Lebanon: A Journey to the End of the State

While warning signs of Lebanon’s economic meltdown have been apparent for some time, as Crisis Group expert Heiko Wimmen writes, it is still shocking just how close things are to falling apart.

Like many residents who can afford it, in the summer of every year I flee Lebanon’s sweltering heat for Europe. This year, though, I return in early August, when the temperatures are highest, to get my scheduled second shot of the COVID-19 vaccine.

I am unaware, when I arrive, just how close the country is to coming apart. I know, of course, that the situation has deteriorated since June, when I left, with the daily electricity supply dwindling to less than three hours and the lines at gas stations growing even longer. I have seen the desperate pleas on social media for travellers to bring back cancer medication and have brought in blood pressure medicine for relatives of friends. Now I hear that pharmacies are running out of even basic pills like paracetamol.

But on 11 August, the day after I get to Beirut, things get unmistakably worse. The Central
Bank announces that it will lift subsidies on fuel imports, and instantly, panic sets in. Ending subsidies means gas prices will multiply four- or fivefold. The whole economy relies on motor transport, so the price hike will ripple through the country, crushing the livelihoods of battered consumers who have already lost most of their income to inflation and most of their savings to insolvent banks. The morning of the announcement, I wait in line for two hours to fill up my car’s tank. But soon the queues elongate to several city blocks as everyone scrambles to top off their tanks before the government broadcasts the new, unsubsidised prices, and to find diesel for the generators they use to compensate for the failing electricity grid. Few are successful. Many gas stations seem to have closed for the day, and rumours abound that traders and gas station owners are hoarding fuel they received at the old price, hoping to make a killing by selling it off at the new tariffs or in the black market. My two-hour wait in the morning feels like a stroke of luck, the resulting full tank a precious privilege.

The crisis is evident in unexpected places: the grocery delivery takes forever, and bottled water costs double. The bottles are a brand I’ve never seen before – a reminder that the springs are in the mountains and moving water to the coast requires diesel. So does moving flour to industrial bakeries, and the generators to keep their machinery running, which is why there is no bread, either. Relay stations for the state internet provider need electricity as well but there is no diesel to power their generators (never mind the state grid), so whole districts are cut off from the web. Over the next few days, the power shortages become desperate for some of the most vulnerable: a major hospital announces that if it can’t acquire diesel within 48 hours, all the patients in the intensive care unit will die, children among them. Thankfully, the hospital manages to find fuel in the end. After dark on one of these days, I drive with
friends to dinner. Along the highway, lines of cars stretch for kilometres: people sleeping in their vehicles or parking them in the queue for a gas station that may or may not open the next morning. The wait will now last for days, not hours.

After ten days, the president, Central Bank governor and caretaker government make a compromise that extends part of the fuel subsidy until the end of September, so prices go up by 80 rather than 300 per cent. The lines persist, however, and the cost of kicking the can just a little further down the road is deferred, like everything now, to next year’s budget.

How Did We Get Here?

The contours of today’s economic woes were beginning to emerge two years ago. First came glimpses of a pressing hard currency shortage. For example, when my employer sent me U.S. dollars for expenses outside Lebanon, the money-wiring service would give me only Lebanese lira, which the money changer would then convert back into dollars at a rate somewhere near 1,600 lira to the dollar, rather than the official exchange rate of 1,515 to one that had prevailed for more than two decades. Across the country, businesses struggled with inexplicable delays transferring money abroad and bank customers faced problems trying to make withdrawals from their dollar accounts. Some are summoned by police, after complaining about their banks on social media, and forced to delete the posts.

In October 2019, people took to the streets to protest tax hikes and deteriorating living conditions, not realising that these hardships were only a foretaste of the meltdown to come. For an entire week, downtown Beirut was in a state of utter exhilaration, riding what felt like a tidal wave of popular solidarity that would not only inundate the political elite but also sweep away long-time barriers of class, sect and party allegiance. Yet warning signs of something else were there, too: party symbols and salutes, even...
if party leaders, also trying to ride the wave, had ordered their followers to be discreet. Rumours circulated of scuffles between ordinary protesters and partisans who were offended that the crowds were hurling insults at their leaders along with the rest of the political class. Activists, opposition politicians and even some members of the elite warned that the state and private financial institutions were bankrupt.

The festival in the streets was so jubilant that few took notice of these signs, but the warnings were proven correct. One week after the protests began, my family came for a visit from their base in Cairo, and we took the kids to see what some were calling Lebanon’s “October revolution”. Near downtown we ran into a journalist friend who implored us to stay clear of Beirut’s central Martyrs’ Square, where the action was: “Don’t take the kids! The *hizb* is beating up people with sticks! They have knives! Go home!” In Arabic, *hizb* just means “political party”, but in Lebanon, talk about “the party” always refers to only one group: Hizbollah, the Shiite Islamist party-cum-militia, famed for bringing the mighty Israeli army to grief, but loathed by many Lebanese for its domineering role in the country’s politics and loyalty to Iran. “Don’t worry”, a young man with clear Hizbollah sympathies interjected, “the *sayyid* will speak now and tell them to calm down”, using Hizbollah Secretary-General Hassan Nasrallah’s honorary religious title.

In reality, the *sayyid* sent a different message. In a speech carried live by some of the country’s major TV stations, he lambasted the protesters for falling victim to foreign manipulation, or taking foreign funding, intended by embassies and their local stooges to pull Lebanon into the U.S. camp. At the square, we ran into another friend, an activist academic who had been here for a week, without much sleep from the looks of it. We asked her what she thought might happen. “Ask them”, she said with a weary smile, pointing to a group of young men, mostly wearing black, who had assembled at the square’s other end around a pile of loudspeakers blasting the *sayyid’s* speech. As I moved closer to these men, the looks I got were grim and determined. The speech ended with Nasrallah calling on his followers to leave the
squares, as the party’s enemies had hijacked the protests. One of the few older men climbed onto a van, pulled out a megaphone, and directed the youths in a well-rehearsed, televised walkout. Fewer cameras were there over the next days and weeks when thugs carrying the colours and signs of Hizbollah and its Shiite ally Amal returned many times to beat up protesters, tear down tents and chant sectarian slogans. The celebration of national unity in city squares was over.

As for the bankruptcy, it would take longer for that to become manifest. People were jittery, because banks kept their shutters down throughout the protests, and some remembered that banks had closed for only the briefest periods during the darkest days of the 1975-1990 civil war. After reading posts by doomsayers on social media and then hearing one particularly convincing prophecy in the square, I went to the nearest ATM without even needing cash just to find out how serious the crisis really was. The machine was dispensing 100-dollar bills as it had before. There seemed to be no cause for alarm.

Two weeks later, when banks reopened, they imposed monthly withdrawal limits that still appeared reasonable – $4,000 per month, sometimes more, depending on the size of one’s account. This measure seemed to make sense: without such limitations the rumours were liable to lead to a run on the banks, which would harm everyone. The problem, though, was that the withdrawal limit got lower and lower each week. In early December, my bank told me I could take out only $800 per month. An in-law in her eighties boasted that she had burst into the bank manager’s office to demand $2,000 and refused to leave until she got what she wanted. When I travelled to Europe for Christmas, the ATMs there wouldn’t give me a single euro in cash when I inserted my Lebanese bank card, though I could still use the card to pay for items in shops. Every purchase now came with the excitement of slipping through a loophole, of “stealing” back some of my own money. In January, with $30 left in my account, the card stopped working. The bank would pay out much higher amounts, up to $10,000, to customers who accepted the equivalent in lira – at the official rate of 1,500 lira to the dollar. But with the black-market rate now above 2,000, few were willing to accept the loss. Little did they know.

COVID-19 came to Lebanon in March 2020, and rather than looking at exchange rates, everybody started looking at infection numbers, waiting for the country to reopen. I returned in early July, three days after the airport reopened, and everything felt adrift like there would be no tomorrow. Negotiations with the International Monetary Fund, the country’s only hope for an economic bailout, had just collapsed, but no one seemed to notice or care. Businesses were eager to start making up for lost revenue in what remained of the summer tourist season, in which the dollar-spending Lebanese diaspora is also back at home on leave.

The lira was now hovering at 8,000 to the dollar, and monthly withdrawal limits for cash dollars had plummeted to zero. Everyone was busy figuring out schemes to get paid in real money, cash dollars or transfers into foreign accounts, and fobbing off dollars trapped in the bank on others by writing cheques that banks would not cash. My journalist friend proudly showed me her nearly new Mini Cooper, bought not long after our encounter in Martyrs’ Square. “Imagine”, she chuckled, “the bank would barely give me any of my savings, but the car dealer was happy to take a cheque. God knows what he did with it”. Merchants were trading huge cheques at a fraction of their nominal value, payable abroad or in cash, then using
the imaginary money to buy real estate whose valuation was equally detached from reality, or to settle dollar-denominated debt, lest the debtor be forced to pay back creditors in real money someday. Witty ex-bankers coined the term “lollars”, short for “Lebanese dollars”, to refer to the roughly $120 billion in fictional assets held by the banks. The “lollars” existed only in Lebanese banks’ books, with no corresponding currency or actual value. They even came up with a currency symbol: a zero behind bars. That’s what the country felt like now: a place suspended in some delusional vortex outside time, while in the nightclubs, on the beaches and up in the mountains, the summer parties were going on as if nothing was wrong. The music had stopped, but many were still dancing. For those with businesses and bank accounts abroad, or foreign employers who still paid in real dollars, the previously pricy Lebanese entertainment and hospitality industry had become a bargain.

The Port Explosion

I was in Europe on 4 August 2020, when hundreds of tonnes of ammonium nitrate improperly stored at Beirut’s port exploded in a fireball that left a crater 140m wide and ravaged buildings miles away. I found out fairly soon, when people started calling me to make sure I was all right, and I immediately started checking on friends in the city. The first friend I reached after I learned of the massive blast was unhurt. She could easily have been killed, as the explosion’s pressure wave blew out windows as far as 9km away. The balcony of her living room has sliding glass doors, with one panel perhaps some 150kg in weight. One panel was blown out of the frame and shattered across the floor, smashing the couch to pieces. But though it was late afternoon when the blast went off, she was not sitting in the living room, thanks to some overtime work that kept her in her home office. Her daughter wasn’t sitting there, either, thanks to some laundry she had to do, but happened to be walking through the hallway when
the volatile chemicals exploded. The pressure wave flung her right into her bedroom and onto the bed.

At that hour, another friend usually sits outside the popular nightspot he owns, having an afternoon coffee with a lifelong friend before he opens for business, but that day she was working up north and he was late on a family errand when he saw an orange cloud rising above the city. When he arrived at the café he found the heavy entrance door blown off its hinges, the debris of the table where they always sat strewn across the stage where bands and stand-up comedians usually perform. Others were not so lucky. Many rushed to their windows with the first, much smaller bang, before the huge second blast a minute later turned the glass panes into deadly shrapnel. More than 200 died that day and more than 6,000 were injured. By pure chance, everyone I know got away with no more than a few scratches.

While I was still exchanging messages with friends and family, the first explanations poured in. After a mere 40 minutes, an astute journalist with contacts in the military had found out about the ammonium nitrate stockpiled in a port warehouse despite dangers that should have been obvious – and perhaps were – to those in charge. Facts were otherwise few and far between. Some simply dispensed with asking questions and went straight to spinning conspiracy theories. It was Israel’s doing, for sure. Or it must have had to do with Hizbollah, because the party “controls the port”. A prolific commentator sitting across the Atlantic blamed “Hizbollah’s stockpile” of “thermobaric weapons” for the fireball. He was joined over the next days and weeks by a chorus of “experts” who offered little evidence for these pronouncements but expressed plenty of confidence in them.

Investigations over the ensuing months – journalistic and legal, Lebanese and international – exposed layer upon layer of mind-boggling incompetence, negligence and corruption in the port’s management. But the whole truth remained elusive, for it was unwanted by those in power. Somehow, all of the big political parties had their fingers up to the wrists in the juicy pie of this commercial port.

**Hizbollah in the Crosshairs**

“All means all” was the rallying cry of the 2019 “October revolution” – it meant the entire political class was corrupt and had to go – but today the expression is falling out of favour fast. For more and more people, even if all parties are bad actors, Hizbollah is the primary villain. Yet while even the most determined attempts to pin blame for the port explosion on the group come up with little more than conjecture, the party’s standing in public opinion is suffering. The argument has shifted to the claim that while corruption has been entrenched for over 30 years, it’s Hizbollah that’s perpetuating it and gaining the most from it.

Hizbollah rejects such accusations, which is no surprise. Yet the questions its spokesmen
ask while defending the party are difficult to dismiss. When they ask: “How are we to blame for the bankruptcy of a financial sector that has excluded us?”, they refer to U.S. sanctions designed to starve the party of funds. These sanctions made banks wary of customers from the Hizbollah milieu, eventually pushing many outside the banking system. Likewise, when they ask: “How can Hizbollah be the godfathers of corruption when Western governments looked the other way, for decades, as their Lebanese allies plundered the state, lined their pockets with international assistance?”, they point to the fact that the party was outside government for the first fifteen years after the civil war. It was then that the foundations were laid for the economic model that has now collapsed.

Yet Hizbollah’s analysis remains oddly removed from the reality outside party offices. A visitor’s car is stolen right next to one of their buildings, and party security retrieves it a few blocks away, in a neighbourhood that Hizbollah controls. “You guys all earn a living in dollars”, said the thief, venting his anger at the party establishment, “do you even know how we live?”

Some clearly do not: even nine months later, in the summer of 2021, as all of Lebanon is plunged into darkness for lack of state electricity and generator fuel, the daughter of a prominent party figure has a lavish, dazzlingly illuminated wedding, and is caught on video telling the bar to give the singer some tequila.

The “resistance”, as Hizbollah and its supporters call themselves, are aware of the grumbling at the base, but they prefer to double down. Shortly after the new year, a prominent scholar and writer with impeccable resistance credentials suggests that Hizbollah’s entanglements in Syria and the wider region have become too much for Lebanon to bear. A vicious social media campaign erupts, forcing the man to seek the party’s protection and then to issue a public apology. Two weeks later, a prominent Hizbollah critic, himself Shiite, is abducted in the Hizbollah heartland and found dead in his car, having taken five bullets to the head. As always, there are no clues, no leads and apparently no investigation at all, while pro-Hizbollah social media accounts go into overdrive tarring the dead man as an Israeli collaborator. The party itself rejects any accusations that it might be implicated and says it suspects a false-flag operation. “Hizbollah is being framed”, declares a TV station to the party faithful. “Israel is the only beneficiary of this crime”. But the venomous jeering of the resistance crowd tells a different story. Spokesmen lay out their talking points well, but at the grassroots the party has its claws out.
Beirut to Batroun

In April I rent a small seaside apartment up north in Batroun. It’s what many Lebanese middle-class families do in the summer to escape the crowds and pollution of Beirut once the kids are out of school. Some pay year-round so as to while away the weekends by the sea. Since I spend much of my summers in Europe and the family is outside the country, I never found it worth the extra expense, but with the currency depreciation, it has become more affordable for earners of real dollars. Roadblocks, deteriorating services, clashes and the general gloom in the capital since the port explosion are prompting many friends to stay up north longer and longer. Some have given up their city apartments altogether.

What feels indulgent at first quickly turns into a strategic choice. Perhaps with subconscious premonition, I have done what Lebanese used to do during the fifteen-year civil war: when things get rough, retreat to the resort towns along the coast or up in the mountains. Fashionable already for its historical core, sleepy Batroun has become even more attractive since the port explosion devastated much of Beirut’s nightlife district.

With customers who still earn in dollars coming in, resort and restaurant owners rake in enough revenue to purchase diesel at black-market prices and through tightly knit local networks. While most of my journalist friends in Beirut scramble to get their work done on dying laptop batteries, the resort generator is humming along for twenty hours per day. At night, while most of Beirut is dark, Batroun is small enough for the restaurants to illuminate it all. That’s where we are now: a small town where they can keep the lights on feels like a haven of productivity as well as simple pleasures. Both attract the wealthy from the gated resorts and villas in the mountains. From my window, I can see the Hummers and Harley Davidsions cruising up and down the coastal road, driven by people who have assistants to endure the gas station lines for them or enough influence to cut to the front.
Meanwhile, the capital is still consumed with the repeated failures to form a new government. (The cabinet resigned days after the port explosion, and it took more than a year for the replacement to take office.) At nightfall on 15 July, two days before I leave for Europe and a few hours after yet another prime minister-hopeful has thrown in the towel, I barely make it out of Beirut as my driver swerves, swearing, around burning dumpsters thrown across major roads by the ex-nominee’s angry followers. We drive for an hour through coastal towns, eerily empty and mostly pitch-dark, until we reach the army checkpoint that marks the entrance to the brightly lit, bustling world of Batroun. I meet friends at a popular night spot marking its tenth anniversary in business; the tables are too small for drink and food; the music blasts; a local actress who hit it big on Egyptian TV holds court at the next table. Crisis? What crisis?

Yet as fuel supplies break down, going from the resort town to the city becomes a gamble, and my second vaccination appointment is in Beirut. The weekend before, people coming up from there sound concerned: “Don’t go. The lines at the gas stations go across the highway. It took me three hours. There will be trouble”. Late one night, sirens break the silence, and helicopters thud overhead. Somewhere up north, a storage tank for smuggled gasoline seized by the army blew up as people came by to siphon a few litres into water bottles. Thirty died instantly. The next morning, social media is filled with the harrowing images of burn victims clinging to life (ten of them will suffer for days before dying in agony). Protests are called in Beirut; from my window, I see military vehicles heading down the coast. I decide to move my vaccination appointment to a hospital that is closer to Batroun.

But the only slot available on the online COVID-19 platform is the next morning in Tripoli, Lebanon’s second-largest city, further to the north. That shaves 40km off the trip, but the road to Tripoli gets blocked nearly daily by protests. In January, the city saw massive riots and the municipality building was torched. Armed scuffles around gas stations are daily events, and at night city streets are a dangerous free-for-all. But at the moment the road is open, except for the gas station lines, and the tunnel where a landslide buried half the highway two years ago. The entrance to Tripoli gives a glimpse of what Lebanon’s future may look like: a soccer stadium, abandoned for twenty years and slowly tumbling down, and an army battalion holed up alongside it. Tripoli is one of the poorest cities in the Middle East, according to the UN, ignored by the capital, and kept dependent and desperate by its own leaders and prominent families. But the elite looks down on the whole country in this way now, as they board their flights to Geneva and Nice.

The hospital gate is besieged by a crowd and blocked by security guards. I despair: surely their list, printed early in the morning, will not have my name on it, seeing as I was reassigned to this hospital only an hour ago. Explaining myself will be pointless, if I get that far. Yet as I
arrive, so does the message from the COVID-19 platform to my phone. Something is still working! People let me through politely. The bearded guy in uniform looks at my phone, nods and adds my name to the list by hand. An hour later, I sit across from an exhausted nurse who earns perhaps $100 per month but stubbornly ploughs through her patients. How many shots has she given this morning? She shrugs, but still manages a smile. I am out again, a band-aid over the spot where the needle pricked my arm, stunned at how in the middle of dystopian collapse some things run like clockwork, and at how people who should not even be coming to work any longer are soldiering on through all the hardship.

But people can only be pushed so far and for so long. As I prepare to leave Lebanon again to rejoin the family in Cairo, I pay more attention to others doing the same, but who are depart- ing for good. It’s the same pain for generation after generation, in a country that just can’t keep its children, can’t provide a decent living for the thousands of graduates churned out by its schools and universities. A friend I see on my last evening in Batroun tells us how three of her closest colleagues have just resigned from senior jobs at a respected private school that has lost nearly half its teachers over the past year. Most go straight abroad. “If they don’t fix the salaries soon, I’ll be next. I grew up abroad and came back here because I was offered a decent job. With a strong CV I have options. I will not stay here to be a pauper”.

Winging It

Getting out of the rabbit hole that Lebanon has become is near impossible these days. I had to call three drivers to find one who sounded confident that he would have enough gasoline for the 50km from Batroun to Beirut’s international airport. On the way I pay a last visit to the memorial to the port blast’s 204 victims, given faces by a U.S. artist who put up a row of portraits that runs around an entire downtown block. Sahar the firefighter, who raced to the scene with no idea of what her squad would face. Alexandra, who rode on her father’s shoulders to all the protests nearby. Isaac, the youngest of them all at two, struck in his highchair at home, then rushed to the hospital in a stranger’s car, but too late. The memorial shows the human cost of vile negligence. But what is hardest to bear is that one year later, none of those responsible has paid a price or admitted a shred of guilt, and none likely will, except for some hapless, disposable civil servants who made clerical errors that qualify them as scapegoats.

As the summer peters out and August blends into September, the news keep rolling in: people from two northern villages fight over firewood for the coming winter; rocket-propelled grenade launchers and mounted heavy machine guns, weapons that everyone seems to

Left: Artwork of the victims of the Beirut port blast. Right: Heiko Wimmen speaks with an independent MP, Fouad Makhzoumi, and his political adviser following the eruption of violence in October 2021.
have in a broom closet, appear in the open; villages across the country are restricting gasoline sales to local residents only; in areas where the country’s diverse religious groups mix, youths start raiding neighbouring villages for fuel under sectarian party flags; in the south, thugs belonging to the same party but aligned with rival kingpins who are vying for an ageing leader’s mantle come to blows; and among Christians, the rhetoric of separatism, long dormant, has woken with a vengeance.

In mid-September, finally, the sparring politicians manage to form a government, after thirteen months of stalemate and bargaining for shares of the spoils. They will have to deal with the deferred bankruptcy of the financial system, the deferred dismissal of tens of thousands of public servants and the deferred clean-up of the Central Bank, not to mention of public finances, which will likely implicate their political patrons.

But it’s the port investigation, still hanging over the political class like a storm cloud that just won’t go away, that blows it all up again.

In October, Hizbollah launches a campaign against the investigative judge, accusing him of bias, thereby convincing many that the party does in fact have something serious to hide. On 14 October, I meet the spokesman of UNIFIL, the 10,000-strong force tasked to keep the peace on the border with Israel – a reminder, which might be needed these days, that Lebanon is also entangled in a latent, potentially devastating international conflict that could be just one miscalculation away. While we talk about rockets, fences and scenarios of escalation, the waiters in the café where we’re sitting get increasingly restless. At noon, very politely, they ask us to leave: fighting has erupted in another part of Beirut, and they’re closing up shop so the staff can get home.

Outside is gridlock. There are many schools in the area, and while the fighting is several kilometres away, everybody fears that it will spread, with roadblocks springing up that will prevent parents from picking up their kids.

Fourteen years ago, I remember, my older son was barely walking yet had to spend the night
away from his parents – for the first time in his life – when fighting broke out in the southern parts of Beirut and we couldn’t pick him up from his grandparents’ house. Stuck in traffic, I get the updates: Hizbollah and Amal were staging a demonstration against the investigation near the Palace of Justice, shots were fired and fighting ensued. As always, the key facts are contested, and will be the subject of bitter debates for weeks to come. Who started the shooting? Before or after some of the Shiite protesters started vandalising a side street in the neighbourhood, which happens to be mostly Christian? Are these two aspects of the clashes even related?

Was it an ambush, as Hizbollah asserts, meticulously planned by the Christian party Lebanese Forces, their most determined adversary? Or did residents decide to repel what they felt was an “invasion”, perhaps calling upon friends and relatives with combat experience from the civil war that ended three decades ago, as the Lebanese Forces and other Hizbollah opponents say? The evening before, a Christian friend had told me that the Lebanese Forces would make trouble. If I heard that, surely the various intelligence agencies would have known about it as well, and Hizbollah, too. Why did the Shiite parties proceed with the march? Why were not enough soldiers on hand to keep the peace?

It’s another set of questions that will almost certainly remain without convincing answers, leaving both sides to construct their own truth, from which can only come more division. The only thing that probably unites everyone is an ominous sense of déjà vu: it was this very neighbourhood where, almost five decades ago, the civil war erupted, when gunmen riled up by clashes earlier in the day riddled a passing busload of Palestinians with bullets. Then, the shootings made up one in a long serious of incidents, part of a build-up years in the making. Could the same happen now?

On the plane once more, as Beirut drops below the horizon, my heart also sinks, as it has done with nearly every departure over the past two years, a little deeper each time. When I leave, I always tell people that I’ll be back. More and more reply: “If we still have a country”, to which I invariably respond: “Countries don’t die”. But I am no longer so sure.

“A Lollar is a Lebanese dollar, or a US dollar which is stuck in the banking system, really just a computer entry with no corresponding currency.”

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