

# Congressional Testimony

## **Chronic Kleptocracy** *Corruption Within The Palestinian Political Establishment*

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Chairman Chabot, Ranking Member Ackerman, and distinguished members of the subcommittee, on behalf of the Foundation for Defense of Democracies, I thank you for the opportunity to discuss the problem of Palestinian corruption.

Over the last 10 months, I have devoted the majority of my research to this very topic, but it has only come to light recently, thanks to several scandals, how pervasive the issue has become.

Unfortunately, this problem is, to some extent, one of our own making. In the aftermath of the Hamas coup in Gaza in 2007, during which the terrorist group overran the Palestinian Authority (PA) and seized control of the territory, Washington panicked. We threw all of the resources at our disposal at Mahmoud Abbas, in the belief that he was the moderate alternative to Hamas. Yet in providing him with cash, intelligence, military assistance, and other valuable services to shore up his rule, we convinced Abbas that there was virtually nothing he could do, short of starting a war with Israel, that could prompt Washington to challenge his authority.

Over the last five years, Abbas' rule has reflected his complete sense of security. He has refused to engage in bilateral talks with the Israelis. He has attempted to declare a state unilaterally—outside the scope of the Palestinians' international agreements—at the United Nations. And in the process, he has consolidated both economic and political power to the extent that few, if any, Palestinians can challenge his rule. The West, consumed with other challenges, including a teetering European economy, Iran's nuclear program, and the Arab Spring, has given Abbas a free pass.

In recent months, however, Abbas has come under fire, facing charges of corruption from within his own ranks. A recent poll indicates that no less than 71 percent of West Bank residents believe that government institutions under Abbas are corrupt.<sup>1</sup> In other words, the Palestinian people are keenly aware that Abbas has hoarded political and economic power. Unfortunately, Washington's foreign policy elites are largely unaware of the problem, or have chosen to ignore it. It is for this reason that I commend the subcommittee for holding this hearing. I hope we can begin to shed light on a problem that threatens the viability of both the Palestinian Authority and a two-state solution with Israel. If the problem goes unsolved and Palestinian frustration festers, it could threaten regional stability.

### **“Corruption Wars”**

In May 2012, the PA announced that it would try Mohammed Rachid, a former economic advisor to late Palestinian leader Yasser Arafat, for corruption and embezzlement.<sup>2</sup> The PA charged Rachid with stealing tens of millions of dollars from its coffers—a charge he

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<sup>1</sup> “Palestinian Public Opinion Poll No. 44,” Palestinian Center for Policy and Survey Research, June 25, 2012, [www.pcpsr.org/survey/polls/2012/p44epressrelease.html](http://www.pcpsr.org/survey/polls/2012/p44epressrelease.html).

<sup>2</sup> Karin Laub and Mohammed Daraghme, “Arafat's Moneyman Targeted in Corruption Probe,” *Associated Press*, May 16, 2012, <http://news.yahoo.com/arafats-moneyman-targeted-corruption-probe-173916721.html>.

denies. In a lightning trial on June 7, Rachid was found guilty in absentia, fined \$15 million, and sentenced to 15 years of hard labor.<sup>3</sup>

The trial was not necessarily about justice. It was the result of a personal dispute between Abbas and Rachid.<sup>4</sup> Abbas ordered the investigation and trial of Rachid at least partly out of a grudge dating back to the peace talks during the waning days of the Clinton era.<sup>5</sup> In that intense period, Rachid advocated negotiating with Israel, while Abbas called diplomacy a “trap that was laid for us.”<sup>6</sup> Abbas also resented Rachid for being an Iraqi Kurd—not even a Palestinian—who gained Arafat’s trust and became part of his inner circle, while Abbas was on the outside looking in. According to a former Palestinian advisor, “There was a huge amount of jealousy.”<sup>7</sup>

The feud now continues online. Through the anti-Abbas website InLight Press, Rachid has fired back, charging Abbas and his inner circle with a litany of wrongdoings. Other websites have made similar allegations. While these charges are difficult to verify, they have unquestionably rattled the Palestinian leadership. The following represent a sample:

- In early June 2012, Rachid charged that Abbas’s Fatah maintained a secret bank account in Jordan worth \$39 million. According to Rachid, who claims he has documents proving his allegations, Abbas and two close associates are the only ones with access to the account, which contains at least \$13 million provided by the United States. \$5 million from the fund was apparently allocated for Fatah’s most recent conference in 2009, but the rest allegedly serves as a slush fund.<sup>8</sup>
- Another allegation, made by the anti-Abbas website Kofia Press, claims that Abbas sold property belonging to the Palestine Liberation Organization (PLO) in Lebanon that was worth \$20 million for no less than \$160 million.<sup>9</sup> While not stated outright, it is implied that this was a case of money laundering.
- Writing for InLight Press, Rachid alleged that the Abbas family owns lavish properties worth more than \$20 million in Gaza, Jordan, Qatar, Ramallah,

<sup>3</sup> Isabel Kershner, “Middle East: Sentence for Former Adviser to Arafat,” *The New York Times*, June 7, 2012, [www.nytimes.com/2012/06/08/world/middleeast/sentence-for-former-adviser-to-arafat.html](http://www.nytimes.com/2012/06/08/world/middleeast/sentence-for-former-adviser-to-arafat.html).

<sup>4</sup> Karin Brulliard, “Palestinian Anti-Corruption Court Secures Conviction But Raises Questions of Bias,” *The Washington Post*, June 20, 2012, [www.washingtonpost.com/world/palestinian-anti-corruption-court-secures-conviction-but-raises-questions-of-bias/2012/06/20/gJQAYsXjpV\\_story.html](http://www.washingtonpost.com/world/palestinian-anti-corruption-court-secures-conviction-but-raises-questions-of-bias/2012/06/20/gJQAYsXjpV_story.html).

<sup>5</sup> Hugh Naylor, “Palestinians’ Enforcers Work Together ‘to Crush Dissent,’” *The National*, June 27, 2012, [www.thenational.ae/news/world/middle-east/palestinians-enforcers-work-together-to-crush-dissent#full](http://www.thenational.ae/news/world/middle-east/palestinians-enforcers-work-together-to-crush-dissent#full).

<sup>6</sup> “Abu Mazen: Had Camp David Convened Again, We Would Take the Same Positions Part II,” *The Middle East Media Research Institute*, Special Dispatch No. 250, August 6, 2001, [www.memri.org/report/en/0/0/0/0/0/490.htm](http://www.memri.org/report/en/0/0/0/0/0/490.htm).

<sup>7</sup> Phone interview with former Palestinian Authority advisor, June 4, 2012.

<sup>8</sup> Khaled Abu Toameh, “Fatah Has Secret Bank Account in Jordan,” *The Jerusalem Post*, June 9, 2012, [www.jpost.com/MiddleEast/Article.aspx?id=273253](http://www.jpost.com/MiddleEast/Article.aspx?id=273253).

<sup>9</sup> “Documents... Where Did Abbas Deposit An Amount of \$160 Million?,” *Kofia Press*, June 11, 2012, [www.kofiapress.net/ar/node/107838.html](http://www.kofiapress.net/ar/node/107838.html). (Arabic)

Tunisia, and the UAE.<sup>10</sup> Rachid has also claimed that Abbas has pocketed at least \$100 million in ill-gotten gains.<sup>11</sup>

### The Sons of Mahmoud Abbas

While Abbas prosecutes Rachid for conspicuous wealth, he conveniently avoids the controversy surrounding his own sons, Yasser and Tarek, who became rather well known in 2009, when Reuters published a series of articles tying them to significant business deals, including a few that were funded in part by U.S. taxpayers.

Yasser, the elder son, owns Falcon Tobacco, which reportedly enjoys a monopoly on several tobacco products in the Palestinian territories.<sup>12</sup> According to the *Toronto Star*, Yasser also chairs Falcon Holding Group,<sup>13</sup> a Palestinian corporate conglomerate that owns Falcon Electrical Mechanical Contracting Company (also called Falcon Electro Mechanical Contracting Company, or FEMC),<sup>14</sup> an engineering interest that was established in 2000 and boasts offices in Gaza, Jordan, Qatar, the United Arab Emirates, and the West Bank.<sup>15</sup> This business success has come with a helping hand from Washington. According to a Reuters report, in 2005, Yasser Abbas' company received \$1.89 million from USAID to build a sewage system in the West Bank town of Hebron.<sup>16</sup>

According to Yasser's biography, other arms of Falcon Holding Group include Falcon Global Telecommunication Services Company and Falcon General Investment Company, companies about which less is known.<sup>17</sup> Yasser boasted to an Emirati magazine in 2009 that the Falcon companies' revenues totaled some \$35 million per year.<sup>18</sup>

<sup>10</sup> Mohammed Rachid, "Abbas and His Mufti," *InLight Press*, May 26, 2012, [www.inlightpress.com/index.php?option=com\\_content&view=article&id=16153:2012-05-26-16-47-53&catid=59:2011-07-04-18-42-19&Itemid=302](http://www.inlightpress.com/index.php?option=com_content&view=article&id=16153:2012-05-26-16-47-53&catid=59:2011-07-04-18-42-19&Itemid=302). (Arabic)

<sup>11</sup> Khaled Abu Toameh, "Former Arafat Aide Rashid Says Abbas Worth \$100m," *The Jerusalem Post*, June 14, 2012, [www.jpost.com/MiddleEast/Article.aspx?id=273778](http://www.jpost.com/MiddleEast/Article.aspx?id=273778).

<sup>12</sup> Khaled Abu Toameh, "PA Officials Scandalized at Disclosure by Abbas's Son of Vast Personal Fortune," *The Jerusalem Post*, April 16, 2009, [www.jpost.com/MiddleEast/Article.aspx?id=139339](http://www.jpost.com/MiddleEast/Article.aspx?id=139339). Also see: Oakland Ross, "Canadian Links Us to Palestinian Political Elite," *The Toronto Star*, April 27, 2009, [www.thestar.com/article/624798--canadian-links-us-to-palestinian-political-elite](http://www.thestar.com/article/624798--canadian-links-us-to-palestinian-political-elite).

<sup>13</sup> Oakland Ross, "Canadian Links Us to Palestinian Political Elite," *The Toronto Star*, April 27, 2009, [www.thestar.com/article/624798--canadian-links-us-to-palestinian-political-elite](http://www.thestar.com/article/624798--canadian-links-us-to-palestinian-political-elite).

<sup>14</sup> Adam Entous, "USAID Contracts With Firms Headed by Abbas's Sons," *Reuters*, April 22, 2009, <http://uk.reuters.com/article/2009/04/22/idUKLV965456>.

<sup>15</sup> "About Us," *Falcon Electro Mechanical Constructing Company Website*, Accessed July 5, 2012, [www.falconemc.com/profile/profile.html](http://www.falconemc.com/profile/profile.html).

<sup>16</sup> Adam Entous, "EXCLUSIVE-Firms Run by President Abbas's Sons Get U.S. Contracts," *Reuters*, April 22, 2009, [www.reuters.com/article/2009/04/22/us-palestinians-aid-abbas-idUSTRE53L2Q220090422](http://www.reuters.com/article/2009/04/22/us-palestinians-aid-abbas-idUSTRE53L2Q220090422).

<sup>17</sup> "Corporate," *First Option Project Construction Management Company Website*, Accessed July 5, 2012, [http://webcache.googleusercontent.com/search?sugexp=chrome\\_mod=12&sourceid=chrome&ie=UTF-8&q=cache%3Ahttp%3A%2F%2Fwww.firstoptioncm.com%2Fen%2Ftabid%2F59%2FDefault.aspx](http://webcache.googleusercontent.com/search?sugexp=chrome_mod=12&sourceid=chrome&ie=UTF-8&q=cache%3Ahttp%3A%2F%2Fwww.firstoptioncm.com%2Fen%2Ftabid%2F59%2FDefault.aspx).

<sup>18</sup> Khaled Abu Toameh, "PA Officials Scandalized at Disclosure by Abbas's Son of Vast Personal Fortune," *The Jerusalem Post*, April 16, 2009, [www.jpost.com/MiddleEast/Article.aspx?id=139339](http://www.jpost.com/MiddleEast/Article.aspx?id=139339).

And the Falcon group doesn't even account for everything. Yasser is listed by the New York-based financial database CreditRiskMonitor.com as the chairman<sup>19</sup> of the publicly traded Al-Mashreq Insurance Company,<sup>20</sup> with 11 offices across the Palestinian territories.<sup>21</sup> The company is valued on the Palestinian stock exchange at \$3.25 million.<sup>22</sup>

Finally, Yasser is managing director of the First Option Project Construction Management Company, whose website (recently taken down) suggests that it does public works projects, such as road and school construction, on behalf of the Palestinian Authority.<sup>23</sup> First Option employs at least 15 people in offices in Amman, Tunis, Cairo, Montenegro, and Ramallah.<sup>24</sup> This enterprise has also benefited from U.S. government support. As Reuters reported, between 2005 and 2008, First Option was awarded nearly \$300,000 in USAID funds.<sup>25</sup>

The president's son is certainly entitled to do business in the Palestinian territories. But the question is whether there is a conflict of interest. Yasser has reportedly served in an official capacity for the PA, including as a special envoy to Canada in 2007,<sup>26</sup> and Kazakhstan in 2008.<sup>27</sup> According to a former Bush administration official, Yasser "regularly accompanies his father on official travel."<sup>28</sup>

Tarek Abbas appears less inclined than his older brother to take part in Palestinian politics, but is just as ambitious in business. His principal enterprise, Sky Advertising, had 40 employees and earned \$7.5 million in sales in 2010.<sup>29</sup> Once again, the firm has worked with the U.S. government. Reuters reported in 2009 that Sky received a USAID

<sup>19</sup> "Al Mashreq Insurance Company PLC," *CreditRiskMonitor.com*, Accessed July 5, 2012, [www.crmz.com/Report/ReportPreview.asp?BusinessId=11274114](http://www.crmz.com/Report/ReportPreview.asp?BusinessId=11274114).

<sup>20</sup> "Al Mashreq Insurance Company," *Zawya*, Accessed July 5, 2012, [www.zawya.com/middle-east/company/profile/1005909/](http://www.zawya.com/middle-east/company/profile/1005909/).

<sup>21</sup> "Al Mashreq Insurance Company," *Sahem Trading and Investments Company*, Accessed July 5, 2012, [www.sahem-inv.com/listing.php?company=30](http://www.sahem-inv.com/listing.php?company=30).

<sup>22</sup> "Al Mashreq Insurance Company," *Zawya*, July 5, 2012, [www.zawya.com/company/quote/1005909/Al\\_Mashreq\\_Insurance\\_Company/MIC.PSE/](http://www.zawya.com/company/quote/1005909/Al_Mashreq_Insurance_Company/MIC.PSE/).

<sup>23</sup> "Projects," *First Option Project Construction Management Company Website*, Accessed July 5, 2012, <http://webcache.googleusercontent.com/search?sugexp=chrome.mod=12&sourceid=chrome&ie=UTF-8&q=cache%3Ahttp%3A%2F%2Fwww.firstoptioncm.com%2Fen%2Ftabid%2F56%2FDefault.aspx>

<sup>24</sup> "Contacts," *First Option Project Construction Management Company Website*, Accessed July 5, 2012, <http://webcache.googleusercontent.com/search?q=cache:http://www.firstoptioncm.com/en/tabid/62/Default.aspx>.

<sup>25</sup> Adam Entous, "EXCLUSIVE-Firms Run by President Abbas's Sons Get U.S. Contracts," *Reuters*, April 22, 2009, [www.reuters.com/article/2009/04/22/us-palestinians-aid-abbas-idUSTRE53L2Q220090422](http://www.reuters.com/article/2009/04/22/us-palestinians-aid-abbas-idUSTRE53L2Q220090422);

Adam Entous, "FACTBOX - USAID Contracts With Firms Headed by Abbas's Sons," *Reuters*, April 22, 2009, <http://uk.reuters.com/article/2009/04/22/uk-palestinians-contracts-sb-idUKTRE53L2R120090422>.

<sup>26</sup> Oakland Ross, "Canadian Links Us to Palestinian Political Elite," *The Toronto Star*, April 27, 2009, [www.thestar.com/article/624798--canadian-links-us-to-palestinian-political-elite](http://www.thestar.com/article/624798--canadian-links-us-to-palestinian-political-elite).

<sup>27</sup> "Cooperation of the Republic of Kazakhstan with the State of Palestine," *Ministry of Foreign Affairs of the Republic of Kazakhstan*, May 16, 2012, [http://portal.mfa.kz/portal/page/portal/mfa/en/content/policy/cooperation/asia\\_africa/16](http://portal.mfa.kz/portal/page/portal/mfa/en/content/policy/cooperation/asia_africa/16).

<sup>28</sup> Phone interview with former George W. Bush administration official, June 4, 2012.

<sup>29</sup> "Annual Report 2010," *Arab Palestinian Investment Company Website*, Accessed July 5, 2012, [www.apic-pal.com/pdfs/annual\\_english2010.pdf](http://www.apic-pal.com/pdfs/annual_english2010.pdf).

grant of approximately \$1 million to bolster public opinion of the United States in the Palestinian territories.<sup>30</sup>

Tarek is also listed by the Arab Palestinian Investment Company (APIC), as the vice chairman of “Arab Shopping Centers.”<sup>31</sup> This is presumably shorthand for the Arab Palestinian Shopping Center Company, valued on the Palestine Exchange at \$4.2 million.<sup>32</sup> The company, a project of APIC, now has two shopping centers, three supermarkets, and two indoor play facilities in the West Bank.<sup>33</sup>

I should note that since I first published this information about the Abbas brothers on Foreign Policy.com on June 5, someone has undertaken the effort to remove some of the websites listed here.<sup>34</sup> In response to my article, Yasser Abbas has also reportedly threatened legal action.<sup>35</sup> But all this information was gleaned from readily available sources online.

### **New Information on the Abbas Brothers**

Since publishing that piece on June 5, I have also had conversations with a current foreign intelligence official and two former US intelligence officials with additional information about the Abbas brothers’ international operations.

According to information supplied and confirmed by these officials, the Palestinian Authority granted diplomatic passports in 2009 to two business partners of the Abbas brothers: Issam and Devincci (Assem) Hourani. The passports, according to these officials, “entitle them to travel internationally with immunity” normally afforded to Palestinian diplomats. The Israeli press covered aspects of this story in 2011.<sup>36</sup>

According to the intelligence officials, Yasser Abbas worked with Devincci Hourani to pursue an oil business in Sudan called Caratube International Oil Company (CIOCI). The company also appears to have an office in Kazakhstan.<sup>37</sup>

<sup>30</sup> Adam Entous, “FACTBOX - USAID Contracts With Firms Headed by Abbas’s Sons,” *Reuters*, April 22, 2009, <http://uk.reuters.com/article/2009/04/22/uk-palestinians-contracts-sb-idUKTRE53L2R120090422>.

<sup>31</sup> “Tarek Abbas,” *Arab Palestinian Investment Company Website*, Accessed July 5, 2012, [www.apic-pal.com/earticlepage.php?artid=64](http://www.apic-pal.com/earticlepage.php?artid=64).

<sup>32</sup> “Arab Palestinian Shopping Centers Company,” *Zawya*, Accessed July 5, 2012, [www.zawya.com/company/quote/474038/Arab\\_Palestinian\\_Shopping\\_Centers\\_Company/PLAZA.PSE/](http://www.zawya.com/company/quote/474038/Arab_Palestinian_Shopping_Centers_Company/PLAZA.PSE/).

<sup>33</sup> “The Arab Palestinian Shopping Centers Company PLC - PLAZA,” *Arab Palestinian Investment Company Website*, Accessed July 5, 2012, [www.apic-pal.com/earticlepage.php?artid=52](http://www.apic-pal.com/earticlepage.php?artid=52).

<sup>34</sup> Jonathan Schanzer, “The Brothers Abbas,” *Foreign Policy*, June 5, 2012, [www.foreignpolicy.com/articles/2012/06/05/the\\_brothers\\_abbas](http://www.foreignpolicy.com/articles/2012/06/05/the_brothers_abbas).

<sup>35</sup> “Abbas Son Says to Sue US Magazine Over Wealth Claims,” *Ma’an News Agency*, June 12, 2012, [www.maannews.net/eng/ViewDetails.aspx?ID=494599](http://www.maannews.net/eng/ViewDetails.aspx?ID=494599).

<sup>36</sup> Nir Yahav, “Abu Mazen Gave Diplomatic Passports to Wanted Persons,” *Walla*, June 29, 2011, <http://news.walla.co.il/?w=/13/1836033> (Hebrew); Ohad Hemo, “Abu Mazen Gave Wanted Persons Diplomatic Passports,” *Channel 2*, June 28, 2011, [www.mako.co.il/news-military/israel/Article-e6ee879b847d031004.htm&reason=0](http://www.mako.co.il/news-military/israel/Article-e6ee879b847d031004.htm&reason=0) (Hebrew)

<sup>37</sup> *Caratube International Oil Company Website*, Accessed July 9, 2012, <http://caratubekz.com/>.

Devincci Hourani and Yasser Abbas, according to these officials, received “help from the Palestinian Authority ambassador to Sudan [Sayed al-Masri] to win three oil blocks on behalf of CIOC.”

The US and foreign officials suggest that the operation in Sudan may be a violation of US sanctions laws because Devincci is believed to be an American citizen.

The intelligence officials also note that Devincci Hourani has “partnered with Yasser Abbas to initiate other business projects in Sudan, including construction of a... hotel and other real estate projects.”

The officials further add that the “sons of Mahmoud Abbas have also been in continuing contact with the Hourani brothers about business opportunities in Kazakhstan, the Ukraine, and Montenegro.”<sup>38</sup> Open source information about these businesses, if they are active, are not readily accessible online.

### **The Palestine Investment Fund**

In my testimony before the House Foreign Affairs Committee last September, I raised concerns about the Palestine Investment Fund (PIF).<sup>39</sup> After that testimony, I received a somewhat threatening letter from the Fund’s Washington-based counsel. We have had several productive discussions about my findings, including one with the fund’s chief investment officer, who has also spent time talking to influential staffers on Capitol Hill.

Without getting into too much detail, my most serious lingering concerns stem from indications that the fund is not as transparent or independent as it was first intended to be. While PIF insists that it remains transparent and true to its bylaws, Abbas has reportedly installed his own allies as board members, through whom he maintains effective control of the fund.<sup>40</sup> Several sources have confirmed this assessment. It is also worth noting that prime minister Salaam Fayyad has zero oversight of the PIF, despite his celebrated mandate for transparency.<sup>41</sup>

Finally, although PIF now claims to have ceased operations in Gaza after the terrorist group Hamas took over its assets in 2011,<sup>42</sup> I have received a report that senior PIF representatives have established a presence in an elementary school there. According to an official at the American International School in Gaza, the PIF representatives have “taken over the office of a vice principal.”<sup>43</sup> It should be noted that PIF owns the school through one of its subsidiaries. But if PIF maintains a presence in Hamas-controlled

<sup>38</sup> This information was confirmed and fact-checked by phone with all three individuals on July 6, 2012.

<sup>39</sup> Jonathan Schanzer, “Promoting Peace?,” *House Committee on Foreign Affairs*, September 14, 2011, <http://foreignaffairs.house.gov/112/sch091411.pdf>

<sup>40</sup> Interview with former Palestinian Authority official, Jerusalem, September 8, 2011.

<sup>41</sup> Interview with Palestinian Authority official, Ramallah, September 8, 2011.

<sup>42</sup> Jonathan Ferziger and Saud Abu Ramadan, “Palestine Fund Says Hamas Seized Control of Gaza Office,” *Bloomberg*, March 3, 2011, [www.bloomberg.com/news/2011-03-03/palestine-fund-says-hamas-seized-control-of-gaza-office.html](http://www.bloomberg.com/news/2011-03-03/palestine-fund-says-hamas-seized-control-of-gaza-office.html).

<sup>43</sup> Phone interview with an official from the American International School in Gaza, July 5, 2012.

Gaza, it requires an explanation. It would also be useful to understand the reason for the fund's presence in a school receiving assistance from USAID. In a conversation prior to submitting this testimony, PIF counsel indicated that they would look into this matter.

### **The Gaza Power Plant**

An explanation should also be provided about the Palestinian Authority's arrangement with the power plant in the Gaza Strip. As I noted in my testimony to the full committee last year, electricity in Gaza is produced by a power plant that is guaranteed by the PA. And although the PA produces the electricity, Hamas collects the money that is billed to the customers.

As one former advisor told me, "the Hamas authorities collect their bills from customers in Gaza, but never send the funds back to the West Bank. And the PA continues to foot the bill." It should also be noted that Hamas government institutions and prominent Hamas members simply don't pay their bills. The PA covers them, as well.<sup>44</sup>

In other words, Abbas allows Hamas' cadres to raise funds by collecting money from Gazans for electricity that they don't generate. And because U.S. taxpayer money supports the PA, Washington is enabling Hamas to add to its coffers with those funds.

### **Limiting Press Freedoms**

Washington also appears to be enabling the Palestinian Authority to suppress domestic dissent. In April, Ma'an News Agency reported that Palestinian officials had "quietly instructed Internet providers to block access to news websites whose reporting is critical of President Mahmoud Abbas."<sup>45</sup>

All signs suggest the order to shut the websites came straight from the top. Ma'an reported that Palestinian Authority Attorney General Ahmad al-Mughni personally delivered the order, but that he "was acting on instructions from higher up in the government—either from the president's office or an intelligence director."<sup>46</sup>

Mughni had already come under fire for other draconian efforts to muzzle free speech. In January 2012, Palestinian security forces arrested *Al-Ahram* reporter Khaled Amayreh for criticizing Abbas and referring to Hamas strongman Ismail Haniyeh as the "legitimate Palestinian prime minister."<sup>47</sup> The Palestinian Authority had also detained several journalists and bloggers for critical writing.<sup>48</sup> Among them was Jamal Abu Rihan, a Palestinian blogger who ran the Facebook page "The people want an end to corruption."<sup>49</sup>

<sup>44</sup> Interview with former Palestinian Authority advisor, London, July 21, 2011.

<sup>45</sup> George Hale, "Palestinian Media Clampdown Spreads to the Web," *Ma'an News Agency*, April 23, 2012, [www.maannews.net/eng/ViewDetails.aspx?ID=478726](http://www.maannews.net/eng/ViewDetails.aspx?ID=478726).

<sup>46</sup> Ibid.

<sup>47</sup> Khaled Abu Toameh, "PA Security Forces Summon Palestinian Journalist Who Criticized Leadership," *The Jerusalem Post*, January 10, 2012, [www.jpost.com/MiddleEast/Article.aspx?id=252914](http://www.jpost.com/MiddleEast/Article.aspx?id=252914).

<sup>48</sup> "Concern About Health of Woman Journalist Held for Facebook Comments," *Reports Without Borders*, April 6, 2012, [http://en.rsf.org/palestinian-terr-concern-about-health-of-woman-06-04-2012\\_42271.html](http://en.rsf.org/palestinian-terr-concern-about-health-of-woman-06-04-2012_42271.html);

According to the Palestinian human rights group al-Haq, “It is difficult to know exactly how many people have been detained in violation of the right to freedom of expression because victims, in many cases, are charged with or accused of penal offenses to mask the political motivation behind their arrest.”<sup>50</sup> In some cases, arrests appear to be roundups of Hamas supporters. In others, they appear to be aimed at non-violent political opponents or critics of the Abbas regime.

The repression also extends beyond Palestinian outlets. In July 2009, the Palestinian Authority banned Al-Jazeera from operating in the West Bank<sup>51</sup> for a few days after the news channel reported on allegations that Mahmoud Abbas and former Gaza security chief Mohammad Dahlan were accomplices in the death of Yasser Arafat.<sup>52</sup> In January 2011, following the channel’s publication of the “Palestine Papers,”<sup>53</sup> internal documents related to Israeli-Palestinian peace negotiations, Palestinian security officers attempted to storm Al-Jazeera’s Ramallah offices.<sup>54</sup>

In April 2011, Human Rights Watch issued a 35-page report titled “No News is Good News: Abuses Against Journalists by Palestinian Security Forces.” It revealed that Palestinian journalists in the West Bank “have had their equipment confiscated and been arbitrarily detained, barred from traveling abroad, assaulted, and, in one case, tortured, by Palestinian security services.”<sup>55</sup>

The PA has not only silenced critical voices through official channels. At times, it has also resorted to extrajudicial means. This was revealed through a series of cyber attacks on the aforementioned InLight Press.

On January 28, hackers took down InLight Press,<sup>56</sup> after the site alleged that Abbas had ordered his security forces to tap his political opponents’ phones.<sup>57</sup> When InLight Press

“Palestinian Security Forces Question 2 Journalists,” *Associated Press*, February 1, 2012, [www.guardian.co.uk/world/feedarticle/10071661](http://www.guardian.co.uk/world/feedarticle/10071661).

<sup>49</sup> Khaled Abu Toameh, “PA Arrests Man for Facebook Anti-Corruption Drive,” *The Jerusalem Post*, April 7, 2012, [www.jpost.com/MiddleEast/Article.aspx?id=265181](http://www.jpost.com/MiddleEast/Article.aspx?id=265181).

<sup>50</sup> “PA Arrests Palestinian Cartoonist,” *Al-Haq*, April 19, 2012, [www.alhaq.org/documentation/weekly-focuses/562-pa-arrests-palestinian-cartoonist-](http://www.alhaq.org/documentation/weekly-focuses/562-pa-arrests-palestinian-cartoonist-).

<sup>51</sup> “Palestinians Ban Al-Jazeera for Airing Arafat Conspiracy Allegations,” *Reuters*, July 15, 2009, [www.haaretz.com/news/palestinians-ban-al-jazeera-for-airing-arafat-conspiracy-allegations-1.280060](http://www.haaretz.com/news/palestinians-ban-al-jazeera-for-airing-arafat-conspiracy-allegations-1.280060).

<sup>52</sup> Khaled Abu Toameh, “PLO Calls Estranged Leader Qaddoumi ‘Deranged’,” *The Jerusalem Post*, July 15, 2009, [www.jpost.com/MiddleEast/Article.aspx?id=148684](http://www.jpost.com/MiddleEast/Article.aspx?id=148684).

<sup>53</sup> “The Palestine Papers,” *Al-Jazeera*, Accessed July 5, 2012, [www.aljazeera.com/palestinepapers/](http://www.aljazeera.com/palestinepapers/).

<sup>54</sup> Robert Mackey, “Palestinian Police Are Said to Have Participated in Protest Against Al Jazeera,” *The New York Times*, January 25, 2011, <http://thelede.blogs.nytimes.com/2011/01/25/palestinian-police-are-said-to-have-participated-in-protest-at-al-jazeera/>.

<sup>55</sup> “West Bank/Gaza: Stop Harassing Journalists,” *Human Rights Watch*, April 6, 2011, [www.hrw.org/news/2011/04/06/west-bankgaza-stop-harassing-journalists](http://www.hrw.org/news/2011/04/06/west-bankgaza-stop-harassing-journalists).

<sup>56</sup> Challah Hu Akbar, “Mahmoud Abbas Launches Attack Against InLightPress,” *Israellycool*, January 30, 2012, [www.israellycool.com/2012/01/30/mahmoud-abbas-launches-attack-against-inlightpress/](http://www.israellycool.com/2012/01/30/mahmoud-abbas-launches-attack-against-inlightpress/).

<sup>57</sup> Challah Hu Akbar, “Report: Mahmoud Abbas Monitoring Phones of Top Palestinian Figures,” *Israellycool*, January 20, 2012, [www.israellycool.com/2012/01/20/report-mahmoud-abbas-monitoring-phones-of-top-palestinian-figures/](http://www.israellycool.com/2012/01/20/report-mahmoud-abbas-monitoring-phones-of-top-palestinian-figures/).

returned online, its editors claimed the cyber attack “came from the Palestinian Authority with the approval of President Abbas.”<sup>58</sup>

A week later, on February 3, InLight Press was hacked again,<sup>59</sup> but it continued to publish scathing criticism of Abbas and the Palestinian Authority as soon as it came back online. In response, the Palestinian leadership blocked access to InLight Press in the territories.<sup>60</sup> Days later, the Gaza-based website Amad, which is also critical of Abbas, reported that Palestinian users could not access its website because the Palestinian government had blocked it.<sup>61</sup>

In an apparent confirmation, InLightPress quoted a Telecommunications and Information Technology Ministry official who claimed that the site was spreading “sedition and lies to break up the structure of Palestinian society.” As a result, he claimed, the PA had the “right to defend... against this malicious and suspicious campaign.”<sup>62</sup>

The West Bank erupted in scandal when Ma’an revealed the extent of the censorship.<sup>63</sup> On April 25, the Palestinian Telecommunications Company (Paltel) issued a statement admitting it had “no choice except to abide by” orders from Palestinian officials to block websites.<sup>64</sup> On April 26, Palestinian Minister of Communication and Information Technology Mashour Abu Daka resigned, citing “personal reasons” for his departure.<sup>65</sup>

Though Abbas has since reversed the censorship order, there appears to be no law criminalizing what the PA has done.<sup>66</sup> Washington, meanwhile, has failed to demand an explanation.

### Crushing Political Opposition

Our inability to hold President Abbas accountable has wider implications. The Palestinian leader is 77 years old, and smokes heavily. He will not be around forever. Moreover, he is now years past the end of his legitimate presidential term, which expired in 2009. Yet

<sup>58</sup> Challah Hu Akbar, “InLightPress Slams Mahmoud Abbas Over Hacking Attack,” *Israellycool*, February 1, 2012, [www.israellycool.com/2012/02/01/inlightpress-slams-mahmoud-abbas-over-hacking-attack/](http://www.israellycool.com/2012/02/01/inlightpress-slams-mahmoud-abbas-over-hacking-attack/).

<sup>59</sup> Challah Hu Akbar, “Mahmoud Abbas Orders Another Attack On InLightPress,” *Israellycool*, February 3, 2012, [www.israellycool.com/2012/02/03/mahmoud-abbas-orders-another-attack-on-inlightpress/](http://www.israellycool.com/2012/02/03/mahmoud-abbas-orders-another-attack-on-inlightpress/).

<sup>60</sup> Challah Hu Akbar, “Palestinian Authority Blocks Access To InLightPress,” *Israellycool*, February 9, 2012, [www.israellycool.com/2012/02/09/palestinian-authority-blocks-access-to-inlightpress/](http://www.israellycool.com/2012/02/09/palestinian-authority-blocks-access-to-inlightpress/).

<sup>61</sup> “Palestinian Intelligence Ordered the Telecommunications Company to Block Amad,” *Amad*, February 12, 2012, [www.amad.ps/arabic/?action=detail&id=76964](http://www.amad.ps/arabic/?action=detail&id=76964). (Arabic)

<sup>62</sup> “Palestinian Communications Ministers Admits to Targeting InLight Press,” *InLight Press*, February 14, 2012, [http://inlightpress.com/index.php?option=com\\_content&view=article&id=9094:2012-02-14-10-02-03&catid=3:2011-07-04-18-39-20&Itemid=304](http://inlightpress.com/index.php?option=com_content&view=article&id=9094:2012-02-14-10-02-03&catid=3:2011-07-04-18-39-20&Itemid=304). (Arabic)

<sup>63</sup> George Hale, “Palestinian Media Clampdown Spreads to the Web,” *Ma’an News Agency*, April 23, 2012, [www.maannews.net/eng/ViewDetails.aspx?ID=478726](http://www.maannews.net/eng/ViewDetails.aspx?ID=478726).

<sup>64</sup> George Hale, “PalTel: No Choice in Web Censorship Orders,” *Ma’an News Agency*, April 25, 2012, [www.maannews.net/eng/ViewDetails.aspx?ID=479638](http://www.maannews.net/eng/ViewDetails.aspx?ID=479638).

<sup>65</sup> Khaled Abu Toameh, “PA Minister Resigns Amid Censorship Row,” *The Jerusalem Post*, April 26, 2012, [www.jpost.com/MiddleEast/Article.aspx?id=267666](http://www.jpost.com/MiddleEast/Article.aspx?id=267666).

<sup>66</sup> George Hale and Wajde al-Jafari, “Abbas Lifts Ban on Critical Websites,” *Ma’an News Agency*, May 5, 2012, [www.maannews.net/eng/ViewDetails.aspx?ID=482586](http://www.maannews.net/eng/ViewDetails.aspx?ID=482586).

he has no vice president, and no heir apparent. Worse, he has engaged in an aggressive campaign to neutralize his political opponents.

Most notably, Abbas has hounded Mohammad Rachid, fining and sentencing him to prison in a predictably swift trial. But other potential political challengers have suffered, too.

On January 9, at Abbas' behest, Jordan's Central Bank reportedly seized the assets of former Gaza official Mohammed Dahlan. Reports suggest that Dahlan's assets in Jordan amounted to 10 million Jordanian dinars (\$14.1 million) or more.<sup>67</sup>

The allegations of Dahlan's corruption are not easily refuted. During the heyday of the Oslo process in the 1990s, he and a cadre of Arafat loyalists controlled Gaza's border with Israel, extracting taxes from every truck that entered. One former Palestinian Authority official confirms that these men skimmed funds, and kept most of their finances off the books until Prime Minister Salaam Fayyad began to implement transparency measures in 2003 and 2004.

But this is not why Abbas went after him. The feud between Dahlan and the Palestinian leader dates back to the mid-1990s, when Dahlan, a young PLO member, was named head of preventive security in Gaza, making him one of the more powerful figures in the PA. Abbas, who was among the earliest Fatah members in the 1950s, reportedly viewed Dahlan as little more than a young thug from Gaza.

When Abbas became president in 2005, he surprisingly kept Dahlan on as national security advisor. Like many other senior officials, Dahlan knew too much about the way that the PA operated, so it was safer to keep him on the inside. Dahlan further ensured his political survival when he won election to the Palestinian Legislative Council in 2006.

The unraveling occurred in the summer of 2007, when Hamas overran the Gaza Strip and decimated the PA forces there. Someone needed to be blamed. Although Dahlan had been out of the country for medical treatment, Fatah figures began calling for his removal. Dahlan resigned, though he affirmed his loyalty to Abbas.<sup>68</sup>

At the time, amid fears of a similar Hamas takeover in the West Bank, the PA was in complete disarray. Bush administration officials moved quickly to stabilize the situation, and sought out people they could trust in Ramallah. By October, Washington was actively pushing Dahlan, who maintained strong ties with U.S. intelligence and the Israeli defense establishment, to serve as Abbas' deputy in the newly-formed emergency government. Abbas rejected this suggestion, and the feud went public.

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<sup>67</sup> Khaled Abu Toameh, "Jordan Seizes Assets of Mohammed Dahlan," *The Jerusalem Post*, January 11, 2011, [www.jpost.com/MiddleEast/Article.aspx?id=253088](http://www.jpost.com/MiddleEast/Article.aspx?id=253088).

<sup>68</sup> Isabel Kershner, "Abbas Aide Resigns in Wake of Fatah Rout in Gaza," *The New York Times*, July 27, 2007, [www.nytimes.com/2007/07/27/world/middleeast/27mideast.html](http://www.nytimes.com/2007/07/27/world/middleeast/27mideast.html).

By 2008, Dahlan spent most of his time in Cairo. But his popularity had not waned within Fatah. In 2009, the party named him to the Fatah central committee, a group responsible for many key decisions.<sup>69</sup> Emboldened, Dahlan brazenly challenged Abbas' lack of transparency and increasingly tight grip on power. He even went as far as to call for Fatah elections to select new leadership—a direct affront to Abbas.

In 2009, Dahlan opened a TV station, *Falastin al-Ghad* (Palestine Tomorrow), in the West Bank. In early December 2010, however, Abbas shut it down.<sup>70</sup> Amid reports that Dahlan was maneuvering to succeed him, Abbas ordered an investigation into allegations that Dahlan had embezzled public funds.<sup>71</sup> By the end of 2010, Abbas had Dahlan's membership in Fatah's central committee suspended.<sup>72</sup>

In July 2011, Abbas arrested 15 of Dahlan's supporters,<sup>73</sup> and Palestinian security forces raided Dahlan's villa in Ramallah, arresting more than 20 security guards and confiscating two cars and more than a dozen weapons.<sup>74</sup> In view of Dahlan's immunity as a member of the Palestinian Legislative Council, this was widely viewed as illegal.

Dahlan fired back, alleging that Abbas stole more than \$1 billion from the PIF.<sup>75</sup> The Abbas camp responded with a 118-page report alleging Dahlan had stolen \$300 million in aid from the United States, and poisoned Arafat.<sup>76</sup> In August 2011, an official noted that Dahlan's expulsion from Fatah "is now final. It can't be appealed or canceled."<sup>77</sup>

Another casualty of the Abbas regime is prime minister Salaam Fayyad. Once hailed as the Palestinian leader who could deliver "transparent, accountable administration and services,"<sup>78</sup> Fayyad is now marginalized.

<sup>69</sup> "PENPIX-Influential Figures in New Leading Fatah Body," *Reuters*, August 11, 2009, [www.reuters.com/article/2009/08/11/idUSL698962](http://www.reuters.com/article/2009/08/11/idUSL698962).

<sup>70</sup> "PA Closes TV Station Linked to Dahlan," *Ma'an News Agency*, December 4, 2010, [www.maannews.net/eng/ViewDetails.aspx?ID=338711](http://www.maannews.net/eng/ViewDetails.aspx?ID=338711).

<sup>71</sup> Khaled Abu Toameh, "'Abbas Fears Dahlan Trying to Take His Place'," *The Jerusalem Post*, December 5, 2010, [www.jpost.com/MiddleEast/Article.aspx?id=198141](http://www.jpost.com/MiddleEast/Article.aspx?id=198141).

<sup>72</sup> Maher Abukhater, "WEST BANK: Onetime Fatah Strongman Dahlan Struggling to Get Out of a Quagmire," *Los Angeles Times*, December 29, 2010, <http://latimesblogs.latimes.com/babylonbeyond/2010/12/west-bank-fatah-strongman-dahlan-struggling-to-get-out-of-a-quagmire.html>.

<sup>73</sup> Khaled Abu Toameh, "Palestinian Security Forces Nab Mohammed Dahlan Supporters," *The Jerusalem Post*, July 26, 2011, [www.jpost.com/MiddleEast/Article.aspx?id=230978](http://www.jpost.com/MiddleEast/Article.aspx?id=230978).

<sup>74</sup> "Palestinian Police Raid Home of President's Rival, Arrest 23 Guards," *Associated Press*, July 28, 2011, [www.haaretz.com/news/diplomacy-defense/palestinian-police-raid-home-of-president-s-rival-arrest-23-guards-1.375754](http://www.haaretz.com/news/diplomacy-defense/palestinian-police-raid-home-of-president-s-rival-arrest-23-guards-1.375754).

<sup>75</sup> Khaled Abu Toameh, "'Abbas 'Feels He's Above the Law,' Charges Dahlan," *The Jerusalem Post*, July 31, 2011, [www.jpost.com/MiddleEast/Article.aspx?id=231686](http://www.jpost.com/MiddleEast/Article.aspx?id=231686).

<sup>76</sup> "Fatah: Ex-Gaza Strongman Mohammed Dahlan Poisoned Arafat," *Associated Press*, August 8, 2011, [www.haaretz.com/news/middle-east/fatah-ex-gaza-strongman-mohammed-dahlan-poisoned-arafat-1.377635](http://www.haaretz.com/news/middle-east/fatah-ex-gaza-strongman-mohammed-dahlan-poisoned-arafat-1.377635).

<sup>77</sup> "Fatah Ratifies Dahlan's Final Sacking Decision," *Wafa*, August 14, 2011, <http://english.wafa.ps/index.php?action=detail&id=16988>.

<sup>78</sup> Thomas Friedman, "Green Shoots in Palestine," *The New York Times*, August 4, 2009, [www.nytimes.com/2009/08/05/opinion/05friedman.html](http://www.nytimes.com/2009/08/05/opinion/05friedman.html).

Ironically, Abbas has marginalized this genuine reformer by charging Fayyad's cabinet with corruption. Last November, the Palestinian prosecutor-general charged former Economy Minister Hassan Abu Libdeh with corruption.<sup>79</sup> The charges—breach of trust, fraud, insider trading, and embezzlement of public funds—date back to Abu Libdeh's tenure as director of the Palestinian Capital Market Authority in 2008. In August 2011, the Palestinian Anti-Corruption Commission also charged former Agriculture Minister Ismail Daiq with corruption.<sup>80</sup>

In the Palestinian Authority, corruption probes aren't launched unless the president wants them launched. In this case, Abbas has engineered these latest scandals to discredit Fayyad and cast doubt on the prime minister's ability to deliver on his celebrated mandate of countering corruption. After all, the corruption goes to the highest levels of the Palestinian Authority, and Fayyad himself appointed the officials in question.

According to officials who work with them, the two figureheads of the Palestinian Authority are barely on speaking terms. Fayyad has become a glorified accountant, capitalizing on his strong relationship with international donors to collect checks that allow his government to pay salaries, while Abbas pursues a provocative foreign policy that endangers those sources of funding.

Other victims of Abbas' campaign against his political opponents include former Gaza-based Fatah official Samir Mashharawi,<sup>81</sup> PLO secretary-general Yasser Abd Rabbo,<sup>82</sup> and long-time PLO and Fatah insider Farouk Kaddoumi.<sup>83</sup>

### Cracking Down on Protests

On June 30, Palestinians began challenging Abbas' rule. It started when young Palestinians in Ramallah protested a scheduled meeting between Abbas and Israeli vice premier Shaul Mofaz. According to the Ma'an News Agency, the protesters "were blocked by riot police and some plain clothes agents." Palestinian forces attacked protesters and journalists. Ma'an reported that at least six people were injured, and six others were detained.<sup>84</sup>

The following day, as protesters organized with the help of social media, Palestinians took to the streets again calling on the PA to "end negotiations with Israel" and for "the

<sup>79</sup> Khaled Abu Toameh, "PA Economy Minister Charged With Corruption," *The Jerusalem Post*, November 29, 2011, [www.jpost.com/MiddleEast/Article.aspx?id=247466](http://www.jpost.com/MiddleEast/Article.aspx?id=247466).

<sup>80</sup> "Anti-Corruption Committee: Minister to Face Court," *Ma'an News Agency*, August 22, 2011, <http://maannews.net/ENG/ViewDetails.aspx?ID=415389>.

<sup>81</sup> "Fatah Central Committee Expels Member Of Revolutionary Council Mashharawi," *Wafa*, January 30, 2012, <http://english.wafa.ps/index.php?action=detail&id=18863>.

<sup>82</sup> "Palestinian President Sacks Abed Rabbo From Media Position," *Al Quds Al Arabi*, April 25, 2012, [www.alquds.co.uk/index.asp?fname=today\25z500.htm&arc=data\2012\04\04-25\25z500.htm](http://www.alquds.co.uk/index.asp?fname=today\25z500.htm&arc=data\2012\04\04-25\25z500.htm). (Arabic)

<sup>83</sup> "Civil Sore," *Newsweek*, July 22, 2009, [www.thedailybeast.com/newsweek/2009/07/22/civil-sore.html](http://www.thedailybeast.com/newsweek/2009/07/22/civil-sore.html).

<sup>84</sup> "PA Security Clash with Protesters in Ramallah," *Ma'an News Agency*, June 30, 2012, [www.maannews.net/eng/ViewDetails.aspx?ID=500066](http://www.maannews.net/eng/ViewDetails.aspx?ID=500066).

police to respect free speech.”<sup>85</sup> According to Ma’an, “Police attacked protesters with batons, beating and injuring at least seven people. Another seven protesters were taken to a police station along with at least two journalists.”<sup>86</sup>

Eyewitnesses told the Palestinian Center for Human Rights “that the Chief of Police in Ramallah... Colonel Abdul Latif Qaddoumi and his assistant, Mohammed Abu Bakr, were present and participated in the use of force against the demonstrators.”<sup>87</sup> Palestinian activists have since called for the dismissal of Ramallah’s police chief.<sup>88</sup>

On July 3, protesters once again took to the streets of Ramallah, calling on the Palestinian leadership to end negotiations with Israel and to respect freedom of speech. After beginning in the central Manara Square, the protesters headed for the presidential Muqata compound. Outside of Abbas’ offices, protesters chanted, “The people want to bring down Oslo,” “Down with military rule,” and “No to negotiations.”<sup>89</sup>

After a third rally, the demonstrations subsided, but the people remain unsatisfied with the status quo.

## Recommendations

Corruption allegations, power struggles, hacking scandals, and this summer’s demonstrations are all increasing pressure on Mahmoud Abbas. This creates an opportunity for Washington to help effect change.

For starters, Washington should simply acknowledge that there is a problem. The staff at the U.S. Consulate General in East Jerusalem reportedly knows that Palestinians believe their ruling elites are corrupt. But for reasons that are not entirely clear, the State Department has yet to issue a clear statement to address the issue, or what it intends to do about it.

Washington’s decision-makers are apparently concerned that weakening Abbas in any way could open the door for Hamas to take power. But this is shortsighted. If steps are not immediately taken to hold the Palestinian Authority responsible for corruption, Hamas will exploit the problem. Hamas, after all, won the 2006 legislative elections on a campaign that centered on fighting corruption. And frustrations over corruption were an

<sup>85</sup> “Injuries, Arrests Reported at New Ramallah Demo,” *Ma’an News Agency*, July 1, 2012, [www.maannews.net/eng/ViewDetails.aspx?ID=500424](http://www.maannews.net/eng/ViewDetails.aspx?ID=500424).

<sup>86</sup> “PA Police Crush New Ramallah Demo,” *Ma’an News Agency*, July 1, 2012, [www.maannews.net/eng/ViewDetails.aspx?ID=500441](http://www.maannews.net/eng/ViewDetails.aspx?ID=500441).

<sup>87</sup> PCHR Strongly Condemns the Use of Force Against Peaceful Demonstrations in Ramallah,” *Palestinian Center for Human Rights*, July 2, 2012.

[www.pchrgaza.org/portal/en/index.php?option=com\\_content&view=article&id=8591:pchr-strongly-condemns-the-use-of-force-against-peaceful-demonstrations-in-ramallah-&catid=36:pchrpressreleases&Itemid=194](http://www.pchrgaza.org/portal/en/index.php?option=com_content&view=article&id=8591:pchr-strongly-condemns-the-use-of-force-against-peaceful-demonstrations-in-ramallah-&catid=36:pchrpressreleases&Itemid=194).

<sup>88</sup> “Activists Call for Ramallah Police Director Dismissal,” *Ma’an News Agency*, July 2, 2012, [www.maannews.net/eng/ViewDetails.aspx?ID=500566](http://www.maannews.net/eng/ViewDetails.aspx?ID=500566).

<sup>89</sup> “Live Report: Ramallah Protests,” *Ma’an News Agency*, July 3, 2012, [www.maannews.net/eng/ViewDetails.aspx?ID=501059](http://www.maannews.net/eng/ViewDetails.aspx?ID=501059).

important element of the Arab Spring uprisings that have toppled several leaders across the region.

More broadly, there is an important message the Palestinians must hear: The conflict with Israel is not the only obstacle to independence. If self-governance is their goal, Palestinians must grapple with corruption, too. Are American diplomats ready to impart that message?

Washington also has other tools at its disposal, namely \$600 million in annual aid.<sup>90</sup> This does not mean we should threaten to cut all of it. But we squander our influence if we fail to warn the Abbas government that unless it tackles the corruption problem, we may begin to withhold certain line items. When we identify specific areas of corruption, we should withhold aid from them, and restore it only when the problems are addressed.

Finally, with enough political will, Congress could even press the President for an executive order on Palestinian corruption. Such a move would underscore the seriousness of the problem and send a signal to violators that the U.S. government will no longer tolerate the widespread corruption that has become prevalent in the Palestinian Authority.

Mr. Chairman, on behalf of the Foundation for Defense of Democracies, I thank you again for the opportunity to testify.

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<sup>90</sup> Jim Zanotti, "U.S. Foreign Aid to the Palestinians," *Congressional Research Service*, May 31, 2011, [www.fas.org/sgp/crs/mideast/RS22967.pdf](http://www.fas.org/sgp/crs/mideast/RS22967.pdf)