



# The Current Challenges of Lebanon and Repercussions for the Region<sup>1</sup>

## Policy Brief

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### 1. Background

- [October 17, 2019](#): revolution was sparked in the streets of Beirut, leading to protests in numerous other cities. Citizens demanded the resignation of the administration led by Prime Minister Saad Al Hariri. They also demanded the resignation of the President Michel Aoun, a change in the political system alongside other reforms.
- [October 29, 2019](#): After twelve days of consecutive protests, street blockages, and a state public paralysation, Prime Minister Al Hariri announced the resignation of his government.
- Revolutions continued to take place and the economic situation started to deteriorate. Citizens rushed to the banks to withdraw their assets, fearing the collapse of the central bank. This situation harmed the economy, and ultimately led to a severe devaluation of the lira. Before the revolution, 1\$ was equal to 1,500 liras, then only months after the revolution Lebanon started to witness a currency crisis. Nonetheless, protests continued not only in Lebanon, but also in Lebanese diaspora communities.
- [January 21, 2021](#): a technocratic government was formed, with Hassan Diab as Prime Minister.
- With the advent of the COVID-19 pandemic and general business closures, although protesters left the streets, the economy continued its fall, which created a further stagnation in the economy. The Lebanese societal segment belonging to the middle class started to fade, slipping into lower income segments. The Lebanese government was already in debt and now more than ever the corruption of the state started to make national and international headlines.
- [August 4, 2020](#): The third biggest explosion in modern history took place in the Beirut Port leaving thousands of casualties. People lost their families, homes, jobs... In the aftermath, people took their demands for justice and the resignation of the government to the streets.

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<sup>1</sup> On 28 June 2021, a webinar was held on “*The Current Challenges of Lebanon and Repercussions for the Region and Europe*” by “Beyond the Horizon.” The speakers had diverse backgrounds to address and comment on the situation from different facets. Brigadier General (ret.) Maroun Hitti, former “Special Defense and Military Advisor” to the President of the Council of Ministers of the Republic of Lebanon addressed the situation from a security point of view. Mr. Obada Al-Ladan, economist and senior producer in the business desk at Al Arabiya, analysed the economic crisis and its consequences. Ibrahim Jouhari, a senior political analyst and electoral expert, commented on the political deadlock and highlighted the threats of legal and illegal immigrations (Beyond the Horizon, 2021). This is a commentary expanding upon the webinar, with deep analyses of the crisis, and recommendations.

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- [August 10, 2020](#): the Diab government resigned and since then, despite international pressure, political elites have not been able to form a government to date. The political deadlock is not likely to be resolved without a major change.
- The lira kept on devaluating reaching as of 20 July the level of [1\\$ = 21,850](#) liras in the open market.
- All goods saw massive price increases, leading to shortage in medicines, and ending with the recent fuel crisis which saw Lebanese drivers began lining up for hours in search of fuel. The situation became increasingly unstable until gas stations and their employees became targets of vandalism and attacks. Security forces were deployed to control the situation.

## 2. Analysis

### 2.1. Political Crisis

#### What are the [Main Reasons](#) behind the Political Deadlock?

The credibility of the Lebanese political system and government has been eroded in an irreversible way due to the consequences of the events that have been happening since the start of the revolution. Lebanese political elites bear special responsibility, especially through their implication in efforts to block a solution by stipulating wishful conditions, putting their political future before the Lebanese people. A desperate international search for the right audience to discuss and solve the problem has also been largely ineffective. [President Macron](#), who has visited the country three times since the start of the events in an effort to speed up the formation of a government, has been unsuccessful in outlining a clear path out of the crisis. The deep concern he expressed and stipulation of implementing urgent reforms in exchange for receiving financial support and international aid from the international community has been unsuccessful thus far.

A closer look into the reasons of the political deadlock indicates diverging political interests of different political actors or blocs all (ab)using the condition in the country to various political ends.

Gibran Bassil, the President Michel Aoun's son-in-law who aspires to replace the latter in 2022, intends to take part in the government with "one third +1" seats or as widely dubbed by a "blocking third". One third + 1 seats practically means the ability to block any government decision, to topple the government, or to stop the council of ministers from convening a session. Additionally, if "the blocking third" resigns this means that the parliament can neither fulfil its duties nor legislate. Both President Aoun and Hezbollah support the "Basil battle" under the slogan it is either "Gibran or Chaos" for different reasons, the former for succession of his seat to his son-in-law.

As for Hezbollah, it is influential in the Lebanese situation by the strength of its weapons, and through its possession of the parliamentary majority of [68 deputies](#) from its bloc (13 seats) and the blocs allied with it. The major political parties that ally themselves with Hezbollah are the Amal Movement (15 seats) and Free Patriotic Movement (22 seats). Noting that the FPM party is the party led previously by the President of the Republic. Other small parties are the Maronite

Christian Marada party, the Syrian Socialist Nationalist Party, the Baath Party, the Armenian Tashnag, the Druze Lebanese Democratic Party, and new Sunni candidates which have 3 or less seats.

Despite Secretary-General Hassan Nasrallah's declaration of his adherence to Hariri to form a government, he supported Bassil's position to block Hariri's potential formation. This is also regardless of Nasrallah's recent statements about his support for Parliament Speaker Nabih Berri to mediate between Aoun and Hariri. The main motivation of Hezbollah is to support wider Iranian ambitions. Iran wants to use Lebanon as a bargaining chip in negotiations over its nuclear program for abolition of US sanctions. General (ret.) Maroun Hitti, while diagnosing the Lebanese disease, says the de facto situation they are facing is an "occupation" and expressing it with an even more direct and sharp statement, saying: "*Lebanon is a country under occupation. We are under Iranian occupation. Our national decisions, our sovereignty are taken into custody by Hezbollah, by Iran through Hezbollah, and with the complicity of the Syrian regime and intelligence.*" He argues the things Lebanon experiences is the net result of political elites' actions to align the country with the rogue regimes. Anything that misses to address this fact, such like assisting LAF, would be just treating the symptoms. Lebanon needs to regain full independence.

Although playing rather subsidiary roles, a few other factors can be added. Primarily, external pressures can be cited, such as the American pressures to prevent Hezbollah from participating in the government formation, in addition to sanctions against Lebanese politicians, on charges of corruption.

Besides, President Aoun wants to deviate from the Taif Constitution, and to play the role of a "strong president" who restores the powers of the President of the Republic that were enshrined in the Constitution of the first republic.

The sectarian system in Lebanon, which is being used by Aoun and Bassil under the pretext of defending the "rights of Christians" has lately prompted the Maronite Patriarch Bechara Al-Rahi to say, "We do not want to defend the rights of Christians, but we want to defend the rights of all Lebanese.", a position shared by wider Maronite segments of the Lebanese society, rejecting assertions by Aoun and Bassil.

### **Patriarch Bechara al Rai Statement**

Since the creation of the country, Lebanese religious leaders have played an important role in its political decisions. Amid the deteriorating situation that amounts to Lebanon becoming a failing state, and the continuous failure of his initiatives to reconcile President Michel Aoun and Prime Minister-designate Saad Hariri and create a government, the Patriarch Bechara al Rai released a [statement](#) on 27 February addressing the international community, politicians, and Lebanese citizens. In his statement, he made a call to organize a United Nation sponsored international conference to ensure Lebanon's neutrality and re-establish its international borders. Throughout his speech he indirectly addressed Hezbollah especially when he [said](#): "*There are no two states or states on one land. There are no two armies or armies in one country. And there are no two peoples or peoples in one country. Any manipulation of these*

*constants threatens the unity of the state*". It was clear that he was alluding to Hezbollah since it is the only militia present in Lebanon.

This speech received [critique](#) by Hassan Nasrallah, the Secretary General of Hezbollah and by the journalists that support this hybrid semi-political and semi-militia entity. They tried to undermine the words of the Patriarch hinting that he is "a spy", simply for wanting to remove the arms from this militia. A call to disarm Hezbollah, in their opinion is a call for war and surrender to the enemy because they believe their presence is the only reason Israel is not invading the country.

## **Are Elections a Way Out?**

For the political deadlock to end, [Ibrahim Jouhari](#) argues that elections should proceed as planned, on time. Accordingly, elections should be supervised by the international committee, to ensure integrity. Although the elections are not expected to bring forth too many new political actors (besides the current ones that cannot agree on a government), fresh blood has the potential to regenerate a more active political processes and the election results have the potential to push the new cast of political figures to resolve their differences more swiftly.

Although following the arguments of Jouhari, General (ret.) Maroun Hitti questions how the new elections will effectively improve the situation in the country? How will these elections ensure a change and overcome past dilemmas? In 2013 [elections](#) were supposed to take place, but disagreement around the new electoral system and district boundary delimitation caused the elections to be postponed several times until they took place in 2018. During that time, the parliament extended its mandate for a period of 2 years and 7 months in hopes of reaching an agreement. In [2014](#), the Presidential term ended for Michel Sleiman, and he stepped down from office. This has left the country without a head of state for more than 2 years due to a lack of the number of votes needed to elect Michel Aoun to the office as Hezbollah has demanded. Hezbollah has obstructed the presidential elections several times, sending "fighters" to the Martyr's square and centre of Beirut every time they feared a result that was not in its favour. Another reason behind this vacancy is the lack of any other bloc in the parliament with the majority needed to win. It was not until 2016 that President Micheal Aoun was elected with the same members of the parliament, who were elected in 2009.

## **2.2. Economic and Financial Crisis**

"The Lebanon financial and economic crisis is likely to rank in the top 10, possibly top three, most severe crises episodes globally since the mid-19<sup>th</sup> century". This is according to the Spring 2021 [Lebanon Economic Monitor](#) (LEM), which found Lebanon to be among the most severe global crises episodes over the 1957-2013 period. Its GDP dropped from around US\$ 55 billion in 2018 to an estimated US\$ 33 billion in 2020, with GDP/ capita falling by approximately 40%.

This severe crisis is visible for onlookers since Lebanese concerns move from value of their money in the banks to how the money will suffice to meet their basic needs. At the beginning of the revolution, people were not allowed to withdraw whatever amount of money they needed

in dollars. Banks specified how much a person could withdraw in dollars per day. Then the problem progressed to not being able to withdraw dollars at all on some days, or it would be at a great premium. Nowadays, the citizens are concerned about medicine, food supply, tuition fees, electricity, and fuel. What is frightening is the passive decision by the government not to do anything. To this day, the care-taker government has not decided to take any effective action. Half of the reserves of the Central Bank have been used up to subsidize necessities. However, it was done in a very inefficient way because it lacked an organized strategy. Prior to the crisis [foreign reserves](#) at the central bank were \$30 billion, as of March they had dropped to \$15 billion dollars and still no action has been taken to move from this dysfunctional state. The banking system had contained diaspora and Arab assets, and these were used to finance the system. However, nowadays the confidence in the banking system has faded and gaining it back will be challenging. But what remains attractive about Lebanon is its geographical location, natural resources, and human capital.

One of the main economic problems being faced in Lebanon is the inability of the caretaker government to decide on which subsidies to eliminate to address the financial crisis. Lebanon has a list of around [150 subsidies](#) that include flour, wheat, and bread... Recently, it added cocoa powder, cashew nuts, and saffron which received many critics who questioned the choice of these items over other more essential ones, for example sanitary pads for women. If the political actors do not reach an agreement on distribution of losses in subsidies and if this situation is not solved soon, money for subsidies will run out.

### **2.3. National Security**

The United States is placing several sanctions on Lebanon, when it comes to issues tied to Hezbollah. The U.S. Treasury Department in May 2021 sanctioned 7 Lebanese nationals, who were found to be funding the militia (Reuters, 2021). The US wants to block all sources of financial support to Hezbollah and this is not the first time that the Treasury Department had taken such a decision. On November 6, 2020, it [sanctioned Gibran Bassil](#), the son in law of the President and the President of the Free Patriotic Movement which is a Christian political party with the biggest number of seats in the Parliament.

As for the Lebanese Armed Forces (LAF), it is an independent army and not a regime army. It does not take initiatives on its own, like conducting coup d'état. Its task is to try to support the government, as well as to protect the people. It has so far played this role in a decent way, maintaining internal and external security of the country in an extremely turbulent time. It is also a [Western leaning](#) organization since the international community, particularly the US, has invested heavily in strengthening and equipping the LAF with weapons and foreign training.

However, the deteriorating economic situation has affected the LAF's entire budget. Soldiers get paid in lira and as the lira devaluates, their income is becoming increasingly worthless. A salary that was equal to 800\$/month is now worth \$90. As a solution for this problem, the LAF has put the soldiers on a [vegetarian diet](#) because they cannot afford to buy meat anymore. The questions left to be asked: how can a soldier support his/her family with this budget? How will they be able to buy the basic needs as well as afford education fees and bills? Soldiers cannot

attain sufficient income and feed their families. The answer to these questions is what the army has been witnessing lately, which is soldiers leaving their service and finding any other job with better payment. If the situation continues in this matter, the army is facing a major existential threat.

#### **2.4. Irregular outbound migration**

Currently, refugees are one of the main sources of constant fresh dollars entering the country through NGOs and international aid. However, having all sectors suffering and the middle class turning to any vacancy, Syrians in Lebanon are now having trouble finding jobs. As a result, if the drastic conditions continue, the number of illegal immigrants (Lebanese and Syrian) risking their lives to reach Europe will increase. This has the potential to present a major and alarming challenge for Europe.

For Europe and the United Kingdom, their fear is a collapse of the country, which will only lead to an increase in the number of refugees heading their way. This explains the international and European worries and support for the LAF to control the borders better. Europe has been trying since the beginning of the crisis to reach out and provide humanitarian and financial aid, especially through NGOs. One of their goals is to reduce the number of refugees reaching European shores and avoid the migration burden. Several NGOs that are based in Lebanon are European and besides working on their own, they also collaborate with the UN.

However, another negative consequence is the legal immigration; the brain drain that Lebanon is witnessing. Around [1,000](#) medical health professionals, doctors, and nurses have left some of the most important hospitals in Lebanon such as American University Hospital. Not to mention, engineers, technicians, and students who are supposed to be the future of the country, with strong potential, who are now immigrating to any other country and working in any job opportunity they come across due to their desperation.

### **3. Conclusion & Policy Recommendations:**

The ongoing Lebanese political deadlock has caused a domino effect, inflicting severe damage on the economy, which further harmed the living conditions of the Lebanese and Syrians living in Lebanon ultimately causing them to immigrate legally or illegally. This crisis has also affected the LAF Internal Security Forces (ISF), the most important force for domestic security. The government is already absent and if the army disintegrates, the country will become a failed state, a situation that frightens the international community. The international community has realized the severity of the problem and countries like France, US, and some Arab states have started sending [food assistance](#) to the LAF and ISF. However, this aid will only assist in maintaining the minimal operational capacity in the short run. As for the long run, such efforts should not only continue but increase. There must be urgent humanitarian and crisis management aid and an insistence by the international community to hold elections on time and under required safety measures.

Macron's visit to Lebanon and his demands for reforms in return for international aid brought no result. France could have better used its connections with the Maronite Patriarch to make

pressure on the Maronite President Aoun. His demand, voiced to already discredited figures, only gave time for the political elites to kill protesters' energy in the light of the Beirut explosion. Likewise, France has also been lenient on Hezbollah due to its business interests with Iran. Macron must take firm actions and not just promises.

If drastic changes are not taken, Lebanon is not likely to recover in the foreseeable future. More than half the population is now below the poverty line. The current politicians have proven their inability to put their differences aside and save the country. Transparency and justice are the two most essential elements that the Lebanese politicians and ministries lack. Hence, there is need for an external international monitoring to hold every corrupt politician and director in high positions accountable once the dust settles.

The West's and Macron's main problem was not finding an alternative political figure or entity to reach out to. His plans rested on the same politicians. This issue is not only of international concern since they cannot find a new face to negotiate with, but of national one too. Lebanese elections are set to be held next year in 2022 and without an organized party with a clear program, a change is unlikely. For people to put their confidence in a new politician and vote, he/she must present firm arguments as to why the citizens should prefer him/her and deviate from their usual selection. The protesters in the streets are divided, not subscribing to one political thought or affiliation. Each group has a different view, starting with where they stand with the presence of Hezbollah. Hence, a first step towards a solution is for the October 2019 revolution to find a face for itself, a leader to whom international negotiations and support can be addressed.

Another solution plausible solution, other than that of the Western assistance, is "fresh dollars" to address the dilemma of the devaluation of the lira. Other than international aid for the refugees, the IMF is another source for this funding. As a result, a solution needs to be found with the IMF, as well as a settlement with the creditors. However, IMF will not extend a credit line without seeing a fully functioning government in place that will implement the bitter prescriptions it will write out.

As for the presence of Hezbollah, this occupation needs to be confronted and ended. This is a demand that has been initiated from the first day of the October 2019 revolution. The protesters' disapproval and rejection of Hezbollah's presence and control over the political scene have been made abundantly clear in the streets. What is left is formal action by the national government and the international community to weaken this militia's control over Lebanon and regain its complete sovereignty over the territory.

General Hitti, to express his frustration, provided an additional last alternative action, which could be civil disobedience. He recommended this because it is only when Lebanon becomes a failed state that it will open its door officially for the international community's intervention. He said: "*We will not shift from the actual situation to a better one as long as we are the hostages of Hezbollah, the Syrian regime, and Iran.*" A solution to this problem should be of primary concern. If not faced, Hezbollah's effect on Lebanon will only continue to drag the country into the mud!