivity for PA leaders to be seen “collaborating” with Israeli occupiers. The physical and psychological effects of Operation Defensive Shield linger. During the operation, which took place in early 2002 at the height of the second Palestinian intifada (or uprising), Israel reoccupied PA-controlled areas of the West Bank—demolishing many official PA buildings, Palestinian neighborhoods, and other infrastructure; and reinforcing many Palestinians’ opinion that Israel retained ultimate control over their lives.

Many observers point to signs of progress with PA security capacities and West Bank economic development, along with greater Israeli cooperation. It is less clear whether the progress they cite can be made self-sustaining and can be useful in promoting a broader political solution, and whether the level of Israeli cooperation is sufficient.<sup>53</sup> Some are concerned that, without a functioning Palestinian legislature and with the prospect of future PA elections uncertain, the rule of President Abbas and Prime Minister Fayyad is becoming less legitimate and more authoritarian.

## **Fatah and Other PLO Factions**

### **Fatah: General Profile**

Fatah, the secular nationalist movement formerly led by Arafat, has been the largest and dominant faction in the Palestine Liberation Organization (PLO) for decades. Since the establishment of the Palestinian Authority (PA) and limited self-rule in 1994, Fatah has dominated the PA, except for during the period of Hamas rule of government ministries and the PLC from 2006-2007. Yet, problems with internecine violence, widespread disenchantment with Fatah’s corruption and poor governance, and the failure to establish a Palestinian state have led to popular disillusionment. The death of Arafat in 2004 removed Fatah’s unifying symbol, further eroding the movement’s support as Mahmoud Abbas took over its leadership.

Additionally, the image of Fatah as the embodiment of Palestinian nationalism and resistance to Israeli occupation has gradually faded away. Although he is the head of the movement, Mahmoud Abbas generally carries out his PLO and PA leadership roles without close consultation with his nominal allies in Fatah. In a November 2009 report, the International Crisis Group said, in reference to Fatah’s seemingly declining influence:

Resistance in the region is spearheaded by Islamic, not secular groups; Arafat is no more; diplomacy is President Abbas’s preserve; Salam Fayyad’s government dominates the West Bank, while Hamas controls Gaza. Far from being a big tent under which all Palestinian forces assemble, Fatah is being crowded out by competing forces.<sup>54</sup>

For years, analysts have pointed to a split within Fatah between those of the “old guard” (mainly Arafat’s close associates from the period of exile) and those of a “young guard” some believe to

---

<sup>53</sup> For a more detailed discussion of the issues raised in this paragraph, see CRS Report RS22967, *U.S. Foreign Aid to the Palestinians*, by Jim Zanotti.

<sup>54</sup> International Crisis Group, *Palestine: Salvaging Fatah*, Middle East Report No. 91, November 12, 2009, available at [http://www.crisisgroup.org/library/documents/middle\\_east\\_\\_\\_north\\_africa/arab\\_israeli\\_conflict/91\\_palestine\\_\\_\\_salvaging\\_fatah.pdf](http://www.crisisgroup.org/library/documents/middle_east___north_africa/arab_israeli_conflict/91_palestine___salvaging_fatah.pdf).

be more attuned to on-the-ground realities—personified by leaders such as the imprisoned (by Israel) but popular Marwan Barghout. Cleavages and overlaps within and among these groups and the political coming-of-age of even younger Fatah partisans, combined with factors mentioned above that have eroded Fatah’s support base and credibility, have created doubts regarding Fatah’s long-term cohesion and viability.

Fatah has failed to clearly resolve its stance on accepted forms of resistance to continued Israeli control over Palestinian territories. Abbas emphasizes “legitimate peaceful resistance” according to international law and complemented by negotiations. Yet the Fatah political program approved by the 100-member Fatah Revolutionary Council shortly after the Sixth Fatah Congress in 2009 referred to armed struggle as an “immutable right that legitimacy and international law confers,” among other (political, legal, diplomatic) means of resistance, though it also stated that “Fatah has refused to target civilians of any kind or move the battle outside [of Palestine].”<sup>55</sup> Fatah’s 1960s charter has never been purged of its clauses calling for the destruction of the Zionist state and its economic, political, military, and cultural supports.<sup>56</sup> Many of the 23 Fatah Central Committee members are either less outspoken in their advocacy of nonviolent resistance than Abbas, or explicitly insist on the need to preserve the option of armed struggle.

The Al Aqsa Martyrs’ Brigades is a militant offshoot of Fatah that emerged in the West Bank early in the second intifada and later began operating in Gaza as well. The group initially targeted only Israeli soldiers and settlers, but in 2002 began a spate of attacks on civilians in Israeli cities and in March 2002 was added to the State Department’s list of Foreign Terrorist Organizations. According to terrorism experts, the group switched tactics to restore Fatah’s standing among Palestinians at a time when Palestinian casualties were mounting, Hamas’s popularity was rising, and Fatah was tainted by its cooperation with Israel during the Oslo years. Most of the Brigades’ members were believed to have hailed from the Palestinian security forces. As part of the PA’s effort to centralize control over West Bank security since Hamas’s takeover of Gaza in mid-2007, the Brigades have (mainly voluntarily, partly through various amnesty programs) disbanded or at least lowered its profile in the West Bank.

## **Key Fatah Leaders**

### **Mahmoud Abbas (aka “Abu Mazen”)**

Born in 1935 in Safed in what is now northern Israel, Abbas and his family left as refugees for Syria in 1948 when Israel was founded. He earned a B.A. in law from Damascus University and a Ph.D. in history from Moscow’s Oriental Institute.<sup>57</sup> Abbas was an early member of Yasser

---

<sup>55</sup> Ibid. The full text of the political program from the congress is available at <http://www.imra.org.il/story.php3?id=45117>.

<sup>56</sup> This is the case even though Fatah is the predominant member faction of the PLO, and the PLO formally recognized Israel’s right to exist pursuant to the “Letters of Mutual Recognition” of September 9, 1993 (although controversy remains over whether the PLO charter has been amended to accommodate this recognition).

<sup>57</sup> Some Jewish groups allege that Abbas’s doctoral thesis and a book based on the thesis (entitled *The Other Side: The Secret Relationship Between Nazism and Zionism*) downplayed the number of Holocaust victims and accused Jews of collaborating with the Nazis. Abbas has maintained that his work merely cited differences between other historians on Holocaust victim numbers, and has stated that “The Holocaust was a terrible, unforgivable crime against the Jewish nation, a crime against humanity that cannot be accepted by humankind.” “Profile: Mahmoud Abbas,” *BBC News*, available at [http://news.bbc.co.uk/2/hi/middle\\_east/1933453.stm](http://news.bbc.co.uk/2/hi/middle_east/1933453.stm).

Arafat's Fatah movement, joining in Qatar, and became a top deputy to Arafat and head of the PLO's national and international relations department in 1980. Abbas initiated dialogue with Jewish and pacifist movements as early as the 1970s, and, as the head of the Palestinian negotiating team to the secret Oslo talks in the early 1990s, is widely seen as one of the main architects of the peace process.<sup>58</sup>

Abbas returned to the Palestinian territories in September 1995 and took residences in Gaza and Ramallah. Together with Yossi Beilin (then an Israeli Labor government minister), Abbas drafted a controversial "Framework for the Conclusion of a Final Status Agreement Between Israel and the PLO" (better known as the "Abu Mazen-Beilin Plan") in October 1995 (although its existence was denied for five years before the text became public knowledge in September 2000).<sup>59</sup> In March 2003, he was named the first PA prime minister, but never was given full authority because Arafat (the PA president) insisted that ultimate decision-making authority and control over security services lie with him. Abbas resigned as prime minister in frustration with Arafat, the United States, and Israel on September 6, 2003, after just four months in office.

Following the death of Yasser Arafat in November 2004, Abbas succeeded Arafat as chairman of the PLO's Executive Committee, and he won election as Arafat's successor as PA president in January 2005 with 62% of the vote.

### **Marwan Barghouti**

Born in 1959 near Ramallah, Barghouti is a member of Fatah's "young guard" who first gained prominence as a leader of the first intifada in the late 1980s and early 1990s. During the uprising, he was arrested by Israel and deported to Jordan, where he stayed for seven years until he was permitted to return in 1994 after the 1993 Oslo Accord. He became active in Fatah and was elected to the PLC in 1996, where he regularly criticized Yasser Arafat for corruption and human rights abuses. During the second intifada (which began in September 2000), he was a leader of the Fatah offshoot Tanzim (thought to have been linked with the Al Aqsa Martyrs' Brigades) that perpetrated attacks on Israelis. He was arrested and detained by Israel in 2002 and convicted in 2004 (and given five life sentences) for murdering Israeli civilians; he refused to present a defense, but claimed to condemn attacks against civilians inside Israel.

Barghouti has remained involved politically during his imprisonment, deciding to challenge Mahmoud Abbas for the PA presidency in 2005 before changing his mind and supporting Abbas under pressure from within Fatah, and winning election to the PLC in 2006 on the Fatah list. Barghouti consistently leads Palestinian opinion polls for hypothetical presidential elections by wide margins. Some consider him a potential compromise figure, acceptable both to supporters of Fatah and to those of Hamas because he has resistance credentials and opposes corruption but also supports negotiating peace with Israel. (He speaks Hebrew from his time spent in Israeli prisons.) Others do not believe he can live up to popular expectations for a variety of reasons.

---

<sup>58</sup> Yet, one of the Black September assassins involved in the 1972 Munich Olympics terrorist attack that killed 11 Israeli athletes has claimed that Abbas was responsible for financing the attack, even though Abbas "didn't know what the money was being spent for." Alexander Wolff, "The Mastermind," *Sports Illustrated*, August 26, 2002.

<sup>59</sup> The Abu Mazen-Beilin plan contemplated a two-state solution that, among other things, would create a special mechanism for governing Jerusalem that would allow it to function as the capital of both Israel and Palestine, and would resolve the Palestinian refugee issue by allowing return to Israel only in special cases and providing for a compensation regime and resettlement elsewhere in most others. See "The Beilin-Abu Mazen Document," October 31, 1995, available at <http://www.bitterlemons.org/docs/beilinmazen.html>.

Both Abbas and Hamas have reportedly unsuccessfully sought Barghouti's release from prison. Success in obtaining a release could potentially make Barghouti beholden to the party perceived to be responsible. Barghouti was elected to Fatah's Central Committee in August 2009.

## **Other PLO Factions and Leaders**

Factions other than Fatah within the PLO include secular groups such as the Popular Front for the Liberation of Palestine (PFLP, a State Department-designated Foreign Terrorist Organization), the Democratic Front for the Liberation of Palestine, and the Palestinian People's Party. All of these factions have minor political support relative to Fatah and Hamas.

A number of politicians and other leaders without factional affiliation have successfully gained followings among Palestinians and in the international community under the PLO's umbrella. Although these figures—such as Hanan Ashrawi (a female Christian) and Mustafa Barghouti—often have competing agendas, several of them support a negotiated two-state solution, generally oppose violence, and appeal to the Palestinian intellectual elite and to prominent Western governments and organizations.

## **Non-PLO Factions**

### **Hamas**

No Palestinian movement has benefitted more from, or contributed more to, Fatah's weakening than Hamas, which is an Arabic acronym for the "Islamic Resistance Movement." Hamas, for many years the main opposition force in the Palestinian territories, grew out of the Muslim Brotherhood, a religious and political organization founded in Egypt in 1928 with branches throughout the Arab world. Since Hamas's inception, it has maintained its primary base of support and particularly strong influence in the Gaza Strip, even though its top leadership is headquartered in exile in Damascus, Syria.

Hamas combines Palestinian nationalism with Islamic fundamentalism. Its founding charter commits the group to the destruction of Israel and the establishment of an Islamic state in all of historic Palestine.<sup>60</sup> Written in 1988, Hamas's charter is explicit about the struggle for Palestine being a religious obligation. It describes the land as a *waqf*, or religious endowment, saying that no one can "abandon it or part of it." In the charter, Hamas describes itself as "a distinct Palestinian Movement which owes its loyalty to Allah" and that strives to "raise the banner of Allah over every inch of Palestine." It calls for the elimination of Israel and Jews from Islamic holy land and portrays the Jews in decidedly negative terms, citing anti-Semitic texts. Some observers also note that no Hamas leader is on record as sanctioning a permanent recognition of Israel's right to exist side by side with an independent Palestinian state or as expressing a willingness to disarm or to stop attacks on Israel and Israelis.<sup>61</sup>

---

<sup>60</sup> For the English translation of the 1988 Hamas charter, see [http://avalon.law.yale.edu/20th\\_century/hamas.asp](http://avalon.law.yale.edu/20th_century/hamas.asp).

<sup>61</sup> Steven Erlanger, "Academics View Differences Within Hamas," *New York Times*, January 29, 2006.

Hamas's politicization and militarization can be traced to the first intifada that began in the Gaza Strip in 1987 in resistance to the Israeli occupation. Hamas's founder and spiritual leader, the late Sheikh Ahmed Yassin, established Hamas as the Muslim Brotherhood's local political arm in December 1987, following the eruption of the intifada. Yassin had established the Islamic Center in Gaza in 1973. In subsequent years leading up to the intifada, Yassin's and his associates' activities—which led to Hamas's founding—were countenanced and sometimes supported by Israel, which believed the Islamists to be a convenient foil for the secular nationalist factions such as Fatah that Israel then perceived to be greater threats.<sup>62</sup>

Hamas rejected the Oslo Accords, boycotted the 1996 elections, and has waged an intermittent terrorist campaign to undermine the peace process. Its military wing, the Izz Al Din al Qassam Brigades,<sup>63</sup> has killed more than 400 Israelis.<sup>64</sup> The State Department designated Hamas as a Foreign Terrorist Organization (FTO) in 1997 in response to its perpetration of suicide bombings against Israeli civilians, and U.S. aid to the Palestinians has been tailored to bypass Hamas and Hamas-controlled entities. Many of Hamas's leaders, including Sheikh Yassin, have been assassinated by Israel.<sup>65</sup>

Hamas gained popularity among many Palestinians apparently because of its reputation as a less corrupt provider of social services (funded by donations from Palestinians, other Arabs, and international charitable front groups) than Fatah and because of the image it cultivates of unflinching resistance to Israeli occupation. Fatah's political hegemony inside the occupied territories has been undermined by the inability of the PLO to co-opt or incorporate Hamas, which has proved more resistant than its secular rivals to the PLO's inducements. Particularly between 2000 and 2004, the popularity of Hamas began to increase as Fatah's fell. Hamas made a strong showing in a series of municipal elections held between December 2004 and December 2005. Still, many observers were surprised by the scale of Hamas's victory in the January 2006 PLC election.

For additional information regarding Hamas, including its leaders, its rule over Gaza, and key questions regarding its organizational structure and sources of support, see CRS Report R41514, *Hamas: Background and Issues for Congress*, by Jim Zanotti.

---

<sup>62</sup> Later, some measures Israel took to weaken Hamas may have strengthened the movement. For example, several of Hamas's current leaders were deported by Israel from the West Bank and Gaza to southern Lebanon in December 1992. Not only did they persevere and bond through the hardships of a winter in exile, but they also cultivated relations with and received mentorship from the Iran-backed Hezbollah movement before being repatriated to the West Bank and Gaza by Israel in February 1993 as a result of pressure from human rights organizations and the United States. See McGeough, *op. cit.*, p. 68.

<sup>63</sup> Izz Al Din al Qassam was a Muslim Brotherhood member, preacher, and leader of an anti-Zionist and anti-British resistance movement during the Mandate period. He was killed by British forces on November 19, 1935.

<sup>64</sup> Figures culled from Israel Ministry of Foreign Affairs website at <http://www.mfa.gov.il/MFA/Terrorism-+Obstacle+to+Peace/Palestinian+terror+before+2000/Suicide%20and%20Other%20Bombing%20Attacks%20in%20Israel%20Since> and <http://www.mfa.gov.il/MFA/Terrorism-+Obstacle+to+Peace/Palestinian+terror+since+2000/Victims+of+Palestinian+Violence+and+Terrorism+sinc.htm>; and from Jewish Virtual Library website at <http://www.jewishvirtuallibrary.org/jsource/Terrorism/TerrorAttacks.html>. In the aggregate, other Palestinian militant groups (such as Palestinian Islamic Jihad, the Fatah-affiliated Al Aqsa Martyrs' Brigades, and the Popular Front for the Liberation of Palestine) also have killed scores, if not hundreds, of Israelis since 1993.

<sup>65</sup> Israel assassinated Yassin (a quadriplegic confined to a wheelchair) on March 22, 2004, using helicopter-fired missiles, and then assassinated his successor in Gaza, Abdel Aziz al Rantissi, in the same manner less than one month later.

## Other Rejectionist/Terrorist Groups

Several other small Palestinian groups continue to reject the PLO's decision to recognize Israel's right to exist and to negotiate a two-state solution. They remain active in the territories and retain some ability to carry out terrorist attacks and other forms of violence to undermine efforts at cooperation and conciliation.

The largest of these is the Palestinian Islamic Jihad (PIJ), a designated Foreign Terrorist Organization that, like Hamas, is an offshoot of the Muslim Brotherhood. The PIJ, estimated at a few hundred members, emerged in the 1980s in the Gaza Strip as a rival to Hamas. Inspired by the Iranian revolution, it combined Palestinian nationalism, Sunni Islamic fundamentalism, and Shiite revolutionary thought. The PIJ seeks liberation of all of historic Palestine through armed revolt and the establishment of an Islamic state, but unlike Hamas has not established a social services network, formed a political movement, or participated in elections. Mainly for these reasons, PIJ has never approached the same level of support among Palestinians as Hamas. PIJ headquarters, like those of Hamas, are in Damascus. Iran, however, is the PIJ's chief sponsor. Its secretary-general since 1995 has been Ramadan Abdullah Muhammad Shallah. Since 2000, the PIJ has conducted hundreds of attacks against Israeli targets (including over 30 suicide bombings), killing scores of Israelis.

Another—though smaller—Damascus-based, Iran-sponsored militant group designated as an FTO is the Popular Front for the Liberation of Palestine-General Command (PFLP-GC). PFLP-GC is a splinter group from the PFLP and has a following among Palestinian refugees in Lebanon and Syria. PFLP-GC's founder and secretary-general is Ahmed Jibril.

The Popular Resistance Committees (PRC) is a loose alliance of armed dissidents and militants that first appeared in the Gaza Strip in 2000.<sup>66</sup> Its founder, Jamal Abu Samhadana, a former member of Fatah, was killed in an Israeli air strike in June 2006. According to reports, both the PRC's leader (Kamal al Nairab) and its military chief (Imad Hamad) were killed in an Israeli reprisal air strike in August 2011 following the terrorist raid Palestinian militants allegedly carried out in southern Israel after transiting through Egypt's Sinai Peninsula. The membership of the PRC encompasses both the secular and Islamic fundamentalist Palestinian movements, including Fatah, Hamas, and the Popular Front for the Liberation of Palestine. Ex-members of the PA's Preventive Security Organization also are reported to be active in the PRC. The group also was implicated in the October 15, 2003, attack that killed three U.S. diplomatic security personnel in the Gaza Strip.<sup>67</sup> The attack, a roadside bomb that destroyed the van in which the men were traveling, was claimed and then later denied by the PRC. In part to avenge the death of their leader Samhadana, in June 2006 the PRC (along with Hamas and a splinter group calling itself the Army of Islam) launched the raid on an Israeli army post near the Gaza Strip that captured Israeli soldier Gilad Shalit (who remains in Hamas's custody and is the subject of ongoing German-mediated indirect Israel-Hamas prisoner swap negotiations) and killed two of Shalit's comrades.

---

<sup>66</sup> An Israeli source on the PRC is The Meir Amit Intelligence and Information Center, "The Popular Resistance Committees: Portrait of the Terrorist Organization Responsible for the Series of Combined Terrorist Attacks North of Eilat, Israel's Southernmost City," August 23, 2011, available at [http://www.terrorism-info.org.il/malam\\_multimedia/English/eng\\_n/pdf/ipc\\_e218.pdf](http://www.terrorism-info.org.il/malam_multimedia/English/eng_n/pdf/ipc_e218.pdf).

<sup>67</sup> See Conal Urquhart, Chris McGreal, and Suzanne Goldenberg, "Palestinians bomb US convoy," *Guardian* (UK), October 16, 2003.



A number of small but potentially growing Salafist fundamentalist militant groups with an affinity for Al Qaeda-style ideology and tactics are based in the Gaza Strip.<sup>68</sup> These include the Army of Islam and the Jaljalat, a group that reportedly includes several former Hamas Qassam Brigades commanders who became disaffected with Hamas's 2008 cease-fire with Israel and with other actions they perceived as having moderated Hamas's stance. These groups do not threaten Hamas's current rule in Gaza, which has been made clear by the swift and brutal retributive action taken by Hamas—against the Army of Islam in September 2008 and against the Jaljalat-affiliated group Jund Ansar Allah in August 2009—at any sign of a public challenge.<sup>69</sup> Yet, some analysts believe that these groups could pose a long-term challenge to Hamas if they attract enough influential adherents or support from organizations or countries outside Gaza.

## **Palestinian Refugees**

Of the some 700,000 Palestinians displaced during the 1948 Arab-Israeli war, about one-third ended up in the West Bank, one-third in the Gaza Strip, and one-third in neighboring Arab countries. They and their descendants now number over 4.8 million, with roughly one-third living in refugee camps in the West Bank, Gaza, Jordan, Lebanon, and Syria. Jordan offered Palestinian refugees citizenship, but the remainder in the region are stateless and therefore limited in their ability to travel. Refugees receive little or no assistance from Arab host governments and many (including those who do not live in camps) remain reliant on the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for food, health care, and/or education. For political and economic reasons, Arab host governments generally have not actively supported the assimilation of Palestinian refugees into their societies. Even if able to assimilate, many Palestinian refugees hold out hope of returning to the homes they or their ancestors left behind or possibly to a future Palestinian state. According to many observers, it is difficult to overstate the deep sense of dispossession and betrayal refugees feel over never having been allowed to return to their homes, land, and property. Some Palestinian factions have organized followings among refugee populations, and militias have proliferated in some refugee areas outside of the Palestinian territories, particularly in Lebanon.<sup>70</sup> Thus, the refugees exert significant pressure on both their host governments and the Palestinian leadership in the territories to seek a solution to their claims as part of any final status deal with Israel.

---

<sup>68</sup> See Yoram Cohen, "Jihadist Groups in Gaza: A Developing Threat," Washington Institute for Near East Policy PolicyWatch #1449, January 5, 2009, available at <http://www.washingtoninstitute.org/templateC05.php?CID=2981>.

<sup>69</sup> See Nicolas Pelham and Max Rodenbeck, "Which Way for Hamas?" New York Review of Books, Vol. 56, No. 17, November 5, 2009.

<sup>70</sup> A case in point is the small Palestinian-associated Islamist fundamentalist militant group known as Fatah al Islam. In 2007, Fatah al Islam was battled and eventually defeated by Lebanese security forces in and around Tripoli and the Nahr al Bared refugee camp. Numbering between 100 and 300, this group was variously described by some as being mainly Palestinian, by others as more pan-Arab, and as having ties to Al Qaeda or to Syrian intelligence.

## **U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)**

### **Profile**

In 1949, to ease the plight of Palestinian refugees resulting from the 1948 Arab-Israeli war, the U.N. General Assembly set up the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to shelter, feed, and clothe the refugees. Although seen at the time as a temporary measure, the General Assembly has repeatedly renewed UNRWA's mandate in the absence of a comprehensive resolution of the Palestinian refugee problem. Over time, its operations have evolved to meet changing needs and circumstances. UNRWA now provides both basic humanitarian relief and human development services, including education, vocational training, and micro-credit loans. UNRWA defines those eligible for its services as "anyone whose normal place of residence was in Mandate Palestine during the period from 1 June 1946 to 15 May 1948 and who lost both home and means of livelihood as a result of the 1948 Arab-Israeli war." The descendants of the original refugees also are eligible to register. As of 2011, there are 4.8 million Palestine refugees living in the West Bank and Gaza Strip, Jordan, Lebanon, and Syria.

For additional information on UNRWA (including historical U.S. contributions), see CRS Report RS22967, *U.S. Foreign Aid to the Palestinians*, by Jim Zanotti.

### **Congressional Concerns**

The primary concern raised by some Members of Congress is that U.S. contributions to UNRWA might be used to support terrorists. Section 301(c) of the 1961 Foreign Assistance Act (P.L. 87-195), as amended, says that "No contributions by the United States shall be made to [UNRWA] except on the condition that [UNRWA] take[s] all possible measures to assure that no part of the United States contribution shall be used to furnish assistance to any refugee who is receiving military training as a member of the so-called Palestine Liberation Army or any other guerrilla type organization or who has engaged in any act of terrorism." A May 2009 Government Accountability Office (GAO) report addressed these concerns.<sup>71</sup>

Some in Congress have questioned whether UNRWA refugee rolls are inflated. There is also concern that no effort has been made to settle the refugees permanently or extend the United Nations High Commissioner for Refugees' (UNHCR) mandate to include Palestinian refugees. UNRWA's defenders point out that UNRWA periodically updates the rolls to try to eliminate duplication and that its mandate covers relief and social services, but not resettlement. At present, many observers consider UNRWA a unique organization that is better left in place until a way forward on the peace process can be found.

For many years, Congress has raised concerns about how to ensure that UNRWA funds are used for the programs it supports and not for terrorist activities or corrupt purposes. Some in Congress

---

<sup>71</sup> See Government Accountability Office, *Measures to Prevent Inadvertent Payments to Terrorists Under Palestinian Aid Programs Have Been Strengthened, but Some Weaknesses Remain*, GAO-09-622, May 2009, available at <http://www.gao.gov/new.items/d09622.pdf>.

have been concerned that refugee camps have been used as military training grounds.<sup>72</sup> The camps are not controlled or policed by UNRWA, but by the host countries or governing authorities.<sup>73</sup> Concerns also have been expressed about the content of textbooks and educational materials used by UNRWA, with claims that they promote anti-Semitism and exacerbate tensions between Israelis and Palestinians. UNRWA responds that the host country, not UNRWA, provides the textbooks and determines their content because students must take exams in host country degree programs.

## Economic Issues and Trends

The combination of 40 years of Israeli occupation, international involvement, political turmoil, and corruption in the West Bank and Gaza Strip have produced a distorted economy that is highly dependent on foreign assistance. International pledges of support, however, have routinely proven insufficient to cover the PA's budgetary expenses, occasionally requiring efforts by Fayyad to obtain last-minute assistance and/or private financing, or to temporarily reduce PA employees' salaries—including during the summer of 2011.<sup>74</sup> The Palestinian public sector is bloated, with past patronage and cronyism contributing to an expanded PA payroll. The private sector is dominated by services and small family-owned businesses. See **Table 2** above for basic economic statistics for the Palestinian territories.

According to the Economist Intelligence Unit, Palestinian per capita GDP in the West Bank and Gaza is significantly lower than it was during the years immediately prior to the second intifada:

Even in an optimistic scenario, however, real GDP per head in the West Bank in 2011 will still be about 10% below its 1999 level....

In Gaza the current situation and the outlook are much worse. Real GDP per head is about 40% below what it was in 1999 and about 45% below the current level in the West Bank.<sup>75</sup>

Lacking a self-sufficient private sector, Palestinians have historically depended on easy entry into and exit out of Israel for their workers and goods. Following the outbreak of the second intifada, Israel began construction of the West Bank separation barrier, increased security at crossing points, issued permits to control access, and, in many cases, halted the flow of people and goods altogether.

For most of the time since Hamas's forcible takeover of the Gaza Strip in June 2007,<sup>76</sup> most of Gaza's border crossings have been closed to everything but a minimum of goods deemed necessary to meet basic humanitarian needs. In this environment, the formal Gazan economy has

---

<sup>72</sup> See footnote 70.

<sup>73</sup> UNRWA's responsibilities are limited to providing its services to refugees and administering its own installations. See UNRWA website at <http://www.un.org/unrwa/refugees/wheredo.html>.

<sup>74</sup> Khaled Abu Aker and Isabel Kershner, "Palestinians Unable to Pay Full Salaries of Employees," *New York Times*, July 3, 2011.

<sup>75</sup> Economist Intelligence Unit, *Country Report: Palestinian Territories*, July 2011.

<sup>76</sup> See footnote 24.

been brought to a virtual standstill, and illicit smuggling from tunnels between Gaza and Egypt's Sinai Peninsula has thrived.<sup>77</sup>

Although in 2009 Israel significantly reduced post-second intifada obstacles to Palestinian movement within the West Bank, many obstacles remain, and controls on movement between Israel and the West Bank remain largely unchanged (other than a relaxation on weekend access by Arab Israelis to northern West Bank cities). Goods imported to or exported from the West Bank (including those coming from Jordan via the Allenby Bridge) are subjected by Israel to a costly and time-consuming “back-to-back” trucking process, in which goods are unloaded from one truck on one side of the border crossing, scanned for security purposes, and taken over the border crossing to be loaded into a second truck for final transport. There is no indication of plans to halt or modify this process in the near future, other than to make it more efficient.

The alternatives for the Palestinians to economic interdependence with Israel would likely be (1) to attract investment and build a self-sufficient economy, which is probably years if not decades away; (2) to look to neighboring Egypt and Jordan (which struggle with their own economic problems) for economic integration; (3) or to depend indefinitely upon external assistance. To attract enough long-term investment to become self-sufficient, most observers agree that uncertainties regarding the political and security situation and Israeli movement restrictions would need to be significantly reduced or eliminated.

PA Prime Minister Salam Fayyad and former British Prime Minister Tony Blair, who is the representative of the international Quartet (the United States, the United Nations, the European Union, and Russia), have encouraged a number of investment conferences and initiatives in support of Fayyad's reform and development plans. Several high-profile, construction-heavy projects—housing developments, industrial parks, superstores, entertainment complexes—have been completed or are in various stages of proposal or completion in and around Ramallah, Bethlehem, Jericho and the northern West Bank in an effort to jumpstart private sector development.<sup>78</sup> Yet, most analysts advise against drawing the conclusion that the overall economy has turned a corner. In an October 2009 *Washington Post* interview, Fayyad acknowledged that the West Bank economy's growth rate was robust (8%, if not even more), but questioned whether this growth was sustainable.<sup>79</sup> He has advocated political progress with Israel and the simultaneous pursuit of a “critical mass” of major infrastructure and private investment projects throughout the West Bank. Fayyad's and Blair's open campaigning to build Palestinian buildings and infrastructure in so-called “Area C” (see **Figure 2** above for map),<sup>80</sup> which falls under full

---

<sup>77</sup> U.N. Office for the Coordination of Humanitarian Affairs (occupied Palestinian territory), *Locked In: The Humanitarian Impact of Two Years of Blockade on the Gaza Strip*, August 2009, available at [http://www.ochaopt.org/documents/Ocha\\_opt\\_Gaza\\_impact\\_of\\_two\\_years\\_of\\_blockade\\_August\\_2009\\_english.pdf](http://www.ochaopt.org/documents/Ocha_opt_Gaza_impact_of_two_years_of_blockade_August_2009_english.pdf).

<sup>78</sup> Some of these ventures have been supported by U.S. organizations—including the Overseas Private Investment Corporation (OPIC), the Aspen Institute, the Center for American Progress, and CHF International—affiliated or involved with a public-private partnership known as the Middle East Investment Initiative. See <http://meinitiative.org>.

<sup>79</sup> Lally Weymouth, “‘Institution Building’ in Palestine,” *Washington Post*, October 29, 2009. Some Palestinians and international analysts assert that actual and prospective economic development should not be overstated because the Palestinian economy continues to be propped up by external aid, and uncertainty remains regarding movement and access and regarding progress in negotiations with Israel. See The World Bank, *Building the Palestinian State: Sustaining Growth, Institutions, and Service Delivery*, Economic Report to the Ad Hoc Liaison Committee, April 13, 2011, available at <http://siteresources.worldbank.org/INTWESTBANKGAZA/Resources/AHLCLReportApril2011.pdf>.

<sup>80</sup> See Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip, dated September 28, 1995, available at <http://www.jewishvirtuallibrary.org/jsource/Peace/interim.html>.

Israeli administrative and security control, has been coolly received by Israeli officials and analysts, some of whom deem Palestinian construction in Area C a security threat.

## **Author Contact Information**

Jim Zanotti  
Analyst in Middle Eastern Affairs  
jzanotti@crs.loc.gov, 7-1441