Strategic ASSESSMENT

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The purpose of *Strategic Assessment* is to stimulate and enrich the public debate on issues that are, or should be, on Israel's national security agenda.

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Abstracts

Countdown to the Iranian Bomb / Ephraim Kam and Ephraim Asculai

Estimating the time Iran needs to attain a nuclear capability will greatly affect the planning of political efforts to stop Iran. Even more so, it will affect the decision of if and when to make a military move, because military action can have a significant impact only if taken before Iran has nuclear weapons. The timetable is also important for preparing for a scenario in which Iran does succeed in developing nuclear weapons despite all efforts to stop it. This article estimates when from a technical standpoint Iran can master the various stages towards nuclear military capability, and analyzes the political considerations Tehran will face on whether to proceed to actual production of nuclear weapons.

The Internet in Iran: More Freedom in the Country? / Tal Pavel

In terms of the widespread use of the internet in the country, Iran is undoubtedly an internet superpower. However, Iran is also one of the most dangerous places for bloggers given the extreme restrictions on free use of the internet, including detailed legislation, strict enforcement, infrastructure limitations, and the arrests of users. This article examines the potential of the internet to generate social change in Iran and become an increasingly powerful tool in the reformists' campaign for more civil liberties.

Israel's Defense Expenditure / Shmuel Even

This article presents the figures for defense spending in Israel and clarifies what the economic burden of defense is on Israel's economy. The defense burden in terms of the ratio of domestic defense consumption to GDP shows that while Israel is still high in the international ratings, the gap is much narrower than it used to be. In contrast to the situation in the 1970s and 1980s, the defense budget at its current level does not jeopardize economic stability. It therefore appears that the effect of defense spending on the current macroeconomic situation in Israel is limited.

The Challenge of *al-Muqawama* (Resistance) to Israel / Michael Milstein

"The resistance" in the Middle East is represented by states and non-state organizations, with or without a national or semi-state dimension. Its current objectives are a yearning for an alternate world order in the spirit of radical Islam, eradication of Western influence in the region, and most importantly, an unrelenting struggle against Israel until it is annihilated The rise of the resistance reflects a fundamental shift in the nature of the threats Israel faces, to the extent that Israel is obligated to undertake changes in its use of military force and in its definition of national security. The article describes the evolution of this challenge at a time when there is a gradual decrease in state threats in the form of conventional military forces, which constituted Israel's primary challenge during the first decades of its existence.

Between Settlement and Crisis: The Next Round of the Palestinian Issue / Ephraim Lavie

Salam Fayyad and Abu Mazen are pursuing a two-pronged policy. The first course is an attempt to resume direct negotiations with Israel over a permanent settlement and the creation of an independent state within the 1967 borders, or alternatively, asking the UN to recognize the 1967 lines as the borders of the future Palestinian state. The second course is the actual establishment of a Palestinian state by mid-2011. Hamas, in no hurry to reach any reconciliation with Fatah, strives to rebuild its military strength and consolidate its position as an Islamic entity. This essay analyzes the divided Palestinian system, the balance of power and developing trends within its two parts, and the implications for Israel in the political-security sphere.

The "Rebirth" of Hizbollah: Analyzing the 2009 Manifesto / Benedetta Berti

Hizbollah's new "Manifesto," announced in late November 2009, is only the second ideological platform published by Hizbollah and was issued twenty-four years after the original "Open Letter," which was the main tool to present the organization's weltanschauung to the world over the previous decades. The Manifesto reflects the political and military evolution of the organization since the 1985 Letter and explains the group's strategic vision for the future. The essay focuses on the political context that prompted Hizbollah to release its new declaration of principles as well as the contents of the document, and draws conclusions on whether the Manifesto marks a true organizational "rebirth."

Obama's Afghanistan-Pakistan Policy: Challenges and Objectives / Yoram Schweitzer and Sean London

President Obama recently announced the new US strategy regarding the fighting in Afghanistan. The administration perceives the potential of the Taliban retaking control of Afghanistan, encouraging similar action by the Pakistani Taliban, providing refuge for al-Qaeda and its affiliates, and acting as a launching pad for terrorism activity across the world as an immediate threat to US domestic security and to US allies. This article examines the challenge confronting the US in the Afghanistan-Pakistan (AfPak) arena, the main enemies of the US in the regional hostilities, and the alternatives debated before the policy was chosen. It evaluates whether the policy selected is capable of providing a solution for these complex challenges within the limited time frame and military scope allotted by the president**.**

The Big Game: The Great Powers in Central Asia and the Caucasus / Zvi Magen and Olena Bagno-Moldavsky

This essay examines the contest underway between the major powers in Central Asia and the Caucasus, a locus of international tension and hothouse for radical Islam and international terrorism that has long been a bone of contention. The region boasts some of the largest energy reserves in the world, and is considered to be of major strategic importance because of its geographical location and because it includes countries with Muslim majorities. In the nineteenth century the struggle for control of the area was known as "the Big Game." Today, a similar game, known as "the new big game," is underway involving the great powers as well as the states in the region. The prize for the winner will be both geopolitical and economic.

Countdown to the Iranian Bomb

Ephraim Kam and Ephraim Asculai

The date Iran is liable to achieve nuclear weapons is of particular significance when considering how to handle the Iranian nuclear issue. Estimating the time needed by Iran to attain a nuclear capability will greatly affect the planning of political efforts aimed at stopping Iran before this happens. Even more so, it will affect the decision of whether and when to make a military move against Iran, because military action can have a significant impact only if taken before Iran has nuclear weapons. Assessing this timetable is also important for preparing for a scenario in which Iran does succeed in developing nuclear weapons despite all efforts to stop it.

Assessing the timetable for Iran's drive to attain nuclear weapons is a problematic, complex, and controversial task, and most attempts to draw a precise conclusion have not proven themselves. In 1992, for example, intelligence communities both in Israel and the United States estimated that Iran could reach a nuclear capability within five to eight years, i.e., no later than 2000. Clearly, this assessment was fundamentally flawed. The main difficulty facing estimations lies in the multiple unknown variables with regard to Iran's technological progress and political behavior; these have made it impossible to predict the rate of progress of Iran's nuclear program. And yet although this difficulty remains, the relatively large amount of information revealed in recent years about the Iranian nuclear program facilitates greater accuracy in forecasting the rate of Iran's progress on its road towards nuclear weapons.

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Israeli and American Intelligence Assessments

Over the last decade several differences emerged between Israeli and United States intelligence assessments about the anticipated timetable for Iran's nuclear program. The differences were not critical, and there were certainly no differences of opinion over Iran's desire for nuclear weapons. In general, however, the Israeli intelligence community has tended to be more pessimistic and present a shorter timetable for Iran going nuclear than the American intelligence community, which has tended not to go with the worst case scenario. These differences apparently stemmed from a different assessment of Iran's ability to overcome technological hurdles on its way to nuclear weapons and from different interpretations of intelligence information.

The current Israeli military intelligence assessment regarding Iran's nuclear timetable may be summarized as follows:[1] In 2008, Iran achieved full mastery of its uranium enrichment technology. Over 2009, it enriched uranium to low levels in quantities sufficient – once enriched to a high level – for a first nuclear bomb. In addition, Iran is improving its capabilities in the development of a nuclear explosive device and has completed the development of ballistic missiles capable of carrying a nuclear warhead. At the same time, Iran is not moving full speed ahead towards its first nuclear bomb. Instead, it is setting up an extensive and varied infrastructure of nuclear capabilities, in many forms and at a variety of sites. This infrastructure will enable it to decide when to break out and produce nuclear weapons, i.e., that conditions are ripe and the international cost it will have to pay for this move will be minimal, or that the need becomes vital. As part of this strategy, Iran is seeking to enrich a large amount of low enriched uranium (LEU). The moment Iran decides that it needs high enriched uranium (HEU), it will be able to amass the fissile material needed for one bomb within a few months to a year.

> From a technical point of view, Iran, given optimal conditions, will be able to produce one nuclear explosive device core by the second half of 2010. Assuming somewhat less than optimal conditions, it can reach this stage by the second half of 2012.

Israel's military intelligence, therefore, does not specify a date by which Iran will attain nuclear weapons because that will depend on its explicit decision to move to the final stage of constructing the bomb, a decision that does not seem to have been made yet. By contrast, the head of the Mossad, Meir Dagan, in the only statement of its kind as reported by the media, stated before the Knesset Foreign Affairs and Defense Committee that Iran would have the capability of launching its first nuclear bomb by the end of 2014, provided it does not encounter technical problems.[2]

The American intelligence community assessment of early 2009 may be summarized as follows:[3]

1. Iran is keeping the option open to develop nuclear weapons by developing various nuclear capabilities that bring it closer to producing such weapons, should it decide to do so. It is not known if Iran will eventually decide to build nuclear weapons. Iran has the scientific, technical, and industrial capacity to eventually produce nuclear weapons, making the central issue its political decision.
2. Iran has enough LEU – should this be enriched further to an HEU level – to produce nuclear weapons.
3. In the fall of 2003, Iran stopped its undeclared uranium enrichment activities and its program to develop a nuclear explosive device. This freeze was in place at least until the middle of 2007.
4. From a technical perspective, Iran will be able to produce enough HEU for nuclear weapons between 2010 and 2015. By contrast, the Bureau of Intelligence and Research (INR) of the American State Department has estimated that Iran will not attain this capability before 2013, because of anticipated technical problems.

In February 2010, the American intelligence community published its updated assessment.[4] Unlike its former assessments of late 2007 and early 2009, the updated assessment does not refer to the freeze of the military program and the timetable for Iran attaining nuclear weapons, and therefore it does not clarify whether the assessment in this regard has changed. A sign that a change in the assessment is in the offing may lie in the report published by the *New York Times* in early January 2010, where administration officials reported that the American intelligence community no longer believes that Iran is maintaining the freeze of its military nuclear program and in fact is continuing with it, albeit in a more limited scope. Moreover, the *Washington Times* reported at the same time that the American intelligence community concluded that Iran has not frozen its military nuclear program at all.[5] At any rate, today the differences between the American and Israeli assessments are not fundamental. Both indicate that in terms of technical capabilities Iran will be able to produce the fissile material for its first nuclear bomb as early as 2010.

The Stages toward Nuclear Weapons

An examination of the timetable of Iran's progress in the nuclear track requires the definition of the stages Iran must go through on its way to nuclear weapons. Development and production of nuclear weapons by Iran is a process that has already started yet will still take years for the construction of an operational nuclear system. Three stages of this process can be identified:

The first stage is amassing fissile material that will quantitatively and qualitatively be enough for construction of the first nuclear bomb. This is a groundbreaking stage because from this point onwards the door is open for Iran to produce nuclear weapons. Technically, the time frame between this stage and actual weapons production is expected to be relatively short, because the activity to produce fissile material and turning it into a nuclear weapon will occur in parallel rather than consecutively. At this stage, Iran will not be able to attack any state with nuclear weapons because it will not yet have them in hand, but it will be able to reap some of the advantages it hopes to gain merely by being a nuclear threshold state.

The second stage is constructing the first nuclear bomb. At this stage the effect of a nuclear Iran will be created, and from that point onwards Iran will be able in practice to attack other nations with nuclear weapons. At the same time, the effect of a nuclear Iran will still be limited. Presumably, as long as Iran has only one or two bombs at its disposal it will not attempt to attack with them, even in the event that it adopts an offensive nuclear policy: first, the attack might fail because of technical problems or the interception of the launch vehicle, in which case Iran will be left without an ability to repeat the attack; and second, Iran will not possess second strike capability, and will thus be unable to deter a nuclear attack against it.

The third stage is constructing a relatively large operational nuclear stockpile of at least eight to ten bombs with various launching means, including ballistic missiles, cruise missiles, and fighter planes. Should Iran decide to produce nuclear weapons, it will likely strive to construct such a stockpile in order to strengthen its deterrence vis-à-vis its enemies, reduce the risks and effectiveness of attacks on its nuclear installations, and develop a second strike capability in case of a nuclear attack on it.

In addition to Iran's technical capability to advance towards the objective of nuclear weapons, the nuclear timetable will be determined by political conditions, including decisions reached by Iran's leadership on the nuclear issue.

The Technological Timetable

There are four principal technological stages for producing nuclear weapons:

1. Producing the fissile material, i.e., HEU
2. Processing the fissile material into the core of the nuclear explosive device
3. Loading the core in the explosive device mechanism
4. Loading the explosive devices in the warhead, in a missile or airborne bomb

Developing the technology for the last three processes can occur concomitantly with the enrichment process, and it is likely that this will be completed even before the production of the fissile material for the first core. This means that the development timetable will be determined by the rate of production of fissile material. Executing the other stages will take place after this production, one step after another.

Based on information published to date, primarily reports by the International Atomic Energy Agency (IAEA), by the end of 2009 Iran had produced sufficient quantities of LEU to prepare one core of a nuclear explosive device, once this amount is converted to HEU. Moreover, the Iranians have learned the technique of processing uranium into the core of the explosive device (there is no difference here when using natural uranium or enriched uranium). Iran likely received the complete nuclear explosive device plans from Pakistan based on the Pakistani model. In addition, there are reports that the Iranians have loaded an explosive device in a warhead.[6]

Producing Fissile Material

Today, the enrichment of uranium to a low grade of 3.5 percent takes place at the large enrichment facility near Natanz. The enrichment there is done by gas centrifuges fed with the material produced at a conversion facility at the nuclear complex near Esfahan. In late 2009, some 4,000 centrifuges were in operation at the facility and another 5,000 had been installed though not yet fed with material for enrichment.[7] Once completed, the production site is supposed to contain 54,000 centrifuges. All the centrifuges installed are of the outdated Pakistani P-1 model, with low enrichment capability. The Iranians are busy developing advanced models of centrifuges, which if properly installed and operated will enrich uranium at a higher rate than at present.

Should Iran copy the Pakistani process, the enrichment process from LEU to HEU will take place in three additional stages: enrichment from 3.5 percent to 20 percent, enrichment to 60 percent, and final enrichment to 90 percent.[8] All enrichment stages use the same machinery – the gas centrifuges – and only the numbers at the advanced stages and the connections between them differ at each stage. The brunt of the work takes place at the low enrichment stage. From this point onwards, only a small number of centrifuges are required for the more advanced stages. If the process is begun with LEU rather than natural uranium it is possible to produce HEU fairly rapidly.

Iran has two options for producing fissile material: one is to amass low enriched uranium, stop playing by the rules (the "breakout" scenario), and rapidly enrich the LEU it has to HEU; the other is to build a secret facility for HEU production. It is possible that the secret facility discovered near Qom was precisely such a facility. One way to produce HEU is through enriching natural uranium. According to a rule of thumb, 3,000 centrifuges of the model the Iranians already have can produce enough HEU for one core in one year, assuming that these centrifuges serve all the stages of enrichment. According to Iran's declaration, that is the number of centrifuges supposed to be installed in the enrichment facility near Qom. The other involves enriching LEU. Based on one assessment, the same 3,000 centrifuges will be able to produce enough HEU for two to five cores in one year if fed with LEU supplied by the facility in Natanz.[9]

The Rate of LEU Production in Iran

Although the number of centrifuges in the actual uranium enrichment operation is not fixed and their number even dropped in late 2009, the rate of enriched uranium production to LEU levels has increased somewhat, and in this period stood at 1.88 kg per day.[10] At this rate, Iran would need 16 months in order to amass enough LEU to be converted into 25 kg of HEU – an amount that according to IAEA definitions is enough for the core of one nuclear explosive device.[11]

If this rate continues and if we take into account the LEU reserves Iran already has, which is more than enough for the first core, by the second half of 2010 Iran will have enough LEU for enrichment to HEU for two cores, and by 2012 – for three. In a worse case scenario, should the rate increase – because of continuous production, installation and operation of new centrifuges, operation of centrifuges already installed but not yet operational, and/or the installation of more advanced models of centrifuges – the rate of LEU production will accelerate accordingly. Such scenarios are realistic, though at present it is not possible to predict the rate of enrichment.

The Rate of HEU Production in Iran

The timing of enriching uranium to HEU will depend on a political decision. It is reasonable to assume that the Iranian regime will decide to prepare all systems for such a possibility and then wait. One should regard the Iranian decision of February 2010 to enrich their 3.5 percent enriched uranium to 20 percent, a level still considered (implicitly, not by any sort of official definition) to be LEU in this context.[12] In such a case, Iran will have passed a critical stage, greatly reducing the timetable for producing significant quantities of HEU.[13] The other possibility is that Iran will not make all the preparations and will wait to decide whether to construct a separate system for high level enrichment or transform one of the existing systems for low level enrichment into a high level enrichment system. Such a conversion process would extend the timetable by several months. According to one estimate, in a situation of LEU production of sufficient quantities and the operation of 3,000 centrifuges with the appropriate connections, enough HEU will be produced for one core in a period of two and a half to five months.[14]

The Timetable for the Advanced Stages

The timetable calculations for the advanced stages of developing nuclear weapons are based on assessments alone. Nevertheless, because technologies and techniques have likely been developed in advance, the margin of error cannot be too great, and essential changes in timetables, should they occur, would be the result of mishaps or accidents.

The stage of processing the enriched uranium gas produced by the gas centrifuges and turning it into metal is estimated to take three to six months, at least for the first core. It may be assumed that afterwards this stage will be fairly short and will last about one to three months. The stage of casting the hemispheres and machining them to their precise specifications would last some three months, assuming that the professionals in question have been trained and will be skilled enough when receiving the enriched material for processing.

The stage of inserting the core into the nuclear explosive device will constitute a part of the operational system, because it is not reasonable to assume that this stage would occur before instructions are issued by the political echelon in preparation for a drill, experiment, or actual operational use of the warhead. On the other hand, the machining of the fissile material itself is not necessary before all the preparations are complete, because it is possible to do this with "cold" matter – a core containing natural uranium only. This is also valid for incorporating the nuclear core into the explosive device in the warhead, because this stage will not be done before there is a real need, and even at this stage "cold" drills are possible, without an operational core.

Timetables for Nuclear Development

While it is possible to arrive at estimated timetables on the basis of the information presented above, it is clear that the decision to enrich uranium from LEU to HEU is not a simple one, as this involves breaking the rules. In the simplest scenario, in which the entire enrichment process, from natural uranium to HEU, takes place in secret at a hidden facility, the entire process, from processing the natural uranium to constructing a nuclear explosive device, would likely take place sequentially in order to obtain the largest number of warheads as soon as possible.

If all the rules are broken, Iran will likely seek to amass at least a minimal amount of LEU that would allow it to produce at least three cores from fissile material, as it would need one explosive device for testing (in all likelihood underground), a second device for additional experiments should the first one fail (as occurred in India, Pakistan, and North Korea), and a third device for proclaiming (even if not explicitly) the existence of an operational nuclear capability.

From all of the above, one may be able to offer the following timetables for two main scenarios: one in the event that Iran continues processing uranium at the current rate, and the other in the event that Iran progresses faster.

First scenario: Iran proceeds with its uranium enrichment in Natanz at the current rate

1. Enriching enough LEU for three cores – mid-2012. The time estimates for LEU enrichment are not precise, because they depend on the number of centrifuges in operation at this stage of production. For some unknown reason, not all of the centrifuges installed in Natanz are operational at present. It may be that this is due to a technical problem, but it is also possible that these are designated for rapid HEU production, should a decision to go ahead be taken.
2. Enriching enough HEU for the first core, when the centrifuge system is ready, two and a half to five months. Usually, the rate of HEU is more rapid than that of LEU production.
3. Processing the first core after enrichment – four to nine months. Producing the core from HEU is not necessarily a long process, and requires less than a year from the time there is enough HEU for each core.
4. Accordingly, the completion of processing the first core will take six and a half to fourteen months from the time a decision is made, if the system for converting LEU into HEU is ready. On the other hand, if the system is not yet ready, three to six more months will be needed in order to prepare and run the system, assuming that the existing LEU system only needs to be converted. In other words, if the project gets off the ground in early 2010, for example, the first core could be ready at some point between late 2010 and late 2011. Installing a whole new enrichment system will add nine to twelve months. (In such a case, if work commences in early 2010, the completion of the production of the first core would take place in the second half of 2012.)

Completing the production of any additional core would take four to nine months. Thus, completing the processing of three cores would take eight to eighteen months after the completion of the production of the first core.

Second scenario: Iran steps up the rate of uranium enrichment
If all the centrifuges currently installed in Natanz, including the ones that are not yet in operation, are operated and working to produce LEU at the rate of the existing system, the output of enriched uranium would roughly double. Thus, if the installed centrifuges are operated at the beginning of 2010, Iran will have enough LEU to allow – after its conversion to HEU – the production of a second core by the end of 2010, and three cores by the end of 2011. In this scenario, the timetable is shortened by about six months. The installation of advanced centrifuges and making them operational further increases the rate of enrichment.

Again, these calculations refer to optimal conditions in which the systems are ready on time and there is skilled manpower to continue the process. Severe mishaps can of course delay the process. In early January 2010, the *New York Times* reported[15] that the American administration, after a renewed examination of available intelligence about the state of the Iranian nuclear program, estimates that reasons exist for two possible delays: one, mishaps in the design and production of the centrifuges, causing the reduction of the numbers of operational centrifuges in Natanz from 5,000 in June 2009 to about 4,000 at the end of the year. The IAEA report states that there is evidence of failures in the enrichment system. However, it also seems that the systems are becoming more efficient. It may be that the assessment is based on information available to the American intelligence community. Even so, it is hard to rely on such mishaps occurring over time, as the Iranians have the knowledge, experience, and tools to help them overcome such faults.

The second reason is the uncovering of the enrichment facility in Qom, which according to sources in the Obama administration has postponed the possibility that Iran would use it as a secret facility for HEU production. Such a claim is well founded, if the Iranians were indeed planning to use the facility as part of a clandestine enrichment route and if they do not possess additional secret facilities as many suspect. However, the discovery of the facility need not cause any real delay in the project. The facility's construction schedule has not changed since its discovery, and one may assume that the Iranians will operate it on time unless mishaps occur along the way. Therefore, if Iran intends to defy all rules, the facility in Qom will be able to fill the function designated for it.

The Political Considerations

From a technical point of view, Iran, given optimal conditions, will be able to produce one nuclear explosive device core by the second half of 2010. Assuming somewhat less than optimal conditions, it can reach this stage by the second half of 2012. However, while there is no doubt that Iran is preparing the technological infrastructure for nuclear weapons production, there is no firm evidence that it has already made the decision to produce such weapons. Iran may prefer to remain on the verge of production until it estimates conditions are ripe for going forward. Politically speaking, there are several considerations that could affect Iran's decision on the issue.

The first consideration concerns the pressures exerted on Iran to suspend its nuclear program. To date Iran has rejected all demands to agree to a deal whereby it would suspend its uranium enrichment. In October 2003 and November 2004 Iran did arrive at an agreement with European governments to suspend uranium enrichment for a limited period of time and may in 2003 have unilaterally frozen the military component of its nuclear program for an unknown period. However, since then it has adopted an uncompromising stance and announced that no pressure will make it relinquish its right to continue constructing its nuclear program. Currently, it seems that the American administration may succeed in enlisting international support for tightening the sanctions against Iran. The hope is that Iran's economic vulnerability and its internal unrest will motivate Tehran to reconsider its position on uranium enrichment. The chances of such a move succeeding depend on the convergence of two conditions: obtaining international agreement to institute painful sanctions against Iran, which is far from a certainty, and Iran's concern about a military move against it should it refuse to change its position, a concern that for now is still not acute.

> Iran may decide to postpone its decision to produce nuclear weapons until it estimates that the conditions are such that it is in a better position to withstand the anticipated pressures.

A second consideration concerns the cost of moving to a stage that will leave no room for doubt that Iran has decided to produce nuclear weapons. When Iran decides to embark on nuclear weapons production, it will have to withdraw from the Nuclear Non-Proliferation Treaty (NPT) or enrich uranium at a secret facility and hope it is not discovered. Both routes are problematic. Withdrawing from the NPT will constitute much more than just a hint that Iran has decided to produce nuclear weapons (though it is safe to assume that there will be those who will defend Iran and claim that even if it is a serious step, it does not constitute definitive proof of its decision to produce nuclear weapons). One may expect such a move to generate even more severe sanctions against Iran, while Russia and China will find it more difficult to refuse to participate, and it may serve as a pretext for Israel and/or the United States to make a military move against Iran. Enrichment of uranium to HEU levels and activity toward the production of an explosive device in secret, undisclosed facilities may perhaps buy Iran more time until their discovery. However, when discovered, the results will be similar to Iran's withdrawal from the NPT, and perhaps even direr. Therefore, Iran may decide to postpone its decision to produce nuclear weapons until it estimates that the conditions are such that it is in a better position to withstand the anticipated pressures.

The third consideration concerns Iran's basic approach: does it intend to produce nuclear weapons or does it intend to stop on the threshold of weapons production? At present, there is not enough of a basis to determine whether Iran will decide to continue sequentially until it attains nuclear weapons or whether it will decide to stop on the threshold, some production months away, and postpone the decision of whether to remain there or continue towards weapons to a later time. A decision to remain on the threshold could be an original intent or a direct result of a compromise it will have to make in order to cope with the pressures.

An Iranian consideration for stopping on the threshold depends primarily on the costs and penalties. Iran may estimate that by stopping on the threshold it will be able to continue to claim that it is not producing nuclear weapons and is not seeking to become a nuclear state, and that it will be difficult to prove it has indeed attained such weapons. Thus Iran will be able to attempt to minimize the cost it will have to pay internationally as a result of developing weapons. At the same time, Iran may estimate that its ability to complete nuclear weapons production within a short time frame will give it the strategic deterrence it needs should the American or Israeli threat to carry out a military move against it grow more acute, especially in light of the fact that it continues to develop ballistic missiles openly and without incurring any international pressures. From Iran's perspective the drawback of this approach lies in the fact that it will not bring it the regional and internal prestige it can obtain by having nuclear weapons and it will also not provide it with reliable deterrence and a readily-available response should it come under the threat of immediate attack. This leads to the further conclusion that should Iran assess that it is under imminent threat of a military move it is liable not to stop on the threshold but rather decide to proceed rapidly towards nuclear weapons.

The last consideration is the internal dimension. One of the reasons Iran desires a nuclear capability is its expectation that this will bring greater prestige and strengthen its status at home. Given this assumption, the internal crisis Iran is undergoing is liable to strengthen its interest in obtaining nuclear weapons sooner rather than later. The internal confrontation taking place is also one of the possible reasons that the regime has decided to take a rigid stance and reject the uranium deal that was discussed internationally in November 2009. At the same time, the internal situation in Iran will apparently not delay the progress of the nuclear program. In the meantime, the regime is not about to collapse any time soon. Even if it undergoes change, it should be remembered that even the leaders of the reformist movement are committed to the nuclear program. Therefore, were they to gain political control, a long process of dialogue would have to take place to induce them to renounce the goal of obtaining nuclear weapons if, indeed, they would even be willing to consider such a step.

Notes

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2 *Haaretz*, June 22, 2009.

3 Dennis Blair, *Annual Threat Assessment of the Intelligence Community for the Senate Select Committee on Intelligence*, Washington, D.C., February 12, 2009, www.cnn.om/2009/WORLD/meast/03/01/us.iran.nuclear/index.html.

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5 David E. Sanger and William J. Broad, "U.S. Sees an Opportunity to Press Iran on Nuclear Fuel," *New York Times*, January 2, 2010, www.nytimes.com/2010/01/03/world/middleeast/03iran.html., and Eli Lake, Review: Iran Never Halted Nuke Work in '03, *Washington Times*, January 19, 2010, http://www.washingtontimes.com/news/2010/jan/19/review-says-iran-never-halted-nuke-work-in-2003/.

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7 IAEA Report, November 16, 2009, http://www.iaea.org/Publications/Documents/Board/2009/gov2009-74.pdf.

8 ISIS, http://isis-online.org/isis-reports/detail/misconceptios-about-irans-nuclear-program.

9 Ibid.

10 Analysis of the November 18, 2009 IAEA report can be found at ISIS, "Nuclear Iran," http://www.isisnucleariran.org/assets/pdf/ISIS.

11 The numbers cited here are estimates since the rate of uranium enrichment to HEU will largely depend on the structure of the enrichment system and its physical parameters. Moreover, over-production of HEU will be required because of losses and waste at the coming stages. At the same time, it is also possible that the detonator facility will need a smaller amount of HEU.

12 The excuse in such an event would be that the research reactor in Tehran requires uranium enriched to such a level. Such an excuse, however, is feeble, because that reactor needs only insignificant amounts of HEU. In any case, Iran cannot produce this fuel by itself.

13 The media reported that an Iranian source said that Iran is planning to enrich uranium to 60 percent, the last stage before enrichment to military grade. Enrichment to this level lies beyond what is generally considered acceptable.

14 See note 8.

15 See note 5.

The Internet in Iran: More Freedom in the Country?

Tal Pavel

Iran is one of the most insular and repressive countries in terms of human rights, to the point that its leader was recently awarded the dubious honor of Dictator of the Year for 2009.[1] Iran consistently ranks on the list of countries deemed "enemies of the internet"[2] and is one of the most dangerous places for bloggers given the extreme restrictions on free use of the internet, including detailed legislation, strict enforcement, infrastructure limitations, and the arrests of users. These join the general restrictions on media and freedom of expression throughout the country.

Nevertheless, in terms of the widespread use of the internet in the country, Iran is undoubtedly an internet superpower. Today a great deal of information makes its way into Iran from around the world to a large population that is hungry for information. There is a young, educated, technologically oriented population that quickly adopted the internet when it reached the country in 1987.[3] Internet penetration in Iran has reached 49 percent, an increase of around 12,800 percent over the last decade; most of the increase in use has occurred in the last three years. This compares with an average internet penetration level for the region of around 28 percent and a rise of only 1,650 percent.[4]

Like the rest of the world, Iran has experienced a wave of media technologies over the years. During Khomeini's exile, audio tapes of his sermons and speeches were smuggled into the country. In subsequent years, the roofs of the cities became covered with satellite dishes. Today the internet is the main and almost exclusive means of communication

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for many groups in the country. It has found its way into several sectors of the population and is used in different ways by different groups, from governmental bodies to social networks in the general public to Iranian hackers who routinely break into websites of all types around the world.[5]

As in many countries in the region, there is some ambivalence in the Iranian government with regard to the internet. On the one hand there is a desire to advance technology in the country and put it to good use. The June 2009 presidential elections were a vivid example of the importance the government attaches to the internet. All four candidates made use to some degree or another of personal websites and blogs and the social networks (Facebook, Twitter, YouTube, Flickr, Picasa), and enjoyed the online activity of their supporters. For example, bloggers reported on the mood on the street, posting pictures and even posting various clips of events supporting the different candidates on YouTube.

On the other hand, there is close control of the media and the internet, action against internet providers, websites, users, and owners of websites that exceed the clearly defined boundaries. The heightened sensitivity that regularly exists with regard to internet management and popular internet use increases appreciably during an election campaign, which is often a time of change, if not crisis.[6] At such times over the years there has been a clear increase in restrictions on freedom of the internet and other media: the elections for the local authorities in February 2003, the parliamentary elections in February 2004, elections for the local authorities and the Council of Experts in December 2006, and the presidential elections in June 2006 and June 2009, as well as in their aftermath. In Iran there is legislation that limits use of the internet, oversees internet service providers and their customers, blocks websites, determines the nature of permissible and prohibited content, and mandates the arrest of different users.

Can the internet serve as a catalyst for creating greater freedom in the country? In view of the strict limitations in place in Iran on freedom of the press, the internet has become an important tool in the country, a would-be stage for outlawed newspapers and a means of expression for reformist elements in place of their banned publications. It comes as no surprise

> The internet did not create an alternative to the country's existing leadership, but it served as an extensive and widely available forum for the only political opposition in Iran today.

to learn that the blogging community in Iran is the largest in the world. Consequently, however, as part of its close control of various media, the government in Iran is keen on regulating internet activity, determining and controlling its use in the country. Thus even if the internet alone cannot generate regime change, Iran, like other centralized countries in the region, finds the internet an enormous challenge and a potential for opposition to its legitimacy. Evidence lies not only in ongoing reports on events following the presidential elections in June 2009, but also in reports that the authorities closed down the internet in Iran for two days prior to the annual Student Day events, which this year were held on December 7, 2009. Authorities feared that the internet would provide a means of incitement against the government and become a source for reports on such events. This was undoubtedly a lesson learned from events surrounding the presidential elections.

Supervision

In its earliest stages in Iran the internet was not regulated, but as its popularity grew the authorities began to oversee it. Despite the official claim that the oversight was necessary to protect the public from immoral material, the censorship soon turned to political channels. Iranian government policy now includes legislation that limits the use of the internet and mandates supervised implementation of these official limitations.

Private internet service providers (ISPs) began to operate in the country in 1994, although they require approval by the Ministry of Intelligence and the Ministry of Culture and Islamic Guidance and must use technical mechanisms to block websites and e-mail, if necessary. In 2004 at least twelve ISPs around the country that did not install such mechanisms were closed down. In addition, their managers were forced to comply with various strict conditions[7] and were made responsible for the content distributed through them. They are required to store information about those who use their services, including the IP addresses, and to report this to the Ministry of Communications upon request. Regulations explicitly

> In the week after the June presidential elections, traffic on the internet entering and exiting Iran plummeted by 50 percent. This indicates official intervention in reducing traffic and blocking websites.

prohibit the construction of websites that include certain data or perform any of a well defined range of operations.[8]

In mid-2001 approximately 100 ISPs in Iran protested against the unfair competition mandated by the Ministry of Communications, claiming that although the government defined itself as reformist, the ministry refused to supply private providers with additional telephone lines. A similar claim was made then by owners of internet cafes after the authorities closed down over 400 of them (out of 1,500) in Tehran alone,[9] demanding that they obtain licenses in order to be able to continue operating (although it was also claimed that these licenses were not even available at the time). Notwithstanding claims that Iran's telecommunications company (TCI) was behind the move to prevent losses because of the reduced prices of international calls made through the internet, a source in the company said that the purpose was to combat websites with content "that was out of keeping with the values of Islam."

Infrastructure

For many years Iran has invested in the field of technology and information systems, both for general use in the country and for regime requirements. Government efforts include involvement in various initiatives and projects around the country and improvement of the telephone infrastructure through various means, such as investment in communications and information systems, exhibitions and conferences, and other measures. At the same time, the Iranian government's control of communications and the communications infrastructure enables it not only to limit internet use and traffic but also to monitor user activity and trace and arrest users. Internet providers are obliged to communicate via Iran's communications company, which is controlled by the state.

In recent years fiber optic-based communications lines have been installed in the country, but the work was stopped due to legislative constraints that limited the internet speed in the country. This was defended in May 2008 by the minister of communications, who claimed that there was no need for faster internet speeds in the country. Thus Iran became the only country in the world that limits internet speed for private use. Even prior to the elections of December 2006 the internet use speed was limited so that it did not exceed the very low speed of 128 Kbps. This was in order to make it difficult for young people to download

Western audio and video files and to communicate with each other and with reformist elements, and to publicize them on the internet.

In addition, it was revealed that in 2008 Nokia Siemens Networks (NSN) installed a communications system in Iran that allows the government to monitor cellular and online activity of users.[10] It was further reported that users were arrested, and after their release it was reported that during their interrogation they were shown data about telephone calls that were made and text messages that had been sent.

For the purpose of blocking the websites Iran initially used SmartFilter software made by an American company (which claimed that it did not sell this software to Iran);[11] this was due to the efficiency of the foreign software compared with the locally manufactured software.[12] However, in recent years local companies began to supply hardware and software for blocking websites. Iran thereby became the only country aside from China that blocks the internet extensively using local technology.

In the week after the June presidential elections, traffic on the internet entering and exiting Iran plummeted by 50 percent. This indicates official intervention in reducing traffic and blocking websites. In addition, "these figures show with almost complete certainty that instead of disconnecting Iran entirely from the internet, the country's authorities elected to block certain applications selectively." Moreover, "their internet mechanism is so centralized that you don't need more than 2-3 people in order to disconnect the country completely within a short period of time. All you need to have is someone who disconnects the two optic cables that connect Iran to the internet."[13]

Legislation

In addition to the infrastructure restrictions on communications and the internet, the Iranian regime has for some years been determined to set various legislative boundaries on free use of the internet, to the extent of requiring registration of websites with the appropriate authority and acquisition of a license to operate them.

The starting point for communications legislation in Iran is the 1986 Journalism Law, which governs communications in the country and the boundaries of freedom of expression. In 2000 the websites were included in this law in an amendment that referred to electronic advertising. In May 2003 the attorney general announced the appointment of a committee designed to address internet offenses and warned that people who upload content onto websites built in Iran will be taken to court if they do not honor the constitution and the Journalism Law, in the absence of an internet law. In July of that year a list of dozens of political websites, blogs, and avoidance sites was released. It was claimed that the government had instructed all internet and content providers in the country to block them.[14]

In June 2004, several months after the parliamentary elections, the spokesman for the Ministry of Justice said that the Supreme Cultural Revolution Council (SCRC) was drafting a penal law for internet crimes that mandated imprisonment penalties for advertising information that is damaging to the security of the country, criticizes the country and its leaders, speaks out against the words of Khamenei and Khomeini, and sells or buys alcoholic drinks. This law mandates prison terms of up to three years for advertising information that is damaging to the security of the country and six months for advertising "inaccurate information" about government officials.[15] In addition, the internet access providers would no longer be considered the exclusive authority for blocking websites.

In late 2004 and early 2005, between the parliamentary elections and the presidential elections, a number of government members cited the need for judicial attention to new offenses, with the emphasis on hacking. They also cited the need to pass a special law on blogs, because the printed media laws did not provide a solution for internet issues and especially the large number of blogs. A group of representatives of cultural and security bodies called on the Ministry of Islamic Guidance to identify and register all the websites operated from within Iran with a view to guaranteeing a mechanism for supervision and control of the local sites.[16]

On November 27, 2006 (shortly before the December elections that year) the government published regulations whereby site owners were to register their sites with the authorities. Two years later the Ministry of Culture and Islamic Guidance determined that any local site not registered with the ministry would be shut down.[17] Thus according to the law on online crimes, ISPs were required to ensure that no "forbidden" content would be displayed on their servers, and if such content appeared, it would be stored for documentation and reported to the authorities, and access to this content would be prevented. Companies that did not act in accordance with the law would be punished and their activity suspended.

In April 2009 the parliament approved another amendment to the 1986 Journalism Law, which facilitated application of the Journalism Law to online content. "The rules determined in the Journalism Law are valid for communications sites and local sites and set out the rights, duties, legal protection, crimes, penalties, judicial authority, and trial procedure." In other words, sites are required to submit a license prior to publication.[18]

Blocking Websites

Along with infrastructure-related intervention and legislation, Iran's government is also highly active in the practical aspects of blocking websites by means of a central filtering and blocking system. This system replaces a previous method, whereby each internet provider in Iran implemented the government's instructions in one way or another, which led to a variety of blocking methods by providers and different websites. As site blocking took place at the ISP level, censorship was not consistent throughout the country. Thus, the government engaged the services of Delta Global, in order to put to an end the "anarchy of internet providers."[19]

These measures have been backed by the country's leadership that claims that sites with "pornographic and immoral" content[20] are blocked, as are "political sites that harm the country's political and religious leaders."[21] Blocked sites include local and foreign news sites, online community sites,[22] pornography,[23] reformist sites,[24] and sites about women's issues. For instance, prior to the elections in December 2006 it was reported that a number of Western sites had been blocked, including the New York Times, IMDB, Wikipedia, YouTube, and Amazon.[25] In September 2007 it was reported that the authorities had blocked a number of foreign sites, including the Google search engine and internet-based postal service.[26] In the months leading up to the presidential elections in June 2009, foreign communications sites were also blocked.[27] In addition, sites of reformist elements in Iran are blocked; during the elections for the local councils in February 2003 a site that identified with them was blocked,[28] and ahead of the parliamentary elections in February 2004 other sites were shut down. In advance of the December 2006 and June

2009 elections, a number of independent sites that criticized the president and treatment of women were also blocked.

Emphasis has consistently been placed on blocking sites on political grounds, as well as blocking sites with forbidden, i.e., of questionable moral content, and sites with the means for bypassing these constraints on the internet.[29] Recently, efforts have increased to block different social networking sites, including Facebook, Twitter, YouTube, Flickr, and others that have become enormously popular among users in Iran, particularly during the protests following the June 2009 presidential elections. In addition, because of the increasing circulation of local blogs,[30] which serve as a primary means for people in Iran to share information and reports, particularly during times of crisis and change, the government has made a great effort to block them, along with blog hosting sites or sites providing them with services.[31]

In 2003 it was reported that around 10,000-15,000 sites were blocked in Iran.[32] In September 2006 a quasi-governmental information technology company claimed that some 10 million web sites were blocked and that 90 percent of them contain “immoral” content. Finally, a study conducted between 2008 and 2009 on five Iranian ISPs confirmed that Iran continues to be one of the leading countries that prevent their citizens from free access to the internet.[33]

Arrests

The Iranian government has adopted a far reaching policy of arresting reporters, internet users, and bloggers, although in general the government has pursued specific individuals more than it has conducted mass arrests. Most of those arrested are bloggers and different writers who express reformist opinions and the technical people running the sites. The authorities generally desist from taking action against the political leaders in whose name the sites operate.

The government is particularly sensitive to internet activity during election periods. The first wave of arrests of users began in the weeks leading up to the local council elections in February 2003, when a blogger and news site editor were arrested after they criticized the regime, and a number of arrests were carried out in the weeks following the elections. The second wave began in May 2004 (after the parliamentary elections in February) with the arrest of another blogger. This wave continued until a few months before the presidential elections in June 2005: arrests were made in June and August 2004, with most carried out between September and November 2004. An additional wave occurred during September-October 2005. Approximately a year before the 2009 presidential elections another wave of arrests began. From early November 2008 a number of bloggers were arrested on charges of attacking the government and the country's leaders, and a blogger called Omid Raza Mirtzifı died in prison on March 18. After the elections and following demonstrations by Mousavi supporters, hundreds of demonstrators were arrested, when the Amnesty International human rights movement released a list with the name of 368 detainees – evidence of the regime's anxiety over the domestic protests.[34] It was reported that most of the detainees were subjected to harsh conditions and torture during their imprisonment,[35] but released after a relatively short time – a few weeks or months. The number of arrests increases with the scale of the events, and the term of imprisonment also increases.

Conclusion

Iran is a clear example of the power of the internet to generate social and political change towards freedom of expression and freedom of the individual. It offers a wide infrastructure for knowledge, information, communications, and computers with regard to technology and communications, and helps create an educated public striving to obtain information and exchange views, both inside the country and from abroad. Approximately half the country's population currently uses the internet. The internet has become a highly efficient tool for enhancing the transfer of information inside and outside Iran, and serves as an alternative channel for bodies whose voice in not heard through other media.

Over the last decade the internet has served as an increasingly important forum for the opposition elements and marginal groups in Iran, particularly because of the strict limitations on communications in the country. The internet allows them to obtain information and, most importantly, to disseminate it around the country and around the world, achieving a far wider and more accessible circulation than via older means of communications. They are able to harness public opinion and the masses to their cause, both at home and abroad; during demonstrations, they serve as a means of reporting events on the streets in real time, and even as a sort of "insurance policy" for bloggers and human rights activists, who not only report their personal opinions, but also publicize movement ideas and even their own arrest when it happens. In such cases the internet is utilized for global support campaigns to free the detainees, and in this way the government loses its ability to have opponents of the regime "disappear" or to bury their arrest. The internet also offers a large number of websites, software, and tools designed to allow for anonymous use, in order to obviate the possibility of identifying the users, monitoring their activity, and arresting them.

A clear example of the power of the internet as a social and political tool in Iran is the events surrounding the presidential elections in June 2009. The internet did not create an alternative to the country's existing leadership, but it served as an extensive and widely available forum for the only political opposition in Iran today, led by Mousavi and his supporters. The internet as such became a hero of the events of the elections, before the elections and in particular in the events that followed. The social networks were both the exclusive means for reporting by the demonstrators and the technological symbols of these events. Not only did YouTube upload a clip showing Neda Sultan documenting her final moments after being hit by a bullet, but by transmitting the event around the world it turned her (and consequently the social networks) into the heroes of the struggle. In turn the internet was not only a source for reporting on events on the capital's streets and rooftops but also a means of enlisting local and international support.

Due to the internet's central role calling for a new social and political order in the country, and in order to limit freedom of expression, protest, and action by opposition elements as much as possible, the administration in Iran has made sure to limit the possibility of online expression. Even greater efforts were made in this regard during elections, which are tests for the stability of the regime in its current format. As such, it is doing everything it can to monitor and contain these online dangers as well as the challenges of other arenas.

To date the internet has not brought civil liberties to Iran. However, in view of the two contradictory trends – protest in the face of oppression – that have been on a collision course for some time, it is expected that limitations on the internet, freedom of the individual, and freedom of expression will cultivate resistance among Iranians, among them, internet users. Therefore, it is conceivable that that as the internet and the hope for freedom continue to pervade the country in the face of a conservative regime trying to safeguard its power on all fronts, the streets of Tehran will witness more violent events, like those of June and July 2009.

If at some point there is a popular uprising in Tehran that brings greater freedom to the country and loosens the population's shackles, the internet will play a central role. This will happen first and foremost as a systemic factor and as one of the forces generating the process, harnessing support at home and abroad among opponents of the regime and enhancing claims against the regime's legitimacy while suppression by the regime increases. The internet will play a key role by reporting events in near or real time, and will also be a means for obtaining information and recruiting international support during the struggle for freedom.

The governments in Israel and elsewhere in the world must be aware that there is a wide sector of the public in Iran that is thirsty for information and change, and that seeks recognition of its struggle and support both inside and outside the country. The internet is a major and occasionally exclusive means of communication in Iran, and consequently it can act as a direct and two-way means of communication for the protestors on the streets as well as various marginal groups that do not have access to the older means of communications.

As long as the struggle does not escalate, the current regime will feel confident in its power. The shah's regime fell partly because while it enjoyed the support of other countries, it lacked support at home. Yet while the internet can be used to form a support base for the opposition inside and outside the country, the world's governments must take care not to embrace the protestors too closely so as not to create a situation in which they are viewed as agents of the West and vassals of foreign governments, in which case the West and the protestors would lose rather than gain.

Notes

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8 Anti-Islamic material; harming Islam; information that contradicts the constitution or impacts on the independence of the country; causing harm to the leader; harm to the sanctity of Islam and the values of the Islamic revolution or the political ideology of Khomeini; destabilizing national unity and harmony; infringing on the legitimacy and efficiency of the Islamic system in the public; publicizing the affairs of illegal groups or parties; publicizing government documents or documents connected to national security, the army or the police; publishing immoral images; encouraging the use of cigarettes or narcotics; libeling public officials and insulting officers of the law; exposing private matters and breaching the privacy of political figures; publicizing computer passwords or means of obtaining such information; illegal commercial transactions through the internet such as counterfeiting, embezzlement, gambling, sale, purchase, or advertising of illegal goods; any illegal entry to websites that contain private information and any attempt to crack passwords that protect computer systems; any attack on websites that belong to other people in order to prevent or slow down their activity; an attempt to monitor data on the networks; establishing radio or television

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17 Reporters Without Borders, "Iran," 12 March 2009, http://www.rsf.org/article.php3?id_article=26154&Valider=OK.

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December 11, 2003, http://news.bbc.co.uk/1/hi/technology/3310493.stm; "Iran Steps up Net Censorship," BBC News, May 12, 2003, http://news.bbc.co.uk/1/hi/technology/3019695.stm. A report from mid-2004 determined that to date Iran had managed to block over 100,000 foreign and local sites. The first site that was blocked was Voice of America, which was considered one of the best known sites among young people, as well as a site belonging to Radio Farda that broadcasts 24 hours a day in Persian and is supported by the US administration, al-Quds Arabi, June 22, 2004.

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Israel's Defense Expenditure

Shmuel Even

Introduction

A strong defense establishment is an existential necessity for Israel, and it is thus imperative that a relatively large portion of the state budget, certainly as compared with most other countries, be allocated to defense. At the same time, the need to set national priorities generates an ongoing debate over what percentage of economic resources should be channeled to defense at the expense of other national goals.[1] Debates over the defense economic burden have presented various components of defense spending and led to contradictory conclusions. For example, Professor Omer Moav, chairman of the Israel Council of Economic Advisers, stated, "The Ministry of Finance and all the economists who are members of the Council of Economic Advisers agree that the defense budget is too large for the country, and jeopardizes the Israeli economy."[2] In contrast, the Ministry of Defense budget department holds that defense spending does not jeopardize other national goals, and the defense budget must be substantially increased in order to provide an appropriate solution to the security challenges.

Hence the dilemma: if the government increases the defense budget, it is liable to cause economic collapse; if it cuts the budget, the country is liable to suffer a security disaster. This familiar conundrum results in an annual ritual that pits the Defense Ministry against the Finance Ministry. The final allocation usually reflects a compromise between the two positions, even if it is not necessarily a result of profound professional deliberation.

The purpose of this article is to present the figures for defense spending in Israel, and to clarify what the economic burden of defense (hereafter

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"the defense burden") is on the economy. One of the conclusions is that the defense burden has fallen sharply in recent decades to the same level as in the early 1960s. In contrast to the situation in the 1970s and 1980s, the defense budget at its current level does not jeopardize economic stability.

Defense as a Commodity

Defense is a service that the state provides to its citizens who expect basic safety in daily life. Defense is considered a classic public commodity, a commodity that all consumers benefit from, regardless of their share in paying for or producing it. The use of a public commodity is usually restricted to a geographical area but not limited to a given number of people. Like other public commodities, defense cannot be divided into consumption units, and it is therefore impossible to speak of defense output units and the price of such a unit.

The principal output of Israel's defense establishment against external enemies is obvious, if difficult to measure: protection of the country's citizens and assets against war, terrorism, and hostile actions. Investment in defense is likely to improve these capabilities, both through deterrence and the ability to shorten the duration of wars and limit the damage from war and terrorist attacks. In all of these aspects, proper defense deployment protects not only human life, but also shields against large scale economic damage.

The value of investment in defense is not solely an existential matter. An unstable strategic and defense environment is liable to have a negative impact on the economy. For example, during the four years of the intifada, the economy lost $12 billion in GDP. The loss to the Israeli economy in potential per capita growth was estimated at $1,800.[3] Without the investment in defense, which made it possible to halt the wave of Palestinian suicide terrorism, the economy would have continued to sustain increasing damage. As such, defense spending can also be regarded as an investment to reduce the level of risk to the country. Beyond the direct output, the IDF also contributes indirectly to the economy, for example by constituting a major source of trained workers, managers, and entrepreneurs (particularly for the technology and communications industries), and by contributing to technological development, education, and social integration.

In contrast to defense output, defense production costs are clearer. They can be studied in past national accounts and in the state budget figures relating to the future. The Central Bureau of Statistics (CBS) reports spending for defense consumption in the national accounts, and the Ministry of Finance reports the defense budget in the state budget. These amounts, however, are not measured in the same way, nor do they have the same composition. Furthermore, neither defense consumption nor the defense budget fully reflects defense spending. Understanding the significance of the figures, therefore, requires familiarity with what underlies these terms.

The Defense Economic Burden

The defense economic burden ("defense burden") can be defined as follows: the domestic economic resources allocated to the production of defense[4] at the expense of other uses, calculated as a percentage of GDP or a percentage of the economy's total economic resources (excluding military aid). The defense burden is likely to change as a result of changes in defense consumption or in the resources available to the economy.

In most countries, this definition reflects the ratio of defense spending to GDP or to the total resources of the economy.[5] In the case of Israel, however, a distinction between defense spending borne by the economy (domestic resources) and defense spending funded by US aid is necessary. In addition, there are elements that are not included in international definitions of defense spending but that constitute significant costs in Israel in comparison with developed countries, such as the value of the labor of soldiers in their compulsory military service (due to the IDF's reliance on a compulsory draft). The question of which elements should be included in defense spending is another issue that affects the types and composition of the indexes. This article will present one index that estimates the defense burden in the accepted terms of the national accounts, and another index that estimates the "full defense burden," which includes the elements that do not figure in the national accounts.

The Defense Budget

The 2010 defense budget is part of the state budget for 2009-2010 approved on July 15, 2009. The defense budget totals NIS 53.24 billion, amounting to 15.6 percent of the state budget and 6.7 percent of GDP. It is the largest budget of all government ministry budgets (table 1). In addition, the defense budget includes special items that are absent from other government ministries and that are unrelated to the funding of military activity, such as NIS 4.5 billion in pension payments[6] and NIS 4 billion in spending on rehabilitation programs and families of IDF soldiers killed in active duty.

In general, the defense budget is a framework for financing the following goals:

1. The buildup and operation of the IDF, which includes preparedness and regular activity (spending on salaries, energy, food, and maintenance; procurement of spare parts and ammunition inventory; etc.) and military buildup – investment in inventory of defense capital (procurement of armaments, research and development, etc.).
2. State obligations in return for past activity – pensions for the security services and spending on the Ministry of Defense programs for rehabilitation and the families of soldiers killed in active duty.
3. Miscellaneous – construction of border zone obstacles, property taxes on IDF bases, and other spending that does not finance actual military activity.

The defense budget differs from the budgets of other government ministries in the following ways:

1. The defense budget is managed according to the principle of a budget framework, meaning that the defense authorities are authorized to distribute budget resources among a variety of programs, in accordance with changing needs.
2. In contrast to the civilian sector, defense spending as investment is also listed as consumption, and therefore there are no defense items in the state development budget.
3. US aid helps to fund the defense budget, in contrast to the budgets of other government ministries, which are funded solely from the economy's resources.
4. The budget includes spending on pensions for retirees from the Ministry of Defense, in contrast to spending on pensioners in other government ministries, which is listed under an external budget item.

The financial resources that comprise the components of the defense budget are:

1. Budget from the economy's resources ("the shekel budget"): spending from the economy's own resources. The defense authorities use this budget solely for spending in Israel. This resource finances most IDF readiness and ongoing activity. This budget totaled NIS 37.8 billion for 2010, amounting to 4.85 percent of GDP and 11.6 percent of the state budget.[7]
2. Aid from the US. Most of the aid (74 percent) is designated for defense procurement in the US. The remaining 26 percent is convertible into shekels, and is added to the shekel budget. Aid from the US for 2010, which is slated to reach $2.77 billion, is granted to Israel under an agreement with the US administration signed in August 2007 whereby the Ministry of Defense will receive $30 billion for 2009-2018. Civilian aid from the US ended in 2008. This budgetary resource makes a critical contribution to the IDF's buildup in capital and technology-intensive areas, such as the air force.
3. Income from internal Ministry of Defense resources, e.g., from sales of equipment and services and from dismantlement of IDF bases – a total of NIS 2.4 billion in the 2010 budget.

The Defense Budget: Planning vs. Implementation

According to the explanation of the 2009-2010 state budget, the actual defense budget in 2008 totaled NIS 56.54 billion, compared with NIS 51.57 billion in the original budget[8] – an additional 9.6 percent. The actual 2008 defense budget amounted to 7.8 percent of GDP, while actual budgetary spending from domestic resources (excluding US aid and revenue from Ministry of Defense resources) is estimated at 6.2 percent of GDP.

Spending also greatly exceeded the original budget in previous years. Some of this spending was due to unanticipated security events, such as the Second Lebanon War (the actual 2006 budget was 26 percent more than the planned budget),[9] which indicates that the budget does not plan for events of this nature.

The 2009-2010 budget is also expected to deviate from the original plan. On October 1, 2009, the government requested a NIS 1.5 billion increase in the 2009-2010 defense budget and a NIS 500 million increase in the Ministry of Health budget to deal with swine flu, to be paid for

Table 1. The 2010 Defense Budget, vs. other items in the gross state budget*

	Gross Budget (NIS billion)	Percent of Gross State Budget* (NIS 328.8 billion)	Percent of "Free" State Budget** (NIS 214 billion)
Ministry of Defense***	40.2	12.2	18.8
Ministry of Internal Security	10.1	3.1	4.7
Ministry of Education and budget for institutions of higher education	40.8	12.4	19.1
Ministry of Health	21.4	6.5	10.0
Transfers to the National Insurance Institute	27.2	8.3	12.7
Development budget	16.9	5.1	7.9
Payments of debt, interest, and fees	114.8	35	–
Miscellaneous	57.4	17.4	26.8
		100	100

* Gross budget – the budget including spending that is contingent on revenues

** "Free" state budget – the gross state budget excluding payments of debt, interest, and fees

*** The defense budget from domestic resources and Ministry of Defense revenues (excluding aid)

Source: Ministry of Finance, Principles of the 2009-2010 Budget, June 2009, pp. 14-15.

by an across-the-board cut in the budgets of the other ministries. The Knesset Finance Committee eventually approved an across-the-board cut of only NIS 1 billion.[10] The consistent deviations from the original budget indicate that calculating the defense burden on the basis of the original state budget is liable to result in underestimation.

An Analysis of Defense Consumption

In contrast to the defense budget, which includes planning for the future, defense consumption measures past spending. At the same time, defense consumption in a given year is not the actual spending budget for that year. In addition to the fact that by its nature the budget deals with monetary spending, which does not necessarily correspond to actual consumption, the defense budget includes spending items that are not included in defense consumption. This is because the Central Bureau of Statistics reports defense consumption according to international accounting standards[11] that do not correspond to the structure of the defense budget, which is an internal Israeli decision.

According to the definition of defense consumption in the national accounts (table 2), it includes the government's direct spending on defense, as follows:[12]

1. Salary payments to conscripted soldiers and soldiers serving in the standing army, civilian employees of the IDF, and other Ministry of Defense employees; other personnel costs (food, clothing, various benefits); obligation for pension payments for soldiers in the standing army and tenured employees of the other security services; and payments through the National Insurance Institute to soldiers serving in reserve duty. All these constituted 41.8 percent of gross defense consumption in 2009.
2. Procurement of goods and services in Israel, spending on construction, etc. – 39.2 percent of gross defense consumption in 2009.
3. Defense imports – 19 percent of gross defense consumption in 2009.

According to the Brodet report, defense consumption also includes spending for the Mossad and the General Security Services (the GSS), which are not included in the defense budget.[13] On the other hand, defense consumption does not include several items that are included in the defense budget or in other sections of the state budget, such as:

1. "Spending on the security services defined in the national accounts as spending on health and welfare": payments to IDF and other security services pensioners (in contrast, assessed costs of pensions of those serving are included in defense consumption); payments and rehabilitation services for disabled soldiers and families of soldiers killed in active duty; support grants for soldiers' families; assistance from the Discharged Soldiers Fund; and so on.
2. "Spending requiring special research to isolate the defense component": aid to defense industries (Israel Military Industries, Israel Aircraft Industries, and Rafael). Aid to these industries,

most of whose output is for export, serves multiple uses, since it includes financing for development of products sold overseas. The same is true for the transfer of funds to the Judea and Samaria Civil Administration, which is active in health, welfare, education, and the paving of bypass roads in the West Bank.[14]

Table 2. Composition of Defense Consumption in 2009

Spending Component	NIS billion
Remuneration for employees (salary and assessment for pensions)	22.01
Procurement of goods and services in Israel	20.63
Total domestic defense consumption	42.64
Defense imports	9.97
Total gross defense consumption	52.61
Deduction of sales by the Ministry of Defense	-1.99
Net defense consumption	**50.62**

Source: Central Bureau of Statistics, press release, "Preliminary Estimates for the 2009 National Accounts," December 31, 2009

Domestic Resources Allocated to Defense

Figures for defense consumption do not show the amount of domestic resources allocated to defense. For this purpose, consumption funded by US aid, specifically, almost all defense imports and domestic defense consumption funded by aid converted into NIS, should be deducted from defense consumption. For example, total domestic resources allocated to defense in 2009 were estimated at NIS 39 billion. Calculation of the defense burden according to the index of defense consumption from domestic resources as a percentage of GDP or of total resources (excluding defense aid) shows that the defense burden on the economy in 2009 was 5.1 percent of GDP, or 5.3 percent of total resources (excluding aid).

Similarly, the index that reflects the defense burden in terms of public consumption is defense consumption from domestic resources as a portion of public consumption (excluding consumption financed by military aid). This measure expresses the defense burden in terms of public sector spending (education, health, local authorities, and so on).

It is likely to change not only as a result of defense spending, but also for other reasons. For example, a tax cut leading to cutbacks in public consumption that is not accompanied by a cut in defense consumption will increase the defense burden. According to this measure, the defense burden on the public sector in 2009 was 22.5 percent of public consumption (excluding military aid). This indicates that the defense burden has a substantial effect on the government's room for maneuver (table 3).

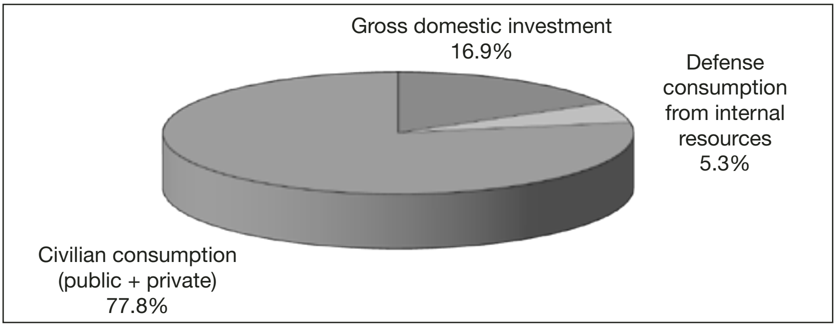
Table 3. Defense Consumption Compared with Total Public Consumption in Israel (2009)

	Consumption including Military Aid (NIS billion)	**Consumption excluding Military Aid (NIS billion)**
Civilian public consumption	134.7 – 72.7%	134.7– 77.5%
Defense consumption	50.6 – 27.3%	39*– 22.5%
Total public consumption	185.3 – 100%	173.7– 100%

* Defense consumption from domestic resources
Source: Central Bureau of Statistics

Figure 1 presents another perspective regarding the relationship between defense consumption from domestic resources and other uses in the economy. The portion of defense spending from domestic resources is relatively small, and therefore, theoretically, even if a deep cut is made in defense consumption from domestic resources, the resulting gain will not facilitate any significant change in the macroeconomic figures. For example, if defense consumption from domestic resources is cut by 15 percent (NIS 5.85 billion), which is then distributed proportionately among other uses, it will lead to an increase of less than 1 percent in civilian consumption and gross investment. This means that now, in contrast to the situation in the 1970s and 1980s, it appears that even a large cut in the defense budget would cause no real change in Israel's standard of living and economic growth.

Figure 1. Distribution of Uses in Israel, 2009*



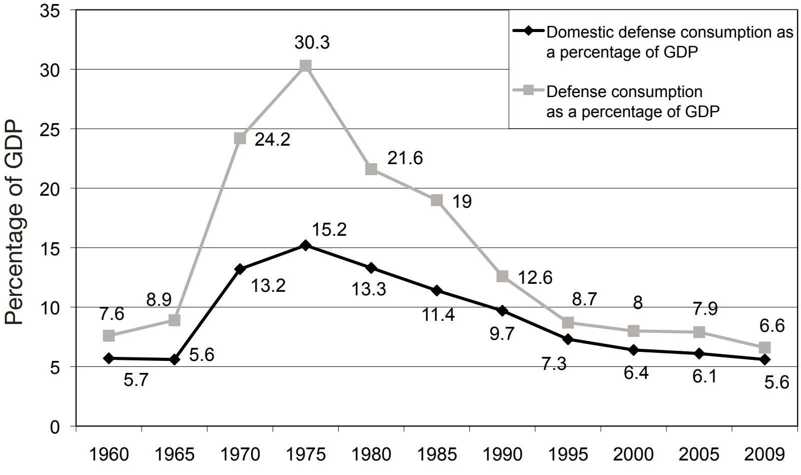
* Excluding US aid

Source: Central Bureau of Statistics

Multiyear Trends

The Central Bureau of Statistics provides multiyear data on defense consumption as a percentage of GDP, and on domestic defense consumption as a percentage of GDP, which. can be regarded as an index that reflects trends in the defense burden on the economy.[15] Figure 2 shows the downward trend in the two indexes since the mid-1970s.

Figure 2. Defense Consumption as a Percentage of GDP (1960-2009)



Source: Central Bureau of Statistics

The trends indicate that in the period following the Yom Kippur War (1973), the economy suffered an excessive burden that could not be sustained in the long term. The peace agreement with Egypt caused the burden to decline, but the 1982 Lebanon War and the subsequent embroilment in Lebanon moderated this downward trend. The burden fell sharply following the economic crisis in Israel and the formulation of the stabilization plan in the mid-1980s. The defense burden again dropped sharply in the 1990s and after 2000, and is now at about the same level as it was in the early 1960s.

The causes of the decline in the defense burden are as follows:

1. Growth in GDP: Israel's GDP grew consistently, while Israel's defense spending did not increase in real terms (there were ups and downs over the years) and even fell, compared with the peak years following the Yom Kippur War.[16] The ratio of defense spending to GDP therefore declined.
2. Military aid from the US: since the mid-1980s, the US has given all its aid to Israel as a grant, and therefore Israel is not funding its overseas defense procurement and even receives aid to pay for part of its domestic defense spending.

The burden of defense consumption on the public sector shows similar though less pronounced trends, since the ratio between public consumption and GDP also fell over the years (table 4).

Table 4. Defense Consumption in Comparison with Public Consumption in Recent Years

Year	Defense Consumption as a Percentage of Public Consumption*	Domestic Defense Consumption as a Percentage of Public Consumption	Public Consumption as a Percentage of GDP
2003	30.8	24.1	27.8
2005	29.5	22.8	25.8
2007	28.8	23.1	25.0
2009	27.4	23.0	24.3

* Public consumption – total consumption of the civilian and defense public sector (including aid)

Source: Central Bureau of Statistics, press release, "Preliminary Estimates for the 2009 National Accounts," December 31, 2009

Total Cost of Defense

Since neither the defense budget nor defense consumption fully reflects the cost of defense, the Central Bureau of Statistics and the Finance Ministry present their own estimates, which include additional elements.

The CBS estimate includes defense consumption, plus the following "additional costs":

1. Additional personnel costs in the IDF (about 90 percent of the estimate): the value of the labor of conscripted soldiers, additional payments by employers to supplement the salary for reserve duty, and cost assessment for insurance in respect of personal risk to soldiers – a kind of national insurance against loss or damage to earning power liable to occur in the future.
2. Security areas – public bomb shelters, the cost of security areas in apartments (the added price of constructing a security room, compared with an ordinary room), inventory for emergencies (medicine, fuel, food – more than necessary at ordinary times).
3. Defense spending by other government ministries: in the Ministry of Internal Security, spending on the Border Police and the Civilian Guard; in the Ministry of the Interior, security in local authorities, the National Emergency Authority, regional defense, and civil defense; in the Ministry of Education, security in schools and field guides; in the Ministry of Finance, partial funding of the multinational force in the Sinai.

Total additional costs (not included in defense consumption) were estimated in 2009 at NIS 10.5 billion, amounting to 1.4 percent of GDP,[17] compared with 1.7 percent of GDP in 2005, 1.8 percent in 2000, and 2.7 percent in 1993. The main reason for the decline in these ratios is growth in GDP.

The estimate for domestic defense consumption (excluding imports) plus the additional costs amounted to 7 percent of GDP in 2009, compared with 7.8 percent of GDP in 2005, 8.2 percent in 2000, and 10 percent in 1993.

The defense burden including "additional costs": Estimated defense consumption from domestic resources, plus the above-mentioned additional costs, totaled NIS 49.5 billion in 2009 – 6.5 percent of GDP in 2009. I believe this estimate comes closest to reflecting the full defense burden in Israel. This estimate also indicates a sustained decline in the defense burden in Israel. For the sake of comparison, the 1999 estimate was 7.7 percent of GDP.

The Ministry of Finance estimate also includes spending in the defense budget plus "additional defense costs." Outlining the principles of the budget, the Ministry of Finance states, "Other than the spending included in the defense budget, the economy bears other defense costs, such as the budgets of the Home Front Command, the Discharged Soldiers Fund, the Ministry of Internal Security, and various defense agencies; spending on civil defense; aid to ailing defense industries; and so on. To these should be added the supplemental cost of conscripted soldiers (the difference between the salary in compulsory military service and the market wage that conscripted soldiers would have earned had there been no compulsory service) and that of soldiers doing reserve duty." The Ministry of Finance therefore calculated that actual total defense spending from the economy's resources in 2009 (excluding US aid) would reach approximately NIS 60 billion – 8.1 percent of expected GDP in 2009.[18] The principles cite spending of NIS 63 billion in 2010, which is also 8.1 percent of the (then-projected) GDP.

There is a wide gap between the Finance Ministry's estimate and the estimate based on the Central Bureau of Statistics. This gap is probably due to several items included only in the Finance Ministry's estimate, including the budget of the departments for rehabilitation and for families of soldiers killed in active duty in the defense budget (NIS 4 billion); the budget of the Ministry of Internal Security (NIS 10.6 billion in 2010), only part of which is included in the estimate of the Central Bureau of Statistics (the Border Police and the Civil Guard); aid to ailing defense industries; and the Discharged Soldiers Fund (NIS 1.57 billion in 2010). While defense consumption does not include payments to IDF retirees (as it appears in the budget), it does include pension payments obligations to those are serving.

Israel's Defense Spending vs. that of Other Countries

Israel bears the heaviest defense burden of any developed country. According to both measures – the ratio of defense consumption to GDP and the ratio of domestic defense consumption to GDP – Israel is at the top of the global list, together with Saudi Arabia, Syria, and Jordan (table 5).[19] The global average defense burden is estimated at 2 percent of GDP;

Table 5. A Comparison of Israel's Defense Spending vs. Other Countries

Industrialized Countries	**Defense Spending in Billions of Dollars**	**% of GDP**
US	607.3	4.0
UK	65.3	2.9
France	65.7	2.3
Germany	46.7	1.3
Italy	(40.6)	(1.8)
Canada	19.3	1.2
Spain	19.2	1.2
Greece	12.6	3.3
Netherlands	12.2	1.5
Middle East[21]		
Saudi Arabia	38.2	9.3
Israel	13.3	6.6
Turkey	(15.8)	(2.1)
Iran	9.2	2.9
Syria	7.7	4.4
Jordan	1.3	6.3

Note: The figures for Israel are for spending on defense consumption in 2009 according to the Central Bureau of Statistics. The figures for other countries are for defense spending in 2008 and the percentage of spending in 2007 GDP, according to the SIPRI Yearbook. The figures in parentheses are estimates.

Israel's defense burden is 5-6.5 percent of GDP. Israel thus bears an excess burden of 3-4.5 percent of GDP, compared with the rest of the world. This is a wide gap, but it is much smaller than it was in previous decades, and the negative effect of the defense burden on Israel's ability to compete in the global economy is therefore much less than it was in the past.

Israel's place in the absolute spending rating is much lower than its place according to the defense burden. More than a few countries with smaller defense challenges greatly exceed Israel in defense consumption, because countries with strong economic capabilities can afford relatively high defense spending in order to reduce the level of risk still further. In actuality, it appears that each country determines its defense spending according to both the specific threats that it faces and its economic capabilities.

Given Israel's unique security environment, an international comparison of the defense burden (as those judging defense spending are wont to make) contributes little to the debate over the size of the defense budget in Israel.[20]

Conclusion

The use of various data and indexes for defense spending and the defense burden is likely to broaden the perspective required to understand the influence of defense spending on the economy and the public sector. At the same time, the figures and indexes published by state agencies are not necessarily compatible. Extracting meaning effectively from these figures and indexes requires familiarity with the composition of the data and the indexes, a correspondence between the issues discussed and the indexes relevant to them (table 6), and an analysis of the change that has taken place in the indexes over the years. In contrast, an international comparison is of limited importance.

The defense burden in terms of the ratio of domestic defense consumption to GDP shows that while Israel is still high in the international ratings, the gap is much narrower than it used to be. The defense burden declined between the mid-1970s and the present, and is currently similar to what it was before the Six Day War (1967). It therefore appears that the effect of defense spending on the current macroeconomic situation in Israel is limited.

The defense burden has a greater effect on the public sector. The measure of defense consumption from domestic resources as a percentage of public consumption (22 percent in 2009) shows that defense spending has a significant effect on the government's room for maneuver. Nevertheless, here too the defense burden has dropped over the years.

US aid ($2.775 billion in 2010) has no great macroeconomic influence (it constitutes a small portion of resources, and Israel currently has no shortage of foreign currency). However, the aid has a significant effect on the state budget and the government's financial room to maneuver.

Table 6. Indexes of the Israeli Defense Burden

Index	**2009**	**1999**	**Comments**
1. **Indexes based on ratio of defense consumption to GDP**			
a. Ratio of defense consumption from domestic resources to GDP	5.1%	5.9%	An index that estimates the defense burden in terms of the national accounts figures. It does not include consumption funded by US aid converted into shekels or consumption funded from internal resources of the Ministry of Defense.
b. Ratio of domestic defense consumption to GDP	5.6%	6.3%	A CBS estimate that presents defense consumption excluding imports.
c. Ratio of defense consumption from domestic resources, plus additional costs, to GDP	6.5%	7.7%	An index that attempts to estimate the defense burden more completely. It includes the estimate in 1a above, plus additional costs not included in the national accounts (also included in measure 1d). The index does not include a number of spending items appearing in the defense budget, such as Ministry of Defense expense on rehabilitation of wounded soldiers and on remuneration for families of soldiers killed in active duty.
d. Ratio of total cost of defense to GDP – CBS model	7.0%	8.3%	Domestic defense consumption (excluding imports), plus additional costs according to the CBS model.
e. Ratio of total cost of defense to GDP – Finance Ministry model	8.1%	9.4%	An index that includes elements excluded from defense consumption, (such as rehabilitation and remuneration) and spending on international security. It does not include US aid. The 2009 estimate is based on the 2009-2010 budget; I have calculated the 1999 estimate using the same method.
2. Ratio of domestic defense consumption to total public consumption			
	23.0%	23.2%	According to CBS figures.
3. Ratio of compensation of employees in the defense sector to total compensation of employees in the public sector			
	23.9%	26.0%	According to CBS figures.

The defense budget provides an incomplete picture of planned defense spending in Israel. Each year the government should consider the budget situation of the IDF and all other defense agencies in the country from an overall perspective. In an era in which trans-border threats such as terrorism are handled by several different agencies, an integrated picture of the cost of all defense efforts is likely to help maximize the benefit from overall defense spending. It is also best to present the IDF budget to the public as part of the defense budget, so that it becomes clear what is and is not subject to IDF control.

Without undermining the need to make the IDF expenditure more efficient, it appears that defense needs will continue to dictate a higher defense burden than that prevailing in other countries. Currently, the potential substitution of defense consumption for civilian consumption appears quite limited. The principal way of improving Israel's situation and welfare is therefore to raise the yield curve through development and cost cutting in areas with sizeable potential for boosting GDP, such as increasing the portion of the population in the work force, boosting labor productivity in the public sector, and so on. Israel can simultaneously maintain both sufficient military power and a high level of competitiveness in the global economy.[22]

Notes

1 See Imri Tov, "The Defense Budget Debate, Yet Once More?" *Strategic Assessment* 8, no. 3 (2005): 19-25; Giora Eiland, "The Defense Budget," *INSS Policy Brief* 6 (June 1, 2007).

2 Omer Moav, chairman of the Israel Council of Economic Advisers, "The Defense Budget is Too Large for Israel," TheMarker TV, October 6, 2009.

3 Shmulik Shelah, estimate by the BDI research company, Ma'ariv online, December 14, 2004.

4 Domestic resources allocated to the production of defense are resources that are not based on foreign aid or recycling of the defense system's sources (sales of equipment and services). Inclusion of the "defense production" concept in the definition is designed to distinguish between spending to finance defense systems and spending resulting from the security situation (reconstruction of war and terrorism damage, the cost of insurance for transportation to Israel during periods of security tension, etc.).

5 Total economic resources equal GDP plus import minus export.

6 In September 2003, the government decided that the IDF would switch to funded pensions, starting with soldiers who enlisted in the standing army from January 1, 2004 onwards. This measure fits in with the transition to a

new standing army model, including a higher retirement age.

7 Ministry of Finance, "Principles of the 2009-2010 Budget, Structure of the Defense Budget," p. 83. In addition to the shekel budget from the economy's resources, the defense budget also includes other resources in shekels: conversion of US aid into shekels and income from Ministry of Defense resources received in shekels or converted into shekels.

8 Ministry of Finance, "Principles of the 2009-2010 State Budget," p. 65.

9 Ministry of Finance website, Budget Department, online inquiries system for the state budget and its implementation.

10 Zvi Lavi, "The Reduced Across-the-Board Cut – Approved in the Committee," Ynet, November 10, 2009.

11 Defense consumption is recorded according to international definitions, as listed in the international guide "System of National Accounts 1993," a joint publication of the world's leading international entities.

12 Source: "Defense Spending in Israel 1950-2006," Introduction – explanations, definitions, and resources, Central Bureau of Statistics website, May 2007.

13 2007 Report of the Committee for Investigating the Defense Budget, headed by David Brodet, Chapter 4, p. 46.

14 "Defense Spending in Israel 1950-2006," Introduction – explanations, definitions, and resources.

15 The trends in domestic defense consumption reflect trends in the defense burden, particularly since US aid was turned into a grant, because domestic defense consumption does not include defense imports, which are funded almost entirely by this aid. Domestic defense consumption includes primarily consumption from domestic resources in shekels, but also includes domestic consumption funded by US aid converted into shekels (NIS 2.25 billion in 2009) and consumption in shekels funded by sales by the security services (mostly sales of equipment and services). On the other hand, it does not include defense imports from domestic resources (a small proportion of imports). Domestic defense consumption is slightly higher than the consumption from domestic resources calculated in the article. For example, domestic defense consumption in 2009 was higher by about 0.5 percent of GDP than defense consumption from domestic resources in 2009. Nevertheless, neither domestic defense consumption nor consumption from domestic resources includes additional defense spending that is not recorded in the national accounts.

16 "Defense Spending in Israel 1950-2006," Table 2 – Spending on Public Defense Consumption.

17 The Central Bureau of Statistics has not published a revised estimate. The estimate for additional defense spending in 2009 is presented, based on the Central Bureau of Statistics estimate for 2005 plus linkage to the increase in the prices of domestic defense spending. Source: "Defense Spending in Israel 1950-2006," Table 6 – The Cost of Defense to the Israeli Economy."

18 The 2009-2010 budget proposal, "Principles of the Budget," June 2009, p. 86.

19 CIA, *The World Factbook*, 2009.

20 A comparison of Israel with other countries that takes into account defense spending (according to purchasing power) and the order of battle and military activity is likely to prove interesting in the context of the efficiency of defense spending in Israel.

21 A more precise comparison of defense spending in Israel to that of Middle Eastern countries requires additional examination. Some countries do not include military procurement in their budget; others convert their defense budget according to the official exchange rate, which does not reflect the purchasing power of the currency.

22 See Benny Landa and Shmuel Even, *The Israeli Economy in the Era of Globalization: Strategic Implications*, Memorandum No. 91 (Tel Aviv: Institute for National Security Studies, July 2007).

The Challenge of *al-Muqawama* (Resistance) to Israel

Michael Milstein

The Concept of "Resistance"

In recent decades a new-old concept has been sweeping the hearts and minds of the Middle East. The Arab term *muqawama* may be translated literally as "resistance," but this translation fails to transmit the broad, varied conceptual and practical contents of the term. *Al-Muqawama* is much more than a military method of action or a political concept; it is a comprehensive view of the world and a way of life.

Though the use of the term "resistance" is quite common in today's Middle East, perhaps more so than in any other part of the world, its roots lie outside the region. The term "resistance" first appeared in World War II to describe underground movements in occupied Europe (especially in France) fighting against the Germans, particularly by means of guerilla and popular uprisings. This historical background lends the term "resistance" a fundamentally positive resonance in international public opinion and helps embed its image as a legitimate, even heroic, move of an occupied people or of freedom fighters operating against a foreign force.

After the war, various national liberation movements acting against colonial forces in the Third World adopted the term, and from there the term made its way to the Middle East. In regional political and public discourse, entrenchment of the term may be attributed to the Palestinian

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national movement. The Palestinians played a central role in fashioning the idea of resistance in the region, and used it to present their armed struggle as a legitimate step by a stateless force against a powerful foreign enemy.

In the last two decades the idea of resistance in the region received unprecedented attention, though under new auspices – that of Islamic fundamentalist organizations and states belonging to the radical axis (especially Iran) that have redefined the term, both conceptually and practically. Under the influence of these elements, the current objectives of resistance are a yearning for an alternate world order in the spirit of radical Islam, eradication of Western influence in the region, and most importantly, an unrelenting struggle against Israel until it is annihilated. Furthermore, the elements of resistance have scored some significant achievements in recent decades, conquering territorial strongholds, enhancing military systems in several locations, and implanting their ideas in the region's consciousness. As a result, the resistance has become one of the most severe threats facing Israel.

At the same time, this challenge also entails many fundamental difficulties. Perhaps the most prominent is the conceptual challenge, given the vague nature of resistance and the heterogeneity characterizing the elements identified with it. Indeed, "resistance" is represented by a wide range of elements: non-state organizations (such as Palestinian Islamic Jihad and armed resistance elements in Iraq); non-state organizations with a national dimension (such as Hamas in the Gaza Strip) or a semi-state dimension (such as Hizbollah); and states (Iran and Syria). All of these represent different religious, ethnic, and ideological identities, at times even diametrically opposed to one another. Moreover, the various elements do not subscribe to one uniform philosophy, and in fact ascribe different interpretations to the concept of resistance. They define their objectives differently, in accordance with their particular circumstances and interests. Therefore, it is difficult on the one hand to define resistance as a camp or axis, and on the other hand to describe it as

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a movement or a phenomenon. In practice, it is a combination of all these definitions and terms.

The practical, mainly military, foundation of the idea of resistance reflects a fundamental difference towards a conflict on the part of different non-state strains of resistance and on the part of states. The difference lies in radically diverse conceptions of the time and geographical scope of the conflict, as well as in the definition of fundamental terms of the struggle and relations to the enemy, in particular Israel, which is accorded a unique position in the resistance concept as a central target for attack. To the resistance, struggle is based on several fundamental principles: continuous efforts to exhaust the enemy; pretensions of having great capacity for sacrifice (greater than the enemy's); determination stemming from ideological purity; willingness to engage in a long term struggle destined ultimately to result in victory; complete and total negation of the enemy, taking the form of long term efforts to annihilate it and complete rejection of the possibility of recognizing it; refusal to sanctify territory or pursue an insistent struggle for land; relatively limited weight on the notion of sovereignty or statehood; use of simple though powerful methods and weapons; efforts to cause as many casualties as possible to the enemy's military and civilian population, given the West's high sensitivity to loss of life; and redirection of the struggle into the civilian dimension, stemming in part from a desire to arouse moral dilemmas within the enemy camp and acquire human shields. The resistance elements in the region also stress their clear preference for close relations with the public and the street, along with their contempt for the governments in the region, considered by the resistance to be weak, ideologically corrupt, and subservient to the West.

The resistance has no intention of trying to achieve military parity, let alone decision in its struggle against Israel. The elements of resistance understand their military inferiority. Nonetheless, they claim that mental strengths enable them to offset the enemy's military-technological superiority, in particular their stamina and capacity for self-sacrifice. According to the concept of resistance, victory lies in denying the enemy decision and in the very ability to survive and act over the long run, even after sustaining severe blows, in other words, realizing victory through a non-defeat. By means of these methods, the resistance is attempting to achieve "dual containment": preventing the Western enemy, especially

Israel, from achieving a military decision, and at the same time foiling regional state steps to create stability, advance a compromise between Israel and its neighbors, and establish a pro-Western base (e.g., Hamas' efforts to undermine the effort to effect a political settlement, or the struggle by resistance elements in Iraq against the effort to stabilize the central government in Baghdad). Resistance elements view the Second Lebanon War as a formative event where the efficacy and impact of their methods received full expression. In their view, moving the war to Israel represents one of Israel's most difficult defeats and confronts Israel with a complex challenge it has been hard pressed to overcome.

However, while resistance elements are eager to demonstrate unquestioned power, determination, and stamina, they at times are saddled with constraints, fears, and even defeats that force them to demonstrate flexibility and restraint. Resistance elements in the region that have developed state-like characteristics provide particularly salient examples. Their new status imposes serious constraints on these organizations and gradually makes them more careful, restrained, and vulnerable than in the past. The change in their behavior is especially noticeable after high intensity confrontations with Israel. These have demonstrated to them the difficulty in conducting battles of attrition given their new status and the risk to their acquired governmental assets. However, the new status has so far not affected the ideological core of these elements, and more importantly, has not curbed their accelerated preparations for a future battle with Israel, reflected in their ongoing efforts to equip themselves with improved weaponry (especially long range rockets). Conversely, when states such as Iran and Syria embrace the concept of resistance, they adopt asymmetrical patterns of warfare that are the basis for resistance organizations. As a result, Israel is gradually coming face to face with a convoluted, essentially hybrid complex of challenges: states adopting modes of struggle of non-state entities, and non-state organizations or quasi-state entities gradually acquiring the capabilities and patterns of action of regular armies.

The rise of the resistance reflects a fundamental shift in the nature of the threats Israel faces, to the extent that Israel is obligated to undertake changes in its use of military force and in its definition of national security. The evolution of this challenge is taking place at the same time that there is a gradual decrease in state threats in the form of conventional military forces, which constituted Israel's primary challenge during the first decades of its existence. At first glance, this would seem to augur well for Israel given the lesser force ostensibly confronting it. However, such a conclusion would be deceiving. The resistance may be characterized by less military might than the state-sponsored challenge, but its basic objective is not to achieve a quick decision against Israel. The risk inherent in the resistance lies precisely in the fact that it grows stronger slowly and gradually, and this is liable at times to deceive the outside observer. Overall, it presents a long term threat of attrition aimed at Israeli society's stamina. The challenge of the resistance makes it difficult to maximize the full potential of military force and realize unequivocal decisions, such as were achieved in most of the past wars conducted against state enemies.

Understanding the Threat

Coping with the challenge of the resistance emerges as a complex undertaking, primarily because of its multi-faceted nature and its multi-dimensional expressions that surface on the military-defense, political, cultural-ideological, social, and economic levels. Effective tackling of this challenge requires an incisive understanding of the unique nature of the resistance, identification of the weaknesses of the different elements comprising the specific challenge, steps coordinated according to the nature of each of the different resistance elements, and finally, understanding the region at large and the objectives that realistically may be realized when tackling the various elements of the resistance.

A profound understanding of the challenge posed by the resistance among Israel's national leadership is a critical, fundamental prerequisite for an in-depth understanding of the region's developing geo-strategic reality and determination of objectives and modus operandi appropriate to the current situation. As a first stage, the national leadership must recognize that what is at stake is not simply another "tactical-ongoing" threat on the part of radical groups that is maintaining constant force and scope. Rather, they must internalize that a creeping threat is lurking: it is constantly (though relatively slowly) developing and spreading to locus after locus in the Middle East.

The nation's leadership is required to shed several past assumptions that were partly valid for confrontations with states but are largely irrelevant when confronting resistance organizations. The first assumption is that it is possible to attain a clear or absolute "decision" against the enemy; the term has lost its validity in the conceptual world of coping with elements of the resistance. The second assumption is that as the enemy makes the transition to statehood status it undergoes gradual moderation on practical and even ideological levels. In practice, even when some of the elements of resistance graduate into governmental entities, they do not hail the concepts of government or territory as glorious victories, and the new reality created does not in fact bode a change in their final objectives and ideological principles.

At the same time, the burden of government does force changes in their patterns of action. The new situation imposes constraints the resistance did not experience in the past, and requires the elements of resistance to demonstrate responsibility and statesman-like behavior and show restraint when it comes to taking military action. These lessons have been ingrained in resistance consciousness with particular force as the result of extensive military confrontations with Israel. At the same time, these events do not have absolute deterring power. Indeed, since the Second Lebanon War and Operation Cast Lead, Hizbollah and Hamas have found themselves mired in a serious internal contradiction. While both organizations demonstrate a great deal of caution when it comes to using military force, they have greatly accelerated the process of force buildup, equipping themselves with improved weapons so as to be able in the next battle to inflict greater damage on Israel than in the past. Thus despite the ongoing calm on both fronts, a sensitive and highly volatile situation has developed. This explosive potential is liable to burst under certain conditions: lapses of time since those difficult confrontations, which will erase the traumatic memory from the consciousness of the resistance elements and slowly weaken the impact of Israeli deterrence; growing internal pressure in the resistance organizations, especially from hawkish wings, to carry out military operations despite their inherent risks; and a challenge to the organizations as governing entities in a way that will temper the restraints limiting them today.

The third assumption the leadership would do well to abandon is that it is possible to undermine the image of the resistance organizations in the eyes of the public in which they operate if they are presented as responsible for the distress and destruction resulting from the violent confrontations. Three decades of bitter struggle involving the resistance movements have yet to generate widespread popular protest against them. On the contrary: they are almost invariably pictured in an heroic light, especially when engaged in battle against Israel, and public sympathy for them remains stable and at times even increases. This stems from the deep relationship most of the resistance elements have with the population at large: they operate extensive networks of social assistance that supply basic needs of the population, and this serves to preserve and even strengthen their public standing.

Tackling the Core Challenges

Once it has shed these basic assumptions, the national leadership must have a great deal of patience – the very quality underlying the resistance program. In addition, the leadership must define realistic objectives to confront the resistance elements and avoid overblown expectations, especially regarding a military operation.

First, the leadership ought to shun solutions in the form of full and long term conquest of the territory where the resistance organization is active. Resistance elements do not look forward to an occupation scenario, but once created they find it very useful to advance their struggle against the enemy while drawing it into warfare among civilians. This is what happened in southern Lebanon, is happening today in Iraq, and is liable to happen in the future in the Gaza Strip should there be an extended conquest of the area. In such a situation, the resistance organization suffers serious blows in the early stages of the battle and its activity is limited at all levels, but from the moment the conquest becomes the new reality over a lengthy period of time it succeeds in rebuilding its capabilities and renewing its military activity.

The preferred policy (or more precisely, the lesser of the evils) is that of a relatively extensive military campaign once every few years. The scope of the campaign and its frequency are dictated by the intensity of the threat posed by the elements of resistance, the nature of the battlefield, and the regional and international circumstances prevailing at the time. However, in every scenario it is crucial that Israel's military response be disproportionate, so as to demonstrate to the enemy the heavy cost inherent in every attempt to undermine the security of Israel's regional sphere. Such a step must not last long, but must focus on causing extensive damage to the leaderships of the resistance organizations (both at the military and the political echelons) and the various infrastructures under their auspices (including civilian). Such a step may well be accompanied by extensive damage to the Israeli home front, and also by extensive damage – unintentional, of course – to the enemy's civilian sphere. Therefore, Israel's leadership must conduct a public diplomacy campaign on two fronts: one at home, where it will have to clarify the cost Israel's citizens must pay for confrontations with resistance elements and stress that one must not expect a quick victory or decision by the IDF; and the other for international audiences, where it will be necessary to explain the complexity of tackling resistance elements and describe the constraints the enemy imposes on Israel, first and foremost the necessity to fight in the densely populated civilian sphere.

None of the steps described is likely to cause the complete surrender of resistance elements or convince them to enter into direct talks with Israel or recognize its existence (at least not in the foreseeable future). However, military moves, particularly extensive ones accompanied by serious damage to the resistance elements, are likely to create long term deterrence with regard to undertaking violent operations against Israel. Indeed, resistance elements developing sovereign or semi-sovereign status have also developed a sensitivity and vulnerability they lacked in the past. The assets of a governing entity, such as those of Hamas in the Gaza Strip, give Israel more targets to damage and spell out loss considerations to the resistance organizations, especially at a time when governmental stability hangs in the balance.

The ongoing struggle against the resistance challenge also obliges Israel to strive to maintain the stability of regional state entities. This is true particularly with regard to states with which Israel has a political settlement, but also with regard to hostile nations that may be supplying aid to the resistance, such as Syria. The American campaign in Iraq has proven that the destabilization of a Middle Eastern state does not generate a more stable or liberal entity, rather – and on the contrary – chaos liable to serve as a breeding ground for resistance elements and elements even more radical than they (especially those identified with global jihad). This strategic lesson is valid not just with regard to regimes in the region but also with regard to national entities ruled by resistance elements. Here, Hamas' rule of the Gaza Strip is the most prominent example.

Undermining this regime to the point of its collapse is liable to present Israel with a series of difficult problems, among them: a governmental vacuum should the Hamas regime fall, which can attract Islamic elements even more radical than Hamas, including those identified with al-Qaeda; creation of a lasting terrorist threat against the forces operating in the Gaza Strip (an "Iraqization") or a widespread civil uprising; and a heavy burden inherent in the ongoing supply of the needs of the local impoverished population.

Implementation of the recommendations described above may help establish periods of relative calm. Such an outcome is a strategic asset for the State of Israel, which alongside conducting long military campaign also strives to support a flourishing civilian sphere and grant security to its citizens. To a large extent, this brings us back to David Ben-Gurion's philosophy of defense, in which he defined the objective of the military campaign as creating the longest possible window of calm until the next campaign.

The Next Circle of Challenges

The lessons and recommendations discussed thus far relate primarily to the most extreme threats posed by resistance elements to Israel in recent years. In this context, resistance elements in a relatively advanced stage of development are of special prominence: elements that have taken control of large regions abutting Israel continue to conduct an armed struggle out of these regions, but at the same time are taking on sovereign or semi-sovereign status – e.g., Hamas and Hizbollah.

However, the challenge posed to Israel or other Western entities (especially the United States) by other resistance elements in the Middle East, including states, demands different initiatives. Here resistance elements in a relatively early stage of development are especially relevant. These operate in arenas in which Israel and the United States have significant influence though not total control, and there is an attempt to nurture a local governmental element of power that provides a counterweight to the resistance elements. Israel's confrontations with Hamas in the West Bank and America's encounters with resistance groups in Iraq are especially notable in this regard.

In both cases, recent years have witnessed a certain degree of success in the West's attempt to cope with resistance. This success is the result of a multi-year process similar in both arenas. At the first stage, the Western forces were obliged to make use of high intensity force accompanied by the conquest of most of the territory, including the large cities that are the central loci of resistance activity, while in effect ignoring the weak local regime, which was nominally in charge of these areas. At the end of this stage, Israel and the United States were gradually able to withdraw some or even most of their forces from the occupied territory (mainly from the urban areas) and transfer responsibility to the local government security apparatuses, while continuing with targeted assassinations in the evacuated region to neutralize the military force of the resistance elements and their influence on the political and public spheres. At the same time, vigorous efforts were made to nurture the local government and encourage it to operate independently against the resistance elements. In both cases – the government of Abu Mazen and the government of Nouri al-Maliki – one may see steady improvements in recent years, but there are ongoing serious doubts about the ability of these governments to uproot the resistance (or even their ability to survive) without a Western presence and security support.

A comparison between the two situations also reveals an essential difference in ways of tackling the resistance, stemming from the different resistance elements in the respective arenas. In the West Bank, the challenge of the resistance comes primarily from Hamas, a movement with extensive popular support that has established its status as a ruling party and presents an alternative to the veteran national leadership headed by Fatah. Therefore, Israel views the struggle against Hamas on the West Bank as a central strategic objective lest the movement take over this territory, and the Abu Mazen government, despite its fundamental weakness, understands the need to conduct a determined campaign against Hamas. In Iraq, however, the resistance is represented primarily by Sunni militias and some of the armed Shiite splinter groups. These harbor deep seated hostility towards the United States as well as fierce hatred for al-Qaeda, considered a primary rival just like the Americans and the Iraqi government. Given this situation, the Americans have succeeded in developing some particular strategies for tackling the resistance in Iraq. Chief among them is the organizing of some Sunni militias into armed defensive frameworks in different areas of the state (the "Awakening Councils") in order to promote the struggle against al-Qaeda. The Americans have also integrated some of the activists of the resistance organizations into the Iraqi government and defense establishment, thus curbing their violent activity against the Americans and the Iraqi government.

Dealing with states identified with the idea of resistance requires substantially different tactics from those used against non-state organizations, because at stake are elements with vast geographical and demographical dimensions, a usually stable centralized government, and extensive national infrastructures. In this context, Iran's case is of particular prominence. Tehran's involvement in entrenching the power of the resistance camp is only one aspect of the threat it poses to Israel in particular and to the Arab world and the West in general; the core of this threat is the development of its nuclear program. Dealing with Iran requires coordination between many regional and international players and a multitude of steps that include: preventing Iran from attaining independent nuclear fuel cycle capabilities, a scenario that is liable to help it establish its status as a regional superpower and strengthen its deterrence with regard to external elements; promoting strong international economic sanctions and an extensive public opinion campaign against Iran's Islamic government (especially with regard to its involvement in undermining regional stability by supporting terrorists and subversive organizations); and coordinating moves to curb Iran's influence in the Middle East, especially through the financial and military aid Iran extends to terrorists in the region, notably Hizbollah and Hamas.

Unlike Iran, where only offensive plans – whether military or political – are discussed, Syria's unusual status in the resistance camp may prompt other ideas to neutralize the threat it poses. The possibility of advancing a political settlement with Syria seems most promising, a step that invites the prospect of damage to the traditional relationship between Damascus and other resistance elements, among them Iran, Hizbollah, and Palestinian terrorist organizations, and in certain scenarios even its disengagement from this camp.

Operation Cast Lead: Successfully Refuting the Resistance Doctrine?

Operation Cast Lead in the Gaza Strip (December 2008-January 2009) ended with a notable feeling of success in Israel. In the period immediately after, the operation was considered a national achievement by most of the senior political and military echelons in Israel as well as the Israeli public. Moreover, the operation gradually took on the nature of being a corrective to the Second Lebanon War by proving the application of the lessons learned through the previous confrontation between Israel and a central component of the resistance camp.

By contrast, a picture emerges from the enemy camp that is strange, at least for the Western, and especially the Israeli, observer. While there is the clear understanding of the severe damage sustained by the Palestinians in general and Hamas in particular, this understanding has not translated – at least openly – into acknowledgment of fundamental problems, let alone a declaration of defeat. In Hamas' version, there was no loss or defeat because the movement fulfilled the principles of the concept of resistance, led by preventing Israel from obtaining a classical military decision and by demonstrating operational capabilities (albeit fairly limited) throughout all the stages of the campaign, especially towards the end.

It seems that in the course of the operation, Hamas successfully applied the gamut of resistance principles: demonstrating firm resolve and avoiding waving the white flag; attempting to exhaust the Israeli home front; showing operational survival (especially rocket launching capabilities) at all stages of the campaign; expanding the circle of population centers and number of Israelis under the Hamas rocket threat; entrenching itself in the dense urban space to offset the advantage of a regular military force; intentionally merging the civilian and military spheres during the battles so as to cause many civilian casualties and thereby create international pressure on Israel; exhibiting a highly developed capacity for sustaining severe blows, especially in terms of loss of life; attempting to cause a great deal of bloodshed in the ranks of the enemy (especially its military); and attempting to foment the Palestinian, Arab, and Muslim streets.

However, despite implementation of all these ideas of the resistance concept, it seems that something fundamental in the operation still went wrong from Hamas' perspective. Objectively speaking, Operation Cast Lead is viewed as a Hamas non-success, if not an antithesis to the management and ending of the Second Lebanon War. There are several central reasons for this practical and perceptual gap:

1. The difference in Israel's conduct: All the elements in Israel acted fundamentally differently than they did in the Second Lebanon War, and thereby to a large extent rebuffed the asymmetrical logic and objectives Hamas had set for itself in this confrontation. The senior political echelon in Israel set relatively limited and attainable goals for the operation (no use was made of terms like victory, decision, or ending rocket launches); the IDF showed fighting capabilities and modus operandi different than those learned by the resistance in the summer of 2006, and therefore its losses were also relatively few; and the Israeli public demonstrated stamina and forbearance in face of the ongoing damage, as well as a not insignificant understanding that rocket launches cannot be completely eradicated.
2. Limitations of Palestinian force: Hamas found it difficult to play the role of Hizbollah in the Second Lebanon War, both because of the fundamental nature of the movement and because of the unique circumstances in which the operation took place. Militarily, Hamas did not have the capability of duplicating the scope of rocket launches carried out by Hizbollah and the massive damage to the Israeli civilian front in 2006; Hamas did not spring any military surprises on the IDF, such as the sophisticated anti-aircraft, anti-tank, or anti-ship systems that were at the heart of the success story Hizbollah formulated in the Second Lebanon War; and the movement demonstrated fairly limited military capabilities in the frontal confrontation with IDF forces during the operation's ground maneuvers (which resulted in fewer Israeli fatalities). In the background, there were also the problematic circumstances of the Gaza Strip arena: a small, level territorial unit, hemmed in on all sides and lacking logistical depth, as compared with the mountainous, wooded terrain of southern Lebanon, and the extensive and readily available logistical assistance provided by Iran and Syria to Hizbollah. Also, the Palestinian population was much more exposed to damage than Hamas had imagined, and even though no great wave of protest rose against the movement it is clear that the public in the Gaza Strip is not in a position to sustain damages endlessly and desires a quick end to the fighting.
3. The limited capacity for assistance by the resistance camp: Despite the fervent declarations of recent years, Hamas at the end of the day was alone in its confrontation with Israel, without any other player in

the camp coming forward to help it militarily. This found especially prominent expression in Hizbollah's lack of intervention, despite its tendency over the past decade to take advantage of confrontations between Israel and the Palestinians to engage in military actions against Israel.

4. The regional and international arenas: The conduct of the Arab, Muslim, and Western streets during the operation apparently disappointed Hamas somewhat, but is hardly a new phenomenon. In other cases too, as in the outbreak of the al-Aqsa intifada or the Second Lebanon War, the street was in a furor but did not generate any dramatic changes in government stances. By contrast, the West Bank street (as well as the Israeli Arab sector) was expected to create a national rear on behalf of Hamas, but seems to have failed to live up to Hamas' hopes and expectations. The conduct of Arab and Western governments during the operation added to frustrating Hamas' desire to fulfill the public opinion and political tools of the resistance, because of the understanding showed by most of them for Israel's steps, the relatively moderate amount of pressure exerted on it, and the critical approach taken by most of them with regard to Hamas.

Operation Cast Lead proved that Israel has a few methods at its disposal to counter the principles driving the resistance. Counteraction requires the integration of several components: a precise operational understanding of the enemy's moves and objectives; the determination not to play according to the enemy's rationale; the leadership's consolidation of clear, realistic objectives for such a confrontation in a way that particularly undermines enemy attempts to control public opinion; heightened public awareness with regard to these objectives; and enlistment of regional and international elements in a way designed to ease outside pressure.

It is true that the last confrontation was conducted against one of the weakest links in the resistance camp and in the unique context of the Palestinian arena. Looking to the future, it is critical to formulate some strict starting assumptions, whereby the outcome of the operation under discussion cannot be entirely replicated in confrontations with other elements of the resistance. In future campaigns it will be imperative to advance neutralizing moves similar to the ones taken during Operation

Cast Lead. However, it is also necessary to prepare for an encounter with an enemy with higher military readiness and better fighting spirit than that of Hamas, an enemy that will therefore also have an improved capability of rendering more severe damage to Israel's military and civilian spheres.

Conclusion

The overall balance of the resistance challenge in the Middle East may be described as mixed, somewhat favoring the elements identified with the concept. These elements have already changed the face of the region, as seen by far reaching transformations that have occurred in the Palestinian and Lebanese arenas, and they have established the status of the resistance concept as the dominant ideology among many regional groups. However, the idea has not yet succeeded in becoming the alternate world order of the region, in part because of steps to curb it taken by the West, including Israel, and also because of the moderate states in the Arab world. While these states suffer from intrinsic weakness and find it difficult to present a cohesive and attractive ideological alternative to the resistance, they have succeeded in obstructing its path, thereby preventing the resistance from achieving a quick decision in the struggle over the character of the region.

However, the resistance idea is hardly a passing ideological fad. Its close links to deep processes – cultural, political, and social – give it power and vitality, making it a long term threat from Israel's perspective. In order to tackle this threat, it is useless to hope for a crushing military victory such as the one that brought about the demise of the pan-Arab vision in 1967. Instead, a patient, exhausting campaign lasting many years is required, a campaign that will not focus merely on the military force of the elements of the resistance but will also strive to undermine the places where the concept is fashioned and distributed to the public at large. Within such an approach, the media, the educational systems, and the religious establishment of the region's nations play a prominent role. Only after a lasting fundamental change emerges in schools, universities, state-sponsored and independent media, and mosques and other religious institutions in the Islamic sphere will it be possible to see if there is a parallel ideological transformation in the Middle East, including the way in which the idea of the resistance is viewed by different regional communities.

Between Settlement and Crisis: The Next Round of the Palestinian Issue

Ephraim Lavie

Roughly one year after talks over a permanent settlement were halted (the Annapolis process) and the IDF's operation in Gaza (Cast Lead), the Palestinians and Israel once again find themselves at a crossroads over the future of their relationship. The Palestinians, beset by political and geographic rifts, and Israel, with a right wing government, are faced with deciding between a settlement and a crisis: between renewing the political process with a view to reaching a permanent agreement, and political stagnation that could lead to the creation of a de facto state on the West Bank and the establishment of a radical Islamic entity in the Gaza Strip.

Attempts to achieve national reconciliation between Hamas and Fatah and hold Palestinian Authority (PA) presidential and Palestinian Legislative Council (PLC) elections on time (January 2010), or schedule them for a later date, have failed. The PLO leadership recently formalized the current administrative reality, including an extension of Abu Mazen's term as PA president until the elections take place. In the meantime, both the PA in the West Bank and the Hamas rule in the Gaza Strip are enjoying relative administrative and security stability.

Together with Palestinian prime minister Salam Fayyad, Abu Mazen is pursuing a two-pronged policy. The first course is an attempt to resume direct negotiations with Israel over a permanent settlement and the creation of an independent state within the 1967 borders, or alternatively, asking the UN to recognize the 1967 lines as the borders of the future

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Palestinian state. The second course is the actual establishment of a Palestinian state by mid-2011. The Hamas leadership has thus far opted to maintain its control of the Gaza Strip and has rejected the terms of the Quartet, including recognition of Israel. As such, it is in no hurry to reach any reconciliation with Fatah and participate in the elections. It strives to rebuild its military strength and consolidate its position as an Islamic entity with economic and military aid from Iran, and hopes to score gains in Palestinian public opinion from a prisoner exchange deal with Israel.

In this reality Israel is faced with the question of how to prevent a crisis that will lead to the establishment of a de facto state on the West Bank and the creation of a radical Islamic entity in the Gaza Strip. Renewing the political process and making significant progress, as suggested by Prime Minister Binyamin Netanyahu, may lead to the establishment of the Palestinian state as a result of negotiations. Pursuing the political route is expected to reinforce the PA's legitimacy in Palestinian public opinion and obviate concern that it is Israel's lackey. For its part, the Hamas administration in the Gaza Strip will appear to the international community as an obstacle to the political process. This may also grant Israel legitimacy for a military operation against Hamas in the Gaza Strip, if that proves unavoidable.

The aim of this paper is to analyze the divided Palestinian system, the balance of power and developing trends within its two parts, and evaluate the implications for Israel in the political-security sphere.

Internal Rifts

Fearful of the possibility of a pro-Iranian radical Islamic entity in the Gaza Strip on its border, Egypt maintained its efforts over the last year to mediate between Hamas and Fatah with a view to achieving national reconciliation. It is currently striving to renew the political process between Israel and the PLO for the purpose of reaching a permanent settlement. It contends that the PLO is the only legitimate Palestinian party to the political negotiations with Israel, and that reconciliation between Hamas and Fatah is not a condition for renewing the political process.[1] Egypt's approach assesses that galvanizing the political process may provide positive content for the Fatah-Hamas reconciliation efforts, unite the Palestinian arena, and enable Abu Mazen to restore his control of the Gaza Strip through victory in the elections.

Egypt has repeatedly set new dates for completing the internal Palestinian dialogue, which is supposed to lead to Hamas, Fatah, and the other factions signing the reconciliation document it drafted.[2] Under Egyptian aegis and with the support of the Arab League, they are supposed to announce both agreement over an end to the rift in the Palestinian people and forthcoming presidential elections and elections to the PLC and the Palestinian National Council (PNC). According to the current document, the elections are scheduled for June 2010. A presidential decree will establish a 16 member committee of Fatah, Hamas, and representatives of independent factions and parties. The committee will be responsible for carrying out the agreement and will end its work after the elections are held and the government is formed. The committee's responsibilities will include preparing for the elections, uniting the PA institutions in both areas, restoring the NGOs, and monitoring reconstruction efforts in the Gaza Strip.

Fatah officials signed the reconciliation paper, while the Hamas leadership submitted a number of reservations regarding clauses that it feels demand clarification. Clauses acceptable to Hamas address the need to: carry out reforms in the PLO so that the organization incorporates all the Palestinian forces and factions; hold proportional representation elections[3] for the new PNC, which will guarantee representation of all the nationalist and Islamic forces, factions, and parties and all sectors and associations inside and outside the PA; establish security mechanisms that will protect the homeland (PA territories) and its inhabitants and honor the right of the Palestinian people to "resistance" (*muqawama*);[4] and consider the relay of information to an enemy that damages the homeland, its inhabitants, or the "resistance" as treason, punishable by law.

At the same time, the Hamas leadership has requested clarification on other issues in the reconciliation document. These include the issue of returning members of the previous security systems (around 3,000 people) to the Gaza Strip, a move that ensures the PA's security presence in the Strip but does not ensure a similar Hamas presence in the West Bank; the prohibition of military bodies outside the agreed-on security mechanisms, a move that implies a demand to disarm Hamas' security mechanisms, including members of the "operational force" (around 11,000 personnel);[5] cooperation between the PA's security mechanisms and “friendly states,” which Hamas interprets as legitimizing defense cooperation with Israel; and the contradiction between one clause that recognizes the right of “resistance” and another that prohibits the existence of “resistance” elements.

Other factors impeding Hamas from signing the Egyptian reconciliation proposal are connected to internal power struggles in the movement between the “inside” and “outside” leaderships, and the concern over the election results. Ismail Haniyeh and Mahmoud al-Zahar, understanding that Hamas is currently perceived by the international community as “the bad guy” blocking reconciliation, support signing the agreement provided the aforementioned reservations are included. They fear that Egypt will pressure Hamas with closing the Rafah crossing and restrict freedom of movement of its leaders. Khaled Mashal, who had supported the document with the reservations, today dictates Hamas’ refusal, and by doing so demonstrates his control of the movement. In addition, the Hamas leadership is concerned that the agreement may lead to elections in June 2010 that it will lose, and will thereby cede its gains in the Gaza Strip. It estimates that if the political process is renewed and yields tangible progress, victory by Abu Mazen will be assured in the elections in both regions.[6] Hamas is also concerned that the elections will be rigged in favor of Abu Mazen and Fatah.

The Hamas leadership does not attribute the possibility of losing the elections to the “resistance” approach that has caused destruction, or to its inability to lift the embargo on the Gaza Strip and promote Gaza’s rehabilitation following Operation Cast Lead, or to the Islamic nature of the regime it established there. Nevertheless, one may assume that these considerations also underlie its preference not to hold the elections. Alternatively, it is likely that the movement leadership will change its stance on the reconciliation issue and the elections if the context does not include a political process, if it is able to present Abu Mazen and Salam Fayyad as collaborating with Israel, and if it makes the most of a prisoner exchange. Either way, the leadership is laying the groundwork for a situation in which it will not be possible

Abu Mazen and Fayyad may be able to present Israel as a rigid country that continues to employ jaded arguments of a struggle against terror in order to avoid fulfilling its commitments towards the Palestinians and keep the occupation intact.

to bridge the disputes and elections will not be held in the foreseeable future. To this end it is laying the legal groundwork for portraying the Gaza Strip as a stronghold (*ard el-ribbat*)[7] that will serve as a base for reestablishing the Islamic caliphate that unites the Islamic world into a single state. In other words, there is religious justification for Hamas control of the Gaza Strip, even at the cost of the national division of the Palestinian people.[8]

The Palestinian Authority: Striving for a Full Permanent Settlement

Abu Mazen continues to work towards an overall political settlement with Israel, while opposing partial agreements and the creation of a state within temporary borders. He still views bilateral negotiations with Israel as the preferred way of reaching a permanent settlement that will result in the establishment of a Palestinian state alongside Israel based on the 1967 borders. His working premise is that in the wake of progress made in the Annapolis talks (in 2008) he is very close to reaching a desirable framework for a political agreement with Israel.[9] On the other hand, while demands for a complete halt to construction in settlements and East Jerusalem and for a renewal of negotiations based on the Roadmap were only partially agreed to by Prime Minister Binyamin Netanyahu, Abu Mazen has adopted an alternative approach: he is leading a drive to enlist international support that will enable the Palestinian leadership to ask the UN to recognize the 1967 borders as the borders of the future Palestinian state. Concomitantly, he is working to put together a united Arab position that will demand definition of the agreement's framework as a condition for renewing the negotiations. This framework will include the creation of a state with the 1967 borders with East Jerusalem as its capital, consensual exchange of territories, and a complete freeze on construction in settlements, including in Jerusalem and including for purposes of natural population growth.

The Palestinian position on a settlement freeze is not only a result of the position assumed by the American administration when it entered office.[10] It is based on a number of arguments: first, a fundamental demand that facts are not established on the ground in an area that is a subject of negotiation, especially given the concern that continued construction will lead to a substantial increase in the clusters of settlements that Israel will demand for itself; second, the Roadmap, which obliges the PA to combat terror,[11] explicitly determines that Israel must stop construction in settlements; and third, the lack of trust in the right wing Israeli government's willingness to recognize the right of the Palestinians to establish their state within the 1967 borders. This is the backdrop to the Palestinian effort to find alternative channels for direct talks with Israel for the purpose of achieving their objective: whether by means of active American mediation, which may ensure that a Palestinian state is established within the 1967 borders or that the size of the state's territory will be equal to the territories occupied in 1967,[12] or by means of the international community, which will adopt the Palestinian demand and take a decision on the issue at the UN.

The other course in Abu Mazen's policy is advancing the practical establishment of a Palestinian state, based on the plan of Prime Minister Salam Fayyad.[13] The intention is to establish government institutions and reinforce the economic, social, and security foundations of the PA so that the Palestinian state can become a reality by mid-2011 (a de facto state).[14] In so doing, the PA and the Palestinian people will show Israel and the international community they can take responsibility for the area under their control. This will obviate grounds for Israel to claim that the Palestinians are not ready to establish a state, or that they do not constitute a partner to a political agreement and to fulfilling agreements and commitments.[15]

The Israeli interest is that the creation of a Palestinian state result from negotiations and not from a development that will force Israel, under pressure from the international community, to recognize such a state within the 1967 borders.

Abu Mazen and Salam Fayyad's steps to create a well managed Palestinian state expresses a sober policy designed to advance Palestinian interests independently, should the talks with Israel not be renewed.[16] In the last two years Fayyad has started a process of rehabilitating the PA's institutions and security systems, restoring law and order through the police and courts, eradicating corruption, and maintaining a stable day to day life for the population of the West Bank.[17] Fayyad is currently working to make the government ministries and PA institutions more efficient and promote the private sector.[18] He intends to develop a Palestinian economy that is not dependent on work in Israel,[19] even if it continues to rely on outside aid. He is working to develop jobs and reduce unemployment,[20] improve the public's level of performance in terms of work practices and tax payments,[21] and reduce the PA's dependency on outside aid for ongoing expenses.[22] He has begun to use the government's investment fund[23] differently from in the past: first, the fund's profits are no longer used for ongoing expenses and instead are channeled to investments, and second, the focus of the fund's activity has been shifted from outside companies to local Palestinian companies.[24] In addition, an amendment has been made to the income tax law designed to advance registration of foreign companies in the PA.[25]

Fayyad's plan needs a geographic domain that will, among other things, make it possible to construct a seaport and an airport, and political freedom that will, for example, enable the signing of agreements for economic cooperation with the countries of the region and independent tax collection. Yet even given these existing constraints, Fayyad's activity has elicited positive responses both at home and from the international community.[26] For example, the PA and the banks that operate on the West Bank enjoy relations of trust and cooperation, which makes it possible to provide credit to the private sector to help growth; there are good working relations today between employees, employers, and the government, after various salary-related problems were addressed, such as a cost of living increment because of inflation. In the international arena various parties (including the UN secretary general) praise the Palestinian achievements vis-à-vis security, the economy, and financial reforms. The donor countries have continued to transfer the aid they promised in a regulated manner, as part of the three year (2008-10) development program. Representatives of the World Bank and the World Monetary Fund (WMF) are monitoring the current deficit in the PA budget (about $400 million), but it appears that in the present circumstances the donor countries are willing to finance this deficit. The primary designation of the current three year development program, which will run until the end of 2010, is to develop the government institutions. Salam Fayyad intends to devise a three year plan (2011-13)

> Without a political process, Hamas' relevance as an alternative is liable to be reaffirmed, despite its current political isolation. It will again be perceived as the only movement with a strong base that offers a conceptual foundation and a pan-Palestinian territorial Islamic-nationalist identity.

that will focus on national development of infrastructures and aid for disadvantaged groups.

In contrast with the political and socioeconomic agenda currently advanced by Abu Mazen and Fayyad, the struggle against Israel is still discussed in the Fatah ranks, fueled by the continued occupation and construction of settlements and the absence of a political process. For now, the discourse of struggle is taking precedence over the efforts of Abu Mazen and Fayyad, and it also reflects the leadership's faltering control of the activists in the field and the opposition elements within Fatah. There is ongoing factionalism in the movement, and the sixth convention in the summer of 2009 did not extricate Fatah from its continuing decline. Fatah's intermediate generation, which integrated into the PLO and Fatah leadership institutions following the convention, still lacks internal cohesion and guiding leadership, and the movement as a whole lacks public support. Salam Fayyad's position – he does not come from the Fatah rank and file – is a thorn in the side of most senior members of Fatah, as his economic and social achievements are not credited to their movement. In their minds, the fact that the leaders of the security system do not come from Fatah ranks also detracts from their standing and power as a leading national movement.

The Emergence of a Radical Islamic Entity in the Gaza Strip

The Hamas movement continues to adhere to its basic principles, oppose recognition of Israel, and refuse to honor the agreements that were signed by the PLO and Israel. The pragmatic stances voiced by the movement on maintaining the conflict,[27] in an effort to be accepted as a legitimate political player, did not translate into a tangible achievement when it was asked to recognize the demands of the Quartet and sign the Palestinian reconciliation document drafted by Egypt. The movement's leadership did not succeed in gaining formal Arab and international recognition of its administration in the Gaza Strip, and failed in its attempts to muster international pressure on Israel to life the siege on the Strip.

Negation of the Arab peace initiative on the one hand, and its close ties with Iran on the other hand[28] contributed to Hamas' political isolation and distance from the Arab consensus. Saudi Arabia demanded clarification from Khaled Mashal regarding what appeared to be Hamas becoming a vassal of a non-Arab element (Iran), and demanded that it decide "are you for us or against us?" Saudi foreign minister Saud al-Faisal conveyed the hope that Hamas would come to its senses and accept the Arab peace initiative. Egypt expressed its concern for its sovereignty and began to construct an underground steel fence along its border with the Gaza Strip. Nor did it conceal its determination to prevent Hamas from forging solidarity relations with the Islamic Brotherhood movement in Egypt in a manner that would threaten Egypt's stability. The Hamas leadership responded angrily to the fence, considering this an indication that Egypt was joining the siege on the Strip.[29] Against this backdrop, the movement leadership is carefully considering its steps with regard to how to conduct the "resistance," with a view to maintaining its achievements and ensuring its continued control of the Strip, and eventually a political revolution in the West Bank.[30]

After the military blow it suffered in Operation Cast Lead, the Hamas leadership reestablished its control of the Gaza Strip, openly ignoring democratic principles, and it now maintains effective absolute control and imposes law and order, as opposed to the anarchy that existed during the time when Fatah and the PA were in power. Meanwhile, Hamas is building up its quantitative and qualitative military strength. It is continuing to develop its military arm as a standing army, rehabilitating its rocket systems, and acquiring Fajr long range missiles (with a range of 75 km.). Hamas has a dual objective: to create the ability to withstand any forthcoming Israeli military operation, and to establish a deterrent against Israel so as to avoid a wide military confrontation, thereby preventing the destruction of military and government facilities from the air. The Hamas leadership estimates that if it is established, such a deterrent balance would provide long term stability and calm even without an agreement with Israel, and this will enable it to consolidate its control in the Strip and focus on its rehabilitation.

In Operation Cast Lead, the Hamas political and military leadership in the Gaza Strip experienced the IDF's military might for the first time in the history of the movement. Hamas is now seeking to signal to Israel and the international community that it is interested in maintaining a ceasefire, in order to concentrate on civilian activity. It is dealing with the defection of Islamic organizations, the penetration of the world jihad into the Gaza Strip, and prevention of terror attacks on Israel, including rocket fire. The movement's leaders explain that Hamas will maintain calm as long as this serves the interests of the Palestinian people. They point to the fact that Israel is also maintaining the calm, and they believe that the Goldstone report constitutes a deterrent to Israel. On the other hand, the Hamas leadership continues to embrace its political positions. Even though it is clear that rescinding Israel's embargo from the Gaza Strip would lead to economic rehabilitation and alleviate the suffering of the public, the movement's leadership is not willing to accept the terms of the Quartet, as it considers that a far reaching ideological deviation that entails recognition of the State of Israel.

The economic distress in the Strip is increasing due to the embargo and Cast Lead: unemployment is now close to 40 percent and the annual per capita GNP is about $1,000. On the other hand, channels to infuse funds from outside, via the Persian Gulf to Syria and Egypt and from there to the Hamas leadership, continue to operate. The arms smuggling operations through the tunnels at Rafah are also thriving, despite Israeli air strikes and the deaths of workers caused by the collapse of the tunnels. The smuggling industry slightly offsets the economic embargo, which in any event is currently not comprehensive. Israel permitted the entry of thousands of heads of sheep to the Strip in advance of the Islamic Festival of Sacrifice and allowed flower exports. The volume of goods brought into the Strip in the past year by international aid organizations grew appreciably compared with the previous year. However, without heavy mechanical equipment for removing rubble and without building materials such as concrete, iron, glass, and wood, prevented by Israel from reaching the Gaza Strip, there is no real possibility of furthering the reconstruction and reactivating the wheels of the economy in the region.

The Hamas leadership is poised between its wish to advance the process of Islamization and impose Islamic religious law (*shariaa)* in the Strip, and its wish not to lose public support. There is a debate within the leadership between the camp that supports rapid progress with *shariaa*-based legislation and the camp that proposes gradual progress in that direction, so as not to generate public opposition to the Hamas administration. Those in the latter camp are concerned over a surge in claims made against Hamas that it is looking to create an Islamic state in the Gaza Strip.[31] In practical terms, the Hamas leadership now stresses the religious nature of the government institutions and is gradually reinforcing the religious nature of the population's everyday life. For example, preference is given to the *shariaa* courts over civil courts; Islamic reconciliation committees have been established that work to settle disputes according to custom-based law; a modesty police force has been created; and there are now institutions such as an Islamic bank and an Islamic insurance company. Meanwhile, regulations have been introduced that require the public to close markets and stores on Fridays, men and women use separate beach areas, instructions have been issued to refrain from mixed dancing at weddings, and women have been called on to wear a hijab and long dresses. Members of the legislative council recently discussed the possibility of implementing *shariaa*-style penalties, such as cutting off a thief's hand.

Implications for Israel

Over the last year Abu Mazen and Salem Fayyad adopted a political strategy based on the recognition of significant progress in the talks on the permanent settlement with the previous Israeli government, and the conviction that a desirable framework for a political agreement with Israel can be reached. Thus in their view, renewal of the direct political process with Israel based on the Roadmap may yield understandings that in turn will enable the Palestinians to complete a process of establishing a sovereign state. According to that strategy, if the Israeli government does not agree to freeze settlement construction and does not agree to renew the political process from the point at which it was stopped, the Palestinians will be able to advance their affairs independently: establish a de facto state and obtain international recognition of its borders, and if necessary, instigate a legitimate and non-violent popular uprising, like the struggle against the security fence.[32]

Within the framework of that political strategy Abu Mazen and Fayyad prefer to maintain security cooperation with Israel, notwithstanding the constraints involved,[33] thereby proving that the Palestinian side is honoring its Roadmap commitments.[34] For them, the relative security stability that currently exists in the West Bank and the economic development negate prior Israeli claims whereby the PA is not a partner for security and political dialogue and is not ready to assume control over territory and a population. Moreover, in their mind these changes are in line with the Israeli government's "economic peace" concept and are gradually formulating a reality and environment that are conducive to a political settlement.

The political approach adopted by Abu Mazen and Fayyad may in fact yield results. They will be able to present Israel as a rigid country that continues to employ jaded arguments of a struggle against terror in order to avoid fulfilling its commitments towards the Palestinians in the political process, and to keep the occupation intact. One can assume that at present such an explanation would be accepted by the international community, particularly after the Goldstone report that accused Israel of war crimes in Gaza and undermined its standing in the UN. The international community is liable to stop seeing Israel as a victim that stands at the forefront of the struggle against Islamic terror elements, and deem it rather as an aggressive occupying party that uses unreasonable force against the Palestinians and continually infringes on their human rights.

As a result, dynamics may be set in motion regarding decisions in various international forums with regard to the illegality of the settlements on the West Bank, and recognition of the 1967 borders as the borders of the Palestinian state that has Arab Jerusalem as its capital.[35] Such decisions can suit the official positions of the United States with regard to the Israeli-Palestinian conflict, including that the settlements are an obstacle to peace, and when the time comes can be submitted for discussion at the UN for the purpose of their official adoption. Thus, within a few years, if the de facto Palestinian state is a fact on the ground, the Palestinians will be able to achieve international recognition of their country.

In addition to this political challenge for Israel there remains the military challenge. Even though the economic situation in the West Bank has improved over the last two years and Abu Mazen and Fayyad repeatedly declare that they oppose a resumption of the violent confrontation with Israel, such pronouncements do not guarantee security stability over time. Although the population's sense of economic welfare is gradually evolving, given the occupation and settlement construction, there will always be motivation to resume the confrontational approach among members of Fatah who still talk about the struggle and by nationalist and other Islamic groups that receive outside aid and support (e.g., from Iran, Hizbollah). Even the PA security services, which currently maintain security cooperation with Israel prompted by the drive to build the Palestinian state and thwart Hamas, are liable to be less motivated without a political process.[36] The absence of a political process will deny the PA legitimacy to continue working intensively against Hamas on the West Bank.

Underlying Abu Mazen and Salem Fayyad's plan are some positive components from Israel's point of view. These include the aim to find a solution for two states within the 1967 borders (not 1948 borders); assumption of practical responsibility for the fate and future of Palestinian society in the West Bank and the Gaza Strip; and construction of a regulated, lawful country with the ability to govern and uphold agreements with Israel. One can even assume that Abu Mazen will welcome any Israeli cooperation on advancing this plan if he and Israel agree on the ultimate objective of the negotiations and the time framework for them. He is determined to arrive at an overall political settlement with Israel and oppose partial settlements and the establishment of a state within temporary borders. His argument is that talks can be completed within a number of months if there is Israeli willingness, even if implementation of the agreement is gradual and takes several years.

While the rift between Hamas and Fatah and the deep political debate in Israel do not preclude the possibility of renewing the political process, success of the talks is contingent on a series of factors that for now are highly questionable. First, agreement is required between the leaders of the sides that the negotiations will focus on a solution for problems from 1967 and not on 1948 issues, and that the basis of the agreements for a settlement will be UN Resolutions 242 and 338, which are based on the principle of land for peace. Second, the leaders must enlist wide public support for the historic decisions that will be required, such as the issue of the right of return for refugees and the issue of partitioning the country, including Jerusalem.

Israel's tendency to prefer a situation of separation between the West Bank and the Gaza Strip[37] will prevent the chances of implementing an agreement if and when it is achieved. Progress towards ending the conflict by political means will, therefore, necessitate ending separation between the two regions, even if it happens gradually: first, by conveying the advantages that will be enjoyed by the Palestinian people from the alternative currently offered by the PA in the West Bank compared with that offered by Hamas in the Strip with regard to achieving political independence and establishing a state and a society; second, immediate renewal of the political process based on the Roadmap and tangible progress relating to the Palestinian state that will be created on the West Bank and in the Gaza Strip;[38] third, elections: under these conditions, Abu Mazen will be able to announce elections even if the Hamas leadership does not respond favorably to a reconciliation process. The PA will be able to hold elections in the West Bank whereby it will be clear to all that the political solution that will be achieved will apply to both regions. In this case, Hamas will be viewed as the spoiler that is preventing progress towards ending the occupation and creating an independent Palestinian state in the two regions, while the elections will be perceived in Palestinian public opinion as a unifying move rather than a dividing one.

On the other hand, without a political process, Hamas' relevance as an alternative is liable to be reaffirmed, notwithstanding its current political isolation. The movement's leadership is using the time it has earned by the political stagnation to rehabilitate its military strength and create an Islamic entity that is subject to Iranian ideological influence, and is receiving financial and military aid from Tehran. Meanwhile, as long as the security calm is maintained, the legitimacy for Israel to carry out an extensive military operation to topple the Hamas administration is gradually receding. In the absence of another major political force in the Palestinian arena, Hamas will again be perceived as the only movement with a strong organizational and leadership base that offers a conceptual foundation and a pan-Palestinian territorial Islamic-nationalist identity.

The likelihood that within a few years "the Palestinian state" will become a fact should act as further encouragement for Israel to renew the political process and endeavor to push it along. The Israeli interest is that the creation of a Palestinian state result from negotiations and not from a development that will force Israel, under pressure from the international community, to recognize such a state within the 1967 borders. In other words, Israel has to decide whether a Palestinian state is established from a situation of conflict and confrontation, or from a situation of a process of rapprochement. This will have a decisive effect on the nature of the future relations between Israel and the Palestinian state.

Notes

1 On this matter see a statement by Egyptian Foreign Ministry spokesman Hussam Zaki at a press conference, *al-Ayam*, January 15, 2010, http://www.al-ayyam.ps/znews/site/template/article.aspx?did=131375&date=1/15/2010. The headline of the article is: "Cairo: The Palestinian reconciliation will strengthen the Palestinian position but is not a condition for renewal of the talks."

2 *Al-Sharq* (Qatar), October 21, 2009; *al-Ayam*, October 14, 2009; *al-Hayat al-Jadida*, October 18, 2009; *al-Quds*, October 19, 2009.

3 The Hamas leadership opposed proportional representation elections but was forced to consent to them. In contrast with this system, the elections for the Legislative Council will be based on an integrated system: 75 percent will be elected based on lists (proportional representation) and 25 percent will be elected according to regions (constituency elections).

4 "Resistance" (*muqawama*) is a means of acting against an occupying power, including the use of force such as terror and guerilla activity or civil uprising.

5 Moreover, the document does not include any reference to the status of the security mechanisms in the West Bank – Hamas objects to their being made subordinate to General Dayton – and there is no direct reference to Hamas involvement in security matters in the West Bank.

6 The Hamas leadership believes that Abu Mazen will not hold elections only in the West Bank, so as not to exacerbate the rift. See an article by a Palestinian publicist from Nablus, Hanni al-Masri, *al-Quds* No. 128 (August 2009): 51-54.

7 According to Islamic law *ard el-ribbat* is a place to stay, live, or deploy defenses of Muslims for the purpose of protecting Islamic territory and participating in a future holy war against enemies/occupiers.

8 Meir Litvak, "Hamas: Between Convention and State," lecture at Tel Aviv University, November 2, 2009, http://www.palestine-info.info/ar/default.aspx.

9 See statements made by Ehud Olmert and Abu Mazen that detail and confirm the progress made in talks on the permanent settlement: "Ehud Olmert Still Dreams of Peace," *The Australian*, November 28, 2009; interview with Abu Mazen, *Haaretz,* December 16, 2009: "If there is a complete stop to construction, we will reach an agreement within six months."

10 On this matter Abu Mazen claimed that he adheres to the American administration's stance that demanded that Israel freeze construction on settlements, and expressed his disappointment when the administration backed off from this position.

11 The PA has presented its activity in this area to the international community as indication of its uncompromising commitment to implement the security clauses in the Roadmap, ahead of renewal of the political process.

12 According to various reports, American emissary Mitchell may present a

basic plan on the borders in early 2010. Steven J. Rosen, "The Mideast Peace Deal You Haven't Heard About," December 18, 2009, http://www.foreignpolicy.com/articles/2009/12/18/over_to_you_mahmoud?pri.

13 The plan's title is: Palestine: End of the Occupation and Creating the State, the Government Plan of August 13 2009. The full version is on the PA website, http://www.mofa-gov.ps/ar/cp/plugins/spaw/uploads/files/palestine.pdf.

14 See Prime Minister Fayyad's statement: "We'll form de facto state by 2011," http://www.haaretz.com/hasen/spages/1109991.html.

15 On various occasions Fayyad has expressed his opinion that negotiations on the permanent settlement with Israel are less important than forming the PA's institutional infrastructure, which is a condition for establishing a Palestinian state. See, for example, Fayyad's address at al-Quds University on June 22, 2009: *Tsut Palestine*, June 23, 2009.

16 *Al-Ayam*, December 12, 2009.

17 For these actions and eradicating corruption as a supreme need within the framework of the struggle for national liberation, see Fayyad's statement in *al-Ayam*, December 6, 2009, http://www.al-ayyam.ps/znews/site/template/article.aspx?did=128183&date=12/6/2009.

18 A report from the World Bank determines that the growth of the private sector in the PA is crucial to the establishment of an independent Palestinian state within two years. The report says that in order to achieve this aim, Israel has to facilitate Palestinian exports and generate growth of the private sector in the PA, which in turn will generate physical independence. See http://ipcc.org.il/Newsletter/update3.pdf.

19 See Tani Goldstein, "The Economy in the Authority Is Flourishing, the Hamastan Economy is Plummeting," Ynet, December 4, 2009.

20 In addition, the PA with German aid plans to establish a Palestinian agency for finding work for the unemployed. A delegation led by the Palestinian minister of labor went to Germany to sign a cooperation agreement on the matter with the German Federation of Workers. See ibid.

21 Fayyad has begun to organize a system of collecting taxes from the public. His efforts include asking for a halt to payments by the government treasury for electricity and water expenses to local authorities, and to placing responsibility for collecting payment for electricity and water consumption on the authorities.

22 According to forecasts of the World Monetary Fund the Palestinian budget deficit will decrease from 18.5 percent in 2009 to 17.4 percent in 2010. The PA's request for outside aid will also decline, from $1.5 billion in 2009 to $1.2 billion in 2010. See http://ipcc.org.il/Newsletter/update3.pdf.

23 The Palestinian Investments Fund has capital of $871 million and in 2008 reported profits of $59 million.

24 For example, the Palestinian cellular company al-Watania. The Palestinian Investments Fund announced the establishment of a real estate company

with initial capital of $220 million, which will be traded on the Palestinian stock exchange. Its first project will be to construct a residential area in Jenin. Other projects will include construction of 30,000 residential units in new neighborhoods in Ramallah.

25 Among other things, this law will allow the Palestinian Development and Investment Company (PADICO), which is responsible for most of the PA's governmental economic activity, to be registered as a company in the PA.

26 For European Union support for Fayyad's plan, see "EU Backs Fayyad Plan for de Facto Palestinian State," Ma'an News Agency, August 30, 2009.

27 Khaled Mashal declared in the summer of 2009 that Hamas is interested in a ceasefire agreement with Israel and in a deal for release of prisoners, and is willing to establish a Palestinian state based on the 1967 borders in return for a ten-year armistice, on condition that it includes East Jerusalem, dismantlement of the settlements, and the right of return. See interview with Khaled Mashal in the *New York Times*, May 5, 2009. In addition, Ismail Haniyeh's advisor Ahmed Yousef said that Hamas is ready to work in any way possible with the US administration in order to bring about the creation of a Palestinian state. See *Haaretz*, June 18, 2009.

28 For the tightening of ties between Hamas and Iran, see reports about Khaled Mashal's visit to Iran in mid-December 2009, http://www.aftabnews.ir/vdcjy8eh.uqetmzsffu.html; http://english.farsnews.com/newstext.php?nn=8809240788; http://www.irna.ir/En/View/FullStory/?NewsId=845076&IdLanguage=3.

29 The Hamas leadership calls the steel fence *jaddar al-a'ar* – the fence of shame – and associates it with the Israeli fence. See Fahmi Hawidi, *al-Resalah*, December 17, 2009, http://www.alresalah.ps/ar/?action=showdetail&seid=4647. The Hamas leadership initiated protests against Egypt near the border and expressed fierce criticism of the "strangulation" policy on the Gaza Strip.

30 See statements made by Khaled Mashal at the convention of the Arab parties in Damascus, Palestine Ala'an web site, November 12, 2009. At the convention Mashal said that the curtailment of "the resistance" in the West Bank was forced on Hamas and that it would be resumed when suitable conditions arose.

31 See the statement by the Hamas minister of the interior, Fathi Hamad, who rejected claims that Hamas is trying to create an Islamic state in the Gaza Strip, and noted that Hamas is neither Taliban nor al-Qaeda, rather represents a moderate and enlightened Islamic stream: Nicolas Pelham, Max Rodenbeck, "Which Way for Hamas?" *New York Review of Books* 56, no. 17 (November 5, 2009).

32 On various occasions Abu Mazen and Fayyad have commended the idea of returning to the popular struggle approach if necessary, such as the fight against the security fence at Biliin. See "Abu Mazen Threatens: We will start an unarmed intifada and we will surround the settlements with thousands,"

Haaretz, November 22, 2009.

33 Following the incident at the end of December 2009, in which three Palestinians from Nablus who were involved in the murder of a Shavei Shomron resident were killed, Abu Mazen warned that the Palestinian Authority would reassess continuing security cooperation with Israel on the West Bank if Israel's provocative military actions continued. Palestinian Television, January 1, 2010.

34 For the efficiency of the PA's security systems in dealing the military and civilian infrastructure of Hamas, as reflected by Hamas, see Matti Steinberg "Hamas' Refuge," *Haaretz*, December 13, 2009.

35 For example, the European Union recently decided that Jerusalem should be the capital of both Israel and Palestine. For its part, Sweden proposed recognizing a Palestinian state with 1967 borders, with Jerusalem as its capital. The PA leaders declared they intend to enlist international support in order to submit such a proposal to the UN Security Council. See *Haaretz*, December 5, 2009.

36 Hamas is pinning its hopes on the political process disintegrating so that it harms the motivation of the security authorities to maintain security cooperation with Israel and prompts them to stop their preventive activity against Hamas. See Steinberg, "Hamas' Refuge."

37 GSS head Yuval Diskin said in the Knesset Foreign Affairs and Defense Committee: "The separation between the Strip and Judea and Samaria is good from the point of view of Israel's security. It would be a severe security mistake to reconnect the Strip with Judea and Samaria. This connection would make it possible to build up terror infrastructures that would harm the state of Israel." Ynet, December 29, 2009.

38 Thus far Prime Minister Binyamin Netanyahu has ignored the Roadmap. According to an article by Steven Rosen, there has been a change in this position and Netanyahu is ready to accept the Roadmap as a source of authority for conducting the negotiations. See "The Mideast Peace Deal You Haven't Heard About."

The “Rebirth” of Hizbollah: Analyzing the 2009 Manifesto

Benedetta Berti

Hizbollah’s secretary general Hassan Nasrallah surprised many people when, during a live press conference in Beirut on November 30, 2009, he personally announced and read the organization’s new “Manifesto.” Significantly, the Manifesto is only the second ideological platform published by Hizbollah and was issued twenty-four years after the original “Open Letter,” which was the main tool to present the group’s weltanschauung to the world over the previous decades. Composed of an introduction and three chapters – on the state of the world (“Domination and Hegemony”), the group’s domestic policy (“Lebanon”), and its view on the Arab-Israeli conflict (“Palestine and Compromise Negotiations”) – the Manifesto reflects the political and military evolution of the organization since the 1985 Letter and explains the group’s strategic vision for the future.

The Manifesto, which was presented during the seventh political conference of the organization,[1] generated a wide spectrum of reactions both within Lebanon and worldwide. While many observers interpreted the document as an incontrovertible sign of Hizbollah’s process of “moderation” and full political integration in the Lebanese system, others countered that the platform did not include any substantial changes, either ideological or strategic. The essay below focuses on the political context that prompted Hizbollah to release its new declaration of principles as well as the contents of the document, and draws conclusions on whether the Manifesto marks a true organizational “rebirth.”

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Understanding the Timing: Hizbollah and the Lebanese Arena

The release of Hizbollah's new ideological platform should be seen in the context of the group's post-electoral efforts to reposition itself within Lebanon. Despite the fact that the Hizbollah-led opposition forces lost the June 2009 parliamentary elections to the incumbent March 14 coalition, the elections still awarded Hizbollah thirteen parliamentary seats and reconfirmed the political importance and popular support of the Lebanese-Shia armed organization. Indeed, on the basis of votes cast, Hizbollah was the clear winner at the polls, earning almost 55 percent of the ballots. In the aftermath of the elections, the opposition forces were able to leverage this political power to insist on greater political participation and block the formation of the new executive cabinet for months by demanding at least eleven of the thirty available cabinet seats – which in the Lebanese political system amounts to effective veto power.

In the end, the elected government agreed to form a "unity cabinet" composed of fifteen members of the March 14 coalition, ten members from the Hizbollah-led opposition, and five independent candidates appointed by President Michel Suleiman.[2] As a result, Hizbollah obtained three seats in the new cabinet: the ministry of agriculture, the ministry of administrative reforms, and the ministry of youth and sports.[3] This agreement is acceptable to Hizbollah, which can now count on the support of the "independent" candidates to prevent the elected government from implementing reforms that would hurt the organization's strategic interests.

Hizbollah did not release its renewed ideological platform during a phase of weakness or as an "accommodation tool." Even though the group lost the elections, Hizbollah's political role within Lebanon is now more entrenched than ever before. In this sense, the declaration of principles was formulated from a position of power.

In other words, despite the electoral defeat, Hizbollah's current position in the Lebanese political arena is still solid and strong: the group and its political allies forced the elected majority to agree to rule under the banner of "national unity," thus applying their political power and leverage well beyond that of a typical opposition party. In this sense, an additional important sign of Hizbollah's current political status in the post-electoral phase is the recent adoption by the new executive cabinet of a joint statement supporting Hizbollah's "resistance." On December 1, 2009, Information Minister Tareq Mitri announced that the cabinet had approved a statement affirming "the right of Lebanon, its people, its army, and its resistance to liberate the occupied Lebanese territory in Shab'a and Kfar Shouba hills."[4]

Understanding Hizbollah's current status and political role is a crucial first step in assessing the strategy and potential impact of the new Manifesto. In fact, Hizbollah did not – contrary to what several commentators have suggested – release its renewed ideological platform during a phase of weakness, as an "accommodation tool." Even though the group lost the elections, Hizbollah's political role within Lebanon is now more entrenched than ever before, both through the national unity agenda and the executive cabinet, and through the government's guarantee that it would not (and cannot) actively pursue Hizbollah's disarmament. In this sense, the declaration of principles was formulated from a position of power, and it reflects this reality.

Hizbollah and the World: Foreign Policy in 1985 and 2009

There is undoubtedly deep continuity in both content, and to a lesser extent language, in Hizbollah's view of the world and its adversaries as expressed in the 2009 Manifesto and the original document, the 1985 Letter.

The first declaration of principles, which many consider to be Hizbollah's ideological foundation, was published on February 16, 1985, following the creation of the group in the early 1980s. Formulated in the midst of both the Lebanese civil war and the Israeli intervention in the country, the group's document reflected a Manichean view of the world, divided between the forces of evil, namely the West and its local allies, and the Party of God. More specifically, the 1985 Letter rejected all foreign presence and interference within Lebanon and the Muslim *umma* in general, and maintained the need both to repel the presence and corrupting influence of the West on the Islamic world and to fight until the final destruction of the State of Israel.[5]

The 2009 Manifesto adopts and develops these same concepts, showing, however, a greater degree of political sophistication. For instance, while in the 1985 Letter Hizbollah refers to the United States and the West as an evil and oppressive force on the Muslim world, the

2009 declaration of principles describes the US world plan in terms of seeking global "hegemony" and emphasizes the negative impact of globalization on the Muslim and Arab identity.[6] In other words, although strikingly similar in content, the 2009 document reflects the organization's growing understanding of international politics and its attempt to employ terminology and notions that are commonly associated with the "anti-globalization" and "leftist" movements, in an effort to transcend its national and regional boundaries and identify as an international movement.

To support this endeavor to be increasingly "global," for example, Hizbollah clearly associates itself with the "independent and free endeavor that opposes hegemony in Latin American states," and notes the common contribution to "building a more balanced and just international system."[7] Similarly, the organization now adopts a more nuanced approach towards Europe, and instead of as in 1985 openly attacking it, it chooses to criticize Europeans for their "subjugation to US policies," while reminding them of their "special responsibility pursuant to the colonial heritage" inflicted on the region, and recalling Europe's "long history with resisting the occupier."[8]

In the 2009 platform, Hizbollah also openly acknowledges its regional allies – another important political element that was absent in the 1985 Letter and that signals the group's self-perception as part of the regional resistance axis. First, it declares that "Syria has recorded a firm distinctive attitude in the struggle with the Israeli enemy, supported the resistance movements in the region, and stood beside us in the most difficult circumstances," adding "the need to adhere to the distinguished relations between Lebanon and Syria."[9] While continuing to push Lebanon towards Syria, Hizbollah also reiterates its political and ideological alliance with Iran. Yet apart from this open acknowledgment of the crucial regional role of Iran and its core contribution to the "resistance," the Manifesto remains silent with respect to the role that the Islamic Republic has played in supporting Hizbollah and its political-military development. The absence of reference to the strategic partnership between Iran and Hizbollah stems from the organization's need to assert itself as a Lebanese national movement, and to downplay those who describe the group as an Iranian puppet. Directed at the national audience, the

Manifesto balances the need to cite the existing links with Iran with the need to portray Hizbollah as an independent Lebanese actor.

The other main theme that Hizbollah has retained unaltered in content since 1985 is its view of the State of Israel. Israel was the organization's primary enemy and its raison d'être since its foundation in the early 1980s, and it is identified with the West's attempts to take over the Muslim world. Capitalizing on traditional Shia themes such as martyrdom and oppression, Hizbollah defines its struggle against Israel in existential-defensive terms: "Israel represents an eternal threat to Lebanon. The role of the resistance is a national necessity as long as Israeli threats and ambitions to seize our lands and water continue."[10] On this subject, it is clear that there has not been any significant change, both in content and form, and that Hizbollah's prime organizational duty to this day remains "resistance." Similarly, twenty-four years of organizational development and political integration have not led to any shift in Hizbollah's fervent opposition to any negotiated agreement between Israel and the Arab world. The group continues in its "absolute refusal to [accept] the very principle of the choice of settlement with the Zionist entity, which is based on recognizing the legitimacy and existence of this entity and giving up to it the lands it usurped from Arab and Islamic Palestine."[11] Predictably, Palestinian groups reacted positively to these statements, with Islamic Jihad representatives declaring their support for Hizbollah and asking people in the Arab world to rally behind the document. Similarly, Hamas spokesperson Fawzi Barhum declared: "This shows that we can strengthen the Arab and Islamic resistance front to face all challenges....It also shows that we can reinforce the Palestinian people's right to resist the Zionist enemy."[12]

In sum, Hizbollah's foreign policy has not changed in its substance between 1985 and 2009, and countries that deal with the organization – including Israel – should be mindful of this strategic continuity. At the same time, some of the terminology now employed by the organization

> Hizbollah in 2009 is a more politically savvy, integrated, and powerful party and a greater military force than in 1985. At the same time, there is a basic organizational continuity in content and strategic priorities, and it seems excessive to assert that it has undergone a "strategic rebirth."

shows a growing internal push to transcend its exclusive regional identity and be recognized at the international level.

Hizbollah in Lebanon: Domestic Policy in 1985 and 2009

In contrast to Hizbollah's foreign policy, which shows remarkable continuity throughout its development, the organization's view of its role within Lebanon has shifted quite considerably since its original 1985 formulation.

In the Open Letter, Hizbollah stated its desire to establish an Islamic state within Lebanon, and rejected the possibility of participating in what it saw as the inherently corrupt existing political system.[13] In the organization's weltanschauung, the creation of this Lebanese Islamic state, to be modeled after Iran, would be only the first step towards the establishment of a larger pan-Islamic state that would unite all Muslims in the region under the same government.[14] Significantly, the 2009 Manifesto omits the call to create an Islamic state, and recognizes that the Lebanese political system is the most suitable environment for Hizbollah to operate in.

In truth, however, this shift in domestic priorities does not come as a surprise to those who have observed Hizbollah's political evolution over the past decades. In fact, as early as 1992, when the organization first decided to join the political system and participate in the parliamentary elections, it had started to underplay the goal of creating an Islamic state, describing it as a long term desideratum more than a practical, political objective and in effect recognizing that the political reality of Lebanon did not allow for the realization of an Islamic republic.[15] Moreover, even though the 1985 program was very specific as to what constituted the final political goal for the organization in Lebanon, the Letter was not as precise in describing Hizbollah's means to achieve the creation of the model Islamic state. Furthermore, it clearly stated that the leaders called "for the implementation of the Islamic system based on a direct and free choice of the people, and not through forceful imposition as may be assumed by some."[16] This assertion, together with Hizbollah's numerous references to the importance of the principle of non-compulsion in Islam (whereby no one should be forcibly converted to Islam),[17] had already allowed the organization a great degree of ideological flexibility in adapting its original agenda to changing strategic priorities. In this sense, publically evading the goal of creating an Islamic state is more a confirmation of an ongoing trend and recognition of Lebanon's political reality than a strategic change.

Similarly, the new ideological platform lends prominence to a series of political themes that Hizbollah developed in the past two decades, such as the importance of administrative decentralization and the open objection to both federalism and the current sectarian system.[18] The document in fact affirms: "The main problem in the Lebanese political system which prevents its reform, development, and constant updating is political sectarianism."[19] While ranking the abolition of confessionalism among its key priorities, Hizbollah also claims that until the achievement of this goal, "the consensual democracy will remain the fundamental basis for governance in Lebanon."[20] This point is particularly important, as one can detect here an expression of Hizbollah's new understanding of its political power and subsequent status in Lebanon. By stressing the need for a consensual democracy and a national unity government, the document's message is that Hizbollah sees itself as a major political player and that regardless of the electoral results, the government must take this reality into consideration and rule by agreement with Hizbollah. This is exactly the result produced by the 2009 elections, where the majority coalition cannot actually govern without a larger alliance with the Hizbollah-led opposition forces.[21]

Lebanese reactions to these claims varied widely, from praising and appreciating Hizbollah's "soft-spoken" tone and its numerous references to the importance of "democracy,"[22] to openly recognizing Hizbollah's growing interest in political power. In this context, a statement of the March 14 forces sharply criticized the group's demands, by charging that they "suspended the constitution itself under the headline of *consensual democracy* instead of the *parliamentary democracy*."[23]

Another important point that emerges in the Manifesto is Hizbollah's vision of its military role in Lebanon. On this front, the group is extremely clear about its intention to continue to maintain its armed structure and its refusal to even discuss disarmament. For instance, the document reads: "The continuous Israeli threats oblige Lebanon to endorse a defensive strategy that couples between a popular resistance that participates in defending the country and an army that preserves the security of the country and safeguards its security and stability in a complementary process that has proved in the previous phase to be successful."[24]

This statement is extremely interesting for a number of reasons. First, it shows that since 1985, Hizbollah has moved from considering the Lebanese army as an enemy to treating it as a de facto auxiliary force. In this sense, the expectation that the armed forces will have the capacity or interest to turn this cooperative relationship into a confrontational one in order to pursue an eventual disarmament of the Lebanese-Shia organization seems unrealistic at best. Second, this paragraph downplays the efforts of the National Dialogue Council, created to investigate issues such as finding national solutions to Hizbollah's weapons, or any project calling for the group's dissolution into the armed forces. Here Hizbollah is clear in affirming that it agrees to carry out its "resistance" in cooperation with the army, but that it intends to remain a separate and autonomous entity. This point was also criticized in a statement by the majority March 14 forces: "On the issue of defending the homeland against the occupation and foreign attacks, the document of Hizbollah has entrusted this mission with the Islamic resistance in Lebanon and made the state, the army, and the people as backers to it....As for the national army, the only mission it has is to protect the rear lines of the resistance under the headline of maintaining internal stability....On this issue, the document of Hizbollah contradicts the Ta'if agreement, which entrusts the state with the mission of liberation."[25]

Hizbollah in 2009: New Trends and Old Themes

By closely analyzing the content of the 2009 ideological and political platform and comparing it to the 1985 Open Letter, it is clear that the Manifesto is not a mere replacement of the older document in different terms. Hizbollah has changed and adapted to its new political and security environment; as Secretary General Nasrallah admitted: "We have no problem or any complex about describing what happened – be it development or transformation. This is natural. People develop. Indeed, the entire world has changed in the past twenty-four years."[26] Hizbollah in 2009 is a more politically savvy, integrated, and powerful party and a greater military force than in 1985. At the same time, there is a basic organizational continuity in content and strategic priorities, as well as in the main ideological references. In this sense, the group maintains its strong Islamic identity throughout the text, and it seems excessive to assert that it has undergone a "strategic rebirth."

First, in terms of foreign policy, Hizbollah shows complete continuity both regarding its worldview and its strategic goals; however, the group has learned how to convey these ideas in a more politically savvy way. By relating its struggle to other non-Islamic movements (for instance by mentioning a continuity of goals with Latin American anti-US policies) and by employing "anti-globalization" terminology, the organization attempts to gain an even more international identity and support. At the same time, Hizbollah's goals with respect to Israel have remained unaltered, and so has its complete opposition to any negotiated solution to the Arab-Israeli conflict. The international community, including Israel, should expect the organization to attempt to block any progress in this direction, acting as spoiler whenever possible.

Second, the group showed a certain degree of change in terms of its domestic policy. Hizbollah finally recognized that the Lebanese political system is the best arena for the organization to develop in, and has thereby forfeited its goal to create an Islamic state. However, this statement reflects Hizbollah's increased political power and status within Lebanon, and should not be interpreted as a sign of weakness or retreat. The group has in fact become so entrenched in the political system that it now demands increased decision making power, for example by insisting on a "consensual democracy formula." Finally, the group maintains a "business as usual" posture with respect to its armed wing: specifying in the Manifesto its intention to remain a separate and autonomous armed group, and to retain its weapons and resistance. Again, the document shows the growing power of the organization and dismisses any internal talks about military integration, let alone disarmament.

Notes

1 "Nasrallah Announces Today the 'Rebirth' of Hizbollah," *As-Safir*, November 30, 2009 (translation by MidEast Wire).

2 "Without National Consensus New Cabinet Will Achieve Nothing," Agence France Presse, November 11, 2009.

3 "Lebanon's New Government," *International Foundation for Electoral Systems,* November 9, 2009, http://www.ifes.org/publication/38e87b372599cdff387c76fd022fb123/Lebanons_new_government.pdf.

4 "Hizbollah Has Right To Keep Arms: Government," al-Arabiya.net, December 1, 2009.

5 Hizbollah, Open Letter, February 16, 1985. Cited in *Jerusalem Quarterly* 48, Fall 1988, http://www.standwithus.com/pdfs/flyers/hezbollah_program.pdf .

6 "Lebanese Hizbollah Leader Outlines Party's Foreign, Domestic Policy," al-Manar TV, December 1, 2009, (provided by BBC Worldwide Monitoring).

7 The Political Document (Manifesto) of Hizbollah 2009 AC /1430 H," November 30, 2009, Syrian News Station, http://sns.sy/sns/?path=news/read/7187.

8 Ibid.

9 Ibid.

10 Ibid.

11 Ibid.

12 "Palestinian Factions Back Lebanese Hizbollah's Political Document," al-Manar TV, December 1, 2009, (provided by BBC Worldwide Monitoring).

13 Augustus Richard Norton, *Hezbollah* (Princeton: Princeton University Press, 2007), pp. 37-40.

14 Amal Saad-Gorayeb, *Hizbu'llah: Politics and Religion* (London: Pluto Press, 2002), pp. 34-36.

15 Mona Harb and Reinoud Leenders, "Know Thy Enemy: Hizbullah 'Terrorism' and the Polities of Perception," *Third World Quarterly* 6, no. 1 (2005): 179.

16 Hizbollah, Open Letter, 1985, p. 20.

17 Saad-Gorayeb, *Hizbu'llah: Politics and Religion*, p. 49.

18 Franklin Lamb, "Hezbollah's New Manifesto: The 'Rebirth,'" *The Palestine Chronicle*, December 2, 2009.

19 The Political Document (Manifesto) of Hizbollah 2009.

20 Ibid.

21 Hassan Haidar, "Hizbollah's New System," *Dar Al Hayat-International Edition*, December 3, 2009.

22 Jean Aziz, "On Hizbollah's document," *Al-Akhbar,* December 1, 2009, http://www.al-akhbar.com/ar/node/167443.

23 "14 March Forces Criticize Hizbollah Political Document," Lebanese National News Agency, December 3, 2009, emphasis added.

24 The Political Document (Manifesto) of Hizbollah 2009.

25 "14 March Forces Criticize Hizbollah Political Document."

26 "Nasrallah Press Conference after Reading of Manifesto," MidEast Wire*,* November 30, 2009.

Obama's Afghanistan-Pakistan Policy: Challenges and Objectives

Yoram Schweitzer and Sean London

Introduction

Notwithstanding his receipt of the Nobel Peace Prize, it seems that President Obama is leading his country into ever deepening involvement in a protracted war in Afghanistan that, according to his critics on the left, may lead to "a second Vietnam War." Prior to his election, candidate Obama presented his commitment to the fighting in Afghanistan as part of the need to relieve the population of the threat of terror emanating from that region. Upon entering office, the president mobilized his staff to put together a comprehensive strategy that could attain a military decision. Before announcing the new policy at West Point in early December, the president deliberated between a number of alternatives, ranging from an extensive counterinsurgency (COIN) campaign to limited, focused counterterrorism against al-Qaeda and its affiliates with air and sea activity backed by small land based forces. In the end Obama chose COIN, though with slightly fewer forces than recommended by the commanders of the regional American forces.

This article examines the challenge confronting the US in the Afghanistan-Pakistan (AfPak) arena, the main enemies of the US in the regional hostilities, and the alternatives debated before the policy was chosen. It evaluates whether the policy selected is capable of providing a solution for these complex challenges within the limited time frame and military scope allotted by the president.

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The Main Enemies: The Afghani and Pakistani Taliban and al-Qaeda

Shortly after September 11, 2001 the United States already had evidence that directly connected bin Laden and his al-Qaeda organization to the terror attack. At the time, bin Laden and his operatives enjoyed the protection of the extremist Islamic Taliban regime in Afghanistan. When the regime refused to end this protection and surrender al-Qaeda commanders, the United States and its NATO allies invaded Afghanistan. Initially Operation Enduring Freedom saw some impressive gains: a relatively small number of regular and special forces operating in cooperation with local militias toppled the Taliban regime, dealt a heavy blow to al-Qaeda, and established a moderate local regime under Afghani president Hamid Karzai. These achievements dissipated over time, principally due to the failure of Karzai's regime to govern effectively and maintain its rule throughout the country; the fact that the attention of US political and military leaders was diverted to Iraq; and the insufficient deployment of US and NATO forces to cope effectively with the challenges they faced. Prior to Obama's entering office, US leaders admitted that the military campaign in Afghanistan was on the brink of failure.[1]

The Afghani Taliban

After its initial defeat the Afghani Taliban retreated to the Afghanistan-Pakistan border area (known as FATA – Federally Administered Tribal Areas, or NWFP – North-West Frontier Province), a mountainous region that was difficult to access and inhabited by heavily armed and experienced tribes loyal to the Taliban, and began to rearm.[2] Although they were partners in the American War on Terror, Pakistan not only allowed the Afghani Taliban to take cover on the Pakistani side of the border, but also allowed factions of the movement long associated with it to take up positions inside Pakistan itself, apparently even helping these factions rearm. Thus the Taliban leadership, led by Mullah Omar, was allowed to move into the district deep inside Pakistan, near Quetta. Similarly, the Haqqani network, one of the pillars of the Afghani Taliban led by Maulani Haqqani, a veteran of the war against the Soviet Union, and his son Sirajuddin, was allowed to take up positions in the Waziristan region. Pakistan seeks to ensure that if the US fails in Afghanistan and the Taliban regains power, it will have an ally with common interests against Pakistan's enemies.[3]

Sometime around 2005 this combination of refuge and support from the local tribes and the Pakistani government resulted in the Afghani Taliban recovering from the campaign by the Western military coalition. Up to 2008 the Taliban and its affiliates operated from bases deep inside Pakistan and on both sides of the tribal region, and thereby were mostly protected from the already limited operations of the US and NATO forces. Due to the weakness of the Kabul regime, the Taliban regained effective control of most of Afghanistan,[4] including the access routes to the capital, and acted intensively and aggressively to entrench its hold over the country.[5] The Afghani Taliban established shadow governments in the areas it controlled and implemented a wide range of measures, force, and threats to persuade the population to recognize its authority and not that of the Karzai government.[6] The Taliban used an extensive system of psychological warfare that on the one hand threatened to unleash fierce revenge on those who collaborated with the foreign invaders and Karzai's pro-Western government, and on the other hand played powerfully on the tribal allegiance to the nationalist bonds among the country's various ethnic groups, in an attempt to undermine their cooperation with the United States and its allies.[7] In addition, the Taliban implemented a number of measures to present itself in a positive light, such as issuing explicit instructions to its operatives to desist from terror attacks against Afghani civilians, and establishing courts where Afghani citizens could claim compensation from Taliban fighters who harmed them, their families, or their property.[8] The Afghani Taliban also amassed a wide economic base, built from crimes against individuals and companies that collaborated with the US and the coalition, donations from throughout the Islamic world, and sales of raw materials for drugs.[9] At the same time and in complete contrast with the local traditions, the main Taliban factions made pacts with jihad organizations from other ethnic groups and joined forces in

> President Obama's policy will succeed or fail based on a correct allocation of military and civilian forces to the main areas where the Taliban and al-Qaeda forces are active, and based on the ability to incur support among the local population by providing a sense of security and order.

their struggle against the United States and the coalition. The Taliban also strengthened its ties with al-Qaeda, and their combined forces carried out joint operations and shared command units, fighters, and logistical resources.[10] In addition to consolidating its territorial depth in Pakistan and on both sides of the tribal border regions over these years, the Afghani Taliban developed a strong presence in the regions of Helmand and Kandahar. Helmand became a center for cultivating poppies, which was a major source of income, and Kandahar is the Taliban's spiritual center, as it the site of the movement's original location and its main base for recruiting members.

The Pakistani Taliban

While the Afghani Taliban recovered, a number of militant Pashtun factions, inhabitants of the southern areas of the tribal regions, established the Tehrik Taliban Pakistan (TTP), whose declared objective was to help its Afghani allies fight the United States and NATO forces and eventually create an Islamic emirate in Pakistan. Initially the TTP comprised only a small number of highly divided factions. Following a call by the Afghani Taliban leader for unity among the tribes in the fight against the foreign invaders and their local allies, however, the disputants drew up a pact, formed a liaison and conflict resolution council, and accepted the leadership of Baitulla Mahsoud, and after he was killed, of his brother Hakimulla Mahsoud. Until 2009 the organization, under the aegis of seven of the strongest militias in the border area, controlled most of the southern tribal areas and waged an aggressive campaign against the West on Afghani territory [11].

The Pakistani government viewed the TTP, unlike its Afghan counterpart, as a direct threat to its sovereignty and authority. As such, with the support and encouragement of the West, it launched a series of military steps against it. The TTP scored some impressive successes in the clashes between them, and even carried out an extensive series of terror attacks against the Pakistani government in response to the actions of the Pakistani military against it. TTP operations took place both within the tribal areas and deep inside the country, and included attacks against key targets, such as regional headquarters of the country's intelligence service. Like the Afghani model, these hostilities incorporated a psychological warfare campaign designed to enhance support among the local inhabitants, and like its Afghani counterpart, the TTP also invested heavily in developing close ties with al-Qaeda and with jihad organizations from among former ethnic rivals.[12]

Al-Qaeda

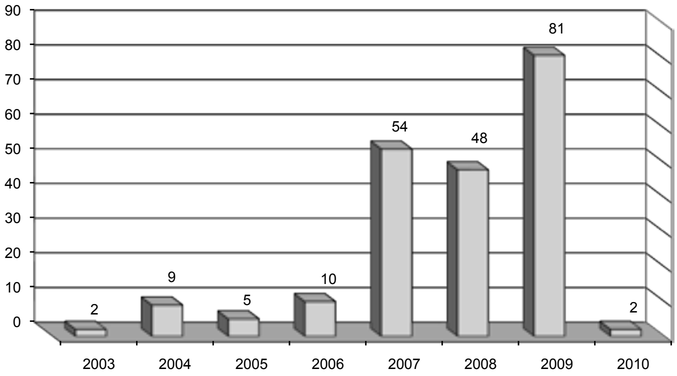
Bin Laden and the members of his organization who barely escaped from the Western forces in the early stages of Operation Enduring Freedom found refuge in the tribal areas of Afghanistan and Pakistan, and regrouped. The organization's military arm, which suffered heavy damage during the coalition's operation, was reconstituted with volunteers from Southeast Asian ethnic groups who joined the Arab volunteers, the traditional base of the organization. Al-Qaeda's military arm operates within the framework of the organization's military committee, and is subject to the decisions of the Shura council and the organization's leadership. Since the organization returned to Afghanistan in the mid-1990s, this committee comprises two main units.

The first of these is the central unit, responsible for all military activity in the battle regions in Afghanistan and, as of the end of 2001, also in the border region between Pakistan and Afghanistan. In this unit the regional commanders were spread out in the various areas of hostilities, and were subordinate to the Taliban military units and under the command of the Taliban's regional commander. Despite the repeated blows sustained by al-Qaeda's internal unit since the American invasion of Afghanistan, the unit managed to maintain a defined organizational framework and a clear hierarchical structure, and locate rapidly good replacements for the field commanders who were captured or killed. Over the years the central unit was given various names, including Brigade 55, and in recent years it has been called Lashkar al-Zil (the Shadow Army). In the past year the Shadow Army has become one of the main forces working together with the Afghani and Pakistani Taliban fighters, and was responsible for inflicting the heaviest damage on the Western forces and the Pakistanis in hostilities in the region.[13] In addition to providing military support, al-Qaeda taught its affiliates operational strategies

> The period of eighteen months allocated by the president may test the chosen policy, but it is not clear if it will be sufficient to determine the outcome of the campaign against the extreme Islamic elements in the region.

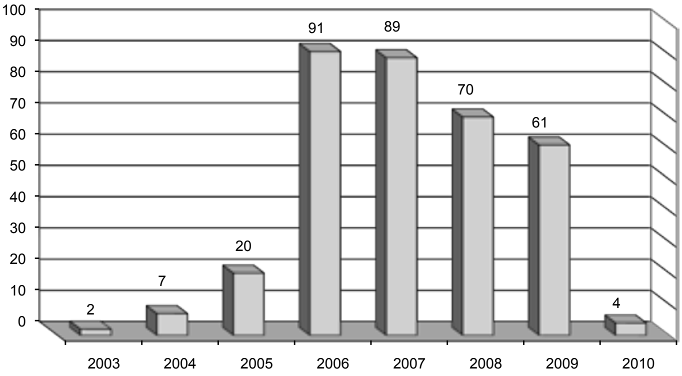
with suicide terrorists (*istishhadia*) and assisted the upgrade of the Taliban's propaganda communications strategy. Al-Qaeda's influence regarding suicide terrorism was clearly indicated by the sharp rise in the number of such attacks carried out by the two Taliban groups (figures 1 and 2). In the area of propaganda and communications, al-Qaeda operates through the organization's media committee responsible for its main propaganda outlet, al-Sahab ("the Cloud"). The result has been a significant improvement of Taliban broadcasts and their circulation, and better management of the psychological warfare operations used by the other global jihad organizations in the region.

Figure 1. Suicide Attacks in Afghanistan, 2003-2010



Source: INSS Terrorism Program database

Figure 2. Suicide Attacks in Pakistan, 2003-2010



Source: INSS Terrorism Program database

The second unit is the special operations unit, the branch dedicated to carrying out terrorist attacks abroad. This mechanism was a major target of counterterrorism activities by the United States and its allies, yet despite this intensive campaign and the heavy blows inflicted on those responsible for operations abroad, al-Qaeda has continued to attempt terror attacks around the world. Some of these attempts succeeded, such as the attack on the synagogues and the British bank and consulate in Istanbul in 2003 and on the transportation system in London in 2005. Some were thwarted, such as the plan to blow up a number of passenger planes on transatlantic flights in 2006 and an attempt by a member of al-Qaeda with US citizenship to blow up major targets in New York.[14]

Approaches to the Afghanistan and Pakistan Challenges

After the Obama administration took office the president found himself facing the difficult strategic security challenge posed by regional instability in South Asia, a resurgence of the terrorist infrastructure in Pakistan and Afghanistan, and concern over nuclear weapons falling into the hands of extremist Islamic elements. It perceived the potential of the Taliban retaking control of Afghanistan, encouraging similar action by the Pakistani Taliban, providing refuge for al-Qaeda and its affiliates, and acting as a launching pad for terrorism activity across the world as an immediate threat to US domestic security and to US allies. In order to block the momentum of the Taliban in Afghanistan, the president ordered immediate deployment of an additional 17,000 soldiers across the Afghan arena and appointed General Stanley McChrystal as the new commander of the allied forces in Afghanistan. The president asked him and other senior advisors to prepare a comprehensive report on the situation in the arena, and devise a new regional strategy for the United States and its allies on both Pakistan and Afghanistan.

Deliberations lasted three months and yielded three approaches within Obama's inner circle: the approach of General McChrystal and his commander General Petraeus; that of Vice President Joe Biden; and the approach of Secretary of State Hillary Clinton and Defense Secretary Gates. The three groups agreed that only a combination of a counterinsurgency campaign (COIN) on the Afghani side and a military operation that would inflict heavy damage on the Taliban in Pakistan would have any effect vis-à-vis the threat posed by the Afghani and

Pakistani Taliban and al-Qaeda coalition. They agreed that any approach would entail action on military, economic, and diplomatic channels in order to spur Pakistan, which is seen as a key country in the fight against terror, to contribute fully to more determined action to suppress the TTP and help oust the Afghani Taliban from its territory, which would weaken it and ultimately lead to its defeat. It was also agreed that heavier pressure should be leveled on the administration in Kabul so that it can take responsibility for governing the divided country and establish government and security institutions that are capable of surviving. The approaches differed, however, with regard to the nature of the campaign against the Taliban and al-Qaeda, and with regard to the amount of time needed to carry it out.

Biden's camp argued that increased military involvement and an ongoing American presence would lead to greater insurgency, alienate more of the local population from the foreign forces, and lead to over-dependence on the Afghani administration without its development of autonomous capabilities to deal with the new roles required of a sovereign government. Thus it recommended the United States announce a withdrawal of most of its troops from Afghanistan and leave special forces and advisors in the area for 12-18 months, invest most of its resources in developing the government's capabilities and local government powers, and train the Afghani security forces to assume operational responsibility for fighting the Taliban. According to Biden's approach, the combination of a set date for withdrawing the foreign forces and the injection of significant resources will help the Afghani government deal with the COIN challenge independently, while the United States and the coalition countries prosecute the campaign against al-Qaeda from aerial and naval platforms, as well as limited incursions by special operations forces.[15]

The McChrystal and Petraeus camp argued that the Afghani security forces are too weak, lack a suitable ethnic makeup to deal with the Taliban and al-Qaeda, and will not earn the requisite cooperation, support, and empathy of the Afghanis. They did not perceive a possibility of changing the situation in the short term, and therefore argued that the deterioration in the security situation in Afghanistan requires a significant increase of American forces in order to conduct the military and civilian campaign while training the Afghani forces. They argued that the Biden approach of withdrawing the American forces means a resurgence of the Taliban. Thus along with investing enormous effort to reform the Karzai administration and prepare it to assume responsibility for the task at hand, the Western forces would conduct the COIN campaign. McChrystal asked that the campaign against al-Qaeda be implemented primarily by means of a reinforced unit of special forces and extensive strikes, with the air and sea forces of secondary importance. Although McChrystal did not go into details it appears that this campaign also includes strikes within Pakistan, if Pakistan does not act with required aggressiveness against the Taliban forces operating from its territory. McChrystal asked for reinforcements of between 40,000 and 80,000 troops for these integrated campaigns, with no predetermined date for completing the mission. Instead troop withdrawal would be contingent on the preparedness of the Afghani administration and security forces to assume responsibility for governing the country and fighting their enemies.[16]

Midway between these two approaches, the Clinton-Gates approach also advocated that the local government assume responsibility for the country. Yet given their belief that it is not currently capable of doing this, they recommended that the United States and NATO assume most of the responsibility for the campaign against the insurgency, along with even more concerted efforts than those proposed by Biden and McChrystal to help the Afghani and Pakistani governments take part in the campaign. According to their approach, the scale of forces required for this task is smaller than suggested by McChrystal, and the duration of the forces' stay in Afghanistan would be limited. This approach seems to be predicated upon the assumption that prolonged and massive presence of foreign forces among a population that is known to be traditionally hostile to the presence of foreigners on its territory is liable to push it into supporting the Taliban and its allies, and would delay assumption of responsibility by the Afghani government for conducting the affairs of state.[17]

Implementing the Obama Policy

President Obama's address at West Point implies a choice of the Clinton-Gates recommendation with a strong tendency towards the McChrystal and Petraeus approach but without its full adoption. The president determined that US forces would be boosted over the coming eighteen months by 34,000 troops, whereby part of the forces will begin to deploy as of January 2010, with the rest being deployed by mid year. The forces will stay in Afghanistan for eighteen months and then withdraw. The president also promised to ask his NATO partners to bolster their forces in Afghanistan, and he adopted the recommendation of his advisors to use the carrot and stick approach to motivate Pakistan to increase its involvement in the war against the Taliban and al-Qaeda in areas under its sovereignty and block their passage from Pakistan to Afghanistan.[18]

Soon thereafter a number of adjustments were announced by the administration that tended towards the more expansive McChrystal and Petraeus approach. The 34,000 troops will be augmented by over 10,000 contractors from private military companies who will undertake both support and combat operations alongside coalition forces.[19] Senior administration spokespeople clarified that the date for withdrawal was flexible and contingent on the ability of the Afghani administration to conduct the campaign and affairs of state on its own.[20]

President Obama's choice reflects a preference for the more expansive approach, which perceives the campaign in Afghanistan and Pakistan as a testing point of America's power, its responsibility for regional stability, and its ability to achieve a victory against centers of international terror. This contrasts with the cautious approach of his vice president who urged a focused and limited campaign against al-Qaeda without embroilment in a costly and prolonged campaign "in the historical graveyard of the superpowers." Nevertheless, the president opted for a cautious and gradual stance when he acceded only partially to the request for troop reinforcements from McChrystal and limited their tour in Afghanistan, until a situation appraisal determines the nature of future action.

In the first stage the reinforced units will focus on the Kandahar and Helmand regions; to this end two brigades will be deployed there to oust the insurgents from the Taliban-controlled cities and villages. Limited forces will remain there to ensure that the Taliban does not return to the areas. Afghani forces will be deployed alongside these forces and will gradually assume increasing responsibility to administer the liberated areas. A parallel message campaign will focus on enlisting support among the local population and encouraging elements that are not among the Taliban hard core to leave the organization.[21]

Does the Obama Policy Suit the Challenge?

President Obama's decision to boost the American campaign in Afghanistan significantly and his efforts to persuade his allies to follow suit reflect his intention to try to defeat the Taliban and its al-Qaeda allies, and remove the threat of their regaining control of Afghanistan. The campaign is also designed to prevent the Taliban from undermining the current regime in Pakistan and building an operational base of radical Islamic extremists whereby in an extreme scenario nuclear arms might fall into the hands of terrorist elements. The decision to engage the Taliban and al-Qaeda and their global affiliates in a military confrontation reflects, therefore, President Obama's determination to contain the danger of international terror spreading from the Afghani-Pakistani arena, which in the last few years has been a primary base for the dissemination of terrorism to the United States and its allies, both in the Western and the Arab worlds.

Due to the geopolitical, topographical, and ethnic complexity of this arena, it is clear to the president and his advisors that the campaign must incorporate aspects of counterinsurgency based on a combination of a strong military force with civilian aid efforts. These are designed to guarantee the establishment of effective government bodies and a civilian economic infrastructure, while pledging an allocation of the resources to the various strata of the public based on the tribal structure in this country, alongside decisive military achievements. Encouraging Pakistan to implement an intensive policy and demonstrate consistent efforts to block the Taliban and al-Qaeda operating from its sovereign territory is also central to the United States policy and an integral component of its potential success.

The president's policy will succeed or fail based on a correct allocation of military and civilian forces to the main areas where the Taliban and al-Qaeda forces are active, and based on its ability to incur support among the local population by providing a sense of security and order. Today it appears that large sectors of the Afghani public support the Taliban and its affiliates, whether out of fear and coercion, or because they have despaired of the government they perceive as corrupt and inefficient. Success in damaging the power and image of the Taliban and gaining renewed trust in the performance of the central government, its institutions, and its security forces may change the dismal balance of power that currently exists in Afghanistan between the elected Afghani government and its rivals.

Conducting a campaign in the hilly terrain and rural regions where the local Taliban has a clear advantage over the foreign forces is a massive challenge. The gaps in culture and language and the traditional rejection of foreign forces, perceived as invaders, may prove decisive unless the Americans and their allies manage to establish protected security areas for the Afghani population that does not support the Taliban but is forced to cooperate with it. At the same time the coalition must prove able to enhance the welfare of the local population while demonstrating sensitivity to its tradition and structure of tribal rule, and limit harm to those not involved in the fighting as much as possible.

Choosing a date for withdrawal from the outset was probably designed to assuage US public concern over becoming embroiled once again, like in Iraq and before that in Vietnam, alongside the aversion to spending enormous amounts of money in the current difficult economic climate. Nevertheless, it appears that the decision on withdrawal in eighteen months will ultimately be based on the progress of the military and civilian moves in Afghanistan, the scale of casualties during the fighting, and possibly even dramatic terror activity in the United States or against US targets abroad. Naturally, internal policy considerations and the elections in 2012 in particular will play a key role in the president's decision on the future of the campaign. The success in enlisting the Pakistani security and military elements in a committed effort to neutralize the Afghani Taliban and its Pakistani counterparts and in an ongoing and effective war against al-Qaeda in both countries will serve as a key point in the success or failure of the move. If the campaign in Afghanistan and Pakistan leads to a significant reduction of the Taliban's power and the effectiveness of its operations, it may considerably reduce the danger to the stability of both countries' regimes and block the terror that has been rife there in recent years and reduce the potential danger of exporting terror abroad.

The period of eighteen months allocated by the president may indeed serve to test the chosen policy, but it is not at all clear if it will be sufficient to determine the outcome of the campaign against the extreme Islamic elements operating in the region. These elements have long proven great ability in their own military operations and guerilla and terror activity, and in inspiring similar activity in other parts of the world. Thus while at this stage it is not possible to determine the results of the "surge" announced by President Obama, it appears that without it the Taliban would regain control of Afghanistan, resulting in regional instability and a further contribution to the proliferation of radical terror around the world.

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The Big Game: The Great Powers in Central Asia and the Caucasus

Zvi Magen and Olena Bagno-Moldavsky

Introduction

This essay surveys the contest underway between the major powers in Central Asia and the Caucasus, the geopolitical sphere adjacent to the Middle East that at once influences and is influenced by processes at work in the region. The area includes the former Soviet Unit (FSU) states bordering on the "crisis area" south of the Muslim states between Turkey and China, a sphere that is a locus of international tension and a hothouse for radical Islam and international terrorism. The region of Central Asia and the Caucasus has long been a bone of contention between powers; in the nineteenth century the struggle for control of the area was known as "the Big Game." Today, a similar game, known as "the new big game," is underway involving the great powers as well as the states in the region. The prize for the winner will be both geopolitical and economic.

The region boasts some of the largest energy reserves in the world; access to them is of strategic significance to all involved – regional as well as external players. In addition, the region is considered to be of major strategic importance because of its geographical location and because it includes countries with Muslim majorities (all the Central Asia states and some of the Caucasus states). As such, the region is a preferred target for both the major powers and neighboring Muslim states interested in expanding their influence. Such a struggle has implications for all involved in it and for the Middle East in general. The purpose of this essay is to examine the processes taking place in this region and their possible ramifications for the Middle East.

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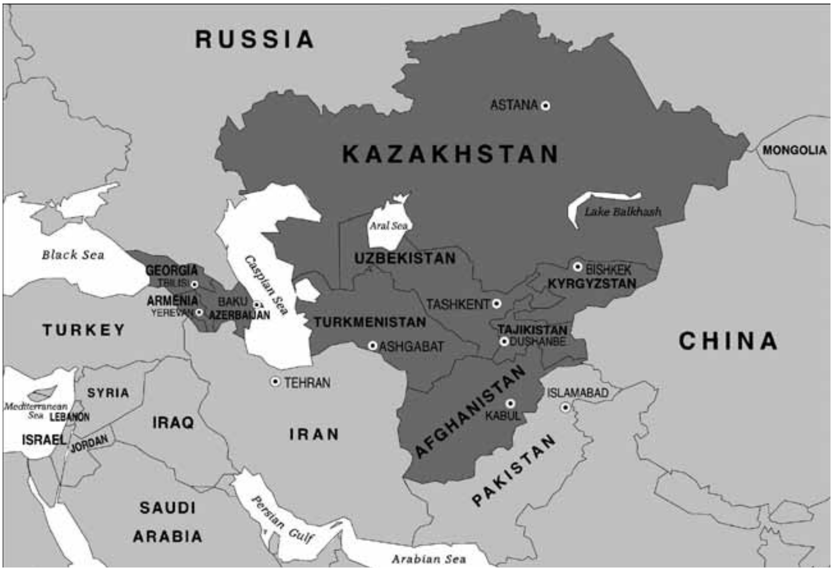
Characteristics of the Region

Central Asia and the Caucasus form a continuous geopolitical entity with the Middle East, an entity that in addition to its geographical and ethnic diversity also has more than a few economic, religious, cultural, and political common denominators. The region may be divided into two blocs of states: the Caucasus, with three FSU states – Georgia, Armenia, and Azerbaijan; and Central Asia, spanning the area from the Caspian Sea to China, with five Muslim FSU states – Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan, and Tajikistan. To the south there is a band of Muslim states – Turkey, Iraq, Iran, Afghanistan, and Pakistan – characterized by ethic and political tensions, instability, and steady anxiety about the outbreak of radical Islam. This turmoil, whether latent or overt, was prodded by the collapse of the Soviet Union. In the current era, the region has reemerged – like in the past – a preferred geopolitical and economic target for external interests competing among themselves.

The central player claiming special status for itself in the region is Russia, which in the past controlled the area. After the collapse of the Soviet Union, Russia was demoted to the role of supporting actor in the region, but about a decade ago, thanks to the strengthening of its economy, Russia adjusted its foreign policy and now views the region as its central contact point with the West, radical Islam, and China. At the same time, other actors have also developed geopolitical, strategic, and economic interests in this region. As a direct result, the region has become the arena for international competition in which Russia, Western states, and China are all major actors that join the important regional actors, Iran and Turkey, in the game.

Russia

Russia, greatly weakened by the collapse of the Soviet Union, has surprised the world in recent years by increasing its activities in the international arena. In order to promote its national objectives, Russia pursues a strategy of multipolarity designed to make it as influential an international player as the United States and enable it to influence global processes through international institutions and the nurturing of common interests with other international players. Russia, bordering the entire length of the region, has a long history of close relations with the regional players. It attributes a great deal of strategic weight to the region.


RUSSIA
ASTANA
KAZAKHSTAN
MONGOLIA
Aral Sea
Lake Balkhash
Black Sea
GEORGIA
TBILISI
ARMENIA
YEREVAN
BAKU
AZERBAIJAN
Caspian Sea
UZBEKISTAN
BISHKEK
KYRGYZSTAN
TASHKENT
TURKEY
TURKMENISTAN
ASHGABAT
TAJIKISTAN
DUSHANBE
CHINA
TEHRAN
AFGHANISTAN
KABUL
ISLAMABAD
SYRIA
Mediterranean Sea
LEBANON
ISRAEL
JORDAN
IRAQ
IRAN
PAKISTAN
SAUDI ARABIA
Persian Gulf
Arabian Sea

Central Asia and the Caucasus

In the field of national security, it views the region as a buffer or security zone with regard to NATO and radical states such as Afghanistan and Pakistan. On the geopolitical level, Russia defines it as a preferred sphere of opportunities for building influence and promoting its objectives both in regional and global systems.

Intra-Russian Considerations

Within the Russian territory adjacent to the region there is a large Muslim population: in Russia's Southern Federal District (SFD) there are seven Muslim provinces and there are two more in the Volga Federal District (VFD).[1] The provinces within the VFD are still peaceful. By contrast, the militant Muslim front, which originated in Chechnya, is active in the northern Caucasus and is challenging Russia's southern border and promoting radical Islam. For close to two decades, a stubborn, bloody war has been raging in the northern Caucasus between Russian and Muslim rebels, including two full scale wars with Chechnya, which despite its defeat still harbors resistance movements. This fighting involves Muslim forces and supporters from the Middle East.[2] In addition, there is terrorist activity in other Muslim districts in the northern Caucasus, taking the form of guerilla warfare and terrorism in the entire region. Even worse, with the defeat of the Chechnyan jihadists, these trends have spread to other Russian districts.[3]

A further challenge to Russia is its deteriorating demographic situation: the Slavic population is shrinking while the Muslim sector is growing. Today Russia numbers some 15 million Muslims; this number is expected to spiral upward. Unless radical Islam's spread is halted, it is liable in the future to encompass most of the Muslim population. This complex reality dictates to Russia the need to act to secure its borders with the Muslim world as well as to contain the Islamic threat from within. The Central Asian and the Caucasus states should, according to Russia's understanding, serve as a buffer to curb the threat as well as to be a bridgehead for promoting Russia's influence in this region.

Foreign Policy Considerations

Russia's assertive activities in the region are designed primarily to promote its status as an agent of influence and attain clear geopolitical and economic objectives. Russia sees its territory bordering on Central Asia and the Caucasus as its soft underbelly adjacent to a major area of conflict in today's world. It not only affords Russia an opportunity to curb the Islamic threat but also presents it with other opportunities, both economic (in the form of energy resources) and political (by allowing Russia to attain international prestige through stopping the West from establishing a firm foothold there, which would threaten Russia's own interests in the region). Russia's path to promote its influence in the region is first and foremost through edging out the United States and other unwanted elements by encouraging anti-Western trends; giving aid, including security and defense assistance, to target states;[4] and developing active political engagement, in part via mediation and arbitration services.

> Although the United States generally treats Russia as a supporting actor, Russia represents a competitor and challenge to the US and NATO in its drive to be an agent of influence in the region.

In addition to bilateral relations with the particular states, Russia's activities in the region also include initiating new international forums such as the Collective Security Treaty Association (CSTO[5]) and the Shanghai Cooperation Organization

(SCO[6]). Both were instituted at Russia's initiative with the intention inter alia of fighting terrorism. Russia is a central player in the Central Asian Cooperation Organization (CACO[7]), and has observer status in the Organization of the Islamic Conference (OIC), which cooperates with Russia in its struggle against the Chechens.[8] Lately, the organization recommended that Russia be more intensively involved in the political process in the Middle East on the basis of the Saudi initiative.

Although the United States generally treats Russia as a supporting actor, Russia represents a competitor and challenge to the United States and NATO in its drive to be an agent of influence in the region. Therefore it prefers cooperation with Iran and China against the West. When necessary, it does not flinch from using violence, such as embarking on war against Georgia, in order to prevent it and other likely candidates from crossing lines and joining NATO.

The Economic Dimension

Russia's economic interests in the region, home to some of the world's largest oil and gas reserves, are also of great importance. In Russia's understanding, the West in general and the United States in particular are hard at work to decrease Russian and Iranian influence in the field of oil export and transport. Russia's concern on this matter has increased recently because of the progress made on the TBC project – the pipeline from the Caspian to the Mediterranean – belonging primarily to British, Azeri, American, and Turkish companies. In tandem with this project, a gas pipeline, also from Azerbaijan to the Mediterranean via Turkey, has been laid; this too is under American-British majority control.[9] This pipeline is slated to be joined to the most important European project – the Turkey-Austria gas pipeline (also known as Nabucco) – being laid from Turkey's border with Iran and Georgia to Europe. At the other end, the underwater pipe will be laid in the Caspian Sea and reach Turkmenistan and Kazakhstan, both gas exporters in their own right, while bypassing Russia and Iran. Meanwhile, Russia is promoting the South Stream project to transport gas from Russia to Europe through the Black Sea bypassing Ukraine, and the East Siberia-Pacific Ocean project – a line to transport oil to China.

Nonetheless, the purely economic component is not the deciding factor in Russia's foreign policy considerations. The energy lines from the Caspian Sea are not there solely for financial gain but also serve as a security zone and as demarcation lines of spheres of control and influence. Russia is increasing its diplomatic activity in the Caspian Sea region and is challenging the West, China, and Iran all at once.[10]

In sum, Russia's activities in the region are rife with both risks and opportunities. Russia's dilemma lies in making the wisest choice of the alternatives available. On the table are issues such as its dealings with the Iranian question, with emphasis on the latter's nuclear program; the threat of radical Islam; China's plans for the future; energy pipelines; and striving for regional hegemony while keeping the competition at bay. Russia will likely continue to pose a major challenge to the United States and will not make it easy for future American involvement in the region, unless it obtains fitting compensation favoring its own interests, such as offering it participation in the political process in the Middle East or in other fields. In this sense, and because of the limitations of the other players, Russia has a reasonable chance of gaining the status of regional leader.

The West

With varying degrees of success, the United States is promoting deeper involvement in Central Asia and the Caucasus. The United States is acting together with NATO in order to lure the Caucasus and Central Asia away from Russian influence through Western investments, joint projects on a host of issues, and even security assistance.[11] The primary objective of this trend is to gain influence in a sphere of great strategic importance that commands some of the most important energy reserves in the world today. After years of Western successes in attempts to gain a foothold in the Caucasus, including working to bring Georgia and other states under NATO's umbrella, these efforts have hit a snag.

Russia, steadfast in its concept of Russian hegemony in the FSU region, has increasingly felt its interests threatened, and in August 2008, taking advantage of a local crisis, went to war against Georgia. This may actually be viewed as a war between Russia and the West for hegemony in the Caucasus. Clearly with the Russian victory, the West's plan has been postponed, and it appears that the issue will be resolved in future understandings between the United States and Russia. For now, Russia's violent response in Georgia, while harming its relations with the West, caused NATO to freeze its intention to expand eastwards.

In addition to their direct involvement in Iraq and Afghanistan, the United States and NATO have established a chain of support bases for their activities in the region, from the Balkans through the shores of the Black and Caspian Seas and across Central Asia. These bases are highly unpopular with Russia and China. Russia is actively working to prevent their establishment or force their closure (as happened in Uzbekistan), but the United States and NATO have not given up on their efforts in this field. This activity by NATO in the region – establishing its presence there while inviting the region's states to join its ranks – is one of the biggest hurdles to the Russians and they have begun to respond with violence. For its part, the United States has attempted to mitigate Russia's efforts to undermine NATO by exerting various forms of pressure on other fronts. Russia believes that steps such as the eastward expansion of NATO, placing missiles in Europe, and even the color revolutions in FSU states all bear the mark of America's involvement.

Last year the United States adopted a new approach, anchored in the "Reset" program, which involves positive incentives for Russia in most of its areas of interest, including ceding the stationing of interceptive missiles in Europe, recognizing Russia's special status in the FSU region, and allowing it opportunities for involvement in international systems in general and in the Middle East in particular. As a result, the dynamics between Russia and the United States are evolving to include enlistment of support from Russia and China (which is cooperating with Russia on these matters) for the fight against terrorism, and especially assistance in containing Iran's nuclear program. Russia, which has consistently worked to undermine American efforts, is now ready to cooperate on this latter issue. Russia is leaning towards cooperating to convince Iran to concede the nuclear issue, but there are still doubts about Russia's actual willingness to impose further sanctions on Iran.

> The Chinese believe that containing the Iranian challenge and calming the situation in Iran and Afghanistan will transfer the pressure from the West to China's doorstep.

Iran

Iran is Russia's primary strategic partner in Central Asia and the Caucasus because of its geographical location, which makes it the sphere's central axis; its friendly foreign policy towards Russia, which avoids challenging Iran among the FSU states; its avoidance of support for radical Islam on Russian territory; and its alliance with Russia in the region about policies concerning the transport of energy from the Caspian Sea. All of these make Tehran a desirable ally for Russia. Together with China, Russia continues to block the imposition of harsh sanctions against Iran.

Iran too views this cooperation as important leverage against the West. In return for varied support and assistance from Russia, Iran has usually avoided subversive activity, normally part of its export of the Islamic revolution, in the regions that constitute Russia's sphere of interests. At the same time, Russia has plenty of reasons to view Iran with suspicion. Although it does not feel directly threatened by Iran's nuclear ambitions, it is clear to Russia that when Iran does complete its nuclear program Russia will be facing challenges to its own ambitions of regional hegemony. Recently, Russian cooperation with the West over the containment of Iran's nuclear program and cooperation with NATO forces in fighting terrorism (such as in Afghanistan) has grown. Yet despite the harsh exchanges between Russia and Iran because of Moscow's cooperation with the West, it appears that Russia has no intention of giving up its special status with regard to Iran.

Turkey

Turkey is especially important among the regional states, and has both far reaching interests and increasing influence over regional issues. For a long time, Turkey, a NATO member, acted as a Western ally with regard to the region's challenges, but lately it has experienced internal processes that are generating a change in its positions (political rather than economic)[12] with the potential of leading to conflicting interests with the West.

Motivating Turkey is the fact that in the past it controlled parts of the region, as well as the fact that most of the FSU Muslim population speaks various dialects of Turkish. These issues have fed pan-Turkish notions that are still popular with parts of the Turkish population. Such trends clash with Iran's ambitions to extend its own influence over these regions, some of which were under Iranian governance in the past. Today Turkey is seeing the strengthening of the Islamic trend, and this has increased its interest in involvement in the region, at once a challenge to the West and competition with other Islamic elements in the race to regional hegemony. Turkey is not just another Western element, and finds itself at a crossroads regarding its own development – whether to go the route of Islamization or the route of the West. Whichever it opts for, its choice is bound to affect the geopolitical game in Central Asia and the Middle East in general.

China

China, growing stronger at a rapid – for some, even worrisome – rate, represents a future threat towards Russia, though at present China's leading interest lies in stopping the West from establishing itself in the regions of influence critical to China. In this constellation, China is cooperating with Russia, especially in everything having to do with undermining the advance of American forces towards its borders.

China's main problem is finding a solution to its energy needs, preferably with minimum dependence on both the United States and Russia. China's interest in good relations with Tehran is a function of Iran being both an energy provider and an anti-Western partner. Energy pipelines are of no less importance to the Chinese, preferably if they traverse Central Asia in order to avoid the regions where the United States has already established its presence.

The Central Asian states have taken advantage of the situation to foster economic relations with China, thus strengthening their own independent status vis-à-vis Russia and the West. Recently, a 1,833 km gas pipeline from Central Asia to China, the result of a Russian-Turkmeni dispute, was inaugurated. In order to prevent losses due to Russia's conduct, Turkmenistan decided to lay down an alternate route. The pipeline crosses Uzbekistan and Kazakhstan on its way to China, bypassing Russia for the first time in history. Russia is apparently concerned about losing its status as the region's dominant economic actor and is working to contain the economic damages created by subverting cooperation between Central Asian nations and the Caucasus with the United States. This policy is of course supported by the Chinese.

Among the sensitive topics affecting China's policy in its relations with the regional states are the Chinese areas bordering Central Asia inhabited primarily by Muslim ethnic groups that live in the regional states. From the Chinese perspective, the infiltration of national and

Islamic influences to its territory is a threat to China's crucial interests and is reflected in China's formulation of its policy towards the region in general and towards loci of radical Islam in particular.

This network of strategic considerations is pushing China from the level of limited local activity towards involvement in this geopolitical sphere, including the establishment of a future axis with Iran and Central Asian states. The significance of these plans, should they in fact be consolidated, is the increased involvement of China in matters concerning Central Asia and the Middle East. The Chinese believe that containing the Iranian challenge and calming the situation in Iran and Afghanistan will transfer the pressure from the West to China's doorstep. Also, the question of the future of Russian-Chinese relations remains open. Therefore, the preferred situation from China's point of view is continuing the current confrontation between the West and radical Islam, which allows it to develop economic and political ties with the regional states.

Conclusion

In the ensuing reality following the geopolitical shocks in widespread areas in Asia, there is a broad axis of instability, which is a strong threat to the international community. This axis includes a chain of confrontations threatening to spill over to Central Asia and the Caucasus. An additional concern is that this threat will spread via international terrorism and the export of the Islamic revolution to other regions. In light of this trend, in tandem with their respective interests, a competition among the great powers (including the United States and NATO, Russia, and China) for hegemony in Central Asia and the Caucasus has emerged. Russia attributes strategic significance to the area and is devoting great international effort to it in contrast with the Western interest, thus creating competition. The Russians, along with the Chinese, Iranians, and other self-interested supporters are working to deny the United States a firm foothold in the region. To date Russia's status in Central Asia and the Caucasus, alongside its position on the Iranian question, justifies US proposals for cooperation with Russia in exchange for far-reaching concessions, and it would seem that these are receiving a positive response.

The complex of Russian interests in the region may be summarized as follows:

1. The dominant consideration is Russia's national security, which requires keeping control over the region, Russia's soft underbelly exposed to Islamic, Chinese, and other future pressures. Russia's preferred solution is creating a buffer zone vis-à-vis the West and Islam and securing the position of regional hegemon in the FSU republics.
2. The second consideration is the global confrontation with the West intended to improve Russia's international standing, which dictates political involvement in the region.
3. The last consideration is economic, in the sense of controlling the energy pipelines, especially as a lever for strategic influence.

Underlying all these considerations are geopolitics that encompass all the issues, translated into a policy of attaining regional hegemony. This includes the creation of a safety buffer and the construction of a bridgehead for regional influence and managing processes desirable to the Russians. The central development on the table concerns Iran, whose future will affect the entire system in Central Asia and the Middle East. Indeed, regarding the overall region Iran is viewed by the Russians and the Chinese as a central axis, and cooperation with it is deemed of great importance.

Processes in the Middle East are also affected by events in Central Asia. It is possible that Russia will finally consolidate its influential status in the Middle East through the points it is likely to gain in Central Asia, first and foremost with regard to Iran. One possible result is a future attempt at greater Russian involvement in political activity in the Middle East, both with regard to ongoing matters and – especially – with regard to the political process. This has the potential to affect the current rules of the game.

Notes

1 Kabardino-Balkaria, Chechnya, Karachai-Cherkessia, Dagestan, Ingushetia, North Ossetia, Adigia-Alania, and in the VFD – Tatarstan and Bashkorostan.

2 Doku Umarov, who succeeded President A. Sadulayaev in 2007, declared, "now our enemy is not only Russia but also America, England, Israel – all those who wage war against Islam and Muslims."

3 For example, Ingushetia is home to influential organizations such as the

Caliphate and Ingush Jamaat, while Dagestan has Jennet and Shariat, Bashkorostan – Hizb-ut-Tahrir, and Karbardina-Balkaria – Yarmuk; Igor Dobaev, "The North Caucasus: The Process of 'Jihad Spreading,'" *Russia and the Muslim World* 9 (207) (2009): 62-75.

4 In addition, Russia is promoting the establishment of the CSTO Army (KCOP), joint special forces of the CSTO nations.

5 Founded in 1992, its member nations are Russia, Armenia, Belarus, Kazakhstan, Kyrghystan, Tajikistan, and Uzbekistan.

6 Founded in 2001; China is a member while Iran and Pakistan have observer status.

7 This is an economic organization uniting Russia, Kazakhstan, Kyrghystan, Tajikistan, and Uzbekistan; Turkey has observer status.

8 For example, in 1994 Chechnya was refused entrance into the OIC. The organization's involvement in the Russia-Chechnya crisis has always been guarded and has tended to offer assistance to Russia.

9 British, American, Italian, French, and Norwegian companies hold 63 percent of TBC stock and 69 percent of BTE (Baku-Tbilisi-Erzurum Pipeline) stock.

10 "Options for Tougher Sanctions against Iran," Reuters News Agency, December 5, 2009, http://www.reuters.com/article/idUSTRE58S2HY20090929.

11 For example, the United States is the largest source of investments (FDI) after Holland in the economy of Kazakhstan. In the field of security, from 2001 until 2009, the United States had military bases in Kyrghystan (Manas) and Uzbekistan (Hanaban), which was closed in 2005, though cooperation with the Americans continued. In August 2009 Tashkent stopped the establishment of a Russian military base in nearby Kyrgyz, and at the same time signed a defense cooperation treaty with the United States. Russia's efforts to confront the United States in Tajikistan are described in Maksim Starchak, "The U.S. vs. Russia in Military-Political Cooperation with Tajikstan," http://www.ca-c.org/online/2009/journal_eng/cac-03/02.shtml.

12 On the economic level, Turkey has clear interests in the region. All major routes for the transport of gas and oil from Central Asian nations to Europe, including the Nabucco pipeline, go through Turkey. Turkey and Iran head the Organization for Economic Cooperation uniting the ten Central Asian states, including Pakistan and Afghanistan.

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