

**ISRAEL/PALESTINE/LEBANON:
CLIMBING OUT OF THE ABYSS**

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ISRAEL/PALESTINE/LEBANON: CLIMBING OUT OF THE ABYSS

EXECUTIVE SUMMARY AND RECOMMENDATIONS

The Middle East is immersed in its worst crisis in years following the capture of three Israeli soldiers by the Palestinian Islamic Resistance Movement (Hamas) and Lebanese Party of God (Hizbollah) in late June 2006 and early July, Israel's comprehensive offensive throughout the Gaza Strip and Lebanon, and the daily firing of rockets deep into Israel. And horrific as it is, the current toll of death and destruction could reach entirely different proportions should a new threshold be crossed – a Hizbollah rocket that strikes a chemical plant or a heavily populated area in Tel Aviv or Haifa, an Israeli bombing raid resulting in massive casualties, a major ground offensive, or the expansion of the war to Syria or Iran. A political solution to the twin crises of Lebanon and Palestine must be the international community's urgent priority. Waiting and hoping for military action to achieve its purported goals will have not only devastating humanitarian consequences: it will make it much harder to pick up the political pieces when the guns fall silent.

This report pieces together the strands of this multi-headed crisis in Israel, the occupied Palestinian territories, Lebanon and elsewhere, based on talks with officials and others, including Hamas and Hizbollah representatives. There are many dimensions to the explanation of why the capture of three soldiers has, so suddenly and so intensely, escalated at an extraordinary pace into a deep and widespread conflict: local ones like Hamas's struggle to govern and Hizbollah's desire to maintain its special status in Lebanon; regional ones, notably the ongoing Arab-Israeli conflict, Syria's interests in Lebanon, and the growing Sunni-Shiite divide; and wider international ones, especially the confrontation between Washington and Tehran.

As the international community wrestles with this crisis, analysis from the ground suggests several key principles that ought to be followed.

First, the Gaza and Lebanon crises need to be dealt with separately. Though related both chronologically and in terms of the sparks that triggered them, the reasons behind Hamas's action have little to do with those motivating Hizbollah's. Bundling them together only complicates efforts at resolution.

Secondly, resolution of the Palestinian crisis should rest on a simple equation: governance in exchange for a cessation of hostilities. Of the two crises, the Palestinian one is relatively simpler to address: its origins are bilateral in nature (Hamas versus Israel), and so too can be its resolution. Hamas's message is straightforward: let us govern, or watch us fight. Governing, as Crisis Group recently reported, is what the Islamists have not been permitted to do. The strategy of Fatah, the wider Arab world, Israel and the West alike since the 25 January parliamentary elections has been to isolate and squeeze the Palestinian government in order to precipitate its collapse. The approach was always short-sighted and dangerous and it urgently needs to be revised. A deal appears attainable and should be pursued. It involves a prisoner exchange; a restored truce and – if any resulting tranquillity is not to be fleeting – an end to the international boycott of the Palestinian Authority (PA) government.

That boycott never made much sense in terms of Europe's and America's stated objective of inducing change in Hamas's positions and policies. It makes even less sense now if the goal is to prevent all-out deterioration. The 25 June 2006 signing of a National Conciliation Document by Fatah, Hamas and other Palestinian organisations on the basis of the Prisoners' Initiative, the decision to form a national unity government and the designation of President Abbas as the person in charge of negotiations with Israel do not quite add up to the conditions put forward by the Quartet for normalising its relations with the PA government. But incomplete as they may be, they should be enough – together with a reciprocal and monitored ceasefire – to trigger a different approach by the international community or, if the U.S. is not yet prepared to go along, at least by the EU and other Quartet members.

Thirdly, an immediate Israeli-Lebanese ceasefire is necessary: pursuing a military knockout is unrealistic and counterproductive. The Lebanese case is far more complex. What potentially might have been yet another chapter in the ongoing tit-for-tat between Israel and Hizbollah has become something very different. The brazen nature of the initial Hizbollah operation, coupled with the fact that it closely followed

Hamas's capture of one of its soldiers, lent it, in Israeli eyes, an entirely new meaning. Fearing a dangerous erosion of its military deterrence on two fronts simultaneously, the new government quickly escalated in an effort to achieve decisive outcomes against its adversaries. Hizbollah followed suit, for the first time launching rockets deep into Israel. Step by rapid step, the stakes and nature of the conflict have shifted: Israel increasingly sees it as a battle for its and the region's future; Hizbollah – torn between its identity as a Lebanese/Shiite movement and a messianic Arab-Islamist one – has increasingly slipped into the latter. On both sides, a tactical fight is metamorphosing into an existential war.

The key to managing this conflict, therefore, is to ensure it reverts to more manageable size by producing a ceasefire that puts an immediate, reciprocal end to attacks. To achieve that goal will require agreement on two steps that would rapidly follow: a prisoner swap and an understanding between all parties (Hizbollah included) that the current UN presence in South Lebanon will be strengthened with a multinational force. Injection of such a force carries considerable risk, as Lebanon's history suggests: given the depth of confessional divisions in Lebanon, it could trigger a deadly civil conflict. But in the absence of a strong Lebanese army, and given legitimate Israeli concerns, it has become a regrettable necessity. Bearing all this in mind, and mindful too of sobering lessons from Iraq, any such force should have a limited mandate (principally verifying adherence to the ceasefire), be authorised by the UN Security Council, work closely with the Lebanese army, and ensure it does not become an unwitting party to Lebanon's sectarian battles.

Anything more ambitious at this time – including Israel's desire to prolong military efforts until Hizbollah is crippled, and dispatch of a force charged with disarming the movement or full implementation of UN Security Council Resolution 1559 – could bring Lebanon to breaking point, risking more loss of life and serious escalation. Israeli and U.S. hopes that Hizbollah can rapidly be cut down to size, that the Lebanese government will confront it and its civilians rise against it, fly in the face of history. Hizbollah has not been significantly weakened nor, despite broad anger at its action, has its position on the Lebanese scene markedly eroded. In the past, Israeli military operations have only bolstered militant elements and, over time, rallied domestic opinion around them. The central government is not now, nor will it be soon, in a position to act against a movement that represents a critical domestic constituency and is present at all national levels – the government included. Should Hizbollah and its allies be pushed in a corner, they are liable to react, even at the cost of destabilising the country as a

whole, disrupting its precarious inter-confessional balance and plunging it into a new round of sectarian strife.

Achieving the desired outcome while minimising risks to Lebanon's stability will require the EU and UN to continue talking to Hizbollah despite pressures to cease. It also will require engagement with Syria, preferably by the U.S. Damascus repeatedly has demonstrated its nuisance capacity in Lebanon; it needs to be given incentives to cooperate, along with clear warnings if it does not.

Fourthly, to be sustainable, the ceasefire needs to be urgently followed by intensive diplomatic efforts to tackle root causes – all of them. A ceasefire by definition will be fragile and at best temporary, for it does not meet core concerns. Israel would be left with a hostile, armed force to its north; Lebanon with the reality of an autonomous militia and a southern neighbour eager to eradicate Hizbollah; and both the latter and its Syrian ally with unaddressed political issues. The U.S. is correct in asserting that "root causes" need to be addressed, but this cannot be done selectively nor should the international community stop half-way by focusing exclusively on Hizbollah's status.

Recent history should serve as a guide. The international community has identified important goals but gone about achieving them in all the wrong ways: UN Security Council Resolution 1559's fundamental flaw was that it aimed at internationalising the Hizbollah question without regionalising the quest for a solution. It is not possible to remove Hizbollah's arms without dealing with the justifications it invokes for maintaining them; to remake Lebanon by focusing on Hizbollah at the expense of broader questions related to the confessional distribution of power; and to do all this by isolating and targeting Syria, not involving it. Instead, continuous, robust and comprehensive diplomatic effort is required on several levels simultaneously:

- ❑ resumption of an urgent internal Lebanese dialogue on full implementation of the 1989 Taif Accords and Resolution 1559 items;
- ❑ swift return of displaced persons to the South as prolongation of the current untenable situation risks producing an internal explosion;
- ❑ urgent donor and especially Arab commitments to help with Lebanon's reconstruction;
- ❑ resolution of pending Israeli-Lebanese issues so as to dry up the complaints that feed Hizbollah's militancy;
- ❑ engaging Syria and Iran as a means of inducing Hizbollah cooperation; and
- ❑ reinvigorating the whole Israeli-Arab peace process.

This last point is key. The accelerated plunge into the abyss is the price paid for six years of diplomatic neglect; without a negotiating process, regional actors have been left without rules of the game, reference points or arbiters. In this respect, although their dynamics are different and they need separate solutions, the Palestinian and Lebanese crises clearly intersect. Only through a serious and credible rekindling of the long dormant peace process can there be any hope whatsoever of addressing, and eliminating, root causes.

RECOMMENDATIONS

To the Quartet (U.S., EU, Russia, UN), the Governments of Lebanon and Israel, the Palestinian Authority, Hizbollah and All Other Relevant Parties:

1. Deal with the Gaza and Lebanon crises separately.
2. Address the Palestinian crisis by pursuing a deal including the following elements:
 - (a) Hamas must release the Israeli soldier it holds and reinstate the truce while the Palestinian Authority must seek to stop all militias from firing rockets;
 - (b) simultaneously, Israel must end its Gaza incursion, cease offensive military operations in the occupied territories and release recently jailed cabinet members and parliamentarians as well as other Palestinian prisoners (such as those who have not been charged with an offence, have been convicted on minor charges or are seriously ill or underage); and
 - (c) the international boycott of the Palestinian Authority government should end.
3. Seek an immediate Israeli-Lebanese ceasefire with clear understandings that it will include the following elements:
 - (a) an immediate, reciprocal cessation of attacks;
 - (b) an early prisoner swap; and
 - (c) agreement by all parties on strengthening the current UN presence in South Lebanon with a UN-mandated multinational force charged with verifying adherence to the
4. Follow the ceasefire with urgent and intensive diplomatic efforts to tackle all relevant root causes, with efforts focused simultaneously on:
 - (a) an internal Lebanese dialogue on full implementation of the Taif Accords and Resolution 1559 items, including:
 - i. eventual disarmament or integration into the army of Hizbollah;
 - ii. reforming the political system; and
 - iii. establishing a more credible, national army and security doctrine that can ensure the country's defence;
 - (b) prompt return of displaced persons to the South;
 - (c) donor and especially Arab commitments to provide significant and urgent financial assistance to help rebuild Lebanon and alleviate its public debt;
 - (d) resolution of pending Israeli-Lebanese issues, including:
 - i. the fate of the contested Shebaa farms, with formal agreement by Syria that Shebaa is Lebanese and by Israel that it will withdraw;
 - ii. Israeli incursions into Lebanese water and airspace; and
 - iii. cooperation on demining efforts;
 - (e) engaging Syria, reintegrating it into the regional equation and discarding any agenda of externally-imposed regime change in exchange for its commitment to halt destabilisation efforts in Lebanon and for support on Hizbollah's gradual disarmament or integration into the Lebanese army;
 - (f) engaging Iran by addressing a broad array of issues, including the nuclear question, Iraq, and the region as a whole; and
 - (g) reinvigorating the Arab-Israeli peace process in both its Palestinian and Syrian tracks.

Amman/Beirut/Jerusalem/Brussels, 25 July 2006

ISRAEL/PALESTINE/LEBANON: CLIMBING OUT OF THE ABYSS

I. INTRODUCTION

In a one-two punch that may not have been coordinated but nonetheless had a multiplier effect, Palestinian and Lebanese militants conducted bold military operations, each from territory Israel previously had evacuated, both resulting in the capture of Israeli soldiers and triggering disproportionate responses. On 25 June 2006, three militant Palestinian organisations, including Hamas, attacked a military base, killing two soldiers and seizing a third. On 12 July, Hizbollah militants entered Israel and captured two soldiers while killing three others; when Israeli troops pursued them into Lebanese territory, they hit again, killing five more.

At its core, Israel's basic reaction to the two events essentially has been the same: categorical rejection of any negotiation or prisoner swap – which Hamas and Hizbollah each put forward as their core demand – and military responses designed to neutralise the militant organisations and erode their missile launching capabilities, and, by aiming at far broader targets, to generate pressure on them to release the captives. Israeli troops re-entered the Gaza Strip, in the process killing scores of Palestinians, destroying vital infrastructure and effectively isolating the territory from the outside world, risking a humanitarian catastrophe. At the same time, Israel seized and jailed Hamas ministers and parliamentarians from the West Bank. If the ostensible goal was to achieve the soldiers' release, other motives appeared at play: to weaken Hamas and, perhaps, accelerate its government's collapse.

This logic was more openly on display in the Lebanese arena. Circumstances there were different and, from Israel's perspective, far graver. Unlike Hamas, Hizbollah possesses a redoubtable military arsenal that can threaten cities deep inside the country. For years, Israeli leaders had warily watched this situation, sensing a confrontation was inevitable. The Islamists' operation was the tipping point; with that, all bets were off. Unleashing a fierce response, Israel imposed a blockade, targeted Beirut's airport, Lebanese harbours and key roads, hit the country's infrastructure, pounded Hizbollah's strongholds in southern Lebanon, the Bekaa Valley and south Beirut, killing approximately 400 civilians and forcing the displacement of more than half a million.

Here too objectives reached across several levels: the release of the two soldiers, the demolition of Hizbollah's destructive capacity; instigation of domestic anger at Hizbollah; and international involvement to ensure it no longer could replenish its arms or again establish itself within proximity of Israel's northern border.

Hizbollah has replied with its own escalation. Crude rockets, launched indiscriminately, have for the first time hit civilian population centres in cities such as Haifa, Tiberias, Afula and Nazareth. As of 24 July, 41 Israelis have died, 17 of them civilians killed by the rockets in the north; many live in constant fear of the next attack and have been forced to flee their homes or find shelter. Israeli intelligence fears other weapons may be in Hizbollah's hands: longer-range ballistic missiles that might be capable of reaching Tel Aviv and prove more devastating still.

Escalation is in the very nature of this type of conflict. Israel perceives it in existential terms, as a choice between allowing armed organisations dedicated to its destruction to operate with impunity or tackling them forcefully. Hizbollah also believes its role and existence are at stake; it cannot back down without risking irrevocable defeat. If Hamas feels itself unable to govern, it would rather go down fighting than failing. Only smart, calibrated and urgent international intervention can stop the slide further into the abyss.

II. THE VIEW FROM PALESTINE

In its latest report on the Palestinian situation,¹ Crisis Group noted that resolving the ongoing crisis required three accommodations: an internal, Palestinian one over distribution of power and responsibilities; an Israeli one with Hamas and the PA over a mutual ceasefire and recognition of the Hamas government's right to govern; and one between the Palestinian government and the international community over the disbursement of vital donor aid. In the few weeks that have elapsed, the intra-Palestinian dialogue has made noteworthy albeit still tentative strides, with the achievement of the National Conciliation Document between Hamas, Fatah and other political organisations on 25 June (see box below). The relationship with Israel dramatically deteriorated, however, in the aftermath of Operation Dispelled Illusion, a Palestinian operation conducted earlier that same day, which resulted in the capture of an Israeli soldier. Throughout, the international community has remained remarkably passive, doing far too little either to consolidate the emerging Palestinian consensus or to avert continued Israeli-Palestinian escalation.

The three dimensions are closely intertwined. The current confrontation is only partly an Israeli-Palestinian one. For Hamas, the central issue remains its determination to obtain recognition of its right to govern pursuant to the mandate it obtained in the January legislative elections and acquire the resources to meet this challenge. Its 9 June renunciation of the unilateral ceasefire (or "quiet", *tahdi'a*) proclaimed in March 2005, and actions since then, were designed as a message, not only to Israel, but equally to its Palestinian rivals and foreign adversaries. The point is that if Hamas is either removed from power or prevented from governing, it retains other options and will not shy away from exercising them.² These are priorities on which the entire Hamas leadership, irrespective of any internal differences and rivalries, remains united.³

¹ Crisis Group Middle East Report N°54, *Palestinians, Israel and the Quartet: Pulling Back from the Brink*, 13 June 2006.

² See further Gareth Evans and Robert Malley "How to Curb the Tension in Gaza", *Financial Times*, 6 July 2006.

³ Crisis Group interviews, Musa Abu Marzouk Deputy Secretary General of the Hamas Politbureau, Damascus, 11 July 2006. "The abduction of a soldier and the Qassam strikes on Ashkelon are just political messages from Hamas. They are not a full-scale return to the resistance. They are carefully calibrated steps. We haven't returned to war. Don't kid yourself that the wall stopped us. We can attack wherever we want in Israel. If Hamas has nothing, no other option, we could conduct a scorched earth policy, not a calibrated approach. You do the first when you're weak and desperate.

The second when you're strong". Crisis Group interview, Salah Bardawil, Hamas parliamentarian and spokesman, Khan Yunis Refugee Camp, Gaza Strip, 10 July 2006.

The Palestinian National Conciliation Document

On 25 June all Palestinian political movements in the occupied territories with the exception of Islamic Jihad signed an agreement known as the National Conciliation Document. Consisting of a preamble and eighteen articles, it is based upon and closely reflects the Prisoners' Initiative unveiled on 11 May.

The National Conciliation Document's primary purpose is to unify Palestinian positions regarding the role and function of national institutions, the Israeli-Palestinian conflict and relations with the outside world. More specifically, it seeks to resolve what had become an increasingly violent struggle between Hamas and Fatah that commenced after Hamas won the January elections and in March took control of the PA government.

Its main points include:

- Identification of a Palestinian state in all territory occupied by Israel in 1967 and the Palestinian right of return as rights in accordance with "international law" and "international legitimacy". The wording is virtually identical to that of the Prisoners' Initiative and constitutes a concession by Hamas, both because it implies a two-state settlement and because the Islamists previously resisted recognition of international legitimacy on the grounds that this constituted recognition of Israel. In two respects, however, the document hardens the content of the Prisoners' Initiative: it accepts international law and legitimacy but "without detracting from our people's rights"; and it calls for the right of return of refugees to their "homes and properties from which they were expelled".
- Confirmation of existing agreements to integrate Hamas and Islamic Jihad into the ranks of the Palestine Liberation Organisation (PLO) by the end of 2006. The document refers to the PLO as the Palestinian people's "sole legitimate representative" and "highest political authority", longstanding formulations that had previously been resisted by the Islamists. It also confirms the PLO and Palestinian Authority (PA) President Abbas as responsible for the "management of negotiations". Any agreement is to be ratified either by the Palestinian National Council emerging from the new PLO or through a referendum held "in the homeland and all places of exile".
- Affirmation of the Palestinian "right to resist the occupation", while pledging to "concentrate the resistance in the territories occupied in 1967, alongside political action and negotiations and diplomatic work". The wording reflects the Prisoners' Initiative but is considered a concession to Hamas, which rejected efforts by President Abbas that would limit rather than concentrate Palestinian resistance within the occupied territories.
- Formation of a PA coalition government on the basis of "a joint program designed to alleviate the Palestinian situation locally, at the inter-Arab level, regionally and internationally...and that enjoys Palestinian popular and political support from all groups, as well as Arab and international support".

The National Conciliation Document does not explicitly provide for recognition of Israel, renunciation of violence or endorsement of existing Palestinian commitments – the three demands put forth by the Quartet⁴ as conditions for a renewal of relations with the PA government. Nevertheless, it represents a considerable development in Hamas's positions. As a Palestinian Islamist journalist put it, anyone can see the difference between this document and Hamas's "anachronistic" charter.⁵

⁴ The Quartet on the Middle East is comprised of representatives of the United States, Russia, the European Union and the United Nations.

⁵ Crisis Group telephone interview, 24 July 2006.

A. INTERNAL DEVELOPMENTS

In mid-June, the key issue was the crisis engendered by President Abbas's 25 May ultimatum to Hamas to accept the Prisoners' Initiative unconditionally. That document, signed by prominent Palestinian detainees including a senior Hamas figure, was the most visible effort to date to achieve a national consensus on relations, both among Palestinians and between them, Israel and the international community. Amid growing violence and assassinations increasingly likened to an incipient civil war, Abbas on 10 June issued a presidential decree proclaiming the referendum would be conducted on 26 July.⁶

Abbas's strategy was straightforward: to pull the rug from under Hamas's electoral mandate by reconfirming his own in a referendum victory large enough to empower him to change or dismiss the PA government. The gambit appeared to present itself quite well at first, as polls showed overwhelming support for the Prisoners' Initiative, and Abbas as well as Fatah seemed poised for the first time since the parliamentary elections to regain the political initiative.

What has happened since? For one, the gambit quickly ran into formidable obstacles. There were obvious constitutional difficulties but the political ones were more important. Once the document ceased being a forum for national reconciliation and consensus and turned into an instrument in the Fatah/Hamas tug of war, its Islamist signatories withdrew their endorsement, criticising Abbas for his "unacceptable abuse" of it;⁷ popular support for the referendum plummeted; and Abbas signalled he was having second thoughts.

While surveys continued to suggest a clear majority in support of the Prisoners' Initiative, the public was more divided about how it would vote.⁸ Some of Abbas's advisers continued to plead with him to move forward with the referendum no matter what, arguing that to give it up would be to lose credibility and whatever political leverage he still possessed. "If the choice is between an agreement with Hamas and a referendum, Abbas should

go for the referendum. It is our last chance to regain the political initiative. Without it, we are lost".⁹

But the president, never seeming fully at ease in his new, confrontational role, appears to have felt otherwise. Instead, he heeded the advice of those who underscored the risky nature of any confrontation with Hamas. In the words of a Fatah Revolutionary Council member:

If there is a collapse, Hamas can make everyone collapse. They can undermine everything. We should reach an agreement. What are our options? A coup, which is suicide; to form an underground organisation, which will lead to civil war; send people to demonstrations, which will achieve nothing; or join a coalition. We should recognise that the only way to reach authority is through the democratic process.¹⁰

Travelling to Gaza, where Fatah sentiment for an understanding with Hamas ran stronger,¹¹ Abbas negotiated with Prime Minister Ismail Haniya on the exact wording of the Prisoners' Initiative to see if he could meet Hamas's objections and obviate the referendum. For its own reasons, Hamas was equally interested in reaching agreement and presenting a united stance toward the international boycott. According to Hamas leader Salah Bardawil, "we are and since the beginning have been serious about a national unity government. We want to alleviate the pressure on Hamas".¹²

Throughout June, the National Dialogue intensified. One problem was with the document's language. According to Fatah Central Committee member Abbas Zaki, there were three issues: the role of the PLO and how it would be expanded to include Hamas and others; what was meant by adherence to international legitimacy; and the character of a national unity government.¹³ But an even bigger problem was what would follow agreement. While Abbas initially had claimed that governmental adoption of the

⁶ For background, analysis, and the text of the Prisoners' Initiative, see Crisis Group Report, *Pulling Back from the Brink*, op. cit.

⁷ "Hamas author of Prisoners' Document withdraws his name", Associated Press, 11 June 2006.

⁸ According to a series of polls conducted between 27 May and 24 June 2006, support for the Prisoners' Initiative declined from 85 to 64 per cent and for a referendum from 81 to 58 per cent. See further www.neareastconsulting.com.

⁹ Crisis Group interview, PA presidential adviser, Ramallah, June 2006.

¹⁰ Crisis Group interview, Ramallah, 25 June 2006.

¹¹ Fatah leaders in Gaza face a far more difficult task given the Islamists' strength. They are said to have argued for a compromise over the objection of some West Bank advisers. Crisis Group interviews, Ramallah, Gaza, June-July 2006. According to Hamas leaders, in fact, their nemesis Muhammad Dahlan was a key figure promoting agreement. Crisis Group interviews, Ahmad Bahar, leader of the Hamas parliamentary faction in the Gaza Strip, Gaza City, 10 July 2006; Salah Bardawil, Hamas parliamentarian and spokesman, Khan Yunis Refugee Camp, Gaza Strip, 10 July 2006.

¹² Crisis Group interview, Bardawil, 10 July 2006.

¹³ Crisis Group interview, Ramallah, 13 July 2006.

Prisoners' Initiative would trigger a new international attitude toward the PA, Washington clearly signalled it would not:

They told us we could do what we wanted with the Prisoners' Initiative, with a national unity government or what not. They don't care. What matter are the three Quartet conditions. If those are not met, the boycott will remain.¹⁴

As a result, some Fatah officials suggested that agreement regarding the Prisoners' Initiative would immediately lead to negotiations over a government platform that – unlike the Prisoners' Initiative – would meet the Quartet conditions.¹⁵ For Hamas, that plainly was unacceptable. “What do you think? We are going to negotiate for weeks over a document that, once signed, will be put aside as we then negotiate over more stringent conditions? We won't accept moving targets. If we reach agreement, it's up to Abbas to deliver his pledge of a different international approach”.¹⁶

On 25 June, agreement finally was reached, and both sides expressed satisfaction with the outcome – though whether consensus had been found on the government's composition or platform is another matter. In Abbas Zaki's words, “we now have agreement. Yet it is not the text that matters, but how it is interpreted. The danger now is that we will have different readings of the same words, and this will be determined by the intention of the parties rather than the meaning of the words”.¹⁷ Meanwhile, tit-for-tat killings orchestrated by gunmen allied to Fatah and Hamas continued, albeit on a lesser scale.

In the event, such deliberations were wholly overshadowed by developments on the Israeli-Palestinian front. Hours before the Fatah/Hamas agreement was signed, a group of militant groups mounted a successful attack on Kerem Shalom. So long as the crisis resulting from it remains unresolved, and Israel continues its military operations, there will be no coalition government. According to a Hamas leader, “Fatah doesn't want to enter government. It's not eager to align itself with a besieged movement condemned as a terrorist organisation”.¹⁸ Faced with a common enemy returning to Gaza, the armed groups appeared to coordinate their battlefield defence.

B. ISRAELI-PALESTINIAN DEVELOPMENTS

Although Hamas and other Palestinian organisations announced a unilateral ceasefire in March 2005, armed conflict never came to a halt. Israel refused to negotiate a reciprocal and comprehensive cessation of hostilities. Neither the PA nor Hamas took effective steps to end the launching of rockets by others; the truce was rejected by the Popular Resistance Committees, a militia based in the southern Gaza Strip; and Islamic Jihad over time gave an increasingly liberal interpretation to the right of reprisal it insisted on retaining.

By mid-2006, mutual attacks had become an almost daily occurrence. Palestinian militants routinely bombarded Sderot and other Israeli communities near the Gaza Strip with crude, short-range local rockets generically dubbed Qassams. Israel regularly bombarded the Gaza Strip with artillery and conducted air strikes there and assassinations in the West Bank with growing frequency. Simultaneously, it continued its territorial isolation of the occupied territories, and the Gaza Strip in particular, virtually without interruption, inflicting massive economic damage on the Palestinian economy. After the new Palestinian government assumed office on 29 March, Israel also interrupted monthly transfers of Palestinian revenues it collected on the PA's behalf.

The above notwithstanding, until June 2006 Hamas was virtually absent from the battlefield. And while Israel continued to arrest Hamas members and militants in the West Bank,¹⁹ it refrained from anything resembling the comprehensive campaigns against the Islamist movement of previous years.

A first notable change occurred on 9 June. Early that morning, Israel assassinated Popular Resistance Committee leader Jamal Abu-Samhadana, who had shortly before been appointed commander of a new PA security force controlled by the interior minister and who was accused of involvement in lethal acts against Israelis and Americans, as well as senior Hamas leader Said Siam. That same afternoon, seven members of the Ghalia family were killed in what Palestinians and most foreign observers are convinced was an Israeli naval bombardment

¹⁴ Crisis Group interview, presidential adviser, Ramallah, 24 June 2006.

¹⁵ Crisis Group interviews, Ramallah, June 2006.

¹⁶ Crisis Group interview, Hamas official, Ramallah, 24 June 2006.

¹⁷ Crisis Group interview, Ramallah, 13 July 2006.

¹⁸ Crisis Group interview, Bardawil, 10 July 2006.

¹⁹ During the second half of 2005, for example, Israel arrested many of the Islamist movement's candidates for the January 2006 legislative elections, including Finance Minister Omar Abd-al-Raziq, Muhammad Ghazal (who had been responsible for proclaiming Hamas's participation in the elections) and Shaikh Hasan Yusif (considered one of the movement's leading pragmatists). The 7 October 2005 *Jerusalem Post* reported that 200 Hamas members had been recently arrested in the West Bank as part of Israel's Operation First Rain.

of a Gaza beach.²⁰ That evening, the Izz al-Din Qassam Brigades, the Hamas military wing, renounced the March 2005 ceasefire and launched several Qassam rockets toward southern Israel.²¹

In the following weeks, Hamas resumed rocket attacks on Israel, firing improved versions from areas further north evacuated by Israel in August 2005 and hitting the city of Ashkelon. Israel shelled Qassam launch sites with thousands of rounds of artillery fire and resumed targeting Hamas militants in the Gaza Strip. With growing frequency, its air force also targeted heavily populated areas and private homes where militants were presumed to be, leading to a visible surge in civilian casualties. According to the UN, 100 Palestinians (including sixteen children) and one Israeli soldier were killed between 28 June and 18 July.²²

Operation Dispelled Illusion was the most dramatic development. On 25 June, a squad drawn from three groups – the Popular Resistance Committees, Qassam Brigades and the heretofore unknown Army of Islam – perpetrated one of the most sophisticated attacks since the 2000 uprising began. Tunnelling more than half a kilometre under the Gaza-Israel border to the military base of Kerem Shalom, within Israel at the south-eastern tip of the Gaza Strip, the militants blew up a tank, killed two soldiers and captured a third, Corporal Gilad Shalit.

Much speculation has centred on the timing and purpose. Many pointed the finger not so much at Hamas as at the leader of its Damascus-based Politbureau, Khaled Mashal.²³ According to this view, he ordered the attack in order to undermine the Islamist leadership within the occupied territories, and the PA government in particular, which was on the verge of signing the National

Conciliation Document with Fatah. His ostensible purpose was to sabotage the agreement, undermine the government, and more broadly escalate the Israeli-Palestinian conflict. He thus sought to reassert his supremacy within the movement and promote the agenda of his radical patrons in Damascus and Tehran in one fell swoop. In the words of a Palestinian presidential adviser the day after the attack, “It’s Hamas against Hamas. It’s so clear it was ordered by Mashal and that he wants to undermine the people inside”.²⁴ A Fatah spokesperson went so far as to claim that “our problem in Fatah is with Mashal and not with Hamas. We can easily get an agreement with Hamas, but Mashal is refusing any compromise”.²⁵

That differences exist between various Hamas leaders is beyond doubt. In meetings in Ramallah, Gaza, Damascus and Beirut over the past several months, Crisis Group heard different tones and emphases; most recently, ministers in Ramallah appeared more focused on governance than those in Damascus. Prisoners have specific views as well. But conventional interpretations of the motivations behind Hamas’s attack simply do not hold.

Unsurprisingly, Hamas deputy Politbureau leader Musa Abu Marzuq dismissed suggestions that the attack was ordered from Damascus, stating that “the political leadership has no relationship with how the military implements the movement’s decisions on the ground. The military command deals with the situation according to purely military considerations”.²⁶ But there are other, persuasive reasons to doubt the prevailing view. To begin, if the goal was to deter Prime Minister Ismail Haniya from signing the agreement, it clearly failed. Unless one believes that he could have taken a decision against the wishes of the external leadership – something that would be at odds with all that is known about the organisation’s decision-making process – this strongly undermines the conventional view. As the leader of Hamas’s parliamentary faction, Salah Bardawil put it:

Haniya cannot control policies alone, nor can Mashal control the military alone. The military wing reflects political trends. If Mashal opposed the Consultative Council, they’d expel him. We’re

²⁰ An internal investigation by the Israeli military concluded that the killings of the Ghalia family could not have been caused by its forces. According to Lucy Mair of Human Rights Watch, “The IDF is inherently incapable of investigating itself on such a sensitive issue. Our own investigation team, which included a senior former military officer, concluded that until proven otherwise Israel must be considered the responsible party. The reason we cannot yet offer a definitive conclusion is because we don’t have access to Israeli troops, weaponry and other vital information from the Israeli side. For this reason we continue to call for an independent investigation”. Crisis Group interview, Jerusalem, 13 July 2006.

²¹ For background and analysis see Crisis Group Report, *Pulling Back from the Brink*, op. cit.

²² “Situation Report: Gaza Strip, 18 July”, United Nations Office for the Coordination of Humanitarian Affairs: Occupied Palestinian Territory, at www.ochaopt.org. It is not entirely clear if these figures also include West Bank casualties.

²³ The view seems to have particular resonance among Israeli and U.S. officials and analysts. Crisis Group interviews, Tel Aviv, Washington, July 2006.

²⁴ Crisis Group interview, Ramallah, 26 June 2006.

²⁵ “There are big differences in Hamas between the political and military wing. Qassam leaders Ahmad Jabari and Muhammad Daif are not taking orders from Haniya. Haniya knows nothing about Shalit, and Mashal has captured power in his hands; he takes the military decisions, the political decisions, the organisational ones. He has the money, and he has direct contact with people on the ground”. Crisis Group interview, Abd-al-Hakim Awad, Fatah activist, Gaza City, 10 July 2006.

²⁶ Crisis Group interview, Damascus, 11 July 2006.

not like Fatah with its lack of leadership. The Kerem Shalom attack was not intended to scupper the National Conciliation Agreement, but rather to accelerate the negotiations. It put pressure on Abbas to sign. After the attack, he backed off from insisting on amendments and on concessions to the Israeli and U.S. position, and the parties agreed to sign.²⁷

Members of the external leadership described in detail to Crisis Group in the days prior to the attack what changes they needed in the document for it to meet Hamas's approval;²⁸ the final version reflects most of those alterations and, indeed, no one among that leadership has criticised Haniya for signing it. To the contrary, in interviews with Crisis Group in Damascus, the movement's deputy leader, Musa Abu Marzuq, and its Lebanon representative, Usama Hamdan, both praised the agreement.²⁹ It also is noteworthy that those same people – members of Fatah, Israeli officials and others – who evoke a fight between a pragmatic Haniya and the more radical external wing were, not long ago, speaking of a tug-of-war between a hard-line Haniya beholden to Damascus and more moderate Islamist leaders in the West Bank.³⁰

In fact, the timing of the attack may well have been coincidental. According to Palestinian analyst George Giacaman, "Israel has stated it knew of a tunnel's existence for several months. Two days before the attack, it arrested two Palestinians inside the Gaza Strip involved in the attack's preparation, precipitating a speedy implementation out of fear they would talk".³¹

Ultimately, while there is little reason to suspect that the Hamas-led government had prior knowledge of the attack or that the cabinet felt its success suited the government's purposes,³² the reasons behind the

resurgence of violence are plain and predictable. Hamas was running the risk of showing itself unable to manage Palestinian affairs, gradually losing its constituents' confidence and support. By striking, it hoped to force domestic and foreign parties to give the government breathing space or bring the whole house down. Differences of opinion within the movement aside, the consensus within the organisation increasingly tilted toward the latter contingency.³³ Barring a change in Israeli, international and Fatah attitudes toward Hamas, violence was a reaction waiting to happen. "The U.S. and Israel have no right to prevent the Palestinian people from choosing their leadership, this issue concerns the Palestinian people and is not subject to negotiation or concession", said Abu Marzuq³⁴ The same words were spoken by Haniya, almost verbatim, in his 21 July Friday sermon.

Views within Hamas also converged regarding how to resolve the crisis. Leaders in Gaza interviewed by Crisis Group were dismissive of Egyptian proposals for the sequential release first of the Israeli soldier and then of an unspecified number of Palestinian prisoners to be discussed with President Abbas, rather than a simultaneous exchange of named detainees for which Hamas could take credit. According to Ahmad Bahar, a prominent Islamist parliamentarian, "we cannot accept a prior release of the soldier on the understanding that Israel would then release our prisoners. We had such understandings with Israel in the past and Israel renege on its word".³⁵

When asked for his view on a resolution of the crisis, the Damascus-based leader immediately referred to the initiative unveiled by Haniya in Gaza the previous day: "quiet, a reciprocal ceasefire and negotiations about the question of the captive soldier. It was immediately rejected. The Quartet needs to very carefully and seriously re-examine the decisions it has taken against the Palestinian people".³⁶

²⁷ Crisis Group interview, 10 July 2006. Fatah Revolutionary Council member Qaddura Faris concurred: "I don't buy the argument that Mashal is Hamas's commander in chief, directing the actions of the military wing. He simply can't do it". Crisis Group interview, Ramallah, 6 July 2006.

²⁸ Crisis Group interviews, Beirut, 22-23 July 2006.

²⁹ Crisis Group interviews, Abu Marzuq, 11 July 2006; Hamdan, 14 July.

³⁰ Crisis Group Report, *Pulling Back From the Brink*, op. cit., p 18, n. 132.

³¹ Crisis Group interview, Ramallah, 7 July 2006. A slightly different perspective was provided by PA Deputy Prime Minister Nasir-al-Din Sha'ir: "Israel had kidnapped two of our people from Gaza, the people felt provoked, and wanted to demonstrate that we can do the same". Crisis Group interview, Ramallah, 26 June 2006.

³² Deputy Prime Minister Sha'ir shortly after the attack in fact told a Ramallah press conference, "I demand that this Israeli soldier be freed immediately", Associated Press, 28 June 2006.

³³ Crisis Group interview, Hamas members and officials, Beirut, Ramallah, June 2005.

³⁴ He added: "The Quartet did not give Hamas an opportunity to deal with anything. Within three minutes of its electoral victory, a number of officials convened at Davos with Solana at their head and talked about boycotting the Palestinians, while the U.S. and Israeli immediately did this. The Quartet did not even give Hamas the customary 100 days to learn about its program and policies; instead it immediately announced its boycott and siege". Crisis Group interview, Abu Marzuq, Damascus, 11 July 2006.

³⁵ The sentiments were echoed by Bardawil. Crisis Group interview, Gaza City, 10 July 2006.

³⁶ Ibid.

In its first reaction to the soldier's abduction, the Israeli government held not only Hamas, but the PA and Abbas responsible and rapidly launched an assault on multiple fronts. These included assassinations of Hamas and other militants; arrests of PA cabinet ministers, Hamas parliamentarians and other Islamist leaders in the West Bank; attacks on key civilian infrastructure in the Gaza Strip, such as the main power plant, the main bridge in central Gaza and PA offices; tightening of the economic isolation; and major armed thrusts into the Gaza Strip for the first time since August 2005.

C. INTERNATIONAL DEVELOPMENTS

Despite relatively promising developments on the domestic Palestinian front, and alarming ones on the Israeli-Palestinian one, the Quartet has not deviated from the position it staked out immediately upon Hamas's victory, embodied in the three conditions for lifting the diplomatic and financial boycott.³⁷ It has continued to hone its work on a mechanism to partially respond to the humanitarian crisis. On 17 June, it approved the establishment, for an initial three months, of a Temporary International Mechanism formulated by the EU to assist the Palestinians while bypassing the PA government.³⁸ On 23 June the European Commission approved a contribution of €105 million to finance its various "windows". Almost half this amount, €40 million, was dedicated to payment of "allowances to individuals. This covers a contribution to the payment of social allowances to those who are providing care in hospitals and clinics and social allowances to those in greatest need".³⁹ Coordination is to be through the PA presidency rather than government.

The formula was intended to meet American demands that nothing akin to salary payments to any PA employees occur so long as Hamas remains in power and fails to meet the Quartet preconditions. While a step in the right direction, the result is an awkward arrangement that risks exacerbating internal tensions between the presidency and government and falls far short of meeting basic needs. According to an EU official involved in implementation:

We have technical contacts with the PA, but refer all matters to the president's office, which acts as the facilitator and provides the necessary information. The president's office does not channel funds. We

define the criteria. We will pay all doctors and health workers. But we don't know whether by 1 September we will be able to pay teachers.⁴⁰

Timeframes for full implementation are being postponed; the initial disbursement by the European Commission was limited to health workers; and agreement on the criteria to qualify for basic needs financial support remains undetermined. It is hard to see how any of this is contributing to the Quartet's proclaimed goals: to moderate Hamas, strengthen President Abbas, and create conditions for quiet and political progress.

Of late, there have been some encouraging albeit early signs of an evolution on Europe's – and more broadly the Quartet's – part.⁴¹ This stems partially from growing perception that the Quartet's position is not having the desired effect. Moreover, the Lebanese flare-up has concentrated EU minds, convincing some policy-makers of the dangers of violence and radicalisation on two fronts simultaneously and of the possible snow-ball effect.⁴² Wisely, some EU officials have concluded that lumping Hamas and Hizbollah together would not serve Europe's interests: it would make both crises harder to resolve, risk regionalising the conflict, solidify the perception of a Western war against Islam and therefore undermine efforts to promote the political evolution of militant Islamism.⁴³ Addressing Hamas is, in this view, the less complicated of the two challenges, involving narrower issues and, from Israel's perspective, posing less of an immediate security threat.

As a result, some in Brussels and other European capitals are advocating a more nuanced policy toward Hamas, premised first on decoupling it conceptually from Hizbollah and secondly on reaching some kind of realistic accommodation with the Palestinian government. An EU official suggested that if a national unity government were formed on the basis of the Prisoners' Initiative, included one or two "reputable members" in key ministries and maintained an effective ceasefire (perhaps with third party monitoring), this – though admittedly falling short of the three conditions – might well constitute a sufficient basis for a fundamental re-evaluation of EU policy toward the PA, even, perhaps, over Washington's objections.⁴⁴

³⁷ For background and analysis see Crisis Group Report, *Pulling Back from the Brink*, op. cit.

³⁸ Ibid.

³⁹ "EU contributes €105 million to the Temporary International Mechanism for the Palestinians", 23 June 2006, EU press release at <http://europa.eu.int>.

⁴⁰ Crisis Group interview, Jerusalem, 7 July 2006.

⁴¹ In mid-July, the Arab League transferred some \$50 million to Abbas's office, without Quartet objection, providing for the payment of about a half-month's salary to all PA workers, including the security sector, in mid-July. Crisis Group interview, planning ministry official, Ramallah, July 2006.

⁴² Crisis Group interview, EU official, Brussels, July 2006

⁴³ Ibid.

⁴⁴ Crisis Group interview, EU official, Brussels, July 2006.

III. THE VIEW FROM LEBANON

With heavier fire-power, wider international implications and greater potential for regional escalation, the fighting on Israel's northern border quickly took centre stage. For many outside observers, it also raised far more questions, including why Hizbollah had launched its attack, and why now. An important starting point must be its worldview and split identity as well as events that have affected Lebanon over the past several years.

A. LEBANON, HIZBOLLAH AND THE RISKS OF INTERNATIONALISATION

In December 2005, Crisis Group warned against the gathering storm in Lebanon. The message was straightforward: international involvement was needed but, if poorly managed, risked promoting instability and, worse, bringing the country to breaking point:

There is a potentially explosive combination of renewed sectarian anxiety born of the collapse of the Syrian-sponsored system, intense regional competition and almost unprecedented foreign involvement....Groups are lining up behind competing visions for Lebanon and the region's confessional and ideological future. Domestic politics is being dragged into wider contests, while foreign actors are being pulled into Lebanon's domestic struggles.⁴⁵

At the time, Crisis Group recommended a two-track approach: bolstering the central government by assisting in long-overdue political and economic reform, while putting on hold more ambitious agendas such as disarming Hizbollah through implementation of Resolution 1559 or seeking to isolate and destabilise the Syrian regime. That road was not taken. Instead, precious little was done to strengthen the Siniora government or de-confessionalise the political system; much was made – rhetorically at least – of the need to implement 1559's disarmament provisions, and the U.S. continued to ostracise Syria, leading it to view all Lebanese events through the prism of Washington's efforts to weaken its regime. Tensions over Iran's nuclear file and growing regional Sunni-Shiite hostility prompted by the Iraq war added to the volatile mix, given Tehran's close ties to Lebanon's Shiite community and to Hizbollah in particular.

Enter, then, Hizbollah. Making sense of the movement is a challenging, and, as contradictory interpretations of the past weeks' events illustrate, uncertain science. Crucially, it must be apprehended as a multi-dimensional organisation, constantly juggling diverse constituencies, interests and outlooks. At any given time, one of those identities will predominate; at no time will any of them fade away.

At bottom, Hizbollah is a Shiite movement, indeed the Shiites' prime organisational asset in a country long reserved primarily for Christian and Sunni Muslim interests. It is also a national movement, intent on demonstrating cross-confessional appeal as the only effective defender of the country's security, but it also possesses, critically, a regional identity, being closely tied to and, in some respects, dependent on Syria and Iran. In a sense, Hizbollah is revolutionary Iran's proudest achievement, the result of a two-decade long, billions of dollars investment. And it is an intensely ideological movement, holding to a revolutionary, internationalist Islamist creed, intent since Israel's 2000 withdrawal on expanding its role to the Palestinian arena, all of which made one Lebanese commentator dub it "Islamism's Trotskyites".⁴⁶ Hizbollah's success stems from its remarkable ability to take advantage of the country's political system and its tragic civil war to give a pan-Islamist revolutionary idea Lebanese roots.

Since Israel's 2000 withdrawal, these strands have come into increased tension with each another. At one level, the development removed a principal Hizbollah cause and pushed it toward a more national, political role. There was evidence: greater involvement in the political process, climaxing in the unprecedented decision to participate in the new government. Other events – the Hariri assassination and ensuing reshuffle of the nation's political deck; Syria's departure; and renewed emphasis on Resolution 1559 – led the movement to fall back on the Shiite community and assert its role as defender of its interests in an environment marked by heightened domestic and regional sectarian divides. The link with 1559 was clear; if Hizbollah disarmament was to be put on the table, so too should broader issues concerning the sectarian distribution of power and political representation. Crisis Group wrote that the message was: "come after the weapons, and Hizbollah will go after the fragile political balance".⁴⁷

Regional evolutions also played their part. With a weakened Syria, Western pressures on Iran, the Iraq war, 1559 and the emergence of a more Western-

⁴⁵ Crisis Group Middle East Report N°48, *Lebanon: Managing the Gathering Storm*, 5 December 2005, p. i.

⁴⁶ Crisis Group interview, Lebanese analyst, July 2006.

⁴⁷ Crisis Group Report, *Managing the Gathering Storm*, op. cit., p. 19.

friendly government in Beirut, Hizbollah leaders saw an effort to radically – and from its perspective menacingly – shift the regional balance of power. Here, ideological interests were at stake; to some in the leadership, the paramount consideration was how to prevent this outcome. Lebanon, because it was at the intersection of so many regional issues, and its political identity was in flux, was a significant piece in this strategic puzzle. Hizbollah was determined to prevent the country from becoming a springboard for what it saw as a concerted attempt to reshape the region to the U.S.'s benefit.

The result is a flurry of apparent contradictions. Hizbollah gradually has been evolving toward a more mundane political organisation, and justification for its weapons ring increasingly hollow; yet its leaders cling to the dominant paradigm of “resistance” (*muqawama*). The movement has joined the government and is ever more present in the political system; yet, at the same time, it increasingly perceives that system as tainted from the inside, as several of its actors side with the external enemy. More and more, Hizbollah is viewed as a sectarian organisation partaking in the banal apportionment of resources along confessional lines; yet it remains determined to maintain its image as a national movement and is as committed as ever to its revolutionary agenda. And while the confrontation with Israel had become more muted, it considered the dangers for the region were becoming greater. Whatever reasons existed for Hizbollah to transition toward a purely political party, more than enough reasons were pushing it the other way.

Only by keeping these many and sometimes conflicting dimensions in mind can one begin to make sense of Hizbollah's actions and thinking in the recent crisis.

B. WHY THE ATTACK?

At an immediate level, Hizbollah launched its operation for the most banal reason of all: because it could. There was, in this, very little that was new. Hizbollah had called 2006 “the year of retrieving the prisoners”,⁴⁸ and, for many months, Hassan Nasrallah had publicly proclaimed the movement's intention of seizing soldiers for the purpose of a prisoner exchange. In November 2005, he spoke of the “duty to capture Israeli soldiers and swap them for the Arab prisoners in Israel”⁴⁹ and, in April 2006, he had threatened to get back the most notorious, Samir Kuntar, even by force; a previous prisoner exchange in 2004 had not included Kuntar because Hizbollah was unable to provide information on Ron

Arad, an Israeli soldier who went missing in action.⁵⁰ For some time Israeli officials had been warning that the Islamist movement would try to carry out such an operation. And, indeed, there had been several attempts in the past – eleven according to Nabih Berri, the speaker of parliament⁵¹ – of which the best known took place in November 2005 and was foiled by Israel. Speculation that the attack was timed to coincide with Iran's rejection of the nuclear deal⁵² appears, in this light, questionable.

For Nasrallah, this was a matter of honour and of keeping his word. Tellingly, the operation was dubbed “The Sincere Promise” (*al-Wa'd al-Sadiq*), a reference to the pledge made to Lebanese and Arab prisoners, chiefly Samir Kuntar and Yehia Sqaf.⁵³ And, immediately after the capture, Nasrallah plainly stated: “For more than a year, I've been saying that we want to kidnap soldiers in order to exchange prisoners. Every time I said so, Israel went into high alert along the border. We decided to kidnap soldiers in order to end the matter of prisoners”.⁵⁴

The conflagration began with what, from Hizbollah's perspective, was just another in a history of bloody tit-for-tats, many instances of which go unreported. It was, to be sure, more audacious and provocative, in that it occurred not in the contested Shebaa but in a non-contested area to the West, where Israeli vigilance was far lower, but not fundamentally different in its objectives.⁵⁵ As their leaders saw it, it would provoke another round of fighting, intense perhaps but contained, and revert to the traditional paradigm of prisoner swaps.⁵⁶

⁵⁰ *The Jerusalem Post*, 22 January 2006. Israel has refused to release Kuntar, whom it convicted of infiltrating the Israeli coastal town of Nahariya in 1979 by sea and killing two civilians and a policeman, until it receives information about Ron Arad, an Israeli airforce officer missing in action since October 1986. Kuntar, a Lebanese Druze, was a member not of Hizbollah, which did not exist at the time, but of the Palestine Liberation Front (PLF), a pro-Iraqi PLO faction led by the late Abu Abbas. Other members of the group who participated in the operation were released in a 1985 exchange between Israel and the PFLP-GC.

⁵¹ *as-Safir*, 17 July 2006.

⁵² Crisis Group interviews with UN and EU officials, Brussels, New York, July 2006.

⁵³ There are approximately 9,850 Arab prisoners in Israeli jails. Report published by the Palestinian Ministry of Detainee Affairs, 18 July 2006. There are three Lebanese, about a hundred other Arabs, and the rest Palestinian.

⁵⁴ Press conference, 12 July 2006.

⁵⁵ Crisis Group interview, Hizbollah officials and members, Beirut, July 2006.

⁵⁶ Crisis Group interviews, Hizbollah members, Beirut, July 2006. In January 2004, under a German-mediated prisoner swap, Elhanan Tannenbaum, an Israeli businessman and the

⁴⁸ Amal Saad-Ghorayeb, “Hezbollah's Apocalypse Now”, *The Washington Post*, 23 July 2006.

⁴⁹ *The Daily Star*, 26 November 2005.

Timing also reflected other key considerations. As discussed, Hizbollah was under relative stress, concerned about domestic developments and steps to curb its military potential, but most importantly intent on reasserting the “importance of its resistance and of its unrivalled efficacy as a deterrent to a threat posed by Israel”.⁵⁷ Even the less aggressive Israeli response Hizbollah expected would have made its case, establishing once more that the movement is the only Lebanese actor capable of hurting the enemy and, when attacked, of defending the country. The concurrence with Hamas’s abduction of an Israeli soldier and Israel’s harsh response rendered this all the more appealing, for it allowed Hizbollah to reclaim the mantle of an Arab-Islamic force transcending both its Lebanese and Shiite identities.

The fight, for Nasrallah in particular, always is about broader revolutionary, political objectives. As he explained in his al-Jazeera interview: “Hizbollah is fighting for the sake of Lebanon. Yes, the result of this battle will be seen in Palestine”. Regarding Sunni/Shiite strife in particular, Nasrallah explained: “One of the more important results of this war is that, with regard to the Sunni/Shiite issue, it fortified the Arab and Islamic world against attempts to play on this issue... Today, we are Shiites fighting Israel”.⁵⁸

Nor should one underestimate the regional angle. Although there is no evidence that either Syria or Iran directly ordered the attack – and, operationally, considerable doubt that they could do so – it is difficult to imagine it taking place over their objections. The timing was, in this sense, wholly consistent with the mindset in both countries which, each for its own reason but both because they were under pressure, thought they might benefit from reminding the world of their more than nuisance capacity. More to the point, it fit in with a more aggressive Iranian posture that is seeking to assert itself regionally.⁵⁹

remains of three Israeli soldiers who had been abducted in 2000 were exchanged for hundreds of Arab prisoners (see below for more on this and other prisoner swaps involving Israel and Hizbollah).

⁵⁷ Saad-Ghorayeb, op. cit.

⁵⁸ Hassan Nasrallah interview, Al-Jazeera television, 21 July 2006.

⁵⁹ Hizbollah officials claim otherwise, arguing that Iran had nothing to do with it and, indeed, stood to lose. According to Hussein el Hajj Hassan, a Hizbollah parliamentarian, Iran provides money, but not political direction. “Iran has no interest in pushing Hizbollah toward a confrontation that could weaken it at a time when Tehran needs to preserve all its cards”. Crisis Group interview, Beirut, 21 July 2006. In a remarkable interview with al-Jazeera, Hassan Nasrallah went further, arguing the action weakened Iran’s posture in the nuclear negotiations: “No Syrian or Iranian person had had

C. WHAT IS HIZBOLLAH’S STRATEGY?

Hizbollah expected the confrontation to follow implicit rules of the game, consistent with past practice: a sharp Israeli response, bombing of the south, followed by protracted third party negotiations over a prisoner exchange. That is not how it has unfolded.

The scope and intensity of the Israeli reaction plainly surprised Hizbollah officials⁶⁰. An intense reprisal was anticipated (two hours after the operation, Hizbollah took some steps to protect its financial assets), but nothing more: warnings to militants to flee their homes were issued only following the first bombing raids in south Beirut on 14 July.⁶¹ Besides imposing a virtual blockade, Israel immediately hit three runways at Hariri International Airport, Hizbollah offices in southern Beirut, two Lebanese army airfields, and the main highway between Beirut and Damascus. Later attacks targeted the fuel tankers at the airport and the main road between the airport and Beirut. Civilian casualties rapidly mounted, as of 24 July reaching over 350 dead, 1,200 injured and more than 500,000 displaced.⁶²

any prior information...I had not consulted anyone of them. Regarding the Iranian issue, if a war takes place in Lebanon, a war will come to an end in one, two, or three months. How long would a war take? A war will eventually come to an end. What will this change in the Iranian nuclear file? On the contrary, I tell you that if there is a relationship with the Iranian nuclear file, the current war on Lebanon is not in the interest of the Iranian nuclear file. The Americans and Israelis have always taken into account that if a confrontation takes place with Iran, Hizbollah might interfere in Iran’s interest. If Hizbollah is hit now, what does this mean? This means that Iran is weakened in its nuclear file, not strengthened”. Hassan Nasrallah interview, Al-Jazeera television, 21 July 2006. A senior Iranian official agreed: “It is idiotic to think that Iran was behind these attacks in order to divert attention from the nuclear case. It is only going to increase attention to our nuclear case. And the ensuing chaos in Lebanon is detrimental in our interests”. Crisis Group telephone interview, 21 July 2006. Likewise on Syria, Nasrallah noted: “Does anybody believe that a confrontation of this kind will cancel the international tribunal decision [concerning Rafiq al-Hariri’s murder] if there is an international will to establish an international tribunal?” He concluded: “Are we that crazy that I and my brothers want to sacrifice our souls, our families, our honourable masses and our dear ones in order to have Syria return to Lebanon, or to postpone the international tribunal, or for the sake of the Iranian nuclear file!...This is an insult”. Al-Jazeera interview.

⁶⁰ Crisis Group interviews, Hizbollah leaders and intellectuals, Beirut, July 2006.

⁶¹ Crisis Group interview, Lebanese sheikh close to Hizbollah, Beirut, 22 July 2006.

⁶² Crisis Group interviews, Beirut, 24 July 2006.

For Hizbollah, the message was stark. Rather than another episode in the recurring battle with Israel, this was becoming something far more serious. Hizbollah shifted mindsets, increasingly slipping into its identity as the vanguard of the Arab-Islamic world fighting an ideological, anti-imperialist cause. The confrontation was not about the Israeli-Hizbollah tug-of-war, but the future of the region as a whole. Hizbollah's quasi-messianic dimension ought not be underestimated: at bottom it still views itself as leading an anti-Israeli and anti-imperialist struggle, together with regional allies, but not strictly on their behalf. "Resistance" in this sense is not so much a practice as a reflection of the fundamental identity of a movement born out of, and defined by, confrontation with Israel. The escalation may not have been invited but in a way it was welcome, allowing Hizbollah to "serve as an inspiration, as an exemplar of bold action against Israel and, by extension, against Arab regimes that have allied themselves with the United States and Israel".⁶³

Hizbollah militants interviewed by Crisis Group after the conflict sharply escalated were unanimous: now that the struggle has moved to this phase, we must rekindle the spirit of Arab nationalistic resistance that frightened Arab governments have betrayed and put an end to inter-Islamic divisions, particularly in Iraq, for they detract from the spirit of resistance:

We are not merely facing an Israeli response. It is a well-rehearsed plan to alter the regional map. For us, the operation aimed strictly at exchanging prisoners and definitely closing the prisoners' file. Israel chose to escalate, going far beyond the question of prisoners and targeting civilians. Now, we are in the midst of a war aimed at breaking the steadfastness of the Arab nation (*Umma*).⁶⁴

A Hizbollah member of parliament echoed this view:

What is at stake in this war is the imposition of an Israeli order on this region, meaning the eradication of Hizbollah and the forceful implementation of 1559 in the first instance, followed by the eradication of Hamas and the end of any

Palestinian state....Beyond that, what's at stake is Lebanon's and Jordan's independence.⁶⁵

Understanding Hizbollah's perspective is also critical to assessing Iran and Syria's potential role. To the extent the present fighting is viewed as a regional conflict, and to the extent they provide Hizbollah with money and weapons, Tehran's and Damascus' interests and desires must be taken into account. But to the extent Hizbollah sees the end-goal of the other side as its elimination, its two allies' influence by definition is reduced. The Islamist movement will not agree to conditions such as disarming and full enforcement of 1559, because it would consider this in the current context as suicidal.

Not that Hizbollah necessarily consider this as the ultimate battle, and herein lies another apparent contradiction. Although it sees an attempt by Israel to broaden the stakes of the war, and Nasrallah in particular has painted this as an existential struggle, the fundamental objective has not truly changed: it is to hold firm and compel Israel to revert to the conflict's original size and stakes by hitting hard but within certain bounds, carefully calibrating its actions in order to always keep the diplomatic option open. The objective is less to triumph than to succeed, through a ceasefire that reverts to the status quo ante or, at a minimum, reflects far less than Israel's initial objectives. In Hussein el Hajj Hassan's words, the goal is to "maintain our initial stance, in other words an unconditional ceasefire and indirect negotiations and exchange on the matter of the prisoners".⁶⁶ Or, as Nasrallah put it: "The victory we are talking about is when the resistance survives. When its will is not broken, then this is victory....When we are not defeated militarily, then this is victory...in addition to this, when the Israelis begin to make concessions".⁶⁷

To achieve its objectives, Hizbollah is counting on several factors: its staying power and difficulties facing any Israeli attempt to destroy its military potential; domestic support in a conflict increasingly viewed as opposing Israel and Lebanon rather than Israel and Hizbollah; the weakening of any internal pressure on Hizbollah to give in the more the war goes on and casualties mount; and, in contrast, growing fissures within Israeli society as the costs of battle increase.⁶⁸

It is a risky strategy. What Hizbollah sees as proportional responses to Israeli actions, Israel does not. And while Hizbollah claims to have been careful not to cross the point of no return – by attacking a chemical plant or

⁶³ Saad-Ghorayeb, op. cit. The depth of Nasrallah's contempt for Arab regimes comes out in his extraordinarily instructive al-Jazeera interview. Explaining why Hizbollah does not bother criticising them, he said: "To attack someone, you need to suppose that he exists....With regard to the Arab regimes, we expect them only to sit on the fence....We did not expect them to take part in shedding the blood of the victim and cover the crimes of the executioner. Yes, this was a surprise".

⁶⁴ Crisis Group interview, Nawaf al Moussawi, 17 July 2006.

⁶⁵ Crisis Group interview, Hussein al-Hajj, Beirut, 21 July 2006.

⁶⁶ Ibid.

⁶⁷ Hassan Nasrallah interview, Al-Jazeera television, 21 July 2006.

⁶⁸ Crisis Group interviews, Beirut, July 2006.

some other vital infrastructure – it already has proved with the first salvo a considerable ability to miscalculate. By launching rockets on Haifa, Nazareth and elsewhere, it may already have made that mistake.

D. HOW IS HIZBOLLAH FARING?

Getting a reliable assessment of the conflict is no easy task. Claims by both sides are near impossible to verify. Still, certain indicators from within Lebanon are telling; more than that, Hizbollah's perception of the conflict, misguided as it might be, is a critical indicator of how long it is prepared to hold out and, at a time when diplomatic solutions are being explored, what outcomes it is liable to accept.

The most striking impression from discussions with Hizbollah militants is one of cold, strong optimism concerning the conflict's evolution, arguably part propaganda, part self-delusion, yet relevant nonetheless. They claim that neither side has dealt the other a decisive blow. Hizbollah has fired roughly 150 to 200 missiles a day,⁶⁹ reaching a total of approximately 2,200 as of 23 July.⁷⁰ If estimates of its arsenal are correct (somewhere between 10,000 and 14,000 missiles) and if Israel is able to prevent its resupply, it will be able to continue at this rate for at least several more weeks. Although some Israeli sources claim that up to 50 per cent of the arsenal has been destroyed, there has been scant visual evidence of this. Hizbollah officials claim to have lost very few militants or rocket launchers and to have fared well in land combat.⁷¹ They also allege that "all of the assessments that have been made underestimate our military capacity, both quantitatively and qualitatively",⁷² pointing to the highly sophisticated attack on an Israeli naval vessel and their strikes on Haifa and alluding to their possession of other, unsuspected weaponry.

They also take solace from Israel's target selection, which they see as indicating it is reaching the limits of what it can do by air. Lacking genuine military targets, for the most part, they say, Israel has taken out Hizbollah's civilian infrastructure. It has destroyed most of the party's public infrastructure (the al-Hoda cooperative in the Bekaa, the party's study centre in

Beirut, schools, social service centres, the headquarters of the Jihad al Bina association, medical centres and the like),⁷³ but has not affected its ability to launch missiles. Even with regard to non-military assets, the outcome is mixed. "They have repeatedly bombed the airport, launched 22 aerial raids on Beirut's southern suburb. Yet, despite all that, they haven't even been able to interrupt our television station, *al Manar*".⁷⁴

By the same token, they vaunt the degree to which while this may not have been a war they anticipated, it was a war for which they were prepared. For the past six years, they claim, they were readying for this day, establishing an independent infrastructure, building autonomous and protected communications as well as command and control systems, and training their militants. The speed with which Nasrallah, despite obvious threats to his life, has been able to respond to developing events is another sign.

Key to Hizbollah's position has been the evolution of Lebanon's public opinion. At the outset of the war, large numbers of Lebanese, including Shiites, expressed anger, accusing Hizbollah of dragging the country into an unnecessary, unjustified and costly war. Clearly, Israel was counting on turning the civilian population against the movement. Early on, it dropped leaflets in the south using doctored renditions of the Islamists' slogan to erode popular support. What was "the resistance protects the Nation, the Nation protects the Resistance" became "the resistance protects the Nation; the Nation is the victim of the resistance". In the Christian neighbourhood of Ashrafieh, in Beirut, another Israeli leaflet depicted Nasrallah as the pawn of foreign agents – Ahmadinejad, Khaled Mishal and Syria's Bashar al Asad – playing with Lebanon's future. More broadly, Israel aimed to turn the civilian population against Hizbollah by punishing it.

The strategy has largely backfired. While anger at Hizbollah endures, particularly among non-Shiites, it has been superseded or at least neutralised among many by outrage at Israel's military operations which are seen as attempts to destroy the country, not the movement.

Israel's disproportionate response is to blame.⁷⁵ This was not inevitable: Israel could have played on

⁶⁹ The estimate – from Qasim Qasir, a journalist and expert on Hizbollah – is corroborated by Israeli figures. Crisis Group interview, Beirut, 20 July 2006; Ronny Sofer, "Peretz: 2,200 rockets fired at Israel so far", *Ynet*, 23 July 2006.

⁷⁰ According to al-Jazeera, 23 July 2006.

⁷¹ Crisis Group interview, journalist with close ties to Hizbollah, Beirut, 17 July 2006.

⁷² *Ibid.*

⁷³ Crisis Group interview, Ali Fayyad, Beirut, 17 July 2006.

⁷⁴ Crisis Group interview, Hussein al-Hajj, Beirut, 21 July 2006.

⁷⁵ The Swiss government, in particular, as the state depositary of the Geneva Conventions, has repeatedly condemned in official statements the disproportionate use of force by Israel both in Gaza and in Lebanon. See "Lebanon: Switzerland condemns Israel's disproportionate reaction", Swiss Federal Department of Foreign Affairs, 13 July 2006; "Micheline Calmy-Rey critique sévèrement Israël", *SwissInfo*, 20 July 2006.

Lebanon's sectarian divisions and Hizbollah's relatively precarious position to rally the middle class and business community, including among Shiites, against the movement. But that would have required far more restraint, caution, and wisdom in targeting, all of which has been lacking. This is not to say that Israel's operations were indiscriminate: among targets not hit have been most non-Shiite residential neighbourhoods, major telecommunication networks, and energy and water-related infrastructure (some were attacked, but clearly not with the goal of halting gas and electricity supply).

But it is the list of what was targeted that stands out: economic infrastructure bearing little or no relation to Hizbollah; the airport (far more than necessary to meet any reasonable military goal); Beirut's entire southern suburb (far beyond Hizbollah's infrastructure); the ports of Beirut and Jounieh (in Christian territory); industrial plants;⁷⁶ bridges leading to the south (presumably in order to cut it off, interfere with Hizbollah's resupply, prevent militants from moving the Israeli captives around and alienate the local population, but all this at enormous humanitarian cost); the army, including check points in Christian areas (highly questionable since the army has stayed out of the conflict, avoided using its anti-aircraft capacity despite the onslaught, focused on maintaining domestic law and order and, above all, remains the only instrument capable of extending the state's authority over the country as a whole).

This should not be misinterpreted. Among large segments of the population, primarily Sunnis and Christians, the Islamist movement continues to be blamed for dragging the country into an unnecessary and costly war. The animosity is even more pronounced at the official level. Privately, senior officials can be scathing.⁷⁷ According to several consistent reports, Nasrallah had assured the government (as well as, through intermediaries, the UN) only days prior to the attack that he would guarantee a "quiet summer" to take advantage of a promising tourism season; the surprise operation destroyed any remaining trust, with effects likely to last for a long time to come.⁷⁸ Going further, some officials confide that, at this point, only Israeli military action can curb a movement that, they say, has shown itself "beholden to a foreign actor",⁷⁹ and are in no hurry for a ceasefire that would leave Hizbollah politically and militarily intact. The prospect

of a political crisis, leading to Hizbollah's departure from the government, is becoming increasingly likely.

But that is only part of the story. The intensity of Israel's reaction has coalesced opinion against it and, if not in Hizbollah's favour, at least not in public opposition to it. Hizbollah's evident military strength also had a quieting effect, as political actors fear future retribution. Those leaders who, at first, had openly criticised the Islamists' reckless act⁸⁰ thus have been largely silenced. In a context that is becoming purely military, military strength speaks loudest – and on this front at least, Hizbollah has no domestic match.

Among Shiites, support for Hizbollah is running strong. In Beirut's southern suburbs, which have borne the brunt of Israeli attacks and have become a virtual war zone of destruction, there is little hint of resentment at the Islamists even among non-Hizbollah members. Individuals pin their hopes on Nasrallah, some seeing in him "the Nasser of the new millennium",⁸¹ others a reincarnation of Che Guevara⁸². Traditional Hizbollah sympathisers tend to present the movement's initial attack as retaliatory rather than provocative, a response to the open wounds of the Israeli-Lebanese dispute: the status of the Shebaa farms, Lebanese prisoners in Israeli jails and Israel's regular violation of Lebanese sovereignty⁸³.

Among non-Shiites, the common thread is a mixture of both hatred toward Israel that has been exacerbated by the war and solidarity with civilian victims. Many still blame Hizbollah, but with each passing day the original trigger for the conflagration recedes further in their minds; what remains vivid are its latest effects. One noteworthy development is among militant Sunni Islamists, particularly in their stronghold of Tripoli. In the war's initial days, most openly expressed hostility toward Hizbollah, held responsible for recklessly endangering the country. Now, although underlying antagonism toward Shiites has not evaporated, and evident signs of anger at Nasrallah's movement remain, there are other tell-tale signs. There are Sunni vendors selling tapes of Hizbollah songs and Nasrallah speeches. "We do not share Hizbollah's ideas. But we share their pain".⁸⁴

⁷⁶ Among these, reportedly: Liban lait, a milk factory, in the Bekaa Valley, a plastic factory in Tyre, a tissue and paper factory in Sidon, a paper mill and medical supply company in Beirut's southern suburb. See *Daily Star*, 19 July 2006.

⁷⁷ Crisis Group interviews, Beirut, July 2006.

⁷⁸ Crisis Group interviews, Beirut, July 2006.

⁷⁹ Crisis Group interview, Beirut, 24 July 2006.

⁸⁰ In his first reaction, Prime Minister Siniora clearly sought to distance the government from the raid. He noted that the government was "not aware of and does not take responsibility for, nor endorses what happened on the international border", *The New York Times*, 13 July 2006.

⁸¹ Crisis Group interview, 19 July 2006.

⁸² Crisis Group interview, 19 July 2006.

⁸³ Crisis Group interview, Beirut, 19 July 2006.

⁸⁴ Crisis Group interviews, Tripoli, 19 July 2006

⁸⁴ Crisis Group telephone interviews, Tripoli 19 July 2006

Among organised Sunni movements, including those independent of Syria, “only the salafists are not expressing solidarity with Hizbollah at this point. All other Sunni parties, such as Hizb-ut-Tahrir and Hizb al-Tawhid, are lauding the resistance”.⁸⁵ Indeed, even salafis are not united, torn between hatred of Shiites and of Israel. There have been some signs of tension between salafi preachers and their constituency; Crisis Group witnessed several young faithfuls walk out of a sermon deemed excessively critical of Hizbollah.⁸⁶

For young Sunnis in particular, the driving sentiment is anti-American and anti-Israeli. In Tripoli, the most popular Nasrallah sermons are those taking aim at John Bolton, the U.S. ambassador to the UN, or mocking Secretary of State Condoleezza Rice. Hizbollah has been playing on this:

Now, two options are face to face: surrender to Israel and to the United States, or resistance. In the Muslim world, the spirit of resistance (*mouqawama*) was declining. Divisions among Muslims (*fitna*) must be understood in this light: the weakening of the spirit of resistance and the strengthening of communitarian identities were occurring at the expense of the muslim community, its civilizational identity, the *Umma*.⁸⁷

Echoing such sentiment, and drawing on the juxtaposition with the Israeli-Palestinian crisis, Fathi Yakan, the founder of the Lebanese Muslim Brothers (*Jamaa Islamiyaa*) stated:

What is happening is the confrontation between two camps, one that is aligned with the West, the other that is based on its Arab-Muslim identity. With its operation, Hizbollah showed its solidarity with the Palestinians, seeking to diminish pressure on Palestine and on Hamas. That is why its action was broadly endorsed within Sunni circles.⁸⁸

Among Christians one finds greater and more vocal opposition toward Hizbollah. Their greatest fear is that the Islamist movement emerges victorious, stronger and more menacing than before. Reflecting previous political alignments, Maronites are divided between the Lebanese Forces led by Samir Geagea, which sees in Hizbollah a mortal enemy and in the current confrontation perhaps the best chance to eliminate its military potential, and

its civil-war rival, Michel Aoun. Describing the former’s attitude, a Christian explained: “There are some people I know who don’t care about what is going on in the south, as it doesn’t affect them directly, and some have gone as far as to say that Israel can do what it wants to those people as they have brought nothing but disaster to the country”.⁸⁹ In contrast, Aoun’s Free Patriotic Movement has stuck to its seemingly unnatural alliance with Nasrallah, describing the conflict as a war against Lebanon as a whole. Marie Dibs, a member of the Communist Party, herself a Christian and strongly anti-Syrian, is an example of how circumstances can affect individual positions. Hizbollah’s abduction of the Israeli soldier, she said, “was within the right of an actor operating in an occupied country and because the Lebanese prisoners are combatants. The resistance is a part of our people, it is not separate from it. Unlike the Baath party, Hizbollah is a national, Lebanese party. If Israel enters our country, then as communists we will join the resistance”.⁹⁰

Most of these newfound solidarities are purely circumstantial, and no doubt temporary; once the dust settles, unease and antagonism almost certainly will resurface, in some ways more intensely than before. For now, however, they are kept under wraps. That is an important point: it means that for the time being Hizbollah is under little pressure to moderate its position and helps explain its confidence and feeling that time is on its side.

Hizbollah’s contrasting readings of Lebanese and Israeli societies, while questionable, is highly instructive. In what may strike many observers as paradoxical, it sees its home front as more solid than Israel’s. Unlike Israel, which over time will face a restless populace, organised opposition and inquisitive press, Hizbollah believes it has no effective counterweight in Lebanon. The feeble central government is unable to act and looks increasingly impotent; other socio-political forces will either stay on the fence or, compelled by Israel’s actions to take sides, rally to Hizbollah. An Israeli ground offensive would, according to this interpretation, suit the Islamists, dragging their enemy onto hostile territory, bolstering Lebanese unity and intensifying doubt within Israel over the war’s wisdom. In contrast, the more time goes on, the less the Lebanese will recall how the confrontation began, and the more they will have in mind the latest Israeli bombing raid. A Hizbollah sympathiser concludes:

Israel will have to retreat for three reasons: its attempts to divide Lebanon have failed; its strikes are hitting civilian infrastructure not Hizbollah’s

⁸⁵ Crisis Group interview, member of High Council of Sunni Islamic Affairs, Tripoli, 19 July 2006; also Crisis Group interviews, Salafi preachers, Tripoli, 19 July 2006.

⁸⁶ Crisis Group interviews, Tripoli, 14 July 2006.

⁸⁷ Crisis Group interview, Nawaf al-Moussawi, Hizbollah official in charge of external relations, 18 July 2006.

⁸⁸ Crisis Group interview, Fathi Yakan, Tripoli, 15 July 2006.

⁸⁹ Crisis Group interview, Jounieh, 20 July 2006.

⁹⁰ Crisis Group interview, Marie Dibs, Beirut 22 July 2006.

military structure; and Hizbollah has shown it can hit targets well within Israel. The more time passes, the more Israel will face a quagmire.⁹¹

E. TOWARD DOMESTIC STRIFE?

Well-founded or not, the movement's self-confidence helps explain the seeming inalterability of its demands: a ceasefire followed by a prisoner exchange. Hizbollah officials and militants told Crisis Group they could not accept anything else, notably the interposition of an international force, moving Hizbollah positions north, let alone implementation of Resolution 1559.⁹² A strengthened UN presence, for instance, is considered unacceptable: "It would be in order to protect Israel, not Lebanon. To protect Lebanon, we need Hizbollah".⁹³

Distrust of the U.S. is an important element. As a Hizbollah leader put it, "Israel is not the main issue. The main issue is the U.S. How do you expect us to accept international guarantees [concerning the interposition force] under the U.S.'s umbrella? We don't believe in anything that has to do with the U.S. anymore".⁹⁴ Tariq Mitry, the Christian minister of culture, added: "The UN's current force in South Lebanon is not even capable of protecting fleeing civilians. A group of about twenty people was killed after vainly requesting help from UN soldiers!"⁹⁵ Nasrallah made this as plain as could be in his al-Jazeera interview: "Israel did not get a green light from the United States. Instead, Israel was given a decision by the United States to go and finish this issue in Lebanon".

Just as Hizbollah's reckless attacks further convinced Israel and large segments of the international community of the urgent need to remove the movement's arms, Israel's response convinced Hizbollah and its supporters of the continued need to preserve them. Nor do Hizbollah leaders believe the central government will be in a position to act against them. Even if the war has weakened the movement in absolute terms, it remains at least as strong relative to other domestic actors. If the army were to try to curb Hizbollah, it would have to contend with its numerous Shiite conscripts who are not about to act against the movement.⁹⁶

This could spell trouble. Motivated in part by its own distrust of Hizbollah and desire to disarm it, in part by foreign pressure, the Lebanese government may well endorse demands the movement deeply distrusts: the dispatch of an international force, the consolidation of Hizbollah's weapons as a first step toward disarmament, implementation of all international resolutions. Should that occur, Hizbollah ministers – and other Shiite ministers – may leave the government, breaking the fragile truce that has prevailed between them until now. If the so-called 14 March coalition (named after the massive demonstrations that called for Syria's withdrawal in the wake of Hariri's assassination) were to revive and seek to carry out this agenda, a collision course might become inevitable with Hizbollah, its pro-Syrian allies, and the Shiite constituency. The country's stability could be endangered.

Already, there are worrying signs of tension. One example: In the village of Qalamoun, refugees from the south who attempted to place a picture of Nasrallah over one of Saad al-Hariri were expelled from the school where they were lodging. Elsewhere, Shiite refugees are said to be tearing down pictures of Hariri.⁹⁷ More broadly, Shiite resentment at what is perceived as Sunni and Christian indifference to their plight is growing, just as anger at Shiites for what is seen as the country's needless destruction remains. The enormous hardships caused by population displacement only add to the volatile mix. Patience is wearing thin. As the country reaches boiling point, it might not take much for the situation to explode.

⁹¹ Crisis Group interview, Ali al-Fayadh, director of a Hizbollah-affiliated research centre, Beirut, 18 July 2006.

⁹² Crisis Group interviews, Beirut, July 2006.

⁹³ Crisis Group interview, Hizbollah sympathiser, Beirut, 16 July 2006.

⁹⁴ Crisis Group interview, Hussein al Hajj Hassan, Beirut, 21 July 2006.

⁹⁵ *Le Temps*, 18 July 2006.

⁹⁶ Crisis Group interviews, Beirut, July 2006.

⁹⁷ Crisis Group interviews, July 2006.

IV. THE VIEW FROM ISRAEL

A. THE TIPPING POINT

In previous case, Israel had agreed to prisoner exchanges with Palestinian groups and Hizbollah, including in a prominent instance – after the 2000 unilateral Israeli withdrawal from South Lebanon; based on precedent, Hizbollah apparently anticipated – controlled exchange of fire followed by an exchange of prisoners mediated through third parties. This time proved different, apparently much to Hizbollah's surprise.

Israel's broad and intensive response is explained by several factors. Most importantly, as a result of a series of events going back to 2000, its leaders have grown increasingly concerned about the perceived erosion of their military deterrence. The list begins with the disengagement from Lebanon, which Hizbollah and Palestinian groups read and portrayed as the triumph of armed resistance; continued with Hizbollah attacks that, some felt, were met with insufficient retaliation; and climaxed with the unilateral withdrawal from Gaza. The growing audacity of Palestinian attacks was attributed, in part, to a psychological evolution. As a result, and although from a strategic perspective Israel's position arguably was as secure as ever – no credible Arab conventional threat, Saddam Hussein gone, a weakened Palestinian national movement and unprecedented international support – the sense of strength paradoxically mixed with an abiding sense of vulnerability.

Longer-term regional developments also were of concern. The growth of an increasingly popular brand of Islamism and Iran's reassertive, belligerent attitude and nuclear program were viewed by many as trends that had to be dealt with sooner rather than later. Finally, the domestic situation played a part: the new government had no generals in its upper ranks, and both Prime Minister Olmert and Defence Minister Peretz were new at their jobs.

The near-simultaneity of the Palestinian and Lebanese abductions – which led to charges of complacency and severe intelligence and operational failures⁹⁸ – proved to be the tipping point. If the Hamas and Hizbollah operations were not directly linked, Israel's response certainly was.

⁹⁸A report by former National Security Council Adviser Giora Eiland into the abduction in Gaza highlighted military errors. Major General Uri Sagi, former head of the IDF intelligence corps, also spoke of "serious concerns about what we did and didn't know", *Haaretz*, 18 July 2006. "For six years, the army had been complacent", Crisis Group interview, foreign ministry official, Jerusalem, July 2006.

While there had been signs of progress on a possible indirect deal between Israel and Hamas, the Hizbollah operation put this on indefinite hold. With hostilities rapidly escalating on the northern border, besides, developments in Gaza took a relative back seat (although Israeli attacks continued); to the extent they were addressed, they increasingly were seen in tandem with those in Lebanon. In Israel, this strengthened the view of officials for whom dealing both organisations a crushing blow had become paramount.⁹⁹

Senior officials began to speak in far broader terms, linking the issues and evoking the need to provoke deeper, longer-term changes in the region, including by crippling the two Islamist movements and their foreign sponsors. As Foreign Minister Livni put it, "Israel is fighting to protect its citizens; Israel is fighting to eliminate the threat posed by the axis of terror and hate of the Hizbollah and Hamas, Syria and Iran".¹⁰⁰ Or, in the words of one of Amir Peretz's political allies: "We are fighting in two sectors of confrontation sponsored by Iran".¹⁰¹ A Lebanese analyst remarked: "I feel as if Israel reacted to 6/12 in the same way that the U.S. reacted to 9/11".¹⁰²

Of the two attacks, Hizbollah's was seen by far as the more serious and therefore more deserving of a punishing response: there appeared to be no conceivable pretext (unlike the Palestinian case, the international community recognised the end of Israel's presence in Lebanon); a more acute regional (i.e., Iranian) dimension; and, perhaps most critical, a potentially far more lethal adversary. Hizbollah's possession of upwards of 10,000 rockets within range of Israeli cities had long been a cause for deep concern; only days prior to the attack, Israeli officials had spoken to Crisis Group about the "unsustainability" of the status quo:

We might invade in five years or in ten. But we will if 13,000 rockets covering a third of my country remain under the control of a man in a turban with his finger on the button. One day Nasrallah will push the button. We can never allow it.¹⁰³

⁹⁹ Crisis Group interviews, Tel Aviv, July 2006.

¹⁰⁰ Press conference, with Javier Solana, 19 June 2006.

¹⁰¹ Crisis Group interview, Ephraim Sneh, member of the Knesset's Foreign Affairs and Defence committee and former commander of the security zone in South Lebanon, Jerusalem, July 2006.

¹⁰² Crisis Group interview, Lebanese analyst, 23 July 2006.

¹⁰³ Crisis Group interview, Sneh, Jerusalem, June 2006.

B. ISRAEL'S GOALS

Hizbollah's attack thus provided Israel with both reason and opportunity to degrade a potentially lethal military arsenal. The location of the Lebanese movement's attack made this all the more compelling: unlike virtually all other operations that followed the 2000 withdrawal, this one did not focus on the contested Shebaa farms.¹⁰⁴ Again, prior to the recent attack, an Israeli official made clear to Crisis Group that a sharp distinction would be drawn if Hizbollah targeted any other area of the country and laid out a remarkably prescient analysis of how his country would react:

For a long time I said to my authorities up to the prime minister that as long as Hizbollah operates in Shebaa...once in a while, two three times a year, usually against military targets, usually with anti-tank missiles, usually with no casualties – I would not escalate the situation. It does not mean I accept it. The UN said clearly that Shebaa is not Lebanese territory, and there is no reason for these attacks. The reason I said no escalation was if at the end of the day we do whatever we do and then return to the same balance we have now, then what is the point of going into Lebanon, killing however many people, pulling back but with the same rules and same equation in place.

But if they cross the threshold and attack beyond Shebaa, if they attack civilians not military targets, or if they start with katyushas and not anti-tank missiles – then we will have to respond. When we do that, we will have to be probably very devastating and destroy half of Lebanon. Why? Not because I want to destroy Lebanon but because I would like the international community to come and say stop it and then I would say ok, stand by the Lebanese government and tell them:

¹⁰⁴ Among these earlier operations, in October 2000 three Israeli soldiers were captured by Hizbollah in a commando raid while patrolling the Shebaa farms area; a November 2000 attack on an Israeli patrol in the Shebaa farms area left one Israeli soldier dead; Hizbollah killed an Israeli soldier with rocket fire in the Shebaa Farms area in February 2001; further attacks on the area occurred in April and June 2001, May 2004, and June 2005. Israel responded to these with artillery fire, air strikes, and the like, but nothing on the scale of current operations. An Israeli businessman, Elhanan Tannenbaum and the remains of three soldiers were exchanged for 435 Arab prisoners, including 30 Lebanese and 400 Palestinian prisoners, in 2004. Many Israelis feel that that exchange sent precisely the wrong message to Hizbollah about the possibility of prisoner swaps.

extend your sovereignty to the south, deploy the Lebanese forces there and get rid of Hizbollah.¹⁰⁵

Indeed, immediately after the Hizbollah attack, Israel embarked on a major, far-reaching campaign. Olmert and Peretz underwent what one Israeli commentator dubbed "a leadership graduation".¹⁰⁶ Whereas the operation in Gaza had caused some internal dissent, the Hizbollah attack led to a swift, national closing of ranks; political opponents suspended their criticism of the fragile coalition,¹⁰⁷ and declining ratings in public opinion polls were reversed.

As the fighting and timeframe have grown, so have the goals. For Israel, a return to the status quo ante is unacceptable, since it is precisely that precarious balance that led to the current situation; for that reason, a rapid ceasefire without a significant change in Hizbollah's status is deemed unacceptable. As Israeli officials see it, any pressure on Hizbollah to disarm and on the international community to take matters into its own hands will dissolve the minute the shooting stops. "Whatever we don't achieve vis-à-vis Hizbollah during the military phase, we have to assume we will not achieve during the diplomatic one. It is as simple as that".¹⁰⁸ The conditions Israel put forward for acceptance of a ceasefire (release of captured soldiers; an end to rocket attacks; deployment of the Lebanese Army along the border; some form of Hizbollah disarmament through implementation of Resolution 1559) are precisely those it knows Hizbollah cannot accept without a major loss of face; they are designed not to achieve a cessation of hostilities, but to delay it.

¹⁰⁵ Crisis Group interview, General Eival Giladi, before his appointment as the prime minister's director of the Strategic Coordination for the Gaza withdrawal, Tel Aviv, 22 March 2005.

¹⁰⁶ "We have a new set of players – Olmert, Peretz, Livni and Haniya – who all suffer from a lack of experience and lack a security halo. Regrettably, in this region, leaders have to go to war college, not peace college. The hope is they can pass through this process as quickly and as bloodlessly as possible", Crisis Group interview, Motti Crystal, former legal adviser on Palestinian negotiations, Jerusalem, July 2006. He compared Olmert's military rite of passage in the Summer Rain campaign with that of the 1996 Grapes of Wrath campaign waged by incoming Prime Minister Shimon Peres.

¹⁰⁷ Crisis Group interviews, Binyamin Netanyahu, former Israeli prime minister and opposition Likud leader, Silvan Shalom, former Israeli foreign minister, Jerusalem, July 2006. Some politicians on the left and centre did question government policy, a rare breaking of ranks during war time. Crisis Group interview, Meretz member, Jerusalem, July 2006. See Mazal Mualem, "Labor MKs: The time has come to question Lebanon incursion", *Haaretz*, 23 July 2006.

¹⁰⁸ Crisis Group interview, Israeli official, July 2006.

In short, Israel wants to create conditions whereby the threat posed by Hizbollah will be seriously reduced, if not altogether eliminated. To that end, it is relying on several tools:

- **Military:** this is the priority. The emphasis is on air operations, far less risky than ground operations, though these too have been mounted to search for rocket caches. The goal is to degrade Hizbollah's military capacity, eliminate as much as possible of its leadership¹⁰⁹ and force it to move further north. Despite serious misgivings about the past Israeli military presence in Lebanon, some officials are contemplating creating a buffer zone in the south to push Hizbollah beyond the Litani River.¹¹⁰ As to the more immediate goal – crippling Hizbollah's arsenal – officials believe they have the support of all relevant Western powers to continue “until the job is done”.¹¹¹

How successful the military campaign has been, or can be with more time, is uncertain. Officials claim considerable achievements¹¹² but Hizbollah's staying power appears to have caught them by surprise. By the eighth day, with missiles still raining down by the score on northern Israel, Israeli military analysts told Crisis Group the air force had exhausted its first target list. Questioning the ability of airpower to achieve the objectives,¹¹³ Israel has deployed paratroopers and special forces into Lebanon to identify fresh targets and degrade Hizbollah's command-and-control structure, in what the military calls “limited infantry incursions”.¹¹⁴ Thousands of reserves have been drafted to relieve standing forces mobilised to the northern border.¹¹⁵

¹⁰⁹ Southern Beirut, Hizbollah's stronghold, was heavily bombarded, and repeated raids were made on the presumed bunker of Hizbollah leader Hassan Nasrallah.

¹¹⁰ “If the Lebanese Army can't do it, we will have to do it ourselves. We will not let the mercenaries of Ahmadi-Nejad back.” Crisis Group interview, Sneh, Jerusalem, July 2006.

¹¹¹ Crisis Group interview, Amos Gilad, director of the defence ministry's political-security division, Jerusalem, July 2006.

¹¹² “So far we destroyed some 50 per cent of Hizbollah's capabilities”, Shaul Mofaz, former Israeli defence minister and current transport minister, quoted in *Ynet*, 20 July 2006.

¹¹³ “The air force touted for years that it can take care of any missile attack, and it's failed completely – nothing's been shot down”, Crisis Group interview, Steven Rodan, military correspondent, Jerusalem, July 2006.

¹¹⁴ Crisis Group interview, former military commander, Jerusalem, July 2006. Israeli ground forces did, however, capture Ghajar inside Lebanese territory. Yaakov Katz, “IDF forces conquer area inside Lebanese territory”, *The Jerusalem Post*, 17 July 2006.

¹¹⁵ See www.ynetnews.com/Ext/Comp/CdaNewsFlash/0,2297,L-3277523_3089,00.html. According to *Haaretz*,

But ground operations are precisely what Hizbollah leaders claim they want – dragging Israel into a combat style that suits the guerrilla force's strengths.

- **International:** the goal is to create enough pressure for implementation of 1559, with tools that could potentially include an international force to monitor borders (to ensure no arms are sent to Hizbollah) and police the south. But there is caution: from Israel's perspective, an international presence is seen at best as insufficient, at worse as counter-productive. The history of such forces in Lebanon – from UNIFIL in 1978 to the multinational force in 1982 – teaches one of two things: either it is viewed by Hizbollah as hostile, becomes its target, and rapidly fades away; or, as with the UN force, it is toothless, able to monitor and report, but nothing more. Its presence may inhibit Israel's ability to act without constraining Hizbollah's ability to threaten.

Political leaders expressed concern any foreign force would leave at the first sign of confrontation. In the words of former Prime Minister Netanyahu, “the objective should be the removal of all missiles period. You think Kofi Annan can do that?”¹¹⁶ A foreign ministry official explained: “UNIFIL will not happen again. If it is not effective, it will not stay...it will only serve as a fig-leaf” behind which guerrilla groups could continue to attack.¹¹⁷ Officials reacted more favourably to proposals that the UN mandate be expanded from monitoring Security Council resolutions to enforcing them, particularly 1559.¹¹⁸

- **Domestic:** Israel also hopes that the Lebanese government will gradually seek to rein in Hizbollah, which has dragged the entire country into war, begin to disarm it; and deploy the army south. In particular, Israeli forces sought to alienate the population from Hizbollah by conducting punitive raids on targets important to civilians including bridges and other infrastructure and causing massive population flight. While overall there appears to be little faith in the present capacity or

Israel mobilised 18,000 soldiers to reinforce its northern front, including 4,600 reserves. *Haaretz*, 23 July 2006.

¹¹⁶ Crisis Group interview, Netanyahu, Jerusalem, July 2006. A Western diplomat also doubted that the political will existed to stand up the estimated 15,000 troops he estimated would be required to enforce Resolution 1559. Crisis Group interview, Tel Aviv, July 2006.

¹¹⁷ Crisis Group interview, Jerusalem, July 2006. UNIFIL is currently comprised of troops from China, France, Ghana, India, Ireland, Italy, Poland and Ukraine.

¹¹⁸ Crisis Group interview, foreign ministry official, Jerusalem, July 2006. Peretz also was quoted as lending his support. *Haaretz*, 23 July 2006.

willingness of the government, it is viewed as part of a longer term solution.

Israel's goals regarding Hamas have appeared, in comparison, more ambiguous and fluctuating. Until Hizbollah's attack, officials mostly did not evoke Hamas's destruction, though steps were taken (see below) that raised considerable doubt.¹¹⁹ Since the eruption of the Lebanese crisis, two contradictory trends can be noted. There has been a temptation to link developments and mobilise international and domestic support for a two-pronged strategy of ridding the region of what are called the extremist, militant Islamist threat and Iran's regional pawns. The elimination of "Iran's warheads in the region",¹²⁰ it is said, would reduce Tehran's deterrent capacity in the event of a showdown over the nuclear issue.

But some analysts believe that decoupling the two issues would serve Israel's interests best. "There will not be a package deal that includes the two crises; there will be no connection made between the kidnapped soldier in the south and those in the north; there will not be any link between Nasrallah and the issue of the Palestinian prisoners and the Palestinian issue. That will not be".¹²¹ Under this view, resolving the Palestinian matter through a deal with Hamas would isolate Hizbollah, depriving it of the Palestinian card, create tensions between the two movements and allow Israel to focus on a single front.

What began as a botched campaign aimed at recovering a soldier captured on 25 June 2006¹²² was quickly subsumed into an ongoing campaign to diminish Palestinian missile capabilities, which, though with more psychological than military impact, had eroded public confidence in Israel's three-month-old government. In addition, officials suggested their campaign was intended to "change the rules of the game", reinforce Israel's option to break Hamas control of the PA government and, more vaguely, sap Palestinian morale and erode support for Hamas.

But with the desired endgame undefined, in contrast to Lebanon, the military objectives appear blurred. While

the targeting of military, parliamentary, government and civilian institutions seemed intended to weaken Hamas's hold on power, it failed to deliver fatal blows. Between 28 June and 18 July, Israel fired over 1,000 artillery shells into Gaza¹²³ and carried out back-to-back offensives in the south, centre and north. Its air force bombed the prime minister's office, the foreign ministry building (twice) and the national economy ministry, and in the West Bank its ground forces arrested seven of the 24 ministers in the Hamas-led government¹²⁴ and 27 of its 74 parliamentarians.¹²⁵ Much civilian infrastructure in Gaza was destroyed, including the bridges connecting its northern and southern halves and the power station, which cut electricity to most people for most of the day. Military targets were bombed despite the high risk of civilian, so-called collateral damage. An attack on Hamas military leader Mohammed Deif with a 500-pound bomb killed seven children and their parents, but not Deif.

With the opening of a more violent confrontation on its northern front, Israel's prime aim moved from military offensive to containment. When it did launch incursions, they appeared designed to keep Palestinian factions on the defensive and prevent them from tying down Israeli troops required further north. As politicians and commanders devoted their energies to Lebanon, diplomatic efforts were put on the backburner, and the question was left hanging whether to negotiate with and thus implicitly legitimise the Hamas government.

This is a gamble. On the admittedly scant evidence so far, it is hard to predict that Hizbollah will be defeated let alone that this will happen anytime soon. Some in Israel support a land campaign, with the goal of occupying a thin strip north of the border as a bargaining chip for the next round of negotiations over ceasefire arrangements. Some suggest going further. But both courses would mean a prolonged war and raise the risks that Israel would again become deeply entangled in the Lebanese mire. Meanwhile, the Palestinian issue festers.

Dealing differently with Hamas may have political resonance. In contrast to what, for now, has been near unanimity over the handling of the Lebanese crisis, the government's rejection of a diplomatic settlement with Hamas over a ceasefire and prisoner exchange has elicited divergent reactions.¹²⁶ According to an Israeli who was

¹¹⁹ "Peretz decided to clash with them [Hamas]. It's time for moderate majorities to decide. The government of Hamas must be out by 2006", Crisis Group interview, Ephraim Sneh, Jerusalem, June 2006. "Israel is showing Hamas that they cannot control the PA again....The whole campaign is designed for this conclusion". Ehud Yaari, Israel Newsmakers Forum conference attended by Crisis Group, 12 July 2006.

¹²⁰ Crisis Group interview, Amos Gilad, director of the defence ministry's political-security division, Jerusalem, July 2006.

¹²¹ Senior Israeli official, quoted in *Maariv*, 20 July 2006.

¹²² The offensive initially appeared intended to acquire additional bargaining chips in third-party negotiations over both a prisoner exchange and a possible ceasefire.

¹²³ Sitrep, UN OCHA, 19 July 2006.

¹²⁴ By 20 July, two had been released. Crisis Group interview, Sameer Abu Eiseh, the (released) planning minister, Ramallah, 24 July 2006.

¹²⁵ Report of the Palestinian Ministry of Prisoner Affairs, 18 July 2006.

¹²⁶ According to a poll published by the Re'ut Institute on 12 July 2006, 47 per cent of Israelis opposed and 45 per cent favoured ceasefire negotiations with Hamas, at <http://www.reut->

involved in indirect negotiations over the Gaza crisis, the terms of a settlement are broadly agreed:

We've known what the endgame – the outcome – is since day two of the crisis, following the abduction [in Gaza] of the soldier. The aim is to establish a moderate Hamas, a weakened Hamas, which can accept a two-state solution. It is not to destroy the PA. If it will end in a favourable period of quiet, including from Qassam rockets, even if the price is an implicit recognition of a Hamas or a National Unity government, it would be perceived as a good deal for Israel. What is at stake is the timing.¹²⁷

Israel's bombing of the Palestinian foreign ministry in Gaza and its continued incursions do not, of course, augur well for a shift toward engagement.¹²⁸ Still some Israeli officials and foreign diplomats believed they detected "a pragmatic shift" in Olmert's 17 July address to the Knesset that ruled out neither a prisoner exchange nor a ceasefire with the Hamas-led government.¹²⁹ Unconfirmed reports have surfaced that the frozen Egyptian/Hamas talks on a negotiated outcome have resumed.¹³⁰

One more point is worth noting. Among the current crises' more palpable effects has been a dramatic decrease in popular support for Olmert's West Bank unilateral withdrawal plans. Hostile penetration from the two areas which Israel had previously evacuated significantly undermines the popularity of conducting a third. The rocket launches further punctured faith in the multi-billion dollar land barrier. "No one now believes in one-sided convergence", said Eli Yishai, leader of an Olmert coalition partner, Shas.¹³¹ In this sense, the large-scale retaliation was seen by some as an effort, by re-establishing Israel's overwhelming deterrence, to salvage the unilateral withdrawal concept. Haim Ramon, one of Olmert's

institute.org/Publication.aspx?PublicationId=607. Some prominent figures broke ranks with the official line. "If we have an agreement with Hamas over the soldier and halting Qassam fire, this would strengthen Hamas, but maybe we should have it". Crisis Group interview, Dan Meridor, chairman of state committee on Israel's National Security for the Coming Decade and former minister of strategic affairs with the U.S., Jerusalem, July 2006.

¹²⁷ Crisis Group interview, Jerusalem, July 2006. "We are not seeking a new order in Gaza. It's not for us. I don't see any alternative. I don't see a united Fatah, and I don't see anybody that can confront Hamas", Crisis Group interview, foreign ministry official, Jerusalem, July 2006.

¹²⁸ The foreign ministry is headed by Mahmoud Zahar, brother of one of the leaders of Hamas's military wing in the Gaza Strip.

¹²⁹ "Olmert said no word against a prisoner exchange or negotiations", Crisis Group interview, foreign ministry official, Jerusalem, July 2006.

¹³⁰ *Haaretz*, 20 July 2006.

¹³¹ Crisis Group interview, Eli Yishai, Jerusalem, July 2006.

close ministerial allies and a leading supporter of the convergence plan, explained: "We are fighting so that when we withdraw from future territories, they will remember Lebanon".¹³²

¹³² Crisis Group interview, Haim Ramon, Jerusalem, July 2006. Speaking in the midst of the Gaza campaign but ahead of the escalation in Lebanon, Foreign Minister Tzipi Livni had also insisted there was "no reason to recant on convergence", Re'ut Conference, Tel Aviv, 12 July 2006.

V. CONCLUSION: PRINCIPLES FOR RESOLVING THE TWO CRISES

Efforts at resolving the two crises have been so far conspicuously ineffective. On the Palestinian front, Israel, while apparently open to a prisoner swap, shies from any deal that might enhance Hamas's prestige and so boost its domestic strength, hence its rejection of a simultaneous prisoner exchange and insistence on a deal for which President Abbas could claim credit. Matters have been even less promising on the Lebanese front. There, Israel appears convinced it must first seriously erode Hizbollah's military power before contemplating a ceasefire or any deal. In this, it enjoys strong support from the U.S. which has adamantly opposed pleas for an immediate ceasefire, arguing that it would leave in place the conditions that led to violence, and backed Israel's determination to "confront the terrorist group that launched the attacks and the nations that support it".¹³³

Calling a ceasefire at this stage a "false promise", Secretary Rice spoke of the need first to have in place "political conditions" – code words both for giving Israel more time to conduct its military operations and for subsequent steps that would further reduce the threat posed to Israel by Hizbollah (e.g., creation of a buffer zone from which Hizbollah would be excluded; deployment of an international force charged with disarming Hizbollah and Lebanese implementation of 1559). Both Islamist movements have stood fast, at enormous cost to their populations, on the grounds that surrendering the captives without compensation – especially after sustaining such damage – would deal them fatal political blows.

Nevertheless, field research and analysis suggest a number of key principles that could lead to resolutions.

A. DELINKING THE CRISES

The two crises have much in common: both involve Islamist movements with one foot in electoral politics, the other in violence; territory from which Israel has withdrawn; and the capture of Israeli soldiers and the demand for a prisoner swap. Both have led to fierce Israeli reprisals not only against the movements in question, but the civilian population as a whole; and both have given rise to temptation to reorder the domestic scene, in Palestine as in Lebanon. In the language of some Israeli and U.S. officials, moreover, both Hamas and Hizbollah were linked in an axis that,

together with Syria and Iran, sought to impede progress in the region.

While similarities exist, it would be a mistake to lump the two crises together or to view them merely as instances of Iran's attempt to project its power. As described above, they are rooted in very different domestic circumstances and have very different regional implications. To view them through a single lens would vastly complicate efforts at resolving either and entail potential costs: solidifying perceptions in the Muslim world of a conspiracy aimed at all Islamic movements; hampering Hamas's possible political evolution by tying its fate to Hizbollah's; and further radicalising a region that is at boiling point. By disaggregating them, dealing with both urgently but separately, the international community stands a better chance of reaching resolutions.

Nor is there much evidence that the two groups wish to be bound together. As the head of the Hamas parliamentary faction put it, "We don't intend to reach a joint deal. Hizbollah entered the picture after Hamas was already in it, they want their prisoners and we have ours".¹³⁴ Speaking in Damascus, Hamas's representative in Lebanon, Usama Hamdan, observed: "Hamas's circumstances are different than Hizbollah's and the Palestinian situation is different from that in Lebanon. Therefore Hamas's calculations are different than Hizbollah's".¹³⁵ Within the occupied territories, Prime Minister Haniya's 21 July Friday sermon was notable for the sparse references to Lebanon, mentioning Hizbollah or its leader not once.¹³⁶ To date, in fact, no Palestinian leader has suggested the two crises must be resolved as either a package deal or simultaneously.¹³⁷ Nor, for that matter, has Hizbollah.¹³⁸

¹³⁴ Salah al-Bardawil, *Haaretz*, 22 July 2006. A government minister told Crisis Group: "I'm inclined to solve the problem [over prisoners] internally, but if we fail we'll be obliged to link them to [those of] Hizbollah. The Palestinian street is pushing for the prisoner exchanges to be linked, but we as a government have not taken a position." Crisis Group interview, cabinet minister, Ramallah, 24 July 2006.

¹³⁵ Crisis Group interview, Damascus, 14 July 2006.

¹³⁶ Haniya's sermon, broadcast live on Al-Jazeera television, focused on denunciations of Israel's determination to bring down the elected Palestinian government, and insistence that no political concessions would be made in response to Israeli pressure.

¹³⁷ As noted above, there additionally have been unconfirmed reports of renewed mediation in which Hamas is participating.

¹³⁸ In his initial press interview after the soldiers' seizure, Hizbollah Secretary General Nasrallah went no further than stating that his movement's actions "may" assist a resolution of the Israeli-Palestinian crisis.

¹³³ President George W. Bush, radio address, 22 July 2006.

B. THE CORE OF AN ISRAELI-PALESTINIAN DEAL: GOVERNANCE FOR CEASEFIRE

As documented in this report, Hamas's principal goal has been to break the stranglehold imposed on it and gain the means of governing. In adopting their stance, Israel, but also Europe and the U.S., have underscored the need for the Islamists to alter their ideology if they expect international assistance. The resulting standoff risks plunging the Israeli-Palestinian arena into further mayhem.

Yet developments over the past several weeks suggest the outlines of an accommodation. Israel and the PA would agree to a mutual ceasefire, perhaps enhanced by third party monitoring. In essence, this would mean no more Qassam rockets fired by any Palestinian faction and an effort by the Palestinian security forces to act on any violation, and no more offensive military operations, including incursions and targeted assassination by Israel. Both would also agree to a prisoner exchange. Hamas would release the soldier it holds and reinstate the truce, while the PA would seek to stop all militias from firing rockets.

In tandem, Israel would end its Gaza incursion, open its border crossings in compliance with the Agreement of Access and Monitoring of November 2005, cease disproportionate military action in the occupied territories and release recently jailed ministers and parliamentarians as well as other Palestinian prisoners, such as those who have not been charged with an offence or have been convicted on minor charges, are seriously ill or are juveniles. It is in this respect a mistake for the recent G8 resolution to call only for the release of elected Hamas officials arrested by Israel after the 25 June 2006 seizure of the Israeli soldier. Hamas could not accept a prisoner swap only for its leaders: it would make it look more interested in its own well-being than that of the population at large and expose it to criticism that it subjected Gaza to destruction in order to release individuals who were not jailed at the time of the original Palestinian armed operation.

No such agreement will be sustainable without an intra-Palestinian deal, both because Fatah militias have been responsible for much of the anti-Israeli violence, and because Hamas cannot govern without Fatah's acquiescence. The signing of such a deal on 25 June 2006 potentially leading to a national unity government and recognising Abbas's primacy in negotiations with Israel, has opened the door for an accommodation. It should be quickly followed up with formation of such a government.

Finally, for this to hold, the international community will have to revise its approach. Again, the 25 June intra-Palestinian deal offers an opportunity to start almost fresh. Although it does not quite meet Quartet conditions, it is a step in the right direction; it should be consolidated and encouraged. Should a national government be formed on the basis of the National Conciliation Document and Hamas agree to a ceasefire, the diplomatic and financial boycott should end.

C. AN URGENT ISRAELI-LEBANESE CEASEFIRE

The most urgent priority on the Lebanese front is for an immediate ceasefire. In opposing this, Israel and the U.S. argue that, once hostilities cease, the situation simply will revert to the status quo ante, with risks of future escalation unaddressed. Root causes, they say, must be tackled. They have a point. The pre-12 July situation was inherently unstable and underlying causes should be addressed as soon as possible. But this ought not mean that attacks can continue until this happens.

Prolonged hostilities carry important risks, the most obvious of which is continued loss of innocent life and needless destruction. There also is the ever-constant threat of a catastrophic event, by design or accident: an Israeli attack that kills scores of civilians; a Hizbollah rocket attack that seriously hurts Tel Aviv, hits a chemical plant or some other vital infrastructure; or the expansion of the war to Syria. As each day goes by, anti-Israel and anti-U.S. sentiment grows, in the region and in Lebanon itself. Prime Minister Siniora's government, which Washington purportedly wishes to help, is getting weaker, its capacity to restore authority and order and implement the desired political changes once the violence dies down feeble by the day. The U.S. repeatedly has stated its intention of bolstering him but has not acceded to his most pressing request: an immediate cessation of hostilities. The conflict may also spread in other ways: in Iraq, fellow Shiites may get increasingly restless and turn their ire on the U.S., as previewed in statements by Muqtada al-Sadr and Prime Minister Nouri al-Maliki.

Nor is there strong evidence that a little more time will lead to significantly more degradation of Hizbollah's military capacity. Success from airpower alone is questionable at best. A ground offensive may be next, but at what cost to Lebanon and its fragile political system? Moving to ground warfare also would put the fight on Hizbollah's terrain, with risks of another quagmire of the sort Israel has encountered on other occasions in Lebanon. In the event of an extended war of attrition and bereft of an honourable exit strategy, the

government could face rising criticism, domestically and internationally. As a former Israeli official put it, “organisations such as Hizbollah cannot be defeated on points. Only a knock-out will do. But such a defeat is, at this point, simply impossible”.¹³⁹ In other words, time may not help achieve the objective.

The challenge, therefore, is to devise a ceasefire deal that is both acceptable to all sides and can be achieved quickly. Israel is unlikely to agree to a ceasefire that does not include some step that significantly reduces the threat presented by Hizbollah; Hizbollah is unlikely to agree to measures that signify its disarmament and, therefore, the end of its special status. Mindful of those constraints, Crisis Group proposes a ceasefire that would include the following three elements:

- ❑ an immediate cessation of hostilities; rapidly followed by
- ❑ early prisoner exchange; and
- ❑ agreement on the dispatch of a multinational force to augment UNIFIL and verify compliance with the ceasefire.

Both the sequence and substance of this proposed arrangement will be controversial. As to the sequence: Israel, with U.S. backing, has argued forcefully that no cessation of hostilities should occur until steps are agreed that will significantly erode Hizbollah’s military capacity. But, as seen, there are serious costs to waiting, and little certainty that time will bring Israel any closer to its objective of crippling Hizbollah by military means. For this reason, Crisis Group believes an immediate halt to the fighting is an urgent necessity. Of course, should the two other conditions not be met to Israel’s satisfaction, there is every reason to think that it would resume hostilities.

As to the substance: the dispatch of a multinational force raises enormously complex and difficult issues. Given Lebanon’s history, the depth of sectarian tensions, and Syria’s persistent influence, injection of foreign troops viewed as hostile to Hizbollah, or over the movement’s objection, could push the country to breaking point. Already, as seen, Shiite popular resentment over how the rest of the country is reacting to Israel’s onslaught is growing; in the horrendous humanitarian conditions experienced by displaced Shiites, it would not take much to cause an internal explosion. That could be the case if a force were mandated to enforce the movement’s disarmament or take other action against it. Under either scenario, Hizbollah and its sympathisers (and perhaps also militant Sunni Islamist groups) could

portray the troops as foreign occupiers and treat them accordingly. Hizbollah would be unlikely to surrender quietly and might well drag the country down with it should it feel its survival at stake. Ultimately, anything that prioritises Hizbollah’s swift and forced disarmament at this point could push the fragile nation to breaking point, rekindling a confessional civil war that the international community – having helped begin – would helplessly watch.

That said, Israel will insist on some mechanism to ensure hostilities will not resume. The notion that the Lebanese army could play a policing role vis-à-vis Hizbollah is illusory; the army reflects the country’s confessional makeup and is not in a position to take on the Islamist movement. A multinational force, therefore, has become a regrettable necessity. But its role and mandate will have to be strictly defined to avoid precipitating chaos:

- ❑ It should be agreed to by all sides, Hizbollah included.¹⁴⁰ While for now the movement is adamant it will not accept an international force, officials have left the door open by suggesting they would be open to ideas that emerge from internal dialogue.¹⁴¹
- ❑ It must be authorised by the UN Security Council (the lessons from Iraq are, in this respect, clear) and should as much as possible avoid a U.S. flavour. While NATO forces could possibly participate, they should at a minimum be part of a larger contingent to avoid the impression of a Western crusade.
- ❑ It should have a limited mandate: not, as Israel would prefer, to enforce Hizbollah’s disarmament, but rather to verify and monitor both sides’ adherence to the ceasefire while ensuring creation in the south of a weapons-free zone.
- ❑ It should from the outset interact with the Lebanese army.

There is of course a strong argument that this might not suffice to prevent a resumption of hostilities since it would leave Hizbollah’s power largely intact. But anything more at this point would risk unduly prolonging negotiation and, worse, risk destabilising Lebanon’s fragile inter-confessional balance.

¹³⁹ Crisis Group interview, former Israeli official, 24 July 2006.

¹⁴⁰ As an Arab diplomat with years of experience in Lebanon put it, “a force will be possible only if all Lebanese parties agree. The government’s agreement is not enough. You need Hizbollah’s agreement – and, implicitly, Syria’s”. Crisis Group interview, 24 July 2006.

¹⁴¹ Crisis Group interview, al-Hajj Hassan, 25 July 2006.

D. GETTING TO ALL THE ROOT CAUSES

There is little doubt that the conditions that led to the current crisis should not be allowed to endure. As Secretary Rice enunciated, “root causes” must be tackled. In defining them, however, she mentioned only Hizbollah’s military arsenal – a cause, no doubt, and a significant one since it threatens Lebanese sovereignty and Israeli security. But it is not the only one, nor indeed is it one that can be tackled on its own. If a serious diplomatic effort is to be launched – preferably after an immediate ceasefire is achieved, but with no respite once it is – it will need to be far broader than the current selective U.S. menu suggests – and far more energetically pursued than recent history portends.

Hizbollah’s armed status is part of a far larger puzzle that at the very least needs to be taken into account. It is related to Lebanon’s confessional structure and, principally, to the treatment of its Shiite community and long overdue political reform. To undermine Hizbollah’s standing without at the same time addressing Shiite grievances would, again, run the risk of renewed sectarian conflict. In this sense, Resolution 1559, in its insistence on disarmament and international backing in that regard, implicitly threatened the country’s delicate sectarian balance since it meant a significant weakening of the Shiites’ principal representative. The goal, in other words, should not be solely to weaken Hizbollah (or Syria, or Iran), but through an internal Lebanese dialogue, to seriously reform the political system as a whole. In parallel, there should be international commitment to a massive reconstruction effort in Lebanon and, above all, to significantly alleviate the country’s public debt.

Hizbollah’s fate also is related to Lebanon’s own security doctrine and how its army intends to credibly ensure its defence, as well as to still-open Israeli-Lebanese files: prisoners and the Shebaa farms, as well as the question of respect for Lebanon’s sovereignty. Tackling these problems would be an important way to promote Hizbollah’s political transformation, by removing justifications it invokes for continued resistance and increasing internal political pressure for its disarmament. The goal must be to dry up the sources of Hizbollah’s militant identity gradually. One of the most important issues in this respect is Shebaa: an initiative should be launched whereby Syria would formally recognise Lebanese sovereignty there, while Israel would withdraw.

Finally, and perhaps most difficult, it is closely linked with regional issues, including Syria and Iran’s role and activation (or not) of a comprehensive Arab-Israeli peace process. Certainly, taking care of Lebanon’s problems need not await resolution of the broader Arab-Israeli conflict. But serious steps to resume Arab-Israeli negotiations on both the Palestinian and Syrian tracks, coupled with a decision by the West to engage Syria and Iran on all issues of regional concerns, including their regional concerns, would allow efforts at de-militarising Hizbollah and stabilising Lebanon to take place in a far safer, less explosive environment.

For the past several years, such issues have been left dormant. Today, the region – and most of all the Lebanese, Palestinian and Israeli peoples – are paying the price. It is time something is done about it or the price will grow steeper, also, inevitably, for the U.S. and Europe.

Amman/Beirut/Brussels/Jerusalem, 25 July 2006

APPENDIX A

MAP OF ISRAEL

APPENDIX B

MAPS OF THE OCCUPIED TERRITORIES

MAP OF THE GAZA STRIP



<http://www.cia.gov/cia/publications/factbook/geos/gz.html>

MAP OF THE WEST BANK



<http://www.cia.gov/cia/publications/factbook/geos/we.html>

APPENDIX D

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with nearly 120 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

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

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

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is co-chaired by the former European Commissioner for External Relations Christopher Patten and Boeing's Senior Vice-President, International Relations and former U.S. Ambassador Thomas Pickering. Its President and Chief Executive since January 2000 has been former Australian Foreign Minister Gareth Evans.

Crisis Group's international headquarters are in Brussels, with advocacy offices in Washington DC (where it is based as a legal entity), New York, London and Moscow. The organisation currently operates fourteen field offices (in Amman, Bishkek, Bogotá, Cairo, Dakar, Dushanbe, Islamabad, Jakarta, Kabul, Nairobi, Pretoria, Pristina, Seoul and Tbilisi), with analysts working in over 50 crisis-affected countries and territories across four continents. In Africa, this includes Angola, Burundi, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Liberia, Rwanda, the Sahel region, Sierra Leone, Somalia, Sudan, Uganda and Zimbabwe; in Asia,

Afghanistan, Indonesia, Kashmir, Kazakhstan, Kyrgyzstan, Myanmar/Burma, Nepal, North Korea, Pakistan, Tajikistan, Turkmenistan and Uzbekistan; in Europe, Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kosovo, Macedonia, Moldova, Montenegro and Serbia; in the Middle East, the whole region from North Africa to Iran; and in Latin America, Colombia, the Andean region and Haiti.

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July 2006

APPENDIX E

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