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THE WEST BANK IN THE SHADOW OF OCTOBER 7

Introduction

Part of Hamas' strategy on October 7 was to provoke violence to spread elsewhere. Hamas leader Yahya Sinwar explained his plan that following the murderous attack, unrest would spread to the West Bank (as well as in the north and in mixed cities within sovereign Israel). Even before October 7, the West Bank was close to explosion. Between January and October 2023, over 30 Israelis were killed in terror attacks in the West Bank, making it the deadliest year since the Second Intifada. Over the summer, Palestinian organisations made at least three (failed) attempts to launch rockets at Israeli communities and population centres from the West Bank.¹

Since October 7, violence has continued in the West Bank but without (yet) spiraling out of control. Speaking at the Knesset's Foreign Affairs and Defence Committee in late December, Defence Minister Gallant said the country was in a multi-front war, mapping out all the arenas Israel was currently facing. "We are being attacked from seven different arenas: Gaza, Lebanon, Syria, the West Bank, Iraq, Yemen, and Iran," Gallant stated.

The escalating violence is due to a variety of reasons. These include: The weakness of the Palestinian Authority (PA) and unpopularity of its President, Mahmoud Abbas; near-catastrophic economic challenges facing the PA; Hamas' rising popularity and influence coupled with its attempts to generate instability; the emergence of relatively new, militant-terrorist local groups; as well as the policies of the right-wing Israeli government which have increased tensions.

Israel is faced with several policy dilemmas relating to the PA and the situation on the ground, such as how to reduce the threat of terrorism from Hamas and local groups; whether to allow back tens of thousands of Palestinian labourers who worked in Israel and the settlements before October 7; and the mechanism through which to transfer tax funds to the PA.

¹ Just by means of examples, in the days preceding the Hamas massacre, explosive devices and hand grenades were thrown and shots were fired at a Border Police force in the Tulkarem refugee camp; Palestinians in a car opened fire at a moped rider by the Avnei Hefetz settlement; and explosive devices were detonated as a bus convoy of worshippers made their way to pray at Joseph's Tomb in Nablus. The IDF also closed the Hawara-Nablus road for several hours following a number of incidents in which stones were thrown at Israeli vehicles.

The situation in the West Bank

The PA's Economy: Approaching Collapse

The PA entered 2024 facing an unprecedented economic crisis compounded by:

- Not receiving partial (and subsequently not accepting any) tax funds collected by Israel and traditionally transferred to the PA;
- The loss of taxes from Palestinian labourers who since October 7 are no longer entering Israel and West Bank settlements. These labourers used to earn a relatively high salary and bring in over 1bn USD into PA territory annually, an amount constituting slightly more than a quarter of the West Bank's GDP (see Israeli Policy Dilemmas on tax funds and labourers below); and
- The significant reduction in the number of Arab Israelis visiting the West Bank. These Israeli citizens were responsible for ten percent of the PA's revenue from commerce and taxes yet have practically stopped visiting Jenin, Tulkarem and Qalqiliya since the war due to fears for their safety.

The PA's economic situation has left it unable to pay salaries to civil servants for months. Approximately 90,000 West Bank PA employees – including members of the security services and police – as well as 30,000 PA employees who live in Gaza have not received their salaries since November. In October, the PA managed to raise loans from Palestinian banks and paid 45 percent of salaries.

Sympathy for Hamas and armed resistance

While Abbas has refused to formally condemn the Hamas attacks, some PA and Fatah leaders have actively justified it. Jibril Rajoub, secretary general of Fatah's Central Committee, said the attack had to be seen "in the context of the defensive war our people are waging," adding that Hamas constitutes "part of our political and social fabric and our struggle and their involvement [in the Palestinian national movement] is important."

A public opinion poll shows Palestinians have become more sympathetic towards Hamas. Conducted by the respected Palestinian Center for Policy and Survey Research (PSR) in the West Bank and Gaza (November 22 - December 2), [the poll](#) concludes support for Hamas in the West Bank has tripled compared to three months ago.

Other notable results in the West Bank include:

- 82 percent thought Hamas' decision to launch its offensive was correct.
- If new presidential elections were held today with Mahmoud Abbas and Hamas leader Ismail Haniyeh as candidates, Abbas would receive 10 percent (compared to 43 percent in September) and Haniyeh 82 percent.
- 92 percent demanded Abbas' resignation.
- 44 percent supported Hamas (compared to 12 percent three months ago), and 16 percent supported Fatah (compared to 26 percent three months ago).
- 68 percent believed armed struggle represents the best way to end the occupation, (an increase in 14 percentage points compared to three months ago and almost double results from September 2022); 20 percent thought negotiations were the optimal way; and 13 percent answered popular non-violent resistance.

The Emergence of Local West Bank Terror Cells

Local cells are increasingly powerful, and critical of the PA. The emergence of local terror cells in West Bank cities and refugee camps pose a challenge to both the PA – which is viewed as treacherous and corrupt – and Israel. While Israel and the PA continue security coordination, over the last 2-3 years, some areas of the West Bank have become increasingly ungovernable, especially in Jenin, Tulkarem and Nablus where these groups are powerful.

The Tulkarem Brigades was formed by the Palestinian Islamic Jihad (PIJ) military wing, Saraya Al-Quds, with its primary focus against IDF troops entering the city of Tulkarem. Acting together with other groups in Jenin and Nablus – also formed by Saraya Al-Quds – they have carried out several shooting attacks in the West Bank. Another group emerged following a deadly Israeli raid in Nablus in February 2022 in order to arrest members of the 'Lions Den'. Following the IDF raid, operatives from Fatah's Al-Aqsa Martyrs Brigades announced the establishment of a unit of the Tulkarem Brigades called the "Rapid Response Groups". Another group, the Jenin Battalion, was founded in 2021 and is a quasi-branch of the PIJ's Al-Quds brigades as well as including operatives from Hamas' Al-Qassam Brigades and Fatah's Al-Aqsa Martyrs' Brigades.

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Longer and more complicated IDF Operations

In recent months, the IDF has carried out operations on a scale and depth not seen since Operation Defensive Shield Israel in 2022. Since October 7, Israel stepped up operations in several locations – primarily Jenin, Nablus and Tulkarem – to make arrests, discover weapons, and use drones to attack armed men. Approximately 6,000 preemptive actions have been carried out, 166 of which were complex operations in refugee camps and 40 included brigade-level raids. Some operations, notably in the Jenin refugee camp and Nur Shams refugee camp in Tulkarem, used air force and heavy armored vehicles and lasted 40, 60, and even 70 hours.

Since October 7, troops have arrested more than 2,700 wanted Palestinians across the West Bank, including more than 1,500 affiliated with Hamas. PA health ministry data states that approximately 300 West Bank Palestinians have been killed (60 from the air) – including more than 100 members of the various PA security organisations, most of them armed men involved in clashes with the IDF.

Settler violence

Some extreme right-wing residents of settlements have taken advantage of Operation Swords of Iron to establish outposts, build roads around settlements and connect them to relatively new outposts and farms. In the weeks following the Hamas massacre there was a noticeable uptick in displays of violence. Yediot Ahronot reported that in the month following October 7, 874 Palestinians – part of shepherd communities in the Jordan Valley and southern Hebron hills – vacated their homes due to violence and intimidation by settlers. In the three months since October 7, there have been an estimated 680 incidents of settler violence.

The international community has become increasingly critical of such violence. The Biden Administration said that settler violence must stop and announced its intention to impose travel bans on extremist Jewish settlers implicated in attacks against Palestinians. The administration is also reportedly holding up the licenses for selling more than 20,000 US-made rifles to Israel over concerns over settler attacks. British Foreign Minister David Cameron also announced a ban on “extremist settlers”, in

order “to make sure our country cannot be a home for people who commit these intimidating acts.”

Israeli police data suggests an overall decrease of almost 50 percent compared to the same period last year in which Jews engaged in violent offences in the West Bank. This data shows that between 7/10–7/11, there were 97 incidents of various illegal activities in the West Bank attributed to Jews, down from 184 offenses in the equivalent period in 2022. The IDF has noted that it has not discerned any such spike in violence among settlers and that the overall situation mimics the October–November period in 2022. They do, however, note that the handful of incidents did take place this year in that period were of a more violent nature.

Prime Minister Netanyahu has warned about the dangers of right-wing extremism. In a meeting with local council leaders from West Bank settlements in early November, he discussed the “handful of extremists who do not represent the group sitting here, who cause great damage to the State of Israel,” warning about “a tiny handful of people... who take the law into their own hands.” “We are not prepared to tolerate this,” Netanyahu said, adding that “we will work against this in every way. It causes huge international damage to the State of Israel and does not represent the people sitting here.” In late October, in a move approved by Gallant in late October, prominent settlement activist Ariel Danino was put into administrative detention for four months.

Yet significant parts of his coalition are supportive of illegal outposts. In late December, due to its ideological bent, Israeli ministers approved the diversion of 75 million shekels towards illegal outposts in the West Bank, a few days after 75 million shekels were diverted from the Interior Ministry to the National Missions Ministry headed by far-right lawmaker Orit Strock, and ten days after the revised state budget for 2023 was approved. Finance Minister Smotrich said the funds would be diverted from the settlement division budget for “the provision of security elements.” Ben Gvir criticised Gallant’s decision, calling Danino a pioneering citizen and saying Israel needs “to distinguish between friends and enemies.”

Israel policy dilemmas

The PA – Asset or Liability?

The Israeli government remains divided over its position on the PA. The security establishment is aware of Hamas' strategy to create linkage between Gaza and the West Bank and seeks to prevent it. Gallant recently warned ministers that "Hamas is trying to... set the ground on fire... The IDF is suffocating them. They had counted on the Iranians, they'd counted on Hezbollah, they'd counted on them exhausting Israeli society, [and] they'd counted on a breakdown with the Americans. None of that has worked for them. What have they got left? An attempt to set other things in motion [on the Temple Mount and West Bank]."

In this context, the position of the IDF and Shin Bet is that a strong PA is an Israeli interest. Gallant shares their position, and has even suggested the current situation was undermining the war effort.

Others in the coalition see the PA as a liability. They point to PA stipends to terrorists in Israeli jails as well as the involvement of some PA security apparatus in attacks against Israel. Speaking in January 2023, Smotrich said that "as long as the Palestinian Authority encourages terror and is an enemy, I have no interest for it to continue to exist." Ben Gvir has called the PA "terrorists in suits."

This also relates to any potential role for the PA – or technocrats with links to it – in Gaza. Netanyahu has been clear that his government does not want to see the PA take over the Strip, saying he would not allow replacing a "Hamastan" with a "Fatahstan."

The Americans have discussed the option of a revamped PA but Abbas is unconvinced. The American plan calls for the establishment of a government of Palestinian technocrats and giving the PA a foothold in the Strip. Yet Abbas reportedly rejected an American demand that he fire the current government, which is led by Prime Minister Mohammed Shtayyeh, and appoint a new government of non-corrupt technocratic professionals – led by Muhammad Mustafa, the chairman of the Board of Directors of the Palestine Investment Fund – that might assume responsibility

over the Gaza Strip by the end of the war. Saudi Arabia, the United Arab Emirates and several European countries have endorsed the American demand.

Tax Revenues

The Oslo Accords created a mechanism for Israel to transfer tax revenues to the PA every month. That amount constitutes nearly 65 percent of the Palestinian annual budget.

Early in 2023, the Netanyahu government decided to deduct an amount that the PA sends to security prisoners / terrorists. While in previous years this decision had been implemented inconsistently, Finance Minister Smotrich has refused to transfer a portion of tax revenues that were sent by the PA to security prisoners – what Israel calls ‘Pay to Slay’.

The government withheld further amounts following October 7. In November, Israel decided to further deduct PA tax funds intended for Gaza (where the PA has its own Fatah/PA-aligned civil servants that it has continued to pay since Hamas took over the Strip in 2007). The government sought to prevent these funds ending up in the hands of Hamas and being used in the war.

The PA subsequently refused to accept any tax revenues. Citing this deduction, the PA refused to accept a partial transfer of the funds. “We won’t consent to receive part of the sum, not 40 percent, not 50 percent,” Abbas told the Biden Administration. “Either we get it all, or we won’t get anything.” Senior PA official Hussein al-Sheikh termed the Israeli deduction of funds intended for Gaza “piracy.”

The PA thus finds itself in a catastrophic economic situation. Already struggling financially, the lack of these tax funds has put the PA in a very precarious situation, A resolution may have been found for now. In mid-January, Israel's security cabinet approved a plan to transfer the PA tax funds through Norway. The text approved by the cabinet stated that “the ‘third country’ will state that it honours the Israeli security cabinet’s resolution, whereby the money for Gaza will be frozen in order to keep the Palestinian Authority from sending it to Gaza, in light of the Hamas terrorist

group's control of the Gaza Strip." The sole opponent to the outline was National Security Minister Itamar Ben-Gvir.

Palestinian labourers

Prior to October 7, approximately 170,000 - 180,000 Palestinian daily labourers worked in Israel and Israeli settlements in the West Bank (approximately 110,000 within Israel, 40,000 within settlements, and 40,000 illegally).

Yet since the Hamas massacre this has stopped. Currently, only about 8,000 enter Israel every day for jobs at workplaces declared essential and 9,000 Palestinian labourers work in settlements and West Bank industrial zones. The cost for Israel of this absence of workers in construction, agriculture and restaurants is estimated at NIS 3 billion per month.

Gallant also warned of the dangers of so many Palestinians sitting at home without working. "We have no interest in having developments in the West Bank motivating thousands" he said, "so I suggest that we treat 99 percent of the residents there correctly. A good economy and well-being for residents of Judea and Samaria is in Israel's interest. They ought to be allowed to go to work and to reduce the pressure." One security official explained that Iran and Hamas are seeking to exploit the vacuum of so many Palestinian (temporarily?) unemployed men in need of money. "This is where Hamas and Iran come in. They are funneling money to anyone who attacks or merely takes part in armed marches or even just shows solidarity with the terror organisation. The moment he doesn't have a job and stays home, the temptation grows." The official added warned that if no decision is made about the Palestinian labourers "the street might erupt in an Intifada."

Others in the coalition are opposed to returning the Palestinian labourers. Smotrich has warned that allowing in Palestinian workers would lead to terror attacks. "The opposition we led in the cabinet to bringing back tens of thousands of Arab workers from Judea and Samaria is preventing the next terror attacks. We won't bring the threat into our home, and we won't surrender to external pressure or to weakness and blindness within."

Many within Likud are also opposed. 12 Likud MKs and three ministers sent a letter to Netanyahu that fiercely attacked the intent to return the West Bank Palestinian labourers, stating their intention to replace them with foreign workers. “The time has come for the State of Israel to sober up and not try to buy phony quiet by letting in 170,000 Palestinians into Israel,” the letter stated. Minister of Economy and Industry Barkat has drafted a proposal to permanently eliminate the need for Palestinian workers in Israel by bringing 170,000 foreign workers from Asia and Africa. “The cabinet is still stuck in October 6 ideas and thinks that money for Judea and Samaria Arabs will produce security quiet,” Barkat said. “This is the same mistake they made vis-à-vis the suitcases full of dollars for Hamas.”

Netanyahu is aware of the dangers of barring Palestinians, but cautious of the politics and the legitimate fears of the public. Netanyahu has floated the idea of allowing workers in as a partial measure, “like a pilot program that takes place in isolated locations under appropriate security protection.” As a first step, the Shin Bet proposed allowing Palestinians aged 40 and up to work in Israel although this was vetoed by Smotrich and Ben Gvir. In the background to the debate is not only the reality of thousands of Palestinian labourers from Gaza providing intelligence to Hamas that helped the group plan its attack, but the mid-January terror attack in Raanana which killed one woman and injured 17 that was carried out by two (illegal) Palestinian labourers. At the same time, security officials point out that there have only been a handful of security incidents connected to the over 100,000 daily labourers working in Israel for years.

Conclusion – the short to medium term

The Biden administration is pushing Israel to decide on a framework for the ‘Day After’ in Gaza, and remains insistent on a long-term framework of two states. Yet despite continued international consensus for the two state paradigm – and talk by the UK and others of unilaterally recognising a Palestinian state – the administration is aware that there is no political ripeness for final status negotiations.

Following the Hamas massacre, Israelis are more sceptical of expanding Palestinian sovereignty in the West Bank. In a recent interview with The Associated Press, President Herzog said “in order to get back to the idea of dividing the land, of negotiating peace or talking to the Palestinians, etc., one has to deal first and foremost with the emotional trauma that we are going through and the need and demand for a full sense of security for all people”. Netanyahu, meanwhile – constrained by his far-right coalition and guided by ideological hawkishness – recently said that he would “not compromise on full Israeli control” between the River and the Sea. While Netanyahu stressed his position was contrary to a Palestinian state, the idea of a not-fully sovereign, demilitarised Palestinian state is not new, and has been broadly accepted by Palestinians and Americans in previous rounds of negotiations.

Despite the uptick in violence and general tension, it is noteworthy that neither the West Bank nor Jerusalem have seen mass popular protests. Yet Ramadan – [always a time of tension](#) – is due to begin in early March. To prevent escalation, the government of Israel may seek a solution to return Palestinian labourers, despite the domestic political cost. Moreover, the role of Palestinian security forces – many of whom haven’t been paid in months and some of whom have been implicated in attacks against Israelis – will be crucial in the months ahead.



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