New wave of protests in Lebanon amid escalating economic crisis

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Thousands have taken to the streets in many Lebanese towns and cities, in the largest protests since the COVID-19 lockdown began.

A collapse of the lira amid an ongoing economic and financial crisis has fuelled widespread poverty and led to soaring food prices. With multiple currency rates now prevailing, the exchange traders and agencies closed in Beirut, Baalbek city and northern Lebanon, leaving petrol stations and other informal traders as the main exchange venues.

The lockdown, imposed in March, led to hundreds of thousands of people losing their livelihoods with little if any economic support from the government. While the government has now lifted the restrictions, the virus has infected some 1,500 people and claimed the lives of over 30, likely an underestimate, and the numbers are still rising.

The hardship has been exacerbated by the fall-off in remittances from the Lebanese diaspora, whose jobs and wages have been affected by international lockdowns and economic slumps, as well as the collapse of tourism and oil prices that have affected financial flows from the Gulf countries.

Some 75 percent of the population need aid, as people scrounge garbage dumps for food and beg passers-by for something to eat. The most vulnerable communities, including nearly two million Syrian and Palestinian refugees and 250,000 migrant domestic workers from Africa and Asia, lack food, with many fearing evictions.

Last week, protesters threw firebombs at government buildings and banks in Beirut and Tripoli. Young men burned tyres and dumpsters and blocked the main roads south of Beirut's Hamra district. Police used tear gas to disperse the crowds, as the government deployed the army.

Hundreds of protesters on motorbikes in the northern city of Tripoli demanded jobs—at least one third of the population was jobless last month. Soldiers used force to disperse dozens of protesters preventing trucks from moving, alleging the trucks were smuggling goods to Syria, which the authorities later said were transporting UN aid.

In the southern city of Sidon, some vented their anger on the long-time director of Lebanon's central bank, Riad Salameh, who works closely with Washington and has implemented US financial sanctions against Hezbollah. Both the US and France, the former colonial power, have told Prime Minister Hassan Diab, who has blamed Salameh for the currency's collapse, not to fire him.

These protests, in contrast to last October's that were characterised by opposition to Lebanon's sectarian political system, directly involve political parties and factions and their external patrons.

Lebanon's ruling elite was always dependent upon external supporters that have included France, Syria, and more recently the US and Saudi Arabia. Carved out of the former Syrian province of the Ottoman Empire by France in the post-World War I imperialist division of the Middle East, the tiny country, whose population 100 years later has swelled to six million after the influx of Palestinian and Syrian refugees, was never a viable entity, and deliberately so.

The Sunni Future Movement of former prime minister Saad Hariri and his allies, which are aligned with the US, France and Saudi Arabia, called for the disarming of Hezbollah, the bourgeois clerical group allied with Iran and Syria, which along with the Shi'ite Amal Party and the Christian Free Patriotic Movement forms the largest parliamentary bloc. The small but violent clashes that erupted between the two rival blocs have led to fears of another civil war in a country that was the arena of a bitter conflict between shifting alliances backed by external forces from 1975 to 1990.

As the protests grew, people began to call for the Diab

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government to resign after the Lebanese lira lost more than 60 percent of its value against the dollar. On Friday, the exchange rate on the black market fell to 6,000 per dollar, compared with the official peg of 1,507 per dollar. This has led to high inflation, expected to reach 53 percent this year, and has eroded workers' incomes. The economy is predicted to contract by 10 to 15 percent in 2020.

Diab took office earlier this year, after weeks of nationwide anti-government protests over deteriorating economic and social conditions, government corruption and sectarianism brought down the Hariri government.

In March, Diab, who is supported by Hezbollah, defaulted on a $1.2 billion Eurobond to protect Lebanon's dwindling foreign currency reserves—estimated at $35.8 billion. He later extended the default to all overseas debt due in the immediate future. Lebanon's debt, at around $90 billion, is 170 percent of GDP.

Days later, he declared a state of emergency, introduced lockdown measures to stem the spread of the coronavirus, and despatched security forces to clear protest camps in downtown Beirut.

Last Friday, Diab announced that the central bank would pump dollars into the market to prop up the currency. He has hired the financial consultants Lazard Freres to help prepare an appeal to the US-dominated International Monetary Fund (IMF) for a loan—dependent upon the usual free market "reforms" that would plunge millions into destitution and cut across key and conflicting interests of the ruling elite.

Compliance with the IMF's terms would be the prerequisite for further loans from the European and regional powers. But above all, an IMF loan would be contingent upon political alignment with the Sunni oil states, with whom relations have cooled over the last six years, against Iran and by extension Syria, conditions that are an anathema to Hezbollah.

Last month, the party's secretary general, Hassan Nasrallah, vehemently rejected a deployment of United Nations forces on the border with Syria that would oversee movements between the two countries and limit its trade in food, petrol and drugs with Syria. These revenues have become ever more crucial, as financial support from Tehran dries up, under conditions where its domestic political support is dependent on its welfare programs.

A recent report by the Congressional Republican Study Committee (RSC) focused on containing Iranian power and influence in the Middle East gives some indication of the thinking in Washington, the pressure being put on Lebanon and the forces behind the Sunni Future Movement.

The RSC recommended legislation banning any IMF money from bailing out Lebanon, as it would "only reward Hezbollah," and the extension of US sanctions to Hezbollah's allies in Lebanon. Targets included President Michel Aoun's son in law and former foreign minister Gebran Bassil, as well as the leader of the Free Patriotic Movement, Speaker of Parliament and long-time Amal leader Nabih Berri.

A US veto on an IMF loan—as per Iran—comes on top of the Caesar Act, legislation to sanction the Syrian regime of President Bashar al-Assad and all those dealing with it, due to start this week. This includes Lebanon, whose economy has been historically linked to Syria's, and would lead to Lebanon's economic and social collapse.

The RSC's view is expressed in its citation of a Lebanese-American analyst who wrote in 2017, "Lebanon's stability, insofar as it means the stability of the Iranian order and forward missile base there, is not, in fact, a US interest."

This implies that a civil war in Lebanon, which saw a civil war between 1975 and 1990, would be welcomed as a useful way of containing Hezbollah's activities in the wider arena.

Jeffrey Feltman, a former US ambassador to Lebanon and Assistant Secretary of State for Near Eastern Affairs, poured scorn on Diab's ability to implement his proposals, given his dependence on Hezbollah, and said the government's anti-corruption measures were aimed at eliminating its rivals.

Even if Diab secured broader support from other parties for his measures, Feltman warned in May, "It will take strong leadership from the Americans and/or French to assemble a supporting coalition willing to augment IMF and International Bank for Reconstruction and Development programs."

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