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*The 38th in our series of expert comment and analysis by **James Watt CVO**, who has served as British Ambassador to Egypt, to Jordan and to Lebanon. He has dealt with the major issues and conflicts affecting West Asia and the Arab world and has extensive commercial experience in those markets. As always, the views expressed are those of the author and not of Global Strategy Forum unless otherwise stated.*

Lebanon: No Way Out

The massive blast that levelled the Port of Beirut on 4th August, and the neighbouring parts of the city, lay bare the depths to which the country has sunk, as a functioning state and a workable economy. International attention has rightly focused on decades of predatory corruption by its power-holders, resulting in the legitimate structures of the state being perverted and co-opted by these mafia-like operations.

The media also fed on stories of negligence and lack of accountability in the circumstances of the explosion. These remain just stories and deserve scepticism. An international investigation has been formed at the initiative of France, with FBI participation. It will have to consider the true origins and ownership of the huge cargo of ammonium nitrate confiscated in 2013, supposedly because the

ship in question had not paid some paltry port fees. And the reality of the port being under the illicit control of non-state actors. It will have to consider credible eye-witness reports of an air raid leading directly - if unintentionally - to the massive secondary blast. And suspicions - hotly denied - that the target was a clandestine store of munitions held at the port by Hizbullah.

Lebanon has enough problems of its own without adding this dangerous geopolitical dimension. But the dangers are felt to be real enough by the Lebanese themselves, many of whom now fear their country will again become a battleground for a war even more destructive than in the past, in the face-off between Iran, on one side, and Israel and its supporters on the other side. Those who can leave, especially those with children, are making urgent plans. For the generation that were brought up in the period of the war in Lebanon of 1975-90, this feels like the



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tipping-point for another great emigration, as was the Israeli invasion of 1982 that occupied Beirut. For those unable to leave, the support of family networks abroad has become even more vital.

It would be wrong though to suppose a general feeling of defeatism. A passionate rejection of Lebanon's fate has powered the peaceful mass protests that challenged the ruling system with the 'revolution' that broke out on 17th October last year (coincidentally with a similar one in Iraq). Though it has been brutally repressed on the streets, the 'thawra' is stronger than ever as a rallying point of belief and action. In this the large diaspora plays an important part supporting the activists on the ground, aided by the borderless porosity of social media. The thawra knows what it wants: the total exclusion of all those compromised by participating in the political class that has ruined the country. A new start. A new, non-confessional basis for state founded on the equality of individual rights and the rule of law. The more thoughtful ones envisage a process of years of work by the equivalent of a constituent assembly. All struggle to identify an interim leadership. For though there are active political leagues proposing reform, none is offering their grim opponents and their thugs what at this stage would be sacrificial heads.

Against this passionate commitment must be set the ruthless refusal by those holding the reins of power to yield on any account.

They are not, for the avoidance of doubt, to be confused with the government, a hapless selection of party nominees whose role is to run the machine and find technocratic solutions that do not rock the boat. Nor would early elections to parliament change anything: they would simply waste time and add more flim-flam. Parliamentary seats are as tightly controlled as appointments to the Council of Ministers. Nor does the resignation or appointment of one Prime Minister or another make any difference for as long as those controlling the country are not prepared to allow reform or change of any kind.

The consequences of not reforming are already stark, and have been for years. The banking crisis that took off in October has paralysed the sector, and with it the economy: by denying depositors access to their dollar holdings (the great majority) the banks are failing in their basic function of enabling payments to be made, or trade to be financed. The parallel collapse of the Lebanese Pound has triggered massive inflation, and the crisis as a whole has already thrown more than half the population into poverty. The inability of the government to borrow further, thanks to junk status, is perhaps a blessing but has direct consequences for its ability to provide basic services and pay its numerous employees.

The clique of power-holders, who continue to profit from their schemes, have shown not the slightest readiness to allow reform even of critical sectors such as electricity



generation. The appointment of Mustafa Adib as the new Prime Minister, whatever his personal qualities and qualifications, looks like another missed opportunity.

For all, quite rightly, the key principle is to avoid the outbreak of civil war, and of violence in general. Pressure points should be forming simply by virtue of the deep nature of the economic and social crisis, and the risk to the large bank deposits in dollars of many wealthy political players. So far however these have failed to result in any movement, even to reform the most egregious deficiencies beyond some cosmetic actions. On his two visits since the explosion, President Macron has urged, cajoled, slighted and warned the political class that deep reform has to start immediately, but to no visible effect. He also hinted at imposing individual sanctions on the key figures, a move that the United States appears ready to back (and has applied in two marginal cases, one Christian and one Muslim, as a signal that it is serious).

The best that can be hoped at this stage is the start of technical reform of the calamitously corrupt electricity sector, and the clean-up of the deep corruption in the customs arrangements. Also the radical improvement

of broadband networks, to boost international online working. The effective subsidy given to gasoline prices must be eased out before it devours even more of Lebanon's shrinking foreign exchange. Talks with the IMF about technical assistance need to be resumed (there is no prospect for now of a Standby Arrangement). Urgent efforts need to be made to end the banking paralysis, with priority being given to export finance.

Beyond that lies a titanic struggle against the inherited corruption of the state and its political masters. How that can be pursued while avoiding civil conflict is the great unknown. What happens in the region's geopolitics will probably tip the balance, one way or another

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